

**Ruth Nettles**

090182-SU

**From:** Trina Collins [TCollins@RSBattorneys.com]  
**Sent:** Thursday, September 24, 2009 9:50 AM  
**To:** Filings@psc.state.fl.us  
**Cc:** donald.clayton@tangibl.com; Bart Fletcher; Curt Mouring; ewallace@niamerica.com; Martin Friedman; Christian W. Marcelli; Trina Collins  
**Subject:** Filing in Docket No. 090182-SU; Ni Florida, LLC's Application for Increase in Wastewater Rates in Pasco County, Florida  
**Importance:** High  
**Attachments:** PSC Clerk 08 (Response to Deficiencies).ltr.09-24-2009(2).pdf

- a. Martin S. Friedman, Esq.  
Christian W. Marcelli, Esq.  
Rose, Sundstrom & Bentley, LLP  
Sanlando Center  
2180 W. State Road 434, Suite 2118  
Longwood, FL 32779  
Phone: (407) 830-6331  
Fax: (407) 830-8522  
Email: [mfriedman@rsbattorneys.com](mailto:mfriedman@rsbattorneys.com)  
[cmarcelli@rsbattorneys.com](mailto:cmarcelli@rsbattorneys.com)
- b. Docket No.: 090182-SU; Ni Florida, LLC's Application for Increase in Wastewater Rates in Pasco County, Florida - Filing response to deficiencies as identified in Staff's September 16, 2009 letter.
- c. Ni Florida, LLC
- d. 4 Pages.
- e. Letter to Commission Clerk - 1 page; Schedule B-6 - 1 page; Schedule B-8 - 1 page; and Schedule B-9 - 1 page.

DOCUMENT NUMBER-DATE

09860 SEP 24 8

FPSC-COMMISSION CLERK

LAW OFFICES  
**ROSE, SUNDSTROM & BENTLEY, LLP**  
2548 BLAIRSTONE PINES DRIVE  
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.  
CHRIS H. BENTLEY, P.A.  
ROBERT C. BRANNAN  
F. MARSHALL DETERDING  
JOHN R. JENKINS, P.A.  
KYLE L. KEMPER  
STEVEN T. MINDLIN, P.A.  
CHASITY H. O'STEEN  
WILLIAM E. SUNDSTROM, P.A.  
DIANE D. TREMOR, P.A.  
JOHN L. WHARTON

ROBERT M. C. ROSE (1924-2006)

(850) 877-6555  
FAX (850) 656-4029  
www.rsbattoorneys.com

REPLY TO CENTRAL FLORIDA OFFICE

September 24, 2009

CENTRAL FLORIDA OFFICE  
SANLANDO CENTER  
2180 W. STATE ROAD 434, SUITE 2118  
LONGWOOD, FLORIDA 32779  
(407) 830-6331  
FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.  
BRIDGET M. GRIMSLEY  
CHRISTIAN W. MARCELLI  
BRIAN J. STREET

E-FILING

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

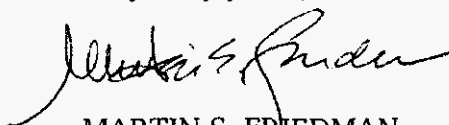
RE: Docket No. 090182-SU; Ni Florida, LLC's Application for Increase in Wastewater Rates  
in Pasco County, Florida  
Our File No.: 43053.03

Dear Ms. Cole:

In response to Staff's September 16, 2009 letter identifying a deficiency in Ni Florida, LLC's MFRs filed on July 21, 2009, please see the attached Schedules B-6, B-8, and B-9. The reconciliation is that \$3,379 of mailing services and \$4,966 of outside meter readings were included in other contractual services on line 23 and 24 of Schedule B-9 and these items were included in miscellaneous expenses in the 2008 Annual Report. As such, the changes only affect the attached schedules.

Should you or Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/tlc

cc: Mr. Donald Clayton (via e-mail)  
Mr. Bart Fletcher, Division of Economic Regulation (via e-mail)  
Mr. Curt Mouring, Division of Economic Regulation (via e-mail)  
Mr. Ed Wallace, President (via e-mail)

DOCUMENT NUMBER-DATE  
09860 SEP 24 09  
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Detail of Operation & Maintenance Expenses By Month - Wastewater

Florida Public Service Commission

Company: Ni Florida, LLC  
 Docket No.: 090182-SU  
 Historical Test Year Ended: December 31, 2008

Explanation: Provide a schedule of operation and maintenance expenses by primary account for each month of the test year. If schedule has to be continued on 2nd page, reprint the account titles and numbers.

Schedule: B-6 (Rev. 9/18/09)  
 Page 1 of 1  
 Preparer: Donald J. Clayton, P.E.  
 Recap Schedules: B-2 (Rev 9-18/09)

Line No.	(1) Account No. and Name	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
		Jan*	Feb*	Mar*	Apr*	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total Annual	Adj.	Adj. Total Annual
1	701 - Salaries & Wages - Employees	7,177	7,177	7,177	7,177	5,819	6,785	7,856	6,391	6,325	7,208	7,144	7,074	\$ 83,290	\$ -	\$ 83,290
2	703 - Salaries & Wages - Officers, Etc.	10,794	10,794	10,794	10,794	8,102	8,102	8,102	8,102	8,102	8,102	8,102	8,102	107,967	-	107,967
3	704 - Employee Pensions & Benefits	574	574	574	574	1,750	2,137	2,167	2,143	2,143	2,143	2,177	2,146	15,133	-	15,133
4	710 - Purchased Sewer Treatment**	33,941	33,941	33,941	33,941	35,676	39,063	38,671	45,745	34,370	48,653	32,407	40,361	450,712	50,923	501,835
5	715 - Purchased Power	1,276	1,276	3,001	1,276	3,174	1,552	2,002	2,239	2,000	1,982	1,509	1,563	22,850	653	23,503
6	720 - Materials & Supplies	1,053	1,053	1,053	1,053	2,534	3,726	1,647	1,103	108	239	106	556	14,233	-	14,233
7	731 - Contract Services - Engineering	1,750	1,750	1,750	1,750	-	-	-	-	-	-	-	-	7,000	-	7,000
8	732 - Contract Services - Accounting	814	814	814	814	-	-	-	6,903	-	1,794	-	20,187	32,142	-	32,142
9	733 - Contract Services - Legal	1,019	1,019	1,019	1,019	170	224	3,866	1,141	1,744	1,097	(1)	3,388	15,705	-	15,705
10	734 - Contractual Services - Mgmt. Fees	-	-	-	-	14,884	14,084	14,384	14,384	14,384	14,384	14,384	14,384	115,074	-	115,074
11	736 - Contractual Services - Other	6,250	6,250	6,250	6,250	42,145	43,809	24,552	37,616	17,655	20,352	38,932	71,627	321,687	-	321,687
12	741 - Rental of Building/Real Prop.	975	975	975	975	827	853	853	853	853	853	853	862	10,730	-	10,730
13	750 - Transportation Expenses	2,215	2,215	2,215	2,215	-	-	-	-	-	-	-	-	8,859	-	8,859
14	756 - Insurance - Vehicle	932	932	932	932	-	-	-	-	-	-	-	-	3,730	-	3,730
15	757 - Insurance - General Liability	555	555	555	555	88	199	200	200	199	200	199	200	3,706	-	3,706
16	758 - Insurance - Workman's Comp.	314	314	314	314	81	81	96	100	97	100	(26)	75	1,863	-	1,863
17	766 - Regulatory Commission Expenses - Amortization of Rate Case Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	22,500	22,500
18	770 - Bad Debt Expense	7,148	7,148	7,148	7,148	-	-	-	-	-	-	-	17,500	46,090	(20,351)	25,740
19	775 - Miscellaneous Expenses	4,402	4,402	4,402	4,478	2,835	1,781	1,986	2,527	4,145	1,828	2,139	2,387	37,311	-	37,311
21	TOTAL	\$ 81,190	\$ 81,190	\$ 82,915	\$ 81,266	\$ 117,887	\$ 122,376	\$ 106,411	\$ 129,446	\$ 92,126	\$ 108,935	\$ 107,928	\$ 190,433	\$ 1,302,104	\$ 53,725	\$ 1,355,829

\* The detail of the expenses for the period January to April 2008 were not available by month as Ni Florida LLC acquired the system in May of 2008 and the former owner only supplied a year-to-date income statement to Ni Florida LLC. As such the amounts shown are the totals for the January to April period divided by four.

\*\* Includes purchased water of \$4,821.

DOCUMENT NUMBER - DATE

09860 SEP 24 8

FPSC-COMMISSION CLEAR

Detail of Operation & Maintenance Expense Comparison - Wastewater

Florida Public Service Commission

Company: Ni Florida, LLC  
 Docket No.: 090182-SU  
 Historical Test Year Ended: December 31, 2008

Schedule: B-8 (Rev. 9/18/09)  
 Page 1 of 1  
 Preparer: Donald J. Clayton, P.E.

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not filed a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences.

Line No.	(1) Account No. and Name	(2) Prior TY* 12/31/2004	(3) Current TY 12/31/2008	(4) TY Adjs. Per B-3	(5) Adjusted TY 12/31/2008	(6) \$ Difference	(7) % Difference	(8) Explanation
1	701 - Salaries & Wages - Employees	\$ 71,473	\$ 83,290	\$ -	\$ 83,290	\$ 11,817	16.53%	Since May 2008 the Company has used a contract operator and employee costs represent the allocation of corporate employees to Ni Florida LLC.
2	703 - Salaries & Wages - Officers, Etc.	88,140	107,987	-	107,987	19,847	22.52%	Since May 2008 the Company has used a contract operator and employee costs represent the allocation of corporate employees to Ni Florida LLC.
3	704 - Employee Pensions & Benefits	8,056	19,133	-	19,133	11,077	137.50%	Since May 2008 the Company has used a contract operator and employee costs represent the allocation of corporate employees to Ni Florida LLC.
4	710 - Purchased Sewer Treatment	506,447	450,712 **	50,923	501,635	(4,812)	-0.95%	The cost of purchased treatment has grown more slowly than the benchmark based on customer growth and inflation.
5	715 - Purchased Power	16,221	22,850	653	23,503	7,282	44.89%	The cost of electricity has grown more quickly than the benchmark based on customer growth and inflation.
6	720 - Materials & Supplies	7,949	14,233	-	14,233	6,284	79.06%	The increase in M & S is higher than the benchmark but this is a small account and small changes in the dollars can result in large percentage
7	731 - Contract Services - Engineering	-	7,000	-	7,000	7,000	N/A	The Company did not have any contract engineering services in 2004. Ni allocates its accounting expenses over all of its operating companies and the total allocated cost is more than the benchmark level.
8	732 - Contract Services - Accounting	13,781	32,142	-	32,142	18,361	133.23%	Ni allocates its legal expenses over all of its operating companies and the total allocated cost is less than the 2004 level.
9	733 - Contract Services - Legal	15,298	15,705	-	15,705	407	2.66%	
10	734 - Contractual Services - Mgmt. Fees	-	115,074	-	115,074	115,074	N/A	Since May 2008 the Company has used a contract operator, need of significant repairs. Ni has spent approximately \$265k on such repairs and expects this level of maintenance expense to continue for the foreseeable future. Other items in this account include repairs and restoration before May of 2008 of \$13k, purchase meter reading of \$5k, contract labor of \$7k, postage of \$3k, computer services of \$3k, and other of \$33k which, in the aggregate, have grown more than the benchmark based on customer growth and inflation.
11	736 - Contractual Services - Other	44,869	321,687	-	321,687	276,818	615.95%	Ni's allocated rents are less the 2004 level.
12	741 - Rental of Building/Real Prop.	9,472	10,730	-	10,730	1,258	13.28%	
13	742 - Rental of Equipment	124	-	-	-	(124)	-100.00%	Ni has not incurred any expense for rental of equipment.
14	750 - Transportation Expenses	11,427	8,859	-	8,859	(2,568)	-22.47%	Since May 2008 any transportation expenses are included in the cost of contract operations.
15	756 - Insurance - Vehicle	5,892	3,730	-	3,730	(2,262)	-37.75%	Since May 2008 any vehicle insurance costs are included in the cost of contract operations.
16	757 - Insurance - General Liability	6,593	3,708	-	3,708	(2,885)	-43.76%	Ni allocates its insurance expenses over all of its operating companies and the total allocated cost is less than the 2004 level.
17	758 - Insurance - Workman's Comp.	3,246	1,863	-	1,863	(1,385)	-42.64%	Ni allocates its insurance expenses over all of its operating companies and the total allocated cost is less than the 2004 level.
18	766 - Regulatory Commission Expenses - Amortization of Rate Case Expense	5,817	-	22,500	22,500	16,683	286.80%	The current estimated rate case expense to be amortized over 4 years is \$90,000. The previous rate case expense has been fully amortized.
19	770 - Bad Debt Expense	7,878	46,090	(20,351)	25,740	17,862	226.73%	Ni's actual expense has been running at or above 1.75% of revenue.
20	775 - Miscellaneous Expenses	34,091	37,311	-	37,311	3,220	9.44%	Miscellaneous expenses are below the 2004 level.
21								
22	TOTAL	\$ 856,876	\$ 1,302,104	\$ 53,725	\$ 1,355,829	\$ 498,953	58.23%	
23								
24	Total Customers (ERCs)	2,849			2,992	143	5.02%	
25								
26	Consumer Price Index - U	188.9			215.3	26.4	13.98%	
27						1,0502		
28	Benchmark Index, Increase in Customer ERCs					1,1398		
29	Increase in CPI					1,1870		
30								
31								
32	* Ni Florida LLC acquired the system in May of 2008. As such, the Company has not had a prior test year so 2004 data is used.							

Contractual Services

Florida Public Service Commission

Company: Ni Florida, LLC  
 Docket No.: 090182-SU  
 Historical Test Year Ended: December 31, 2008

Schedule: B-9 (Rev. 9/18/09)  
 Page 1 of 1  
 Preparer: Donald J. Clayton, P.E.

Explanation: Provide a complete list of outside services which were incurred during the test year. List by type of service, such as accounting, engineering or legal, and provide specific detail of work performed by each consultant and the associated cost breakdown by items. Provide amounts separated by system and method of allocation if appropriate. Specific detail is not necessary for charges which are less than 2% of the test year revenue for that system. Do not include rate case expense charges.

Line No.	(1) Consultant	(2) Type of Service	(3) Amount	(4) Description of Work Performed
1	WRH Consulting	731 - Contract Services - Engineering	\$ 7,000	Planning/Consulting
2		732 - Contract Services - Accounting		
3	Carlstedt, Nixon & Jackson	Direct	3,257	Accounting Services
4	Berie Lamberth, LLP	Allocated*	4,941	Tax Return Preparation
5	Joseph Darensbourg	Allocated*	326	Contract Accounting
6	Pricewaterhouse Coopers, LL	Allocated*	22,299	Annual Audit
7	Vicki Spitznagle	Allocated*	1,319	Contract Accounting
8		Total Contract Services - Accounting	32,142	
9		733 - Contract Services - Legal		
10	Rutledge, Ecenia & Hoffman	Direct	3,515	Legal Work
11	David C. Gilmore, Attorney	Direct	561	Legal Work
12	Baker Hostetter, LLP	Allocated*	231	General Corporate Matters
13	Rose, Sundstrom & Bently, LL	Allocated*	1,541	Customer Service Matters
14	Gardere Wynne Sewell, LLP	Allocated*	3,750	General Corporate Matters
15	Rutledge, Ecenia, Pumell & H	Allocated*	6,107	General Corporate Matters
16			15,705	
17	Florida Utility Group/KBHS	734 - Contractual Services - Mgmt. Fees	115,074	Third party operation of the system.
18		736 - Contractual Services - Other		
19	Florida Utility Group/KBHS	I & I	143,474	Inflow and Infiltration Repairs
20	Florida Utility Group/KBHS	Other R&M	121,297	General Repairs & Maintenance
21	C. Werner Electric	Renewal and Restoration	12,991	Repair/Rebuild Pumps
22	Arthur Price Septic	Renewal and Restoration	110	Line Flushing
23	Hudson Water Works	Purchased Meter Readings	7,420	Meter Readings for Billing Purposes
24	iDominium Corporation	Computer*	3,170	Computer Support
25		Other		
26	Various Day Laborers	Direct	8,885	Field work
27	Southeastern Payroll Services	Direct	1,964	Payroll Services
28	Sunshine State One Call	Direct	1,024	Locating lines service
29	Suncoast Fire & Safety	Direct	25	Fire Extinguisher Inspection
30	Florida Utility Group/KBHS	Direct	15,699	General Repairs & Maintenance
31	Tangibl LLC	Direct	1,568	Rate Analysis
32	Jamey A. Griffin	Allocated*	15	Receptionist
33	Houston City Temporaries	Allocated*	828	Receptionist
34	Office Team	Allocated*	1,284	Receptionist
35	Gary Stone	Allocated*	150	Employee Background Checks
36	TEG Staffing, Inc.	Allocated*	1,783	Receptionist
37			321,687	
40				
41				
42				
43				

\* Allocated to Ni Florida LLC - Sewer from Ni America Operating LLC.