

## Crystal Card

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**Sent:** Friday, October 11, 2013 1:30 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** Docket No. 130010-WS  
**Attachments:** Ni Florida. Oct.11.2013.pdf

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

Person responsible for filing:  
Marsha E. Rule, contact information below.

Filed on behalf of Ni Florida, LLC

2pages; letter responding to Staff data request

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October 11, 2013

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

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

Dear Ms. Cole:

Ni Florida, LLC, hereby responds to a Staff data request regarding elder valve expense:

Ni Florida cannot control the flow of water into its customers' locations, and therefore must physically disconnect service when customers fail to pay their bills. Once an elder valve is installed, the company may readily disconnect and reconnect service. Although a water provider has no obligation (and likely no legal right) to cease service to its paying customer upon Ni Florida's request, Ni Florida nevertheless investigated this possibility. Ni Florida was advised by a water service provider that serves Ni Florida's customers that it would not be willing to turn off water service upon Ni Florida's request.

During the test year 10/01/2011 through 09/30/2012, Ni Florida was forced to install 121 elder valves to disconnect customers who failed to pay their bills, at a cost of \$65,546. During the period 10/01/2012 through 08/31/2013, Ni Florida installed 59 more elder valves at a cost of \$32,688. The company's bad debt expense was \$74,595 during the test year and \$72,230 for the period 10/01/2012 through 08/31/2013.

For various reasons, Ni Florida does not expect an immediate reduction in bad debt expense following installation of an elder valve. For example, there is a timing delay between installation of the valve and collection from the customer. Further, some customers may move away, but the elder valve remains in place for collection efforts with the next customer.

Bad debt expense is a financial statement item to adjust the balance sheet receivable amount to approximate the amount of past billings which will never be collected. It is therefore

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not reliable or efficient to use it to compare a single period's installation of elder valves to collections. Bad debt expense may rise during the period, but would have risen more, but for the elder valves.

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

Sincerely,



Martin P. McDonnell

MPM/vp  
Enclosures  
cc:

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