

ORIGINAL

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

RECEIVED-PPSC
NOV 27 AM 11:43

-M-E-M-O-R-A-N-D-U-M-

COMMISSION
CLERK

DATE: November 27, 2006
TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director
FROM: Tiffany Joyce, Professional Accountant, Division of Economic Regulation
RE: Docket No. 060262-WS - Application for Increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

Please place the attached letter in the docket file for this docket.

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC 1
- OTH _____

DOCUMENT NUMBER-DATE

10791 NOV 27 06

FPSC-COMMISSION CLERK

ORIGINAL

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
DAVID F. CHESTER
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
CHASITY H. O'STEEN
DAREN L. SHIPPY
WILLIAM E. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON
WAYNE L. SCHIEFFELBEIN, *OF COUNSEL*
ROBERT M. C. ROSE (1924-2006)

(850) 877-6555
FAX (850) 656-4029
www.rsbatorneys.com

REPLY TO CENTRAL FLORIDA OFFICE

CENTRAL FLORIDA OFFICE
SANLANDO CENTER
2180 W. STATE ROAD 434, SUITE 2118
LONGWOOD, FLORIDA 32779
(407) 830-6331
FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD
BRIAN J. STREET

November 21, 2006

VIA EMAIL AND U.S. MAIL

Mr. Troy Rendell
DIVISION OF ECONOMIC REGULATION
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
06 NOV 27 AM 10:09
DIVISION OF
ECONOMIC REGULATION

RE: Labrador Utilities, Inc.; Application for Rate Increase in Pasco County, Florida
Docket No. 060262-WS
Our File No.: 30057.128

Dear Troy:

In our telephone conference on November 9, 2006, you advised me that the Staff had two major concerns which lead the Staff to the conclusion that the Labrador Utilities, Inc. rate case should be dismissed. As I understand the Staff's concerns, they are the reliability of the test year consumption data as reflected by the meter readings and the amount of wastewater treated at the wastewater treatment plant.

Meter Readings:

The meter readings for 2005 accurately reflect these customers' consumption for that year. As you know, Labrador Utilities serves a mobile home community which experienced no material growth between 2005 and 2006. Thus, in order to verify the accuracy of the 2005 water consumption, we have analyzed the 2006 water consumption. Attached is a

Mr. Troy Rendell
DIVISION OF ECONOMIC REGULATION
Florida Public Service Commission
November 21, 2006
Page 2

schedule showing the comparison of water sold for the months January through November of 2005 and 2006. Also, enclosed is a graph depicting that comparison. As you can see, the difference is less than 1 percent. Thus, there is no legitimate basis to question the 2005 consumption data. Further, the data shows that dismissing the current docket and refiling with a 2006 Test Year would serve no useful purpose since it would be based upon the same water usage as the current rate case.

Wastewater Treatment Plant Flow:

There is sufficient available data of wastewater treatment plant flows in order to calculate the wastewater treatment plant's used and useful percentage with appropriate adjustments. It is not unusual to make adjustments in the calculations of used and useful to consider factors other than a strict formula calculation under Rule 25-30.432, F.A.C. Due to the wastewater treated being in excess of the water sold, in late 2005, it was determined that the prior owner had placed the flow meter at a location such that it measured not only flow to the plant but, recirculated flow. It was anticipated that relocating the flow meter would provide more accurate flow data. When the wastewater flows continue to exceed water sold, Labrador Utilities, Inc., had the flow meter calibrated and since June 2006, the wastewater flows have been averaging 74 percent of the water pumped and approximately 83 percent of the water sold, which are consistent with the amount of water reasonably expected to be returned to the wastewater system in a residential community such as this. Attached is a graph which shows this comparison. Again, the differences in wastewater flows in 2005 from 2006, were already taken into account and Schedule F-6 where 10 million gallons were eliminated from the used and useful calculation as excess I & I. As you can now see, there was really no excess I & I and the amount recorded was a result of an inaccurately recording meter at the wastewater treatment plant.

In my experience, at a normal time, neither of these issues would rise to the magnitude of a suggestion that a rate case be dismissed. If a part of your concern is driven by time deadlines, then I would suggest we address those concerns. In addition, I understand that the Staff has additional concerns as to whether the meter testing required by the last rate order was complied with. We will prepare a detailed response on that issue which will be delivered separately.

Mr. Troy Rendell
DIVISION OF ECONOMIC REGULATION
Florida Public Service Commission
November 21, 2006
Page 3

We look forward to a meaningful resolution of this issue.

Very truly yours,



MARTIN S. FRIEDMAN
VALERIE L. LORD
For the Firm

VLL/tlc
Enclosure

cc: Steven M. Lubertozi, Chief Regulatory Officer (w/enclosure - via email)
Kirsten Weeks, CPA (w/enclosure - via email)
John Hoy, Regional Vice President for Operations (w/enclosure - via email)
Patrick C. Flynn, Regional Director (w/enclosure - via email)
Mr. Frank Seidman (w/enclosure - via email)
Steven Reilly, Esquire, Office of Public Counsel (w/enclosure - via email)

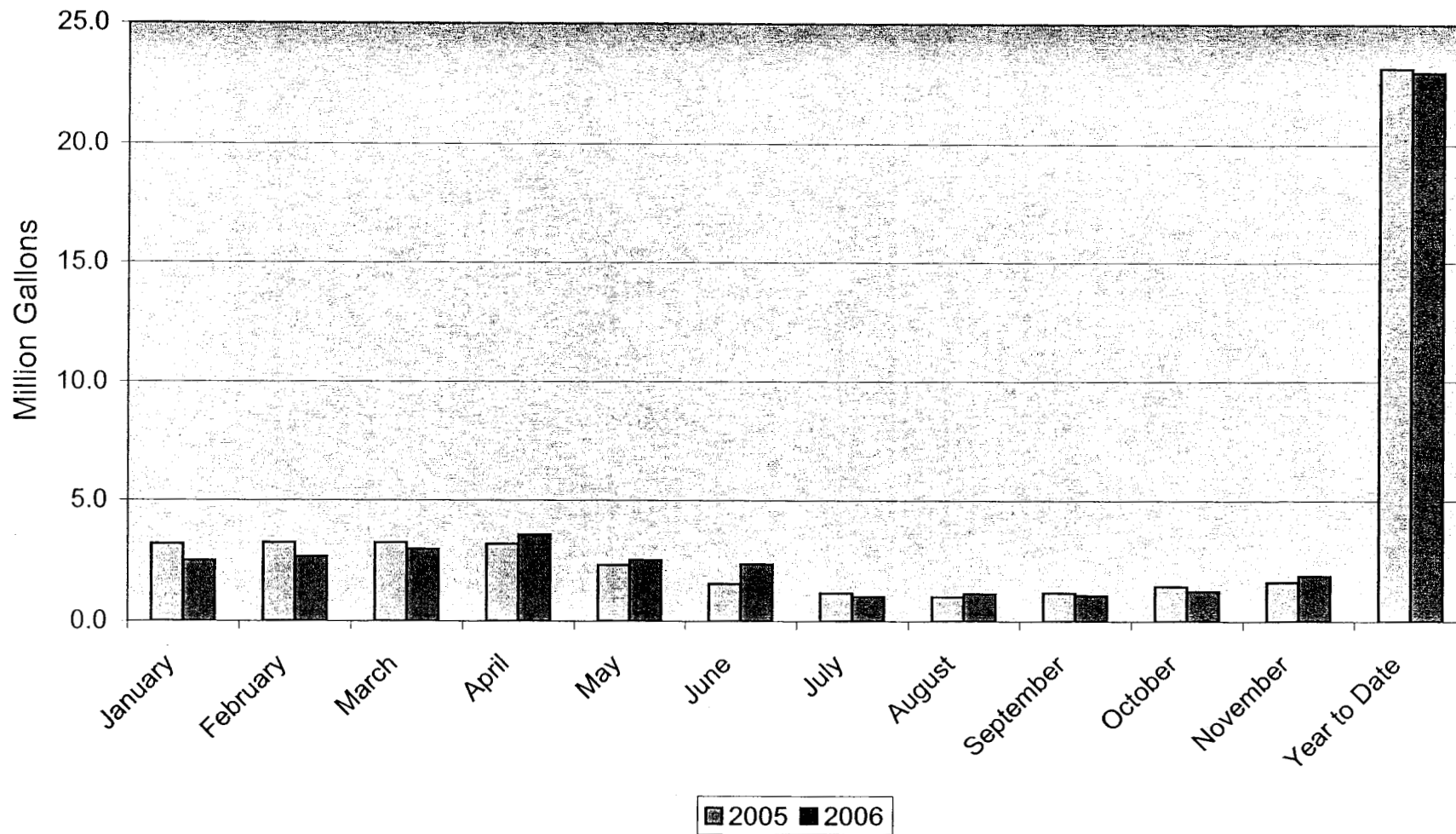
M:\1 ALTAMONTE\UTILITIES INC\LABRADOR UTILITIES\(.128) LABRADOR 2005 RATE CASE\Rendell, Troy.01.ltr.wpd

Labrador Utilities, Inc.
Water Sold Comparison

(Million Gallons)

Month	Water Sold	
	2005	2006
January	3.185	2.507
February	3.240	2.657
March	3.241	2.968
April	3.182	3.574
May	2.310	2.520
June	1.539	2.361
July	1.175	1.024
August	1.022	1.156
September	1.186	1.080
October	1.449	1.260
November	1.635	1.891
Year to Date	23.165	22.997
Difference		-0.7%

Labrador Utilities, Inc. Water Sold Comparison



Labrador Utilities, Inc. 2006 Water/Wastewater Comparison

