

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: August 4, 2015
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Todd M. Brown, Public Utilities Supervisor, Division of Accounting & Finance 
RE: Docket No. 150170-WS – Application for increase in water and wastewater rates in Lee and Pasco Counties by Ni Florida, LLC.

Please add the following documents, received via e-mail, to the above referenced docket file.

RECEIVED FPSC
15 AUG - 4 AM 9:08
COMMISSION
CLERK

Todd Brown

From: Andrew Maurey
Sent: Monday, August 03, 2015 5:12 PM
To: Todd Brown
Cc: Cheryl Bulecza-Banks; Mark Cicchetti; Bart Fletcher
Subject: FW: Ni Florida Rate filing - Test year Proformas
Attachments: 20150803132745662.pdf

Todd, please prepare a memo to include this filing in the Ni Florida docket. thanks

From: Marty Deterding [<mailto:mdeterding@sfflaw.com>]
Sent: Monday, August 03, 2015 1:44 PM
To: Andrew Maurey
Subject: Ni Florida Rate filing - Test year Proformas

Andrew

Please see attached letter and attachments. If you need anything further from me please let me know

F. MARSHALL DETERDING

Of Counsel

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**SUNDSTROM
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August 3, 2015

VIA HAND DELIVERY

Mr. Andrew Maurey
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

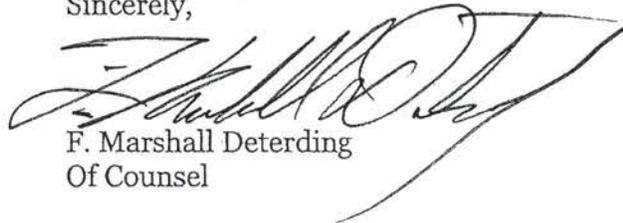
Re: Ni Florida, LLC; Request for Test Year Approval
Docket No. 150170-WS

Dear Mr. Maurey,

At your request, I am attaching hereto the initial estimates of all of the pro forma adjustments currently anticipated to be included in the rate case filing for Ni Florida, LLC in the above-referenced case. These are the most recent estimates prepared by the utility and are initial estimates prepared approximately 45 days prior to our filing. As such, they may be adjusted significantly by the time the filing is submitted. However, they do represent all of our best estimate as of today's date of the nature of all currently known pro forma adjustments and the amount of those pro forma adjustments to be included in the filing.

If you have any further questions or need any more information, please do not hesitate to contact me.

Sincerely,



F. Marshall Deterding
Of Counsel

FMD/brf

Enclosure

cc: Mr. Benny Wilkinson

Schedule of Adjustments to Rate Base

Florida Public Service Commission

Company: Ni Florida, LLC

Schedule: A-3

Docket No.:

Page 1 of 1

Test Year Ended: December 31, 2014

Preparer: Donald J. Clayton, P.E.

Interim [] Final [X]

Historic [X] or Projected []

Explanation: Provide a detailed description of all adjustments to rate base per books, with a total for each rate base item.

Line No.	Description	Water	Wastewater
1	<u>(A) Remove positive acquisition adjustment not included in rate base</u>		
2	Acquisition adjustment	\$ (712,628)	\$ (3,569,814)
3			
4			
5	<u>(B) Capital expenditures to be completed by September 2015</u>		
6	Hudson Beach lift station project		\$ 60,000
7	Tower Drive collection system replacement project		760,138
8	Retirements related to Hudson Beach lift station project		(38,521)
9	Retirements related to Tower Drive collection system replacement project		(568,339)
10		<u>-</u>	<u>213,278</u>
11			
12	<u>(C) Remove Construction Work in Progress From Rate Base</u>		
13	CWIP	\$ -	\$ (34,766)
14			
15			
16	<u>(D) To Include Pro-forma Deferred Income Taxes in Rate Base</u>		
17	13 Month Average of Deferred Income Taxes	\$ 6,662	\$ 62,455
18			
19			
20	<u>(E) Add 1/2 of Current Rate Case Expense to Rate Base</u>		
21	1/2 of Current Rate Case Expense	\$ 17,221	\$ 64,784

Schedule of Adjustments to Operating Income

Florida Public Service Commission

Company: Ni Florida, LLC

Schedule: B-3

Docket No.:

Page 1 of 1

Schedule Year Ended: December 31, 2014

Preparer: Donald J. Clayton, P.E.

Interim [] Final [X]

Historic [X] or Projected []

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
1	<u>(A) Adjustments to Operations & Maintenance Expenses</u>		
2	(1) To reflect price of \$3.84/kgal effective 10/1/14	\$ 1,481	
3	(2) To reflect price of \$5.04/kgal effective 9/1/14		\$ 13,951
4	(3) To reflect expected price increase to \$5.18/kgal effective 9/1/15		18,789
5	(4) Adjustment to reflect Bad debts at 1.75% of revenue	3,076	6,004
6	(5) Adjustment to exclude correction of duplicate entry for Write-Off		8,236
7	(6) Adjustment to reflect adjusted Corporate Overhead Allocation	(30,900)	(117,590)
8	(7) Adjustment to include one fourth of rate case expense in Write-off of rate case expense not included in amortization operating expenses	(4,235)	(18,286)
9	Current Case		
11	Tangibl - \$70,000 / 4 yrs. (21% water 79% sewer)	3,675	13,825
12	Sundstrom & Mindlin, LLP - \$62,500/4 yrs. (21% water 79% sewer)	3,281	12,344
13	Mailing costs		
14	@ (\$3.00 x 743 customers x 3 mailings) / 4 yrs.	1,672	
15	@ (\$3.00 x 2740 customers x 3 mailings) / 4 yrs.		6,165
16		<u>\$ (21,950)</u>	<u>\$ (56,562)</u>
17			
18	<u>(B) Depreciation Expense Adjustments</u>		
19	Adjustment to reflect year end plant in service	(54)	3,645
20	Change in depr. due to replacement of Hudson Beach L/S	-	1,194
21	Change in depr. due to replacements related to Tower Drive	-	10,089
22		<u>\$ (54)</u>	<u>\$ 14,928</u>
23			
24	<u>(C) Operating Revenue Adjustments</u>		
25	(1) Revenue Increase	<u>\$ 58,750</u>	<u>\$ 293,000</u>
26			
27	<u>(D) Adjs. to O & M Expenses related to Requested Revenue Inc.</u>		
28	(1) Adjustment to reflect bad debts expense at 1.75% of requested increase in revenue.		
30	Total requested increase in revenues	\$ 58,750	\$ 293,000
31	Bad debts rate	1.75%	1.75%
32	Bad debts adjustment	<u>\$ 1,028</u>	<u>\$ 5,128</u>
33			
34	<u>(E) Adjs. To Taxes Other than Inc. Taxes - Related to Rev. Inc.</u>		
35	(1) To adjust test year regulatory assessment fees for requested increase in revenues		
37	Total requested increase in revenues	\$ 58,750.00	\$ 293,000.00
38	RAF rate	4.50%	4.50%
39	RAF adjustment	<u>\$ 2,644</u>	<u>\$ 13,185</u>
40			
41	<u>(F) Adj. to reflect that Once Pacolet Milliken Enterprises, Inc. acquired Ni Florida, LLC, its tax classification changed from a disregarded entity included in the tax structure of the selling entity to a corporate entity subject to taxation</u>		
42	(1) State and Federal provision for Income Tax	<u>\$ (7,402)</u>	<u>\$ 21,548</u>
43			
44	<u>(G) Adj. to reflect income taxes on the revenue increase and other adjustments.</u>	<u>\$ 20,726</u>	<u>\$ 103,365</u>