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Public Service Commission

June 7, 2006

Mr. Martin Friedman
 Rose, Sunstrom & Bentley, LLP
 Sanlando Center
 2180 W. State Road 434, Suite 2118
 Longwood, FL 32779

Re: Docket No. 060262-SU - Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on May 11, 2006, on behalf of Labrador Utilities, Inc. (Labrador or utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below.

Rule 25-30.110(2), Florida Administrative Code (F.A.C.), requires that a utility shall furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission. The following schedules are deficient pursuant to this rule:

- CMP _____
- COM _____ 1. Schedule A-1, Schedule of Water Rate Base
- CTR _____
- ECR _____ The Utility Plant in Service Balance Per Books for 2005 does not match balance recorded in the 2005 Annual Report. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the 2005 Annual Report and the MFR Schedule A-1.
- GCL _____
- OPC _____ 2. Schedule A-5, Schedule of Water Plant in Service by Primary Account
- RCA _____
- SCR _____ The 12/31/04 total in this schedule does not match the total recorded in the 2005 Annual Report. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the 2005 Annual Report and the MFR Schedule A-5.
- SGA _____
- SEC 1 3. Schedule A-8, Schedule of Water and Wastewater Accumulated Depreciation
- OTH _____

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The utility's 12/31/04 balance does not match the balance for 2004 recorded in the 2005 Annual Report. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the 2005 Annual Report and the MFR Schedule A-8.

4. Schedule A-9, Water Accumulated Depreciation by Primary Account

The Prior Year total does not match the 2005 Annual Report. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the 2005 Annual Report and the MFR Schedule A-9.

5. Schedule B-1, Net Operating Statement – Water

The Amortization Expense does not match the 2005 Annual Report. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the 2005 Annual Report and the MFR Schedule B-1.

Rule 25-30.433(3), F.A.C., requires that used and useful debit deferred taxes shall be offset against used and useful credit deferred taxes, with any resulting net credit deferred balance included in the capital structure calculation and any resulting net debit balance included as a separate line item in the rate base calculation. The following schedules are deficient pursuant to this rule:

6. Schedule D-1, Requested Cost of Capital

7. Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base

Rule 25-30.437, F.A.C., requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following schedule is deficient pursuant to this rule:

8. Schedule E-1, Rate Schedule

The utility is required to provide a schedule of present and proposed rates. The utility only provided rates for the meter sizes for which they have customers.

Rule 25-30.440, F.A.C., requires that each utility applying for a rate increase shall provide two copies of the following engineering information to the Commission, with the exception of the map, of which only one copy is required. Numbers 9 - 13 are deficient pursuant to this rule.

9. Rule 25-30.440(1), F.A.C., requires the utility to provide a detailed map showing, (a) the location and size of the applicant's distribution and collection lines as well as its plant sites and (b) the location and respective classification of the applicant's customers. The map submitted by the utility did not have the size(s) of water and wastewater lines as required by this rule.

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10. Rule 25-30.440(2), F.A.C., requires the utility to provide a list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized. The utility failed to provide an estimated of its chemical dosage rates as required by this rule:
11. Rule 25-30.440(5), F.A.C., requires the utility to submit its most recent sanitary survey for each water plant and inspection report for each wastewater plant. The utility failed to provide a copy of its most recent wastewater inspection report as required by this rule.
12. Rule 25-30.440(8), F.A.C., requires that each applicant for a rate increase shall provide to Commission one copy of a list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employee's salary allocation method to the utility's capital or expense accounts. The utility provided a list of employees that does not completely reconcile to the employees reflected in Utilities, Inc.'s cost allocation manuals for June 30, 2005, September 30, 2005, and December 31, 2005. Further, the total salaries from the 2005 cost allocation manuals are greater than the total water and wastewater salaries reflected in the MFR Schedules B-7 and/or B-8. Staff believes the difference between them is what the utility capitalized. However, the cost allocation manuals and the list provided by the utility do not reflect which employee's salaries were capitalized. Thus, please provide a list that has an explanation of each employee's salary allocation method to the utility's capital or expense accounts as required by this rule.
13. Rule 25-30.440(9), F.A.C., requires the utility to explain how its vehicles are allocated to the utility. The utility failed to provide the method of allocation to the utility as required by this rule.
14. Rule 25-30.431(3), F.A.C., requires the utility to submit its most recent wastewater capacity analysis report. The utility failed to provide this document as required by this rule.

If any above corrections require a corresponding change to any MFR schedules, those corrected schedules must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than July 7, 2006.

Sincerely,


Timothy Devlin
Director

cc: ~~Division of Commission Clerk and Administrative Services~~
Office of the General Counsel (Keating)
Division of Economic Regulation (Willis, Rendell, Joyce, Edwards)