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Public Service Commission

December 1, 2008

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COMMISSION
CLERK

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

Re: Docket No. 080249-WS - Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

Dear Mr. Friedman:

We have reviewed Labrador Utilities, Inc. (Labrador or Utility) responses to Commission staff's letter of November 10, 2008, identifying deficiencies in the Utility's MFRs. 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 furnish the Commission with any information concerning the utility's facilities or operations 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:

1. Schedule A-1, Schedule of Water Rate Base

The Re-Allocations of General Plant to/from Wastewater Accumulated Depreciation Balance per the reconciliation provided in the response to item 1 does not match the adjustments made in the MFR Schedule A-9. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the Reconciliation for item 1 and MFR Schedule A-9.

~~2.~~ Schedule B-1, Schedule of Water Net Operating Income

The Re-Allocations of General Plant Depreciation to/from Wastewater Depreciation Expense Balance per the reconciliation provided in the response to item 3 does not match the adjustments made in the MFR Schedule B-13. Pursuant to Rule 25-30.110, F.A.C.,

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please provide the reconciliation of the balances in the Reconciliation for item 3 and MFR Schedule B-13.

3. Schedule B-2, Schedule of Wastewater Net Operating Income

The Re-Allocations of General Plant Depreciation to/from Water Depreciation Expense Balance per the reconciliation provided in the response to item 6 does not match the adjustments made in the MFR Schedule B-14. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the Reconciliation for item 6 and MFR Schedule B-14.

Rule 25-30.440(8), F.A.C., requires that each applicant for a rate increase shall provide the Commission one copy of a list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employees' salary allocation method to the utility's capital or expense accounts. Labrador's response failed to provide an explanation for each employee's salary allocation method to each respective Utility's capital or expense accounts as required by this Rule.

4. The revised MFR B-5 and B-6 and the document titled *Labrador B-12 to GL tie out for deficiency 11* submitted with Labrador's response did not rectify the deficiency. MFR Schedule B-12, lines 2, 3, and 4, now reflect total allocation of salaries in the amount of \$98,829; an increase of \$2,177 compared to the original total allocation of \$96,652. The total of MFR Schedules B-5 and B-6, lines 1 and 2, reflects total salaries for employees and officers of \$46,701 for water and \$45,699 for wastewater, respectively. The difference between the allocation and actual expense for salaries equals \$6,429. This amount appears to have been capitalized by the Utility. Based on our review of the responses to its first deficiency letter, it appears that the following employees have no allocated salary expense yet have capitalized time recorded: Daniel Anderson, Jeffery Finehirsh, Bob Gilroy, Keith Schneider, Tony Weirzbicki, and Michael Wilson. Please explain why there was no salary allocated to the aforementioned employees and yet capitalized time has been recorded. In addition, on Page 1 of the Lead Schedule in Labrador's response, a capitalized time expense of negative \$295 has been recorded as "Unknown." Please provide additional information regarding the "Unknown" employee(s) and the corresponding adjustment. Moreover, based on the detail for each employee, the total amount of salary expensed was \$61,706.50. However, as mentioned above, the total water and wastewater salaries were \$92,400 on MFR Schedules B-5 and B-6. The total amount for accounts 601, 603, 701 and 703 on Attachment A should reconcile to the \$92,400 amount reflected on MFR Schedules B-5 and B-6, lines 1 and 2. In addition, the total amount of all capital accounts on Attachment A should tie to the \$4,252 difference between the salary totals reflected on MFR Schedules B-5 and B-6 and the amount shown on B-12. In order to assist in meeting the requirements of Rule 25-30.440(8), F.A.C., please provide all information necessary in the same or similar format as shown on Attachments A and B. For each employee listed, please indicate the total salary in 2007, the amount in Account 601, 603, 701, or 703, the amount in all plant expense accounts, and the total capitalized amount. In addition, please provide a narrative explanation of how each employee's salary was allocated to each respective Utility's capital or expense accounts.

Mr. Martin Friedman

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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 December 31, 2008.

Sincerely,



Timothy Devlin

Director

cc: Office of Commission Clerk and Administrative Services
Office of the General Counsel (Jaeger)
Division of Economic Regulation (Bulecza-Banks, Fletcher, Lingo, Mouring)

Attachment A

Labrador Utilities, Inc. - Water		Docket No. 080249-WS				
<u>Line No.</u>	<u>Employee Name</u>	<u>Total Salary</u> <u>2007</u>	<u>Account</u> <u>No. 601</u>	<u>Account</u> <u>No. 603</u>	<u>Plant Acct.</u> <u>No.</u>	<u>Plant Acct.</u> <u>No.</u>
1	Daniel Anderson					
2	Jeffrey Finehirsh					
3	Bob Gilroy					
4	Scott Harper					
5	Shantavious Rainey					
6	Keith Schneider					
7	John Hoy					
8	Patrick Flynn					
9	Tony Wierzbicki					
10	Michael Wilson					
11	John Bonagura					
12	Rick Durham					
13	Scotty Haws					
14	William Neal					
15	Total					

Attachment B

Labrador Utilities, Inc. - Wastewater					Docket No. 080249-WS	
<u>Line No.</u>	<u>Employee Name</u>	<u>Total Salary</u> <u>2007</u>	<u>Account</u> <u>No. 701</u>	<u>Account</u> <u>No. 703</u>	<u>Plant Acct.</u> <u>No.</u>	<u>Plant Acct.</u> <u>No.</u>
1	Daniel Anderson					
2	Jeffrey Finehirsh					
3	Bob Gilroy					
4	Scott Harper					
5	Shantavious Rainey					
6	Keith Schneider					
7	John Hoy					
8	Patrick Flynn					
9	Tony Wierzbicki					
10	Michael Wilson					
11	John Bonagura					
12	Rick Durham					
13	Scotty Haws					
14	William Neal					
15	Total					