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TALLAHASSEE, FLORIDA 32301

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CENTRAL FLORIDA OFFICE
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REPLY TO ALTAMONTE SPRINGS

September 27, 2004

BY HAND DELIVERY

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD

RECEIVED-FPSC
SEP 27 PM 1:06
COMMISSION
CLERK

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No.: 030443-WS; Application of Labrador Utilities, Inc., for Rate Increase in Pasco County, Florida
Our File No.: 30057.64

Dear Ms. Bayo:

Labrador Utilities, Inc. ("Utility"), provides the following responses to Staff's Audit of the Utility's financial records dated August 30, 2004:

RESPONSE TO EXCEPTION NO. 1:

(1) Attached please find the invoices in question. Invoice No. 02567 for \$7,477.41, includes the \$534.10, which is recorded in subsidiary 600 and then allocated to all Florida operating subsidiaries based on the number of bills processed. Therefore, the invoice attached does not match the general ledger.

CMP _____

COM _____

CTR _____

ECR _____

GCL _____

OPC _____

MMS _____

(2) The Utility agrees with the Staff Auditor's recommendation.

(3) The Utility agrees with the Staff Auditor's recommendation.

(4) The Utility agrees with the Staff Auditor's recommendation. The \$2,500 was incurred in 2003, and if the \$2,500 is removed from Account No. 354, it should be included in Operation and Maintenance expenses.

RCA _____

SCR _____

SEC 1

OTH _____

RESPONSE TO EXCEPTION NO. 2:

(1) The Utility agrees with the Staff Auditor's recommendation.

DOCUMENT NUMBER-DATE
10426 SEP 27 04
FPSC-COMMISSION CLERK

(2) The Utility agrees with the Staff Auditor's recommendation.

RESPONSE TO EXCEPTION NO. 3:

(1) The Utility views the working capital calculation as a fallout issue. Working capital will fluctuate as the result of other audit exceptions and the Utility's responses.

RESPONSE TO EXCEPTION NO. 4:

(1) The Utility agrees with the Staff Auditor's recommendation.

(2) The Utility agrees that the return on equity should be based on the most recent equity leverage formula.

RESPONSE TO EXCEPTION NO. 5:

(1) The Utility agrees with the Staff Auditor's recommendation.

RESPONSE TO EXCEPTION NO. 6:

(1) The Utility agrees with the Staff Auditor's recommendation.

RESPONSE TO EXCEPTION NO. 7:

(1) The Utility agrees with the Staff Auditor's recommendation.

(2) The Utility agrees with the Staff Auditor's recommendation.

(3) The Utility agrees with the Staff Auditor's recommendation.

RESPONSE TO EXCEPTION NO. 8:

(1) The Utility agrees with the Staff Auditor's recommendation.

(2) The Utility agrees with the Staff Auditor's recommendation.

RESPONSE TO DISCLOSURE NO. 1:

(1) The Utility agrees with the Staff Auditor's recommendation.

(2)(a) No response required.

(2)(b) The supporting documentation for these projects is attached, to the extent it is available. Project Nos. 115-04-01 and 116-04-04 are the project numbers for the

Ms. Blanca Bayo
Docket No.: 030443-WS
September 27, 2004
Page 3

construction of two pro forma plant additions. They are both in the design phase, as represented by Work Order Nos. 115-04-02 and 116-04-03, and contractors' proposals for the entire costs of the construction components are not yet available. The Utility is working to obtain proposals or signed contracts from the approved contractors, and will provide them to Staff when they become available.

(2)(c) The Utility agrees with the Staff Auditor's recommendation.

(2)(d) The Utility agrees with the Staff Auditor's recommendation.

RESPONSE TO DISCLOSURE NO. 2:

(1) The Utility agrees with the Staff Auditor's recommendation.

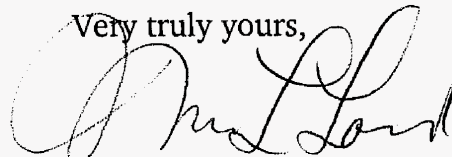
(2) The Utility agrees that the average service lives prescribed by Rule 25-30-140, F.A.C., should be used for all depreciation recorded after May 31, 2002.

RESPONSE TO EXCEPTION NO. 3:

(1) The Utility agrees with the Staff Auditor's recommendation.

Please do not hesitate to contact me, if you should have any questions.

Very truly yours,



VALERIE L. LORD
For the Firm

VLL/tlc
Enclosures

cc: Ms. Tricia Merchant (w/enclosures) (by hand delivery)
Ms. Denise Greene (w/enclosures) (by hand delivery)
Cochran Keating, IV, Esquire (w/enclosures) (by hand delivery)
Mr. Steven M. Lubertozzi (w/enclosures)
Mr. Patrick C. Flynn (w/enclosures)

M:\1 ALTAMONTE\UTILITIES INC\LABRADOR UTILITIES\(.64) LABRADOR 2003 RATE CASE\PSC Clerk 021 (Resp to Audit).ltr.wpd

BENNETT TRUCK EQUIPMENT, INC.
2652 OLD WINTER GARDEN ROAD
P.O. BOX 585339
ORLANDO, FLORIDA 32858-5339

9-27-02

Order No. W041774
Date 9/17/02

WORK ORDER INVOICE
Customer Copy

Page
Time 7:50:07

PO 600K5

ORLANDO UTILITIES CORP.
1200 WEATHERSFIELD AVENUE
ORLANDO ALTA MONTE SPRINGS, FL
32714

Unit
Reading In 0
Arrival 0829/02
Delivery 0600/02
GVW
ENR 022
License
FOR KAREN SASTO
at 7:58
Reading
Terms A/R Charge

Unit 12610
(407) 869-1919

ATTENTION CUSTOMER, an OSHA approved BACK-UP alarm can be installed on your vehicle for an additional cost of \$60.00. If interested, see one of our sales personnel.

ATTENTION TRUCK OWNER'S, review the U.S. D.O.T. Motor Carrier Safety Regulations for your own protection.

Storage Fees begin 21 days after invoice date on any units left unclaimed. Vehicles \$15.00 per day. Equipment \$10.00 per day.

FOR SALES, SERVICE, or GEN. OFFICERS call 298-0275. For PARTS 298-1570.

*****MOTOR VEHICLE REPAIR SHOP REGISTRATION #HW-2987*****
*****WARRANTY POLICY*****

OWNER EQUIPMENT, IS AS STATED IN OWNERS MANUAL
SMALL REPAIRS ARE 90 DAYS.

SMALL VEHICULAR EQUIPMENT SOLD AS IS UNLESS NOTED OTHERWISE.
OWNER RESPONSIBLE FOR EQUIPMENT LEFT OVER 60 DAYS.

PLEASE KEEP A COPY OF THIS INVOICE AVAILABLE IN THE EVENT WARRANTY REPAIRS SHOULD BE NEEDED FOR THIS EQUIPMENT.

VISIT OUR WEB/SITE AT: www.bennetttruckequipment.com

Description	Unit	Rate	Total
LABOR AND INSTALL	1.00	7,054.16	7,054.16
TOTALS	1.00	7,054.16	7,054.16
MISCELLANEOUS SUPPLIES			
Sales Tax			123.25
*** PAY THIS AMOUNT ***	Customer Total		7,177.41

ATTACHMENT TO: Asistencia 14

THIS TRANSACTION IS GOVERNED BY TERMS AND CONDITIONS ON REVERSE SIDE. SIGNED: *[Signature]*
NO REFUND WITHOUT THIS INVOICE. 15% HANDLING CHARGE ON ALL RETURNED ITEMS.
NO ITEMS RETURNABLE AFTER 90 DAYS. NO DISCOUNTS. NO REFUND ON ELECTRICAL PARTS.
TERMS: NET 30 DAYS FOLLOWING PURCHASE WITH APPROVED CREDIT.

Order No. W041774 *
Date 9/17/02

WORK ORDER INVOICE
Customer Copy

Page 2
Time 7:50:07

11 FURNISH AND INSTALL 14 BED LINER & MISC.

Code: RTE INS MISC
GWH: 022 HOYT E. BANKSTON

FURNISH & INSTALL 14 OVER RAIL BED LINER \$189.00 EACH PICKUP
FURNISH & INSTALL 14 CLASS 3 HITCHES, BALL MOUNTS, 2" BALLS & FLAT 4 POLE
LIGHT PLUGS \$271.00 EACH PICKUP, 4 SIDE BOXES PER JOHN \$259.29 EACH
INSTALL IN 2003 CHEVY WITH 8 FT. FLEET SIDE BED PICKUP

- SER.#1GCEC14X337115217
- SER.#1GCEC14X337115810
- SER.#1GCEC14X337115394
- SER.#1GCEC14X337115177
- SER.#1GCEC14X337114613
- SER.#1GCEC14X337114018
- SER.#1GCEC14X337114839
- SER.#1GCEC14X337115294
- SER.#1GCEC14X337115146
- SER.#1GCEC14X337114271
- SER.#1GCEC14X337115685
- SER.#1GCEC14X337115702
- SER.#1GCEC14X337114378
- SER.#1GCEC14X337114613

LABOR CHARGED:

	Labr Amount
TOTAL PARTS	7,024.15
TOTAL MISC SEGMENT SUBTOTAL	100
CUSTOMER TOTAL	7,124.15

**** PAY THIS AMOUNT ****

10 8000

THIS TRANSACTION IS GOVERNED BY TERMS AND CONDITIONS ON REVERSE SIDE, SIGNED
NO REFUND WITHOUT THIS INVOICE, 15% HANDLING CHARGE ON ALL RETURNED ITEMS
NO ITEMS RETURNABLE AFTER 10 DAYS, NO DISCOUNTS, NO REFUND ON ELECTRICAL PARTS
TERMS NET 30 DAYS FOLLOWING PURCHASE WITH APPROVED CREDIT



1691 J.A. Cochran By-Pass • P.O. Box 370
 CHESTER, S.C. 29706
 (803) 377-4147
 1 800 849 9829

BOUGHT TO UTILITIES INC OF FLORIDA CUST # 19788

ADDRESS 200 WEATHERSFIELD AVE
 ALTAMONTE SPRINGS FL 32714
 (H) - (407)869-1919 (H) -

YEAR	MAKE	MODEL	NEW OR USED	VEHICLE IDENT OR SERIAL NO
2003	CHEVROLET	C15 FULL SIZ	N	16CEC14X73Z115396
SALESMAN FLEET DEPARTMENT		KEY NOS S3956 /S3956		

INSURANCE COVERAGE INCLUDES
 FIRE & THEFT
 COLLISION - AMT DEDUCTIBLE
 PUBLIC LIABILITY - AMT.
 PROPERTY DAMAGE - AMT.

OPTIONAL EQUIPMENT AND ACCESSORIES	GROUP	DESCRIPTION	PRICE
<p>AHN: Steve D.</p>			

DISCLAIMER OF WARRANTIES
 The only warranties, if any, applying to this vehicle are those offered by the manufacturer. The selling dealer hereby expressly disclaims all warranties, either express or implied, including any implied warranties of merchantability or fitness for a particular purpose, and neither assumes nor authorizes any other person to assume for it any liability in connection with the sale of this vehicle. Buyer shall not be entitled to recover from the selling dealer any consequential damages, damages to property, damages for loss of use, loss of time, loss of profits, or income, or any other incidental damages.

SIGNATURE _____

USED CAR TRADED

YEAR	MAKE	MODEL	VEHICLE IDENT. OR SERIAL NO.

BODY COLOR _____

DATE	INVOICE NO	STOCK NO
08/29/02	45668	CT1032
DESCRIPTION		SALE
C15 FULL SIZ		17244.88 177.110 418
SALES TAX		1084.67
LIC/TITLE/INSP		189.85
TOTAL CASH PRICE		18519.00
FINANCING		N/A
INSURANCE		N/A
TOTAL TIME PRICE		18519.00
DEPOSIT		N/A
CASH ON DELIVERY		N/A
FACTORY PREPARE		18519.00
USED CAR ALLOWANCE		N/A
PAYMENTS PER MONTH		N/A
MONTHS DOLLARS PER MONTH		N/A
1 N/A		N/A
TOTAL		N/A

*Always Bring Your
 Car Here For
 Factory Authorized
 ACS Service*

ATTACHMENT NO. Disclosure No. 1-1

© by Reynolds and Reynolds

QTY.	DESCRIPTION	PRICE	AMOUNT
1	1997 EZGo Tuff1 (GAS)	\$2874.00	\$2874.00
	w/ top and reinforced back box		
	headlites, mirrors		
	windshield, mirrors		
	(2) new or nearly new tires		
	NO TAILgate (<25")		
	freight in, assbly, prep, deliv etc -		
	discount		
	discount (874.00)		
			\$2,000.00

SALES • SERVICE • REBUILDS • PARTS
ACCESSORIES • RENTALS



FAIRWAY GOLF CARTS INC.
(727) 787-4664
• CLUB-CAR • E-Z-GO
993 FLORIDA AVENUE • PALM HARBOR, FL 34683
800-682-5796 FAX (727) 787-9812

NAME Utilities, Inc
ADDRESS _____
CITY _____ STATE _____
PHONE _____ DATE 6/21/02
CLUB Gary SERIAL # A50132
MAKE _____ MODEL G1197

Comments: _____
pd. 7/27/02

2 time	SOLID WASTE FEE	\$13.50
1-bag	TOTAL MATERIALS	\$1,996.50
	TOTAL LABOR	Included
	SERVICE CALL	per P/UP
	SUB-TOTAL	\$2,000.00
	TAX	140.
	SHIPPING	
No 37818	PLEASE PAY - TOTAL	\$2,140.

Warranty 90 days P+L

[Signature]

*ELECTRICAL DESIGN
FOR WTP IMPROVEMENTS*

EMI Consulting Specialties, Inc.

2238 Westbourne Drive
Oviedo, FL 32765
(407) 359-0747
(407) 359-0748 (Fax)

Fee Estimate

DATE	ESTIMATE NO.
04/22/2004	807

CLIENTS NAME / ADDRESS
Utilities Inc. of Florida 200 Weathersfield Ave. Altamonte Springs FL 32714

PROJECT
Zephyrhills HSP VFD

CATEGORY	DESCRIPTION	HRS	COST	TOTAL
	Task I (Design)			
Clerical	General clerical, filing, invoicing, correspondence, etc.	24	24.00	576.00
Site Visit	Two site visits for data gathering, site investigation, photos, field notes etc.	16	90.00	1,440.00
Meetings	Three meetings in Orlando	10	90.00	900.00
Engineering	Design power system modifications and control system for the addition of two VFD high service pumps, address generator loading with new VFDs, size conduit, wire and breakers.	40	90.00	3,600.00
Design (CADD)	Design, drafting (CADD), & in-office plotting for EMI review and coordination.	100	48.00	4,800.00
Specification	Create or edit and compile design specifications.	16	90.00	1,440.00
Cost Estimate	Prepare opinion of cost for EMI design.	3	48.00	144.00
Permitting	Sign and seal for DEP assist Owner permitting. Permitting fees not included	3	90.00	270.00
Plotting Services	Plot 50% 90% and 100% review sets on bond paper. EMI will provide final set on vellum or bond for reproduction by Utilities Inc.		130.00	130.00
	SUBTOTAL			13,300.00
	Task II (Bidding)			
	Reproduction of bidding drawings and distribution to bidders by Utilities Inc.			
Clerical	General clerical, filing, invoicing, correspondence, etc.	4	24.00	96.00
Meetings	Pre-bid meeting	4	90.00	360.00
Addendum	Create bidding addendum related to EMI's design.	3	90.00	270.00
Engineering	Answer questions to bidders in writing	4	90.00	360.00
	SUBTOTAL			1,536.00

This proposal may be withdrawn by us if not accepted within 90 days

TOTAL

EMI Consulting Specialties, Inc.

2238 Westbourne Drive
 Oviedo, Fl 32765
 (407) 359-0747
 (407) 359-0748 (Fax)

Fee Estimate

04/22/2004

CLIENTS NAME / ADDRESS
Utilities Inc. of Florida 200 Weathersfield Ave. Altamonte Springs Fl. 32714

PROJECT
Zephyrhills HSP VFD

CATEGORY	DESCRIPTION	HRS	COST	TOTAL
	Task III (Construction)			
Clerical	General clerical, filing, invoicing, correspondence, etc.	12	24.00	288.00
Meetings	One pre-construction meeting	8	90.00	720.00
Permitting	Sign and seal building department and for DEP	2	90.00	180.00
Design (CADD)	Plotting and reproduction of plans for Building Department		160.00	160.00
Shop Drawing	Review and process shop drawings.	30	90.00	2,700.00
Record Dwgs	Revise bid documents to reflect as-builds.	8	48.00	384.00
Design (CADD)	Final vellums of record drawings plus CD of CADD files		48.00	48.00
Site Visit	Two visits during construction	12	90.00	1,080.00
Punch List	Site visit to compile final punch list.	6	90.00	540.00
	SUBTOTAL			6,100.00

This proposal may be withdrawn by us if not accepted within 90 days

TOTAL 520,936.00

Accepted T. W. [Signature]
 Title Construction Mgr.
 Date 5/14/04

Sep. 23. 2004 3:06PM McKim & Creed

No. 6679 P. 2



September 23, 2004

M&C 11540000

Mr. Michael T. Dunn, PE
Regional Engineer
Utilities Inc. of Florida
200 Weathersfield Avenue
Altamonte Springs, FL 32714

RE: Proposal for Design of a New Splitter Box, Aeration Tank and Reconfigure RAS Piping
Labrador Utilities-Zephyrhills

Dear Mr. Dunn:

On behalf of McKim & Creed P.A., we are pleased to provide this proposal for the above referenced project. Based upon conversations with you and your staff and visiting the site in Zephyrhills, listed below is our understanding of the Scope of Work:

1. Design new splitter box to replace the existing. The box will be located at the surge tank to evenly distribute the flow to the 3 aeration tanks.
2. Convert overflow tank (adjacent to surge tank) to an aeration tank.
3. Reconfigure RAS piping so that the piping is directed to the front end of each aeration tank train.
4. Maintain 3 trains with different flow pattern.

We have broken down our proposal into three distinct phases:

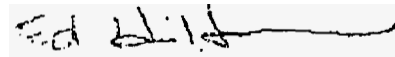
- **Design/Permitting Services** will include design, project management, site visits, meetings with Utilities Inc., permitting and specifications.
- **Bidding Services** includes answering questions during the bid, providing a letter of recommendation for award of the bid and providing a bid tabulation.
- **Consulting Services During Construction** includes attending the pre-construction conference, reviewing shop drawings for payment, attending final completion inspection, providing record drawings and certification of the project.

We proposed to perform the preceding services for a lump sum cost of \$19,690, which is broken down as follows:

Design/Permitting	\$14,930
Bidding Services	\$1,160
Consulting Services During Construction	\$3,580

We are prepared to begin this project immediately and we appreciate the opportunity to provide our services for your consideration

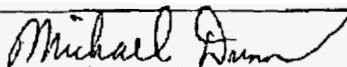
Sincerely,
McKIM & CREED, PA


C. Edward Hilton, Jr., PE
Office Manager

Disclosure No. 1-206
ATTACHMENT TO: # 116-04-03

cc: Mr. Scott R. Spooner, PE, McKim & Creed, PA

PROPOSAL ACCEPTED BY UTILITIES INC. OF FLORIDA:

Name	
Title	Region Manager
Date	9/23/04