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STEVE CRISAFULLI
*Speaker of the House of
Representatives*



August 30, 2016

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

Re: Docket 160030 -- Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.

Dear Ms. Stauffer:

Attached are issues that OPC has prepared to identify concerns we have with the utility filing. We are bringing these to staff's attention to aid staff in its review of the rates and to allow staff sufficient time to review our concerns and ask for additional information or documentation that might be needed. If you should have any questions, please feel free to call or e-mail me.

Respectfully submitted,

s/ Denise N. Vandiver

Denise N. Vandiver
Legislative Analyst

c: Division of Accounting & Finance (Brown)
Division of Economics (Bruce, Hudson)
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Quality of Service

1. In the last rate case order,¹ the Commission found the quality of service for the Tamiami water system to be marginal based on the utility's continued failure to provide timely responses and service when problems arise. Based on conversations with representatives from Tamiami Village & RV Park (Park), it appears that the customers continue to experience problems with communications with the utility.
 - a. In May 2016, the Park sent a letter to the utility that the Park planned to put in new roads and requesting that the utility inform the Park if it had any plans for new infrastructure. The letter encouraged that the utility and Park could coordinate their efforts to the benefit of both parties. To date, the Park has received no response from the utility.
 - b. At the customer meeting on July 28, 2016, the Park representative commented that they had never met the new contract operator representative and that considering how much the Park works as a liaison between the customers and the utility, the Park representative believed it was important to maintain a business working relationship with the contract operator representative. The utility committed at the customer meeting that it would set up a meeting with the Park representative and the primary contract operator representative for the Tamiami system. To date, the utility has made no effort to meet with the Park representatives.
 - c. In July, there was substantial flooding at the front entrance of the Park due to a water main break. When the Park representatives attempted to reach the utility, they were unable to reach a person or get a call back from the contract operator. While the break was subsequently found to be in the County's water main, the Park is still concerned about the lack of response from the contract operator.

Pro Forma Plant

2. The MFRs include two pro forma wastewater plant projects:
 - a. **Tower Drive:** In response to Staff's First Data Request, Question #1, the utility provided invoices for the Tower Drive collection system replacement project. Invoice #03085 dated August 18, 2015 from Utility Group of Florida, LLC is for a payment of \$17,609.23 to AWC, Inc. to "expedite purchase of Mission Communications".
 - Why was it necessary to expedite the purchase?
 - Was there imprudence in the timeliness of the order?
 - Why was it so costly?
 - Are these the same mission units that were included in pro forma plant in the 2013 order? If so, why were these units not installed earlier when the utility planned to purchase them as early as 2013?
 - Why should this amount to expedite be included for recovery by ratepayers?

¹ Citing, Order No. PSC-13-0611-PAA-WS, issued November 19, 2013, in Docket No. 130010-WS.

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- b. **ROPES-Rhodes Road:** In response to Staff's First Data Request, Question #1, the utility provided invoices for the ROPES-Rhodes Road Project. OPC has the following concerns regarding this project.
- i. The response to Question #1(a) states that the ROPES-Rhodes Road project is necessary to provide service for a new customer. Staff Audit Finding #1 (Florida audit) states that the utility booked \$77,760 for CIAC for this customer. However, the audit recommends that the CIAC should be removed from rate base as the plant project was in CWIP at the end of the year. The utility has requested that the project be included in rate base in a pro forma plant adjustment. In addition, by looking at The Prayer House website, it appears that the project is complete and there was a grand opening on July 11, 2016 (<http://www.theropecor.org/>). Because the utility has requested that the project be included as pro forma plant and that the project is complete, we believe that the CIAC should remain in rate base.
 - ii. Three of the invoices submitted by the utility to support the cost of the ROPES-Rhodes Road project include amounts for contingencies. These invoices are listed below. Contingencies are usually included as part of a bid or estimate. But an invoice should only include specific work performed. We believe that any payments for contingencies should be removed from recovery.
 - Invoice #0059059 from The Utility Group of Florida, LLC dated July 23, 2015: \$3,600 for contingencies
 - Invoice #03197 from The Utility Group of Florida, LLC dated February 17, 2016: \$2,250 for contingencies
 - Invoice #0057509 from The Utility Group of Florida, LLC dated June 29, 2015: \$650

Working Capital Allowance

3. We reviewed the working capital allowance shown on Schedule A-17 of the MFR's. The utility reflects cash balances as shown below. The first five months reflect large balances of cash which are not continued throughout the year. These balances average more than two times the balances for the remaining eight months. Not only do we believe it is unreasonable to keep large sums of cash in a non-interest bearing account, we believe that it does not appear that the balances at the beginning of the test year are representative of the balances on a going forward basis. We recommend that the working capital allowances be reduced by \$41,034.65 for Tamiami and \$154,368.46 for Hudson. Our calculations replace the first five months with the average of the remaining eight months. The schedule below shows our calculations.

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	Ni Florida, LLC	Allocated 21% Tamiami	Allocated 79% Hudson	Adjusted	Allocated 21% Tamiami	Allocated 79% Hudson
Description	Cash	Cash	Cash	Cash	Cash	Cash
12/31/2014	665,391.22	139,732.16	525,659.06	169,877.90	35,674.36	134,203.54
1/31/2015	599,774.24	125,952.59	473,821.65	169,877.90	35,674.36	134,203.54
2/28/2015	624,450.78	131,134.66	493,316.12	169,877.90	35,674.36	134,203.54
3/31/2015	775,510.72	162,857.25	612,653.47	169,877.90	35,674.36	134,203.54
4/30/2015	724,503.04	152,145.64	572,357.40	169,877.90	35,674.36	134,203.54
5/31/2015	308,359.68	64,755.53	243,604.15	308,359.68	64,755.53	243,604.15
6/30/2015	332,295.26	69,782.00	262,513.26	332,295.26	69,782.00	262,513.26
7/31/2015	2,151.81	451.88	1,699.93	2,151.81	451.88	1,699.93
8/31/2015	77,166.61	16,204.99	60,961.62	77,166.61	16,204.99	60,961.62
9/30/2015	162,671.36	34,160.99	128,510.37	162,671.36	34,160.99	128,510.37
10/31/2015	139,212.71	29,234.67	109,978.04	139,212.71	29,234.67	109,978.04
11/30/2015	222,724.73	46,772.19	175,952.54	222,724.73	46,772.19	175,952.54
12/31/2015	114,441.05	24,032.62	90,408.43	114,441.05	24,032.62	90,408.43
13-Mo Average	365,281.02	76,709.01	288,572.00	169,877.90	35,674.36	134,203.54
			MFR	OPC	Reduction	
OPC Recommended reduction to Tamiami			76,709.01	35,674.36	(41,034.65)	
OPC Recommended reduction to Hudson			288,572.00	134,203.54	(154,368.46)	

O&M Expenses

Contractual Services-Legal

4. The invoices provided by the utility in response to Staff's First Data request include legal charges related to the four-year rate reduction. These are not recurring costs and should not be included in the test year. OPC believes that the total legal expenses for this issue are \$3,165, as detailed below. These are costs associated with the water rate increase in Docket No. 100149-WU. This docket was concluded with an order issued on April 22, 2011 which would have resulted in a four-year rate reduction for rate case expense in May 2015. OPC first questions why it resulted in over \$3,000 in legal fees to implement a billing change ordered by the Commission. Second, we do not believe these charges should be allowed in total until they are first determined not to be included in the approved rate case expense in Docket No. 100149-WU and already amortized in rates. If any legal fees are determined reasonable, they should not be included in full in the test year as they are not recurring and should be amortized over a reasonable time.

- Invoice #43581 dated 9/30/15 for \$180.00 includes a charge of \$120 for "review Florida Public Service Commission Order No. PSC-11-0199-PAA-WU; office conference Re: four-year rate reduction ordered therein".
- Invoice #53547 dated 11/10/15 for \$840.00 includes four charges regarding the four-year rate reduction.
- Invoice #53571 dated 12/9/15 for \$2,205.00 includes eight charges regarding the four-year rate reduction.

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Contractual Services-Management Fees

5. Schedule B-9 indicates that the \$37,368 for the water expense and \$169,266 for the wastewater expense is for Utility Group of Florida, LLC. – the contract operator. Staff's First Data Request, Question #9 asks for support for the water and wastewater management fees. The utility response includes 12 monthly bills for \$14,000 each for the Hudson wastewater system and no bills for the Tamiami water system. Even though the request asked for the contracts, the only contract provided appears to be for the water system (as identified in Exhibit A of the contract) and is dated August 29, 2008 with an addendum dated July 28, 2010. There was no current contract to support the monthly charges paid in 2015 for either the water or wastewater systems.

Contractual Services-Other

6. In response to Staff's First Data Request Question #4, the utility provided invoices to support the \$9,123 in the Contractual Services – Other Expense for the Tamiami water system. Two invoices provided were for postage, imaging, and mailing the notice regarding the four year rate reduction. As discussed in the Contractual Services – Legal issue, these are not recurring expenses and should not be included in the test year expense until they are first determined not to be included in the approved rate case expense in Docket No. 100149-WU and already amortized in rates. If any of these expenses are determined reasonable, they should not be included in full in the test year as they are not recurring and should be amortized over a reasonable time.

11/18/15	November 2015 Visa - Carey (Postage for Rate Reduction Letters)	362.69
12/31/15	Imaging and mailing of Tamiami PSC notice - Four year rate reduction	722.66
	Total of two invoices	1,085.35

7. In response to Staff's First Data Request Question #7, the utility provided invoices to support the \$206,030 in the Contractual Services – Other Expense for the Hudson wastewater system. Our review of these invoices raises the following concerns.

a. The following charge appears to be reimbursed and should not be included in test year expenses:

2/28/15	Shut down Flounder L/S for line repair (invoice states "Paid for by DAB" a construction contractor	1,965.00
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b. There are two charges for \$4,014 and \$1,274.71 to RVS Software for "annual software maintenance and updates. Why are there two charges for an annual service?

3/2/15	Acct. #3354 Annual software maintenance and updates	4,014.00
7/1/15	Acct. #6185 Annual software maintenance and updates	1,274.74
	Total of two invoices	5,288.74

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- c. There are two charges for \$337.50 and \$5,003.28 to write off amounts from a prior year. The invoices for these charges indicate that these charges were incurred outside the test year. Therefore, these charges should not be included in test year expenses.

7/31/15	To Write off 7506 New Jersey Ave Charges from Prelim. Survery & Invest.	Invoice dated 5/1/13	337.50
7/31/15	To Write off Verizon Claim from A/R Other - Will not be collected	Invoice dated 6/30/14	5,003.28
	Total of two invoices		5,340.78

- d. There appears to be a duplicate invoice for the same work:

4/23/15	Repaired Broken Vent Pipe @ Saltwater and Sunfish	199.47
4/23/15	Repaired Broken Vent Pipe @ Saltwater and Sunfish	199.47

- e. The expense includes four charges for “use tax on materials purchased from Aquafix”. These charges are for purchases made in 2014 and should not be included in test year expenses.

5/22/15	Q1 2014 Use Tax owed on materials purchased from Aquafix	50.36
5/22/15	Q2 2014 Use Tax Use Tax owed on materials purchased from Aquafix	87.00
5/22/15	Q3 2014 Use Tax Use Tax owed on materials purchased from Aquafix	122.29
5/22/15	Q4 2014 Use Tax Use Tax owed on materials purchased from Aquafix	297.44
	Total of four charges	557.09

- f. Overall, the charges for general maintenance and repair for the wastewater system appear high. We reviewed the number and types of maintenance invoices. The test year appears to include a significant increase in expenses due to the record-breaking rainfall in the area in July and August of 2015. The August 1, 2015 Tampa Bay Times indicated the following:

“Tampa shattered a 42-year-old record for the amount of rainfall for Aug. 1. By 3 p.m., it had already received 3.1 inches. The previous record, from 1973, was 2.60 inches. And that's in addition to the rainfall that has swamped Tampa Bay since July 24, thanks to a stubborn low pressure system that has stalled

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over Florida, said Tyler Fleming, a meteorologist with the National Weather Service.”²

In addition, the National Oceanic and Atmospheric Administration (NOAA) data indicates the following select daily rainfall records (inches) broken during August (compiled from NOAA, NWS).³

Date	Location	Record	Last
1	Tampa	3.89	2.60 in 1973
3	Tampa	4.39	2.57 in 1913

This rain event greatly impacted the surrounding areas, as well as Tampa. We believe that the following charges are mostly due to the flooding and resultant maintenance required. We are not commenting that these are imprudent or unreasonable, only that they are not representative of a “normal” test year. At a minimum, we believe that the following charges from Utility Group of Florida, LLC should be reviewed to determine if these are related to the extremely unusual rain event the area experienced in the summer of 2015, or if they are other charges for activities that are not incurred on an annual basis. We believe that the test year expense should only include an average level of expense that is expected to be incurred while the rates will be in effect. Any unusual events should be removed or at a minimum amortized over 5 years or longer.

8/1/15	Repaired fuses, cleaned up spills, and set up temp. pumps during severe weather @ All L/S	28,340.51
8/1/15	Pumped/hailed Nowicki L/S due to high I/I	1,170.00
8/7/15	Entire Ni Florida System Collection Audit	17,521.12
9/2/15	Set bypass pumps at master lift stations for rain event - 09/02/15	4,841.30
Total of four charges		<u>\$51,872.93</u>

Insurance Expense

8. The utility General Ledger includes the following two insurance expense accounts. These same amounts are included in the MFR’s on Schedules B-5 and B-6. The staff audit report Finding #7 removes the pollution insurance expense and increases the general liability expense. OPC believes that the general liability expense should be reviewed more closely before including any amount in the test year expenses. The audit workpapers do not include the insurance policy. Therefore, OPC is concerned whether this is a duplication of the insurance that is covered through the overhead allocations.

² <http://www.tampabay.com/news/weather/tampa-breaks-record-for-rainfall/2239628>

³ <https://climatecenter.fsu.edu/products-services/summaries/climate-summary-for-florida-august-2015>

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Account	Tamiami	Hudson
657/757 Insurance – General Liability	1,335.13	5,129.20
659/759 Insurance Other - Pollution	685.63	2,634.00

Regulatory Commission Expense

9. The utility filed Docket No. 150170-WS on July 21, 2015 for a rate case. That request was withdrawn on January 21, 2016. If the utility submits any supporting documents regarding rate case expense, these invoices should be examined to verify that there are no expenses for that withdrawn rate case.
10. The utility request for current rate case expense of \$163,928 is more than the amount approved in the last rate case. The main difference is that the utility estimated \$31,428 for customer mailings. This is approximately the same amount requested in the last rate case and amounts to about \$8 per customer. This does not appear reasonable. The Commission approved \$9,009 for this function in the last rate case. We believe that the requested expense for customer mailings has not been justified and should be reduced to an amount similar to that approved in the last rate case.
11. The utility filed two responses to deficiencies, including almost complete copies of new MFR's. If the utility submits any supporting documents regarding rate case expense, the invoices should be carefully reviewed to remove all costs for responding to the deficiencies.
12. We also believe that the copies of the MFR's provided to the Commission are mostly unreadable. There are many numbers that cannot be identified at all. We believe that if the utility plans to spend money to prepare MFR's they should be able to present readable copies. With today's technology, there is no reason to present MFR's of such poor quality. We believe that the Commission has tolerated such behavior on the part of the utilities and should take a stand and put utilities on notice that this behavior will not be tolerated and utilities will be subject to reductions to rate case expense. We believe that this is a reasonable solution in that it recognizes that the tasks included in rate case expense were not completed in that the utility did not present readable copies of the MFR's.

Miscellaneous Expense

Miscellaneous Expense includes allocated expenses from affiliated companies in the amounts of \$75,932 for Tamiami and \$291,406 for Hudson. Based on the utility's responses to Staff's First Data Request and the staff audit requests, we request that the following issues be reviewed.

13. The "salaries" for the employees and officers listed in the MFR's Volume III are those employees of UGF that are passed through the UGF charges which are included in Contractual Services-Other. In addition to these charges, the utility includes employee and officers' salaries and benefits of \$59,663 for Tamiami and \$228,970 for Hudson. So, in addition to the charges for local management and operations, the utility is requesting recovery of salaries and benefits for the non-local employees and officers

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listed on Attachment A. We request that the Commission verify what benefits are received by the Florida customers before these costs are recovered. We suggest the following specific adjustments be made to remove salaries that do not benefit the Florida customers.

- a. Audit workpaper 44-3.3 is a list of allocated employees and their job titles and duties. We do not believe that the following employees should be allocated to the Florida systems for the reasons indicated. The total salaries and bonuses related to these positions is \$631,723.13, with an allocated amount of \$11,236.24 to the Tamiami water system and \$43,121.53 allocated to the Hudson wastewater system. We believe that these salaries and the related benefits should be removed from the test year expenses.

<u>Emp.</u>	<u>Title</u>	<u>Duties</u>	<u>Reason</u>
L.B.	Senior Analyst	Responsible for handling general accounting for the South Carolina utilities owned by Ni America, prepares each of the utilities' monthly financial statements in accordance with U.S. GAAP. Also responsible for determining and re-evaluating Equivalent Residential Customers (ERCs) for each of the South Carolina utilities owned by Ni America.	Appears to be only South Carolina duties
D.C.	Customer Service Field Technician	Responsible for disconnections and reconnections when customers have paid their account balances or made arrangements to make payments in installments.	This employee is located in South Carolina so appears to be only South Carolina duties (UGF provides this service in Florida).
A.D.	Project Manager	Leads and directs capital projects and operations programs assigned to him for utilities owned by Ni America in South Carolina. As part of this role, oversees and directs the coordination of all repairs and maintenance and capital projects to ensure the work is performed to standards, within budget, and on time.	Appears to be only South Carolina duties
S.J.	President of South Carolina Utilities	Leads and directs the capital expenditures, operations, and contractors at all owned utilities owned by Ni America. Looks for potential ways to grow the utilities through developer agreements or acquisition. Also participates in the administration of the 208 Plan for the utilities in South Carolina.	Appears to be only South Carolina duties
C.M.	Office Manager	Responsible for managing the South Carolina office for employees of Ni America. Orders supplies, coordinates mailroom activities, assists with making bank deposits from the personnel posting payments, and assists other employees as needed.	Appears to be only South Carolina duties

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C.T.	Inspector	Responsible for inspecting installations of grease traps, taps, and elder valves. Also assists with field personnel in determining equivalent residential customers and other duties as assigned.	This employee is located in South Carolina so appears to be only South Carolina duties (UGF provides this service in Florida).
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- b. In addition, we request that the salary levels be closely reviewed for reasonableness. In the last rate case, the commission compared the corporate level salaries to average salaries as compiled by the American Water Works Association (AWWA) and made reductions to the requested salaries. We believe that these are small utilities and should be compared to other small water and wastewater utilities when determining the amount of corporate overhead that should be allocated from the related parties, especially salaries and benefits.
- c. In response to Staff’s First Data Request Question #9, the utility provided a contract for the management services of Utility Group of Florida, LLC. The contract that is included in the utility response states that the operator “shall perform billing and collection services per the utility’s tariff and policies for the utility’s water and wastewater services.” It further states that the operator shall bill each customer of the utility monthly in accordance with the utility’s approved rate structure.” Additionally, the contract states that the operator will provide a Customer Service Office where customers may pay their bills, apply for service, obtain information, register complaints, and generally receive normal and customary billing and collecting services. In our conversations with the Park representative, we understand that if the Park has billing questions or service concerns, they call the Florida operator. If the contract operator is providing these services, we question why Ni America is allocating overhead costs that include these functions. We have identified the following positions included in the allocation that appear to duplicate these functions included in the Florida contract. The total salaries and bonuses related to these positions is \$311,800.95, with an allocated amount of \$5,545.89 to the Tamiami water system and \$21,283.59 allocated to the Hudson wastewater system. We believe that these salaries and the related benefits should be removed from the test year expenses.

Emp.	Title	Duties
E.B.	Billing Supervisor	Responsible for maintenance and updates to customer accounts to ensure the accurate calculation and distribution of customer billings. She is responsible for entering meter readings, responding to customer inquiries, managing and training customer service representatives, coordinating connections and reconnections, and entering payment data.

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A.M.	Customer Service Department Manager	Responsible for the Customer Service Department and billing for all utility systems. Supervises the Customer Service Representatives and Billing Supervisor. Plans and organizes the work for the Customer Service Department, prepares reports as needed, and evaluates policies and recommends changes, as needed. Overall responsibility for connections, reconnections, billings, collections, and installment payment plans. Ensures the management and training of departmental employees and contractors involved in providing customer service. Helps to resolve customer complaints and other issues.
R.J.	Customer Service Representative-In Charge	Responsible for supervising the customer service representatives, responding to customer inquiries, managing and training customer service representatives, coordinating connections and reconnections, and entering payment data.
G.P.	Billing	Responsible for maintenance and updates to customer accounts to ensure the accurate calculation and distribution of customer billings, entering meter readings, responding to customer inquiries, coordinating connections and reconnections, and entering payment data.
M.T.	Customer Service Representative-Part- Time	Responsible for handling connections, reconnections, billings, collections, and installment payment plans on an as-needed, part-time basis. Ensures the customer service issues and customer complaints are resolved.

14. Schedule B-12 breaks down the charges to Miscellaneous Expense. The staff audit sampled expense charges based on entries in the affiliate general ledger. Table 1-2 of the audit report identifies charges that should have been direct charges to Hudson and Tamiami. The audit report includes an adjustment to increase Miscellaneous Expense by \$12,294.62 (\$13,195.90 - \$901.28) for Hudson and \$383.06 (\$390.00 – \$6.94) for Tamiami to reflect the net difference from allocating the expense compared to a direct charge. However, as shown on MFR Schedule B-12, these charges were already included in Miscellaneous Expense, therefore, this audit adjustment should not be made.

	Water	Sewer
Allocated from affiliates	75,932	291,406
Direct Charges paid by affiliates	390	13,196
Direct charges paid by utility:		
Billing/Cust Service	10,668	
Bank Fees	2,952	10,321
Telephone		7,108
Ni Florida LLC - Other	435	1,669
Total Miscellaneous Expense	90,377	323,700

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15. The General Ledgers provided by the utility in response to Staff's First Data Request provide the detailed charges for Ni America and Ni America Capital Management (Ni Cap). These general ledgers indicate that Ni America paid \$209,460 for consulting services for an "ERC Project". There is not sufficient support for what the "ERC Project" is and how it provides a benefit to the Florida ratepayers. We believe that the allocated amounts of \$3,726 for Tamiami and \$14,298 for Hudson should be removed from the test year.
16. The General Ledgers also indicate that Ni Cap paid \$47,862 for Directors and Officers Liability Insurance. In the last rate case, the Commission stated that this type of insurance benefits both the ratepayers and the shareholders. Therefore, the Commission shared the expense equally and reduced the expense by 50%. Therefore, we believe that the expense should be reduced by \$23,931, which results in a reduction in the allocated expense to Tamiami of \$425 and to Hudson of \$1,634.
17. In addition, the General Ledgers indicate that Ni Cap paid Directors fees of \$123,667 which resulted in \$2,200 allocated to Tamiami and \$8,442 allocated to Hudson. Tamiami has 783 customer and Hudson has 3,003 customers. It does not appear reasonable for these two small systems to incur a total of \$10,641 for directors' fees. We believe that these should be removed from test year expenses as unreasonable.
18. The staff audit sampled expense charges based on entries in the affiliate general ledger. Some of the items sampled indicated \$209 paid to The Members Club at Woodcreek & WildWood for member fees. It appears that the audit has recommended removing some amounts based on the items sampled. However, we believe that the audit sample only includes a few months of the invoices. Therefore, we believe that the Commission should remove all 12 monthly charges.

Income Taxes

19. The MFR's include income tax expense. The utility is an LLC and no taxes have been included in the past. Unlike a corporation, LLCs are not taxed as a separate business entity. Instead, all profits and losses "pass through" the business to each member of the LLC. Prior Commission orders have stated that when a utility is an LLC it does not pay taxes but passes the income through to the partners. Therefore, the Commission has not allowed income taxes in the test year expenses.⁴

As far as the Internal Revenue Service is concerned, LLCs don't exist as a tax-filing entity. When it comes to tax reporting, by default LLCs report as partnerships do - like LLPs. IRS Publication 3402 states that an LLC with at least two members is classified as a partnership for federal income tax purposes. An LLC with only one member is

⁴ Citing, Order No. PSC-13-0320-PAA-WU, issued July 15, 2013, in Docket No. 120269-WU, In re: Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC; Order No. PSC-07-0668-PAA-WS, issued August 20, 2007, in Docket No. 060747-WS, In re: Application for staff-assisted rate case in Highlands County by Mink Associates II, LLC d/b/a Crystal Lake Club Utilities; Order No. PSC-11-0436-PAA-WS, issued September 29, 2011, in Docket No. 100472-WS, In re: Application for staff-assisted rate case in Manatee County by Heather Hills Estates Utilities LLC.

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treated as an entity disregarded as separate from its owner for income tax purposes. An LLC can elect to be classified as an association taxable as a corporation or as an S corporation. LLCs usually report as partnerships since that's the key to pass-through taxation and avoiding double taxation.

Therefore, staff should determine what election the utility has made and how it files its taxes. If the utility is not treated as a separate taxable entity, the Commission should follow its past decisions and not allow income taxes to be recovered through rates as those costs will be paid by the partners.

Attachment A

Employees @ 12/31/15	
April Braswell	Customer Service Department Manager
Christopher T Thornton	Inspector
Clady Martinez	Office Manager
Conrad Lozano	Accounts Payable Specialist
Cory J. Pendleton	Manager of Accounting
Derek Chance	Cust Service Field Tech
Ella Bell	Billing Supervisor
Eric J Griffin	Corporate Controller
Gabriele Pierce	Billing
George A Delk	Project Manager
Kevin M Binder	Senior Accountant
Lauren A Burgess	Senior Analyst
Martha Tuttle	Cust Service Rep - Part Time
Nicia L Rotermund	Office Manager - Houston
Renee Jaffee	Cust Service Rep - In Charge
Thomas Creasman	VP - Capital Improvements
Officers, Directors & Major Shareholders @ 12/31/15	
Benny Wilkinson	VP - Financial Due Diligence
Carey A. Thomas	Sr VP HR
Craig W. Sherwood	Manager of Operations
Edward R. Wallace	President
Fred W. Melcher, III	Manager Public Relations
Mark S Daday	CFO
Mike Ashfield	VP - Operations
Robert S Jones	Regional President
William (Andy) A. Thomas	VP - Capital Improvements
Pacolet Milliken Management	
Rick Webel	CEO
Ralph Walker	Head of Energy
William Crawford	General Counsel
Rick Thompson	Corporate CFO
Jack Altman	Corporate Controller
Bill Falls	Group CFO
Chuck Blackman	Mgr. IT
Katie Burnette	Payroll
Bryan Stone	COO
Andrena Powell-Baker	Regulatory Rel & PR
Van Clark	HR Manager