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VIA ELECTRONIC FILING

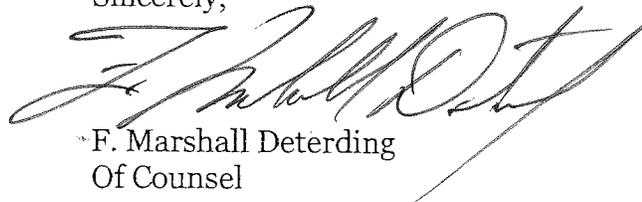
Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Ni Florida, LLC; Application for a Rate Increase in Pasco & Lee Counties, Florida
Docket No. 160030-WS; Response to Customer Concerns

Dear Ms. Stauffer,

Attached for your information and for that of the Commissioners and the Commission staff is the utility's attempt to address each of the concerns raised by the customers at the customer meeting for the Tamiami water system in North Fort Myers, Florida held on July 28, 2016. If you or any members of the staff have any questions in this regard, please let me know.

Sincerely,



F. Marshall Deterding
Of Counsel

FMD/brf

Enclosures

cc: Kyesha Mapp
Adam Hill
Sonica Bruce
Shannon Hudson
Todd Brown
Dale Buys
Cheryl Bulecza-Banks
Mr. Benny Wilkinson

Ni Florida, LLC
Response to Tamiami Customer Meeting Comments

Customer #1-Lynn Barber, 9271 DeSoto Drive – Miss Barber was mainly concerned with the percentage increase in rates. Ni Florida does not want to raise rates any more than it must to recover its expenses and earn a fair rate of return on its investment. The FPSC and most states have a formula for setting fair rates which allow each utility to recover its expenses dollar for dollar and earn a return on its investment which is based on its specific cost of capital. Miss Barber can take comfort in knowing that the FPSC and OPC audit and review rate filings to make a determination that only reasonable costs are allowed to be recovered and that all capital spending must be used and useful in providing utility service.

Customer #2-Charles Jones – 3360 Galaxy Way – Mr. Jones was also concerned with the percentage increase in rates and the underlying reasons for the rate increase. Mrs. Shannon Hudson of the FPSC Staff explained where the rate filing could be found to assist in answering some of his questions. Ni Florida would add that the rate filing is based on the minimum filing requirements of the FPSC, and it can be rather cumbersome and confusing to those now familiar with such requirements.

Customer #3 – Janet Corliss – 3316 galaxy Way – Mrs. Corliss was also concerned with the percentage rate increase, particularly when most customers filter the water before drinking it. The water is purchased in bulk from Lee County Utilities and is distributed to the Tamiami customers. Lee County Utilities must meet all applicable Federal and state drinking water standards. The water is tested to make sure it meets these standards.

Customer #4 – Ken Kryzstof – 9243 Caloosa Drive – Mr. Kryzstof was concerned that the customer meeting was held at a time when most of the Tamiami residents were away. Ni Florida does not include in its decision-making process for a rate filing whether or not customers will be available for the customer meeting. The meeting date is set by the FPSC, not by Ni Florida. The timing of the customer meeting was not intended to exclude anyone and all customers were noticed of the application and provided detailed information in the initial customer notice. Hopefully each of the customers who are away for the season will take an opportunity to review the information provided in the notices and additionally the information available at the local county public library and online at the PSC website in order to familiarize themselves with the underlying facts and to provide comments to the commission if needed.

Customer #5 – Barbara Oliveira – Manager of Tamiami Village Community and RV Park – Mrs. Oliveira read comments from customer Patricia Baker about trying to get a water valve fixed. Tamiami Village has had some gate valve style valves, which are located before the customer meter. Since Ni Florida purchased the utility in September 2008, many of these valves have been replaced, but there are still some of these gate valve style valves in service. It has been addressed in the operational and budget meeting that 60 valves will be replaced, targeting these older style valves and updating them with ¼ locking curb stop style valves. These new valves last a lot longer and allow the utility to also lock off homes that are vacant or disconnected. In the case of Mrs. Baker specifically, and also for many others, the customers are using the utility's valve to shut off the service to their homes. The customers have been instructed to

please call in and request the water service to be disconnected if they would like the utility valve shut off, or they have the ability to install valves on their side of the meter to use at their convenience. Although many customers do call in for disconnection and many do have their own valves, some continue to use the utility's valve to disconnect their water service. When this happens the utility does not have any record of the disconnected status of the property. In the case of Mrs. Baker the utility was not aware of the damaged valve because the customer had been operating the utility's valve herself. Had Mrs. Baker called in a request for disconnection because she was leaving town for the summer, the utility would have come out to disconnect the home, and if the valve was found nonfunctioning, it would have been replaced immediately.

Mrs. Oliveira also noted that it was difficult to go through the rate filing and determine which pages were related to water and which pages were related to wastewater. As mentioned previously, the format for the rate filing is set by the FPSC. Ni Florida merely follows the minimum rate filing requirements. She also questions the customer counts. While not entirely sure of the source of confusion, Mrs. Oliveira should take comfort in knowing that the FPSC audits the customer counts. She also questions the Bad Debt Expense amount. She explained that when property sales occur they contact the utility to get the balance on the water account so that it can be included in the closing documents. Ni Florida appreciates the assistance in making sure the utility balance is collected at closing, but there are instances other than property sales when a balance is bad and has not been paid for months. Again, Mrs. Oliveira can take comfort in knowing that Bad Debt Expense is audited and reviewed very closely by the FPSC Staff. Mrs. Oliveira also stated that Depreciation and Amortization are not real costs. While Ni Florida would agree that these are not cash expenses, they are nonetheless costs allowed for ratemaking by the FPSC. Depreciation is the mechanism whereby the utility recovers the cost of its investment in fixed assets, such as pipes, meters, valves, etc. Along this line, the FPSC audits all fixed assets of the utility, including office furniture. Mrs. Oliveira also expressed concern that the utility has not communicated with Tamiami management about coordinating any construction plans with the road repaving project. Ni Florida will ask the contract operator to improve communication, particularly any construction plans, with the Tamiami management and to also have their representative stop by and introduce himself to the Tamiami office staff. Mrs. Oliveira also had concerns about water main breaks/leaks. The issue of leaks in Phase I of the mobile home park was addressed recently following the association's proposal to repave all the streets within the park. The leaks/breaks in recent years have all been occurring in Phase I because of the existing poly piping in this section. This piping has caused problems with many utilities. Polybutylene piping which was installed primarily in the 1970s and 1980s has been the target of a class action lawsuit. It is a non-rated early generation poly tubing that has been known to have issues. Ni Florida has been coordinating and will continue to coordinate with the association to replace some of these poly service laterals which have caused problems, as well as coordinating the paving schedule with the association. This is an issue that is still being discussed, and Ni is investigating the best solution for the utility and the park. Ni will not have to excavate the roadways in order to replace any of these services, although existing lines under the road may be taken out of service to prevent any breaks that may affect the roadway. Lastly, there was a question about the Lee County Utility rate charged to Ni Florida for bulk water purchased from them. Below is Ni Florida's information for water purchases per 1,000 gallons:

<u>Date</u>	<u>Price</u>
10/01/11	\$3.46
10/01/12	\$3.67
10/01/13	\$3.75
10/01/14	\$3.84

No increase for 2015. An 11% increase for the 3-year period 10/01/11 thru 10/01/14.

Customer #6 – Sal Epton – 9112 Flamingo Circle – Wanted to know what Gross Sales Revenue was for Tamiami. As shown on Schedule B-1, Tamiami revenue for 2015 was \$243,169.

Customer #7 – Bill Brower – 3042 Saturn Circle – Mr. Brower was concerned with water line breaks, how quickly they were fixed, and who paid for the water lost before it was fixed. Ni Florida reported on Schedule F-1 in this rate filing that 21,460,000 gallons were purchased, 18,083,000 gallons were sold, 1,500,000 gallons were used for line flushing, leaving 1,877,000 gallons as lost or unaccounted for. This results in unaccounted for water of 8.75%. The American Water Works Association considers unaccounted for water of 10% or less to be the standard utilities should shoot for. Within this standard, Ni Florida believes it is appropriate for the customers to pay for this cost.

Ni Florida's policy/procedure on fixing leaks was requested. Below is Ni Florida's policy/procedure for leak response:

- As soon as the possible leak or break is called in, we dispatch the local technician to assess the leak. The local technician is almost always on-site within 30 minutes. Even when he is not already on the premises, he lives very close to the park.
- The technician then tries to determine the location and cause of the leak, and submits pictures to Utility Group of Florida or the on-call maintenance tech for assessment.
- If the leak is very large or is on a main, the valves are closed to stop the leak and to isolate the break.
- A utility maintenance crew is usually dispatched immediately to come make the repair. Usually line locates are called in and the crew is on site to make the repair within 3 hours.
- If the leak is very small in size and the source and or point of the leak cannot be found (i.e., there is moisture in the lawn or in the road way but no bubbling or leak source can be located because the break is too small), the maintenance crew is dispatched to begin work first thing the next morning. These breaks usually require street cutting and exploratory digging to locate, especially the small ones that have not yet exposed themselves. We try to limit the cutting and excavation for these tiny leaks because of noise and disturbance conflicts we have encountered working at night in the park. These leaks that have not exposed themselves often require many concrete driveway and road cuts to find them.
- If services were turned off and/or pressure was lost during the repair, we begin our boiled water notice procedures before restoring water service.