

**SUNDSTROM
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September 13, 2016

VIA ELECTRONIC FILING

Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Ni Florida, LLC; Application for a Rate Increase in Pasco & Lee Counties, Florida
Docket No. 160030-WS; Response to OPC Concerns dated 8/30/16

Dear Ms. Stauffer,

Attached for your information and for that of the Commissioners and the Commission staff is the utility's attempt to address each of the concerns raised by the OPC in their letter dated August 30, 2016. If you or any members of the staff have any questions in this regard, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Marshall Deterding". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

F. Marshall Deterding
Of Counsel

FMD/brf
Enclosures

cc: Kyesha Mapp
Adam Hill
Sonica Bruce
Shannon Hudson
Todd Brown
Dale Buys
Cheryl Bulecza-Banks
Mr. Benny Wilkinson
Denise Vandiver

**Response to Office of Public Counsel Letter to FPSC
Dated August 30, 2016**

1. **Quality of Service**

(a) Ni Florida believes its quality of service has improved over the last three years. The planning process for capital improvements for Ni Florida is usually not done until the 4th quarter of the year. Tamiami Village has a repaving project that will start next year and last for multiple years. While Ni Florida can understand the benefit of working together, at the time of the Parks request, there was no information which the utility needed to communicate.

(b) Ni Florida has provided Barbara Oliveira, Manager of Tamiami Village and RV Park, the cell phone numbers for Mark Daday, Chief Financial Officer of Ni America, and John Wittenzellner, President of Utility Group of Florida, in order for her to contact them with any issues that arise related to operations. Additionally, Ni Florida has asked the contract operator site representative to stop by the office to introduce himself to the staff of the Tamiami Village and RV Park.

(c) The water main break was the responsibility of Lee County Utilities and Ni Florida assumed it would respond to affected customers.

Ni Florida will attempt to improve its communication with its customers even in cases where the main break is the county's and outside the regulated utility's control; however, we do not believe the utility's performance rises to the level of providing "marginal" service.

2. **Pro Forma Plant**-Ni Florida has two pro forma capital improvement projects included in this rate filing. They are the Tower Drive Project and the R.O.P.E.S. Rhodes Road Project.

(a) Tower Drive Project-The invoice to "expedite" the purchase of mission units is related to the installation and service of real-time SCADA-type equipment on the 5 new lift stations for this project. It was done to make sure that this equipment was not holding up the project completion. The term "expedite" was used, but it did not affect how the price for installing the mission units and obtaining the annual service for these units was determined. The price was the same whether or not "expedite" was used in the description. This was not related to any previous purchase of mission units in 2013 or any other year. This was for this new project.

(b) (i) R.O.P.E.S. Rhodes Road Project-This project was done to hook up a new customer to the collection system. Ni Florida is in complete agreement that both the project costs and the related CIAC of \$77,760 should be included in the determination of rate base at the same time. This audit recommendation was not supported by Ni Florida, and they would agree with the OPC suggestion.

(ii) This work was done under a fixed-price, lump-sum contract. The contingency amounts shown on the invoices are done so as to bill the full amount of the lump-sum bid. As is generally understood in the bid process, a contingency is included for unforeseen circumstances. When the work is done, the entire amount bid for the project should be invoiced, including the contingency amount. These invoices highlight the contingency unnecessarily. If the invoices were billed based on the percentage of work done at each invoicing period, then the contingency would be included, but not shown separately.

3. **Working Capital Allowance**-Ni Florida reported on Schedule A-17 its actual cash balances for each month-end. These are the ordinary and necessary cash balances required for operation of the utility. The OPC recommendation is pure speculation. If the FPSC would like the schedule to represent something else, then please amend the minimum filing requirements to inform all utilities of what should be reported herein.
4. **O&M Expenses-Contract Services-Legal**-Ni Florida included the legal expenses for the four-year rate reduction in this account and believes it should be an expense that should be recovered from its ratepayers. Ni Florida would agree to adding \$3,200 to rate case expense previously submitted so that these estimated costs to be incurred in four years can be recovered as necessary and prudent costs of a rate proceeding.
5. **Contract Services-Management Fees**-Ni Florida thought it had provided the 3rd party operations contract payments for Tamiami in its responses to the Staff's First Data Request. If not, they will be provided now. (See attached invoices)
6. **Contract Services-Other**-The expenses related to the four-year rate reduction were addressed in #4 above. As noted, these are normal and necessary costs of a PSC rate proceeding and if prior costs are excluded, an allowance for estimated costs in the same amount should be added to correct rate case expense estimates.
7. **Contract Services-Other**
 - a) **Invoice to shut down Flounder Lift Station**-This invoice has on its face "Paid for by DAB", a construction contractor. This is obviously a utility cost and was paid accordingly. If the contractor paid this cost as a matter of convenience and was later reimbursed, then he was made whole but the utility still incurred the cost.
 - b) **RVS Software Charges**-Although these invoices look like they are duplicative in nature, they are in effect for two different things. The first renews the license for the users in effect at that time (March 2015), while the second charge adds several new users to the license (July 2015).
 - c) **Write-Offs of Charges**-While Ni Florida believes charges incurred for the benefit of customers should ultimately be recovered, the FPSC has the right to disallow these costs. These costs were incurred to fix the collection system and have not been recovered or allowed in any rate case to date.
 - d) **Duplicate Invoices**-While these invoices appear to be for the same work, they are

not. The work was done in two separate steps, with the same hours and therefore the same cost.

- e) **Use taxes on Material Purchases**-These costs were related to invoice purchases in 2014. Ni Florida agrees that they are for purchases out of the test year.
 - f) **High maintenance and repair costs**-OPC blames the higher level of costs on the unusual weather experienced in July and August of 2015. Weather in Florida can be quite severe at times, as evidenced by the 2015 rainfall. However, if one considers the high frequency of storms, including Hurricane Hermine that affected the east coast of Florida on September 1-2, 2016, it is hardly an unusual event, and could easily be considered normal weather for the area of the country. With this said, Ni Florida agrees that the \$17,521.12 spent on the customer audit of the entire Hudson Collection System could be considered for amortization over a 3-year period, since the utility's plan is to re-do such audit every three years.
8. **Insurance Expense**-OPC asks for a review of the general liability insurance policy and a determination as to whether or not the overhead allocations include duplicate coverage. They are not duplicative. Ni Florida will provide the pollution policy when it is issued, retroactive back to its expiration (Ni Florida was left off by mistake).
9. **Regulatory Commission Expense-Prior Rate Case**-Ni Florida submitted its response to Staff's Second Data Request, Question #10, related to an update of rate case expenses on September 1, 2016. In that response, it included all expenses for which it believes should be included in rates set for this docket.
10. **Regulatory Commission Expense-Current Rate Case**-Ni Florida believes that rate case expenses should reflect actual prudently incurred costs and an estimate for costs which will be incurred after the final determination of rates, but which cannot be known at that time. If the mailing and postage for notices estimated were lower in the last case, it is likely because the utility did not include all estimated costs for all required notices in that last case. The current estimate is based on a review of actual costs and actual required notices and should be recognized.
11. **Regulatory Commission Expense-Deficiencies**-Ni Florida believes that the cost of correcting deficiencies should be included in recoverable rate case expenses because it appears to be the normal process. It appears that few rate filings are accepted without revisions to correct for deficiencies.
12. **Regulatory Commission Expense-Quality of MFRs**-Ni Florida makes every effort to produce a quality rate filing using the forms required by Commission rule.
13. **Miscellaneous Expense-Salaries**-
- a) **Specific Employees to be Excluded**-Ni Florida employs a shared services type of system to provide support to its utilities. The 3rd party operations contractors handle the day-to-day activities for each utility. The service company is Ni America Operating, LLC and employs the shared employees. The shared services

are not only for management-related tasks, but for all tasks other than operations. These tasks include Accounting, Finance, Insurance, Property Taxes, Regulatory Taxes, Corporate Governance, Audit, Income Tax Returns, Rate Filings, Payroll Administration, Accounts Payable, Annual Reports, Budgeting, Forecasting, Cash Management, Benefits Administration, etc. Additionally, the corporate management employees of Pacolet Milliken Enterprises provide oversight and management for all their companies, including the utilities.

For the six employees listed, the FPSC Audit identified Customer Service Field Technician Derek Chance (D.C.) and Inspector Christopher Thornton (C.T.) as performing only South Carolina tasks. Ni Florida agrees with this finding.

Additionally, Ni Florida agrees that Project Manager Adam Delk (A.D.) and President of South Carolina Utilities Stan Jones (S.J.) perform only South Carolina tasks and should also be excluded.

However, the Senior Analyst Lauren Burgess (L.B.) and Office Manager Clady Martinez routinely perform tasks related to all utilities (Budgeting, posting customer payments, making bank deposits, provide Admin Asst support to managers and officers, etc.) and their payroll and benefits costs should continue to be allocated to all utilities.

- b) **Reasonableness of Salaries**-Ni Florida disagrees with this recommendation. Ni America Operating, LLC employees are not equivalent to your small utility employees. Ni America employs Certified Public Accountants, Environmental Engineers, employees with advanced degrees, and employees with many years of professional experience in running water and wastewater utilities. The salaries are reflective of the education and experience of these employees. The fact that those professional and experienced employees provide services to six utility systems provides those customers the benefit of having more experienced individuals at an allocated cost, which are much less than employing individual employees at each utility system.
- c) **Duplication of Services**-The 3rd party contract operator does certain duties, while employees of Ni America perform certain duties. The 3rd party operations contract lists some tasks to be performed under the contract, but the situation is more substance over form. Over the past eight years, Ni Florida and the 3rd party operations contractor have developed the working relationship of who should perform what tasks. This working relationship has changed over the years, but remains a workable situation. The employees in the South Carolina billing and customer service office perform tasks related to the Florida utilities and should therefore remain allocable to all utilities, including Ni Florida. This includes the Billing Supervisor, Customer Service Department Manager, Customer Service Representative-In-Charge, Billing Representative, and Part-Time Customer Service representative employees. These employees handle new customer applications, post all customer payments received by mail or electronically, take customer service calls (shared with Florida office), initiate customer refund checks, balance and audit customer accounts at month-end, and perform monthly billing of customers. These tasks are done for all utilities and therefore their costs should remain allocable to all utilities, including Ni Florida.

It should be noted that payroll and benefits for Edward R. Wallace, Carey A. Thomas, William (Andy) A. Thomas, and Nicia L. Rotermund were excluded from allocable expense, net of a new employee addition, in Schedule B-12, Page 1 of 2 (\$471,589). Additionally, the payroll associated with acquisitions was excluded in the audit report.

14. **Direct Charges**-Whether a charge is direct charged to Hudson and Tamiami, or is specifically-assigned to it through Ni America, as long as the end result is the same, then either methodology works. Ni America attempts to directly assign costs to utilities, as appropriate, and allocates charges if appropriate based on ERCs. The audit adjustment addressed in #14 of OPC's Letter does not make sense.
15. **ERC Project Costs**-The ERC Project was set up to reconcile customers in South Carolina. As such, Ni Florida agrees that the cost should not be allocated to Ni Florida.
16. **Directors and Officers Liability Insurance**-Ni Florida does not agree with this line of reasoning, but notes that the audit makes this recommendation, same as in the prior rate case, so OPC's recommendation is consistent with this concept.
17. **Directors Fees**-Ni Florida was included under the ownership of Ni America Capital Management, LLC which employed a Board of Directors. The cost of the Board of Directors is a customary, reasonable, and necessary cost and should be allocated to each utility, including Ni Florida utilities. Such fees are reasonable and necessary and provide additional expert oversight of utility operations. A professional Board of Directors is essential to having access to the capital markets. Ni Florida borrows money from Bank of America at competitive rates and raises equity from institutional investors such as its parent, Ni Pacolet Milliken Enterprises. This enables Ni Florida to immediately have enough cash to fund major capital projects like the recently completed Tower Drive project, I & I reduction projects and line relocations due to road widenings. Smaller utilities that do not have this access to capital markets either go to the state for money or are not able to perform the project. This benefits the customer in terms of immediate access to capital, system reliability and financial stability.
18. **The Members Club**-Ni America has a membership at a Country Club in Elgin, South Carolina. Ni Florida has no issue with removing this cost for the entire test year in the rate filing.
19. **Income Taxes**-Ni Florida filed an election on Form 8832 with the IRS to be treated as a taxable entity, regardless of its form of company organization. This Form 8832 is attached hereto. Since Ni Florida is a single member LLC whose ultimate parent owner is a "C" corporation, it is taxed at the parent level (C corporation) on a consolidated return; therefore Ni Florida is subject to federal income tax. Ni Florida income has always been taxable at some level. When organized as an LLC, its income was taxable to the owners (partners) on their personal income tax returns. Since the election to be treated as a taxable entity in 2015, Ni Florida now pays income taxes through the Pacolet Milliken Enterprises consolidated

income tax return. The portion attributable to Ni Florida Hudson and Tamiami income is a cost of doing business for each utility. Income taxes are properly included as a cost of doing business and are shown on Schedules B-1 and B-2 as a separate item for recovery in rates.

3rd Party Operator (UGGF) Invoices for 2015
Which are an attachment for #5

**Tamiami
Contractual Svcs - Mgmt Fee
For the Year 2015**

634 · Contractual Svcs - Mgmt Fee

| | | | | | |
|---|--------------------|-------------------------------|--|--------------------------|---------------------|
| Bill | 01/01/2015 02919 | Utility Group of Florida, LLC | Tamiami Operations - January 2015 | 20000 · Accounts Payable | 3,114.00 - |
| Bill | 02/02/2015 0050278 | Utility Group of Florida, LLC | Tamiami Operations - February 2015 | 20000 · Accounts Payable | 3,114.00 * |
| Bill | 03/01/2015 02968 | Utility Group of Florida, LLC | Tamiami Operations - March 2015 | 20000 · Accounts Payable | 3,114.00 * |
| Bill | 04/01/2015 02979 | Utility Group of Florida, LLC | Tamiami Operations - April 2015 | 20000 · Accounts Payable | 3,114.00 - |
| Bill | 05/01/2015 02994 | Utility Group of Florida, LLC | Tamiami Contract Operations for May 2015 | 20000 · Accounts Payable | 3,114.00 * |
| Bill | 06/01/2015 03014 | Utility Group of Florida, LLC | Tamiami Operations - June 2015 | 20000 · Accounts Payable | 3,114.00 - |
| Bill | 07/01/2015 03034 | Utility Group of Florida, LLC | Tamiami Operations - July 2015 | 20000 · Accounts Payable | 3,114.00 * |
| Bill | 08/01/2015 03077 | Utility Group of Florida, LLC | Tamiami Operations - August 2015 | 20000 · Accounts Payable | 703.16 |
| Bill | 08/08/2015 03077 | Utility Group of Florida, LLC | Tamiami Operations - 08/08/15 - 08/31/15 | 20000 · Accounts Payable | 2,410.84 > 3,114.00 |
| Bill | 09/03/2015 03087 | Utility Group of Florida, LLC | Tamiami Operations - September 2015 | 20000 · Accounts Payable | 3,114.00 * |
| Bill | 10/01/2015 03108 | Utility Group of Florida, LLC | Tamiami Operations - October 2015 | 20000 · Accounts Payable | 3,114.00 - |
| Bill | 11/01/2015 03144 | Utility Group of Florida, LLC | Tamiami Operations - November 2015 | 20000 · Accounts Payable | 3,114.00 * |
| Bill | 12/01/2015 03150 | Utility Group of Florida, LLC | Tamiami Operations - December 2015 | 20000 · Accounts Payable | 3,114.00 * |
| Total 634 · Contractual Svcs - Mgmt Fee | | | | | <u>37,368.00</u> |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

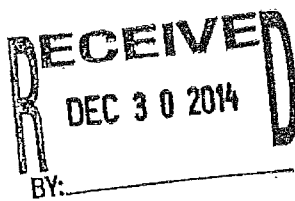
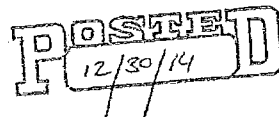
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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

Invoice

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|------------|----------------|
| Date | Invoice # |
| 12/31/2014 | 02919 |
| Due Date | Terms |
| 12/31/2014 | Due on receipt |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--|------------|---|-----|----------|------------|
| 1/2/2015 | Operations | Water Deist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
|   | | | | | |
| Total | | | | | \$3,114.00 |
| Payments/Credits | | | | | \$0.00 |
| Balance Due | | | | | \$3,114.00 |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

Invoice

| | |
|-----------|----------------|
| Date | Invoice # |
| 1/31/2015 | 0050278 |
| Due Date | Terms |
| 1/31/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--------------------|------------|--|-----|----------|------------|
| 2/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
| | | <p><i>(received 1/30/15)</i></p> <p>POSTED 2/2/15</p> | | | |
| Total | | | | | \$3,114.00 |
| Payments/Credits | | | | | \$0.00 |
| Balance Due | | | | | \$3,114.00 |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

Invoice

| | |
|-----------|----------------|
| Date | Invoice # |
| 2/28/2015 | 02968 |
| Due Date | Terms |
| 2/28/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--------------|------------|--|-----|----------|----------|
| 3/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |

POSTED
 3/4/15

| | |
|-------------------------|------------|
| Total | \$3,114.00 |
| Payments/Credits | \$0.00 |
| Balance Due | \$3,114.00 |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

Invoice

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|-----------|----------------|
| Date | Invoice # |
| 3/31/2015 | 02979 |
| Due Date | Terms |
| 3/31/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--|------------|--|-----|----------|------------|
| 4/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
| <div data-bbox="747 982 1019 1060" data-label="Text"> <p>POSTED 4/1/15</p> </div> | | | | | |
| Total | | | | | \$3,114.00 |
| Payments/Credits | | | | | \$0.00 |
| Balance Due | | | | | \$3,114.00 |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

Invoice

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|-----------|----------------|
| Date | Invoice # |
| 4/30/2015 | 02994 |
| Due Date | Terms |
| 4/30/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--------------|------------|--|-----|----------|----------|
| 5/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |

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RECEIVED
 MAY 5 - 2015
 BY: _____

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|-------------------------|------------|
| Total | \$3,114.00 |
| Payments/Credits | \$0.00 |
| Balance Due | \$3,114.00 |

Utility Group of Florida, LLC.


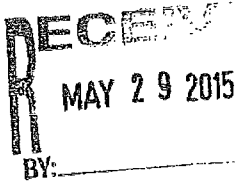
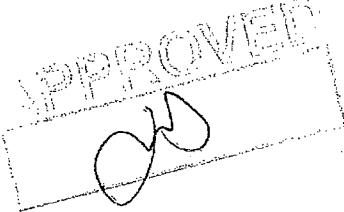
10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

Invoice

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|-----------|----------------|
| Date | Invoice # |
| 5/31/2015 | 03014 |
| Due Date | Terms |
| 5/31/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|---|------------|--|-----|-------------------------|------------|
| 6/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
|    | | | | | |
| | | | | Total | \$3,114.00 |
| | | | | Payments/Credits | \$0.00 |
| | | | | Balance Due | \$3,114.00 |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

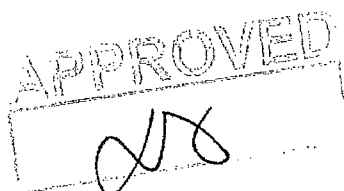
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| Date | Invoice # |
| 6/30/2015 | 03034 |
| Due Date | Terms |
| 6/30/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--|------------|--|-----|-------------------------|------------|
| 7/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
|  | | | | | |
| | | | | Total | \$3,114.00 |
| | | | | Payments/Credits | \$0.00 |
| | | | | Balance Due | \$3,114.00 |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

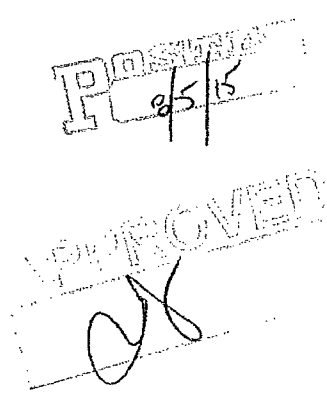
Invoice

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|-----------|----------------|
| Date | Invoice # |
| 7/31/2015 | 03077 |
| Due Date | Terms |
| 7/31/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--|------------|--|-----|----------|------------|
| 8/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
|  | | | | | |
| Total | | | | | \$3,114.00 |
| Payments/Credits | | | | | \$0.00 |
| Balance Due | | | | | \$3,114.00 |

Utility Group of Florida, LLC.

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 Port Richey, FL 34668
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 Fax (727) 869-5913

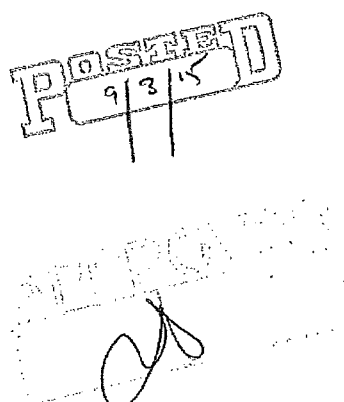
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| Date | Invoice # |
| 8/31/2015 | 03087 |
| Due Date | Terms |
| 8/31/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--|------------|--|-----|----------|------------|
| 9/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
|  | | | | | |
| Total | | | | | \$3,114.00 |
| Payments/Credits | | | | | \$0.00 |
| Balance Due | | | | | \$3,114.00 |

Utility Group of Florida, LLC.

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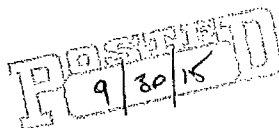
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|-----------|----------------|
| Date | Invoice # |
| 9/30/2015 | 03108 |
| Due Date | Terms |
| 9/30/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|---|------------|--|-----|--------------------|------------|
| 10/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
|  | | | | | |
| | | | | Total | \$3,114.00 |
| | | | | Payments/Credits | \$0.00 |
| | | | | Balance Due | \$3,114.00 |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

Invoice

| | |
|------------|----------------|
| Date | Invoice # |
| 10/31/2015 | 03144 |
| Due Date | Terms |
| 10/31/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|---|------------|--|-----|--------------------|------------|
| 11/1/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
| <p><u>PAID</u></p> <p>APPROVED BY: <i>[Signature]</i> JOB: <i>Contract Dept</i> GIL Ni Florida Tamiami</p> | | | | | |
| | | | | Total | \$3,114.00 |
| | | | | Payments/Credits | \$0.00 |
| | | | | Balance Due | \$3,114.00 |

Utility Group of Florida, LLC.

10130 Scenic Dr.
 Port Richey, FL 34668
 Phone (727) 863-5161
 Fax (727) 869-5913

Invoice

| | |
|------------|----------------|
| Date | Invoice # |
| 11/30/2015 | 03150 |
| Due Date | Terms |
| 11/30/2015 | Due on receipt |

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| Bill To |
| Ni Florida, LLC 10130 Scenic Drive Port Richey, FL 34668 |

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| P.O. No. |
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| Project |
| Ni Florida - Tamiami |

| Service Date | Item | Description | QTY | Rate | Amount |
|--|------------|--|-----|-------------------------|------------|
| 12/2/2015 | Operations | Water Dist. System monthly fee for Tamiami Florida | 1 | 3,114.00 | 3,114.00 |
| <div style="border: 1px solid black; padding: 5px; display: inline-block;"> POSTED 11/30/15 </div> | | | | | |
| | | | | Total | \$3,114.00 |
| | | | | Payments/Credits | \$0.00 |
| | | | | Balance Due | \$3,114.00 |

Form 8832
Which is an attachment to #19

Entity Classification ElectionDepartment of the Treasury
Internal Revenue Service▶ Information about Form 8832 and its instructions is at www.irs.gov/form8832.

| | | |
|------------------------------|--|--------------------------------|
| Type or Print | Name of eligible entity making election | Employer identification number |
| | NI FLORIDA, LLC | 90-0348898 |
| | Number, street, and room or suite no. If a P.O. box, see instructions. | |
| | 105 CORPORATE DRIVE, SUITE A | |
| | City or town, state, and ZIP code. If a foreign address, enter city, province or state, postal code and country. Follow the country's practice for entering the postal code. | |
| | SPARTANBURG, SC 29303 | |

- ▶ Check if: Address change Late classification relief sought under Revenue Procedure 2009-41
 Relief for a late change of entity classification election sought under Revenue Procedure 2010-32

Part I Election Information**1 Type of election** (see instructions):

- a Initial classification by a newly-formed entity. Skip lines 2a and 2b and go to line 3.
b Change in current classification. Go to line 2a.

2a Has the eligible entity previously filed an entity election that had an effective date within the last 60 months?

- Yes. Go to line 2b.
 No. Skip line 2b and go to line 3.

2b Was the eligible entity's prior election an initial classification election by a newly formed entity that was effective on the date of formation?

- Yes. Go to line 3.
 No. Stop here. You generally are not currently eligible to make the election (see instructions).

3 Does the eligible entity have more than one owner?

- Yes. You can elect to be classified as a partnership or an association taxable as a corporation. Skip line 4 and go to line 5.
 No. You can elect to be classified as an association taxable as a corporation or to be disregarded as a separate entity. Go to line 4.

4 If the eligible entity has only one owner, provide the following information:

- a Name of owner ▶ PACOLET MILLIKEN ENTERPRISES, INC.
b Identifying number of owner ▶ 26-1392109

5 If the eligible entity is owned by one or more affiliated corporations that file a consolidated return, provide the name and employer identification number of the parent corporation:

- a Name of parent corporation ▶ PACOLET MILLIKEN ENTERPRISES, INC.
b Employer identification number ▶ 26-1392109

Part I Election Information (Continued)

6 Type of entity (see instructions):

- a A domestic eligible entity electing to be classified as an association taxable as a corporation.
- b A domestic eligible entity electing to be classified as a partnership.
- c A domestic eligible entity with a single owner electing to be disregarded as a separate entity.
- d A foreign eligible entity electing to be classified as an association taxable as a corporation.
- e A foreign eligible entity electing to be classified as a partnership.
- f A foreign eligible entity with a single owner electing to be disregarded as a separate entity.

7 If the eligible entity is created or organized in a foreign jurisdiction, provide the foreign country of organization ► _____

8 Election is to be effective beginning (month, day, year) (see instructions) ► 08/08/2015

9 Name and title of contact person whom the IRS may call for more information

10 Contact person's telephone number

MR. RICK THOMPSON, CFO

864-342-6174

Consent Statement and Signature(s) (see instructions)

Under penalties of perjury, I (we) declare that I (we) consent to the election of the above-named entity to be classified as indicated above, and that I (we) have examined this election and consent statement, and to the best of my (our) knowledge and belief, this election and consent statement are true, correct, and complete. If I am an officer, manager, or member signing for the entity, I further declare under penalties of perjury that I am authorized to make the election on its behalf.

| Signature(s) | Date | Title |
|-------------------------|----------------|-------------------------|
| <i>Rick S. Thompson</i> | <i>8-31-15</i> | CHIEF FINANCIAL OFFICER |
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Part II Late Election Relief

11 Provide the explanation as to why the entity classification election was not filed on time (see instructions).

Under penalties of perjury, I (we) declare that I (we) have examined this election, including accompanying documents, and, to the best of my (our) knowledge and belief, the election contains all the relevant facts relating to the election, and such facts are true, correct, and complete. I (we) further declare that I (we) have personal knowledge of the facts and circumstances related to the election. I (we) further declare that the elements required for relief in Section 4.01 of Revenue Procedure 2009-41 have been satisfied.

| Signature(s) | Date | Title |
|--------------|------|-------|
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Jack Altman

From: Poore, Joe <Joe.Poore@elliottdavis.com>
Sent: Monday, August 31, 2015 10:36 AM
To: Jack Altman
Cc: Madden, Matthew
Subject: Form 8832- Ni Florida LLC
Attachments: Ni Florida LLC Form 8832 AS FILED.pdf

Jack,

Attached is the entity classification election for Ni Florida LLC. Please have Rick sign on pg. 2 (signature box is mid-page below line 9).

The signed form should be mailed to the following address:

Internal Revenue Service
Cincinnati, Ohio 45999

We recommend the use of certified mail. PME should receive a confirmation within 60 days that the election is approved.

Also, just a reminder that Benny requested a copy of the document that is filed and the confirmation.

Please let me know any questions.

Thx,

Joe

Joe Poore | CPA
Manager | Elliott Davis Decosimo
Direct 864.242.2615 | Joe.Poore@elliottdavis.com



200 East Broad Street | Greenville, SC 29601
PO Box 6286 | Greenville, SC 29606-6286