



March 16, 2015

**E-FILING**

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 Seventh Data Request dated February 23, 2015:

- 1) Is there a contract in place with American In-Line Inspection, Inc.? If so, please provide a copy of that contract.

Response: There is no contract in place with any vendor yet. It is the intention of Labrador to solicit bids from qualified vendors for the inspection activity that is planned for 2015 once the Final Order has been issued in this docket.

- 2) Did the Utility bid out this inspection program? If so, please provide the bids.

Response: See the response to Item 1.

- 3) How was the \$2.00 per linear foot derived?

Response: The \$2.00 per linear foot unit cost reflects a quote of \$1.75 per linear foot submitted by American In-Line in 2013 to clean, smoke test, and inspect approximately 50,000 LF of pipe in Sanlando's collection system. The unit cost was increased to \$2.00 per linear foot in the case of Labrador, which reflects a significantly smaller quantity of pipe to be inspected in Labrador, approximately 28,000 LF in total. Please see the attached document "7-3 American In-Line I&I Proposal".

- 4) Did Labrador do a cost benefit analysis comparing televising and cleaning the lines every 10 years versus televising and cleaning 10 percent of the lines annually? If so, provide the cost benefit analysis. If not, why not?

Response: No cost benefit analysis has been conducted as of yet to compare unit based on the amount of footage to be inspected. On its face, it is likely that lower unit prices would be submitted if the project scope included 28,000 LF instead of 2,800 LF (10% of the system) reflecting economies of scale. I would expect a mobilization fee would be added to a smaller scale project. Since the Labrador collection system has not experienced a comprehensive cleaning and

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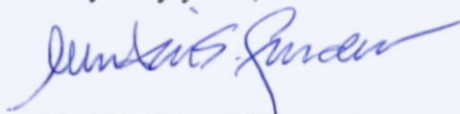
inspection in the last 10 years, it would be prudent to inspect all of the system in 2015 and then defer and amortize the cost of this work over 10 years under the assumption that a 10-year cycle is prudent and warranted. This would provide the opportunity to identify and correct any deficiencies that may be existing in the piping system, and thereby reduce the risk of pipe or manhole failures, reduce the likelihood of backups or sanitary sewer overflows, and generally enhance the quality of service to our customers. In contrast, parsing the work into ten 1-year projects would potentially allow pipe or manhole deficiencies to worsen over time until discovered in some future phase.

- 5) Are manhole and lift station inspections part of this inspection program? If not, are they included in another inspection program?

Response: Manholes will be inspected routinely in conjunction with the line cleaning and inspection services. The two Labrador lift stations are routinely inspected on a nearly daily basis throughout the year by Labrador's staff without incurring the cost of using a contractor.

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)

# QUOTATION

## AMERICAN IN-LINE INSPECTION, Inc.

415 Timaquan Trail  
Edgewater, FL 32132

Phone (386) 409-5446  
Fax (386) 957-4919

Proposal Submitted To:	Sanlando Utilities Corp. Utilities Inc. of Florida	Phone 800-272-1919 Ext. 1360	Date 08-19-13
Street	200 Weathersfield Ave.	Job Name:	Sanlando I & I, Vac & CCTV
City, State, Zip Code	Altamonte Springs, FL 32714	Job Location:	Seminole County, FL
ATTN:	Mr. Bryan Gongre	Fax:	BKGongre@uiwater.com

We propose hereby to furnish the following:

To provide cleaner truck & video crew to clean/desilt, CCTV & Smoke Test existing/active 8" VCP sanitary sewer pipes & manhole structures, locating pipe defects for infiltration, root intrusion & blockages. Our price includes all labor, equipment, material and workmanship to complete the project, along with a clear typed report and video of our findings. One DVD or VHS will be provided. If additional copies are needed, they can be purchased for \$20.00 each.

Cleaner Truck LF Rate of 2000 + LF of Various Existing Sanitary Sewer Pipe @ \$0.75 per LF

CCTV/Video LF Rate of 2000 + LF of Various Existing Sanitary Sewer Pipe @ \$0.75 per LF

~~Smoke Testing LF Rate of 6000 + LF of Various Existing Sanitary Sewer Pipe @ \$0.25 per LF~~

Mobilization.....S N/C

To be provided by others: Acceptable access to system to perform duties requested, permits, traffic control, water meter or clean water source, bypass pumping, plugging and suitable dump site for debris or environmental disposal charges will apply.

\*\* Please note that any downtime out of our control will be billed at an hourly rate of \$175.00 per hour.

Example - Waiting on MOT to be moved, etc.

\*\* Please note that Heavy Cleaning will be billed at \$175.00 per hour. Heavy Cleaning is defined as pipe's having more than 20% sediment in pipe.

We appreciate this opportunity to serve *Sanlando Utilities Corporation*  
**Utilities Inc. of Florida**

Note: This proposal may be withdrawn by us if not accepted within 30 days.

Terms: NET 30 DAYS

Representative: Walt Kush

Authorized Signature: \_\_\_\_\_

Date: 08-19-13

Acceptance of Proposal...The above prices, specifications, and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above. We understand that attorney fees and collection costs will be recovered if contract is not paid in full.

Authorized Signature: *Bryan K. Gongre*

Date: 9/5/13

*Bryan K. Gongre, Reg. mgr.*