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Carlotta S. Stauffer, Director  
Division of Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RE: Docket No. 140135-WS; Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.  
Our File No.: 30057.216

Dear Ms. Stauffer:

The following are Labrador Utilities, Inc.'s ("Company") responses to the Staff's Fifth Data Request dated January 27, 2015:

1. Please provide a description and the work papers related to the disposition of property that resulted in gains of \$743 in 2012 and \$411 in 2013. Please include the allocation calculations, if any, including journal entries.

RESPONSE: Please see the attached file titled "Gains in 2012 2013". The gains referred to for Labrador are comprised entirely of allocations from Company 855, the Florida State Cost Center. Please also see the file titled "Vehicle Sale Journal Entries".

2. Please provide documentation that shows Labrador's adjustments to its Accumulated Deferred Income Taxes that relate to pro forma plant.

RESPONSE: There were no adjustments to Accumulated Deferred Income Taxes that related to pro forma plant.

3. Please provide an explanation and documentation that show the entries to accumulated depreciation Water – 301.1 Organization.

RESPONSE: Please see the file titled "AD Organization Water".

4. Please provide an explanation and documentation that shows why the company made a retirement entry to Account 360 Collections Sewers – Force Accumulated Depreciation when this account already contained a negative (debit) balance.

RESPONSE: Retirements made to Account 360 Collections Sewers – Force Accumulated Depreciation relate directly to specific assets in the associated plant account. The negative (debit) balance is due to an entry from prior years unrelated to any specific assets retired during the test year. Please see the file titled “Sewer Force AD”.

- a. Please provide an explanation and documentation as to why the company made a retirement entry of \$656 to accumulated depreciation with no corresponding retirement entry.

RESPONSE: The retirement entry of \$656 to accumulated depreciation did have corresponding retirement entry in account 1345 Sewer Force Main. Please see the file titled “AX 278175”.

5. Please provide an explanation and documentation as to why the balance in the Tools Shop and Garage account doubled from 2012 to 2013.

RESPONSE: The balance did not double overall, there was simply a shift between water and sewer business units. The overall increase was less than ten percent.

- a. Please provide an explanation and documentation that explains why a negative addition was made to Tools Shop and Garage Equipment Account.

RESPONSE: The negative addition to Tools Shop and Garage Equipment was due to the UR ledger being permanently rolled over to the AA ledger. Please see the attached journal entry titled “Revision”.

6. Please provide an explanation as to why Labrador’s short-term interest rate on Schedule D-1 is 8.48% when Sanlando has 2.82% on its D-1 schedule.

RESPONSE: The difference between the Labrador and Sanlando short-term interest rates is due to the use of a Simple Average for Short Term Debt in Labrador versus the use of a 13 Month Average for Short Term Debt in Sanlando.

7. Please provide an explanation as to why Labrador is using a 6% interest rate on customer deposits on schedule D-1, when other Utility’s Inc. subsidiaries are using a 2% interest rate.

RESPONSE: The customer deposit rate of 6 percent listed on the Labrador MFR Schedule D-1 was provided in error. The correct cost rate for the Labrador customer deposits should be 2 percent.

For the following requests, refer to Labrador’s 2013 Annual Report, page F-14.

8. Please explain why Labrador wrote off and expensed \$2,043 of its deferred maintenance balance of \$10,884 that the Company had at the end of 2013.

RESPONSE: The \$2,043 was the Deferred Maintenance expense for the test year. The expense was made up of Tank Maintenance, Cost related to permits and COA deferred expenses.

9. Regarding the \$2,043 amount of the deferred maintenance balance that the Company wrote off, please provide a description of the Company policy that addresses write-offs.

RESPONSE: The Company does not have a policy that addresses write-offs.

The following items relate to the Utility's requested rate case expense.

10. For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed.

- a. Please provide detail of hours worked associated with each activity.

RESPONSE: Please see the attached documents for the firms of Friedman, Friedman & Long, P.A., Management & Regulatory Consultants, Inc. and Milian, Swain & Associates, Inc.

- b. Please provide a description and associated cost for all expenses incurred to date.

RESPONSE: Please see the attached documents for the firms of Friedman, Friedman & Long, P.A., Management & Regulatory Consultants, Inc. and Milian, Swain & Associates, Inc.

11. For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.

RESPONSE: Please see the attached documents for the firms of Friedman, Friedman & Long, P.A., Management & Regulatory Consultants, Inc. and Milian, Swain & Associates, Inc.

12. If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.

RESPONSE: Please see the attached documents for the firms of Friedman, Friedman & Long, P.A., Management & Regulatory Consultants, Inc. and Milian, Swain & Associates, Inc.

13. Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the Proposed Agency Action (PAA) process.

RESPONSE: Please see the attached documents for the firms of Friedman, Friedman & Long, P.A., Management & Regulatory Consultants, Inc. and Milian, Swain & Associates, Inc.

14. Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

RESPONSE: Please see the attached updated B-10 for Labrador.

15. For each individual Water Services Corporation (WSC) In-House employee providing consulting services on this docket, provide an itemized description of work performed, hours or allocation of time associated with each activity, and support documentation (i.e. timesheets). In addition, please provide the same detail for estimated hours to completion of the case.

RESPONSE: Please see the attached file titled "WSC In-house Captive".

16. In several recent sister company dockets, Utilities, Inc. asserted that revised salaries accounted for WSC-employee time working on rate cases as a reduction to salaries prior to any allocation. Has the Utility taken similar accounting measures to ensure that WSC In-House employee fees are not duplicative in this docket? If so, please provide support documentation to verify the salaries reflected in the MFRs do not contain any capitalized time spent on the current rate case.

RESPONSE: Yes, the Utility has taken similar accounting measures to ensure that WSC In-House employee fees are not duplicative in this docket. Capitalized In-House salaries are originally recorded as a debit to the appropriate salary account. Then, based on the project number input by the employee into the JDE system, an entry is created crediting the account "Capitalized Time Adjustment" and debiting the asset. In addition, the salaries reflected in the MFRs utilize a 2013 calendar test year. The current rate case project wasn't opened and no capitalized time was spent on the current rate case until March of 2014.

Please feel free to contact me if you or Staff have any questions or concerns.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/

cc: John Hoy (via email)  
Patrick C. Flynn (via e-mail)  
Darrien Pitts (via email)  
Kyesha Mapp, Esquire (via e-mail)  
Steve Reilly, Esquire (via email)