

Ruth Nettles

090182-SU

From: Trina Collins [TCollins@RSBattorneys.com]
Sent: Monday, December 14, 2009 1:58 PM
To: Filings@psc.state.fl.us
Cc: donald.clayton@tangibl.com; Bart Fletcher; Curt Mouring; ewallace@niamerica.com; BWilkinson@niamerica.com; Martin Friedman; Christian W. Marcelli; Trina Collins
Subject: Filing in Docket No. 090182-SU; Ni Florida, LLC's Application for Increase in Wastewater Rates in Pasco County, Florida
Importance: High
Attachments: PSC Clerk 15 (Response to Audit Report).ltr.pdf

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- b. Docket No.: 090182-SU; Ni Florida, LLC's Application for Increase in Wastewater Rates in Pasco County, Florida - Filing Ni Florida, LLC's response to Staff's Audit Report, Audit Control No. 09-243-2-1, dated November 9, 2009.
- c. Ni Florida, LLC
- d. 14 Pages.
- e. Letter to Commission Clerk – 1 page; and response to Ni Florida Hudson Rate Case Audit Report – 13 pages.

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REPLY TO CENTRAL FLORIDA OFFICE

December 14, 2009

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

RE: Docket No. 090182-SU; Ni Florida, LLC's Application for Increase in Wastewater Rates in Pasco County, Florida
Our File No.: 43053.03

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is Ni Florida, LLC's response to Staff's Audit Report, Audit Control No. 09-243-2-1, dated November 9, 2009.

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

Very truly yours,



CHRISTIAN W. MARCELLI
For the Firm

CWM
Enclosures

cc: Mr. Donald Clayton (w/enclosures) (via e-mail)
Mr. Bart Fletcher, Division of Economic Regulation (w/enclosures) (via e-mail)
Mr. Curt Mouring, Division of Economic Regulation (w/enclosures) (via e-mail)
Ed Wallace, President (w/enclosures) (via e-mail)
Mr. Benny Wilkinson (w/enclosure) (via e-mail)

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Response to Ni Florida Hudson Rate Case Audit Report

Ni Florida, LLC has reviewed the Audit Report related to the Ni Florida, LLC – Hudson rate filing in Docket No. 090182-SU. Audit Findings No. 1, 2, 3, 4 and 5 are either acceptable to Ni Florida or it makes no comment on them. Ni Florida disagrees with and makes the following comments on Audit Findings No. 6, 7, 8 and 9.

Audit Finding No. 6

Audit Finding No. 6 proposes adjustments to both depreciation expense and amortization expense. Ni Florida calculated depreciation expense by taking the fixed asset balance for each asset and calculating depreciation over the life of each individual asset. This is a reasonable and systematic way of depreciating fixed assets. Ni Florida calculated amortization of CIAC by continuing to amortize historical CIAC at the same amount as was done by the Sellers in prior years. Ni Florida feels that Audit Staff's proposed adjustment utilizing a composite depreciation rate multiplied by the CIAC balance is more difficult and complicated than it needs to be. It causes a new amortization rate to be calculated at the end of every year, irrespective of the change in fixed assets and CIAC. Ni Florida believes its calculation of both depreciation and amortization expense should be utilized in this docket without change.

Audit Finding No. 7

Audit Finding No. 7 found the Corporate Overhead Expense allocation for salaries and benefits to be too high by \$81,097. Before going into detail regarding Ni Florida's response to the finding, we believe that it is important to explain how overhead from Ni America was allocated to Ni Florida and its Hudson system for the year ended December 31, 2008. Overhead was allocated to Ni America subsidiaries in all state jurisdictions as follows:

Step 1 – Determination on an employee-by-employee basis of the time spent by Ni America employees on corporate (non-acquisition) functions (e.g., administrative, management, capital projects, accounting, etc.). In summary, that analysis resulted in the following:

Total Ni America Salaries for the year ended 2008	\$ 1,295,813
% allocated to corporate functions	<u>50.30%</u>
Ni America Salaries to be allocated to subsidiaries	<u>\$ 651,828</u>

Step 2 – Apply the same allocation factor to all other non-acquisition overhead and miscellaneous expenses and add it the Ni America Salaries to be allocated above:

Total Ni America non-acquisition overhead for the year ended 2008	\$	649,403
Misc. Expenses		109,688
Allocable overhead	\$	759,091
% allocated to corporate functions		50.30%
Ni America overhead and misc. expenses to be allocated to subsidiaries		381,843
Salaries from above		651,828
Total amount to be allocated	\$	1,033,671

Step 3 – Apply the amount to be allocated to subsidiaries using either ERCs or the “Massachusetts” three factor formula (in our case the average of the allocations based on Revenue, Fixed Assets, and O&M). Applying those allocation methods to the Hudson system resulted in the following overhead allocations:

Massachusetts formula	\$	921,617
ERC's	\$	785,433

Step 4 – Choose an allocation method and allocate it to the subsidiaries. Ni America recognized that 2007 and 2008 were years for which Ni America was still in its infancy. Ni researched total O&M percentages for the companies it was considering acquiring in all jurisdictions. The results were that total O&M expenses (including overhead) ranged from 60% to 90% of utility revenue. Applying those percentages to our utilities suggested an overhead range of 15% to 45%. So as not to overburden any of its subsidiaries, Ni America decided to limit overhead to its subsidiaries to approximately 20% of revenue.

Ni America provided the Audit Staff in Response to Question 1 of Request Number 4 with a list of the eight Ni America Operating, LLC employees in 2009 whose salaries and benefits would be allocable to Hudson. However, during the test year there were twenty (20) employees whose salaries and benefits would be allocable to Hudson, not eight, as included in the aforementioned response. Audit Staff took the position that overhead should be limited to only those eight employees. Ni Florida believes that it responded too narrowly in its response, not realizing that Audit Staff would misinterpret such and misapply this information to the Corporate Overhead Expense allocation. Ni America still believes that the rate case should be presented on the 2008 test year basis. Having said that, if the aforementioned analysis was prepared using only those employees included in the Utility's response to Audit Staff, then Step 3 would result in

an amount to be allocated to Ni Florida in excess of the self-imposed 20% cap on the Utility's revenue.

Ni Florida is providing an updated response to Question 1 of Request Number 4 to include all twenty (20) employees whose salaries and benefits would be allocable to Hudson (see Attachment A). Ni Florida believes the Corporate Overhead Expense allocation presented in Schedule B-12 is proper and should be utilized in the Hudson rate filing without change.

Audit Finding No. 8 - Item 1

In Audit Finding No. 8 - Item 1, Audit Staff recommends a reclassification of \$176,297 of test year maintenance expense to plant in service with related adjustments for accumulated depreciation and depreciation expense. Audit Staff erred in recommending the reclassification of \$176,297 because the nature of the work performed was truly maintenance and not capital.

Hudson Utilities was established on March 20, 1969. Growth in the once vibrant Hudson area is now virtually stagnant with few, if any, new customers and associated plant being added. Existing fixed assets consist of mains, laterals, service lines, man holes and lift stations that have been added during that forty year period or predated that period with similar assets contributed to Hudson by the county. Ni America acquired Hudson in May 2008. During the test year period and continuing through today and the foreseeable future, Ni America has embarked on a comprehensive program to fix inflow and infiltration ("I & I") issues throughout the system. While the number of dollars spent is high, the nature of the work performed constitutes repairs because no new units of property were added. Instead, rather small sections of mains, laterals, service lines, man holes and lift stations were patched or repaired. While the specific reasons why the work performed was not capitalized are explained on Attachment B (Analysis of Repair and Maintenance Invoices) for each invoice, Ni Florida believes it properly followed NARUC accounting as indicated below:

In general, the work was charged to maintenance because there were no retirement units replaced or any new minor items added. This is the criteria for capitalization under the NARUC Uniform System of Accounts for Sewer Utilities (USOA) under Accounting Instruction 27. Accounting Instruction 27 of the NARUC USOA states the following:

- A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of utility plant, all property shall be considered as consisting of (1) retirement units and (2) minor items of property. Each utility shall use such list of retirement units as is in use by it at

the effective date hereof or as may be prescribed by the Commission, with the option, however, of using smaller units, provided the utility's practice in this respect is consistent.

B. The addition and retirement of retirement units shall be accounted for as follows:

- (1) When a retirement unit is added to the utility plant, the cost thereof shall be added to the appropriate utility plant account, except that when units are acquired in the acquisition of any utility plant constituting an operating system, they shall be accounted for as provided in Instruction 21.
- (2) When a retirement unit is retired from utility plant, with or without replacement, the book cost thereof shall be credited to the utility plant account in which it is included, determined in the manner set forth in paragraph D, below. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to utility plant shall be charged to the accumulated depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such accumulated depreciation account.

C. The addition and retirement of minor items of property shall be accounted for as follows:

- (1) When a minor item of property which did not previously exist is added to plant and a substantial addition results, the cost thereof shall be accounted for in the same manner as for the addition of a retirement unit, as set forth in paragraph B(1), above, otherwise the charge shall be to the appropriate maintenance expense account.
- (2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the utility plant account in which it is included; and, in the event the minor item is a part of a depreciable plant, the account for accumulated depreciation shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for when such unit is retired, no separate credit to the property account is required.

- (3) When a minor item of depreciable property is replaced independently of the retirement unit of which it is a part, the cost of replacement shall be charged to the maintenance expense account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate utility plant account.

None of the work performed resulted in substantial betterments; rather it restored the proper function of the underlying infrastructure (e.g., repaired leaks, fixed equipment, etc.). Ni Florida has committed to bringing the system to a state of good repair and is currently in the second year of a five-year repairs and maintenance program that will cost more than \$1 million to complete. If Ni Florida is forced to capitalize these costs the Company will have no choice but to file for annual rate increases to recover these costs, which unduly burdens both Ni Florida, the Florida Public Service Commission, and Staff. Capitalization of these costs will actually result in higher customer rates over the long-term because Ni Florida will be entitled to earn a return on its investment and to recover rate case expenses for multiple rate filings.

Given the NARUC criteria for capitalization, the nature of the work performed, and the long term impact on customers, proposed Audit Finding No. 8 - Item 1, should be rejected.

Audit Finding No. 8 – Item 2

In Audit Finding No. 8 – Item 2, Audit Staff found that \$3,210 of invoiced costs expensed by Ni Florida should have been capitalized and amortized over four years. Ni Florida believes that the \$3,210 of invoiced costs related to signs and stickers should remain as an expense due to the relatively small amount of the cost involved. However, in lieu of such treatment, it would seem fair to include the unamortized balance in rate base so that Ni Florida could earn a return on its investment.

Audit Finding No. 9

In Audit Finding No. 9 Audit Staff found that the following should not be included in the test year:

- Item No. 1 – the adjustment to reflect corrected billing for wastewater purchased from Pasco County in the amount of \$48,236,

- Item No. 2 - the adjustment to annualize the expected increase of \$653 in electricity costs,
- Item No. 3 - the adjustment to annualize the expected increase of \$2,687 in purchased sewer treatment costs, and
- Item No 4 - the adjustment to include one fourth of rate case expense in operating expense in the amount of \$22,500.

For Item No. 1, Ni Florida observed that the wastewater flowing through the Flounder Drive lift station during June, July, August, and September 2008 had been 1,087,000 gallons each month, while flows for October, November, and December 2008 were 37,000 gallons, 39,000 gallons, and 33,000 gallons, respectively. However, after flows of 49,000 gallons, 38,000 gallons, and 34,000 gallons in January, February, and March 2009, the flow increased to 3,453,000 gallons in April 2009.

Ni was informed the master meter was broken in the June through September 2008 time frame and the county billed an estimated 1,087,000 gallons each month. Then, when the meter was replaced, the readings were input at the wrong constant and should have been 100 times their values from October 2008 through March 2009, as indicated by the 3,453,000 gallons usage reading for April 2009. Thus, the Utility took the October through December usages and increased them by a factor of 100, subtracted the original usage amounts, then multiplied the result by the price charged by Pasco County of \$4.47/1,000 gallons. This resulted in an increase of \$48,235.77. Attachment C shows the calculation of this increased amount.

For Items No. 2 and 3, Ni Florida believes the adjustments of \$653 in electricity costs and \$2,687 in purchased sewer treatment costs should be included because they are for known and measureable changes in prices of these utilities costs. In fact, the higher prices are currently being billed.

For Item No. 4, Ni Florida believes that the rate case expenses incurred through September 2009 of \$84,320 and those expected to be incurred through completion of the rate case will equal or surpass the estimated level included in Schedule B-10. As normal procedure, toward the conclusion of this rate case, Ni Florida will provide all documents to support the rate case expenses incurred and request a four-year amortization of such costs. To say that such costs should now be excluded is premature. For these reasons, Audit Finding No. 9 – Items 1, 2, 3, and 4 should be rejected.

Question 1: Please provide a list and job descriptions of all employees and officers of Hudson Utilities – Ni Florida.

REVISED Response: Ni Florida, LLC has two officers and no employees. The officers are Edward R. Wallace and William A. Thomas, and their job descriptions are presented below. During the period January 1, 2008 through May 4, 2008, the system was owned, managed, and operated by the employees of Hudson Utilities, Inc. Since the date the system was sold to Ni Florida, LLC (May 5, 2008), Hudson has been operated under a third-party contract by Florida Utility Group. Additionally, the employees of Ni America Operating, LLC have provided corporate overhead services, the cost of which has been allocated to Hudson. A summary of each employee's job description is provided below.

Edward R. Wallace - Chief Financial Officer and President of the Utility

Mr. Wallace has overall responsibility for the day-to-day management of Ni America (and all its subsidiaries). As such, he leads and directs the Ni America Operating staff, and manages all financial affairs of Ni America (including but not limited to approving corporate expenses and operational expenses). He oversees the FUGH contract, capital expenditures, and routine maintenance expenses for all utilities owned by Ni America.

William (Andy) Thomas - Vice President of Capital Improvements

Mr. Thomas leads and directs the capital improvements programs at all owned utilities owned by Ni America. As part of this role, he oversees and directs the coordination of all capital projects to ensure all utility assets are in compliance with regulatory statutes. He approves the nature of expenses submitted by third parties to ensure proper classification (capital improvements vs. expensed items). He coordinates with Ni America's third party operators concerning general repairs and maintenance.

Bob Haas - Vice President of Operations

Mr. Haas has overall responsibility for the day-to-day operations for all utilities. As such, he leads, directs, and manages all third-party operations (including but not limited to approving operational expenses). He oversees third-party contracts, capital expenditures, and routine maintenance expenses for all utilities owned by Ni America.

Craig Sherwood - Manager of Operations

Mr. Sherwood assists Bob Haas in his overall responsibility for the day-to-day operations for all utilities. As such, he helps in leading and directing all third-party operations (including but not limited to approving operational expenses). He assists in overseeing third-party contracts, capital expenditures, and routine maintenance expenses for all utilities owned by Ni America.

Kurt Evans and Anthony Wisecup – Due Diligence Coordinators

Both Kurt and Anthony assist Andy Thomas with the capital improvements programs at all owned utilities owned by Ni America. As part of this role, they assist in overseeing and directing the coordination of all capital projects to ensure all utility assets are in compliance with regulatory statutes. They also assist him with approving the nature of expenses submitted by third parties to ensure proper classification (capital improvements vs. expensed items). They assist in coordinating with Ni America's third party operators concerning general repairs and maintenance.

Pete Moerbeek - Chief Executive Officer

Mr. Moerbeek has overall responsibility for overseeing the corporate governance of Ni Capital Management, LLC and directing the business and financial decisions of Ni America (and all its subsidiaries). As such, he leads and directs the Ni America Operating staff, and manages all financial affairs of Ni America (including but not limited to approving corporate expenses and operational expenses) in the overall performance of the company.

Mark Myers - Senior Vice President of Business Development

Mr. Myers is responsible for expanding the existing customer base and service territory. In addition, he is accountable for identifying new opportunities for the utility.

Mike Miller - Manager of Business Development

Mr. Miller assists Mark Myers in expanding the existing customer base and service territory. He is also accountable for identifying new opportunities for the utility.

Mike Ashfield - Vice President of Acquisitions

Mr. Ashfield monitors the utility's regulatory affairs by engaging outside regulatory attorney (*i.e.*, matters having to do with the company's tariff). Further, he reviews and manages the utility's operating contracts (*i.e.*, plant, property and equipment purchases) and the property and fixed asset documents (title work, easements, etc.).

David Lombardi - Manager of Acquisitions

Mr. Lombardi assists Mike Ashfield in monitoring the utility's regulatory affairs by engaging outside regulatory attorneys (*i.e.*, matters having to do with the company's tariff). Further, he helps in reviewing and managing the utility's operating contracts (*i.e.*, plant, property and equipment purchases) and the property and fixed asset documents (title work, easements, etc.).

Carey Thomas - Senior Vice President of Human Resources

Mrs. Thomas manages the corporate administration of day-to-day operations for all utilities owned by Ni America, including but not limited to payroll, human resources, and

benefits. She manages the accounts payable – including operational and maintenance invoices, as well as all of the utilities’ insurance policies (General Liability, Workman’s Compensation, etc.). She also oversees the office facilities including purchasing furniture, office equipment, telephones and computers.

Benny Wilkinson - Vice President of Financial Due Diligence

Mr. Wilkinson directs and coordinates with third party operators concerning the utilities’ billing, collections, and general accounting matters. He confirms that the third parties’ accounting entries (revenues, expenses, accruals, other estimates) were handled correctly. He also reviews the utilities’ monthly financial statements to ensure financial statements are prepared in accordance with U.S. GAAP. Finally, he is responsible for responding to all regulatory requests.

Nathan Johnson - Senior Associate

Mr. Johnson is responsible for preparing the annual reports for the utilities owned by Ni America. He also prepares any and all ad hoc reports and materials as requested by management or regulatory agencies as relating to the utilities’ operational performance and rate filings/audits.

Cory Pendleton - Associate

Mr. Pendleton is responsible for handling all general accounting and bookkeeping for the utilities owned by Ni America. He prepares each of the utilities’ monthly financial statements in accordance with U.S. GAAP. He is also responsible for the managing the cash available for each of the utilities owned by Ni America.

Vicki Spitznagle – Manager of Accounting

Ms. Spitznagle, along with Corey Pendleton, is responsible for handling all general accounting and bookkeeping for the utilities owned by Ni America. She prepares each of the utilities’ monthly financial statements in accordance with U.S. GAAP. She is also responsible for managing the cash available for each of the utilities owned by Ni America.

Bruce Connolly – Manager of Fixed Assets and Tax

Mr. Connolly is responsible for tracking the company’s fixed assets, depreciation, and leading the efforts in managing income taxes and taxes other than income. He works closely with Andy Thomas in assuring that expenditures to third parties are properly classified (capital improvements vs. expensed items). He coordinates with Ni America’s third party operators concerning general repairs and maintenance and capital expenditures. He is also responsible for assuring that all tax filings and payments are handled to the benefit of the company.

Rick Melcher – Manager of Regulatory and Public Relations

Mr. Melcher is responsible for handling all communications with regulatory bodies and with the general public, including the company’s water and wastewater customers.

Jacob Stone – Analyst

Mr. Stone is responsible for financial analysis for all aspects of the company’s business in order to determine the best course of action. He also prepares any and all ad hoc reports and materials as requested by management or regulatory agencies as relating to the utilities’ operational performance and rate filings/audits.

James Glasscock – Administrative Assistant

Mr. Glasscock is responsible for assisting Cary Thomas in managing the corporate administration of day-to-day operations for all utilities owned by Ni America, including but not limited to payroll, human resources, and benefits. He assists in managing the accounts payable – including operational and maintenance invoices, as well as all of the utilities’ insurance policies (General Liability, Workman’s Compensation, etc). He also assists in overseeing the office facilities including purchasing furniture, office equipment, telephones and computers.

Ni Florida, LLC

**Response to FPSC Staff Audit Finding No. 8
Analysis of Repair and Maintenance Invoices**

<u>Invoice No.</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Reason for Inclusion in Test Year Expenses</u>
8999	05/31/08	KBHS, Inc.	Replace PLC in Lift Station	871.39	Programmable Logic Controller is not a retirement unit.
8906	05/15/08	KBHS, Inc.	Point Repair Liners	24,480.00	Point Repair Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
8906	05/15/08	KBHS, Inc.	Grout repair	9,360.00	Grout repair is not a retirement unit or a new minor item. This work was for leak repair.
9016	06/07/08	KBHS, Inc.	Leak repair at Shark Street and Sheep Head	31,920.00	No retirement units were replaced or new minor items added.
9016-CM	07/02/08	KBHS, Inc.	Credit back on Invoice 9016	(11,400.00)	
9017	06/08/08	KBHS, Inc.	Paving	2,481.83	Replacement of spot paving is not a retirement unit. The Company's retirement unit is initial paving
9166	07/01/08	KBHS, Inc.	Replace drive-way after leak repair	1,950.00	Customer driveways are not owned by the utility and should not be capitalized on the utility's books.
9167	07/01/08	KBHS, Inc.	Replace drive-way after leak repair	3,960.00	Customer driveways are not owned by the utility and should not be capitalized on the utility's books.
9513	09/15/08	KBHS, Inc.	Three (3) 8"x4' Perma Liners	5,250.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9085	06/18/08	KBHS, Inc.	Two (2) 8"x4' Perma Liners	3,500.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9891	12/01/08	KBHS, Inc.	One (1) 10"x4' Perma Liner	1,900.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9893	11/28/08	KBHS, Inc.	One (1) 8"x6' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9897	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9900	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9918	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9919	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.

Ni Florida, LLC

Response to FPSC Staff Audit Finding No. 8
Analysis of Repair and Maintenance Invoices

<u>Invoice No.</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Reason for Inclusion in Test Year Expenses</u>
9920	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9921	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9922	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9923	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9924	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
9925	11/28/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
10040	12/31/08	KBHS, Inc.	Repair 6' of Broken pipe	2,267.28	6' of 8" pipe is not a retirement unit. The company's unit of property is section of pipe from manhole to manhole including appurtenances.
10051	12/31/08	KBHS, Inc.	One (1) 8"x4' Perma Liners	1,750.00	Perma Liner is not a retirement unit or a new minor item. This work was for a specific method of leak repair. Liners are not listed as an item to be included in the plant accounts under the NARUC system.
8977	05/30/08	KBHS, Inc.	Repair 12' of Broken pipe	4,189.00	12' of 8" pipe is not a retirement unit. The company's unit of property is section of pipe from manhole to manhole including appurtenances.
9012	06/07/08	KBHS, Inc.	Replace two check valves	2,527.08	Check Valve is not a retirement unit.
9446	08/29/08	KBHS, Inc.	Replace lift station piping	4,475.90	70' of lift station piping is not a retirement unit. The Company's retirement unit is 100' of lift station piping or a complete piping system if less than 100'.
10032	12/31/08	KBHS, Inc.	Line and seal concrete and replace piping at Flounder Lift station	55,763.56	The concrete repairs and piping replacements at the Flounder lift station did involve replacement of any retirement units.
9276	07/27/08	KBHS, Inc.	Install emergency pump out at the Delmar lift station	2,531.00	Emergency pump out is not a retirement unit.
9448	08/29/08	KBHS, Inc.	Repair Flounder master mag meter	6,976.00	The company's meter was not replaced it was simply repaired. As such, no retirement units were replaced.
9619	10/02/08	KBHS, Inc.	Repair pump and motor for the Nowicki lift station	2,294.01	Motor rewind and pump bearings and seals are not retirement units.
				<u>176,297.05</u>	

Pasco County Purchased Wastewater Treatment Expense

Account	Begin	End	Gals	Expense	Cost/k Gal	
301-07-8001-1-24	12/31/07	01/30/08	1,154,000	\$ 5,123.76	\$ 4.4400	
Flounder Drive	01/30/08	02/28/08	1,263,000	\$ 5,607.72	\$ 4.4400	
	02/28/08	03/31/08	1,677,000	\$ 7,445.88	\$ 4.4400	
	03/31/08	05/01/08	1,047,000	\$ 4,648.68	\$ 4.4400	
	05/01/08	06/02/08	1,017,000	\$ 4,515.48	\$ 4.4400	
	06/02/08	07/02/08	1,087,000	\$ 4,826.28	\$ 4.4400	
	07/02/08	08/01/08	1,087,000	\$ 4,826.28	\$ 4.4400	
	08/01/08	08/29/08	1,087,000	\$ 4,826.28	\$ 4.4400	
	08/29/08	10/01/08	1,087,000	\$ 4,858.89	\$ 4.4700	
	10/01/08	10/31/08	37,000	\$ 165.39	\$ 4.4700	
	10/31/08	12/02/08	39,000	\$ 174.33	\$ 4.4700	
	12/02/08	12/31/08	33,000	\$ 147.51	\$ 4.4700	
				<u>10,615,000</u>	<u>\$ 47,166.48</u>	
		12/31/08	01/30/09	49,000	\$ 219.03	\$ 4.4700
	01/30/09	03/03/09	38,000	\$ 169.86	\$ 4.4700	
	03/03/09	03/31/09	34,000	\$ 151.98	\$ 4.4700	
	03/31/09	05/01/09	3,453,000	\$ 15,434.91	\$ 4.4700	
			<u>3,574,000</u>	<u>\$ 15,975.78</u>		
			14,189,000	\$ 63,142.26		

Increase in Pasco County Wastewater Treatment Bills for October thru December 2008

10/01/08	10/31/08	3,700,000-37,000	\$ 16,373.61	\$ 4.4700
10/31/08	12/02/08	3,900,000-39,000	\$ 17,258.67	\$ 4.4700
12/02/08	12/31/08	3,300,000-33,000	\$ 14,603.49	\$ 4.4700
			<u>10,791,000</u>	<u>\$ 48,235.77</u>