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STATE OF FLORIDA



DIVISION OF ENGINEERING
TOM BALLINGER
DIRECTOR
(850) 413-6910

Public Service Commission

October 10, 2014

Mr. Martin Friedman
Friedman, Friedman, & Long, P.A.
766 North Sun Drive, Suite 4030
Lake Mary, FL 32746

Re: Docket No. 140135-WS - Application for increase in water/wastewater rates in Pasco County by Labrador Utilities, Inc.

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on September 25, 2014, on behalf of Labrador Utilities, Inc. (Labrador or Utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. The instructions for MFR Schedules B-7 and B-8 (Operation and Maintenance Expense Comparison), require the Utility to utilize the change in customer growth (positive or negative) to derive the Benchmark increase. On MFR Schedule B-7 (Page 29, Line 34, Column 5), the Utility reflects that the year-end water customers for 2013 is 764.1 (which ties to the Utility's 2013 Annual Report); however, MFR Schedule E-3 (Page 75, Water Line 12, Column 6) reflects year-end customers of 885. In addition, MFR Schedule B-8 (Page 31, Line 39, Column 5) reflects year-end wastewater customers for 2013 of 751.1 (which ties to the Utility's 2013 Annual Report); however, MFR Schedule E-3 (Page 75, Wastewater Line 12, Column 6) reflects year-end customers of 882. Please make the appropriate corrections and submit revised MFR schedules, as appropriate, so that the water and wastewater customer counts match.
2. The instructions for MFR Schedules B-7 and B-8 (Operation and Maintenance Expense Comparison), require the Utility to utilize the Consumer Price Index - All Urban Consumers Table (CPI - U) percentages published by the U.S. Department of Labor. The CPI-U amounts found on MFR Schedules B-7 and B-8 are incorrect. Please revise Schedules B-7 and B-8 to reflect 219.179 and 233.049 for December 2010 and December 2013, respectively.

3. MFR Schedule D- 2 (Page 65, Line 8, Column 4) reflects a reduction of \$3,261 to the total capital which would equate to a net debit balance of accumulated deferred income taxes (ADITs). Pursuant to Rule 25-30.436(4)(g), Florida Administrative Code (F.A.C.), the provisions of Rule 25-30.433, F.A.C., shall be followed in preparing the utility's application. Pursuant to Rule 25-30.433(3), any resulting net debit deferred taxes shall be included as a separate line item in the rate base calculation. If the \$3,261 amount is actually a net credit amount, please treat it as an addition to capital and revise MFR Schedule D-2 and other applicable schedules. If the \$3,261 amount is a net debit amount, please remove it from MFR Schedule D-2, include it in water and/or wastewater rate base schedules, and revise other applicable schedules.
4. Rule 25-30.440(2), F.A.C., requires a list of chemicals used for water and wastewater treatment. The list is to show the type, the dollar amount, quantity purchased, unit prices paid, and dosage rate utilized. The information on dosage rates was not provided; therefore, please provide the dosage rates utilized for the chemicals used.
5. Rule 25-30.440(4), F.A.C., requires all water and wastewater plant operations reports for the test year and the proceeding year. In our review of the Monthly Operating Reports we found, the second page for September 2012 was missing along with the second page for April 2013. We also found all of July 2013 was missing. For the Discharge Monitoring Reports, we found that January 2013 was missing three pages. We also found that all of April 2013 was missing. Please provide the missing pages for the Monthly Operating Reports and the Discharge Monitoring Reports.
6. Rule 25-30.440(5), F.A.C., requires the most recent sanitary survey report for the water plants. The Utility provided a sanitary survey report dated 2011. Staff found some communications between Department of Environmental Protection (DEP) and the Utility concerning a sanitary survey report dated May 24, 2013. Since it does not appear the most recent sanitary survey report was provided, please provide the most recent sanitary survey report.
7. Rule 25-30.440(8), F.A.C., requires a list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employee's salary allocation method. A copy of the certificate held by Mr. Robert Buono whose duties are listed as lead operator was provided. However, certificates were not provided for Mr. Stephen Fuller, lead operator, and Mr. Sean Reincke, operator. Also please provide an explanation about the salary allocation method.
8. Rule 25-30.440(9), F.A.C., requires a list, by serial number and description, of all vehicles owned or leased by the utility. The list of vehicles that was provided did not include a description of the vehicle or its serial number. Please provide the description of the vehicles and serial numbers.

Mr. Martin Friedman
October 16, 2014
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If the requested reconciliations above require a corresponding change to any MFR schedules, these corrected schedules must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted as soon as possible, but no later than November 17, 2014 to the following address:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Should you have any questions concerning the information in this letter, please feel free to contact Ms. Penelope Buys at (850) 413-6518 or pbuys@psc.state.fl.us for technical questions, or the Commission attorney on this matter, Ms. Kyesha Mapp at (850) 413-6230 or kmapp@psc.state.fl.us for legal questions.

Sincerely,



Tom Ballinger
Director
Division of Engineering

TB/tj

cc: Office of Commission Clerk (DN 140135-WS)