Hublic Service Commission

October 26, 2010

Christian Marcelli Rose, Sundstrom & Bentley, LLP 2180 West State Road 434 Sanlando Center, Suite 2118 Longwood, FL 32779

Re: Docket No. Docket No. 100149-WU - Application for increase in water rates in Lee County by Ni Florida, LLC

Dear Mr. Marcelli:

Staff needs the following information to complete our review of the application filed by Ni Florida, LLC (Utility or Ni Florida).

- 1. In the Utility's filing, a footnote on schedule F-1 explaining the excess unaccounted for water states, "In October of 2009, Ni Florida LLC began an isolation valve and meter replacement program. It is expected that once this program is complete, lost and unaccounted for water will drop below 10%." In response to Staff's second data request the Utility provided a schedule that shows updated flow data that includes data for time periods after this program was completed. A comparison of the volumes of water purchased to volumes of water sold shows that the percentage of unaccounted for water has increased since the test year. Please explain:
 - (a) If the volumes of water purchased noted in the schedule provided include any water used as part of the pro forma flushing program. And if so, please provide a schedule detailing how much water was used each month, January through August 2010, for flushing.
 - (b) The reasons for the amount of excess unaccounted for water as shown in the provided schedule, and please explain why the amount of unaccounted for water has increased instead of decreasing since the test year.
- 2. The Utility's response letter dated October 15, 2010 states, "When Ni Florida, LLC acquired the Tamiami Village water system it had violations." Please provide a detailed explanation as well as support documentation, if any, of these violations. Also, please explain what remedies the Utility has provided for these violations.

- 3. Please provide updated information relating to rate case expense. This should include the following:
 - (a) For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
 - (b) For each firm or consultant providing services for the applicant in this docket, please provide copies of all invoices for services provided to date.
 - (c) If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.
 - (d) Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.
 - (e) Please provide an itemized list of all other costs estimated to be incurred through the PAA process.

Please submit the above information to the Office of Commission Clerk by November 9, 2010. If you have any questions, please contact me by phone at (850) 413-6844 or by e-mail at ideason@psc.state.fl.us.

Sincerely,

Jared Deason

Regulatory Analyst IV

the street of the state of

cc: Division of Economic Regulation (Bulecza-Banks, Maurey, Fletcher, Thompson, Williams)

Office of the General Counsel (Jaeger)

Office of Commission Clerk

Office of Public Counsel