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May 21, 2015

Ms. Carlotta S. Stauffer
Director, Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 150115-WS: Joint application of Ni Florida, LLC and Ni Pacolet Milliken Utilities, LLC for approval of transfer of majority organizational control of Ni Florida, LLC

Dear Ms. Stauffer:

Ni Florida, LLC, hereby responds to two data requests from the Commission staff, dated May 8, 2015.

- 1. Deficiencies Regarding Financial Statements.** Rule 25-30.037(3)(g), F.A.C., requires a list of all entities upon which the applicant is relying to provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the Utility. Please provide current financial statements of any person or entity with an ownership interest of 10 percent or greater. The financial statements may be filed confidentially.

Response: As noted in the Joint Application, Ni Pacolet Milliken Utilities, LLC (Buyer) was newly-created in order to effectuate the acquisition, and has been capitalized in an amount necessary to effectuate the acquisition of all of the Ni-America operating subsidiaries, including its Florida operations. The ultimate source of capital for Buyer and the Florida operations is Buyer's parent, Pacolet Milliken Enterprises, Inc. The parent's financial statements are being provided confidentially. It is clear from these financials that the parent corporation has substantial un-invested capital and is fully capable of funding (many times over) any capital requirements of the Ni-America subsidiaries. There is no absolute obligation to make this capital contribution, but as a

practical matter, the parent would not walk away from such a substantial investment without contributing additional capital. (For comparison purposes, the prior parent entity (Metalmark Capital) did not have any absolute obligations to contribute capital.)

2. **Objection to the Transfer.** Please address comments filed in the above-referenced application in objection to the transfer. Issues regarding odor of the wastewater operation and the public interest in having the wastewater operation under Pasco County ownership were raised by Mr. Tom Stearns. Please provide documents demonstrating the company's efforts in addressing the wastewater operation and odor concerns. Regarding the interest in having the wastewater operation under Pasco County ownership, please provide a response including the potential costs and benefits of the county ownership, and whether Pasco County indicated an interest in acquiring the wastewater operation.

Response: Ni Florida's Hudson wastewater system includes two "master lift stations" that serve 38 smaller lift stations, including the Del Mar master lift station mentioned by Mr. Stearns. Wastewater is pumped from each subsidiary lift station into the force main. From there, it moves slowly to a master lift station, where it accumulates in a very large wet well before being transferred to the Pasco County force main for further transfer to the County's wastewater treatment plant.

Decomposition of organic wastes creates a mixture of gases that cause odor. As waste stays in the system longer, it creates a greater volume of gases that generate odor. Ni Florida's smaller lift stations typically do not generate significant odor because the volume of wastewater pumped through each one is relatively small, and the wastewater does not stay in the station very long. The volume of wastewater in the master lift stations is not only much greater, but it has been in the system for some time before it reaches the station. A master lift station therefore can generate odorous gases in a quantity that does not readily dissipate.

Ni Florida has always managed its lift stations, including the Del Mar master lift station, according to industry standards. After Ni Florida acquired the wastewater utility, it began using industrial deodorant/scent compounds and installed piping at the Del Mar station to re-direct air flow in an effort to dilute and dissipate the odor. This did not resolve the matter, so in 2013 Ni Florida rehabilitated the Del Mar station by removing the top of the wet well, installing a liner, and pouring a "monolithic" concrete slab beginning at the bottom of the wet well and including the top of the wet well, in an effort to eliminate voids that could retain gas. At that time, Ni Florida also installed an "odor control box" to force air to pass by the deodorant/scent compounds before exiting the lift station.

As explained in the attached correspondence, Ni Florida has proactively sought to engage customers regarding lift station odor issues and Ni Florida's remedies to address odor control. With the expectation that the lift station rehabilitation would eliminate or substantially reduce odors, Ni Florida notified nearby customers of the work and sought feedback on the results. Unfortunately, customers indicated that the odor problem remained, so Ni Florida continued to research ways to reduce odor and in 2014, installed a tank and pump system to automatically inject an odor-controlling and neutralizing material into the Del Mar wet well each day. After continued monitoring, Ni Florida

adjusted the system by installing additional equipment to permit more treatment cycles and increased the strength of the odor-encapsulating compound. Ni Florida also increased the frequency of cleaning the Del Mar station and began adding a hydrogen sulfide control agent to the four lift stations farthest away from the Del Mar station in an attempt to reduce the amount of gas generated within the system. Further, Ni Florida personnel regularly visit the site, sometimes multiple times a day, to monitor odors.

After the lift station improvements were completed, John Wittenzellner, the president of Ni Florida's contracted operator, met with the president of the Del Mar area homeowners' association in February, 2014, to discuss Ni Florida's efforts to neutralize odors at the Del Mar lift station. Thereafter, he attended the March, 2014 meeting of the homeowners' association and explained actions taken to reduce or eliminate odors from the Del Mar master lift station. Residents confirmed great improvement, although one resident reported noticing an odor at 7:00 am and another reported an odor at 6:00 pm. Mr. Wittenzellner explained that such information would permit Ni Florida to fine-tune the automatic odor-control system's timing, and asked for volunteers to note the time of day of any odors and notify the association president so the information could be passed on to the company. While no residents formally volunteered, Ni Florida has received input from the adjacent neighbors and frequently conducted daily visits to check the odor. Based on these, Ni Florida if necessary, will tune and adjust the spray amount and frequency.

As shown in the attached email correspondence, Mr. Wittenzellner also asked to be invited back to a homeowners' association meeting to make a short presentation about customer reduction of fat, oil and grease into the system, which can increase lift station gases. To date the company has not been invited to another meeting, and Ni Florida has received no customer complaints about odor at the Del Mar master lift station since that time.

Finally, Ni Florida cannot quantify the costs or determine the benefits, if any, that Ni Florida, its customers, or Pasco County would experience if Pasco County were to purchase the Hudson wastewater system. Ni Florida meets with Pasco County on a quarterly basis regarding a variety of matters involving both utilities' operations. Pasco County is familiar with Ni Florida's utility and is well aware of its sale but has neither expressed any interest in acquiring the utility nor expressed any objection or concern regarding the proposed sale.

Please feel free to call if you have any questions or concerns.

Sincerely,



Marsha E. Rule

Enclosures

Cc: John Villafrate
Daniel Lee



Tuesday, January 22, 2014

Mr. Larry Flick
13829 Cox Avenue
Hudson, Florida 34667

RE: Request to address an odor complaint filed with the Florida Public Service Commission – FL. PSC CATS NO: 1132477W.

Dear Mr. Flick,

This letter is intended to provide written response to issues and/or questions reported to the Florida Public Service Commission regarding odor from the Delmar Master Lift Station. To help you more fully understand the complexity of this issue, the following is a brief description of the utility.

Brief System Overview:

There are 42 lift stations owned by the utility and many other private lift stations located throughout the service territory. Of the 42 lift stations, one station receives flow from a single user, one station receives flow from a small area located on the easterly side of US 19, and two are considered "Master Lift Stations", which receive the flow from the other 38 utility owned lift stations and transfer the sewage from all customers to the County Force Main where it is pumped to the County Wastewater Treatment Plant for treatment. The smaller of the two Master Lift Stations is the Flounder Master Lift Station and the larger is the Del Mar Master Lift Station.

It should be understood that the longer the sewage is contained in the collection system, the more gases are created and the greater amount of odor is generated. Each of the smaller lift stations receive sewage from each of the customers located in the immediate area and the pumps located in the lift stations move the sewage in relatively small amount volumes to the force main that feeds into Master Lift Station. The amount of time that sewage stays in the smaller lift stations is relatively short and generally results in little to no odor being created. However, the sewage pumped into the force main from each lift station is moved slowly over time to the master lift station and accumulates in a very large wet well, which unfortunately allows more than enough time to begin to allow the gases to be created, resulting in an unpleasant odor collecting that is concentrated at one location.

In summary, the odor generated at and around the small lift stations is small, and easily dissipated. The odor generated at and around a Master Lift Station is a large quantity and not easily dissipated.

With that said I will address the statements made to the PSC and explain what effort we have done to reduce or eliminate the issue.

"The lift station located at the corner of Sea Ranch Drive and Del Mar Drive is emitting an offensive odor and has been for several years."

"There are many other lift stations in the area but none have an odor this one has."

"This has been reported to the company many times however there continues to be a problem."

The former owners of Hudson Utilities documented that there was an unresolved odor issue at the Del Mar Master Lift Station during the negotiations and sale of the Utility to Ni America, LLC. This office has received calls on a regular basis regarding this lift station since the utility was acquired from Hudson Utilities.

Our Initial Efforts:

After the acquisition of the utility, our initial efforts to eliminate or reduce this issue included the installation of "cherry scent blocks" in the wet well which is a common approach wastewater utilities use to minimize the issue. In addition to the cherry

blocks, a pipe was installed on the wet well that forces the air entering and leaving the wet well to be 10 feet above the station. It was believed that these two alterations to the Master Lift Station would allow a dilution of the odor as it would likely mix with the cherry block and the wind that moves through the area before it effected the ground level.

Our Resent Efforts:

As odor complaints in the area continued to be received at our office, a project was planned to rehabilitate the station and among other things, eliminate the voids that were located between the walls and the top of the wet well. This upgrade was approved in the second quarter of 2013 and completed in December of last year. This project included the removal of the top of the wet well, the installation of a liner and a monolithic pour of concrete that began at the bottom of the wet well and included the top of the wet well.

An additional upgrade was added during the rehabilitation that included the installation of an "Odor Control Box" (OCB). The use of the OCB would eliminate the hanging of these blocks in the wet well and forces all air to pass by the cherry blocks.

It was believed that these efforts would result in a substantial or total reduction of the odor in this station. A number of neighboring homes were notified of the work that was performed and were asked to note the progress and amount of reduction of the odors in the area. Unfortunately, the results communicated to this office were described as minimal at best.

We continued to look for more answers to resolve the issue and reviewed the before and after renovation pictures of the station. During the review, we found that the direction of the tee located on the top of the vent pipe was pointing in a different direction. We redirected the tee and found it made no difference in the extent of the odor in the area.

Our Planned Efforts:

Over the last 30 days, Andy Thomas of Ni America and I have continued to research additional methods to further reduce the odor at this station. It is believed that we have found a chemical additive used by other wastewater utilities that would reduce, or eliminate the odor issue. This chemical would be injected into the wet well utilizing a small tank and pump system on a predetermined frequency each day. The amount of

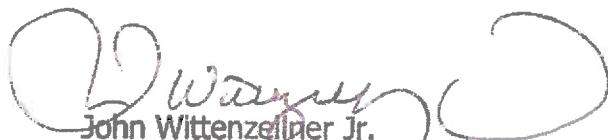
chemical injected each pump cycle and the amount of cycles each day is variable and will allow us to fine tune the system to meet the needs of the system. Both the chemical and pump system has been ordered and received at our office.

The installation of the system is scheduled to begin on Monday, January 27, 2014 and it is expected that it will be completed before Friday, January 31, 2014. After the completion of the installation and the programming of the control system, it is planned that we will invite neighboring resident to visit the station and once again provide feedback to this office on the effectiveness of the system.

In Summary:

As discussed above, we are committed to and have attempted, to substantially reduce or eliminate the odor issue at the Del Mar Master Lift Station. We have pursued these various odor elimination options on a cost basis, attempting to keep costs at a minimum. The more expensive and technically advanced options have been installed only after the less costly alternatives proved unsatisfactory. I invite you to contact this office and meet me at the station during or after the completion of the system next week. I also invite you to participate in the monitoring or feedback of the results of the system. If you would like to pursue either or both invitations, or if you have any questions regarding this or any other matter, please feel free to contact this office.

Respectfully submitted,



John Wittenzeiner Jr.

President

Cc: Ruth McHargue, PSC via email
Angie Calhoun, PSC via email
Laura Pacheco, UGFL, LLC via email
April Braswell, Ni America, LLC via email
Rick Melcher, Ni America, LLC via email
Customer File

From: John Wittenzellner [John.W@utilitygroupholdings.com]
Sent: Tuesday, March 11, 2014 10:21 AM
To: mlflick1@verizon.net
Cc: Rick Melcher; Laura Pacheco; Corey Wittenzellner; cryburn@pascocountyfl.net
Subject: Odor control at the Delmar Lift Station

Larry,

I would like to begin by thanking you for the invitation to address the members last week. As a follow up to that meeting, I would like to be invited back next month. I would like to give a short presentation on residential FOG awareness and education they might help with the smell at the station. I will be printing information to hand out, so I need to know what you think I should bring for copies.

The second issue is the management of the odor equipment. Without constructive feed back from area residents, I can not fine tune this equipment. I asked for 6 volunteers that would just note the time of day they experienced a smell and pass that information to you. I you sent me the information on a Friday, I would reprogram the equipment to target the remaining times. After our conversation yesterday when I found out that nobody had volunteered, I became very disappointed. I know that your efforts are noble and you are trying to communicate the issue to expedite its resolution. Without the necessary feed back, neither one of us will achieve our goal.

I sent Greg out today to meet with area residents and try to get some commitments for that project. I will update you soon. I you have any questions regarding this or any other matter, please do not hesitate to contact me.

Thank You,

John Wittenzellner, Jr.
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