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July 21, 2015

Art Graham, Chairman Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

Re: Ni Florida, LLC – Application for increase in water rates in Lee County and wastewater rates in Pasco County <u>Our File No. 43053.08</u>

Dear Chairman Graham,

This letter requests approval of the test year ended December 31, 2014 for Ni Florida, LLC ("Ni Florida" or "the utility") for increases in its water service rates in Lee County and for wastewater service rates in Pasco County. The utility intends to submit an application for general rate relief to the Florida Public Service Commission ("the Commission") no later than 30 days after approval of the requested test year.

Ni Florida's last request for general rate relief was processed by the Commission in docket number 130010-WS which resulted in the issue of PAA Order PSC-13-0611-PAA-WS on November 19, 2013. The current rates authorized for the utility are those established by the Commission in that case reduced by completed amortization of rate case expense from the utility's 2010 rate case. That reduction took effect in July of 2014.

The utility believes that the proposed base year and fiscal year ended December 31, 2014 is representative of current operations as expenses and rate base investment as reflected for the proposed test year (with the listed pro formas) are expected to remain consistent for the years during which the proposed new rates are expected to be in effect. As such, this proposed year should be utilized as the test period with certain pro forma adjustments. Those pro forma adjustments are primarily related to the inclusion of: (1) Art Graham, Chairman July 21, 2015 Page 2

improvements to the existing wastewater collection system and lift station which service existing customers in Pasco County and the related changes in depreciation and property tax expenses; (2) changes in both water and wastewater bulk service charges imposed by Lee County and Pasco County, respectively; (3) inclusion of rate case expense; (4) adjustment to bad debt expense; (5) adjustment to corporate overhead allocation; (6) inclusion of a provision for income taxes; and (7) several miscellaneous changes in costs which will be in effect during the life of the new service rates. There are no other major plant expansions or material changes in operational methods which have occurred in the most recent 18 months and none are expected in the next several years.

The utility also intends to seek interim rates based upon the historic test year.

Ni Florida, LLC therefore requests that the Commission issue its letter authorizing use of the test year ended December 31, 2014 for use in establishing new rates for the utility and authorize the utility to file its application within 30 days after issuance of the test year approval letter.

Should you or any members of your staff have any questions in this regard, please do not hesitate to contact me.

Sincerely,

SUNDSTROM & MIND

F. Marshall Deterding Of Counsel

FMD/brf