

**Dorothy Menasco**

---

**From:** Dana Rudolf [DRudolf@RSBattorneys.com]  
**Sent:** Monday, December 12, 2011 5:00 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Martin Friedman  
**Subject:** Docket No. 110264-WS; Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

**Attachments:** PSC Clerk 10 (Response to AR).pdf

- a) Martin S. Friedman, Esquire  
Rose, Sundstrom & Bentley, LLP  
766 North Sun Drive, Suite 4030  
Lake Mary, FL 32746  
(407) 830-6331  
[mfriedman@rsbattorneys.com](mailto:mfriedman@rsbattorneys.com)
- b) Docket No. 110264-WS  
Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.
- c) Labrador Utilities, Inc.
- d) 31 pages
- e) Response to Audit Report dated November 30, 2011.

12/12/2011

DOCUMENT NUMBER DATE  
08909 DEC 12 =  
FPSC-COMMISSION CLERK

LAW OFFICES  
**ROSE, SUNDBSTROM & BENTLEY, LLP**

www.rsattorneys.com

Please Respond to the Lake Mary Office

December 12, 2011

VIA E-FILING

FREDERICK L. ASCHAUER, JR.  
CHRIS H. BENTLEY, P.A.  
ROBERT C. BRANNAN  
E. MARSHALL DETERDING  
MARTIN S. FRIEDMAN, P.A.  
JOHN J. FUMERO, P.A.  
BRIDGET M. GRIMSLEY  
JOHN R. JENKINS, P.A.  
KYLE L. KEMPER

CHRISTIAN W. MARCELLI  
STEVEN T. MINDLIN, P.A.  
THOMAS F. MULLEN  
CHASTITY H. O'STEEN  
WILLIAM E. SUNDBSTROM, P.A.  
DIANE D. TREMOR, P.A.  
JOHN L. WHARTON

ROBERT M.C. ROSE, (1924-2006)

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: Docket No. 110264-WS; Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.  
Our File No.: 30057.199

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Labrador Utilities, Inc. ("Labrador" or "Utility") to the Audit Report dated November 30, 2011.

Audit Finding No. 1 – Retirements Not Booked  
The Company agrees with Audit Finding No. 1.

Audit Finding No. 2 – Depreciation Restatement  
The Company agrees with Audit Finding No. 2.

Audit Finding No. 3 – Accumulated Depreciation  
The Company agrees with Audit Finding No. 3.

Audit Finding No. 4 – Allocations from Headquarter – Rate Base  
The Company agrees with Audit Finding No. 4.

Audit Finding No. 5 – Permit  
The Company disagrees with Audit Finding No. 5. In the schedule provided, staff uses the purchase order value and not the invoice value for the amortization. This difference can be seen in the workpaper "AF 5 - Invoice Impact," where the Company has shown four entries that staff selected which have different purchase order values than invoice values, causing the amortization values and adjustments to change. On the workpaper "AF 5 - Updated," the Company has produced a schedule similar to what was provided in the Audit Report, updating the figures to illustrate the new adjustments. For the 2010 expenses, the Company has presented both the updated figures and staffs' figures side by side to demonstrate the difference throughout the amortization process. Please note that

766 N. SUN DRIVE, SUITE 4030, LAKE MARY, FLORIDA 32746 (407) 830-6331 FAX (407) 830-8522  
2548 BLAIRSTONE PINES DRIVE, TALLAHASSEE, FLORIDA 32301 (850) 877-6555 FAX (850) 656-4029  
950 PENINSULA CORPORATE CIRCLE, SUITE 2020, BOCA RATON, FLORIDA 33487 (561) 982-7114 FAX (561) 982-7116

08909 DEC 12 =  
FPSC-COMMISSION CLERK

the Utility didn't prorate the amortization for 2010 because the Company will be incurring a full years worth of amortization in the future years. In addition to the modified 2010 figures, the Utility is including the permit expenses from 2009 that will amortize through the test year. The expenses for the 2009 permits are calculated in a similar fashion to the 2010 permit costs on the second page of the "AF 5 - Updated" workpaper. As a result of these changes, the Company will experience a water adjustment of \$8,783.67 and a wastewater adjustment of \$1,084.50.

**Audit Finding No. 6 – Retirement of Telephone Equipment**

The Company agrees with Staff that the retirement could not be located. However, the retirement made to the UPIS account for communication equipment on the books of Water Service Corporation (WSC) was \$360,358.40. This amount is also the per books balance in communication equipment for WSC as of January 1, 2010, consisting of prior year additions of \$401,854.46 and a prior year retirement of \$41,496.06. \$366,946.17 of these additions were added prior to 1999, with the remaining (\$6,587.77) added in 2003, 2005, and 2007. Please see the workpaper entitled AF 6 for support for these amounts. Since the test year is the 12 months ending December 31, 2010, any asset placed in service prior to 2001 would be fully depreciated, based on a 10 year asset life. The remaining assets placed in service in 2003, 2005, and 2007 have been fully disposed of and are no longer in use, so it stand to reason that those assets should be fully written off as well.

The appropriate amount to retire out of UPIS for the Altamonte Springs division is the amount the Company retired, which was \$66,110.31. These assets were fully depreciated at the beginning of the test year.

Accumulated depreciation and depreciation expense on both WSC and Altamonte Springs communication assets has been adjusted in the Company's filing to reflect the appropriate month of the retirement and the appropriate depreciation rate. No further adjustment is required.

**Audit Finding No. 7 – Ordered Adjustments for Project Phoenix Not Booked**

The Company disagrees with Audit Finding No. 7 and argues for the full balance of Project Phoenix to be included at the headquarters level, with the appropriate 0.56% allocated to Labrador. It is incorrect to reduce the Phoenix balance for sold companies, as none of the Phoenix system was sold in conjunction with the divested companies. The total Phoenix balance is currently in service and benefiting ratepayers and it is arbitrary and inappropriate to reduce the balance. Doing so guarantees that the Company earns a subpar return on a Commission-approved investment.

The question is also raised that if the Company were to acquire customers, would the Commission allow the Company to increase its Phoenix balance? Such practice would not be allowed. However, the same arbitrary practice is occurring by reducing the Phoenix balance due to divestment. The Company cannot arbitrarily reduce the book value of an asset due to divestment of customers. Further, such adjustment is contrary to Section 267.0813, Florida Statutes.

In addition, reducing the Phoenix balance creates a gain on sale situation in the amount of \$1,652,234 because it effectively "sells off" this amount of Phoenix with the sold companies. In Order No. PSC-03-1440-FOF-WS, pg. 129, in Docket No. 020071-WS, the Commission expressly states "it is clear that the courts have found that the rates paid by customers are only for the service received during a given period of time and that the rates paid by customers do not vest ratepayers with any ownership rights to property used to render service." Another compelling factor raised by witness Gower is that the customers pay rates based on original cost rather than on replacement values. We find that these are strong arguments to assign the gains to the shareholders."

Based on these facts, it is inappropriate to reduce the Project Phoenix balance. The Phoenix balance should remain as is in the filing, and no adjustments are required.

**Audit Finding No. 8 – Depreciation Life of Project Phoenix**

The Company disagrees with Audit Finding No. 8. Staff has no basis for changing Phoenix to a ten year life; however an eight year life has already been established in previous dockets and is the life used for all other computer software booked to the same account as Phoenix.

**Audit Finding No. 9 – Non-recurring Expense**

This expense should be included in the permitting expenses and authorized over the life of the permit.

**Audit Finding No. 10 – Sludge Hauling**

The Company agrees with audit finding No. 10.

**Audit Finding No. 11 – Rate Case Expenses**

The Company agrees with audit finding No. 11.

**Audit Finding No. 12 – Purchased Power**

The Company agrees with audit finding No. 12.

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
December 12, 2011  
Page 4

---

**Audit Finding No. 13 – Expense included in Plant**

The Company agrees with audit finding No. 13.

**Audit Finding No. 14 – Allocations from Headquarter – Net Operating Income**

The Company agrees with audit finding No. 14.

**Audit Finding No. 15 – Proforma for Pay Increase**

The Company agrees with audit finding No. 15.

**Audit Finding No. 16 – Removal of Operating Expenses**

The Company agrees with audit finding No. 16.

**Audit Finding No. 17 – Prepaid – Other Expenses**

The Company agrees with audit finding No. 17.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



MARTIN S. FRIEDMAN

For the Firm

MSF/der  
Enclosures



122 Wilshire Blvd.  
Casselberry, FL 32707

Batch 72680

**Invoice**

Doc 225094

Date	Invoice #
12/7/2009	8517

<b>Bill To</b>
Utilities Inc. of Florida Mike Wilson 200 Watersfield Avenue Altamonte Springs, FL 32714

3010537

P.O. No.	Terms	Project
UT109-0209	Net 15	Labrador Utilities - ...

Description	Est Amt	Prior Amt	Prior %	Qty	Curr %	Total %	Amount
Labrador Utilities Water Use Permit Renewal PO #49100 BU # 259100							
Consulting Engineering Services	3,900.00			0.4	40.00%	40.00%	1,560.00
SWFWMD Permit Fees							222.00
<b>RECEIVED</b> <b>DEC 22 2009</b>							
<b>ENTERED</b> <b>JAN 03 2010</b>							
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC							<b>Total</b> \$1,782.00



3010537

**Invoice**

122 Wilshire Blvd.  
Casselberry, FL 32707

Date	Invoice #
6/30/2009	8368

Bill To
Utilities Inc. of Florida Mike Wilson 200 Wathersfield Avenue Altamonte Springs, FL 32714

Batch 600692

Doc 181468

P.O. No.	Terms	Project
UTI09-0109	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
0.8	Labrador Utilities, Inc. aka Forest Lake Estates WWTF Permit Renewal PO # 35859 BU #259101 <i>39860 259101</i> Consulting Engineering Services  <i>REV 7/16/09</i>  <b>ENTERED</b>  JUL 27 2009	3,900.00	3,120.00
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC			<b>Total</b> \$3,120.00

**Nancy Luppino**

---

**From:** Nancy Luppino  
**Sent:** Thursday, July 16, 2009 11:08 AM  
**To:** Mike Wilson  
**Subject:** FW: Scan from Northbrook

**Attachments:** Scan001.PDF



Scan001.PDF (20  
KB)

Hi Mike,

Please enter receiving for PO# 35859 so that I can pay the attached invoice.

Thanks,  
Nancy

-----Original Message-----

**From:** Scanner  
**Sent:** Friday, July 10, 2009 5:24 PM  
**To:** Nancy Luppino  
**Subject:** Scan from Northbrook

Please open the attached PDF document.

Number of Images: 1





122 Wilshire Blvd.  
Casselberry, FL 32707

3010537

# Invoice

Date	Invoice #
8/17/2009	8406

<b>Bill To</b>
Utilities Inc. of Florida Mike Wilson 200 Wathersfield Avenue Altamonte Springs, FL 32714

Batch 63449  
Doc 191486

P.O. No.	Terms	Project
UTI09-0109	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
	Labrador Utilities, Inc. aka Forest Lake Estates WWTF Permit Renewal PO# 39860 BU# 259		
0.2	Consulting Engineering Services	3,900.00	780.00
	Copies	33.00	33.00
	UPS to FDEP	5.64	5.64
<p><b>ENTERED</b> AUG 28 2009</p> <p><b>RECEIVED</b> AUG 27 2009</p>			
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC		<b>Total</b>	\$818.64



122 Wilshire Blvd.  
Casselberry, FL 32707

3010537

# Invoice

Date	Invoice #
1/12/2010	8539

Bill To
Utilities Inc. of Florida Mike Wilson 200 Wathersfield Avenue Altamonte Springs, FL 32714

Batch 74545

Doc 231033

P.O. No.	Terms	Project
UTT09-0209	Net 15	Labrador Utilities - ...

Description	Est Amt	Prior Amt	Prior %	Qty	Curr %	Total %	Amount	
Labrador Utilities Water Use Permit Renewal PO: 51410 BU: 259100								
Consulting Engineering Services	3,900.00	1,560.00	40.00%	0.6	60.00%	100.00%	2,340.00	
Copies							11.50	
UPS to SWFWMD							6.10	
UPS to Client							5.60	
<p><b>PAID</b> JAN 25 2010</p> <p><b>RECEIVED</b> JAN 25 2010</p>								
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC							<b>Total</b>	\$2,363.20



122 Wilshire Blvd.  
Casselberry, FL 32707

3010537

# Invoice

Date	Invoice #
5/28/2010	8645

<b>Bill To</b>
Utilities Inc. of Florida Mike Wilson 200 Watersfield Avenue Altamonte Springs, FL 32714

Batch 837.86  
Doc 266572

P.O. No.	Terms	Project
UT109-0209	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
0.4	Labrador Utilities Water Use Permit Renewal P.O. # 60623 B.U. #259100 Change Order No. 1 - Response to RAI from SWFWMD  <div style="text-align: center;"> <p><b>ENTERED</b></p> <p>JUN 09 2010</p> <p>RECEIVED</p> <p>JUN 08 2010</p> </div>	2,990.00	1,196.00
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC		<b>Total</b>	\$1,196.00



122 Wilshire Blvd.  
Casselberry, FL 32707

3010537

# Invoice

Date	Invoice #
6/28/2010	8672

Bill To
Utilities Inc. of Florida Mike Wilson 200 Watersfield Avenue Altamonte Springs, FL 32714

Batch 86157

Doc 274610

63661

P.O. No.	Terms	Project
UT109-0209	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
	Labrador Utilities Water Use Permit Renewal  P.O. # 60623 B.U. # 259100		
0.6	Change Order No. 1 - Response to RAI from SWFWMD	2,990.00	1,794.00
	UPS to SWFWMD	6.15	6.15
	Copies	4.00	4.00
RECEIVED JUL 06 2010		ENTERED JUL 14 2010	
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC		<b>Total</b>	\$1,804.15



122 Wilshire Blvd.  
Casselberry, FL 32707

3010537

# Invoice

Date	Invoice #
12/22/2010	8805

<b>Bill To</b>
Utilities Inc. of Florida Mike Wilson 200 Watersfield Avenue Altamonte Springs, FL 32714

Batch 97476  
Doc 319328

P.O. No.	Terms	Project
UT109-0209	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
	Labrador Utilities Water Use Permit Renewal  P.O. # 74597 B.U. #259100  Change Order No. 2- Response to RAI #2 for SWFWMD	750.00	750.00
		RECEIVED JAN 04 2011	
		ENTERED JAN 05 2011	
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC			<b>Total</b> 5750.00



122 Wilshire Blvd.  
Casselberry, FL 32707

3010537

# Invoice

Date	Invoice #
1/12/2010	8540

<b>Bill To</b>
Utilities Inc. of Florida Mike Wilson 200 Wathersfield Avenue Altamonte Springs, FL 32714

Batch 74545

Doc 231032

P.O. No.	Terms	Project
UT109-0109	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
	Labrador Utilities, Inc. aka Forest Lake Estates WWTF Permit Renewal RAI Response - Additional Services  PO: 51409 BU: 259101  Project review and coord; coord w/ Client re: RAI response; prepare exhibits and Effluent Analysis report in accordance with RAI comments; prepare and submit RAI response to FDEP		
4	Principal	175.00	700.00
2.5	Sr. Engineering Technician	65.00	162.50
7	Sr. Clerical	55.00	385.00
	Copies	5.40	5.40
	UPS to FDEP, 12/18/09	5.70	5.70
<p style="text-align: center;"><del>INTENDED</del></p> <p style="text-align: center;">JAN 25 2010</p> <p style="text-align: center;">RECEIVED</p> <p style="text-align: center;">JAN 25 2010</p>			
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC			<b>Total</b> \$1,258.60



122 Wilsbire Blvd.  
Casselberry, FL 32707

3010537

# Invoice

Date	Invoice #
3/19/2010	8593

Billed To
Utilities Inc. of Florida Mike Wilson 200 Watersfield Avenue Altamonte Springs, FL 32714

Batch 78942

Doc 248185

P.O. No.	Terms	Project
UT101-0109	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
	Labrador Utilities, Inc. aka Forest Lake Estates WWTF Permit Renewal Additional Services  PO # 55503 BU # 259101  Project review and coord; coord w/ Client and FDEP re: RAI #2 and update for effluent analysis sampling; update effluent analysis report per additional sampling information; prepare/finalize and submit RAI #2 response and effluent analysis report; coord w/ FDEP re: draft DMR and sampling requirements		
1.75	Principal	175.00	306.25
1	Sr. Engineering Technician	65.00	65.00
5.75	Sr. Clerical	55.00	316.25
	Copies	2.00	2.00

RECEIVED  
MAR 30 2010

RECEIVED  
MAR 29 2010

Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC	<b>Total</b>	\$689.50
---	--------------	----------

3010537



122 Wilshire Blvd.  
Casselberry, FL 32707

# Invoice

Date	Invoice #
4/21/2010	8614

<b>Bill To</b>
Utilities Inc. of Florida Mike Wilson 200 Watersfield Avenue Altamonte Springs, FL 32714

Batch 81960  
Doc 256854

P.O. No.	Terms	Project
UT109-0109	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
	Labrador Utilities, Inc. aka Forest Lake Estates WWTF Permit Renewal  P.O # 54349 B.U. #259101  Change Order No. 1 Ground Water Monitoring Well Location Map	6,900.00	6,900.00
MAY 05 2010			
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC		<b>Total</b>	36,900.00





122 Wilshire Blvd.  
Casselberry, FL 32707

3010537

# Invoice

Date	Invoice #
11/3/2010	8762

<b>Bill To</b>
Utilities Inc. of Florida Mike Wilson 200 Waihersfield Avenue Altamonte Springs, FL 32714

Batch 94121

Doc 306608

P.O. No.	Terms	Project
UT109-0110	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
0.1	Consulting Engineering Services  <b>ENTERED</b> <b>NOV 10 2010</b>	4,800.00	480.00
Professional Engineering Services for Response to WWTF Permit Schedule  P.O. #67208 B.U. #259101			
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC		<b>Total</b>	\$480.00

RECEIVED  
NOV 08 2010



122 Wilshire Blvd.  
Casselberry, FL 32707

3610537

**Invoice**

Date	Invoice #
9/1/2010	8719

Bill To
Utilities Inc. of Florida Mike Wilson 200 Watersfield Avenue Altamonte Springs, FL 32714

Batch 90370  
Doc 290740

P.O. No.	Terms	Project
UT109-0110	Net 15	Labrador Utilities - ...

Description	Est Amt	Prior Amt	Prior %	Qty	Curr %	Total %	Amount
Professional Engineering Services for Response to WWTP Permit Schedule							
P.O. 67208 B.U. 259101							
Consulting Engineering Services	4,800.00	1,440.00	30.00%	0.4	40.00%	70.00%	1,920.00
UPS to FDEP, 8/17/10							6.15
Copies							2.40
<b>ENTERED</b> <b>SEP 14 2010</b>							
<b>RECEIVED</b> <b>SEP 13 2010</b>							
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC						<b>Total</b>	\$1,928.55



122 Wilshire Blvd.  
Casselberry, FL 32707

# Invoice

Date	Invoice #
8/3/2010	8695

Bill To
Utilities Inc. of Florida Mike Wilson 200 Watersfield Avenue Altamonte Springs, FL 32714

3010537

Batch 90028

Doc 289850

P.O. No.	Terms	Project
UT109-0110	Net 15	Labrador Utilities - ...

Quantity	Description	Rate	Amount
0.3	Professional Engineering Services for Response to WWTP Permit Schedule P.O. # 67208 B.U. # 259101  Consulting Engineering Services	4,800.00	1,440.00
<p style="text-align: center;"><b>ENTERED</b> SEP 08 2010</p> <p style="text-align: center;"><b>RECEIVED</b> SEP 07 2010</p>			
Thank you and God Bless - Please Make Check Payable to Excel Engineering Consultants, LLC			<b>Total</b> \$1,440.00

Batch 87458

3000890

Doc 279530

REQUEST FOR MANUAL/COMPUTER CHECK

PAYABLE TO: Florida Department of Environmental Protection  
\_\_\_\_\_  
\_\_\_\_\_

VENDOR # \_\_\_\_\_  
INVOICE NO.: \_\_\_\_\_  
\$ AMOUNT: \$300.00

MAIL TO: Marie Rhodes, Excel Engineering  
122 Wilshire Blvd., Casselberry, FL 32707

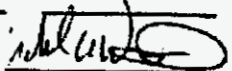
Three hundred dollars and no cents  
(AMOUNT WRITTEN OUT)

INV. DATE: \_\_\_\_\_

PURPOSE: Labrador-Forest Lake Utilities  
WWTF Permit Minor Modification

CODES: 259101 AMOUNTS:  
PO# 65073 \$300.00

REQUESTED BY: Miko Wilson DATE NEEDED: 07/06/10

ACCT. DIV. APPROVAL: 

RECEIVED  
AUG 02 2010

ENTERED  
AUG 02 2010

Labrador Utilities, Inc.  
Docket No. 110264-WS  
AF 5 - Invoice Impact

## Water

### Invoice 266572

CO	BU	OBJ	SUB	DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET
259	259100	6020		EXCEL ENGINEERING CONSULTANTS	OV	63376	6/1/2010	2,990.00	-	2,990.00
259	259100	6020		EXCEL ENGINEERING CONSULTANTS	PV	266572	6/9/2010	-	(1,794.00)	(1,794.00)
									Invoice Impact	<u>1,196.00</u>

Invoice 266572 has a value of \$1,196, and that is the value that should be amortized.

### Invoice 274610

CO	BU	OBJ	SUB	DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET
259	259100	6305		EXCEL ENGINEERING CONSULTANTS	OV	66689	7/14/2010	3,000.00	-	3,000.00
259	259100	6305		EXCEL ENGINEERING CONSULTANTS	PV	274610	7/14/2010	304.15	-	304.15
259	259100	6305		EXCEL ENGINEERING CONSULTANTS	OV	74599	10/27/2010	-	(1,500.00)	(1,500.00)
									Invoice Impact	<u>1,804.15</u>

Invoice 274610 has a value of \$1,804.15, and that is the value that should be amortized.

## Wastewater

### Invoice 256854

CO	BU	OBJ	SUB	DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET
259	259101	6020		EXCEL ENGINEERING CONSULTANTS	OV	56922	3/2/2010	6,900.00	-	6,900.00
259	259101	6020		RECLASS FROM EXP TO ASSET	JE	270778	3/31/2010	-	(6,900.00)	(6,900.00)
									Invoice Impact	<u>-</u>

Invoice 256854 has a value of \$6,900.00, however this entry was reclassified to the asset account and is amortizing properly.

### Invoices 289850, 290740, & 306608

CO	BU	OBJ	SUB	DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET
259	259101	6020		EXCEL ENGINEERING CONSULTANTS	OV	70643	9/1/2010	4,800.00	-	4,800.00
259	259101	6020		EXCEL ENGINEERING CONSULTANTS	OV	79061	12/31/2010	-	(951.45)	(951.45)
									Invoices Impact	<u>3,848.55</u>

Invoices 289850, 290740, & 306608 summed together have a value of \$3,848.55, and that is the value that should be amortized.

Utility Account/NARUC Account	Vendor	Amount Per Staff	Amount Per Company	Water Expense Per Filing	Wastewater Expense per Filing allocated 49.5989%	Invoice Date	Should have been charged to account	Permit Actually Relates To
6020/631	Excel Engineering	2,363.20	2,363.20	1,191.08	1,172.12	1/15/2010	2985/186.2	Water
6020/631	Excel Engineering	1,258.60	1,258.60	634.35	624.25	1/15/2010	2985/186.2	Wastewater
6020/631	Excel Engineering	689.50	689.50	347.52	341.98	3/22/2010	2985/186.2	Wastewater
6020/631	Excel Engineering	2,990.00	1,196.00	602.80	593.20	6/1/2010	2985/186.2	Water
6020/631	Excel Engineering	6,900.00	-	-	-	3/2/2010	2985/186.2	Wastewater
6305/675	Excel Engineering	3,000.00	1,804.15	1,804.15	-	7/13/2010	2985/186.2	Water
6305/675	Excel Engineering	4,800.00	3,848.55	3,848.55	-	9/1/2010	2985/186.2	Wastewater
6305/675	Excel Engineering	750.00	750.00	750.00	-	12/28/2010	2985/186.2	Water
6340/775	Fla. Dept of Env.	300.00	300.00	-	300.00			Wastewater
		<u>23,051.30</u>	<u>12,210.00</u>	<u>9,178.44</u>	<u>3,031.56</u>			

### Water 2010

Vendor	Invoice Number	Amount Per Staff	Invoice Impact	Year Life	Yearly Expense Based on Invoice Value
Excel Engineering	231033	2,363.20	2,363.20	20	118.16
Excel Engineering	266572	2,990.00	1,196.00	20	59.80
Excel Engineering	274610	3,000.00	1,804.15	20	90.21
Excel Engineering	319328	750.00	750.00	20	37.50
		<u>9,103.20</u>	<u>6,113.35</u>		<u>305.67</u>

### Wastewater 2010

Vendor	Invoice Number	Amount Per Staff	Invoice Impact	Year Life	Yearly Expense Based on Invoice Value
Excel Engineering	231032	1,258.60	1,258.60	5	251.72
Excel Engineering	248185	689.50	689.50	5	137.90
Excel Engineering	256854	6,900.00	-	5	-
Excel Engineering	306608	4,800.00	480.00	5	96.00
Excel Engineering	290740	-	1,928.55	5	385.71
Excel Engineering	289850	-	1,440.00	5	288.00
Fla. Dept. of Env.	279530	300.00	300.00	5	- (non recurring)
		<u>13,948.10</u>	<u>6,096.65</u>		<u>1,159.33</u>

Co. Acct	NARUC Acct	Description	Per Filing	Per Company	Difference
6020	631	Water Engineering Fees	2,775.74		(2,775.74)
6305	675	Water Permits	6,402.70	305.67	(6,097.03)
		Water O&M	9,178.44	305.67	(8,872.77)
6020	731	Wastewater Engineering	2,731.56		(2,731.56)
6340	775	Wastewater Permits	300.00	1,159.33	859.33
		Wastewater O&M	3,031.56	1,159.33	(1,872.23)
		<b>2010 Water and Wastewater</b>	<u>12,210.00</u>	<u>1,465.00</u>	<u>(10,745.00)</u>

**Water 2009**

Vendor	Invoice Number	Amount Per Staff	Invoice Impact	Year Life	Yearly Expense Based on Invoice Value
Excel Engineering	225094	-	1,782.00	20	89.10
					<u>89.10</u>

**Wastewater 2009**

Vendor	Invoice Number	Amount Per Staff	Invoice Impact	Year Life	Yearly Expense Based on Invoice Value
Excel Engineering	181468	-	3,120.00	5	624.00
Excel Engineering	191486	-	818.64	5	163.73
					<u>787.73</u>

Co. Acct	NARUC Acct	Description	Per Filing	Per Company	Difference
6020	631	Water Engineering Fees	-	-	-
6305	675	Water Permits	-	89.10	89.10
		Water O&M	-	89.10	89.10
6020	731	Wastewater Engineering	-	-	-
6340	775	Wastewater Permits	-	787.73	787.73
		Wastewater O&M	-	787.73	787.73
2009 Water and Wastewater			-	876.83	876.83
2009 Water and Wastewater			-	876.83	876.83
2010 Water and Wastewater			12,210.00	1,465.00	(10,745.00)
<b>Total O&amp;M Adjustment</b>			<b>12,210.00</b>	<b>2,341.83</b>	<b>(9,868.17)</b>

	Per Filing	Per Company	Difference
Water	9,178.44	394.77	(8,783.67) Water Adjustment
Wastewater	3,031.56	1,947.06	(1,084.50) Wastewater Adjustment
<b>Total</b>			<b>(9,868.17)</b>

**Labrador Utilities, Inc.**  
**Docket No. 110264-WS**  
**WATER SERVICE CORPORATION**  
**COMMUNICATION EQUIPMENT A/C 1205 (10.0%)**  
**AF 6**

	Additions	Depr Rate	12/31/2004 Accum Depr	2005 Depreciation	2006 Depreciation	2007 Depreciation	2008 Depreciation	2009 Depreciation	2010 Depreciation
prior to 1990	114,707.76	10.00%	114,707.76						
1990	-	10.00%	-						
1991	1,122.40	10.00%	1,122.40						
1992	1,038.98	10.00%	1,038.98						
1993	1,507.42	10.00%	1,507.42						
1994	1,017.75	10.00%	1,017.75						
1995	-	10.00%	-	-					
1996	175,918.01	10.00%	149,530.01	17,592.00	8,796.00				
1997	66,093.53	10.00%	49,570.00	6,609.00	6,609.00	3,305.53			
1998	5,540.32	10.00%	3,601.00	554.00	554.00	554.00	277.32		
1999	-	10.00%	-	-	-	-	-	-	
2000	-	10.00%	-	-	-	-	-	-	-
2001	-	10.00%	-	-	-	-	-	-	-
2002	-	10.00%	-	-	-	-	-	-	-
2003	11,254.94	10.00%	1,688.24	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00
2004	-	10.00%	-	-	-	-	-	-	-
2005	23,653.35	10.00%	-	1,182.67	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00
2006	-	10.00%	-	-	-	-	-	-	-
2007	-	10.00%	-	-	-	-	-	-	-
2008	-	10.00%	-	-	-	-	-	-	-
2009	-	10.00%	-	-	-	-	-	-	-
2010	356,031.73	10.00%	-	-	-	-	-	-	17,802.00
Retirement	(401,854.46)					(41,496.06)			(360,358.40)
<b>TOTAL</b>	<b>356,031.73</b>		<b>323,783.56</b>	<b>27,062.67</b>	<b>19,449.00</b>	<b>(34,146.53)</b>	<b>3,767.32</b>	<b>3,490.00</b>	<b>(339,066.40)</b>
<b>Dec-09</b>	<b>Jan-10</b>	<b>Feb-10</b>	<b>Mar-10</b>	<b>Apr-10</b>	<b>May-10</b>	<b>Jun-10</b>	<b>Jul-10</b>	<b>Aug-10</b>	<b>Sep-10</b>
(343,406.02)	(343,696.85)	(343,987.69)	(344,278.52)	(344,569.35)	(344,860.19)	(345,151.02)	11,949.55	8,691.71	5,433.88



**Labrador Utilities, Inc.**  
**Docket No. 110264-WS**  
**REGIONAL COST CENTER**  
**COMMUNICATION, A/C 1205 (10%)**  
**AF 6**

	Additions	Depr Rate	2007 Accum Depr	2008 Depreciation	2009 Depreciation	2010 Depreciation			
prior to 2008	66,110.31	10.00%	65,069.87	1,040.44	-	-			
2008	-	10.00%		-	-	-			
2009	-	10.00%			-	-			
2010	-	10.00%				-			
Retirement	(66,110.31)					(66,110.31)			
<b>TOTAL</b>	<b>-</b>		<b>65,069.87</b>	<b>1,040.44</b>	<b>-</b>	<b>(66,110.31)</b>			

<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>
(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)

**LABRADOR UTILITIES, INC.  
DOCKET NO. 110264-WS  
RESPONSES TO AUDIT REPORT**

**Audit Finding No. 1 – Retirements Not Booked**

The Company wholly agrees with audit finding No. 1.

**Audit Finding No. 2 – Depreciation Restatement**

The Company wholly agrees with audit finding No. 2.

**Audit Finding No. 3 – Accumulated Depreciation**

The Company wholly agrees with audit finding No. 3.

**Audit Finding No. 4 – Allocations from Headquarter – Rate Base**

The Company wholly agrees with audit finding No. 4.

**Audit Finding No. 5 – Permit**

The Company disagrees with audit finding No. 5. In the schedule provided, staff uses the purchase order value and not the invoice value for the amortization. This difference can be seen in the workpaper "AF 5 - Invoice Impact," where the Company has shown four entries that staff selected which have different purchase order values than invoice values, causing the amortization values and adjustments to change. On the workpaper "AF 5 - Updated," the Company has produced a schedule similar to what was provided in the audit report, updating the figures to illustrate the new adjustments. For the 2010 expenses, the Company has presented both the updated figures and staffs' figures side by side to demonstrate the difference throughout the amortization process. Please note that the Utility didn't prorate the amortization for 2010 because the Company will be incurring a full years worth of amortization in the future years. In addition to the modified 2010 figures, the Utility is including the permit expenses from 2009 that will amortize through the test year. The expenses for the 2009 permits are calculated in a similar fashion to the 2010 permit costs on the second page of the "AF 5 - Updated" workpaper. As a result of these changes, the Company will experience a water adjustment of \$8,783.67 and a wastewater adjustment of \$1,084.50.

**Audit Finding No. 6 – Retirement of Telephone Equipment**

The Company agrees with Staff that the retirement could not be located. However, the retirement made to the UPIS account for communication equipment on the books of Water Service Corporation (WSC) was \$360,358.40. This amount is also the per books balance in communication equipment for WSC as of January 1, 2010, consisting of prior year additions of \$401,854.46 and a prior year retirement of \$41,496.06. \$366,946.17 of these additions were added prior to 1999, with the remaining (\$6,587.77) added in 2003, 2005, and 2007. Please see the workpaper entitled AF 6 for support for these numbers. Since the test year is the 12 months ending December 31, 2010, any asset placed in service prior to 2001 would be fully depreciated, based on a 10 year asset life. The remaining assets placed in service in 2003, 2005, and 2007 have been fully disposed of and are no longer in use, so it stand to reason that those assets should be fully written off as well.

The appropriate amount to retire out of UPIS for the Altamonte Springs division is the amount the Company retired, which was \$66,110.31. These assets were fully depreciated at the beginning of the test year.

Accumulated depreciation and depreciation expense on both WSC and Altamonte Springs communication assets has been adjusted in the Company's filing to reflect the appropriate month of the retirement and the appropriate depreciation rate. No further adjustment is required.

**Audit Finding No. 7 – Ordered Adjustments for Project Phoenix Not Booked**

The Company disagrees with audit finding no. 7 and argues for the full balance of Project Phoenix to be included at the headquarters level, with the appropriate 0.56% allocated to Labrador. It is incorrect to reduce the Phoenix balance for sold companies, as none of the Phoenix system was sold in conjunction

with the divested companies. The total Phoenix balance is currently in service and benefiting ratepayers and it is arbitrary and inappropriate to reduce the balance. Doing so guarantees that the Company earns a subpar return on a Commission-approved investment.

The question is also raised that if the Company were to acquire customers, would the Commission allow the Company to increase its Phoenix balance? Such practice would not be allowed. However, the same arbitrary practice is occurring by reducing the Phoenix balance due to divestment. The Company cannot arbitrarily reduce the book value of an asset due to divestment of customers.

In addition, reducing the Phoenix balance creates a gain on sale situation in the amount of \$1,652,234 because it effectively "sells off" this amount of Phoenix with the sold companies. In Order No. PSC-03-1440-FOF-WS, pg. 129, in Docket No. 020071-WS, the Commission expressly states "it is clear that the courts have found that the rates paid by customers are only for the service received during a given period of time and that the rates paid by customers do not vest ratepayers with any ownership rights to property used to render service." Another compelling factor raised by witness Gower is that the customers pay rates based on original cost rather than on replacement values. We find that these are strong arguments to assign the gains to the shareholders."

Based on these facts, it is inappropriate to reduce the Project Phoenix balance. The Phoenix balance should remain as is in the filing, and no adjustments are required.

**Audit Finding No. 8 – Depreciation Life of Project Phoenix**

The Company disagrees with audit finding no. 8. Staff has no basis for changing Phoenix to a ten year life; however an eight year life has already been established in previous dockets and is the life used for all other computer software booked to the same account as Phoenix.

**Audit Finding No. 9 – Non-recurring Expense**

The Company wholly agrees with audit finding No. 9.

**Audit Finding No. 10 – Sludge Hauling**

The Company wholly agrees with audit finding No. 10.

**Audit Finding No. 11 – Rate Case Expenses**

The Company wholly agrees with audit finding No. 11.

**Audit Finding No. 12 – Purchased Power**

The Company wholly agrees with audit finding No. 12.

**Audit Finding No. 13 – Expense included in Plant**

The Company wholly agrees with audit finding No. 13.

**Audit Finding No. 14 – Allocations from Headquarter – Net Operating Income**

The Company wholly agrees with audit finding No. 14.

**Audit Finding No. 15 – Proforma for Pay Increase**

The Company wholly agrees with audit finding No. 15.

**Audit Finding No. 16 – Removal of Operating Expenses**

The Company wholly agrees with audit finding No. 16.

**Audit Finding No. 17 – Prepaid – Other Expenses**

The Company wholly agrees with audit finding No. 17.

Labrador Utilities, Inc.  
 Docket No. 110264-WS  
 AF 5 - Invoice Impact

## Water

### Invoice 266572

CO	BU	OBJ	SUB	DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET
259	259100	6020		EXCEL ENGINEERING CONSULTANTS	OV	63376	6/1/2010	2,990.00	-	2,990.00
259	259100	6020		EXCEL ENGINEERING CONSULTANTS	PV	266572	6/9/2010	-	(1,794.00)	(1,794.00)
									Invoice Impact	<u>1,196.00</u>

Invoice 266572 has a value of \$1,196, and that is the value that should be amortized.

### Invoice 274610

CO	BU	OBJ	SUB	DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET
259	259100	6305		EXCEL ENGINEERING CONSULTANTS	OV	66689	7/14/2010	3,000.00	-	3,000.00
259	259100	6305		EXCEL ENGINEERING CONSULTANTS	PV	274610	7/14/2010	304.15	-	304.15
259	259100	6305		EXCEL ENGINEERING CONSULTANTS	OV	74599	10/27/2010	-	(1,500.00)	(1,500.00)
									Invoice Impact	<u>1,804.15</u>

Invoice 274610 has a value of \$1,804.15, and that is the value that should be amortized.

## Wastewater

### Invoice 256854

CO	BU	OBJ	SUB	DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET
259	259101	6020		EXCEL ENGINEERING CONSULTANTS	OV	56922	3/2/2010	6,900.00	-	6,900.00
259	259101	6020		RECLASS FROM EXP TO ASSET	JE	270778	3/31/2010	-	(6,900.00)	(6,900.00)
									Invoice Impact	<u>-</u>

Invoice 256854 has a value of \$6,900.00, however this entry was reclassified to the asset account and is amortizing properly.

### Invoices 289850, 290740, & 306608

CO	BU	OBJ	SUB	DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET
259	259101	6020		EXCEL ENGINEERING CONSULTANTS	OV	70643	9/1/2010	4,800.00	-	4,800.00
259	259101	6020		EXCEL ENGINEERING CONSULTANTS	OV	79061	12/31/2010	-	(951.45)	(951.45)
									Invoices Impact	<u>3,848.55</u>

Invoices 289850, 290740, & 306608 summed together have a value of \$3,848.55, and that is the value that should be amortized.

Utility Account/NARUC Account	Vendor	Amount Per Staff	Amount Per Company	Water Expense Per Filing	Wastewater Expense per Filing allocated 49.5989%	Invoice Date	Should have been charged to account	Permit Actually Relates To
6020/631	Excel Engineering	2,363.20	2,363.20	1,191.08	1,172.12	1/15/2010	2985/186.2	Water
6020/631	Excel Engineering	1,258.60	1,258.60	634.35	624.25	1/15/2010	2985/186.2	Wastewater
6020/631	Excel Engineering	689.50	689.50	347.52	341.98	3/22/2010	2985/186.2	Wastewater
6020/631	Excel Engineering	2,990.00	1,196.00	602.80	593.20	6/1/2010	2985/186.2	Water
6020/631	Excel Engineering	6,900.00	-	-	-	3/2/2010	2985/186.2	Wastewater
6305/675	Excel Engineering	3,000.00	1,804.15	1,804.15	-	7/13/2010	2985/186.2	Water
6305/675	Excel Engineering	4,800.00	3,848.55	3,848.55	-	9/1/2010	2985/186.2	Wastewater
6305/675	Excel Engineering	750.00	750.00	750.00	-	12/28/2010	2985/186.2	Water
6340/775	Fla. Dept. of Env.	300.00	300.00	-	300.00			Wastewater
		<u>23,051.30</u>	<u>12,210.00</u>	<u>9,178.44</u>	<u>3,031.56</u>			

**Water 2010**

Vendor	Invoice Number	Amount Per Staff	Invoice Impact	Year Life	Yearly Expense Based on Invoice Value
Excel Engineering	231033	2,363.20	2,363.20	20	118.16
Excel Engineering	266572	2,990.00	1,196.00	20	59.80
Excel Engineering	274610	3,000.00	1,804.15	20	90.21
Excel Engineering	319328	750.00	750.00	20	37.50
		<u>9,103.20</u>	<u>6,113.35</u>		<u>305.67</u>

**Wastewater 2010**

Vendor	Invoice Number	Amount Per Staff	Invoice Impact	Year Life	Yearly Expense Based on Invoice Value
Excel Engineering	231032	1,258.60	1,258.60	5	251.72
Excel Engineering	248185	689.50	689.50	5	137.90
Excel Engineering	256854	6,900.00	-	5	-
Excel Engineering	305608	4,800.00	480.00	5	96.00
Excel Engineering	290740	-	1,928.55	5	385.71
Excel Engineering	289850	-	1,440.00	5	288.00
Fla. Dept. of Env.	279530	300.00	300.00	5	- (non recurring)
		<u>13,948.10</u>	<u>6,096.65</u>		<u>1,159.33</u>

Co. Acct	NARUC Acct	Description	Per Filing	Per Company	Difference
6020	631	Water Engineering Fees	2,775.74		(2,775.74)
6305	675	Water Permits	6,402.70	305.67	(6,097.03)
		Water O&M	9,178.44	305.67	(8,872.77)
6020	731	Wastewater Engineering	2,731.56		(2,731.56)
6340	775	Wastewater Permits	300.00	1,159.33	859.33
		Wastewater O&M	3,031.56	1,159.33	(1,872.23)
		<b>2010 Water and Wastewater</b>	<u>12,210.00</u>	<u>1,465.00</u>	<u>(10,745.00)</u>

### Water 2009

Vendor	Invoice Number	Amount Per Staff	Invoice Impact	Year Life	Yearly Expense Based on Invoice Value
Excel Engineering	225094	-	1,782.00	20	89.10
					89.10

### Wastewater 2009

Vendor	Invoice Number	Amount Per Staff	Invoice Impact	Year Life	Yearly Expense Based on Invoice Value
Excel Engineering	181468	-	3,120.00	5	624.00
Excel Engineering	191486	-	818.64	5	163.73
					787.73

Co. Acct	NARUC Acct	Description	Per Filing	Per Company	Difference
6020	631	Water Engineering Fees	-	-	-
6305	675	Water Permits	-	89.10	89.10
		Water O&M	-	89.10	89.10
6020	731	Wastewater Engineering	-	-	-
6340	775	Wastewater Permits	-	787.73	787.73
		Wastewater O&M	-	787.73	787.73
2009 Water and Wastewater			-	876.83	876.83
2009 Water and Wastewater			-	876.83	876.83
2010 Water and Wastewater			12,210.00	1,465.00	(10,745.00)
<b>Total O&amp;M Adjustment</b>			<b>12,210.00</b>	<b>2,341.83</b>	<b>(9,868.17)</b>

	Per Filing	Per Company	Difference
Water	9,178.44	394.77	(8,783.67) Water Adjustment
Wastewater	3,031.56	1,947.06	(1,084.50) Wastewater Adjustment
Total			(9,868.17)

Labrador Utilities, Inc.  
Docket No. 110264-WS  
WATER SERVICE CORPORATION  
COMMUNICATION EQUIPMENT A/C 1205 (10.0%)  
AF 6

	Additions	Depr Rate	12/31/2004 Accum Depr	2005 Depreciation	2006 Depreciation	2007 Depreciation	2008 Depreciation	2009 Depreciation	2010 Depreciation
prior to 1990	114,707.76	10.00%	114,707.76						
1990	-	10.00%	-						
1991	1,122.40	10.00%	1,122.40						
1992	1,038.98	10.00%	1,038.98						
1993	1,507.42	10.00%	1,507.42						
1994	1,017.75	10.00%	1,017.75						
1995	-	10.00%	-						
1996	175,918.01	10.00%	149,530.01	17,592.00	8,796.00				
1997	66,093.53	10.00%	49,570.00	6,609.00	6,609.00	3,305.53			
1998	5,540.32	10.00%	3,601.00	554.00	554.00	554.00	277.32		
1999	-	10.00%	-	-	-	-	-	-	
2000	-	10.00%	-	-	-	-	-	-	
2001	-	10.00%	-	-	-	-	-	-	
2002	-	10.00%	-	-	-	-	-	-	
2003	11,254.94	10.00%	1,688.24	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00
2004	-	10.00%	-	-	-	-	-	-	-
2005	23,653.35	10.00%		1,182.67	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00
2006		10.00%			-	-	-	-	-
2007		10.00%				-	-	-	-
2008		10.00%					-	-	-
2009		10.00%						-	-
2010	356,031.73	10.00%							17,802.00
Retirement	(401,854.46)					(41,496.06)			(360,358.40)
<b>TOTAL</b>	<b>356,031.73</b>		<b>323,783.56</b>	<b>27,062.67</b>	<b>19,449.00</b>	<b>(34,146.53)</b>	<b>3,767.32</b>	<b>3,490.00</b>	<b>(339,066.40)</b>

Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
(343,406.02)	(343,696.85)	(343,987.69)	(344,278.52)	(344,569.35)	(344,860.19)	(345,151.02)	11,949.55	8,691.71	5,433.88	2,176.05	(1,081.79)	(4,339.62)

Labrador Utilities, Inc.  
Docket No. 110264-WS  
REGIONAL COST CENTER  
COMMUNICATION, A/C 1205 (10%)  
AF 6

	Additions	Depr Rate	2007 Accum Depr	2008 Depreciation	2009 Depreciation	2010 Depreciation
prior to 2008	66,110.31	10.00%	65,069.87	1,040.44	-	-
2008	-	10.00%		-	-	-
2009	-	10.00%		-	-	-
2010	-	10.00%		-	-	-
Retirement	(66,110.31)					(66,110.31)
<b>TOTAL</b>	<b>-</b>		<b>65,069.87</b>	<b>1,040.44</b>	<b>-</b>	<b>(66,110.31)</b>

<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>
(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	(66,110.31)	-	-