

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 12, 2013

TO: Office of Commission Clerk (Cole)

FROM: Division of Engineering (Rieger) *SDR N/D*
Office of Economics (Hudson, Bruce) *AB*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 130010-WS – Application for increase in water rates in Lee County and wastewater rates in Pasco by Ni Florida, LLC.

AGENDA: 04/25/13 – Regular Agenda – Suspension of Rates – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: 04/28/13 (Statutory deadline for suspension of rates)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ENG\WP\130010.RCM.DOC

RECEIVED-FPSC
13 APR 12 AM 10:57
COMMISSION
CLERK

Case Background

Ni Florida, LLC (Ni Florida or Utility) is a Class A utility serving approximately 743 water connections in Lee County and 2,739 wastewater connections in Pasco County. Water rates were last established for this Utility in 2011.¹ Wastewater rates were last established for this Utility in 2010.² On February 27, 2013, Ni Florida filed an application with the Florida Public Service Commission (Commission) for an increase in its rates and charges for water and

¹ See Order No. PSC-11-0199-PAA-WU, issued April 22, 2011, in Docket No. 100149-WU, In re: Application for increase in water rates in Lee County by Ni Florida, LLC.

² See Order No. PSC-10-0168-PAA-SU, issued March 23, 2010, in Docket No. 090182-SU, In re: Application for increase in wastewater rates in Pasco County by Ni Florida, LLC.

DOCUMENT NUMBER-DATE

01901 APR 12 12

FPSC-COMMISSION CLERK

wastewater service. Accompanying the Utility's application were minimum filing requirement schedules (MFRs) required by Section 367.081 Florida Statutes (F.S.), and Rule 25-3.437, Florida Administrative Code (F.A.C.).

Staff identified several deficiencies in the Utility's MFRs. As of the filing of this recommendation, those deficiencies remain outstanding. The Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and did not request interim rates. The historic test year established for final rates is the period ended September 30, 2012.

The recommendation addresses the suspension of Ni Florida's requested final rates. The Commission has jurisdiction pursuant to Section 367.081, F.S.

Discussion of Issues

Issue 1: Should the Utility's proposed final water and wastewater rates be suspended?

Recommendation: Yes. Ni Florida's proposed final water and wastewater rates should be suspended. (Hudson, Bruce)

Staff Analysis: Section 367.081(6), F.S., provides that the Commission may, for good cause, withhold consent to the implementation of the requested rates within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months from the official date of filing if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the Utility. It should be noted that because the Utility's MFRs to this docket have been determined deficient, an official date of filing has not yet been established. The MFR Corrections are due April 30, 2013.

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff believes that it is necessary to require further investigation of this information, including on-site investigations by staff accountants and engineers. To date, staff has initiated an audit of Ni Florida's books and records, as well as an audit of Ni America, Inc., the Utility's parent, to examine allocated investment and operating expenses. Both of these audits are tentatively due on May 9, 2013. In addition, staff sent its first data request on April 5, 2013. The Utility's responses to these data requests are due on May 6, 2013. Further, staff believes additional requests will be necessary to process this case. Based on the foregoing, staff recommends suspension of the Utility's proposed rate increase.

Docket No. 130010-WS

Date: April 12, 2013

Issue 2: Should this docket be closed?

Recommendation: No. Docket No. 130010-WS should remain open pending the Commission's final action on Ni Florida's application for increases in rates and charges for water and wastewater services. (Brownless)

Staff Analysis: Docket No. 130010-WS should remain open pending the Commission's final action on Ni Florida's application for increases in rates and charges for water and wastewater services.