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PLEASE REPLY TO: SARASOTA

April 25, 2001

Patti Daniel, Chief  
Bureau of Certification  
Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 000545-WS, Application for original certificates to operate a water and wastewater utility in Pasco County by Labrador Services, Inc.

Dear Ms. Daniel:

Please consider this letter a supplement to my March 30, 2001 letter answering questions raised in your February 12, 2001 letter to me.

The unanswered questions pertain to paragraph 6 (water meters) and paragraph 7 (water and wastewater tariffs) and will be answered in the order presented:

6. Water Meters.

6.A. What was the cost to originally install meters at Forest Lake Estates (the mobile home park)?

*Answer:* The cost to install meters was not separately broken out in the books and records but was included as part of the overall cost of the facility.

6.B. When was the installation of the meters completed?

*Answer:* It is our understanding that the meters were installed in phases with the meters being completed in 2001.

6.C. What, if anything, were the residents at Forest Lake Estates (the mobile home park) charged for the meter installations?

Lutz, Webb, Bobo & Eastman is a part of Lutz, Webb & Bobo, P.A. DOCUMENT NUMBER-DATE

05276 APR 27 2001

FPSC-RECORDS/REPORTING

*Answer:* It is our belief that the residents of Forest Lake Estates were not charged separately for meter installations.

- 6.D. Since Forest Lake Estates is fully metered, why weren't usage rates implemented before the sale of the mobile home park to the resident owned cooperative in June of 1999?

*Answer:* It is believed that at least from December, 1997, the residents were charged a flat rate for utility services as part of their lease arrangement with the owner of the mobile home park and, under such arrangement, usage rates were not applicable. As Mr. Viau has passed away, we can only surmise that the park intended at some point in the future to file with the Public Service Commission for a certificate of authority and to implement usage rates. The mobile home park was sold before such action was taken.

- 6.E. Is there a master meter to Forest Lake R.V. Resort (R.V. Park)? If so, please provide the meter size.

*Answer:* The meter size is 6".

- 6.F. What is Labrador's current plan, if any, for meter installation for the lots at Forest Lake R.V. Resort (the "R.V. Park")?

*Answer:* No current plan, although this will be reviewed as part of the staff assisted rate case.

7. Water and Wastewater Tariffs.

- 7.A. Cost allocation. Please provide a description as to how the allocation for combined water and wastewater services for mobile home lots and R.V. lots was determined.

*Answer:* In the absence of Mr. Viau, we were unable to determine the exact methodology that went into the allocation, but we believe that it is based on the disparity in usage as well as market conditions. I enclose an income statement prepared by Regulatory Consultants, Inc. showing the allocation between water and wastewater services. (Please note that the income statement total revenue figures reflects 100% occupancy and 100% payment.) We believe that the costs for the provision of water and sewer service in the attached income statement prepared by Regulatory Consultants, Inc. is substantially correct. The income statement and supporting schedule shows in detail how the allocation for water and wastewater service can be justified.

- 7.B. Rate differentiation.

*Answer:* According to the attached meter readings for the 21 months between July 1999 to March 1, 2001, 84,841,000 gallons were pumped from the main meter for the park (including both mobile home and R.V. sections). The average monthly flow from the R.V. master meter indicates that the flow for the 9 months from July 9, 2000 to April 2, 2001 was 1,616,000, for an average monthly flow of 179,555 gallons ( $1,616,000 \div 9$  months). Taking the 4,040,047 gallons per month ( $84,841,000 \div 21$  months) used by the entire project and subtracting out the 179,555 gallons average monthly R.V. usage, we are left with a monthly mobile home park usage of 3,860,492 gallons per month. These usage figures show that the mobile home lots use substantially greater water and wastewater than the R.V. lots, justifying the higher per lot charge.

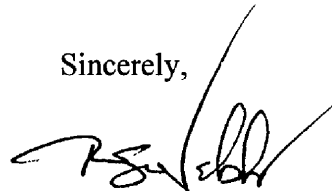
7.C. Other Tariff Corrections.

*Answer:* We will forward the corrected tariffs to the PSC next week.

8. Flat Rates. As an update, I have been in contact with Troy Rendell of the PSC and have obtained from him required forms for the filing of a staff assisted rate case. The form has been forwarded to our consultant at Regulatory Consultants, Inc. and we will be working together to file this application for a staff assisted rate case at the earliest possible date.

I believe this answers the questions raised as to water meters and wastewater tariffs. If other information is required, please advise.

Sincerely,



Richard S. Webb, IV

RSW:cd

Encs.

cc: Paul Le Blanc, Esq.  
George MacFarlane  
Sylvie Viau  
Jennifer Brubaker, Esq.  
Pat Brady

I:\RSW\Labrador Services\Daniel 4-25-01 ltr.wpd

**LABRADOR SERVICES, INC.**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED MAY 31, 2000**

Line No.	(A) DESCRIPTION	(B) TOTAL EXPENSES 7/99 - 12/99	(C) WATER	(D) SEWER	(E) ADJUST	(F) TOTAL	(G) WATER	(H) SEWER	(I) ADJUST	(J) ANNUAL OPERATING RESULTS	(K) ADJUSTMENTS TO OPERATING EXPENSES	(L) ADJUSTED ANNUAL OPERATING RESULTS	(M) WATER	(N) SEWER
1	<b>REVENUES</b>													
2	Revenue - Residential (894 Mobile Homes x \$15.00 x 12 Months)									\$160,920		\$160,920	\$45,058	\$115,862
3	Revenue - R.V. Users (274 RV Spaces x \$10.00 x 12 Months)									32,880		32,880	9,206	23,674
4	<b>TOTAL REVENUE</b>									<u>193,800</u>	<u>0</u>	<u>193,800</u>	<u>54,264</u>	<u>139,536</u>
5														
6	<b>OPERATION &amp; MAINTENANCE EXPENSES</b>	<b>TOTAL</b>	<b>WATER</b>	<b>SEWER</b>	<b>ADJUST</b>	<b>TOTAL</b>	<b>WATER</b>	<b>SEWER</b>	<b>ADJUST</b>					
7	Administrative Payroll	4,950	2,475	2,475		3,630	1,815	1,815		8,580		8,580	4,290	4,290
8	Maintenance Payroll	36,152	18,078	18,078		26,854	13,427	13,427		63,006		63,006	31,503	31,503
9	Purchased Power	7,956	1,315	6,641		12,601	4,832	7,769		20,557		20,557	6,147	14,410
10	Chemicals	11,390	382	10,948		12,110	1,145	10,965		23,440		23,440	1,526	21,914
11	Materials & Supplies	353	177	176		1,381	558	558	265	1,734	(265) (a)	1,469	735	734
12	Engineering	214	107	107		1,420	710	710		1,834		1,834	817	817
13	Legal Expense	977	488	489		8,957	560	569	7,838	9,834	(7,838) (b)	2,096	1,048	1,048
14	Laboratory Expense	6,289	1,075	5,214		4,734	1,047	3,887		11,023		11,023	2,122	8,901
15	Contractual Services - Other	46,491	5,188	9,288	32,015	36,102	8,110	11,130	18,862	82,593	(48,877) (a)	33,716	13,298	20,418
16	Rent	23,333	3,333	20,000		17,600	2,500	15,000		40,833	1,167 (c)	42,000	6,000	36,000
17	Transportation Expense	2,460	1,230	1,230		3,736	1,868	1,868		6,196		6,196	3,098	3,098
18	Sludge Hauling Expense	4,634		4,634		30,735		30,735		35,369		35,369	0	35,369
19	Telephone Expense	1,740	870	870		1,770	885	885		3,510		3,510	1,755	1,755
20	Miscellaneous Expense	1,110	565	555		4,027	514	513	3,000	5,137	(3,000) (b)	2,137	1,069	1,068
21	<b>Total Water &amp; Sewer O &amp; M Expense</b>	<u>147,999</u>	<u>95,271</u>	<u>80,703</u>	<u>32,015</u>	<u>168,557</u>	<u>37,971</u>	<u>89,621</u>	<u>27,965</u>	<u>313,548</u>	<u>(58,813)</u>	<u>254,733</u>	<u>73,408</u>	<u>181,325</u>
22														
23	<b>OTHER OPERATING EXPENSES</b>													
24	Taxes Other Than Income									39,159	0	39,159	8,828	30,231
25	Depreciation Expense									39,159	0	39,159	8,828	30,231
26	<b>Total Other Operating Expense</b>									<u>39,159</u>	<u>0</u>	<u>39,159</u>	<u>8,828</u>	<u>30,231</u>
27														
28	<b>TOTAL OPERATING EXPENSES</b>									<u>352,705</u>	<u>(58,813)</u>	<u>293,892</u>	<u>82,336</u>	<u>211,556</u>
29														
30	<b>OPERATING INCOME AND (LOSS)</b>									<u>(\$158,905)</u>	<u>\$58,813</u>	<u>(\$100,092)</u>	<u>(\$28,072)</u>	<u>(\$72,020)</u>
31														
32	<b>EXPLANATION OF ADJUSTMENTS</b>													
33	(a) To Adjust Expenses For Items Which Should Be Capitalized and Amortized or Depreciated													
34	(b) To Remove Costs Associated With Florida Public Service Commission Certificate Proceedings											\$15.00	\$4.20	\$10.80
35	(c) To Annualize Expenses											\$10.00	\$2.80	\$7.20

**LABRADOR SERVICES, INC.**  
**ALLOCATION OF REPAIRS BETWEEN WATER & SEWER**  
**FOR THE TWELVE MONTHS ENDED MAY 31, 2000**

Page 1 of 2

(A) (B) (C) (D) (E) (F) (G)

**FOR THE SEVEN MONTHS ENDED DECEMBER 31, 1999**

Line No.	DATE PAID	TOTAL	WATER	SEWER	ADJUST	ADJUSTED TOTAL	EXPLAIN ADJUSTMENT
1	<b>REPAIRS</b>						
2	01/18/99	8,000.00	0.00	0.00	8,000.00	0.00	Level WWTP Tank
3	7/25/99	27.49	13.75	13.74		27.49	
4	7/25/99	539.29	0.00	0.00	539.29	0.00	Air Compressor w/ Hose
5	7/25/99	166.25	83.13	83.12		166.25	
6	8/3/99	2,954.54	0.00	0.00	2,954.54	0.00	Mower & Trimmer
7	8/5/99	3,956.98		246.98	3,710.00	246.98	Goulds Sewage Pump
8	8/6/99	257.28	128.64	128.64		257.28	
9	8/6/99	25.43	12.72	12.71		25.43	
10	8/24/99	437.40	85.91	85.90	265.59	171.81	24' Extension Ladder
11	8/24/99	300.00	150.00	150.00		300.00	
12	8/24/99	1,275.00	0.00	0.00	1,275.00	0.00	Freight for Filter Media
13	8/24/99	5,170.00	0.00	0.00	5,170.00	0.00	Level WWTP Tank
14	8/24/99	750.58	375.29	375.29		750.58	
15	8/30/99	243.48	121.74	121.74		243.48	
16	8/30/99	154.48		154.48		154.48	
17	8/30/99	157.99	79.00	78.99		157.99	
18	8/31/99	264.47	132.24	132.23		264.47	
19	9/17/99	274.19	137.10	137.09		274.19	
20	9/17/99	21.19	10.60	10.59		21.19	
21	9/17/99	300.72	150.36	150.36		300.72	
22	9/17/99	587.28	293.64	293.64		587.28	
23	9/17/99	468.32	234.16	234.16		468.32	
24	10/8/99	826.00	413.00	413.00		826.00	
25	10/8/99	103.32	51.66	51.66		103.32	
26	10/15/99	280.00	140.00	140.00		280.00	
27	10/15/99	2,500.00	0.00	0.00	2,500.00	0.00	Install 6" Water Meter
28	10/15/99	77.10	38.55	38.55		77.10	
29	10/22/99	154.48	77.24	77.24		154.48	
30	10/22/99	919.29		919.29		919.29	
31	10/22/99	365.20	182.60	182.60		365.20	
32	10/22/99	2,469.63	1,234.82	1,234.81		2,469.63	
33	10/22/99	23.75	11.88	11.87		23.75	
34	10/22/99	1,472.27	84.35	84.35	1,303.57	168.70	Cost of 6" Water Meter
35	11/10/99	309.04	0.00	0.00	309.04	0.00	Materials for 6" Meter
36	11/18/99	5,987.72	0.00	0.00	5,987.72	0.00	Breather Cap on Wtr Tank
37	11/18/99	31.64	15.82	15.82		31.64	
38	11/18/99	109.03	54.52	54.51		109.03	
39	11/18/99	277.20	138.60	138.60		277.20	
40	11/18/99	470.59	235.30	235.29		470.59	
41	11/18/99	1,296.96		1,296.96		1,296.96	
42	11/18/99	59.78	29.89	29.89		59.78	
43	11/19/99	170.00	85.00	85.00		170.00	
44	11/30/99	156.98	78.49	78.49		156.98	
45	11/30/99	503.50		503.50		503.50	
46	12/10/99	112.84	56.42	56.42		112.84	
47	12/10/99	51.21	25.61	25.60		51.21	
48	12/10/99	250.00	125.00	125.00		250.00	
49	12/10/99	178.34	89.17	89.17		178.34	
50	12/10/99	563.35		563.35		563.35	
51	12/21/99	416.07		416.07		416.07	
52	12/21/99	23.80	11.90	11.90		23.80	
53	<b>7 MO TOTAL</b>	<b>46,491.45</b>	<b>5,188.10</b>	<b>9,288.60</b>	<b>32,014.75</b>	<b>14,476.70</b>	

**LABRADOR SERVICES, INC.**  
**ALLOCATION OF REPAIRS & GROUNDS MAINTENANCE BETWEEN WATER & SEWER**  
**FOR THE TWELVE MONTHS ENDED MAY 31, 2000**

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	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	<b>FOR THE FIVE MONTHS ENDED MAY 31, 2000</b>						
Line No.	DATE PAID	TOTAL	WATER	SEWER	ADJUST	ADJUSTED TOTAL	EXPLAIN ADJUSTMENT
1	<b>REPAIRS</b>						
2	1/12/00	112.84	112.84	0.00		112.84	
3	1/12/00	285.53	285.53	0.00		285.53	
4	1/12/00	82.42	41.21	41.21		82.42	
5	1/12/00	23.48	11.74	11.74		23.48	
6	1/12/00	224.56	112.28	112.28		224.56	
7	1/12/00	1,068.81	0.00	0.00	1,068.61	0.00	Repair Filter on WWTP
8	1/22/00	878.18	439.09	439.09		878.18	
9	1/27/00	257.17	128.59	128.58		257.17	
10	1/27/00	1,624.66		1,624.66		1,624.66	
11	1/27/00	809.39	404.70	404.69		809.39	
12	1/27/00	28.33	14.17	14.16		28.33	
13	2/18/00	329.91	164.86	164.95		329.91	
14	2/18/00	2,280.45		529.47	1,730.98	529.47	20 HP 3 Phase Motor
15	2/18/00	138.61	69.31	69.30		138.61	
16	2/18/00	159.18	79.59	79.59		159.18	
17	3/6/00	660.38	198.88	198.89	262.62	397.77	14.4 V Driver/Drill
18	3/6/00	320.91	160.46	160.45		320.91	
19	3/8/00	228.31	114.16	114.15		228.31	
20	3/17/00	723.29	723.29	0.00		723.29	
21	3/17/00	49.34	24.67	24.67		49.34	
22	3/17/00	1,142.53		1,142.53		1,142.53	
23	3/17/00	215.73	107.87	107.86		215.73	
24	3/17/00	625.78	312.89	312.89		625.78	
25	3/21/00	1,507.08	612.78	612.77	281.53	1,225.55	Oxygen/Acetylene Kit
26	3/21/00	121.26	60.83	60.63		121.26	
27	3/21/00	1,571.12	466.15	466.15	638.82	932.30	Dissolved Oxygen Meter
28	3/23/00	10,899.67	0.00	0.00	10,899.67	0.00	WWTP Repairs
29	3/23/00	2,099.33		118.83	1,980.50	118.83	Automatic Sampler
30	4/8/00	222.92	111.46	111.46		222.92	
31	4/8/00	206.29	103.15	103.14		206.29	
32	4/8/00	576.85	288.43	288.42		576.85	
33	4/8/00	366.20	366.20	0.00		366.20	
34	4/24/00	147.14	73.57	73.57		147.14	
35	4/24/00	112.84	56.42	56.42		112.84	
36	4/24/00	170.09	85.05	85.04		170.09	
37	4/24/00	609.89	609.89	0.00		609.89	
38	4/24/00	840.32	420.16	420.16		840.32	
39	4/24/00	710.42	355.21	355.21		710.42	
40	5/8/00	294.06	147.03	147.03		294.06	
41	5/8/00	167.60	83.80	83.80		167.60	
42	5/8/00	614.31	307.16	307.15		614.31	
43	5/8/00	1,702.36		1,702.36		1,702.36	
44	<b>TOTALS</b>	<b>35,189.34</b>	<b>7,653.32</b>	<b>10,673.30</b>	<b>16,862.73</b>	<b>18,326.62</b>	
45	<b>GROUNDS MAINTENANCE</b>						
46	1/12/00	47.90	23.95	23.95		47.90	
47	1/12/00	300.00	150.00	150.00		300.00	
48	2/18/00	45.00	22.50	22.50		45.00	
49	2/18/00	140.00	70.00	70.00		140.00	
50	3/17/00	45.00	22.50	22.50		45.00	
51	3/24/00	45.00	22.50	22.50		45.00	
52	4/24/00	45.00	22.50	22.50		45.00	
53	4/24/00	200.00	100.00	100.00		200.00	
54	5/8/00	45.00	22.50	22.50		45.00	
55	<b>TOTALS</b>	<b>912.90</b>	<b>456.45</b>	<b>456.45</b>	<b>0.00</b>	<b>912.90</b>	
56							
57	<b>5 MO TOTAL</b>	<b>36,102.24</b>	<b>8,109.77</b>	<b>11,129.75</b>	<b>16,862.73</b>	<b>19,239.52</b>	
58							
59							
60	<b>12 MO TOTAL</b>	<b>82,593.69</b>	<b>13,297.87</b>	<b>20,418.35</b>	<b>48,877.48</b>	<b>33,716.22</b>	

## LABRADOR SERVICES METER READINGS

Attn. Richard S. Webb

Information Requested

7/99 150,599,000

1/00 178,500,000

12/00 221,995,000

1/01 226,100,000

2/01 230,060,000

3/01 235,400,000

Main Meter

RV Meter 7/9 0

4/2/01 1,616,000