

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: October 16, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Mouring, Bulecza-Banks, Daniel, Fletcher, Livingston, Rieger) *SMR PD*
Office of the General Counsel (Jaeger) *ALM*

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

AGENDA: 10/28/08 – 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: Argenziano

CRITICAL DATES: 60-Day Suspension Date Waived to 10/28/08

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\080249.RCM.DOC

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Case Background

Labrador Utilities Inc. (Labrador or Utility) is a Class B utility providing water and wastewater service to approximately 897 water and 892 wastewater customers in Pasco County. Water and wastewater rates were last established for this Utility in 2004.¹

On August 28, 2008, Labrador filed an Application for Rate Increase at issue in the instant docket. The Utility had a few deficiencies in the Minimum Filing Requirements (MFRs). As of the filing of this recommendation, those deficiencies remain outstanding. The Utility

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.

DOCUMENT NUMBER-DATE:

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requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates. The test year established for interim and final rates is the historical twelve-month period ended December 31, 2007.

Labrador requested interim rates designed to generate annual water revenues of \$254,390 and wastewater revenues of \$486,385. This represents a revenue increase on an annual basis of \$98,628 (63.32 percent) for water and \$123,936 (34.19 percent) for wastewater. The Utility requested final rates designed to generate annual water revenues of \$302,283 and wastewater revenues of \$543,677. This represents a revenue increase of \$146,521 (94.07 percent) for water and \$181,228 (50.00 percent) for wastewater.

The original 60-day statutory deadline for the Commission to suspend the Utility's requested final rates is October 27, 2008. However, by letter dated September 8, 2008, the Utility agreed to extend the statutory time frame through October 28, 2008. This recommendation addresses the suspension of Labrador's requested final rates and the Utility's requested interim rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

Discussion of Issues

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

Recommendation: Yes. Labrador's proposed final water and wastewater rates should be suspended. (Mouring)

Staff Analysis: Section 367.081(6), F.S., provides that the Commission may, for good cause, withhold consent to the implementation of the requested rates by a vote to that effect within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., 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 considered the information filed in support of the rate application and the proposed final rates. Staff recommends further investigation of this information, including on-site investigations by staff accountants and engineers. Based on the foregoing, staff recommends suspension of the Utility's proposed rate increase.

Issue 2: Should an interim revenue increase be approved?

Recommendation: Yes, the Utility should be authorized to collect annual water and wastewater revenues as indicated below:

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$155,762	\$97,862	\$253,624	62.83%
Wastewater	\$362,451	\$29,609	\$392,060	8.17%

(Mouring, Rieger)

Staff Analysis: Labrador has filed rate base, cost of capital, and operating statements to support its requested water and wastewater increases. Pursuant to Section 367.082(5)(b)1, F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the Utility's most recent rate proceeding and annualizing any rate changes. Staff has reviewed Labrador's interim request, as well as Order No. PSC-04-1281-PAA-WS, in which the Commission last established 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 Nos. 1-A and 1-B. The capital structure is Schedule No. 2, and the operating income schedules for water and wastewater, respectively, are labeled as Nos. 3-A and 3-B, with the operating income adjustments shown on No. 3-C.

RATE BASE

Based on an analysis of the MFRs and Order No. PSC-04-1281-PAA-WS from the Utility's last rate proceeding, staff believes that one adjustment is necessary to Labrador's wastewater rate base.

The Utility did not include a used and useful adjustment in its proposed interim rate base based on its assumption that the water and wastewater systems are built out. However, pursuant to Section 367.082, F.S., the method used to calculate used and useful in Labrador's last rate case must be used for interim purposes. In Docket No. 030443-WS, a used and useful adjustment of 79.94 percent was made to the Utility's wastewater plant. Based on the methodology used in that case, staff has calculated a used and useful adjustment for interim purposes. In the prior rate case, the used and useful calculation was based on the maximum month average daily flow (MMADF) plus a growth allowance, which was divided by the Utility's permitted capacity. The 2007 test year MMADF was 88,000 gallons per day (gpd). A growth allowance of 348 gpd should also be included. The permitted capacity of the wastewater treatment plant is 216,000 gpd based on MMADF. Therefore, staff recommends that the wastewater treatment plant should be considered 40.90 percent used and useful for interim purposes. It should be noted that the MMADF of the 2007 test year appears to be significantly less than the MMADF in the prior rate case (166,065 gpd). Staff will be investigating this issue. The water treatment plant, distribution and collection systems, and reuse facilities should be considered 100 percent used and useful, consistent with the prior rate case.

Based on a 40.90 percent used and useful for the Utility's wastewater plant, wastewater rate base should be reduced by \$568,784. Accordingly, corresponding adjustments should be made to decrease depreciation expense and property taxes by \$23,242, and \$6,198, respectively. Therefore, staff recommends that Labrador's interim water rate base should be \$517,913. The Utility's interim wastewater rate base should be \$756,392.

COST OF CAPITAL

In its interim request, Labrador requested an overall cost of capital of 7.89 percent. The effect of staff's recommended non-used and useful plant adjustment is an eleven basis point reduction of the Utility's requested cost of capital. Based on the above, staff recommends that the interim weighted average cost of capital is 7.78 percent.

NET OPERATING INCOME

As discussed above, staff has recommended adjustments to depreciation expense and property taxes related to non-used and useful plant. With those adjustments, staff recommends that the appropriate test year operating loss, before any revenue increase, is \$17,971 for water and the appropriate operating income, before any revenue increase, is \$41,247 for wastewater.

REVENUE REQUIREMENT

Based on the above adjustments, staff recommends revenue requirements of \$253,624 for water and \$392,060 for wastewater. This represents interim increases in annual revenues of \$97,862 (or 62.83 percent) for water and \$29,611 (or 8.17 percent) for wastewater. This will allow the Utility the opportunity to recover its water and wastewater operating expenses and earn a 7.78 percent 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, 2007, should be increased by 63.24 percent and 8.19 percent, 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. (Mouring)

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 \$253,624 for water operations and \$392,060 for wastewater operations. Before removal of miscellaneous revenues, this would result in increases of \$97,862 or 62.83 percent for water and \$29,609 or 8.17 percent 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	\$155,762	\$362,449
2 Less: Miscellaneous Revenues	<u>1,013</u>	<u>992</u>
3 Test Year Revenues from Service Rates	\$154,749	\$361,457
4 Revenue Increase	<u>\$97,862</u>	<u>\$29,611</u>
5 % Service Rate Increase (Line 4/Line 3)	<u>63.24%</u>	<u>8.19%</u>

The interim rate increase of 63.24 percent for water and 8.19 percent for wastewater should be applied as an across-the-board increase to the service rates in effect as of December 31, 2007. 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 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 equal to the outstanding amount of \$528,209 plus the amount approved by the Commission in this docket and Docket Nos. 080247-SU, 080248-SU, and 080250-SU. 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. (Mouring, Livingston)

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 \$127,471 for water and wastewater. 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 \$75,165. 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 Schedule 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 Docket Nos. 080247-SU, 080248-SU, and 080250-SU. The Commission's consideration of interim rates for those dockets are also being decided at the October 28, 2008, Agenda Conference. The recommended cumulative corporate undertaking amount for those dockets is \$271,879. At present, UI has a corporate undertaking for Miles Grant Water & Sewer Company (Miles Grant) and Lake Utility Services, Inc. (LUSI), for a combined corporate undertaking of \$528,209.² 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 and the previously approved corporate undertaking amount for Miles Grant and LUSI, the total requested cumulative corporate undertaking amount is \$875,253, which includes \$75,165 subject to refund for this docket. However, in case the recommended incremental amounts for the above four dockets are not approved by the Commission, staff recommends that UI's total guarantee should be equal to the outstanding amount of \$528,209 plus the amount approved by the Commission in this docket and Docket Nos. 080247-SU, 080248-SU, and 080250-SU.

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 2005 to 2007 to determine the financial condition of the parent

² See Order Nos. PSC-08-0338-PCS-WS, issued May 27, 2008 in Docket No. 070695-WS, In re: Application for rate increases in water and wastewater in Martin County, by Miles Grant Water & Sewer Company; and PSC-08-0308-PCO-WS, issued May 12, 2008 in Docket No. 070693-WS, In re: Application for rate increase in water and wastewater in Lake County by Lake Utility Services, Inc.

company. UI's relative level of liquidity has decreased compared to 2006. The Utility has also experienced a decline in its interest coverage ratio and relative level of net income over the three year review period. However, UI's equity ratio has increased to 44.48 percent in 2007 from 40 percent in 2006. In addition, net income has been on average three times greater than the requested interim undertaking amount. UI's financial performance has demonstrated adequate levels of both equity capitalization and profitability on an absolute basis to offset the decline in interest coverage and profitability on a relative basis. Based upon this analysis, staff recommends that a cumulative corporate undertaking of \$875,253 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 should 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.

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. 080249-WS
Date: October 16, 2008

Issue 5: Should the docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Mouring, Jaeger)

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

Labrador Utilities, Inc. Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 1-A Docket No. 080249-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
Plant in Service	\$650,138	\$2,835	\$652,973	\$0	\$652,973
2 Land and Land Rights	123	198	321	0	321
3 Non-used and Useful Components	0	0	0	0	0
4 Construction Work In Progress	21,496	(21,496)	0	0	0
5 Accumulated Depreciation	(155,978)	2,099	(153,879)	0	(153,879)
6 CIAC	(342)	0	(342)	0	(342)
7 Amortization of CIAC	13	0	13	0	13
8 Acquisition Adjustments	(312,292)	312,292	0	0	0
9 Working Capital Allowance	<u>0</u>	<u>18,827</u>	<u>18,827</u>	<u>0</u>	<u>18,827</u>
10 Rate Base	<u>\$203,158</u>	<u>\$314,755</u>	<u>\$517,913</u>	<u>0</u>	<u>\$517,913</u>

Labrador Utilities, Inc.		Schedule No. 1-B				
Schedule of Wastewater Rate Base		Docket No. 080249-WS				
Test Year Ended 12/31/07						
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	
1 Plant in Service	\$1,769,496	\$2,775	\$1,772,271	\$0	\$1,772,271	
2 Land and Land Rights	120	193	313	0	313	
3 Non-used and Useful Components	0	0	0	(568,784)	(568,784)	
4 Construction Work In Progress	20,518	(20,518)	0	0	0	
5 Accumulated Depreciation	(480,174)	2,055	(478,119)	0	(478,119)	
6 CIAC	0	0	0	0	0	
7 Amortization of CIAC	0	0	0	0	0	
8 Acquisition Adjustments	0	0	0	0	0	
9 Working Capital Allowance	<u>0</u>	<u>30,711</u>	<u>30,711</u>	<u>0</u>	<u>30,711</u>	
10 Rate Base	<u>\$1,309,960</u>	<u>\$15,216</u>	<u>\$517,913</u>	<u>(\$568,784)</u>	<u>\$756,392</u>	

Labrador Utilities, Inc.		Schedule No. 1-C	
Adjustments to Rate Base		Docket No. 080249-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment	\$0		<u>(\$568,784)</u>

Labrador Utilities, Inc. Capital Structure-Simple Average Test Year Ended 12/31/07						Schedule No. 2 Docket No. 080249-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,015,001)	\$984,999	53.44%	6.65%	3.55%
2 Short-term Debt	7,750,000	0	\$7,750,000	(7,707,590)	\$42,410	2.30%	2.44%	0.06%
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%
4 Common Equity	139,282,132	0	\$139,282,132	(138,519,950)	\$762,182	41.35%	10.35%	4.28%
5 Customer Deposits	0	0	\$0	0	\$0	0.00%	6.00%	0.00%
6 Deferred Income Taxes	53,498	0	\$53,498	0	\$53,498	2.90%	0.00%	0.00%
10 Total Capital	<u>\$327,085,630</u>	<u>\$0</u>	<u>\$327,085,630</u>	<u>(\$325,242,541)</u>	<u>\$1,843,089</u>	<u>100.00%</u>		<u>7.89%</u>
Per Staff								
11 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,328,062)	\$671,938	52.73%	6.65%	3.51%
12 Short-term Debt	7,750,000	0	\$7,750,000	(7,721,069)	28,931	2.27%	2.44%	0.06%
13 Preferred Stock	0	0	\$0	0	0	0.00%	0.00%	0.00%
14 Common Equity	139,282,132	0	\$139,282,132	(138,762,193)	519,939	40.80%	10.35%	4.22%
15 Customer Deposits	0	0	\$0	0	0	0.00%	6.00%	0.00%
16 Deferred Income Taxes	53,498	0	\$53,498	0	53,498	4.20%	0.00%	0.00%
20 Total Capital	<u>\$327,085,630</u>	<u>\$0</u>	<u>\$327,085,630</u>	<u>(\$325,811,325)</u>	<u>\$1,274,305</u>	<u>100.00%</u>		<u>7.78%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>9.35%</u>	<u>11.35%</u>	
OVERALL RATE OF RETURN						<u>7.38%</u>	<u>8.19%</u>	

Labrador Utilities, Inc.
 Statement of Water Operations
 Test Year Ended 12/31/07

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>\$172,175</u>	<u>\$82,215</u>	<u>\$254,390</u>	<u>(\$98,628)</u>	<u>\$155,762</u>	<u>\$97,862</u> 62.83%	<u>\$253,624</u>
Operating Expenses							
2 Operation & Maintenance	\$165,660	(\$15,048)	\$150,612	\$0	\$150,612	\$0	\$150,612
3 Depreciation	20,973	3,725	24,698	0	24,698	\$0	24,698
4 Amortization	0	0	0	0	0	\$0	0
5 Taxes Other Than Income	61,555	(36,721)	24,834	(4,438)	20,396	4,404	24,800
6 Income Taxes	<u>(23,472)</u>	<u>36,849</u>	<u>13,377</u>	<u>(35,350)</u>	<u>(21,973)</u>	<u>35,168</u>	<u>13,196</u>
7 Total Operating Expense	<u>\$224,716</u>	<u>(\$11,195)</u>	<u>\$213,521</u>	<u>(\$39,788)</u>	<u>\$173,733</u>	<u>\$39,572</u>	<u>\$213,305</u>
8 Operating Income	<u>(\$52,541)</u>	<u>\$93,410</u>	<u>\$40,869</u>	<u>(\$58,840)</u>	<u>(\$17,971)</u>	<u>\$58,290</u>	<u>\$40,319</u>
9 Rate Base	<u>\$203,158</u>		<u>\$517,913</u>		<u>\$517,913</u>		<u>\$517,917</u>
10 Rate of Return	<u>(25.86%)</u>		<u>7.89%</u>		<u>(3.47%)</u>		<u>7.78%</u>

Labrador Utilities, Inc. Statement of Wastewater Operations Test Year Ended 12/31/07						Schedule No. 3-B Docket No. 080249-WS	
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>\$388,315</u>	<u>\$98,070</u>	<u>\$486,385</u>	<u>(\$123,936)</u>	<u>\$362,449</u>	<u>\$29,611</u> 8.17%	<u>\$392,060</u>
Operating Expenses							
2 Operation & Maintenance	\$222,952	\$22,734	\$245,686	\$0	\$245,686	\$0	\$245,686
3 Depreciation	50,966	3,647	54,613	(23,242)	31,371	\$0	31,371
4 Amortization	0	0	0	0	0	\$0	0
5 Taxes Other Than Income	0	47,289	47,289	(11,775)	35,514	1,332	36,846
6 Income Taxes	<u>0</u>	<u>34,228</u>	<u>34,228</u>	<u>(25,597)</u>	<u>8,631</u>	<u>10,641</u>	<u>19,272</u>
7 Total Operating Expense	<u>\$273,918</u>	<u>\$107,898</u>	<u>\$381,816</u>	<u>(\$60,614)</u>	<u>\$321,202</u>	<u>\$11,974</u>	<u>\$333,175</u>
8 Operating Income	<u>\$144,397</u>	<u>(\$9,828)</u>	<u>\$104,569</u>	<u>(\$63,322)</u>	<u>\$41,247</u>	<u>\$17,637</u>	<u>\$58,884</u>
9 Rate Base	<u>\$1,309,960</u>		<u>\$1,325,176</u>		<u>\$756,392</u>		<u>\$756,392</u>
10 Rate of Return	<u>8.73%</u>		<u>7.89%</u>		<u>5.45%</u>		<u>7.78%</u>

Labrador Utilities, Inc. Adjustment to Operating Statement Test Year Ended 12/31/07		Schedule 3-C Docket No. 080249-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
Remove requested final revenue increase.	<u>(\$98,628)</u>	<u>(\$123,936)</u>	
<u>Depreciation Expense - Net</u>			
To remove net depreciation on non-U&U adjustment.	<u>\$0</u>	<u>(\$23,242)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above	(\$4,438)	(\$5,577)	
2 To reflect reduction of property taxes for non-U&U Plant	<u>0</u>	<u>(6,198)</u>	
Total	<u>(\$4,438)</u>	<u>(\$11,775)</u>	

Labrador Utilities, Inc. Water Monthly Service Rates Test Year Ended 12/31/07		Schedule 4-A Docket No. 080249-WS		
	Test Year Rates on 12/31/07	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential</u>				
All Meter Sizes:	\$6.55	\$10.72	\$12.75	\$10.69
Gallonge Charge Per 1,000 Gallons	\$3.27	\$5.35	\$6.36	\$5.34
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.55	\$10.72	\$12.75	\$10.69
3/4"	\$9.82	\$16.07	\$19.11	\$16.03
1"	\$16.37	\$26.80	\$31.86	\$26.72
1-1/2"	\$32.75	\$53.62	\$63.75	\$53.46
2"	\$52.39	\$85.77	\$101.99	\$85.52
3"	\$104.78	\$171.55	\$203.98	\$171.04
4"	\$163.71	\$268.04	\$318.71	\$267.24
6"	\$327.42	\$536.08	\$637.42	\$534.48
Gallonge Charge, per 1,000 Gallons	\$3.27	\$5.35	\$6.36	\$5.34
<u>Irrigation</u>				
Base Facility Charge by Meter Size:				
2"	\$52.39	\$85.77	\$101.99	\$85.52
Gallonge Charge Per 1,000 gallons	\$3.27	\$5.35	\$6.36	\$5.34
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$16.36	\$26.77	\$31.83	\$26.71
5,000 Gallons	\$22.90	\$37.47	\$44.55	\$37.39
10,000 Gallons	\$39.25	\$64.22	\$76.35	\$64.09

Labrador Utilities, Inc.		Schedule 4-B			
Wastewater Monthly Service Rates		Docket No. 080249-WS			
Test Year Ended 12/31/07		Test Year	Utility	Utility	Staff
		Rates on	Requested	Requested	Recommended
		12/31/07	Interim	Final	Interim
<u>Residential</u>					
All Meter Sizes:	\$12.56	\$16.86	\$18.85	\$13.59	
Gallage Charge Per 1,000 Gallons	\$9.71	\$13.03	\$14.57	\$10.51	
<u>General Service</u>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$12.56	\$16.86	\$18.85	\$13.59	
3/4"	\$18.84	\$25.29	\$28.28	\$20.38	
1"	\$31.40	\$42.16	\$47.14	\$33.97	
1-1/2"	\$62.81	\$84.34	\$94.29	\$67.96	
2"	\$100.49	\$134.93	\$150.86	\$108.72	
3"	\$200.98	\$269.87	\$301.73	\$217.44	
4"	\$314.03	\$421.67	\$471.45	\$339.76	
6"	\$628.06	\$843.35	\$942.90	\$679.51	
Gallage Charge, per 1,000 Gallons	\$11.64	\$15.63	\$17.40	\$12.59	
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>					
3,000 Gallons	\$41.69	\$55.95	\$62.56	\$45.12	
5,000 Gallons	\$61.11	\$82.01	\$91.70	\$66.14	
10,000 Gallons	\$70.82	\$95.04	\$106.27	\$76.65	
(Wastewater Gallage Cap – 6,000 Gallons)					