



May 30, 2008

Patti Daniel
Public Utilities Supervisor
Florida Public Service Commission
Bureau of Certification, Economics & Tariffs
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Docket No. 080183-WU, Joint Application for approval of transfer of Tamiami Village Water Company, Inc.'s water system and Certificate No. 388-W in Lee County to Ni Florida, LLC

Dear Ms. Daniel:

Ni Florida, LLC (Ni Florida) is pleased to submit the following response to your letter dated May 7, 2008, in which you advised that Ni Florida's transfer application was not deficient, and requested additional information.

1. Purchase Price. The three generally accepted methods to evaluate the market value of a business are 1) the Replacement Cost Method, (2) Historical Cost, and (3) the Income Approach. Depending on the age of the system, Ni Florida evaluates its acquisitions using a combination of the Income and Cost approaches to determine what price it will pay for a system. Rate base has not been established in over 10 years, therefore items that have been expensed for tax purposes may need to be reviewed to determine if they should have been more appropriately capitalized from a regulatory perspective. More importantly, Tamiami's water distribution system was built in the early 1980's, and as such, is close to being fully depreciated.

As a result we believe that the current rate base does not reflect an accurate market value for the utility. This suggests that an income statement approach is a more appropriate method to price the system. Water revenue for 2007 was \$208,744. Tamiami recently implemented an indexed rate increase. Projected revenue with current rates for the twelve months after acquisition is approximately \$245,000. Using the projected future revenues as a basis, Tamiami's utility assets would be acquired at approximately 3 times revenue, which is not inconsistent for utility acquisitions in the state by the Florida Governmental Utility Authority (FGUA) and others.

In addition, Ni Florida found the Tamiami system attractive because:

- a. It is an older system that most likely will need and benefit from future capital improvements. Ni Florida is committed to providing the highest possible service and pledges to maintain the system at or above its current standards.
- b. Our due diligence suggests that some of the customers would welcome experienced, professional service and management of the system, which we are committed to provide.
- c. We believe the system is located in an attractive area of the state with future growth potential and Ni Florida is currently in acquisition negotiations with other companies in the Fort Myers area.
- d. The system is easy to operate and has existing reasonable rates.

As noted in our application, Ni Florida does not, at this time, seek an acquisition adjustment to rate base or expenses as a result of its payment of the agreed-upon purchase price to Tamami for acquisition of its water distribution system.

2. Financial Ability. As of April 30, 2008, Ni Capital Management, LLC (Ni Management) has approximately \$14,000,000 of cash available for investment and operational purposes (see Exhibit A). Ni Florida acquired the assets of Hudson Utilities, Inc. on May 5, 2008, for approximately \$5.6 million; leaving \$8.4 million to support future operations and investment. Ni Management is majority owned by a private equity firm named MetalMark Capital LLC (MetalMark). MetalMark receives its funds from institutional investors and has numerous investments in several different industries. As a result, it is MetalMark's policy not to provide financial information on itself or any of its other investments; nor does MetalMark get involved in the day-to-day financial or operational management of its companies. Having said that, all potential investments by Ni Management are reviewed in great detail by MetalMark. All issues relating to the proposed acquisition are evaluated before MetalMark commits to an acquisition, including but not limited to: (1) rates and potential revenue, (2) future capital expenditures, (3) operations, and (4) existing rate base. Ni Management is currently working under an existing funding agreement with MetalMark that provides for future contributions far in excess of the money currently being held by Ni Management. While we are not at liberty to disclose such commitment, we are confident that Ni Management will continue to receive additional contributions on an as needed basis for the foreseeable future. MetalMark also receives monthly financials and receives ongoing operations updates via regularly scheduled board meetings.

3. **Technical Ability.** The 19 employees of Ni Management have over 162 years of experience managing and operating water and wastewater utilities, and over 73 years of other utility experience, for a combined total in excess of 235 years. Ni Florida has selected Florida Utility Group Holdings, LLC ("FUGH") as its contract operator for Tamiami Village Water Company, Inc. FUGH operates more than 120 water and wastewater systems, serving approximately 47,200 customers throughout Florida, and is experienced and knowledgeable regarding compliance with Florida regulatory requirements. The utilities operated range in size from 50 to 1,500 connections per system. See Exhibit B for Ni Management Experience and FUGH organizational charts.

4. **Territory Map.** Ni Florida will provide the Commission with a copy of any territory map it receives from the seller. Further, Ni Florida will provide the Commission with any particular territory map the Commission requests within 180 days of the close of this transaction. However, if substantial information is not available from the seller, current estimates from our surveyor suggest that a metes and bounds map of the service area could cost in excess of \$15,000. While Ni Florida is happy to assist the Commission, it remains cautious due to the substantial cost to create some territory maps. Ni Florida requests the Commission keep cost under consideration when making its request in order to prevent these costs from being passed on to the customer via future rate proceedings.

5. **Regulatory Assessment Fees.** As you requested, the seller's pro-rata share of the 2008 RAFs will be made payable to the Commission at the closing and Ni Florida will forward such payment to the Commission with notification that the sale has closed.

If the Commission has any further questions or comments in reference to this matter please contact me at (713) 574-7755.

Sincerely,



Ed Wallace
President
Ni Florida, LLC

CC:

Caroline Klancke, Esq.
Richard Redemann
Pat Brady
Office of Commission Clerk

Exhibit A

Ni America
Consolidated Financial Statements
As of and for the Four Months Ending April 30, 2008

<i>Balance Sheet</i>	Actual
Current Assets	
Cash	
Chasewood Bank Accounts	\$ 146,412
Amegy Bank Accounts	13,306,824
Restricted Cash	501,053
Total Checking/Savings	<u>13,954,289</u>
Other Current Assets	
Other Special Funds	5,000
Accts Rec from Customers	9,613
Prepayments	48,074
Total Other Current Assets	<u>62,688</u>
Total Current Assets	14,016,976
Fixed Assets	
Utility Property	321,609
Non-utility Property	127,621
Accumulated Depreciation	(21,449)
Total Property and Investments	<u>427,781</u>
Total Assets	<u><u>\$ 14,444,757</u></u>
Liabilities & Equity	
Liabilities	
Current & Accrued Liabilities	
Accounts Payable	\$ 104,788
Lease Liabilities	40,798
Customer Deposits	3,350
Accrued Taxes	1,023
Accrued Interest	339
Misc Current & Accrued Liabilities	25,288
Total Current & Accrued Liabilities	<u>175,586</u>
Long-Term Liabilities	
Long-Term Portion of Lease Liabilities	49,436
Total Long-Term Liabilities	<u>49,436</u>
Total Liabilities	225,022
Equity	
Member Equity	2 18,574,403
Other Paid-In Capital	3 -
Capital Stock Expense	(1,432,830)
Retained Earnings	(1,939,778)
Net Income (Loss)	(982,060)
Total Equity	<u>14,219,735</u>
Total Liabilities & Equity	<u><u>\$ 14,444,757</u></u>

Exhibit A

Ni America
Consolidated Financial Statements
As of and for the Four Months Ending April 30, 2008

<i>Income Statement</i>	Actual	Budget
Revenue	\$ 31,355	\$ 34,652
Expense		
Depreciation Expense	10,136	11,648
Interest Expense	2,591	2,415
Operation and Maintenance	911,883	1,051,982
Miscellaneous Expenses	72,411	74,855
Due Diligence Expenses	152,211	259,588
Capitalized Acquisition Costs	-	-
Total Expense	<u>1,149,233</u>	<u>1,400,488</u>
Net Ordinary Income/(Loss)	(1,117,878)	(1,365,836)
Other Income/Expense		
Transaction Expense	-	-
Other Income	135,819	179,200
Net Other Income/Expense	<u>135,819</u>	<u>179,200</u>
Net Income/(Loss)	<u>\$ (982,060)</u>	<u>\$ (1,186,636)</u>
<i>Statement of Cash Flow</i>		
Operating		
Net Income	\$ (982,060)	
Depreciation Expense	10,136	
Working Capital	(392,025)	
Net cash provided by (used in) Operating Activities	<u>(1,363,948)</u>	
Investing		
Investment in/Advances to Affiliates	-	
Fixed Assets	(40,941)	
Other Special Deposits	(5,000)	
Net cash provided by (used in) Investing Activities	<u>(45,941)</u>	
Financing		
Amegy Bank Capital Lease	(13,951)	
Member Equity	-	
Capital Stock Expense	-	
Net cash provided by (used in) Financing Activities	<u>(13,951)</u>	
Net cash increase (decrease) for period	<u>(1,423,840)</u>	
Cash at beginning of period	15,378,129	
Cash at end of period	<u>\$ 13,954,289</u>	

Ni America
Consolidating Financial Statements
As of and for the Four Months Ending April 30, 2008

Balance Sheet	NI Cap Mgmt	NI Am Op	NI Am TX	Shaded Lane	NI MS	NI FL	Hudson Util.	NI AZ	NI AZ Util	NI LA	NI NC	NI PA	NI SC	NI Am TX Dev	Elim JE	Total
Current Assets																
Cash																
Chasewood Bank Accounts	\$ -	\$ 120,161	\$ 26,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,412
Amegy Bank Accounts	13,306,824	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,306,824
Restricted Cash	501,053	-	-	-	-	-	-	-	-	-	-	-	-	-	-	501,053
Total Checking/Savings	13,807,877	120,161	26,251	-	-	-	-	-	-	-	-	-	-	-	-	13,954,289
Other Current Assets																
Other Special Funds	-	-	-	-	-	-	5,000	-	-	-	-	-	-	-	-	5,000
Accts Rec from Customers	-	-	-	9,613	-	-	-	-	-	-	-	-	-	-	-	9,613
Accts Rec from Assoc Co - Shaded Lane	-	44,175	4,199	-	-	-	-	-	-	-	-	-	-	-	(48,374)	1
Accts Rec from Assoc Co - Hudson Utilities	-	6,801	-	-	-	-	-	-	-	-	-	-	-	-	(6,801)	1
Prepayments	14,041	29,892	-	4,141	-	-	-	-	-	-	-	-	-	-	-	48,074
Total Other Current Assets	14,041	80,868	4,199	13,755	-	-	5,000	-	-	-	-	-	-	-	(55,175)	62,688
Total Current Assets	13,821,918	201,029	30,450	13,755	-	-	5,000	-	-	-	-	-	-	-	(55,175)	14,016,976
Investment in Assoc Co. - Ni America Operating	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	(100,000)	2
Investment in Utility Co. - Shaded Lane	266,690	-	-	-	-	-	-	-	-	-	-	-	-	-	(266,690)	3
Advances to affiliates - Ni America Operating	3,124,682	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,124,682)	2
Advances to affiliates - Ni America Texas	1,452	-	-	28,433	-	-	-	-	-	-	-	-	-	-	(29,885)	4
Advances to affiliates - Ni Florida	3,596	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,596)	4
Advances to affiliates - Ni Mississippi	963	-	-	-	-	-	-	-	-	-	-	-	-	-	(963)	4
Advances to affiliates - Ni Louisiana	806	-	-	-	-	-	-	-	-	-	-	-	-	-	(806)	4
Advances to affiliates - Ni Arizona	882	-	-	-	-	-	-	-	-	-	-	-	-	-	(882)	4
Advances to affiliates - Ni NC	695	-	-	-	-	-	-	-	-	-	-	-	-	-	(695)	4
Advances to affiliates - Ni PA	765	-	-	-	-	-	-	-	-	-	-	-	-	-	(765)	4
Advances to affiliates - Ni SC	576	-	-	-	-	-	-	-	-	-	-	-	-	-	(576)	4
Advances to affiliates - Ni Am TX Development	26,990	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,990)	4
Advances to affiliates - Ni AZ Utilities, Inc.	821	-	-	-	-	-	-	-	-	-	-	-	-	-	(821)	4
Fixed Assets																
Utility Property	-	-	-	295,105	-	-	-	-	-	-	-	-	-	26,503	-	321,609
Non-utility Property	-	127,621	-	-	-	-	-	-	-	-	-	-	-	-	-	127,621
Accumulated Depreciation	-	(16,974)	-	(4,475)	-	-	-	-	-	-	-	-	-	-	-	(21,449)
Total Property and Investments	3,528,916	110,647	-	319,064	-	-	-	-	-	-	-	-	-	26,503	(3,557,349)	427,781
Total Assets	\$ 17,350,833	\$ 311,676	\$ 30,450	\$ 332,819	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,503	\$ (3,612,524)	\$ 14,444,757
Liabilities & Equity																
Liabilities																
Current & Accrued Liabilities																
Accounts Payable	\$ -	\$ 100,589	\$ 4,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,788
Lease Liabilities	-	40,798	-	-	-	-	-	-	-	-	-	-	-	-	-	40,798
A/P to Assoc Co. - Ni America Operating	-	-	-	44,175	-	-	6,801	-	-	-	-	-	-	-	(50,976)	1
A/P to Assoc Co. - Ni America Cap Mgmt	-	-	1,452	-	963	3,596	-	882	821	806	695	765	576	26,990	(37,544)	4
A/P to Assoc Co. - Ni Am Texas	-	-	-	4,199	-	-	-	-	-	-	-	-	-	-	(4,199)	1
A/P to Assoc Co. - Shaded Lane	-	-	28,433	-	-	-	-	-	-	-	-	-	-	-	(28,433)	4
Customer Deposits	-	-	-	3,350	-	-	-	-	-	-	-	-	-	-	-	3,350
Accrued Taxes	-	-	-	1,023	-	-	-	-	-	-	-	-	-	-	-	1,023
Accrued Interest	-	-	-	339	-	-	-	-	-	-	-	-	-	-	-	339
Due to Metalmark/Mike Fiuzat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc Current & Accrued Liabilities	-	-	-	25,288	-	-	-	-	-	-	-	-	-	-	-	25,288
Total Current & Accrued Liabilities	-	141,387	34,084	78,375	963	3,596	6,801	882	821	806	695	765	576	26,990	(121,152)	175,586
Long-Term Liabilities																
Long-Term Portion of Lease Liabilities	-	49,436	-	-	-	-	-	-	-	-	-	-	-	-	-	49,436
Total Long-Term Liabilities	-	49,436	-	-	-	-	-	-	-	-	-	-	-	-	-	49,436
Total Liabilities	-	190,823	34,084	78,375	963	3,596	6,801	882	821	806	695	765	576	26,990	(121,152)	225,022
Equity																
Member Equity	18,574,403	3,224,682	-	-	-	-	-	-	-	-	-	-	-	-	(3,224,682)	2
Other Paid-In Capital	-	-	-	266,690	-	-	-	-	-	-	-	-	-	-	(266,690)	3
Capital Stock Expense	(1,432,830)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,432,830)
Retained Earnings	92,609	(2,030,866)	(775)	809	(275)	(1,280)	(1,801)	(882)	(821)	(806)	(695)	(765)	(576)	(487)	-	(1,939,778)
Net Income (Loss)	116,652	(1,072,963)	(2,859)	(13,056)	(688)	(2,316)	(1,801)	(882)	(821)	(806)	(695)	(765)	(576)	(487)	-	(982,060)
Total Equity	17,350,833	120,853	(3,634)	254,444	(963)	(3,596)	(1,801)	(882)	(821)	(806)	(695)	(765)	(576)	(487)	(3,491,372)	14,219,735
Total Liabilities & Equity	\$ 17,350,833	\$ 311,676	\$ 30,450	\$ 332,819	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,503	\$ (3,612,524)	\$ 14,444,757

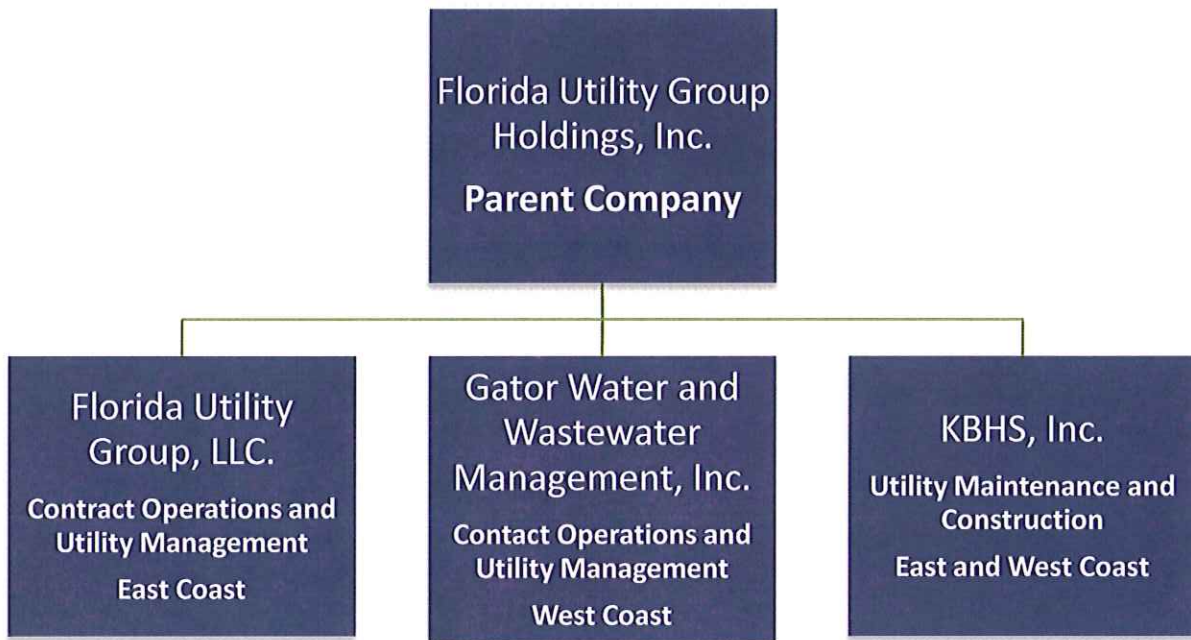
Ni America
Consolidating Financial Statements
As of and for the Four Months Ending April 30, 2008

Income Statement	Ni Cap Mgmt	Ni Am Op	Ni Am TX	Shaded Lane	Ni MS	Ni FL	Hudson Util.	Ni AZ	Ni AZ Util	Ni LA	Ni NC	Ni PA	Ni SC	Ni Am TX Dev	Elim JE	Total
Revenue	\$ -	\$ -	\$ -	\$ 31,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,355
Expense																
Depreciation Expense	-	6,320	-	3,816	-	-	-	-	-	-	-	-	-	-	-	10,136
Interest Expense	-	2,540	-	51	-	-	-	-	-	-	-	-	-	-	-	2,591
Operation and Maintenance	18,415	850,809	2,208	38,326	200	200	1,725	-	-	-	-	-	-	-	-	911,883
Miscellaneous Expenses	-	61,834	651	2,217	488	2,116	76	882	821	806	695	765	576	487	-	72,411
Due Dilligence Expenses	-	152,211	-	-	-	-	-	-	-	-	-	-	-	-	-	152,211
Capitalized Acquisition Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense	18,415	1,073,714	2,859	44,410	688	2,316	1,801	882	821	806	695	765	576	487	-	1,149,233
Net Ordinary Income/(Loss)	(18,415)	(1,073,714)	(2,859)	(13,056)	(688)	(2,316)	(1,801)	(882)	(821)	(806)	(695)	(765)	(576)	(487)	-	(1,117,878)
Other Income/Expense																
Transaction Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	135,067	751	-	-	-	-	-	-	-	-	-	-	-	-	-	135,819
Net Other Income/Expense	135,067	751	-	-	-	-	-	-	-	-	-	-	-	-	-	135,819
Net Income/(Loss)	\$ 116,652	\$ (1,072,963)	\$ (2,859)	\$ (13,056)	\$ (688)	\$ (2,316)	\$ (1,801)	\$ (882)	\$ (821)	\$ (806)	\$ (695)	\$ (765)	\$ (576)	\$ (487)	\$ -	\$ (982,060)
Statement of Cash Flow																
Operating																
Net Income	\$ 116,652	\$ (1,072,963)	\$ (2,859)	\$ (13,056)	\$ (688)	\$ (2,316)	\$ (1,801)	\$ (882)	\$ (821)	\$ (806)	\$ (695)	\$ (765)	\$ (576)	\$ (487)	\$ -	\$ (982,060)
Depreciation Expense	-	6,320	-	3,816	-	-	-	-	-	-	-	-	-	-	-	10,136
Working Capital	(345,291)	(90,419)	29,110	36,885	688	2,316	6,801	882	821	806	695	765	576	26,990	(63,647)	(392,025)
Net cash provided by (used in) Operating Activities	(228,639)	(1,157,062)	26,251	27,645	-	-	5,000	-	-	-	-	-	-	26,503	(63,647)	(1,363,948)
Investing																
Investment in/Advances to Affiliates	(1,337,084)	-	-	(28,433)	-	-	-	-	-	-	-	-	-	-	1,365,517	-
Fixed Assets	-	(1,353)	-	(13,085)	-	-	-	-	-	-	-	-	-	(26,503)	-	(40,941)
Other Special Deposits	-	-	-	-	-	-	(5,000)	-	-	-	-	-	-	-	-	(5,000)
Net cash provided by (used in) Investing Activities	(1,337,084)	(1,353)	-	(41,518)	-	-	(5,000)	-	-	-	-	-	-	(26,503)	1,365,517	(45,941)
Financing																
Amegy Bank Capital Lease	-	(13,951)	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,951)
Member Equity	-	1,287,998	-	13,873	-	-	-	-	-	-	-	-	-	-	(1,301,871)	-
Capital Stock Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) Financing Activities	-	1,274,047	-	13,873	-	-	-	-	-	-	-	-	-	-	(1,301,871)	(13,951)
Net cash increase (decrease) for period	(1,565,723)	115,632	26,251	-	-	-	-	-	-	-	-	-	-	(0)	(1,301,871)	(1,423,840)
Cash at beginning of period	15,373,600	4,529	-	-	-	-	-	-	-	-	-	-	-	-	-	15,378,129
Cash at end of period	\$ 13,807,877	\$ 120,161	\$ 26,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ -	\$ 13,954,289

Exhibit B**Ni Management Years Experience**

<u>Employee</u>	<u>Title</u>	<u>Water & Wastewater Experience</u>	<u>Utility Experience</u>	<u>Total</u>
Pete Moerbeek	Chief Executive Officer	12	6	18
Ed Wallace	Chief Financial Officer	11	19	30
Mark Myers	Senior Vice President Business Development	11		11
Mike Miller	Manager Business Development	7	8	15
Andy Thomas	Vice President Due Diligence & Capital Improvements	20		20
Anthony Wisecup	Due Diligence & Capital Improvements Coordinator	16		16
Carey Thomas	Senior Vice President Human Resources	11		11
Mike Ashfield	Director Financial Due Diligence	8		8
David Lombardi	Manager Acquisitions	5		5
Bob Haas	Vice President Operations	29		29
Craig Sherwood	Manager Operations	24		24
Benny Wilkinson	Director Financial Due Diligence	3	25	28
Nathan Johnson	Senior Financial Analyst Acquisitions & Due Diligence	1	3	4
Vicki Spitznagle	Manager Accounting	4	12	16
	Total	162	73	235

FUGH – Organizational Chart



Florida Utility Group – Organizational Chart

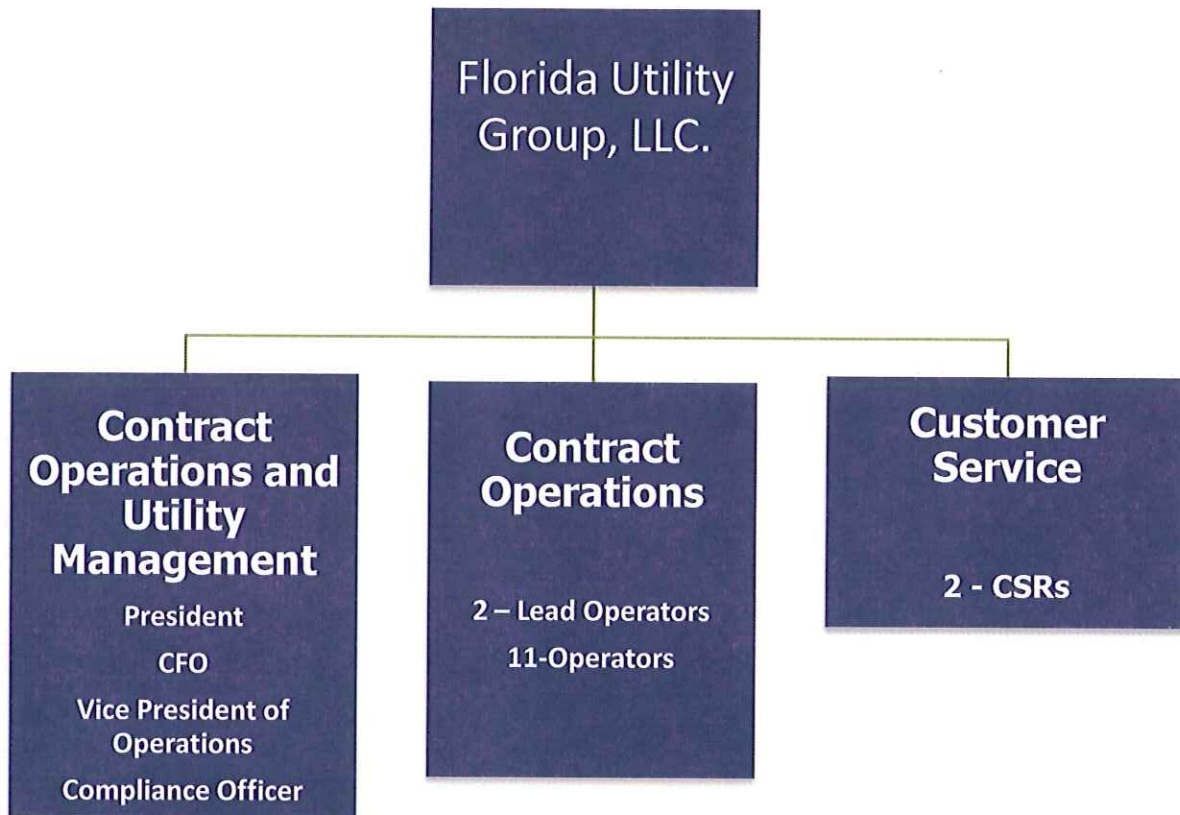
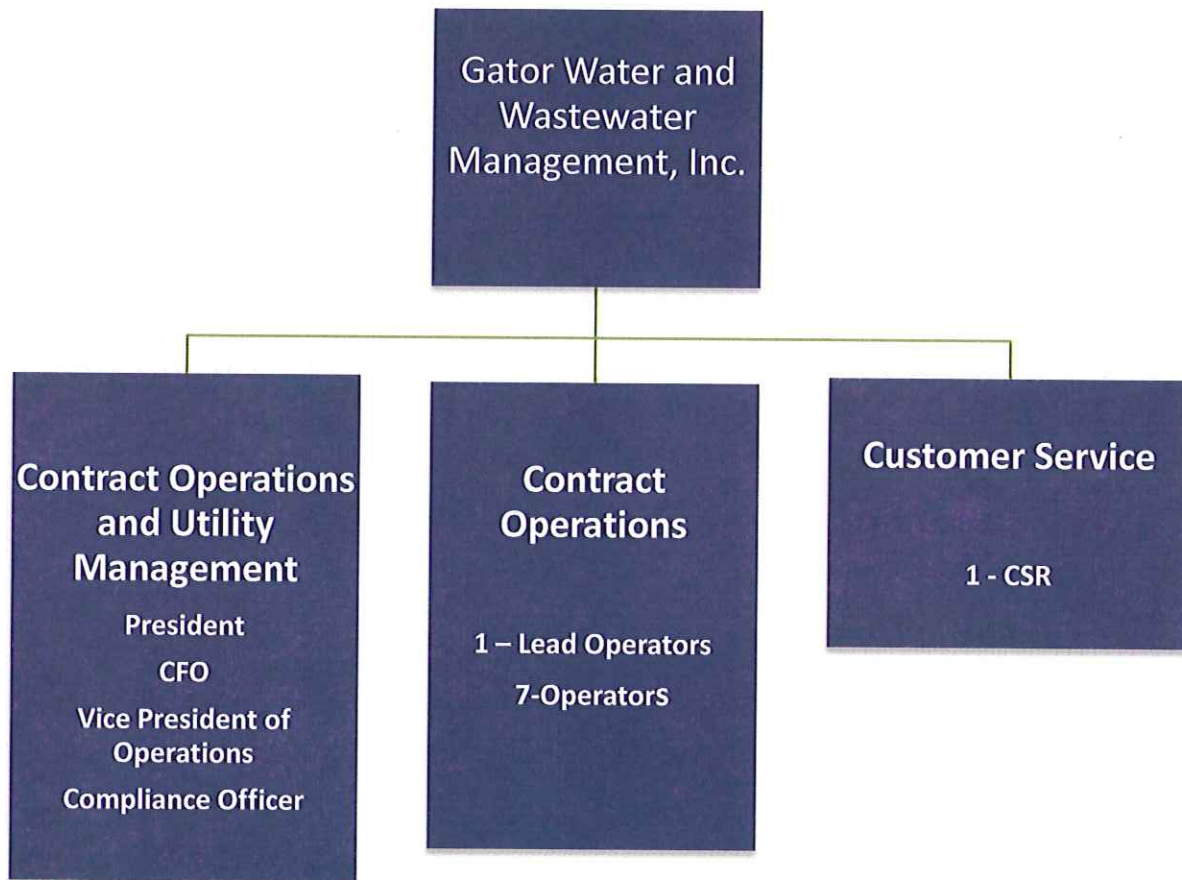


Exhibit B

Gator Water and Wastewater Management – Organizational Chart



KBHS – Organizational Chart

