

State of Florida



Public Service Commission

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

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

DATE: July 6, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Joyce, Rendell, Springer)
Office of the General Counsel (Keating)

RE: Docket No. 060262-WS – Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

AGENDA: 07/18/06 – Regular Agenda – Decision on Suspension of Rates and on Interim Rates – Participation is at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Arriaga

CRITICAL DATES: 07/18/06 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\060262.RCM.DOC

Case Background

Labrador Utilities, Inc. (Labrador or utility) is a Class B water and wastewater utility located approximately one mile east of Zephyrhills, in Pasco County. The utility is located within the Southwest Florida Water Management District (SWFWMD), but the utility's service territory is not in a water use caution area. The utility serves approximately 1,287 residential customers and 43 general service customers. According to its 2005 annual report, Labrador reported revenues of \$93,184 and \$327,716 for water and wastewater, respectively. Labrador reported a net operating loss of \$12,568 for water and a net operating income of \$42,856 for

wastewater. Water and wastewater rates were last established for this utility in its 2003 rate proceeding.¹

On May 11, 2006, the utility filed its application for approval of final and interim rate increase in this docket and requested that the Commission process the case under the PAA procedure. After review of the Minimum Filing Requirements (MFRs), staff determined that the MFRs contained a number of deficiencies that will require revisions by the utility. These revisions will not be received until after the statutory 60-day limit to suspend the requested interim rate increase; therefore, the official filing date for the utility's final rate increase request has not been established.

The test year for interim and final purposes is the historical test year ended December 31, 2005. Labrador has requested annual interim revenue increases of \$55,637, or 36.95%, for water and \$97,826, or 28.55%, for wastewater. The utility has requested final revenue increases of \$103,047, or 68.43%, for water and \$145,461, or 42.45%, for wastewater.

The sixty-day statutory deadline for the Commission to suspend the utility's requested final rates was July 16, 2006. However, by letter dated June 5, 2006, the utility agreed to extend the statutory time frame by which the Commission is required to address Labrador's interim rate request. This recommendation addresses the suspension of Labrador's final rates and staff's recommended interim rate increase. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes .

¹ See Order No. PSC-04-1281-PAA-WS, issued December 28, 2004, in Docket No. 030443-WS, In re: Application for rate increase in Pasco County by Labrador Utilities, Inc. Consummating Order No. PSC-05-0087-CO-WS, issued January 24, 2005, made Order No. PSC-04-1281-PAA-WS final and effective.

Discussion of Issues

Issue 1: Should the utility's proposed water and wastewater rates be suspended?

Recommendation: Yes. Labrador's proposed water and wastewater rates should be suspended. The docket should remain open pending the Commission's final action on the utility's requested rate increase. (Joyce)

Staff Analysis: Section 367.081(6), Florida Statutes, provides that the rates proposed by the utility shall become effective within sixty days after filing unless the Commission votes to withhold consent of implementation of the requested rates. Further, Section 367.081(8), Florida Statutes, permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the utility.

Staff has reviewed the filing and has considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. Staff recommends that it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. This further examination will include on-site investigations by staff accountants and engineers. Based on the foregoing, staff recommends that it is appropriate to suspend the utility's proposed rate increase.

Issue 2: Should an interim revenue increase be approved?

Recommendation: Yes. On an interim basis, the utility should be authorized to collect annual revenues as indicated below. (Joyce)

<u>System</u>	<u>Adjusted TY Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$150,773	\$45,319	\$196,092	30.06%
Wastewater	\$344,008	\$51,294	\$395,901	14.91%

Staff Analysis: Labrador requested interim rates designed to generate annual revenues of \$206,228 and \$440,526 for water and wastewater, respectively. This represents an increase of \$55,637, or 36.95%, for water and \$97,826, or 28.58%, for wastewater. The utility filed rate base, cost of capital, and operating statements to support its requested interim water and wastewater increase for the test year ended December 31, 2005.

Pursuant to Section 367.082(5)(b)1., Florida Statutes, the achieved rate of return for interim purposes must be calculated by applying appropriate adjustments consistent with those made in the utility's most recent rate proceeding. Staff has reviewed the utility's interim request, as well as prior orders concerning the utility's rate base. Staff's recommended adjustments are discussed below. Staff has attached accounting schedules to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as No. 1-A and 1-B, the capital structure schedule is No. 2, and the operating income schedules are No. 3-A and 3-B, with the adjustments shown on Schedule No. 3-C.

Rate Base

In its application, Labrador used a simple average to calculate its requested rate base and cost of capital. Labrador is a Class B utility and filed its interim request consistent with the averaging requirement of Rule 25-30.433(4), Florida Administrative Code.

Staff has reviewed the utility's interim rate base and believes that no adjustments are necessary. Based on the above, staff recommends that the utility's requested rate base of \$433,619 for water and \$1,191,779 for wastewater be approved.

Cost of Capital

The utility's capital structure is based on that of its parent company, Utilities, Inc., which includes long-term debt, short-term debt, and common equity. Deferred income taxes and customer deposits are specifically identified to Labrador. Staff has reviewed the utility's requested capital structure and find that the utility erred in using the leverage formula in calculating its cost rate for common equity. Section 367.082(5)(b)3, Florida Statutes, states that in calculating an interim increase, the minimum of the range of the last authorized ROE shall be used. In Labrador's last rate case, the midpoint of the authorized ROE was established as 11.35%, with a range of 10.35%-12.35%. See Order No. PSC-04-1281-PAA-WS. Accordingly,

for interim purposes, staff recommends a cost of equity of 10.35%. Based on the above, staff's recommended cost of capital for interim purposes is 7.78%. Schedule No. 2 details staff's recommended capital structure.

Net Operating Income

Operating Revenues

Upon review of the utility's operating revenues, staff believes that one adjustment is appropriate. Section 367.085(5)(b)(1), Florida Statutes, states that revenues should be annualized to reflect any rate changes that occurred during the interim test year. Staff has annualized the utility's rates that became effective February 3, 2005, and recommends an increase of \$182 and \$1,308 for water and wastewater, respectively.

Taxes other than Income

Staff has reviewed Labrador's operating income and believes two adjustments are appropriate. First, the utility reflected test year regulatory assessment fees (RAFs) of \$4,594 for water and \$16,156 for wastewater. Those amounts do not reflect the appropriate RAFs for test year revenues. To correct this, staff believes that RAFs should be decreased by \$401 and \$1,409 for water and wastewater, respectively.

Second, Labrador increased payroll taxes by \$441 for water and \$427 for wastewater resulting from salary changes. Staff believes these expenses are pro forma in nature, thus are not appropriate on an interim basis, and should be removed.

Based on these adjustments, staff recommends that the appropriate test year operating income, before any revenue increase, is \$6,744 for water and \$62,175 for wastewater. Schedules 3-A and 3-B details staff's recommended net operating income, with adjustments reflected on Schedule No. 3-C.

Revenue Requirement

Based on the above adjustments, staff recommends interim revenue requirements of \$196,092 for water and \$395,301 for wastewater. This represents interim increases in annual revenues of \$45,319 (or 30.06%) for water and \$51,294 (or 14.91%) for wastewater. This will allow the utility the opportunity to recover its water and wastewater operating expenses and earn a 7.78% return on its water and wastewater rate bases.

Issue 3: What are the appropriate interim water and wastewater rates?

Recommendation: The water and wastewater service rates for Labrador in effect as of December 31, 2005, should be increased by 30.06% and 14.91%, respectively, to generate the recommended revenue increase for the interim period. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1)(a), Florida Administrative Code (F.A.C.). The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission decision, the proposed customer notice is adequate, and the required security has been filed. The utility should provide proof of the date notice was given within 10 days after the date of notice. (Joyce)

Staff Analysis: Staff recommends that interim water and wastewater service rates for Labrador be designed to allow the utility the opportunity to generate annual operating revenues of \$196,092 for water operations and \$395,301 for wastewater operations. Before removal of miscellaneous revenues, this would result in increases of \$45,319, or 30.06%, for water and \$51,294, or 14.91%, for wastewater. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues should be removed from the test year revenues. The calculation is as follows:

	<u>Water</u>	<u>Wastewater</u>
1 Total Test Year Revenues	\$150,773	\$344,008
2 Less: Miscellaneous Revenues	<u>15</u>	<u>0</u>
3 Test Year Revenues from Service Rates	\$150,758	\$344,008
4 Revenue Increase	<u>\$45,319</u>	<u>\$51,294</u>
5 % Service Rate Increase (Line 4/Line3)	<u>30.06%</u>	<u>14.91%</u>

The interim rate increase of 30.06% for water and 14.91% for wastewater should be applied as an across-the-board increase to the service rates in effect as of December 31, 2005. Staff notes that the utility erred when applying its requested revenue increase to its current rates. This error resulted in lower requested interim rates than what would have been if the percentage was applied correctly. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission decision, the proposed customer notice is adequate, and the required security has been filed. The utility should provide proof of the date notice was given within 10 days after the date of notice.

The utility's test year rates, proposed interim and final rates, and staff's recommended interim rates are shown on Schedule No. 4-A for water and Schedule No. 4-B for wastewater.

Issue 4: What is the appropriate security to guarantee the interim increase?

Recommendation: A corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI), and written confirmation of UI's continued attestation that it does not have any outstanding guarantees on behalf of UI-owned utilities in other states. UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI's total guarantee should be a cumulative amount of \$718,575, which includes an amount of \$57,183 subject to refund in this docket. Pursuant to Rule 25-30.360(6), F.A.C., the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. (Joyce, Springer)

Staff Analysis: Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 2, the total annual interim increase is \$96,613 for water and wastewater combined. In accordance with Rule 25-30.360, F.A.C., staff has calculated the potential refund of revenues and interest collected under interim conditions to be \$57,183. This amount is based on an estimated seven months of revenue being collected from staff's recommended interim rates over the utility's current authorized rates shown on Schedules Nos. 4A and 4B.

Labrador is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. UI has requested a corporate undertaking to secure any interim increases granted in Dockets Nos. 060254-SU, 060255-SU, 060256-SU, 060257-WS, 060258-WS, 060260-WS, 060261-WS, and 060262-WS. As such, staff reviewed the financial statements of the parent company. As a result of staff's interim recommendations in all of the above dockets, the total requested cumulative corporate undertaking amount is \$718,575, which includes \$57,183 subject to refund for this docket.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff has reviewed UI's financial statements from 2003 to 2005 to determine the financial condition of the parent company. Staff's analysis shows that UI has experienced a significant decline in liquidity and interest coverage during 2005 compared to prior years. However, UI's average equity ratio over the three-year period has been 40%. Additionally, net income has been on average six times greater than the requested cumulative corporate undertaking amount. UI's financial performance has demonstrated adequate levels of both profitability and equity capitalization to offset the recent decline in liquidity and interest coverage. Based upon this analysis, staff recommends that a cumulative corporate undertaking of \$718,575 is acceptable contingent upon the receipt of the written guarantee of UI and written confirmation that UI does not have any outstanding guarantees on behalf of UI-owned utilities in other states.

Pursuant to Rule 25-30.360(6), F.A.C., the utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

Docket No. 060262-WS

Date: July 6, 2006

In no instance should maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and should be borne by, the utility.

Docket No. 060262-WS

Date: July 6, 2006

Issue 5: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the utility's requested rate increase. (Joyce, Keating)

Staff Analysis: The docket should remain open pending the Commission's final action on the utility's requested rate increase.

Docket No. 060262-WS
 Date: July 6, 2006

Labrador Utilities, Inc. Schedule of Water Rate Base Test Year Ended 12/31/05		Schedule No. 1-A Docket No. 060262-SU			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$541,863	(\$10,906)	\$530,957	\$0	\$530,957
3 CWIP	\$78,116	(\$78,116)	\$0	\$0	\$0
4 Accumulated Depreciation	(\$111,220)	\$0	(\$111,220)	\$0	(\$111,220)
5 CIAC	(\$171)	\$0	(\$171)	\$0	(\$171)
6 Acquisition Adjustment	(\$335,285)	\$335,285	\$0	\$0	\$0
7 Accum. Amort. Of Acq. Adjustment	\$9,204	(\$9,204)	\$0	\$0	\$0
8 Working Capital Allowance	\$0	\$14,053	\$14,053	\$0	\$14,053
9 Rate Base	<u>\$182,507</u>	<u>\$251,112</u>	<u>\$433,619</u>	<u>\$0</u>	<u>\$433,619</u>

Docket No. 060262-WS
 Date: July 6, 2006

Labrador Utilities, Inc. Schedule of Wastewater Rate Base Test Year Ended 12/31/05		Schedule No. 1-B Docket No. 060262-SU				
	Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$1,550,061	\$4,272	\$1,554,333	\$0	\$1,554,333
2	CWIP	31,815	(31,815)	0	0	0
3	Accumulated Depreciation	(385,535)	0	(385,535)	0	(385,535)
4	Working Capital Allowance	\$0	\$22,981	22,981	0	22,981
5	Rate base	\$1,196,341	(\$4,562)	\$1,191,779	\$0	\$1,191,779

Docket No. 060262-WS
Date: July 6, 2006

Labrador Utilities, Inc.
Capital Structure-Simple Average
Test Year Ended 12/31/05

Schedule No. 2
Docket No. 060262-SU

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$124,044,203	\$0	\$124,044,203	\$0	\$124,044,203	54.83%	6.81%	3.73%
2 Short-term Debt	11,347,000	0	\$11,347,000	0	\$11,347,000	5.02%	2.00%	0.10%
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%
4 Common Equity	90,787,422	0	\$90,787,422	0	\$90,787,422	40.13%	11.77%	4.72%
5 Customer Deposits	0	0	\$0	0	\$0	0.00%	6.00%	0.00%
6 Deferred Income Taxes	42,533	0	\$42,533	0	\$42,533	0.02%	0.00%	0.00%
7 Total Capital	<u>\$226,221,158</u>	<u>\$0</u>	<u>\$226,221,158</u>	<u>\$0</u>	<u>\$226,221,158</u>	<u>100.00%</u>		<u>8.56%</u>
Per Staff								
8 Long-term Debt	\$124,044,203	\$0	\$124,044,203	(\$123,176,105)	\$868,098	53.41%	6.81%	3.64%
9 Short-term Debt	11,347,000	0	\$11,347,000	(\$11,267,590)	79,410	4.89%	2.00%	0.10%
10 Preferred Stock	0	0	\$0	\$0	0	0.00%	0.00%	0.00%
11 Common Equity	90,787,422	0	\$90,787,422	(\$90,152,065)	635,357	39.09%	10.35%	4.05%
12 Customer Deposits	0	0	\$0	\$0	0	0.00%	6.00%	0.00%
13 Deferred Income Taxes	42,533	0	\$42,533	\$0	42,533	2.62%	0.00%	0.00%
14 Total Capital	<u>\$226,221,158</u>	<u>\$0</u>	<u>\$226,221,158</u>	<u>(\$224,595,760)</u>	<u>\$1,625,398</u>	<u>100.00%</u>		<u>7.78%</u>

LOW 10.35% HIGH 12.35%
RETURN ON EQUITY 7.78% 8.56%
OVERALL RATE OF RETURN

		Schedule No. 3-A Docket No. 060262-SU						
Labrador Utilities, Inc. Statement of Water Operations Test Year Ended 12/31/05								
Description		Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1	Operating Revenues:	<u>\$93,184</u>	<u>\$113,044</u>	<u>\$206,228</u>	<u>(\$55,455)</u>	<u>\$150,773</u>	<u>\$45,319</u> 30.06%	<u>\$196,092</u>
	Operating Expenses							
2	Operation & Maintenance	\$112,426	\$0	\$112,426	\$0	\$112,426		\$112,426
3	Depreciation	\$20,355	\$0	\$20,355	\$0	\$20,355		\$20,355
4	Amortization	(\$7,894)	<u>\$7,894</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>
5	Taxes Other Than Income	\$14,757	\$5,078	\$19,835	(\$2,886)	\$16,949	\$2,039	\$18,989
6	Income Taxes	(\$31,671)	<u>\$48,165</u>	<u>\$16,494</u>	<u>(\$22,196)</u>	<u>(\$5,702)</u>	<u>\$16,286</u>	<u>\$10,584</u>
7	Total Operating Expense	<u>\$107,973</u>	<u>\$61,137</u>	<u>\$169,110</u>	<u>(\$25,082)</u>	<u>\$144,028</u>	<u>\$18,326</u>	<u>\$162,354</u>
8	Operating Income	<u>(\$14,789)</u>	<u>\$51,907</u>	<u>\$37,118</u>	<u>(\$30,374)</u>	<u>\$6,744</u>	<u>\$26,994</u>	<u>\$33,738</u>
9	Rate Base	<u>\$182,507</u>		<u>\$433,619</u>		<u>\$433,619</u>		<u>\$433,619</u>
10	Rate of Return	<u>-8.10%</u>		<u>8.56%</u>		<u>1.56%</u>		<u>7.78%</u>

**Labrador Utilities, Inc.
Statement of Wastewater Operations
Test Year Ended 12/31/05**

**Schedule No. 3-B
Docket No. 060262-SU**

	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$327,716</u>	<u>\$112,810</u>	<u>\$440,526</u>	<u>(\$96,518)</u>	<u>\$344,008</u>	<u>\$51,294</u> 14.91%	<u>\$395,301</u>
Operating Expenses							
2 Operation & Maintenance	\$183,849	\$0	\$183,849	\$0	\$183,849	0	\$183,849
3 Depreciation	50,837	0	50,837	0	50,837	0	50,837
4 Amortization	529	(529)	0	0	0	0	0
5 Taxes Other Than Income	37,165	6,973	44,138	(7,649)	36,489	2,308	38,797
6 Income Taxes	<u>15,148</u>	<u>44,537</u>	<u>59,685</u>	<u>(49,028)</u>	<u>10,657</u>	<u>18,433</u>	<u>29,091</u>
7 Total Operating Expense	<u>287,528</u>	<u>50,981</u>	<u>338,509</u>	<u>(56,676)</u>	<u>281,833</u>	<u>20,741</u>	<u>302,574</u>
8 Operating Income	<u>40,188</u>	<u>61,829</u>	<u>102,017</u>	<u>(39,842)</u>	<u>62,175</u>	<u>30,552</u>	<u>92,727</u>
9 Rate Base	<u>1,196,341</u>		<u>1,191,779</u>		<u>1,191,779</u>		<u>1,191,779</u>
10 Rate of Return	<u>3.36%</u>		<u>8.56%</u>		<u>5.22%</u>		<u>7.78%</u>

Labrador Utilities, Inc.		Schedule 3-C	
Adjustment to Operating Income		Docket No. 060262-SU	
Test Year Ended 12/31/05			
Explanation		Water	Wastewater
<u>Operating Revenues</u>			
1	Remove requested final revenue increase.	(\$55,637)	(97,826)
2	To reflect the appropriate amount of TY Revenues	\$182	1,308
	Total	<u>(\$55,455)</u>	<u>(96,518)</u>
<u>Taxes Other Than Income</u>			
1	RAFs on revenue adjustments above	(\$2,044)	(5,813)
2	To reflect the appropriate historical TY RAFs	(\$401)	(1,409)
3	To remove proforma payroll taxes.	(\$441)	(427)
	Total	<u>(\$2,886)</u>	<u>(7,649)</u>

Labrador Utilities, Inc. Water Monthly Service Rates Test Year Ended 12/31/05	Schedule 4 Docket No. 060262-WS			
	Test year Rates at 12/31/05	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>				
Base Facility Charge: 5/8" x 3/4"	\$6.28	\$6.61	\$9.09	\$8.17
Gallorage Charge (per 1,000 gallons)	\$3.14	\$4.31	\$5.92	\$4.08
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8"	\$6.28	\$6.61	\$9.09	\$8.17
3/4"	\$9.42	\$9.92	\$13.64	\$12.25
1"	\$15.70	\$16.52	\$22.73	\$20.42
1-1/2"	\$31.40	\$33.05	\$45.45	\$40.84
2"	\$50.24	\$52.88	\$72.72	\$65.34
3"	\$100.48	\$99.15	\$136.35	\$130.69
4"	\$157.00	\$165.25	\$227.25	\$204.20
6"	\$314.00	\$330.44	\$454.55	\$408.39
Gallorage Charge, per 1,000 Gallons	\$3.14	\$4.31	\$5.92	\$4.08
<u>Irrigation</u>				
Base Facility Charge by Meter Size:				
2"	\$50.24	\$52.87	\$72.73	\$65.34
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$15.70	\$19.54	\$26.85	\$26.16
5,000 Gallons	\$21.98	\$28.16	\$38.69	\$67.58
10,000 Gallons	\$37.68	\$49.71	\$68.29	\$121.26

Labrador Utilities, Inc. Wastewater Monthly Service Rates Test Year Ended 12/31/05	Schedule 4-A Docket No. 060262-WS			
	Test year Rates at 12/31/05	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>				
Base Facility Charge All Meter Sizes:	\$12.09	\$14.36	\$18.13	\$13.89
Gallorage Charge - Per 1,000 gallons (10,000 gallon cap)	\$9.34	\$10.14	\$12.80	\$10.73
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8"	\$12.09	\$14.36	\$18.13	\$13.89
3/4"	\$18.14	\$21.54	\$27.20	\$20.84
1"	\$30.23	\$35.90	\$45.32	\$34.74
1-1/2"	\$60.45	\$71.80	\$90.65	\$69.46
2"	\$96.72	\$114.80	\$145.04	\$111.14
3"	\$193.44	\$215.40	\$271.95	\$222.28
4"	\$302.25	\$359.00	\$453.25	\$347.32
6"	\$604.50	\$717.94	\$906.35	\$694.63
Gallorage Charge, per 1,000 Gallons	\$11.21	\$12.17	\$15.36	\$12.88
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$40.11	\$44.78	\$56.53	\$46.11
5,000 Gallons	\$58.79	\$65.06	\$82.13	\$67.58
10,000 Gallons (Wastewater Gallorage Cap - 10,000 Gallons)	\$105.49	\$115.76	\$146.13	\$121.26