

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and
wastewater rates in Pasco County by Labrador
Utilities, Inc.

DOCKET NO. 110264-WS
ORDER NO. PSC-11-0573-PCO-WS
ISSUED: December 12, 2011

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER SUSPENDING PROPOSED FINAL RATES
AND APPROVING INTERIM RATES SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Labrador Utilities, Inc. (Labrador or Utility) is a Class B utility providing water and wastewater service to approximately 767 water and 754 wastewater customers in Pasco County. Water and wastewater rates were last established for this Utility in its 2008 rate case.¹

On September 27, 2011, Labrador filed its application for a rate increase in this docket. The Utility's application did not meet the minimum filing requirements (MFRs). On October 31, 2011, the Utility provided corrections to its MFRs. The MFRs are now complete, and the official filing date has been established as October 31, 2011. The Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates. The test year established for interim and final rates is the simple average period ended December 31, 2010.

Labrador requested interim revenue increases of \$49,447 (20.0 percent) for water and \$63,582 (14.4 percent) for wastewater. The Utility requested final revenue increases of \$106,066 (42.5 percent) for water and \$103,778 (23.3 percent) for wastewater.

This Order addresses the suspension of Labrador's requested final rates and its requested interim rates. We have jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

¹ See Order Nos. PSC-09-0462-PAA-WS, issued January 22, 2009, in Docket No. 080249-WS, In re: Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc. and PSC-09-0711-AS-WS, issued October 26, 2009, in Docket No. 080249-WS, In re: Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

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FPSC-COMMISSION CLERK

DECISION

Suspending Requested Final Rates

Section 367.081(6), F.S., provides that we may, for good cause, withhold consent to the implementation of the requested rates within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months from the official date of filing if: (1) we have not acted upon the requested rate increase; or (2) if our Proposed Agency Action order is protested by a party other than the Utility.

Upon review of the Utility's filing and having considered the information filed in support of the rate application and the proposed final rates, we find that further investigation of this information, including on-site investigations by our staff accountants and engineers, is necessary. Therefore, we suspend Labrador's proposed rates pending that further investigation.

Interim Rate Approval

We find that Labrador shall be authorized to collect annual water and wastewater revenues as indicated below:

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$246,613	\$39,180	\$285,793	15.89%
Wastewater	\$442,466	\$53,416	\$495,882	12.07%

On September 27, 2011, Labrador filed its rate base, cost of capital, and operating statements to support its requested interim increase in water and wastewater rates. Pursuant to Section 367.082(1), F.S., in order to establish a prima facie entitlement for interim relief, the Utility shall demonstrate that it is earning outside the range of reasonableness on its rate of return. Pursuant to Section 367.081(2)(a), F.S., in a proceeding for an interim increase in rates, we shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of rate of return. Based on the Utility's filing and the adjustments made below, we find that Labrador has demonstrated a prima facie entitlement to interim rates, in accordance with Section 367.082(1), F.S.

Pursuant to Section 367.082(5)(b)1, F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with adjustments made in the Utility's most recent rate proceeding, and annualizing any rate changes. Our determination of the appropriate interim rates is based on a review of Labrador's interim request, as well as Order Nos. PSC-09-0462-PAA-WS and PSC-09-0711-AS-WS, which last established rate base. We discuss the appropriate adjustments below. The attachments to this Order include the accounting schedules that illustrate the appropriate rate base, capital structure, and test year operating income amounts. Rate base is labeled as Schedule Nos. 1-A and 1-B, capital structure is labeled

as Schedule No. 2, and operating income for water and wastewater, respectively, is labeled as Schedule Nos. 3-A and 3-B, with the adjustments shown on Schedule No. 3-C.

Rate Base

Pursuant to Rule 25-30.433(2) Florida Administrative Code (F.A.C.), working capital for class B utilities shall be calculated using the formula method, which is one-eighth of operation and maintenance (O&M) expenses. Based on our adjustments to water and wastewater O&M expenses discussed below, we reduced working capital by \$1,120 for water and \$1,206 for wastewater. We find that Labrador's interim water rate base shall be \$553,305, and wastewater rate base shall be \$1,351,111.

Pursuant to Section 367.082, F.S., the method used to calculate Used and Useful (U&U) in Labrador's last rate case must be used for interim purposes. In Order No. PSC-09-0462-PAA-WS, we found that Labrador's water and wastewater systems were considered 100 percent U&U. Therefore, no U&U adjustments are necessary for interim purposes.

Cost of Capital

Based on an analysis of the MFRs and a review of Order Nos. PSC-09-0462-PAA-WS and PSC-09-0711-AS-WS from Labrador's last rate proceeding, we have determined that no cost of capital adjustments are necessary. Therefore, we find that an interim weighted average cost of capital of 8.06 percent is appropriate.

Net Operating Income

Pursuant to Section 367.082(5)(b)1, F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with adjustments made in the Utility's most recent rate proceeding, and annualizing any rate changes. Upon review, we find that two adjustments are necessary for interim purposes.

First, in its last rate proceeding, we approved annual amortization of rate case expense of \$8,749 for water and \$8,561 for wastewater. In its MFRs, the Utility recorded rate case expense of \$19,615 for water and \$19,304 for wastewater. In accordance with Section 367.082(5)(b)1, F.S., we have reduced expenses by \$10,866 for water and \$10,743 for wastewater.

Second, Labrador included a net adjustment to decrease expenses by \$1,108 for water and \$1,089 for wastewater relating to salaries, employee pensions and benefits, and transportation expense. In its filing, the Utility stated these adjustments were to correct allocations and to annualize salary and related expenses. The Utility's proposed adjustments for annualizing salary and related expenses are pro forma because they are outside the interim test year. Since Labrador did not provide a breakdown of what amount related to correcting allocations and to annualizing salary and related expenses, we find that the net adjustment totaling \$1,108 for water and \$1,089 for wastewater shall be removed from the interim net operating income calculation. Also, a corresponding adjustment shall be made to remove pro forma payroll taxes of \$90 for water and \$88 for wastewater.

Based on the above, we find that the appropriate test year operating income, before any revenue increase, is \$21,284 for water and \$77,143 for wastewater.

Revenue Requirement

Based on the adjustments we have made above, we find that the appropriate revenue requirement for interim rates is \$285,793 for water and \$495,882 for wastewater. This represents interim increases in annual revenues of \$39,180 (or 15.89 percent) for water and \$53,416 (or 12.07 percent) for wastewater. These increases will allow the Utility the opportunity to recover its water and wastewater operating expenses and earn an 8.06 percent return on its water and wastewater rate bases.

Interim Water and Wastewater Rates

Interim water and wastewater service rates for Labrador shall be designed to allow the Utility the opportunity to generate annual operating revenues of \$285,793 for water operations and \$495,882 for wastewater operations. Before removal of miscellaneous revenues, this would result in increases of \$39,180, or 15.89 percent, for water, and \$53,416, or 12.07, percent for wastewater. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues shall be removed from the test year revenues. The calculation is as follows:

Table 3-1

	<u>Water</u>	<u>Wastewater</u>
1 Total Test Year Revenues	\$246,613	\$442,466
2 Less: Miscellaneous Revenues	<u>965</u>	<u>578</u>
3 Test Year Revenues from Service Rates	\$245,648	\$441,888
4 Revenue Increase	<u>\$39,180</u>	<u>\$53,416</u>
5 % Service Rate Increase (Line 4/Line3)	<u>15.95%</u>	<u>12.09%</u>

The interim rate increase of 15.95 percent for water and 12.09 percent for wastewater shall be applied as an across-the-board increase to the service rates in effect as of December 31, 2010. The approved rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The rates shall not be implemented until our staff verifies that the tariff sheets are consistent with our decision, the proposed customer notice is adequate, and the required security has been filed. The Utility shall provide proof of the date notice was given within 10 days after the date of notice.

The Utility's test year, proposed interim and final rates, and our approved interim rates are shown on Schedule No. 4-A for water and Schedule No. 4-B for wastewater.

Security

Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. In this case, the total annual interim increase is \$92,596. In accordance with Rule 25-30.360, F.A.C., we calculated the potential refund of revenues and interest collected under interim conditions to be \$54,040. This amount is based on an estimated seven months of revenue being collected under our approved interim rates over the Utility's current authorized rates shown on Schedule No. 4.

Labrador is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. Based on the requested interim rate increase for its Labrador system, the incremental increase in UI's corporate undertaking is \$54,040. The current cumulative corporate undertaking amount outstanding for other UI systems is \$855,562. The new request would bring the cumulative amount outstanding to \$909,602.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. We reviewed UI's 2008, 2009, and 2010 financial statements to determine if UI can support a corporate undertaking on behalf of its subsidiary. UI reported deficient liquidity in 2008 and 2009, and low levels of interest coverage over the review period. However, in 2010, UI achieved sufficient liquidity, and its interest coverage ratio has also been trending upwards since 2008. In addition, UI reported adequate ownership equity over the three year review period. In 2008, UI experienced a net loss in the amount of \$635,405, but improved profitability to sufficient levels in 2009, achieving net income in the amount of \$5,492,924. UI's profitability in 2010 increased from \$5,276,388 to \$15,576,121 by virtue of a one-time gain on the disposition of utility systems in the amount of \$10,299,733. The amount of the one-time gain is atypical of the amounts UI reported in prior-year financial statements, and there is no indication a gain of that magnitude will occur in future years. Replacing the \$10 million gain with the Company's five-year average gain on the disposition of utility systems, or \$4,076,430, UI's average net income over the three-year period from 2008 to 2010 is \$4,736,779, which is more than 5 times greater than the requested cumulative corporate undertaking amount of \$909,602.

Having reviewed the financial reports submitted by UI, we find that UI has adequate resources to support a corporate undertaking in the amount requested, and we find that a cumulative corporate undertaking of \$909,602 is acceptable, contingent upon receipt of the written guarantee of UI and written confirmation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$1.2 million (inclusive of all Florida utilities).

Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-

30.360, F.A.C. In no instance shall maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and shall be borne by, the Utility.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Labrador Utilities, Inc.'s proposed final rates and schedules are suspended pending further proceedings in this docket. It is further

ORDERED that Labrador Utilities, Inc.'s requested interim rates are approved to the extent set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the schedules attached hereto are incorporated herein by reference. It is further

ORDERED that the difference between the interim rates granted herein and Labrador Utilities, Inc.'s previously authorized rates shall be collected subject to refund with interest, in accordance with Rule 25-30.360, Florida Administrative Code. It is further

ORDERED that as security for the revenues collected under interim rates, Utilities, Inc. shall provide a cumulative corporate undertaking of \$909,602, which includes \$54,040 subject to refund for this docket, contingent upon the receipt of the written guarantee of Utilities, Inc., and written confirmation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$1.2 million (inclusive of all Florida utilities). It is further

ORDERED that prior to implementation of the interim rates approved herein, Labrador Utilities, Inc. shall file and have approved tariff pages revised in accordance with the provisions of this Order, the appropriate security for the refund, and a proposed customer notice. It is further

ORDERED that the interim rates approved shall be effective for service rendered on or after the stamped approval date of tariff sheets, provided the customers have received notice. It is further

ORDERED that Labrador Utilities, Inc. shall provide proof to our staff of the date notice was given within 10 days after the date of the notice. It is further

ORDERED that the tariff sheets will be stamped approved upon verification that they are consistent with our decision made herein, that the proposed customer notice is adequate, and that the appropriate security is provided. It is further

ORDERED that during the time the interim rates are in effect, Labrador Utilities, Inc. shall file a report by 20th of each month indicating the monthly and total revenue collected subject to refund pursuant to Rule 25-30.360(6), Florida Administrative Code. It is further

ORDERED that in the event a refund is required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code. It is further

ORDERED that this docket shall remain open pending our final action on Labrador Utilities, Inc.'s requested final rate increase.

By ORDER of the Florida Public Service Commission this 12th day of December, 2011.



ANN COLE
Commission Clerk
Florida Public Service Commission
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MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is non-final in nature, may request (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Labrador Utilities, Inc. Schedule of Water Rate Base Test Year Ended 12/31/10				Schedule No. 1-A Docket No. 110264-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$962,062	(\$175,007)	\$787,055	\$0	\$787,055
2 Land and Land Rights	529	(253)	276	0	276
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(344,659)	90,948	(253,711)	0	(253,711)
5 CIAC	(342)	0	(342)	0	(342)
6 Amortization of CIAC	38	0	38	0	38
7 Acquisition Adjustment	(351,387)	351,387	0	0	0
8 Amortization of Acq. Adjustment	66,690	(66,690)	0	0	0
9 Working Capital Allowance	0	<u>21,209</u>	<u>21,209</u>	<u>(1,220)</u>	<u>19,989</u>
10 Rate Base	<u>\$332,931</u>	<u>\$221,594</u>	<u>\$554,525</u>	<u>(\$1,220)</u>	<u>\$553,305</u>

Labrador Utilities, Inc. Schedule of Wastewater Rate Base Test Year Ended 12/31/10			Schedule No. 1-B Docket No. 110264-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$1,865,420	\$145,067	\$2,010,487	\$0	\$2,010,487
2 Land and Land Rights	0	271	271	0	271
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(609,112)	(77,457)	(686,569)	0	(686,569)
5 CIAC	0	0	0	0	0
6 Amortization of CIAC	0	0	0	0	0
7 Acquisition Adjustment	0	0	0	0	0
8 Amortization of Acq. Adjustment	0	0	0	0	0
9 Working Capital Allowance	0	28,128	28,128	(1,206)	26,922
10 Rate Base	<u>\$1,256,308</u>	<u>\$96,009</u>	<u>\$1,352,317</u>	<u>(\$1,206)</u>	<u>\$1,351,111</u>

Labrador Utilities, Inc. Capital Structure - Simple Average Test Year Ended 12/31/10						Schedule No. 2 Docket No. 110264-WS		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,075,050)	\$924,950	48.51%	6.65%	3.23%
2 Short-term Debt	8,500,000	0	8,500,000	(8,456,403)	43,597	2.29%	7.36%	0.17%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	171,000,439	0	171,000,439	(170,121,672)	878,767	46.08%	10.13%	4.67%
5 Customer Deposits	800	0	800	0	800	0.04%	6.00%	0.00%
6 Tax Credits-Zero Cost	0	0	0	0	0	0.00%	0.00%	0.00%
7 Deferred Income Taxes	<u>58,729</u>	<u>0</u>	<u>58,729</u>	<u>0</u>	<u>58,729</u>	<u>3.08%</u>	0.00%	<u>0.00%</u>
8 Total Capital	<u>\$359,559,968</u>	<u>\$0</u>	<u>\$359,559,968</u>	<u>(\$357,653,125)</u>	<u>\$1,906,843</u>	<u>100.00%</u>		<u>8.06%</u>
Per Commission								
9 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,076,275)	\$923,725	48.50%	6.65%	3.23%
10 Short-term Debt	8,500,000	0	8,500,000	(8,456,380)	43,620	2.29%	7.36%	0.17%
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
12 Common Equity	171,000,439	0	171,000,439	(170,122,898)	877,541	46.08%	10.13%	4.67%
13 Customer Deposits	800	0	800	0	800	0.04%	6.00%	0.00%
14 Tax Credits-Zero Cost	0	0	0	0	0	0.00%	0.00%	0.00%
15 Deferred Income Taxes	<u>58,729</u>	<u>0</u>	<u>58,729</u>	<u>0</u>	<u>58,729</u>	<u>3.08%</u>	0.00%	<u>0.00%</u>
16 Total Capital	<u>\$359,559,968</u>	<u>\$0</u>	<u>\$359,559,968</u>	<u>(\$357,655,552)</u>	<u>\$1,904,416</u>	<u>100.00%</u>		<u>8.06%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>10.13%</u>	<u>12.13%</u>	
OVERALL RATE OF RETURN						<u>8.06%</u>	<u>8.99%</u>	

Labrador Utilities, Inc. Statement of Water Operations Test Year Ended 12/31/10						Schedule No. 3-A Docket No. 110264-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$244,730</u>	<u>\$51,330</u>	<u>\$296,060</u>	<u>(\$49,447)</u>	<u>\$246,613</u>	<u>\$39,180</u> 15.89%	<u>\$285,793</u>
Operating Expenses							
2 Operation & Maintenance	\$350,514	(\$180,845)	\$169,669	(\$9,758)	\$159,911	\$0	\$159,911
3 Depreciation	49,180	(12,698)	36,482	0	36,482	0	36,482
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	73,988	(44,420)	29,568	(2,135)	27,433	1,763	29,196
6 Income Taxes	<u>12,639</u>	<u>2,980</u>	<u>15,619</u>	<u>(14,116)</u>	<u>1,503</u>	<u>14,080</u>	<u>15,583</u>
7 Total Operating Expense	<u>\$486,321</u>	<u>(\$234,983)</u>	<u>\$251,338</u>	<u>(\$26,009)</u>	<u>\$225,329</u>	<u>\$15,843</u>	<u>\$241,172</u>
8 Operating Income	<u>(\$241,591)</u>	<u>\$286,313</u>	<u>\$44,722</u>	<u>(\$23,438)</u>	<u>\$21,284</u>	<u>\$23,337</u>	<u>\$44,621</u>
9 Rate Base	<u>\$332,931</u>		<u>\$554,525</u>		<u>\$553,305</u>		<u>\$553,305</u>
10 Rate of Return	<u>(72.56%)</u>		<u>8.06%</u>		<u>3.85%</u>		<u>8.06%</u>

Labrador Utilities, Inc. Statement of Wastewater Operations Test Year Ended 12/31/10						Schedule No. 3-B Docket No. 110264-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$439,110</u>	<u>\$66,938</u>	<u>\$506,048</u>	<u>(\$63,582)</u>	<u>\$442,466</u>	<u>\$53,416</u> 12.07%	<u>\$495,882</u>
Operating Expenses							
2 Operation & Maintenance	\$68,925	156,103	\$225,028	(\$9,654)	\$215,374	\$0	\$215,374
3 Depreciation	68,100	16,214	84,314	0	84,314	0	84,314
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	0	49,553	49,553	(2,773)	46,780	2,404	49,184
6 Income Taxes	<u>12,437</u>	<u>25,653</u>	<u>38,090</u>	<u>(19,235)</u>	<u>18,855</u>	<u>19,196</u>	<u>38,051</u>
7 Total Operating Expense	<u>\$149,462</u>	<u>\$247,523</u>	<u>\$396,985</u>	<u>(\$31,662)</u>	<u>\$365,323</u>	<u>\$21,600</u>	<u>\$386,922</u>
8 Operating Income	<u>\$289,648</u>	<u>(\$180,585)</u>	<u>\$109,063</u>	<u>(\$31,920)</u>	<u>\$77,143</u>	<u>\$31,817</u>	<u>\$108,960</u>
9 Rate Base	<u>\$1,256,308</u>		<u>\$1,352,317</u>		<u>\$1,351,111</u>		<u>\$1,351,111</u>
10 Rate of Return	<u>23.06%</u>		<u>8.06%</u>		<u>5.71%</u>		<u>8.06%</u>

Labrador Utilities, Inc.		Schedule No. 3-C	
Adjustments to Operating Income		Docket No. 110264-WS	
Test Year Ended 12/31/10			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
Remove requested interim revenue increase.	<u>(\$49,447)</u>	<u>(\$63,582)</u>	
<u>Operation and Maintenance Expense</u>			
To reflect appropriate amount of rate case expense.	(\$10,866)	(\$10,743)	
To remove annualized O&M Expense Adjustments.	<u>1,108</u>	<u>1,089</u>	
Total	<u>(\$9,758)</u>	<u>(\$9,654)</u>	
<u>Taxes Other Than Income</u>			
RAFs on revenue adjustments above.	(\$2,225)	(\$2,861)	
To remove annualized TOTI Income Adjustments.	<u>90</u>	<u>88</u>	
Total	<u>(\$2,135)</u>	<u>(\$2,773)</u>	

Labrador Utilities, Inc. Water Monthly Service Rates Test Year Ended 12/31/10			Schedule No. 4-A Docket No. 110264-WS		
	Test Year Rates	Present Rates	Utility Requested Interim	Utility Requested Final	Comm. Approved Interim
<u>Residential</u>					
Base Facility Charge All Meter Sizes:	\$9.05	\$9.16	\$10.87	\$13.07	\$10.49
Gallonge Charge, per 1,000 Gallons	\$6.70	\$6.78	\$8.05	\$9.67	\$7.77
<u>General Service</u>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$9.05	\$9.16	\$10.87	\$13.07	\$10.49
3/4"	\$13.58	\$13.75	\$16.31	\$19.62	\$15.75
1"	\$22.63	\$22.91	\$27.17	\$32.68	\$26.24
1-1/2"	\$45.26	\$45.81	\$54.35	\$65.35	\$52.48
2"	\$72.42	\$73.30	\$86.96	\$104.57	\$83.97
3"	\$144.84	\$146.61	\$173.92	\$209.15	\$167.94
4"	\$226.30	\$229.06	\$271.73	\$326.78	\$262.39
6"	\$452.62	\$458.14	\$543.48	\$653.58	\$524.81
Gallonge Charge, per 1,000 Gallons	\$6.70	\$6.78	\$8.05	\$9.67	\$7.77
<u>Irrigation Service</u>					
2"	\$72.42	\$73.30	\$86.96	\$104.57	\$83.97
Gallonge Charge, per 1,000 Gallons	\$6.70		\$8.05	\$9.67	\$7.77
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>					
3,000 Gallons	\$29.15	\$29.50	\$35.02	\$42.08	\$33.80
5,000 Gallons	\$42.55	\$43.06	\$51.12	\$61.42	\$49.34
10,000 Gallons	\$76.05	\$76.96	\$91.37	\$109.77	\$88.18

Labrador Utilities, Inc.			Schedule No. 4-B		
Wastewater Monthly Service Rates			Docket No. 110264-WS		
Test Year Ended 12/31/10					
	Test Year Rates	Present Rates	Utility Requested Interim	Utility Requested Final	Comm. Approved Interim
<u>Residential</u>					
Base Facility Charge All Meter Sizes:	\$22.22	\$22.38	\$25.42	\$27.59	\$24.91
Gallonge Charge - Per 1,000 gallons (6,000 gallon cap)	\$9.91	\$9.98	\$11.33	\$12.31	\$11.11
<u>General Service</u>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$22.22	\$22.38	\$25.42	\$27.59	\$24.91
3/4"	\$33.33	\$33.58	\$38.12	\$41.40	\$37.36
1"	\$55.55	\$55.96	\$63.54	\$69.00	\$62.27
1-1/2"	\$111.09	\$111.91	\$127.06	\$137.99	\$124.52
2"	\$177.75	\$179.07	\$203.31	\$220.79	\$199.24
3"	\$355.50	\$358.14	\$406.62	\$441.59	\$398.47
4"	\$555.47	\$559.59	\$635.34	\$689.97	\$622.62
6"	\$1,110.94	\$1,119.18	\$1,270.68	\$1,379.95	\$1,245.23
Gallonge Charge, per 1,000 Gallons	\$11.89	\$11.98	\$13.60	\$14.77	\$13.13
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>					
3,000 Gallons	\$51.95	\$52.32	\$59.41	\$64.52	\$58.23
5,000 Gallons	\$71.77	\$72.28	\$82.07	\$89.14	\$80.45
10,000 Gallons	\$81.68	\$82.26	\$93.40	\$101.45	\$91.55
(Wastewater Gallonge Cap - 6,000 Gallons)					