

LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

Fax (850) 656-4029

www.rsbatorneys.com

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
KYLE L. KEMPER
STEVEN T. MINDLIN, P.A.
CHASITY H. O'STEEN
WILLIAM E. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

ROBERT M. C. ROSE, (1924-2006)

CENTRAL FLORIDA OFFICE
SANLANDO CENTER
2180 WEST STATE ROAD 434
SUITE 2118
LONGWOOD, FLORIDA 32779
(407) 830-6331
FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.
BRIAN J. STREET

CHRISTIAN W. MARCELLI, OF COUNSEL
(LICENSED IN NEW YORK ONLY)

August 28, 2008

VIA HAND DELIVERY

Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

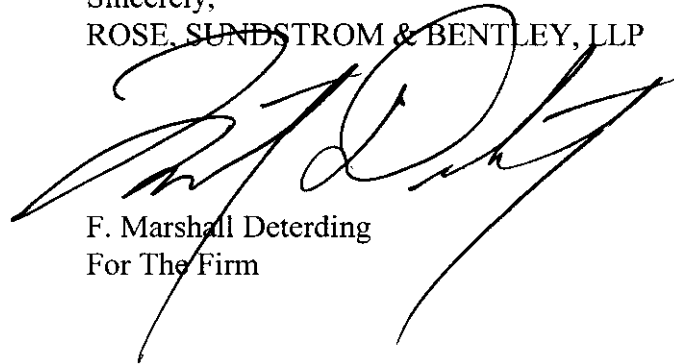
Re: K.W. Resort Utilities Corp.; PSC Docket 070293-SU
Rebuttal Testimonies
Our File No. 34000.05

Dear Ms. Cole:

Attached for filing in the above-referenced docket are the original and 15 copies of Rebuttal Testimonies and Exhibits of Paul E. DeChario, William L. Smith, Jr., and Ed R. Castle.

If you have any questions in this regard, please let me know.

Sincerely,
ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

COM _____
ECR _____
GCL _____
OPC _____
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SSC _____
SGA _____
ADM EMD/tms

CLK cc: _____

Ralph Jaeger, Esquire
Cheryl Bulecza-Banks
Stephen C. Reilly, Esquire
William Smith, Jr., Esquire
Doug Carter
Paul DeChario, CPA
Robert C. Nixon, CPA
Ed Castle, P.E.
John Wharton, Esquire

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 KW RESORT UTILITIES CORPORATION

3 DOCKET NO. 070293-SU

4 REBUTTAL TESTIMONY OF PAUL E. DeCHARIO, C.P.A.

5 **Q. Please state your name and professional address.**

6 A. Paul E. DeChario, C.P.A., a partner in the accounting firm of Carlstedt, Jackson, Nixon
7 & Wilson, P.A., 2560 Gulf-To-Bay Boulevard, Suite 200, Clearwater, Florida 33765.

8 **Q. Have you been retained by KW Resort Utilities Corp. to provide documentary
9 information and testimony in that company's application for increased rates?**

10 A. Yes.

11 **Q. Have you previously provided direct testimony in this case?**

12 A. Yes.

13 **Q. What is the purpose of this testimony?**

14 A. To respond to the various issues raised in the direct testimony of witnesses for the Office
15 of Public Counsel (OPC) and the Commission Staff.

16 **Q. How is your rebuttal testimony organized?**

17 A. I will indicate each witness's name and then address the issues raised by the respective
18 witnesses in their testimony.

19 Kimberly H. Dismukes

20 **Q. Have you read the testimony of Ms. Dismukes?**

21 A. I have.

22 **Q. What is your impression of her testimony?**

23 A. It is full of innuendo, and opinions not supported by any credible evidence. Case law is
24 cited, based upon her own previous testimony, yet she does not build a substantive trail
25 from these citations to her "opinions" and adjustments. Further, she implies that there is

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1 something sinister in the relationships with related parties, yet the only analysis she
2 provides is a simplistic analysis of cost increases which does not take into consideration
3 any of the economic factors of operating any business, particularly a utility, in the
4 Florida Keys.

5 **Q. What is the impact of Ms. Dismukes proposed adjustments?**

6 A. She is proposing a reduction in Utility adjusted test year revenues of \$827,000 and a
7 reduction in Utility adjusted test year rate base of \$3,737,930.

8 **Q. What is your opinion of these adjustments?**

9 A. They are so unreasonable as to be not credible.

10 **Q. How so?**

11 A. First, adjusted test year rate base is \$964,239. Ms. Dismukes proposed adjustment
12 results in negative rate base \$(2,773,691). This negative rate base contributes to
13 approximately \$(243,185) of the total reduction in the revenue requirement, using Ms.
14 Dismukes calculation.

15 Second, Ms. Dismukes proposed reduction to operating revenues results in a net revenue
16 requirement for this 1,600 customer utility of \$219,252. At the same time she is
17 proposing adjusted operations and maintenance expenses of \$792,632, thereby
18 suggesting that the utility should operate at a deficit of at least \$(573,000) before
19 considering depreciation and taxes other than income, which would increase the
20 operating deficit by an additional \$(415,000) to approximately \$(988,000).

21 It appears that Ms. Dismukes failed to use due care in the preparation of her proposed
22 adjustment, instead choosing to prepare adjustments without regard to their accuracy or
23 propriety. As a result, Ms Dismukes proposed adjustments are contrary to the
24 requirements imposed on the utility by regulations and must be rejected.

25

1 **Q. How are Ms. Dismukes adjustments inaccurate or improper?**

2 A. There are several examples of this lack of due care which leads to inaccurate or
3 improper adjustments throughout her Testimony and exhibits. Allow me to enumerate
4 some of them:

5 Ms. Dismukes proposes adjustments to the rate base which result in negative rate base.
6 In PSC-92-1362-FOF-SU Gumbo Limbo Enterprises and PSC-92-0286-FOF-WS Indian
7 River Utilities, the Commission found that “It is our practice to increase rate base to
8 zero.” Even if one accepts the premise that her adjustments are reasonable on an
9 individual issue basis, with which I disagree, had she exercised due care, she would have
10 proposed increasing rate base to zero in her proposed adjustments.

11 Ms. Dismukes incorrectly calculated the revenue impact of her adjustments by using a
12 simple 4.5% factor to account for the impact of regulatory assessment fees rather than
13 dividing by the expansion factor, which takes into account the tax on tax factor inherent
14 in the development of the revenue requirement in the State of Florida. This lack of due
15 care results in an inaccurate calculation and a \$2,899 understatement of the revenue
16 requirement impact of her proposed adjustments (See Dismukes Exhibit No. KHD-1).

17 Ms. Dismukes calculations are grossed up to include a reduction in regulatory
18 assessment fees. Although incorrect, she fails to adjust taxes other than income for the
19 reduction in regulatory assessment fees of \$61,524 by her calculation. This lack of due
20 care results in an understatement of the revenue requirement by overstating the revenue
21 reduction based on her calculations.

22 The adjustment to the regulatory assessment fees proposed by Ms. Dismukes is simply
23 using the adjustment to regulatory assessment fees proposed by PSC Staff (Audit
24 Finding No. 18) grossed up by 4.5%. This lack of due care in the development of
25 regulatory assessment fees in the revenue requirement which are normally developed

1 after all other income and expense items are established shows either a casual attitude or
2 a complete lack of understanding of the rate development process in the State of Florida.
3 Ms. Dismukes also proposes to reduce depreciation expense by \$406,606. There is no
4 schedule summarizing how this amount is developed other than “corresponding
5 adjustments to accumulated depreciation and depreciation expense” without stating a
6 specific amount. (See Dismukes Testimony Page 55)

7 Ms. Dismukes does make reference to a specific Interrogatory (See Footnote 94:
8 Response to Citizens’ Interrogatory #73), however, Interrogatory 73 speaks of cash
9 balances, not of proforma adjustments. While I cannot comment specifically as to what
10 elements make up this adjustment, since no detail supporting this amount was provided,
11 I can make some general comments on the lack of due care and propriety of this
12 adjustment.

13 **Q. What comments are those?**

14 A. Ms. Dismukes proposes an adjustment to depreciation expense of \$406,606, yet the
15 adjustment to accumulated depreciation is only \$124,116. Application of basic
16 accounting would lead one to believe that the change in accumulated depreciation would
17 be greater than or equal to depreciation expense.

18 Also, the Utilities MFR’s show adjusted test year depreciation expense to be \$205,903,
19 yet the proposed depreciation expense adjustment creates negative depreciation expense
20 of \$(200,703), effectively making depreciation expense a source of revenue.

21 Ms. Dismukes adjustments are unreasonable and if allowed as proposed would create a
22 financial burden to the utility and its ability to continue as a going concern and must be
23 rejected.

24 **Q. Based on this discussion, have you reached any conclusions relative to these**
25 **adjustments and Ms. Dismukes testimony?**

1 A. Yes, I have. The lack of due care, the lack of accuracy, and the lack of propriety of these
2 adjustments leads me to question the credibility of this witness.

3 **Q. Why is that? Certainly in a case of this magnitude some small errors are bound to**
4 **creep in.**

5 A. That is probably true; however, I would expect that someone with Ms. Dismukes
6 reported credentials and experience would have a higher standard of care and accuracy.

7 **Q. Do you have any comments regarding Ms. Dismukes proposed adjustment to**
8 **revenues?**

9 A. Yes, I do.

10 First, the billing analysis which she used includes the additional proforma customers to
11 be connected in 2007. To not have excluded these customers violates the matching
12 principal by over-stating the test year revenue related to test year expenses.

13 Second, an adjustment of this nature would only affect the amount of the increase, not
14 the ending revenue requirement because it should only shift the revenue from final
15 revenue to adjusted historic revenue.

16 For example, using a simple model, assuming that a company filed using adjusted
17 historic revenue of \$100 and final revenue of \$175, the amount of the increase would be
18 \$75.

19 Now assume an analysis is performed which shows that \$25 of the revenue should be
20 included in historic revenue, the result would be \$125 of historic revenue, final revenue
21 would remain at \$175. Only the amount of the increase would change from \$75 to \$50.

22 Instead, Ms. Dismukes proposed adjustment would remove \$201,032 from the final
23 revenue requirement, effectively creating a phantom (non-existent) revenue source in the
24 historic test year. Ms Dismukes proposed adjustment is contrary to the requirements by
25 regulation in the development of the final revenue requirement and must be rejected

1 **Q. Ms. Dismukes states that “Because of the affiliation between KWRU and the**
2 **affiliates that contribute to most of the expenses included on the books of KWRU,**
3 **the arms-length bargaining of a normal competitive environment is not present in**
4 **their transactions. Is this true? (See Dismukes, Page 6)**

5 A. No. This is just innuendo that is not supported by facts.

6 **Q. What is meant by the terms “arms-length” bargaining?**

7 A. This is the negotiation between a willing selling not under a compulsion to sell and a
8 willing buyer not under a compulsion to buy. This negotiation is synonymous with and
9 results in fair market value.

10 **Q. How is fair market value defined?**

11 A. This has been defined by the American Institute of Certified Public Accountants as

12 “Fair market value is the price which a willing buyer and a willing
13 seller, both well informed about the relevant facts but neither under
14 any compulsion to act, will arrive at an arms length sale of the
15 business interest. Such a price is always determined as of a specific
16 date and is based upon all pertinent facts and conditions that are
17 either known or might have been reasonably anticipated on that
18 date.” Valuation of a Closely Held Business, AICPA 1987

19
20 The Internal Revenue Service has also judicially defined Fair Market Value
21 as:

22 “the price which property will bring when it is offered for sale by
23 one who is willing but is not obligated to sell it, and is bought by
24 one who is willing or desires to purchase but is not compelled to do
25 so” H.H. Marshman, CA6, 60-2 USTC ¶279F2d 27; A.E.
26 Wallbridge, CA-2, 4 USTC ¶70 F2d 683; Metropolitan Street
27 Railroad CO., 197 Mo. 392, 97 SW 860

28
29 Finally, though not jurisdictional, the Massachusetts Supreme Judicial Court
30 provides a succinct definition of Fair Market Value as:

31
32 “Fair Market Value, which is the price an owner is willing but not
33 under compulsion to sell ought to receive from one willing but not
34 under compulsion to buy. It means the highest price that a normal

1 purchaser not under peculiar compulsion will pay at the time, and
2 cannot exceed the sum that the owner after reasonable effort could
3 obtain for his property.” Boston Gas v. Assessors of Boston, 334
4 Mass. 549, 566 (1956)
5

6 **Q. To summarize, Ms. Dismukes is stating that the affiliated parties do not provide**
7 **services at fair market value?**

8 A. Yes, that appears to be the case.

9 **Q. Does Ms. Dismukes present any evidence to support her opinion?**

10 A. No, she does not.

11 **Q. Was any evidence available? If so, what evidence was available?**

12 A. Yes. In its response to Audit Request No. 13, submitted August 3, 2007, KWRU
13 provided a quote from US Water dated January 17, 2007 which includes similar work for
14 a flat monthly charge of \$33,171.34 per month, or \$398,056.08 annually, excluding after
15 hours work, to be billed at appropriate labor rates, and “the costs for chemicals and
16 residuals management are billed to KWRU on a per occurrence basis with an appropriate
17 allowance overhead and margin.”

18 The proposal also provides for annual escalation on April 1st of each year by the CPI or
19 by 5%, which ever is greater.

20 **Q. Did Ms. Dismukes consider this evidence?**

21 A. There is no mention of it in her testimony.

22 **Q. Is there any other evidence that KEI’s charges are at fair market value?**

23 A. Yes there is, in the form of comparative data.

24 **Q. Please explain.**

25 A. Key Haven Utility is a small wastewater utility neighboring KWRU, being separated by
26 US1.

27 Due to its proximity to KWRU, Key Haven shares the same customer demographic, the

1 same corrosive operating environment, and similar operating characteristics.

2 **Q. Please describe the operating characteristics which are similar.**

3 A. Key Haven has no operations employees, relying on an unrelated contractor for all
4 aspects of operations and maintenance, including plant operations and reporting,
5 chemical and material purchases and normal and after hour's repairs. Key Haven also
6 has a single compensated officer. Key Haven has also recently completed resleeving of
7 its collections system to correct I & I, which was the subject of a recently completed
8 limited proceeding, in Order No. PSC-07-0658-PAA-SU. Both KWRU and Key Haven,
9 as with all of the Florida Keys, are geographically isolated and most commodities are
10 transported by truck, increasing economic costs of both goods and services.

11 **Q. Are there any ways in which Key Haven is dissimilar to KWRU?**

12 A. KWRU operates a vacuum collection system, Key Haven does not. KWRU's plant is
13 .499 mgd, compared to Key Haven's .200 mgd plant. KWRU produces reuse, Key
14 Haven does not. Key Haven provided service to 442 customers at the end of 2006,
15 including one non-residential customer resulting in 444 total meter equivalents. KWRU
16 provided service to 1,507 customers, including 443 non-residential customers, resulting
17 in 1,585 meter equivalents at the end of 2006. Key Haven's contract operations are
18 provided by an unrelated party, Synagro. Prior to 2003, Synagro also provided contract
19 operations to KWRU. From 2003 through the present, contract operations have been
20 provided by KEI, an affiliated company.

21 **Q. Why is this comparative data important?**

22 A. The Supreme Court of Florida established the standard for related party costs and prices.

23 "We do find, however that the PSC abused its discretion in its
24 decision to reduce in whole or in part certain costs arising from
25 transactions between GTE and its affiliates, GTE Data Services and
26 GTE Supply. The evidence indicates that GTE's costs were no
27 greater than they would have been had GTE purchased services and

1 supplies elsewhere. The mere fact that a utility is doing business with
2 an affiliate does not mean that unfair or excess profits are being
3 generated without more. Charles F. Phillips, Jr., The Regulation of
4 Public Utilities 254-255 (1988). We believe the standard must be
5 whether the transactions exceed the going market rate or are
6 otherwise inherently unfair. See id. If the answer is “no,” then the
7 PSC may not reject the utility’s position. The PSC obviously applied
8 a different standard, and we thus must reverse the PSC’s
9 determination of this question.” GTE Florida, Inc. v. Deason, 643 So.
10 2nd 545 (Fla. 1994)

11
12 Since Key Haven’s operating characteristics are so similar, and the services are provided
13 by an unrelated party, an analysis and comparison of the charges by each provides an
14 excellent platform to determine whether the services provided by KEI are at the going
15 market rate or fair market value. These analyses were further enhanced by the fact that
16 the same independent provider of such services, Synagro, provided these services during
17 the same 2 year period, 2001 and 2002.

18 **Q. Did you prepare such an analysis?**

19 A. I did. It is at Exhibit PED ____ 2.

20 **Q. How was this analysis prepared?**

21 A. I recorded all of the activity charged by Synagro and KEI to the respective entities for
22 each of the years 2001 through 2006. I reduced these charges to a cost per unit based on
23 meter equivalents, equivalent residential connections, and per 1,000 gallons treated to
24 make these costs comparable. I then compared these costs per unit between each utility.
25 A factor of 1 indicates that the cost per unit is equal. A factor greater than 1 indicates
26 that KWRU costs per unit are higher than Key Haven.

27 **Q. Did you have any expectations prior to completing this analysis?**

28 A. KWRU is larger, both in size of its treatment plant and the number of customers served.
29 My working hypothesis was that KWRU’s costs could be slightly higher, but roughly
30 equivalent on a per unit basis and since Synagro provided service for both utilities at the

1 same time, this would establish the range of this difference. This could then be
2 extrapolated to the following three years (2003-2006) to determine whether KEI's
3 charges are at fair market value. This comparative analysis would remove subjective
4 opinion. The analysis would objectively show the economic impact of utility operation
5 in the Florida Keys.

6 **Q. What does the analysis show for 2001 and 2002 regarding the comparative charges**
7 **from Synagro?**

8 A. The analysis shows that the costs charged by Synagro were variable on a per unit basis
9 between 2001 and 2002. Synagro charges to Key Haven decreased dramatically in 2002
10 and increased in 2003, while Synagro's charges to KWRU increased. As a result,
11 Synagro's charges to KWRU were 81% and 107% (respectively) of its charges to Key
12 Haven based on equivalent residential connections. Similar results are achieved
13 comparing costs of both meter equivalents and on a 1,000 gallons treated basis.

14 **Q. What does this analysis show about the test year under review in the instant case?**

15 A. During the period that Synagro operated both companies, the costs of service on a per
16 unit basis were approximately equal. The analysis shows that the costs of all services
17 provided by KEI, excluding services not provided by Synagro such as vacuum operation,
18 are less than the services provided by Synagro on a cost per unit basis.

19 **Q. How does this compare with the GTE Florida case?**

20 A. As with the GTE Florida case, this shows that the transactions with KWRU's affiliate do
21 not exceed the market rate and are otherwise not inherently unfair.

22 **Q. Ms. Dismukes addresses chemicals cost increasing by 145% since 2003. Is this a**
23 **fair assessment?**

24 A. Inasmuch as it shows that the cost of chemicals has increased over the years, that is true.
25 Considering that the number of customers and plant flows has increased, and that there

1 are inflationary increases and the cost to transport materials to the Keys have increased,
2 an increase in chemicals, as well as other costs, is to be expected. The 145% increase is
3 reasonable for this five year time period when these factors are considered in total.

4 **Q. Ms. Dismukes, at KHD ___1, Schedule II, has an analysis stating it is based on**
5 **ERC's. Is this accurate and meaningful?**

6 A. No. This analysis is not based on ERC's (Equivalent Residential Connections) which
7 considers actual flows. KHD ___1, Schedule II is based on Meter Equivalents, which
8 does not consider actual flows. Using the Meter Equivalent ERC's in her analysis is
9 misleading since it does not portray the operating characteristics of this Utility. Meter
10 Equivalents uses the AWWA standard to estimate the impact of various meters in a
11 utility's operations by factoring larger meters to a comparative common size, such that a
12 1" meter is equivalent to 2 ½ common residential meters (5/8"), and so forth. Equivalent
13 residential connections based on the flows of a particular utility's customer base more
14 accurately reflects the costs of a particular system. In any case, all the schedule shows is
15 that costs have increased.

16 **Q. Ms. Dismukes proposes to reduce chemicals by \$16,480 based on normalization. Is**
17 **this a fair adjustment?**

18 A. No. She performs a set of analysis which compares the utilities costs to itself and
19 somehow determines that this requires adjustment without performing any further
20 substantive tests.

21 **Q. Could further substantive testing be performed?**

22 A. Yes. Key Haven Utility, as discussed earlier, neighbors KWRU. As a PSC regulated
23 utility, its annual reports are readily available from the Commissions web site. This is an
24 excellent source of comparative data.

25 **Q. Why is a comparison with Key Haven important?**

1 A. As discussed earlier, comparison with Key Haven removes subjectiveness from the
2 analysis. Comparison with Key Haven also considers the economic environment in
3 which both Utilities operate.

4 **Q. What does a comparative analysis show?**

5 A. Ms. Dismukes states that KWRU chemical costs increased by 85% in 2006. As shown
6 on Exhibit PED__3, Key Haven experienced a similar increase of 96% in the same
7 period. Additionally, Ms. Dismukes also states that chemical expenses increased by
8 145% since 2003. Key Haven's chemical costs increased by 179% over this same period,
9 using Ms. Dismukes' calculation.

10 Ms. Dismukes failed to consider the economic impact of operating an expanding
11 wastewater utility in the Florida Keys, and uses the buzz-phrase "normalization" to
12 justify an unreasonable adjustment and must be rejected.

13 **Q. What does this say about the increases in chemical costs for KWRU?**

14 A. It shows that the cost increases experienced by KWRU are normal in the economic
15 environment of the Florida Keys.

16 **Q. Ms. Dismukes claims that the costs in connection with the response to the Monroe
17 County audit report should be paid by the stockholders. Do you agree?**

18 A. No. Monroe County commissioned this audit as part of its requirements for the use of
19 municipal funds. As with any audit, the company being audited may be called upon to
20 correct or clarify assumptions of the independent auditor.

21 In a standard audit of financial statements, these clarifications occur concurrently with
22 the audit, with additional communication during the audit exit conference. Occasionally,
23 as with the audit in question, as well as most audits performed by PSC Staff, a response
24 is required.

25 This audit was a requirement of Monroe County, solely for the SSI expansion project.

1 Since this was not a general financial statement, but an audit of the funds used for the SSI
2 expansion project, it was proper to capitalize these expenditures in accordance with
3 NARUC Accounting Instruction 19:

4 Utility Plant-Components of Construction Cost (15) "Legal
5 Expenditures" includes the general legal expenditures incurred in
6 connection with construction and the court and legal costs directly
7 related thereto.... NARUC USOA for Wastewater Utilities, 1996,
8 Page 24
9

10 **Q. Ms. Dismukes proposes to remove \$420 in charges to the Monroe County Sheriff's**
11 **Office and \$225 for process service for hand delivery of hook-up notices. Is this a**
12 **correct adjustment?**

13 A. No. These notices were required to be sent in a manner which provided proof of
14 delivery. 1,000 notices were mailed requesting a return receipt, 30 of which were not
15 retrieved by the customer from the post office. The Company contacted the County
16 Attorney's Office to inquire how to deliver the remaining notices with the required proof
17 of delivery and was advised to use a process server or the Sheriff's Office. Since the
18 Sheriff's Office charged only \$20 for each such delivery and the process server charged
19 \$25 for each such delivery, the Utility elected to use the lower cost alternative. Ms.
20 Dismukes' innuendo that there was a sinister motivation is misleading and must be
21 rejected

22 These costs should be allowed.

23 **Q. Ms. Dismukes states that the EDU bonus paid to Doug Carter are "clearly"**
24 **designed to enhance revenue. Is this true?**

25 A. All that is clear is that another customer is added to the wastewater system. Whether
26 revenue is ultimately enhanced or not is dependant on several variables, such as the
27 contribution to total consumption and reductions to revenue due to disconnects. Further,
28 additional customers do not directly influence the revenue requirement dollar for dollar,

1 though additional customers tend to reduce rates by spreading the revenue requirement
2 over a larger customer base.

3 In fact, the bonus paid to Mr. Carter is to compensate him for the additional
4 administrative work necessary to process customer requests for service. This
5 compensation is paid to Mr. Carter at \$50 per EDU, paid annually, and was begun in
6 response to the large influx of customers as a result of the South Stock Island project. It
7 not only compensates Mr. Carter for his time on this project, but also does so in a way
8 that encourages him to achieve results and thereby put downward pressure on rates by
9 increasing the customer base.

10 **Q. Ms. Dismukes states that she does not “believe” it is appropriate to pass the bonuses
11 on to the customers. Does she provide any support of her belief?**

12 A. No explanation or factual evidence is provided in support of her belief. These are
13 “bonuses” in name only. In addition, the evidence provided in response to Staff Audit
14 Request No. 7 is ignored by Ms. Dismukes. As discussed in that response, Koby
15 Minshall was paid a “bonus” of \$1,000 for assisting with emergency repairs for which he
16 had not been previously compensated. Judy Izzary was paid a “bonus” at year end based
17 on the performance of her duties related to the utility. There is nothing unusual about
18 this bonus. It would violate the generally accepted accounting principle of matching of
19 revenues and expenses to not charge these events to the entity incurring the charge and
20 Ms Dismukes proposed adjustment must be rejected.

21 **Q. Does KEI perform any construction related to the connection (Hook-up) of
22 customers?**

23 A. No. These activities are performed by developers or plumbers hired by the individual
24 property owners.

25 **Q. So what does KEI do regarding customer hook-up?**

1 A. KEI performs inspections at various times to ensure that a good, leak and debris free
2 connection is made to the vacuum collection system, which includes visual inspection
3 and pressure testing of the entire connection from the building to the service stub. This
4 inspection at several points during the connection is especially critical for insuring a
5 properly operating vacuum system. This activity has been discussed in great detail in the
6 Utility's Response to OPC Interrogatory 110.

7 **Q. Ms. Dismukes position (Dismukes Testimony, Page 26) is that “inspecting and**
8 **hooking up customers is part of the contract for which Keys Environmental is paid**
9 **a management fee”. Does this make sense?**

10 A. No. Ms. Dismukes agrees with Staff that KEI is responsible for overseeing and
11 inspecting new connections, but performs no direct construction. She states that the
12 “contract specifically provides for added compensation for other functions performed by
13 KEI” and in the next breath she “recommends” that the function of connecting and
14 hooking up are part of the contract. Her recommendation is contrary to the very facts she
15 presents. By agreement of the parties, the intent was to not cover this additional service
16 under the general contract.

17 **Q. Ms. Dismukes recommends that the Utility Officer Salary, recorded as a**
18 **management fee be reduced by 50% “under the assumption that on a going**
19 **forward basis, Mr. Smith will spend less time on utility matters”. Does this**
20 **assumption have any merit?**

21 A. Absolutely not. In fact, Mr. Smith has been paid \$5,000 per month (\$60,000 per year)
22 or more since 1998. There is absolutely no basis to assume that somehow Mr. Smith
23 would do something less than he has for the past 9 years. Ms. Dismukes proposed
24 adjustment is based on a unsubstantiated assumption which is clearly not supported by
25 the historical facts and must be rejected.

1 **Q. Ms Dismukes feels that Mr. Smith's salary is too high. Is any basis for her "feeling"**
2 **provided?**

3 A. No. The opinions and recommendations presented are not supported by any
4 substantive argument or fact. While it is true that Mr. Smith does not maintain a
5 timesheet, most Corporate officers do not. However, PED__4 demonstrates that Mr.
6 Smith's salary is the 3rd lowest of the 11 comparable sewer only systems regulated by the
7 Commission reporting an officer's salary expense, based on salary per 1,000 gallons
8 treated, salary per meter equivalent, and salary per equivalent residential connection. In
9 fact, Mr. Smith's salary is less than 1/3rd the average comparable officers salary for Class
10 A/B utilities on a comparative basis. (Source: 2006 Annual Reports on file with the
11 Commission accessed via the Commission Web Site).

12 **Q. Ms. Dismukes implies impropriety by the Utility by restating the findings of the**
13 **2004 Fall Term Grand Jury. Does this report have any bearing on the instant case?**

14 A. No. The Grand Jury was investigating the Monroe County Board of County
15 Commissioners, not the Utility. Further, the Response to the Officers and Members of
16 the 2004 Fall Term Grand Jury by the Monroe County Board of County Commissioners
17 dated April 30, 2005 presented by Thomas J. Willi, County Administrator, in response to
18 Grand Jury Recommendation No. 1 is ignored. This Response is attached as Exhibit
19 PED__5 and demonstrates that the grand jury findings were, in several cases, based on
20 incomplete or inaccurate knowledge of the activities they were investigating.

21 **Q. Ms. Dismukes also implies impropriety by the Utility by restating the findings of the**
22 **County's internal Audit of the Board of the County Commission in its**
23 **administration of the South Stock Island Project. Is this proper?**

24 A. No, in my opinion, it is not. This was an internal audit of the Board of County
25 Commissioners, not an Audit of the Utility using Generally Accepted Auditing

1 Standards. The Audit was limited in scope for compliance by the Board of County
2 Commissioners in its role of contract administration and management oversight of the
3 South Stock Island Project.

4 **Q. Ms. Dismukes alleges (Dismukes Testimony, Page 55) that the Utility's supervision**
5 **of its subcontractors is improper. Do you agree?**

6 A. No. It would be imprudent for the Utility, or anyone for that matter, to simply turn a
7 project over to a contractor and wait for its completion. The chain of supervision is
8 necessary whether building a home or expanding a wastewater treatment plant.
9 Subcontractors supervise their employees, contractors supervise the subcontractors,
10 engineers supervise the contractors, and ultimately the property owner, in this case Mr.
11 Smith, through Green Fairways, has the right and responsibility of oversight and
12 supervision of all parties working on the project.

13 **Q. An adjustment is proposed to reclassify \$19,624 of below the line income to above**
14 **the line. Is this proper?**

15 A. No. This is another example of lack of attention to detail. The amount cited as below the
16 line income of \$19,624 is the 2005 comparative amount in the 2006 Annual Report, Page
17 F-3(c). To include this amount in 2006 activity in any form is without any accounting
18 foundation. As discussed in Staff Audit Finding 10, the amount charged to below the
19 line income in 2006 of \$19,575 is properly included in below the line income under the
20 NARUC Account 415, Revenues from Merchandise, Jobbing, and Contract Work, as
21 discussed in the Response to Staff Audit Finding 10, and absent documentation of the
22 actual expense incurred, an equal amount of expense should be reclassified from
23 operations expenses to NARUC Account 416, Costs and Expenses of Merchandise,
24 Jobbing, and Contract Work. Ms. Dismukes presents a proposed adjustment based on an
25 amount not incurred in the test year, not in accordance with regulatory accounting rules,

1 and is contrary to the requirements imposed on the utility by regulations and must be
2 rejected.

3 **Q. She next makes an adjustment for “removal of \$2,739 for the double charge on the**
4 **copier lease, as I [Ms. Dismukes] question how the copier is shared”. Can you**
5 **explain how the copier is shared?**

6 A. Absolutely. I am surprised that Ms. Dismukes even questions how it is shared. She
7 has already discussed that employees of the KWGC provide services to the Utility, so her
8 claim that “the Utility has no employees” makes no sense. Also, as a business
9 professional, I am fairly certain that copies made on behalf of clients of hers are
10 identified and charged to those clients, even though that client has no employees at her
11 location. This type of allocation among multi divisional companies, client service
12 companies, and commercial copy providers is not uncommon. As it is clearly stated in
13 Audit Finding No. 12, the copier in question is located in the plant trailer, and is used by
14 Weiler Engineering and KEI. One-half of the cost of the copier lease is charged to the
15 Utility and the other half is charged to KEI, and is used for the benefit of the utility in
16 making copies of the various reports required by various agencies, such as DEP.

17 **Q. Is this amount in question truly a duplicate charge in the amount of \$2,739?**

18 A. No. As stated in Audit Finding No. 12, Staff found that \$2,689.20 of the portion of
19 the copier lease paid by the Utility was out of period since the total payment charged to
20 Account 720 of \$5,378.40 was for a 24 month period. Characterizing this as a duplicate
21 charge is misleading and the amount is clearly wrong and must be rejected.

22 **Q. Ms Dismukes next states that “there was no requirement that the collection system**
23 **be resleeved” (Dismukes Testimony, Page 87). Is this true?**

24 A. No, It is not. Pursuant to the Monroe County Municipal Code Section 15.5-36, the
25 sewer collection system is to be free of I&I, as follows:

1 *Infiltration and inflow (I&I) is the introduction of storm water*
2 *run-off, groundwater or other sources of uncontaminated water into a*
3 *sanitary sewer system. The introduction of I&I is prohibited by*
4 *Chapter 62 of the Florida Administrative Code. All sewer collection*
5 *systems shall be demonstrated to be free of I&I using one (1) of the test*
6 *methods cited under the definition of industry and utility standard or by*
7 *an alternative test method approved by the utility's engineer.*

8 Additionally, the Utility's engineer affirms that reduction of salt water intrusion is an
9 absolutely necessary part of and prerequisite to the upgrades necessary for AWT
10 operation. Therefore, the I&I experienced by the Utility had to be reduced to reduce the
11 introduction of salt water and was not "excessive" by definition.

12 **Q. Has the Commission "Consistently reduce[d] chemical and purchased power**
13 **expenses when a utility has excessive infiltration and inflow" (Dismukes Testimony**
14 **Page 87).**

15 A. No, it has not. In PSC-07-0568-PAA-SU, Key Haven Utilities sought to recover the
16 cost of its I&I program. No reduction for operations expenses was discussed.
17 Additionally, in the Staff Recommendation for Order No. PSC-03-0351-PAA-SU, Key
18 Haven Utilities 2002 Rate Case, Staff specifically stated:

19 *Adjustments to plant used and useful percentage and*
20 *operating expenses such as power and chemicals could be*
21 *recommended because of the excessive infiltration determination.*
22 *However, in this case consideration should be given to the age of the*
23 *system, the severe conditions the facilities are exposed to with the*
24 *saltwater and high ground water environment, and the recent*
25 *improvements done to the collection system to help reduce the problem.*
26 *Staff sees no benefit to penalizing the utility by further reducing used*
27 *and useful or expenses based on excessive infiltration when the*
28 *problem is being addressed satisfactorily.*

29 Key Haven and KW Resort collection systems are of a similar age, the Utility's
30 having been organized in 1971 and 1972, respectively. The systems also operate in the
31 same corrosive environment.

32 **Q. Ms. Dismukes believes that there is a "mismatch between the test year proforma**

1 **level of expenses and the test year level of revenue". (Dismukes Testimony, Page 91)**

2 **Is there a mismatch between these two amounts?**

3 A. Of course, to some extent. Test year revenue is historic. The only expense it can be
4 matched to is also historic. Proforma expenses are prospective in nature, relating to a
5 point in the future. In the instant case, the point at which the AWT project is complete,
6 and for the benefit of existing customers.

7 A general rate case is not limited to a single issue. In the instant case, several events
8 are occurring concurrently:

9 1) Completion of the conversion to AWT

10 2) Connection of customers who have committed to connect during 2007

11 3) Conversion from a flat rate billing structure to a base/consumption rate
12 structure.

13 To ignore the impact of these known events for the subsequent period would not be
14 reflective of known operations to be experienced during the period of time rates will be
15 in effect. This is required by statute. The expenses included in the proforma adjustments
16 are offset by the proforma increase in the number of customers and proforma
17 consumption of those customers, therefore matching of revenue and expense is
18 maintained. While it is true that reducing the expenses related to the proforma customers
19 would reduce the revenue requirement, removal of the proforma customers in the rate
20 development calculation would also be necessary to maintain the matching between
21 revenue and expense. This would result in higher rates to existing customers than has
22 been calculated using proforma expenses and proforma customers and consumption.

23 Interestingly, Ms. Dismukes proposes in her testimony (Dismukes Testimony, Page 57)
24 to increase revenue in the test year, incorrectly reducing the final revenue requirement
25 *using proforma customers and gallons*. Now she proposes to reduce the final revenue

1 requirement by reducing expenses by related to proforma customers and gallons. The
2 rationale for Ms. Dismukes proposed adjustments are contrary to each other and must be
3 rejected.

4 **Q. Ms Dismukes claims that this case is complex. Do you agree?**

5 A. At the time of filing, no. But the unprecedented volume of document requests and
6 interrogatories for this 1,500 customer utility, the piling on of those requests, and the
7 duplication of requests and interrogatories by OPC have made the case complex and
8 expensive beyond anything that could have been envisioned when the case was filed.

9 **Q. Were there not “significant and questionable affiliate relationships” of the**
10 **Company?**

11 A. No. While Mr. Smith has affiliation with several company’s, only two of those
12 company’s have a continuing relationship with the utility, Green Fairways and Key West
13 Golf Club, and those have been disclosed in the Utility’s Annual Reports. Three other
14 entities, WS Utility, the holding company for this Q-Sub Utility and 900 Commerce
15 Associates and Mr. Smith’s Law Firm (SHB) have had minimal activity, all of which had
16 previously been disclosed in the Company’s Annual Reports, MFR’s and/or to Staff in
17 response to Audit Requests. These transactions were not complex, generally have not
18 changed in character or amount since 1998 or were one-time events. Mr. Smith’s son in
19 law owns the company providing operations support (KEI) to the Utility as well as other
20 unrelated parties to a small extent in this limited geographic area. These transactions
21 were no more complex than any third party vendor providing the same services.
22 Certainly, as has been pointed out, these amounts can, and should, be questioned, as with
23 any vendor providing services to the Utility, but there is nothing complex in these
24 transactions. This is just the use of buzz phrases and innuendo to support otherwise
25 weak and unfounded positions.

1 **Q. Was the Grand Jury convened to investigate the Utility and its affiliates?**

2 A. No. In fact, the Grand Jury was convened to examine the Monroe County
3 Commission' administration of the South Stock Island Project, of which the Utility is a
4 party. All findings and conclusions were directed at the County Commission. Contrary
5 to Ms. Dismukes testimony, the Grand Jury did not mention anything about money
6 transfers between the Utility Company or its Affiliates. The report only states that a
7 relationship exists. This reason for "complexity" is completely false and misleading.

8 **Q. Does the fact that rates have not been established since 1985 make this a complex**
9 **case?**

10 A. Generally, no. For the consultants and for the Commission staff, as well as the Utility
11 staff, it does take more time to prepare and audit the MFR's for a 20 year time frame as
12 opposed to, say, a five year time frame. This is not unusual for a utility of this age, and
13 both the consultants and the Commission Staff have dealt with this in the past. In the
14 instant case, no historic records are available prior to 1998, and the Utility submitted an
15 Original Cost Study from its engineers, so from an audit perspective, there is only an 8
16 year period to examine, and then the Original Cost Study being reviewed by engineers.
17 Since Staff has performed the Audit work, OPC merely has to look at transactions it
18 determines are significant. For OPC to do otherwise would be a duplication of work
19 already performed and unfair to the taxpayers of the State of Florida. Therefore, there is
20 nothing that rises to a level of significance in this case to make it more complex than any
21 other utility rate case for a company of its size and age.

22 **Q. Can you explain what you mean by OPC "piled on" its interrogatories and**
23 **document requests?**

24 A. Yes. The Company filed its MFR's on August 3, 2007. Commission Staff began
25 their Audit on or about August 20, 2007, and the MFR's were considered officially filed

1 September 19, 2007. The first six Commission Staff Audit Requests (consisting of 42
2 subparts) were submitted between August 20, 2007 and September 18, 2007, with due
3 dates between 7 and 10 days past the date of the request. On September 17, OPC
4 submitted its First Interrogatories (Numbered 1 – 82) and First Document Requests
5 (Numbered 1 – 70). While the Utility began assembling these, they were revised, and
6 Revised First Interrogatories Numbered 1 – 75 (consisting of 165 Interrogatories and
7 Subparts) and First Revised Document Requests Numbered 1-62 were submitted
8 September 27, 2007. These were followed up a week later by OPC's Second Document
9 Request 63 – 75 and OPC's Second Interrogatories 76 – 80 (consisting of 17
10 Interrogatories and Subparts). All of these having a due date 30 days after service,
11 thereby being due on October 27, 2007 and November 5, 2007, respectively. At this
12 same time, Commission Staff submitted its Audit Requests Numbered 7 through 37,
13 consisting of 61 subparts, with due dates between October 2, 2007 and October 23, 2007,
14 resulting in an incredible amount of information to be produced in a very short period of
15 time. These extreme obligations were further complicated by the fact that there were
16 many duplications of requests for information previously provided. Twenty one of the
17 PODs or interrogatories submitted requested information duplicating what Staff had
18 requested either wholly or in part. Several duplications were made just between the first,
19 second and third sets of requests. Even these duplications must be addressed, researched
20 and responded to, resulting in increased time of the Utility Staff and consultants. This all
21 while trying to keep current with utility operations and customer service. Approximately
22 a month later, OPC served its Third Set of Discovery (Requests for Production No. 77-
23 93) and Interrogatories No. 81-97 (47 Interrogatories and Subparts). A month after that,
24 OPC served its Fourth Set of Discovery (Requests for Production No. 94-116) and
25 Interrogatories No. 98-108 (17 Interrogatories and Subparts). And fifteen days later,

1 OPC served its Fifth Set of Discovery (Requests for Production No. 117-126) and
2 Interrogatories No. 109-115 (41 Interrogatories and Subparts).

3 **Q. Citizens are recommending a rate decrease, based on the work of Ms. Dismukes,**
4 **citing this as a rationale for disallowance of rate case expense. Is this assessment**
5 **reasonable?**

6 A. No. OPC has used the carte blanche of its position to present a case where it has
7 asked the Utility for a mountain of information, which it has used to develop a flawed
8 revenue requirement based primarily on innuendo, lack of application of case law and
9 flawed application of general accounting and regulatory rate making guidance to develop
10 a reduction of rates. Citizens revenue requirement is based on phantom sources of
11 revenue from the misapplication of depreciation and a return on negative rate base, as
12 well as the miscalculation of the regulatory assessment fees associated with the revenue
13 requirement which Citizens have calculated. As a result, the Utility will be collecting
14 less in regulatory assessment fees than it will have to remit to the Commission under Ms.
15 Dismukes proposal.

16 The Utility and its consultants have spent considerable time and effort in attempting to
17 respond to OPC voluminous data requests and have demonstrated that the request for a
18 rate increase is fair and reasonable for the economic climate in which it operates, and the
19 extraordinary amount of rate case expense it has incurred is a direct result of OPC's
20 involvement in this case. This is demonstrated by the analysis of actual rate case
21 expenditures by classification at Exhibit PED__6, which shows that 537% of the cost
22 (\$133,341) of this rate case is directly related to responding to the discovery propounded
23 by OPC. Additionally, the cost of preparing this rebuttal testimony has been greatly
24 increased due to the necessity of responding to the unreasonable adjustments and
25 allegations put forth by Ms. Dismukes in her testimony. Under the circumstances, the

1 rate case expenses incurred by the utility are a necessary cost of this proceeding and Ms.
2 Dismukes proposed adjustment must be rejected.

3 **Q. Are adjustments to the requested revenue requirement necessary based upon Staffs**
4 **Final Audit Report?**

5 A. Yes. On December 28, 2007, the Utility filed its responses to Staffs Audit Report,
6 consisting of 19 findings. The Utility's Response to the Staff Audit Report is attached as
7 Exhibit PED___7. In summary, the Utility agrees that two of those findings, AF-6
8 Retirements of Proforma Plant, and AF-8 CIAC have no impact on the filing. The Utility
9 also agrees with 9 of those findings; AF-4 Franchise Fees, AF-5 Offset to Land Entry,
10 AF-9 Temporary Cash Investments, AF-12 Office Expense, AF-13 Non Recurring
11 Expenses, AF-14 Telephone Charges, AF-16 Political Expenses, AF-17 Allocation from
12 Key West Golf Club, and AF-18 Permit Fees. The Utility also agrees in part with AF-19
13 Rental of Beachcleaner, but disagrees as to the NARUC account properly charged, and
14 therefore the depreciation rate used.

15 **Q. Therefore, the utility disagrees with a few of Staffs Audit Findings. Can you discuss**
16 **each of these in greater detail?**

17 A. Yes. Detailed discussion of the basis for the Utility's disagreement is contained in
18 Exhibit PED___8. I will summarize the some of the Utility's reasons here:

19 AF-1 Cost Study: The Utility disagrees for two reasons. First, the calculation of
20 the reduction of rate base is flawed because the Auditor did not take into account
21 certain reductions in the balances of CIAC with occurred between 1984 and 1997
22 and the auditor did not calculate the going forward effect of removing plant and
23 CIAC from rate base in the calculation of the impact of Accumulated
24 Depreciation and CIAC Amortization between 1999 and 2006, which causes an
25 overstatement of the reduction to rate base. Second, the utility has performed an

1 Original Cost Study, attached as Exhibit PED___7. Rule 25-30.140(1)(r)
2 Original Cost allows the use of an original cost study in the event the historic cost
3 of an asset that is already in utility service cannot be determined. Further,
4 Generally Accepted Auditing Standard of Existence/Occurrence, that the
5 property, plant, and equipment reflected in the account exists and is physically on
6 hand and property, plant, and equipment transactions occurred and pertain to the
7 entity. It is obvious from physical inspection that the plant in question exists and
8 is in service; therefore, only the value is at issue. The engineers cost study
9 addresses that issue.

10 AF-7 Accumulated Depreciation: Staff proposes to adjust depreciation
11 retroactively, violating the rule against retroactive rate-making. Also, CIAC
12 amortization was mistakenly recalculated by staff on the presumption that the
13 utility left out certain accounts in the development of the composite rate in error.
14 In fact, the Utility correctly calculated the composite rate by excluding general
15 plant in its calculation as prescribed by Rule 25-30.140(9)(b). Therefore, in
16 accordance with the Rule and the facts, this adjustment is inappropriate.

17 Andrew T. Woodcock

18 Q. **Have you read the testimony of Andrew T. Woodcock?**

19 A. I have.

20 Q. **On Page 5 of his testimony, Mr. Woodcock states that "...the MFR's state the**
21 **expansion of the WWTP to 0.499 mgd was required by Monroe County in 2001"**
22 **Is this true?**

23 A. No. There is no such statement in the MFR's or anywhere else in the filing for that
24 matter. What the Utility said (MFR Page F-6, Lines 11, 12, and 13) is "Monroe
25 County contracted with KW Resort Utilities in 2001 to provide wastewater treatment

1 for Stock Island for environmental reasons. KW expanded its wastewater treatment
2 and collection system *for vacuum operation*” (emphasis added). Nowhere does that
3 statement say that the expansion to 0.499 mgd was required in 2001. In fact, part of
4 the vacuum collection system are appurtenances and control structures at the
5 wastewater treatment plant. As such, its wastewater treatment facilities were
6 expanded for vacuum operations. This is a complete misrepresentation of the facts.

7 **Q. Mr. Woodcock states that “none of these contributions have funded the
8 expansion capacity of the WWTP...” Is this true?**

9 A. No, far from it. Mr. Woodcock apparently does not understand the purpose and
10 basis for the development of the Utility’s service availability charges. Further, Mr.
11 Woodcock ignores Order 13862 where \$618,663 of CIAC was imputed on used and
12 useful plant based on “...a service availability charge that is calculated to recover
13 *75% of the net plant in service* over an approximate four-year development and sales
14 period...” and “...Consequently, we find that imputation of 75% of the plant to the
15 [CIAC] account...” (Emphasis added)

16 **Q. What is the purpose of Service Availability Charges, or in this case the Capacity
17 Reservation Fee?**

18 A. This Utility has a single Service Availability Charge, actually called a Plant
19 Capacity Charge in the Company’s Tariff (Sheet No. 18). Service availability charges
20 are collected to reimburse the utility for the cost of existing plant and/or estimated
21 plant required to provide service and which will result in a contribution rate of
22 approximately 75% contributed/25% invested at build-out. Generally, when a Utility
23 has only a single charge, the “capacity” referred to includes both the collection system
24 and the treatment system, essentially, the system as a whole. More recently, separate
25 charges for lines and treatment capacity have been calculated for utilities applying for

1 changes in their service availability policy.

2 **Q. How are service availability charges determined?**

3 A. Initial service availability charges are developed based on the estimated cost and/or
4 existing cost of the system and cost of expansion. This is then compared to the
5 estimated growth rate to determine the number of years to buildout. The service
6 availability charge is then determined by calculating what the rate should be after
7 including the effects of depreciation of plant in service and amortization of the CIAC
8 being collected based on the absorption rate of the customers being added to achieve a
9 75% contribution level at build-out. Since the utility has no customers at the time the
10 cost rates are developed, and cannot have any customers until the initial investment is
11 made, by their nature, service availability charges are collected for existing or
12 expected investment to serve customers.

13 **Q. Is there anything in the Utility's tariff that would indicate that the \$2,700 per**
14 **ERC is not intended to relate to the WWTP?**

15 A. No, there is not.

16 Kathy L. Welch

17 **Q. Have you read the testimony of Kathy L. Welch?**

18 A. Yes, I have.

19 **Q. In her discussion of Audit Finding No. 1, Ms. Welch discusses that the "new**
20 **owners did not obtain the books and records from Citicorp". Is this true?**

21 A. In essence, it is true. The Utilities present owner did attempt to get Citicorp to
22 provide the required information on several occasions. Citicorp, as receiver, stated
23 that the records were not available.

24 **Q. In her discussion of Audit Finding No. 1, Ms. Welch states that "accumulated**
25 **depreciation on the [unsubstantiated] additions is \$330,066.33". Is this true?**

1 A. As discussed in the Utility's response to Audit Finding No. 1, and using the
2 auditor's calculation through 1997, this is the amount of depreciation on
3 unsubstantiated additions through 1997. However, the adjustment to rate base in the
4 instant case should also have included the depreciation on those additions through the
5 test year ended 2006, therefore, the total reduction to accumulated depreciation
6 related to unsubstantiated additions should be \$1,022,614, a difference of \$692,548,
7 resulting in an understated rate base by the auditors.

8 **Q. Does this error extend to CIAC Amortization as well?**

9 A. Yes, it does. The auditor calculated the increase to rate base for amortization of
10 unsubstantiated CAIC additions through 1997 of \$32,219. Additional CIAC
11 amortization related to unsubstantiated CIAC additions for 1998 through 2006 is
12 \$25,707, for a total amount of CIAC amortization for unsubstantiated additions of
13 \$57,296 through the end of the test year.

14 **Q. In her discussion of Audit Finding No. 3, Ms. Welch states that "Related party
15 charges to a utility require additional review to determine whether the related
16 party bills the utility at actual cost..." Do you agree?**

17 A. No. The standard to be used is whether the related party costs and prices are at fair
18 market value, as established by the Supreme Court of Florida:

19 "We do find, however that the PSC abused its discretion in its
20 decision to reduce in whole or in part certain costs arising from
21 transactions between GTE and its affiliates, GTE Data Services and
22 GTE Supply. The evidence indicates that GTE's costs were no
23 greater than they would have been had GTE purchased services and
24 supplies elsewhere. The mere fact that a utility is doing business with
25 an affiliate does not mean that unfair or excess profits are being
26 generated without more. Charles F. Phillips, Jr., The Regulation of
27 Public Utilities 254-255 (1988). We believe the standard must be
28 whether the transactions exceed the going market rate or are
29 otherwise inherently unfair. See id. If the answer is "no," then the
30 PSC may not reject the utility's position. The PSC obviously applied
31 a different standard, and we thus must reverse the PSC's

1 determination of this question.” GTE Florida, Inc. v. Deason, 643 So.
2 2nd 545 (Fla. 1994).

3 Exhibit PED __ 2 demonstrates that the costs charged by the affiliate are less than the
4 same costs charged by a unrelated operations company, Synagro, to an unrelated
5 neighboring utility, Key Haven, and therefore do not exceed the “going market rate”
6 in this economic climate.

7 **Q. In the recalculation of depreciation and CIAC amortization to comply with the**
8 **present Guideline rates, the auditor recalculates depreciation for prior years. Is**
9 **this appropriate?**

10 A. No. Looking back and recalculating depreciation violates the prohibition against
11 retroactive ratemaking, as discussed in Docket No. 980245-WS:

12 “Pursuant to Rule 25-30.110(5)(d), Florida Administrative Code, the
13 utility certified that its annual reports from 1980 to 1991 fairly
14 presented the financial condition and results of operations for each of
15 those years. Staff believes that it is inappropriate to capitalize these
16 amounts several years after the fact. The Commission has relied on
17 these reports for the purposes of monitoring the utility’s earnings
18 level and is precluded by the prohibition against retroactive
19 ratemaking from going back and looking at those prior years to
20 determine if overearnings existed. In the same manner, the utility
21 should be precluded from taking previously expensed items from
22 prior years and changing its accounting treatment.”

23 In the instant case, the auditor is revisiting prior years and modifying the earnings for
24 those years. While the utility disagrees that guideline rates were implemented
25 incorrectly, it agrees on a prospective basis depreciation rates can be changed if the
26 Commission so Orders.

27 **Q. Why do you disagree with the auditor’s assessment that guideline rates were**
28 **implemented incorrectly?**

29 A. I agree that Rule 25-30.140(3)(b) states that “Guideline rates, if implemented for
30 any account, must be implemented for all accounts”. However, 25-30.140(3)(a) states

1 “A utility shall also implement the applicable guideline rates for any new plant placed
2 in service”. This seems at odds with 25-30.140(3)(b), since the addition of any new
3 property would automatically require the utility to implement guideline rates for all
4 accounts. I don’t believe that this is the intent of the Rule. New plant is depreciated
5 at the appropriate guideline rate in effect at the time the plant is placed into service;
6 preexisting plant continues to be depreciated at the historic rate previously Ordered or
7 approved by the Commission. To do otherwise would deny the utility cost recovery
8 of depreciation in its rates.

9 **Q. Do you agree that the composite rate for the amortization of CIAC should be**
10 **recalculated using total plant?**

11 A. No. Rule 25-30.140(9)(b) states “Where CIAC records are not kept by sub-
12 account, a composite depreciation rate for total plant, excluding general plant, shall be
13 applied to the entire CIAC amount.” Additionally, CIAC is amortized over the life of
14 the related assets. In the instant case, the Utility collects a plant capacity charge, the
15 calculation of which generally excludes general plant. Therefore, the composite rate
16 calculation excludes general plant in the development of the rate to maintain the
17 matching to the lives of the related assets.

18 **Q. Do you have anything further to add?**

19 A. Yes. The utilities full responses to the audit report are contained at Exhibit PED___8.

20 **Q. Can you clear up the confusion regarding the so called “hook up” fee of \$350**
21 **and \$450?**

22 A. While this has been discussed at length in response to Audit request 18, OPC
23 Document Request No. 50, OPC Interrogatory No. 72, and OPC Interrogatory No.
24 100, I will take the time to discuss it again.

25 As noted previously KEI inspects and tests the connection of new customers

1 plumbing to the vacuum system. This is a multi-step process described in response to
2 Audit Request No. 18, OPC Document Request No. 50, and OPC Interrogatory 110
3 and referred to earlier in my testimony. Upon completion of the Stock Island Vacuum
4 System, the Company believed it would connect all Stock Island customers
5 (approximately 1,500 new customers) within a year, all of which would require
6 detailed inspection and testing prior to actual hook-up.

7 As discussed in Audit Request No. 18, KEI had to gear up for this volume of
8 new work, and was paid \$360,000 over 3 years (2004 through 2006) to develop,
9 implement and monitor the process of connecting new customers. This amount was
10 recorded as a deferred asset and amortized as each new connection was inspected and
11 added to the system. KEI's billings for this work were added to this account, to arrive
12 at an estimated charge of \$350 per connection for the inspection and connection
13 process. In 2006, the amortization rate was increased to \$450 to match the current
14 charge from KEI to provide these inspection services to each new customer.

15 The sloppy interchange of the terms "hook-up" and "connection fees" was
16 used to describe these amounts and apparently led to the confusion. The Utility has a
17 tariffed service availability charge of \$2,700, also sometimes called a "hook up" fee
18 which is charged for each ERC being connected. This is the only amount which is
19 collected from the customer.

20 Rate Case Expense

21 **Q. Is there anything else you need to address in your rebuttal testimony at this**
22 **time?**

23 A. Yes. I need to address the issue of actual and estimated rate case expense.
24 Total actual and estimated rate case expense through hearing was filed is \$570,516. I
25 have prepared Exhibit PED___9, which shows the actual and estimated expense at

1 this time. Rate case expense is approximately 50% higher than the estimate shown in
2 the MFR, due principally to OPC's significant involvement in this case. Final
3 expense may be substantially higher depending on the extent to which the Company
4 must provide answers to discovery over and above the already significant discovery
5 propounded in this case. In accordance with general Commission practice and
6 procedures, we will furnish an updated exhibit of actual and estimated rate case
7 expense as a late filed exhibit after hearing.

8 **Q. Does this conclude your testimony at this time?**

9 A. Yes it does.

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KW Resort Utilities, Inc.
Docket No. 070293-SU
Summary of Exhibits

EXHIBIT PED__2: Contract Operations Cost Comparison Data

This exhibit compares the cost of contract operations of Synagro and Keys Environmental, Inc (KEI) and the various units of comparison, namely: Meter Equivalents, 1,000 gallons of treated wastewater, and Equivalent Residential Connections for the five year period beginning 2001 through 2006, and demonstrates that the charges for operations from KEI to KW Resort Utilities, Inc. are generally less than or equal to the charges for the same or similar service from Synagro to Key Haven Utilities.

EXHIBIT PED__3: Chemicals Cost Comparison Data

This exhibit compares the cost of chemicals purchased from Synagro and Keys Environmental, Inc. (KEI) by Key Haven Utilities and KW Resort Utilities and the various units of comparison, namely: Meter Equivalents, 1,000 gallons of treated wastewater, and Equivalent Residential Connections for the five year period beginning 2001 through 2006, and demonstrates that the charges for chemicals from KEI to KW Resort Utilities, Inc. are generally less than or equal to the charges for the same or similar service from Synagro to Key Haven Utilities.

EXHIBIT PED__4: Comparison of Officers Salary

This exhibit compares reported officer's salaries among all wastewater utilities reporting officer's salaries. It then compares those salaries to the arithmetic mean and median among all of those utilities and among Class A/B only utilizes and the various units of comparison, namely: Meter Equivalents, 1,000 gallons of treated wastewater, and Equivalent Residential Connections for the five year period beginning 2001 through 2006, and demonstrates that the salary of KW Resort Utilities, Inc. officer is less than all other reporting wastewater only utilities on a cost per unit basis.

EXHIBIT PED__5: Thomas Willi Response to the Monroe County 2004 Fall Term Session Grand Jury

This exhibit contains the response of Monroe County Administrator Thomas Willi to the Monroe County 2004 Fall Term Session Grand Jury investigation of the South Stock Island project and the various findings and recommendations contained therein.

EXHIBIT PED__6: Rate Case Expense by Classification through July, 2008

This exhibit details the rate case expense incurred by the various consultants and utility staff by general category for the expense incurred and demonstrates in additional expenses incurred due to the unprecedented discovery allowed in this proceeding.

EXHIBIT PED__7: Historical Capital Projects Costs prepared by Weiler Engineering Corporation

This exhibit is the Historical Cost Study prepared by Weiler Engineering Corporation

EXHIBIT PED__8: Utility Responses to the FPSC Audit Report

This exhibit is the Utility Responses to the FPSC Audit Report

EXHIBIT PED__9: Actual and Estimated Rate Case Expense

KW Resort Utilities
Docket No. 070293-SU
Contract Operations Cost Comparison Data

Docket No. 070293-SU
Contract Operations Cost Comparison Data
Exhibit PED

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Key Haven Utility (.200 mgd plant)						
Operations Expenses (Synagro)	112,971.36	65,587.17	104,078.80	121,773.86	115,550.97	125,840.32
Meter Equivalents	419	437	439	443	448	444
KW Resort (.499 mgd plant)						
Operations Expenses (Synagro)	186,355.02	201,172.96	14,995.36	152.63		
Operations Expenses (KEI)			227,824.94	243,419.00	392,894.29	424,332.68
Meter Equivalents	948	1,053	1,069	1,130	1,187	1,585

Analysis based on 1,000 gallons treated

Key Haven						
Operations Expenses (Synagro)	112,971.36	65,587.17	104,078.80	121,773.86	115,550.97	125,840.32
Cost per 1,000 gallons treated	2.97	1.75	2.78	3.65	3.14	4.62
KW Resort						
Operations Expenses (KEI)	186,355.02	201,172.96	242,820.30	243,571.63	392,894.29	424,332.68
Cost per meter equivalent	2.92	2.14	2.37	2.12	3.51	4.42
Percent of Key haven (Synagro)	0.98	1.22	0.85	0.58	1.12	0.96

Analysis based on Meter Equivalents

Key Haven Utility (.200 mgd plant)						
Operations Expenses (Synagro)	112,971.36	65,587.17	104,078.80	121,773.86	115,550.97	125,840.32
Cost per meter equivalent	269.62	150.09	237.08	274.88	257.93	283.42
KW Resort (.499 mgd plant)						
Operations Expenses (KEI)	186,355.02	201,172.96	242,820.30	243,571.63	392,894.29	424,332.68
Cost per meter equivalent	196.58	191.05	227.15	215.55	331.00	267.72
Percent of Key haven (Synagro)	0.73	1.27	0.96	0.78	1.28	0.94

Analysis based on equivalent residential connections

Key Haven Utility (.200 mgd plant)						
ERC's based on flow	419	437	438	443	449	444
flow	38,047,000	37,494,000	37,451,000	33,327,000	36,854,000	27,209,000
gpd/erc	249.00	235.00	234.00	206.00	225.00	168.00
KW Resort (.499 mgd plant)						
ERC's based on flow	854	1,257	1,371	1,535	1,993	1,708
flow	63,875,000	94,051,000	102,565,000	114,833,000	112,000,000	95,991,000
gpd/erc	205.00	205.00	205.00	205.00	154.00	154.00
Key Haven						
Operations Expenses (Synagro)	112,971.36	65,587.17	104,078.80	121,773.86	115,550.97	125,840.32
Cost per erc	269.62	150.09	237.62	274.88	257.35	283.42
KW Resort						
Operations Expenses (KEI)	186,355.02	201,172.96	242,820.30	243,571.63	392,894.29	424,332.68
Cost per erc	218.21	160.04	177.11	158.68	197.14	248.44
Percent of Key haven (Synagro)	0.81	1.07	0.75	0.58	0.77	0.88

Docket No. 070293-SU
 Chemicals Cost Comparison Data
 Exhibit PED **3**

KW Resort Utilities
 Docket No. 070293-SU
 Chemicals Cost Comparison Data

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Average Increase</u>
Key Haven Utility (.200 mgd plant)							
Chemicals Expenses (Synagro)	1,936.00	2,232.00	4,908.00	8,859.00	11,951.00	29,623.00	
Percentage increase			1.20	0.81	0.35	1.48	0.96
Meter Equivalents	419	437	439	443	448	444	
KW Resort (.499 mgd plant)							
Chemicals Expenses (Synagro)	8,668.00	7,485.00					
Chemicals Expenses (KEI)			12,293.00	12,237.00	27,490.00	50,763.00	
Percentage increase			0.64	(0.00)	1.25	0.85	0.68
Meter Equivalents	948	1,053	1,069	1,130	1,187	1,585	
<hr/>							
<u>Analysis based on 1,000 gallons treated</u>							
Key Haven Utility (.200 mgd plant)							
Chemicals Expenses (Synagro)	1,936.00	2,232.00	4,908.00	8,859.00	11,951.00	29,623.00	
Cost per 1,000 gallons treated	0.05	0.06	0.13	0.27	0.32	1.09	
KW Resort (.499 mgd plant)							
Chemicals Expenses (KEI)	8,668.00	7,485.00	12,293.00	12,237.00	27,490.00	50,763.00	
Cost per meter equivalent	0.14	0.08	0.12	0.11	0.25	0.53	
Percent of Key Haven (Synagro)	2.80	1.33	0.92	0.41	0.78	0.49	
<hr/>							
<u>Analysis based on Meter Equivalents</u>							
Key Haven Utility (.200 mgd plant)							
Chemicals Expenses (Synagro)	1,936.00	2,232.00	4,908.00	8,859.00	11,951.00	29,623.00	
Cost per meter equivalent	4.62	5.11	11.18	20.00	26.68	66.72	
KW Resort (.499 mgd plant)							
Chemicals Expenses (KEI)	8,668.00	7,485.00	12,293.00	12,237.00	27,490.00	50,763.00	
Cost per meter equivalent	9.14	7.11	11.50	10.83	23.16	32.03	
Percent of Key Haven (Synagro)	1.98	1.39	1.03	0.54	0.87	0.48	
<hr/>							
<u>Analysis based on equivalent residential connections</u>							
Key Haven Utility (.200 mgd plant)							
ERC's based on flow	419	437	438	443	449	444	
flow	38,047,000	37,494,000	37,451,000	33,327,000	36,854,000	27,209,000	
gpd/erc	249.00	235.00	234.00	206.00	225.00	168.00	
KW Resort (.499 mgd plant)							
ERC's based on flow	854	1,257	1,371	1,535	1,993	1,708	
flow	63,875,000	94,051,000	102,565,000	114,833,000	112,000,000	95,991,000	
gpd/erc	205.00	205.00	205.00	205.00	154.00	154.00	
Key Haven							
Chemicals Expenses (Synagro)	1,936.00	2,232.00	4,908.00	8,859.00	11,951.00	29,623.00	
Cost per erc	4.62	5.11	11.21	20.00	26.62	66.72	
KW Resort							
Chemicals Expenses (KEI)	8,668.00	7,485.00	12,293.00	12,237.00	27,490.00	50,763.00	
Cost per erc	10.15	5.95	8.97	7.97	13.79	29.72	
Percent of Key Haven (Synagro)	2.20	1.16	0.80	0.40	0.52	0.45	

KW Resort Utilities
 Comparison of Officers Salary
 Among Wastewater Only Utilities
 For the Year Ended 12/31/2006

Company Name	Class	PSC File #	Salary	Customers	Gallons	Meter Equivalents	Equivalent Residential Connections @ 280gpd	Salary/ 1,000 gal	Salary/ Meter Equivalent	Salary/ Equivalent Residential Connection @ 280gpd
BFF Corp	c	SU595	\$ 6,000	110	5,199,240	110	51	\$ 1.15	\$ 54.55	\$ 117.95
Crooked Lake	c	SU785	12,000	424	31,763,000	424	311	0.38	28.30	38.61
EPS of Pine Island	c	SU287	67,056	461	10,587,000	461	104	6.33	145.46	647.32
Fairmont Utilites	c	SU648	22,315	428	10,500,000	428	103	2.13	52.14	217.20
Forest Utility	b	SU293	183,000	2,308	80,300,000	3,193	786	2.28	57.31	232.91
Highlands Utility	b	SU299	192,601	1,519	31,304,000	1,893	306	6.15	101.74	628.80
Key Haven	b	SU306	26,000	442	27,209,000	444	266	0.96	58.56	97.66
North Fort Myers	a	SU317	77,813	1,808	555,622,000	9,369	5,437	0.14	8.31	14.31
West Lakeland	c	SU836	30,000	294	11,859,000	294	116	2.53	102.04	258.53
All Utilities:										
Mean			<u>68,532</u>	<u>866</u>	<u>84,927,027</u>	<u>1,846</u>	<u>831</u>	<u>2.45</u>	<u>67.60</u>	<u>250.37</u>
Median			<u>30,000</u>	<u>442</u>	<u>27,209,000</u>	<u>444</u>	<u>266</u>	<u>2.13</u>	<u>57.31</u>	<u>217.20</u>
Class A/B Utilities:										
Mean			<u>119,854</u>	<u>1,519</u>	<u>173,608,750</u>	<u>3,725</u>	<u>1,699</u>	<u>2.38</u>	<u>56.48</u>	<u>243.42</u>
Median			<u>130,407</u>	<u>1,664</u>	<u>55,802,000</u>	<u>2,543</u>	<u>546</u>	<u>1.62</u>	<u>57.94</u>	<u>165.29</u>
KW Resort	b		60,000	1,503	95,991,000	1,708	939	0.63	35.13	63.88

- Notes: (1) Excludes multisystem companies which have incomparable economies of scale due to nationwide distribution of expenses. (Aqua Utilities and Utilities Inc.)
 (2) To maintain comparability, wastewater only systems were used ofr this analysis, with the exception of North Fort Myers Utility, which has a small water component.
 (3) Data extracted from annual reports filed and available at PSC website for the year ended 12/31/2006 for companies reporting Officers salary expense (NARUC Account 703)

Docket No. 070293-SU
 Comparison of Officers' Salary
 Exhibit PED 4

Docket No. 070293-SU
Monroe County's Response to Grand Jury
Exhibit PED **5**



BOARD OF COUNTY COMMISSIONERS
Mayor Dede M. Spehar, District 1
Mayor Pro Tem Charles "Sonny" McCoy, District 3
George Neugent, District 2
David P. Rice, District 4
Murray E. Nelson, District 5

Monroe County
Board of County Commissioners
Office of the County Administrator
The Historic Gato Cigar Factory
1100 Simonton Street, Suite 205
Key West, FL 33040
(305) 292-4441 - Phone
(305) 292-4544 - Fax



April 28, 2005

The Honorable Mark Kohl
Monroe County State Attorney
500 Whitehead Street
Key West, Florida 33040

Dear Mr. Kohl:

Monroe County is in receipt of the Final Report for the 2004 Fall Term Session of the Grand Jury. Attached please find Monroe County's response to the request by the Grand Jury found in Recommendation #1, which requested a detailed response to the Grand Jury report's Findings and Observations.

At its meeting held on April 20, 2005, the Monroe County Board of County Commissioners reviewed and discussed their response and is requesting a written response from the Grand Jury/State Attorney to Monroe County's Response to Officers and Members of the 2004 Fall Term Grand Jury.

If you have any further questions or concerns, I may be reached at (305) 292-4441. Thank you for your Final Report and consideration of this request.

Very sincerely yours,

A handwritten signature in black ink, appearing to read 'T. Willi'.

Thomas J. Willi
County Administrator

Att.

Monroe County

**Response to Officers and Members of the 2004
Fall Term Grand Jury**

By

Monroe County Board of County Commissioners

April 30, 2005

Response to Officers and Members of the 2004 Fall Term Grand Jury

This report is provided in response to the request by the Grand Jury found in Recommendation #1, which requested a detailed response to the Grand Jury report's Findings and Observations.

The format of the report follows that of the Grand Jury report. Excerpts of the Grand Jury report are shown in regular text. Responses to the report are in *italic* text.

Additional information was added between excerpts of the Grand Jury report to provide detailed information to the reader.

This document represents the view of the majority opinion of the present members of the Monroe County Board of County Commission.

Referenced Documents:

Utility Agreement between Monroe County and KW Resort Utilities Corp. dated August 16, 2001

Contract for Capacity Reservation and Infrastructure dated July 31, 2002

Amendment Number One to KW Resort Utilities Corp. Contract dated September 10, 2003

FINDING #1 - The "Capacity Reservation and Infrastructure Contract" Section C entitled "Payments to the Utility" states in part, "The County Engineer must review the Invoice and within 5 business days, inspect the work completed and materials delivered and inform the Utility in writing of any error or omission in the invoice and what must be done to correct the deficiency. If the invoice is satisfactory, he shall forward the invoice to the County Clerk for payment".

Contrary to the requirements of the contract the County Engineer, David Koppel (or designee), did not perform the required physical inspections of completed work activities and materials delivered to the job prior to approval of invoices for payment. The finding is based upon testimony of Mr. Koppel to the State Attorney's office and other witnesses who appeared before the Grand Jury.

Response to Finding #1

Engineering inspectors, working on concurrent County paving projects within Stock Island, inspected the SI wastewater installation job site on 75% of the days during which the improvements were constructed. These engineering inspectors reviewed the materials delivered and inspected the work on a routine basis and made digital photographic records of such inspections when necessary. These employees were delegated the inspection and other field responsibilities whereas the County Engineer handled the administrative aspects of the project.

The inspections and the materials used in the construction were judged to be in conformance with the design documents and common construction practices. The documents used to perform inspections and determine material conformance were the plan documents referenced in the Capacity Reservation and Infrastructure Contract of July 31, 2002. The plan documents dated May 30, 2002 were the controlling documents for the project.

Additionally, Weiler Engineering Corporation and its inspecting engineer performed daily reviews of all work and incorporated materials and provided a detailed daily inspection report to the project owner as well as the County Engineer. The inspection reports were also provided to the County to substantiate and certify, by the design engineer all requests for payment.

The subsequent review and evaluation of the installed system by the County's consultant, URS revealed that the installed system was appropriate for the intended use, was installed in accordance with the design documents dated May 30, 2002, and was consistent with what the County had contracted for

The readers of this document should be reminded that the infrastructure being installed was the property of the Utility and not Monroe County. The procedures used by the Engineering Department are consistent with industry standards and are no different than procedures used by other counties and municipalities when the government is not the owner of the infrastructure being installed.

To provide greater oversight and accountability the Engineering Department has been expanded to the Engineering Division, reporting directly to the County Administrator, in lieu of being a department within the Public Works Division. Staff with specific expertise have been and will continue to be recruited to more effectively address issues and provide greater contract oversight.

Additionally, the County Administrator has initiated a strategic planning process for county-wide operations. The plans are in the process of being written at this time with an estimated completion date of November 2005. One expected result of the strategic planning process will be clarity in the core responsibilities of County Divisions which will improve the outcomes and efficiencies of the County government

FINDING # 2 -- The "Capacity Reservation and Infrastructure Contract" Section D states in part, "The Utility warrants that it has not employed, retained or otherwise had act on its' behalf any former County officer or employee. For breach or violation of this provision the County may in its discretion, terminate this contract without liability and may also in its discretion, deduct from the contract or purchase price, or otherwise recover, the full amount of any fee commission, percentage, gift, or consideration paid to the former County officer or employee". Monroe County Ordinance 10-1990, Section 2-528 states additional requirements in this regard.

Contrary to the requirement of county ordinances and the contract, Mr. John L. London, former Monroe County Commissioner, received checks from the Main Contractor KW Resort Utilities totaling \$147,500.00. The State Attorney's investigation found that Mr. London received monthly checks in the amount of \$2,500.00 from the period of November 1998 until October 2003.

Response to Finding #2

Section "D" of the contract does not contain the contract language as stated in the Grand Jury report. Section "9, page 4" of the "Capacity Reservation and Infrastructure Contract" does reflect the language shown above.

The Grand Jury report states that, "This finding identifies the County Commissions' failure to recover the \$147,500..." The County Commission has not failed to recover these monies. Until the release of the Grand Jury report, neither the County Commission nor County staff was aware that Mr. London was receiving payments from KWRU related to the South Stock Island project

Mr. John L. London's term on the Monroe County Commission expired in October 1998.

The contract between KWRU and Monroe County was signed on July 31, 2002; three years and nine months after Mr. London departed Commission office. If the County Commission elected to seek repayment of these monies, the amount of money paid that would violate the contract would be substantially less, approximately \$60,000, (\$2500 x 24 months) than the amount submitted by the Grand Jury.

The restriction against lobbying by a former elected officer involving their prior elected office expires two years after departing office. Additionally, Mr. London was initially engaged as a consultant for KW in regard to matters unrelated to this project as reported by the Utility.

The contract clearly states that taking action against a person who violates this provision is at the Commission's discretion. Further, the Grand Jury's assertion that all monies received by Mr. London on behalf of KWRU was a direct result of activities related to this contract has not been proven to this body.

The County Commission would like to remind the lay reader that the payments from KW to Mr. London were found with the use of a subpoena for employment and payment records by the State Attorney. The records produced by the Utility were for an entity named KW Utilities as stated in the investigative report. While the County had authority under the "Capacity Reservation and Infrastructure Contract" to audit the books of KW Resort Utility Co., it had no contractual rights to see the business dealings of this other entity, KW Utilities, therefore the County Commission, County Clerk nor County staff had knowledge of these payments to Mr. London. Until the issuance of the Grand Jury report, the County Commission and staff had no information that the contract had been violated or any other information that would have initiated an investigation by any party.

The decision to recover or not to recover the funds holds no future bearing on the contractual relationships with other vendors and contractors doing business with

the County. "Pay officials without punishment" as stated in the Grand Jury report never occurred in the context of the performance of this contract. Mr. London was not an "official" of the County when payments were received by him, starting in November of 1998 per the investigative report. His official duties with the County ended in October of 1998, approximately one month prior to receipt of the first payment.

It would be an illegal act for an elected official to receive a payment for the performance of their official duties except those monies paid to them by the County. The Board of County Commissioners is disturbed that the Grand Jury would insinuate such actions have occurred or may in the future and that it could become an accepted way of doing business for the County.

The State Attorney's investigative report concluded in part..."there was complicity in the breach of the contract and ordinances on the part of individual county commissioners in that they allowed themselves to be influenced by John L. London in the implementation of this contract"

Any suggestion of complicity by the State Attorney or the Grand Jury is incongruous with the facts. See the response above for clarification as to the role of Mr. London and the Board of County Commissioner's knowledge of these activities during the commencement of the KWRU contract

Complicity according to Webster's Collegiate Dictionary, 10th Edition is defined as; "association or participation in or as if in a wrongful act".

To say that there was complicity in the breach of contract or ordinance is not sustained by the facts and as explained in the above response concerning the payments to Mr. London. There was no complicity in the breach of the contract as the only portion of the contract with any possible connection to Mr. London involves payments for lobbying. For a Commissioner to "allow themselves to be

influenced by John London" is neither illegal, immoral nor a breach of contract or ordinance. The ordinance requires compliance by those in a position to actually perform lobbying services, which would be the past elected official, not with presently seated elected officials

County Commissioners may or may not be influenced by a lobbyist, be aware of the contractual relationship of a lobbyist or be aware of the intentions of a lobbyist.

FINDING # 3 - The Grand Jury has found that the County Commission and other government officials were negligent in their failure to evaluate and assess potential financial burden being placed on some property owners being served by the new vacuum sewer system- The Grand Jury concluded that the County did not do its' home work in this regard prior to rushing into an agreement with the Utility. The County's Engineering Consultant, URS Corporation, filed a report dated November 22, 2004 entitled, "Engineering Report Wastewater Collection System Evaluation, South Stock Island". The report was filed, after completion of the contract. The report concluded in part that there could be an excessive financial burden on large property owners as a result of three possible components. These components included:

1. Connection Fees - The KW Resort Utilities wastewater tariff, as approved by the Florida Public Utilities Commission, assesses a one-time connection fee in the amount of \$2,700 per ERC, where an ERC is defined a one single family residential service connection.

The fee is considered reasonable for an individual property owner.

The Commission agrees with the Grand Jury finding that the Florida Public Service Commission's regulated one-time connection fee of \$2,700 per EDU (equivalent dwelling unit) is reasonable. EDU's also include mobile homes, individually metered apartments, and house boats with apartments.

However, where multiple unit properties, such as mobile home parks or small businesses are concerned, the connection fees are proportionate to the total number of units (houses, trailers etc.) on each property. For example, a larger property containing 100 low income mobile home rentals, the legal owner would be assessed a connection fee of \$270,000.

The Commission does not agree with the Grand Jury finding to offer lower connection fees to large property owners. Such a practice would place a burden on all of the other users of the system creating an inequitable, if not, establishing a discriminatory wastewater pricing policy. The cost per property for the connection fee is determined by the amount of water presently being used by the property. One EDU is equivalent to a daily flow of 250 gallons per day of water usage for Stock Island. The cost to connect one EDU in Stock Island is \$2700. The same connection fee is presently being used in the Bay Point area by the Florida Keys Aqueduct Authority (FKAA), however, the connection charge is calculated using a daily flow of 167 gallon per day, effectively increasing the cost for property owners who will have to pay for more than one EDU.

Other wastewater projects within the County have charged connection fees in excess of \$2700. Research has shown that many communities throughout the southeast United States have charged connection fees to facilitate wastewater plant and infrastructure construction with the costs to the end user in excess of \$2700.

The preferred method for funding these types of projects is the use of the special assessment method of collection. With this method the entire cost of each connection is assessed to the property. Using this method, vacant, undeveloped with the potential to be developed, properties are also assessed a connection fee. The payments to principle and interest are financed over a 20 to 25 year period. The cost assessed to each property per EDU using this method would be approximately \$11,000 to \$15,000 per EDU.

Large property owners on Stock Island have experienced up to a doubling of their property market value since the signing of the July 2002 contract to sewer Stock Island. Based on current market values, a 100 unit trailer park can be sold for up to \$40 million.

A \$270,000 connection fee is seven-tenths of one percent (00.7%) of the market value of a 100 unit trailer park on Stock Island.

Many of the Stock Island trailer parks have been under the same ownership for years and have large equity values, the availability of low interest rates and the millions of dollars of equity make it reasonable for large property owners to connect to an environmentally preferred wastewater system and the fact that it is necessary to comply with the State mandate to disconnect from a system that will become unlawful in 2010.

All Monroe County properties, if not connected to an effective wastewater system by 2010, will inevitably be mandated by the State to install and connect to onsite systems that meet required water treatment standards. The costs for the installation of such systems will exceed the per EDU cost for the project in question

For those large property owners who may still have difficulty in funding a wastewater connection, the Monroe County Housing Authority has been proactive in soliciting low income property owners to apply for hundreds of thousands of dollars of SHIP Grant funding assistance that is available.

In addition, there is low income Community Development Block Grants that pay up to 90% of a landlord's expense through the tenant's qualification.

The County also offered low interest 20-year financing for all impacted property owners connecting to the new vacuum wastewater system. Unfortunately, only 10% of the property owners elected to take advantage of this offer.

The report further concluded that the owner could potentially collect connection fees from individual, residents of the units. However, concerns such as low-income levels of residents to pay connection related fees, vacancy of multiple units and insufficient capital availability of the property owner could lead to unacceptable financial burdens for both the property owner and low-income renters.

The cost of implementing a wastewater system in Monroe County has been of great concern to the County Commission for many years. To say that the Commission hasn't wrestled with the burden of funding wastewater projects exhaustively is inaccurate. The County Commission considers the issue of wastewater funding to be an unfunded mandate directed by the State of Florida.

The County has spent considerable time and effort to seek appropriate funding from both the State of Florida and the Federal Government. While some funding has made its way to the County and the Cities within the County, the funding has been inadequate to address a more cost effective solution. Many of the elected officials that represent the County and the State agree that the issue is one of national scale and should receive such attention, their requests for funding are often met with the objection that wastewater is a local issue and therefore should be provided for on a local basis. Further inaction waiting for State and Federal funding sources only ensures one thing, the reality that all the costs related to this type of project continue to increase and therefore each day we delay in dealing with the issue on a local basis costs residents of the County more money.

The concern of pass through costs by large property owners to low income rental residents is addressed in the previous statement concerning the availability of

financial assistance from the Monroe County Housing Authority and the other funding sources listed above.

Also, the Commission would like to clarify that pass through of costs is something beyond the control of the County and is an individual property owner rights issue. Such pass through costs are currently taking place in the Marathon Little Venice wastewater project – where the FCAA is charging rental residents for the property owners' wastewater costs and has occurred each and every time there is a tax increase, special assessment or other fee levied on owners of investment properties.

The Grand Jury's propensity to delve into this subject matter can only be seen as an attempt to be inflammatory or is a direct reflection of the naivety of the Grand Jury members. To frame an argument that there would be something wrong with a landlord recouping appropriate operating expenses or that this is an area where the County should intervene is unrealistic at best.

If the property in question was a condominium would all shareholders of the property be obligated to pay their fair share of costs? The County Commission submits the answer would be yes. The same would apply, at a minimum, to manufactured home lot tenants, owners of apartment units and other rentals, and boat slip owners.

2. On-Site Construction Costs - The burden of upgrading on-site systems or installing new systems compatible with the Utilities vacuum system currently falls on the property owner.

On-site construction costs to connect to, or upgrade a private property sewer system are considered personal property improvement. Use of public dollars to accomplish this task has been deemed unlawful by the County Attorney in accordance with state court rulings.

It is accepted industry practice that property owners should bear the expense of preparing and installing wastewater system components on private property to connect to a central wastewater collection system.

Monroe County and KWRU wastewater connection requirements pursuant to the Florida State Statute:

Single Family Residence & Existing Commercial Property under 1,000 gallon daily flows: the property owner is obligated to run a gravity feed line from their home to the gravity sewer stub out connection provided at their property line.

Existing Commercial Property over 1,000 gallon daily flows; the property owner is obligated to run a compatible system line or lines to the property line where the wastewater connection has been made available by the utility company.

Interviews of property owners and the URS Report found that these additional costs have ranged from \$10,000 to the low \$100,000s. To facilitate this construction, the property owners also face additional costs including engineering design, surveys and testing services-

Cost for large property owners' on Stock Island to connect to the new wastewater system are proportionate and in line with expenses for the same work being incurred throughout the County and the South Florida region.

Onsite construction costs and related expenses are the responsibility of the property owner. The County has offered the opportunity to finance these costs, unfortunately only 10% of the effected property owners chose to use this option.

Referring to a previous cost to property value example:

Large property owners on Stock Island have experienced up to doubling of their property market values since the signing of the July 2002 contract to sewer Stock Island. Based on current market values, a 100 unit trailer park can be sold for \$40 million.

The connection to a central wastewater system significantly further increases Stock Island property values making them re-developable.

Also, it was noted the KW Resort Utility was assessing additional "inspection fees" on the property owner before the on-site collection systems can connect to the central sewer system.

It is customary and provided for by the Florida Public Service Commission for the Utility to charge an "inspection fee" to perform a compatible engineering analysis of systems to be installed by a private contractor and inspection of the installation prior to connecting to a central wastewater system. This is industry practice and reduces risk of raw sewage seepage into the environment.

3. Decommissioning Costs - Large property owners would also be responsible for costs involved in the decommissioning and cleanup of existing treatment plants and septic tanks on their Property.

It is standard industry practice that individual property owners pay for the costs involved to decommission and remove environment hazards from their property. It is unlawful for the County tax revenues to be used for such private property improvements. Costs associated with this task cannot be avoided. If the property is not in compliance with required wastewater treatment levels by 2010, the costs for decommissioning will still be required to be absorbed by individual property owners when their new system, either a central sewer system or onsite aerobic system are approved for service.

As previously stated: The costs to upgrade or improve a private property owner's sewer system is considered an individual property improvement: for the County to pay personal property improvements with taxpayer dollars has been deemed unlawful by the County Attorney. It should also be noted that the decommissioning cost per residential unit in the trailer parks will typically be less than that of an individual residential property owner.

The Florida State Department of Health and the State Department of Environmental Protection require property owners to decommission and cleanup cesspits and other unlawful wastewater containers on private property.

The URS Report concluded that the combined costs associated with the above requirements could potentially result in a substantial burden to some of the larger companies. Several property owners have indicated to the Grand Jury that if forced to shoulder the full financial burden they may have to sell their property. Many of these properties are currently sites for low-income housing.

Some important facts concerning multi-unit properties on Stock Island:

- A. Financial assistance is available and has been offered by the County.*
- B. Costs are proportionate to property owners' real estate market value and the revenues realized to continue the present use. They are also proportionate to, and in many cases, significantly lower than an individual homeowner's costs on a per-dwelling basis.*
- C. Many trailer park property owners have enjoyed premium rental incomes for years and a doubling or tripling of their property values. The expense to connect to a sewer system is a minor percent of the property's increased market value.*
- D. Large multi-unit property values significantly increase when connected to a central wastewater system.*
- E. There are a notable number of Stock Island trailer parks that have and are being negotiated for sale at significantly elevated real estate values.*

- F. New developments are required to connect to the central wastewater system.*
- G. Many multi-unit property owners are attempting to seize the opportunity of the windfall in property values and therefore are desirous to delay the wastewater system connection costs in order to pass these costs to the new developer.*

FINDING # 4 - The County Commission's process for the review and approval of the sewer project plans, drawings and contract appear to be flawed. Based upon review of the URS Report and the Grand Jury Consultant, Boyle Engineering's Report it was continued that a set of drawings (date stamped 5/21/02) was submitted to the County for review late in the design phase. These plans were substantially different from the plans that were previously submitted for project permitting and later for contractor bidding and construction. These plans were provided to the County by the Utility during a meeting in the County Administrators office on or about May 24, 2002. Mr. Kenneth Williams of the CH2M HILL was also in attendance at the meeting. CH2M HILL has been Monroe County's wastewater consultant since 1996. During this meeting Mr. Doug Carter of the Utility presented the plans noted above dated 5/21/02. Mr. Williams was presented a set of these plans for review. Mr. Williams completed his review and provided his comments in a letter dated, July 5, 2002 to the Monroe County Director of Growth Management, Tim McGarry. In the letter, Mr. Williams outlined several concerns with four properties on Stock Island including Leo's Campground, Stock Island Trailer Park, Overseas Trailer Park and Coral Hammocks. The letter noted that the plans called for each of these properties to install internal vacuum systems. Mr. Williams's letter questioned who would be responsible for the cost of installing this equipment and noted that the bid proposal did not include pricing for buffer tanks. It was further noted that there were other smaller trailer parks, some housing areas, and other areas that do not have vacuum sewer facilities adjacent to the properties for easy connection to the new vacuum sewer system. Mr. William's letter asked how will these areas be connected. The letter documented eight specific comments and concerns with the plans.

During interviews by the State Attorney's Office, Mr. Williams stated that he was

assured by County Officials that his letter was included in a package of backup materials given to the County Commissioners for review prior to their next meeting. Mr. Williams noted that he was not contacted by any member of the County Commission regarding his comments and concerns.

A meeting of the Board of County Commissioners was convened, on July 17, 2002. A video tape of the meeting was reviewed and analyzed by the State Attorney's office, in this meeting the County Administrator, James Roberts, requested and received "conceptual" approval of the project plan by the County Commission. The Commission also agreed to issue a contract for \$4.606 million dollars to KW Resort Utilities. There was no review or approval of the plans at this meeting. There also was no discussion of the letter from CH2M HILL Engineer Kenneth Williams regarding the plans of 5/21/02.

A special meeting of the County Commission was called for July 31, 2002. The only agenda item was the approval of the contract with KW Resort Utilities for construction, of the Stock Island wastewater infrastructure. The Project Plans and Contract were presented to the Commission for approval by the County Administrator, James Roberts. Mr. Roberts noted to the Commissioners that the plans they were approving were the same as those previously submitted (date stamped May 21, 2002), however the date had been changed to May 30, 2002. This presentation by the County Administrator was false. The URS Report states that, in fact, the May 21, 2002 plans previously submitted to the Commissioners, numerous buffer tanks were depicted on the plan-and-profile sheets at various locations along the vacuum headers (total of 29 buffer tanks and 14 dual buffer tanks). In contrast, the set of plans dated May 30, 2002 submitted at this special meeting depicted only 15 single buffer tanks and no dual buffer tanks. The contract and plans were approved at this meeting without adequate review, resolution of open comments, review of final design plans and most importantly the impact these changes might make on the citizens of Stock Island.

It is irrefutable that the plans approved by the County Commission on July 31, 2002 were presented to the County by Jeff Weiler on June 11, 2002.

It must also be repeated that the County did not purchase wastewater infrastructure. The County loaned the Utility money, on behalf of the residents, to provide sewer infrastructure connections throughout South Stock Island by purchasing plant capacity. The level of plan review is irrelevant, as the County was not permitting a system, merely approving a contract wherein the Utility was proposing to install up to \$4.6 million dollars of WW infrastructure on a reimbursement basis. As the WW connections occur, the County would be repaid the monies invested in the project except for the amount paid to the Utility to meet Advanced Water Treatment standards.

It has been stated that the May 21, 2002 design development documents differed significantly from the permitting and bid sets. As can be seen from the comparative analysis presented below, in most instances, the May 21st documents are nearly identical to all other design documents. Only on the Plan and Profile sheets are any substantial differences found. A copy of the master mainline sheet from the May 21, 2002 plans examined by CH2M Hill is attached. This is a photocopy provided by Mr. Williams.

COMPARATIVE ANALYSIS

<u>May 21, 2002 Documents</u>	<u>Item Reviewed</u>	<u>May 30, 2002 Bid Set</u>
<u>17 Buffer Tanks</u>	<u>Bid Form Schedule (from Bid Documents binder)</u>	<u>19 Buffer Tanks</u>
<u>15 Buffer Tanks and 17 Vacuum Stubs (to trailer parks)</u>	<u>Pit Index (from drawings)</u>	<u>15 Buffer Tanks and 17 Vacuum Stubs (to trailer parks)</u>
<u>15 Buffer Tanks and 16 Vacuum Stubs (to trailer parks)</u>	<u>Master Mainline Sheet</u>	<u>15 Buffer Tanks and 16 Vacuum Stubs (to trailer parks)</u>
<u>14 Buffer Tanks and 16 Vacuum Stubs (to trailer parks)</u>	<u>Mainline Plan Sheets</u>	<u>14 Buffer Tanks and 16 Vacuum Stubs (to trailer parks)</u>

<u>parks)</u>		<u>parks)</u>
<u>35 Single Buffer Tanks, 14 Dual Buffer Tanks and 2 Vacuum Stubs</u>	<u>Plan & Profile Sheets</u>	<u>14 Single Buffer Tanks, No Dual Buffer Tanks and 16 Vacuum Stubs</u>
<u>Not designated as Bid Set</u>	<u>Designation as Bid Set on Bid Documents binder</u>	<u>Designated as Bid Set, stamped in red ink on cover</u>
<u>Not designated as Bid Set, but also not designated as Preliminary or Draft</u>	<u>Designation as Bid Set on Drawings</u>	<u>Designated as Bid Set, stamped in red ink on cover sheet</u>
<u>Reduced size, 11" X 17"</u>	<u>Size of Documents</u>	<u>Full size, 24" X 36"</u>
<u>Not signed</u>	<u>Signature of Engineer</u>	<u>Signed, dated and sealed by the Engineer</u>
1. <u>Revised per DEP</u> 2. <u>Revised for Construction</u>	<u>Comments in Revision</u> <u>Blocks</u>	1. <u>Revised per DEP</u> 2. <u>Revised for Construction</u> 3. <u>Revised Tank Sizes</u>

The May 21st drawings and contract documents were substantially identical to the May 30th drawings and contract documents in all respects with the exception of the Plan & Profile sheets. The Master Mainline sheet shows the entire project and clearly shows vacuum stubs as the intended means of connection for the trailer parks in question. This is clearly shown in all sets of drawings. The Pit Index and the Bid Form Schedule both clearly show a limited number of buffer tanks. Only the Plan & Profile sheets in the May 21st drawings show anything different than what was designed, permitted, bid and built. In every other respect, the May 21st documents agree with all other sets.

The May 21st drawings were put together to investigate a "what if" scenario and were never intended to represent the final form of the project. They were only produced in reduced size and were not signed and sealed, or stamped Bid Set, or in any other way designated as an official set. Looking at the May 21st drawings, it is obvious that these plans could not be used for bidding or construction purposes since the quantities and

types of tanks required for the project can't be determined. A contractor would ask the question "Do I bid on the quantities listed in the Pit Index and shown on the Mainline sheets, or do I bid on the quantities shown on the Plan & Profile sheets?"

The Draft Contract with the Utility referred to plans dated May 16, 2002, yet the plans in controversy are actually dated May 21, 2002. Copies of the FDEP submittals were provided to the County Engineering Department in March, 2002 and the BID SET plans dated May 30, 2002 were provided to the County Engineering Department on June 11, 2002 and reviewed by the County Engineer with the consultant, Weiler Engineering. On June 11, 2002 at the Pre-Bid Meeting for the project, interested parties, including the County Engineer, were directed to make sure they were using the May 30, 2002 plans.

It is unfortunate that neither Weiler Engineering nor the County Engineer were informed that the County's Consultant, CH2M Hill, was reviewing the May 21 documents as the Consultant would have been informed that they were for design development and not the correct plans. In fact, it is surprising that the inconsistencies throughout the May 21 plans were not identified by the County's consultants if the plans were being considered as construction and/or contract plans.

Mr Williams never asked Weiler or the Utility to comment on his concerns.

The Grand Jury has concluded that it appears that the County Commission and responsible county officials did not have adequate control of this process. The Commission never did address the CH2M HILL comments nor does it appear that they reviewed the new plans prior to approval of the contract. Their failure to control this process may have also contributed to the financial burdens now being experienced by the citizens of Stock Island.

It would not be the role of the County Commission to "review" plans nor address comments submitted by consultants. Utility plans are not the most understandable documents, especially for persons that do not have experience in

interpreting same. The County Commission would rely on technical staff to perform these services.

The Stock Island wastewater project is the lowest cost project to date in the Monroe County per EDU.

In reference to the Grand Jury's allegation that, "the impact these changes might make on the citizens of Stock Island" the Commission repeats a previous reply to this alleged concern:

Some important facts concerning properties on Stock Island:

- A. Financial assistance is available and has been offered by the County.*
- B. Costs are proportionate to property owners' real estate market value.*
- C. Many trailer park property owners have enjoyed premium rental incomes for years and a doubling or tripling of their property values. The expense to connect to a sewer system is a minor percent of the property's increased market value.*
- D. Large multi-unit property values significantly increase when connected to a central wastewater system.*
- E. There are a notable number of Stock Island trailer parks that have and are being negotiated for sale at the significantly elevated real estate values.*
- F. New developments are required to connect to the central wastewater system*
- G. Many multi-unit property owners are attempting to seize the opportunity of the windfall property values and therefore are desirous to delay the wastewater system connection costs in order to pass these costs to the new developer.*

Examples:

Overseas Trailer Park

WatersEdge Trailer Park

- H. The project has significantly added to the already enhanced property values on Stock Island.*

FINDING #5 - Upon completion of construction of the Stock Island wastewater infrastructure, Monroe County has agreed under the terms of the contract to relinquish ownership of this infrastructure to the KW Resort Utility. The sewer project was funded 100% (\$4.606 million dollars) by Monroe County tax dollar.

Pursuant to the contract, the County purchased sewage capacity, not pipes, tanks or related infrastructure. The County's expenditure for capacity reservation will be fully reimbursed by the payment of connection fees collected by KWRU. The contract for "Capacity Reservation and Infrastructure" does not relinquish ownership of the infrastructure to KWRU.

In fact, the contract dated July 31, 2002, section 1 (F) clearly states "The South Stock Island wastewater collection infrastructure constructed pursuant to this contract is, and will remain, the sole property of the Utility". The County Commission can only wonder why the Grand Jury did not have the appropriate documentation available upon which to make such judgments. As a government organization, the County strives to maintain a level of public trust. The County Commission expects members of the Grand Jury to take their responsibilities seriously when making public the results of their "investigative report". How could such an inaccuracy be reported?

The County has invested a total of \$3.9 million of the budgeted \$4.6 million to connect 1,500 EDU's on Stock Island. KWRU has returned \$442,580 to the County and the County has received \$605,850 from its' Consent and Acknowledge Agreements Program; a combined total of \$1,050,430 or 27% of the County's funds have already been returned of the total \$3,886,674 that were used to purchase the 1,500 EDU plant capacity.

The remaining balance of the KWRU Stock Island wastewater collection system connection fees to be collected; \$2,836,244 will be returned to the County per the terms of the contract as detailed below. The rate of reimbursement is dependent on the county's enforcement of connection to the system. Unfortunately, the media and political confrontation over the project stalled connection enforcement efforts by the County. Presently, connections are occurring at a pace that will provide for timely reimbursement of all funds advanced by the County.

KWRU has guaranteed and continues to guarantee system capacity and will, if ever necessary in the future, make the necessary investments to increase system capacity and maintain compliance with the contract documents.

The existing system's capability to handle the contracted EDU's has been verified and attested to by URS, Weiler Engineering and the State Department of Environmental Protection.

The tax dollars used to purchase the plant capacity (\$3.9 million) are being returned to the County through the agreed terms of the contract. The refund mechanism is the \$2,700 fee charged for each connection. The County receives \$2,100 directly from each connection. The \$600 balance is put into an Advanced Wastewater Treatment fund.

There are 1,500 connections contracted by the County to be completed, at \$2,100 each; the County will have \$3.15 million refunded directly. Another \$600 for each of the 1,500 connections will build a \$900,000 escrow account to fund Advanced Water Treatment (AWT) as required by the State by 2010. KWRU has committed to be AWT with its Stock Island Treatment Plant by Dec. 2006, 4-years ahead of the State deadline and in compliance with the contract with Monroe County, which requires AWT operations in January of 2007 (see sec. 5).

The AWT requirement has also triggered 750 additional cesspit credits for the benefit of the residents of Monroe County.

The County will not be relinquishing control of something it never owned (the vacuum pipe collection system installed in the ground). The County will be refunded the \$3.9 million payment provided to KWRU for the 1,500 EDU plant capacity.

The County did contract for and does own plant treatment capacity for 1,500 EDU's on South Stock Island.

In return, the Utility agreed to reserve treatment plant capacity at its treatment plant, for the treatment of 1,500 Equivalent Development Units (EDU's). However, analysis by the Grand Jury's consultant noted that only 860 EDU's could be serviced by the infrastructure included under the terms of this contract.

Three respected engineering firms, CH2M HILL, Weiler and URS have confirmed the ability of the Stock Island utility to connect 1,500 EDU's and the utility owner has stated on the record at public BOCC meetings that he will build the necessary capacity if and when that should ever be required. The amount of EDU's that the infrastructure portion could service under the contract is irrelevant, as the County purchased 1500 EDU's treatment capacity at the plant. It is important not to make an apples and oranges comparison when considering these two aspects of a wastewater system, plant capacity and infrastructure capacity.

Boyle Engineering, a contract engineering firm for the FCAA, is the only engineering firm to dispute the Stock Island wastewater system EDU capacity findings of CH2M Hill and URS, two of the County's wastewater engineering consulting firms and Weiler Engineering, the system design engineering company for KWRU.

Weiler and URS Engineering have both stated in writing for the public record that there is enough wastewater plant treatment system capacity to handle the 1,500 EDU wastewater needs of South Stock Island beyond a 20-year horizon.

During Grand Jury testimony by expert witnesses, it was stated by these witnesses independently, that it was unprecedented in their experiences to have a public project funded by the public monies turned over to a private entity such as KW Resort Utilities.

The County Commission agrees that using public funds to enrich a private party is an inappropriate use of public funds. The infrastructure for the South Stock Island project was always the property of the Utility as described in section F of the Capacity Reservation and Infrastructure Contract. The County purchased plant system capacity on an extremely favorable basis. This favorable purchase was passed along to the residents of South Stock Island.

Much to the chagrin of its detractors, the project is most favorable to the residents of Stock Island as a cost-effective alternative to other wastewater proposals including but not limited to a new FKAA or County owned system at considerably higher cost.

FINDING # 6 - Monroe County also entered into a separate contract with KW Resort Utilities on August 16, 2001. Under the terms of contract KW Resort Utilities agreed to provide central sewage collection services to the Jail and Detention Center and other public buildings on Stock Island.

The county has conveyed to the Utility at no charge the lift station serving the Detention Facility Treatment Plant and the lift station serving the Public Buildings and the sewer main from the lift station to the Detention Facility Treatment Plant. The County also contracted with the Utility to construct and convey ownership of an additional lift station to the existing sewer main serving the Detention Facility.

Conveyance of the wastewater pump stations and force mains associated with the Monroe County Detention Center to KW Resort Utilities was included as a condition of the contract at the request of Monroe County. Utilities, whether public or private like to operate the system in its entirety, including associated lift station systems. Historically, when a developer installs onsite utilities, these utilities are conveyed to the Utility at the completion of the project. Easements are obtained to allow the Utility access to what would otherwise be private property. The contract requirements involving the Detention Center infrastructure is appropriate and in the best interest of Monroe County taxpayers.

Although the infrastructure has never been fully conveyed, KWRU has been paying for operation and maintenance of the system at no cost to the County, including daily inspections, repairs and replacement of pumps and electrical components. KWRU has also assumed liability in the event of failure of the systems that may result in spills of sewage as a result of any failure beyond its control. As a courtesy, KWRU's Operation & Maintenance staff also monitors and records water levels and pressures on the fire protection system as required by the County's Fire Marshal on a daily basis at no cost to the County.

The infrastructure associated with the Monroe County Detention Center represents a liability rather than an asset. Operation, maintenance, repairs and replacements are on-going expenses that would be incurred by the County in addition to the normal monthly sewer bills were it not for KWRU's assumption of these responsibilities. KWRU has also relieved the County of liability for non-compliance with FDEP requirements associated with the system.

The annual savings to the County's Sheriff Department from the contract with KWRU is \$130,000 in available reuse water in addition to the annual operating expense of the system. The total annual savings to the County is \$275,000 annually in today's costs. That is a savings to the County of over \$2.75 million in the next 10-years.

The Utility wanted to connect the Detention Facility in order to have the use of additional gray water to use in irrigation of the golf course, it should be noted that the primary owner of the Utility also owns and operates the Key West Golf Course. Once again, it was noted that public properties and equipment were being conveyed to a private company.

KWRU makes grey water available to the detention facility for non-drinking water reuse as well as for the Key West Golf Course which is a public golf course. The County pays the Utility \$.40 per thousand gallons for grey water used at the detention center. The grey water reuse on the golf course saves the Biscayne Aquifer and preserves more of the well field allocation for residents of Monroe County, saving 88 million gallons a year of drinking water that can be used for purposes other than flushing the toilets at the detention center.

FINDING #7 - The County agreed to pay the Utility a capacity reservation fee in the amount of \$2,700 per equivalent residential Connection, (ERC). The initial reservation fee was \$1,225,800. Three equal payments of \$408,600 were made to the utility with the final payment made in April 2004.

Section 7a of the County's contract with the Utility states in part. "When the Utility begins substantial physical construction to expand the capacity of its' wastewater treat plant or to extend its wastewater collection infrastructure to serve additional areas in South Stock Island or other island, the escrow agent will release the funds to the Service Company in the following manner: the payments will be made monthly equal amount based on the expected completion date of the expansion as set forth in the Service Company's construction documents. Release of said funds shall be made by escrow agent upon presentation of construction invoices (including costs of real estate acquisition, purchase or installation of pipes and lift stations, and, professional services; provided that such costs are exclusively attributable to such expansion of capacity or extension of

collection infrastructure to be paid by the Service Company along with a statement from the Service Company describing the construction of which the invoices seek payment”.

At the request of the Monroe County Clerk of the Circuit Court, the County Internal Audit Department completed an audit of the contracts with KW Resort Utilities on March 19, 2004. The Grand Jury heard testimony from the Audit Department and performed a review and analysis of their Audit Report. White this report identified numerous findings; the Grand Jury was especially alarmed by two of the findings as described below:

1. KW Resort Utility did not have an escrow agent or escrow agreement for the capacity reservation fees paid by Monroe County for the Detention Center project of \$1,225,800 as required by the Contract. The funds were deposited by the County into an interest bearing account in Key West, Florida. Contrary to the requirements of the contract for review and approval of invoices by an escrow agent, the capacity reservation funds were withdrawn at the sole discretion of KW Resort Utilities.

To clarify for the reader, the Grand Jury is referencing the Utility Agreement dated August 16, 2001. The agreement referenced is limited to the Detention Center, Public Service Building, Bayshore Manor and the Animal Shelter, all agencies of Monroe County.

Funds used to pay for the capacity reservation for the South Stock Island project under the “Capacity Reservation and Infrastructure Contract” of July 31, 2002, are not subject to using an outside escrow agent as were the funds under the August 16, 2001 contract.

Release of funds was predicated upon “presentation of construction invoices () to be paid by Service Company”. The contract does not delegate the responsibility of payment approval nor require the review and approval of said invoices by the escrow agent.

The County Clerk, an elected State Constitutional Officer maintains control of public funds. It has been determined by the Grand Jury that the County Clerk acted diligently in all matters concerning the KWRU contract. The County Clerk, or his designee, performed the escrow services on behalf of the County.

A memo from County Attorney, Richard Collins dated January 07, 2004 to Danny Kolhage, Clerk of the Courts which in essence states there was no need for an escrow agent to be involved with the payment transaction. In effect, the County Clerk acts in the capacity of escrow agent for most County transaction.

The Grand Jury found that the actions of both the County Commission and County Officials were negligent in their control of public funds.

The County Clerk, an elected State Officer maintains control of public funds. It has been determined that the County Clerk acted diligently in all matters concerning the KWRU contract.

All funds received by the KWRU from the County were used pursuant to the contract.

The County Attorney offered an opinion that no funds needed to be handled by an independent escrow agent.

The County Commission strongly believes that sufficient checks and balances presently exist within Monroe County government to insure appropriate use of public funds and respectfully disagrees that the County Commission or County Officials were negligent with public funds.

The County Administrator's response to this finding was weak in that it suggested that an additional county employee be added to monitor such projects in the future. The Grand Jury disagrees and is of the opinion that the current organizational structure provides for

such oversight. Simply put, someone did not do their job, whether it be intentional or in error.

The County has employed a new Administrator. The new Administrator has requested 3-new positions that endorse the need stated by the former Administrator: a County Wastewater Engineer and two County Deputy Administrators. Those requests have been approved by the County Commission and the positions are being actively recruited.

2. The Audit found that the Utility had charged construction and legal fees totaling \$347,000 representing 9.9% of the construction value. The fees were paid to Smith, Hemmisch & Burke and Green Fairways, Inc., the providers of legal and construction administration. The auditor also found direct relationship between KW Resort Utility and these companies. Contrary to contract requirements, the Utility could not provide documentary evidence supporting the expenditures.

The contract does not contain requirements for documentation of administrative or legal fees. The typical overhead for a contractor averages 7.5% without legal fees, which vary from project to project. The contracts between KWRU, Green Fairways Inc. and Smith Hemmesch & Burke were provided to the County Clerks Office, prior to the first payment made by the Clerks Office. The Clerk made ten additional monthly payments pursuant to the contract.

KWRU does not dispute the fact that there exists a relationship between KWRU, Green Fairways Inc and Smith Hemmisch & Burke. It is irrelevant and there is nothing either illegal or improper concerning joint ownership among various entities involved in the contract.

The comment in the County Clerks audit concerning the business relationship between the entities has no bearing on the contractual relationship between the County and KWRU.

The Audit Department recommended to the Clerk's Finance Department that payment should be withheld from the application for payments at the time of the audit. The Clerk's Finance Department in turn did subtract \$308,483 payment #11. Based on information provided to the Grand Jury, the utility is currently contesting withholding of these funds. The Grand Jury found that the County Commission and County Officials were negligent and/or incompetent in their control of public funds. (Refer to Finding #1)

While it may be convenient for the Grand Jury to separate the functions of County government to applaud the actions of one and denigrate the other, the reader should be reminded that the very checks and balances used to identify these questioned payments, the Clerks office and the auditor, are the exact checks and balances supported and funded by the County Commission in accordance with State Statutes.

The Grand Jury would like to compliment the work of the County Clerk's Finance Department and Internal Audits Department for their hard work and tenacity in identifying and following up on the findings.

We want to thank the many citizens that appeared before the Grand Jury and gave personal testimony. It was very important and citizens should feel free to approach the Grand Jury and present their grievances.

On a similar note, we would like to comment that the County Administrator and Commission's responses to the findings were weak and lacked detail. The responses should have specific correct actions to resolve each specific issue, corrections actions to prevent recurrence along with a time table and appropriate verification.

III. GRAND JURY OBSERVATIONS:

OBSERVATION # 1 - Based upon testimony of the Grand Jury Consultant, Boyle

Engineering and the County's Consultant, URS, the Capacity Reservation and Infrastructure Contracts were lacking in both technical detail and performance standards.

This is not accurate. The contract exhibits and specifications with KWRU are in excess of a 350-page document. Furthermore, the collection system was built, the collection system operates as intended by the parties and the residents of Stock Island have the ability to connect at a reasonable cost.

The contract was developed using the Engineer Joint Contract Documents Committee forms, respected as the industry standard for engineering contracts and specifications

Further, the contract form was reviewed prior to approval by the County Commission by both the County Attorney as well as the attorney for the Utility. The County Commission would like to comment that contracts are best reviewed by those trained in the law, attorneys retained by the client who are paid to keep the best interest of the public in mind and not wastewater engineers associated with the project.

OBSERVATION #2 - Based upon review of various documents and testimony of a County Official it was determined that the necessary Code Inspections (i.e. plumbing, electrical, etc.) were not performed as work progressed. The official noted that to the best of his recollection some inspection was done after the fact.

See response to Finding #1 above.

IV. RECOMMENDATIONS:

RECOMMENDATION #1 - The County Commission shall, prepare a detailed written response to each of the Grand Jury Findings and Observations. Each response should address the root cause, corrective actions taken to resolve the finding/observation,

corrective actions to prevent recurrence on future projects along with a detailed schedule for completion of these actions. The response shall be provided to the Grand Jury within 30 days of issuance of this report. The responses will be provided to the Grand Jury for review, approval and follow-up verification/investigation as necessary. These corrective actions should be fully implemented prior to issuance of any future sewer related project contracts.

The County Commission respectfully submits this response to clarify issues for the Grand Jury but also to educate the public on the various aspects of the Stock Island project.

RECOMMENDATION #2 - The County Commission should retain ownership of all sewer related infrastructure provided by public funds.

See response to Finding #6 above.

This recommendation will require the County to be responsible for ownership of wastewater systems constructed by FKAA or other entities using County funds. At this time, the position of FKAA's interest in such a relationship is not known. It should be noted that the County has funded millions of dollars to FKAA to pay for wastewater infrastructure projects throughout the County but the Grand Jury did not mention this ongoing situation or caution the County on the continuance of same.

RECOMMENDATION #3 - The County Clerks Internal Audit Department should perform a comprehensive audit at the completion of the Sewer Projects by KW Resort Utilities. The results of the audit shall be reported to the County Commission and Grand Jury.

The Stock Island sewer project was thoroughly audited by the County Clerk and independent engineering firm, both at great expense to the taxpayers and ratepayers of Monroe County.

The County Commission will seek direction from the County Clerk as to the completion of additional audits of the Utility.

RECOMMENDATION #4- The County Commission and Officials should make every effort to recover from KW Resort Utilities the \$147,500 paid to former commissioner John L. London which was in violation of the contract and County Ordinances.

See response to Finding #2 above.

RECOMMENDATION #5- The County Commission should appoint a volunteer civilian oversight committee. The committee would have unrestricted access to all contracts, financial and other related documentation on future sewer projects. The oversight committee would be independent of the County Commission and would report to the County Administrator and the Citizens of Monroe County. The committee should be made of up of citizens representing the full length of the County. Every effort should be made to assure that the volunteers have a varied experience base in engineering/construction, legal and accounting. The Grand Jury believes that this independent oversight committee can provide the necessary visibility and assurances to the public that the County is acting in the best interest of all citizens of Monroe County.

The County Commission is making a similar recommendation on April 20, 2005 to members of the FKAA to work jointly on upcoming wastewater projects. The County Commission respectfully declines to establish another advisory group limited to this subject matter. The County Commission is elected to perform these duties and the Commission does not wish to delegate or shirk its responsibility in this area or any other area affecting the residents of Monroe County.

The decision-making process of the County Commission is supported by the professional opinions of staff, the County Attorney, independent legal counsel, independent subject matter consultants as retained by the County Commission and members of the public. The County Commission is confident that this large group of specialists, all with vested interests in performing to the satisfaction of the Commission, can provide a high level of support and guidance now, and in the future to the residents of Monroe County.

The County Commission appreciates and supports the participation of all county residents to be informed of the decisions being considered by the County Commission as well as the input from the resident's of Monroe County. The members of the County Commission, charged with all of the responsibility by the State of Florida to meet wastewater standards by 2010, unfortunately have insufficient control to meet this aggressive level of mandatory compliance.

As a County Government we all can agree of the need to invest more in informing the public of the operations of their government to bring understanding and consensus to the decision-making process.

RECOMMENDATION # 6 - The County Commission should consider the development and implementation of quality management system such as ISO Q9001-2000 (ISO 9001) entitled 'Quality Management Systems Requirements'. The implementation of a quality management system within the various county departments and commission would enhance their effectiveness and would aid in the identity, linkage and management of the numerous complex activities of the county and future sewer projects.

ISO 9001-2000 specifies requirements for a quality management system where at organization needs to demonstrate its' ability to consistently provide the services and/or product that meets requirements of local, state and federal regulatory requirements and the needs of the public- The quality management system should as a minimum address

areas such organizational, interfaces; documentation including procedures necessary to ensure effective planning, operation and control of processes and document control to approve documents (i.e. drawings, plans, invoices, contracts, purchase orders etc.) including approval and use of the latest documents.

The County Commission recently retained a new County Administrator to manage the day-to-day activities of the County. The Administrator's employment contract required the approval of goals that the County was to achieve from November of 2005 to November of 2005

The Administrator's goals, formerly approved by the County Commission, move the County forward with a number of management initiatives including, a comprehensive review of County operations, the formulation of a strategic plan for each division of the County government which includes exercises in benchmarking, process improvement, the writing of policies and procedures and increased/improved, regularly scheduled staff training.

Additionally, the Administrator has set a goal of achieving the Malcolm Baldrige Award, also known in Florida as the Governors Sterling Award. Receipt of this award is the accomplishment of management excellence within a fully accountable customer service oriented organization. The County Commission understands that this will be a multiyear undertaking with application for award status scheduled to occur in 2008. The processes involved with both of these undertakings require that each and every aspect of the organization be analyzed in accordance with the core responsibilities of the organization to seek improved outcomes and efficiencies. The County Commission expects the Administrator will be making recommendations to the Commission based upon the exercises involved with strategic planning and the award process outlined above

The County Commission has faith in the new Administrator and the changes and programs he intends to implement and will continue to work with the


Administrator to improve upon and continue the services delivered to County residents.

This report was drafted by:

Thomas J. Willi, County Administrator

For review and consideration by the Monroe County Board of County Commissioners

Approved as to content:



Mayor Dixie Spehar

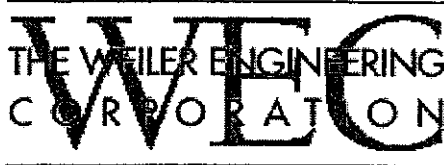
KW Resort Utility
Docket No. 070293-SU
Rate Case Expense by Classification
Through July, 2008

	<u>CJNW</u>	<u>RS&B</u>	<u>Weiler</u>	<u>KW Resort</u>	<u>Total</u>	
Classification by hours (1):						
Preparation & filing of MFR's through Interim Rate Order	309.50	51.80	1.50	485.00	847.80	28.156%
Corrections of Deficiency's	0.50	12.80			13.30	0.442%
Responses to Staff Audit	191.75	11.87	22.25	549.00	774.87	25.734%
Responses to OPC Discovery	201.75	284.28	6.50	583.00	1,075.53	35.719%
Responses to Staff Discovery	29.50	37.70			67.20	2.232%
Depositions		2.00			2.00	0.066%
Motion to Compel	14.00	12.43			26.43	0.878%
Other (2)		25.60			25.60	0.850%
Preparation of Rebuttal Testimony/Exhibits	125.00	53.36			178.36	5.923%
	<u>872.00</u>	<u>491.84</u>	<u>30.25</u>	<u>1,617.00</u>	<u>3,011.09</u>	<u>100.00%</u>

Classification by amount (1):						
Preparation & filing of MFR's through Interim Rate Order	\$ 47,947.50	\$ 21,395.00	\$ 240.00	\$ 18,070.00	\$ 87,652.50	24.172%
Corrections of Deficiency's	75.00	3,520.00			3,595.00	0.991%
Responses to Staff Audit	31,375.00	3,264.25	3,560.00	19,720.00	57,919.25	15.973%
Responses to OPC Discovery	32,560.00	78,821.00	1,040.00	20,920.00	133,341.00	36.772%
Responses to Staff Discovery	4,720.00	10,367.50			15,087.50	4.161%
Depositions		580.00		740.00	1,320.00	0.364%
Motion to Compel	2,240.00	3,418.25			5,658.25	1.560%
Other (2)		7,350.50		2,150.00	9,500.50	2.620%
Preparation of Rebuttal Testimony/Exhibits	20,640.00	27,898.95			48,538.95	13.386%
	<u>\$ 139,557.50</u>	<u>\$ 156,615.45</u>	<u>\$ 4,840.00</u>	<u>\$ 61,600.00</u>	<u>\$ 362,612.95</u>	<u>100.00%</u>
Estimated amount per MFR Schedule B-10	\$ 90,000.00	\$ 100,000.00	\$ -	\$ 10,000.00	\$ 200,000.00	
Under (Over) Estimate	\$ (49,557.50)	\$ (56,615.45)	\$ (4,840.00)	\$ (51,600.00)	\$ (162,612.95)	

Notes: (1) Excludes administrative personnel time and charges and out of pocket expenses
(2) Other includes Escrow and other reporting, as well as activities which do not fit into the major categories listed

Docket No. 070293-SU
Historical Capital Projects Costs
Exhibit PED_7



"Excellence in Engineering"

5800 Overseas Highway, Ste 36
Marathon, Florida 33050
(305) 289-4161 ph
(305) 289-4162 fax

November 12, 2007

Bill Smith
KW Resort Utilities Corporation
6450 College Rd.
Key West, FL 33040

RE: Historical Capital Projects Costs

Mr. Smith:

I have been asked to estimate the cost of construction of various capital improvement projects that were implemented prior to your purchase of KW Resort Utility Corporation. The financial records for these past projects are either inadequate or completely missing. My approach in estimating the cost of these projects at the time of construction is to estimate the project cost in 2007 dollars, then calculate the original cost by converting to historical dollars using the on-line calculator maintained by the Federal Reserve of Minneapolis. The calculator can be examined at:

<http://woodrow.mpls.frb.fed.us/research/data/us/calc/>

In estimating the project costs in 2007 dollars, I have used the unit costs from projects that have been competitively bid and awarded in 2007 in Monroe County. Sources of these unit costs include contract awards from the City of Marathon, the City of Key Colony Beach and the Key Largo Wastewater Treatment District. I used Monroe County costs since construction costs are significantly higher here than the national or state averages due to the remote location, the coral rock substrate and the ground water elevation. A narrative description of the projects follows as an aid in understanding the accompanying spreadsheets.

The description of the projects and the unit quantities are based largely on data provided by your operating company. Where possible, the information has been verified by field inspection and by scaling quantities from existing plans and manuals.

1986 Shenandoah Sewer Lining Project

KW Resort Utility Corporation purchased Stock Island Utilities in 1985. In 1986, KWRU installed 1000 lineal feet of liner in the gravity collection system in Lincoln Gardens in order to reduce saltwater infiltration.

1990 Southern Liner Sewer Lining Project

In 1990, KWRU completed a capital project that included installation of an additional 6,500 lineal feet of liner in the Lincoln Gardens gravity collection system to further reduce salt water infiltration. An upgrade of the 0.250 WWTP was also completed in 1990. This project included construction of an external 0.250 MGD filtration and disinfection system and a mud well and pumping system to return filter backwash to the WWTP. This work allowed part of the 0.250 MGD extended aeration tankage to be used as a surge tank, improving reliability of treatment.

1992 Metro Sewer Lining Project

KWRU completed installation of an additional 1000 lineal feet of liner in the Lincoln Gardens gravity collection system to further reduce salt water infiltration.

1994 WWTP Upgrade Project and Drying Beds Project

An upgrade of the 0.250 WWTP was completed by KWRU in 1994. This project included construction of an external 0.250 MGD filtration and disinfection system and a mud well and pumping system to return filter backwash to the WWTP. This work allowed part of the 0.250 MGD extended aeration tankage to be used as a surge tank, improving reliability of treatment. Four additional large sludge drying beds were also constructed as part of this upgrade to allow for improved biosolids management.

1997 WWTP Expansion

KWRU completed an expansion of the wastewater treatment plant in 1997. This expansion included: Construction of another 0.250 MGD Davco extended aeration treatment plant; construction of another 0.250 MGD filtration and disinfection system; and construction of three 6" effluent disposal wells.

The attached spreadsheets itemize these capital projects. The measured unit quantities are multiplied by the unit costs to obtain the estimated construction cost in 2007 dollars. The corresponding estimated historical construction cost is provided in the last column. The second tab of the spreadsheet contains backup for cost estimates for 0.250 MGD extended aeration treatment plants and for sludge drying beds. I did not have bid results for these items from 2007 and based the unit costs on estimates obtained from vendors and contractors.

In addition to these capital projects, a utility company will have many smaller projects that occur on a fairly routine basis. Replacement of pumps, motors, and electrical panels is needed on a regular basis as are repairs of mechanical and structural elements of the treatment system. The above capital projects list is not intended to represent the complete historical capital expenditures made by the utility company. It is a summary of major capital improvement projects which can be documented by physical inspection and by interviews with personnel who were present at the time of the projects.

Please contact me if you need any further information or have questions regarding this issue.

Sincerely,

Docket No. 070293-SU
Historical Capital Projects Costs
Exhibit PED_9

Edward R. Castle
Florida PE No. 58574

1986 Shenandoah Sewer Lining Project

Description	Quantity	Unit	Unit Cost	Subtotal	Mobilization, 3% of Subtotal	Bonds and Insurance 5% of Subtotal	Administrative Expenses by Utility 10% of Subtotal	Total 2007 Dollars	Total 1986 Dollars
Land Acquisition	0	AC	\$450,000	\$0	\$0	\$0	\$0	\$0	\$0
Design and Permitting	0	LS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8" Gravity Sewer	0	LF	\$78	\$0	\$0	\$0	\$0	\$0	\$0
Manholes	0	EA	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0
4" Customer Service Connections	0	EA	\$500	\$0	\$0	\$0	\$0	\$0	\$0
Lift Stations into Gravity Manhole	0	EA	\$85,000	\$0	\$0	\$0	\$0	\$0	\$0
Pump Station into Force Main	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
Reclaimed Water Pump Station	0	EA	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0
8" Raw Sewage Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Reclaimed Water Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Gravity Sewer Lining	1,000	LF	\$39	\$39,000	\$1,170	\$1,950	\$3,900	\$46,020	\$24,544
6" Effluent Disposal Well	0	EA	\$8,500	\$0	\$0	\$0	\$0	\$0	\$0
12" Effluent Disposal Well	0	EA	\$24,000	\$0	\$0	\$0	\$0	\$0	\$0
Excavation of Irrigation Pond	0	CY	\$15	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Extended Aeration WWTP	0	EA	\$1,511,990	\$0	\$0	\$0	\$0	\$0	\$0
Mud Well and Pumps	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Sand Filter	0	EA	\$162,500	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Drying Beds	0	SY	\$180	\$0	\$0	\$0	\$0	\$0	\$0
Total								\$46,020	\$24,544

1990 Southern Liner Sewer Lining Project

Description	Quantity	Unit	Unit Cost	Subtotal	Mobilization, 3% of Subtotal	Bonds and Insurance 5% of Subtotal	Administrative Expenses by Utility 10% of Subtotal	Total 2007 Dollars	Total 1990 Dollars
Land Acquisition	0	AC	\$450,000	\$0	\$0	\$0	\$0	\$0	\$0
Design and Permitting	0	LS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8" Gravity Sewer	0	LF	\$78	\$0	\$0	\$0	\$0	\$0	\$0
Manholes	0	EA	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0
4" Customer Service Connections	0	EA	\$500	\$0	\$0	\$0	\$0	\$0	\$0
Lift Stations into Gravity Manhole	0	EA	\$85,000	\$0	\$0	\$0	\$0	\$0	\$0
Pump Station into Force Main	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
Reclaimed Water Pump Station	0	EA	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0
8" Raw Sewage Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Reclaimed Water Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Gravity Sewer Lining	6,500	LF	\$39	\$253,500	\$7,605	\$12,675	\$25,350	\$299,130	\$190,250
6" Effluent Disposal Well	0	EA	\$8,500	\$0	\$0	\$0	\$0	\$0	\$0
12" Effluent Disposal Well	0	EA	\$24,000	\$0	\$0	\$0	\$0	\$0	\$0
Excavation of Irrigation Pond	0	CY	\$15	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Extended Aeration WWTP	0	EA	\$1,511,990	\$0	\$0	\$0	\$0	\$0	\$0
Mud Well and Pumps	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Sand Filter	0	EA	\$162,500	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Drying Beds	0	SY	\$180	\$0	\$0	\$0	\$0	\$0	\$0
Total								\$299,130	\$190,250

Docket No. 070293-SU
 Historical Capital Projects Costs
 Exhibit PED_9

1992 Metro Sewer Lining Project

Description	Quantity	Unit	Unit Cost	Subtotal	Mobilization, 3% of Subtotal	Bonds and Insurance 5% of Subtotal	Administrative Expenses by Utility 10% of Subtotal	Total 2007 Dollars	Total 1992 Dollars
Land Acquisition	0	AC	\$450,000	\$0	\$0	\$0	\$0	\$0	\$0
Design and Permitting	0	LS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8" Gravity Sewer	0	LF	\$78	\$0	\$0	\$0	\$0	\$0	\$0
Manholes	0	EA	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0
4" Customer Service Connections	0	EA	\$500	\$0	\$0	\$0	\$0	\$0	\$0
Lift Stations into Gravity Manhole	0	EA	\$85,000	\$0	\$0	\$0	\$0	\$0	\$0
Pump Station into Force Main	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
Reclaimed Water Pump Station	0	EA	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0
8" Raw Sewage Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Reclaimed Water Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Gravity Sewer Lining	1,000	LF	\$39	\$39,000	\$1,170	\$1,950	\$3,900	\$46,020	\$31,419
6" Effluent Disposal Well	0	EA	\$8,500	\$0	\$0	\$0	\$0	\$0	\$0
12" Effluent Disposal Well	0	EA	\$24,000	\$0	\$0	\$0	\$0	\$0	\$0
Excavation of Irrigation Pond	0	CY	\$15	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Extended Aeration WWTP	0	EA	\$1,511,990	\$0	\$0	\$0	\$0	\$0	\$0
Mud Well and Pumps	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Sand Filter	0	EA	\$162,500	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Drying Beds	0	SY	\$180	\$0	\$0	\$0	\$0	\$0	\$0
Total								\$46,020	\$31,419

1994 WWTP Expansion

Description	Quantity	Unit	Unit Cost	Subtotal	Mobilization, 3% of Subtotal	Bonds and Insurance 5% of Subtotal	Administrative Expenses by Utility 10% of Subtotal	Total 2007 Dollars	Total 1994 Dollars
Land Acquisition	0	AC	\$450,000	\$0	\$0	\$0	\$0	\$0	\$0
Design and Permitting	1	LS	\$37,261	\$37,261	\$0	\$0	\$3,726	\$40,987	\$29,437
8" Gravity Sewer	0	LF	\$78	\$0	\$0	\$0	\$0	\$0	\$0
Manholes	0	EA	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0
4" Customer Service Connections	0	EA	\$500	\$0	\$0	\$0	\$0	\$0	\$0
Lift Stations into Gravity Manhole	0	EA	\$85,000	\$0	\$0	\$0	\$0	\$0	\$0
Pump Station into Force Main	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
Reclaimed Water Pump Station	0	EA	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0
8" Raw Sewage Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Reclaimed Water Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Gravity Sewer Lining	0	LF	\$39	\$0	\$0	\$0	\$0	\$0	\$0
6" Effluent Disposal Well	0	EA	\$8,500	\$0	\$0	\$0	\$0	\$0	\$0
12" Effluent Disposal Well	0	EA	\$24,000	\$0	\$0	\$0	\$0	\$0	\$0
Excavation of Irrigation Pond	0	CY	\$15	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Extended Aeration WWTP	0	EA	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mud Well and Pumps	1	EA	\$125,000	\$125,000	\$3,750	\$6,250	\$12,500	\$147,500	\$105,960
0.250 MGD Sand Filter	1	EA	\$162,500	\$162,500	\$4,875	\$8,125	\$16,250	\$191,750	\$137,748
Sludge Drying Beds	1,360	SY	\$180	\$244,800	\$7,344	\$12,240	\$24,480	\$288,864	\$207,512
Total								\$628,114	\$451,220

1997 WWTP Expansion and Drying Beds Project

Description	Quantity	Unit	Unit Cost	Subtotal	Mobilization, 3% of Subtotal	Bonds and Insurance 5% of Subtotal	Administrative Expenses by Utility 10% of Subtotal	Total 2007 Dollars	Total 1997 Dollars
Land Acquisition	0	AC	\$450,000	\$0	\$0	\$0	\$0	\$0	\$0
Design and Permitting	1	LS	\$118,999	\$118,999	\$0	\$0	\$11,900	\$130,899	\$116,957
8" Gravity Sewer	0	LF	\$78	\$0	\$0	\$0	\$0	\$0	\$0
Manholes	0	EA	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0
4" Customer Service Connections	0	EA	\$500	\$0	\$0	\$0	\$0	\$0	\$0
Lift Stations into Gravity Manhole	0	EA	\$85,000	\$0	\$0	\$0	\$0	\$0	\$0
Pump Station into Force Main	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
Reclaimed Water Pump Station	0	EA	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0
8" Raw Sewage Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Reclaimed Water Force Main	0	LF	\$71	\$0	\$0	\$0	\$0	\$0	\$0
8" Gravity Sewer Lining	0	LF	\$39	\$0	\$0	\$0	\$0	\$0	\$0
6" Effluent Disposal Well	3	EA	\$8,500	\$25,500	\$765	\$1,275	\$2,550	\$30,090	\$23,501
12" Effluent Disposal Well	0	EA	\$24,000	\$0	\$0	\$0	\$0	\$0	\$0
Excavation of Irrigation Pond	0	CY	\$15	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Extended Aeration WWTP	1	EA	\$1,511,990	\$1,511,990	\$45,360	\$75,600	\$151,199	\$1,784,148	\$1,393,459
Mud Well and Pumps	0	EA	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
0.250 MGD Sand Filter	1	EA	\$162,500	\$162,500	\$4,875	\$8,125	\$16,250	\$191,750	\$149,761
Sludge Drying Beds	0	SY	\$180	\$0	\$0	\$0	\$0	\$0	\$0
								Total	
								\$2,005,988	\$1,566,721

Docket No. 070293-SU
 Historical Capital Projects Costs
 Exhibit PED_7

WWTP CONSTRUCTION COST ESTIMATE
0.250 MGD Extended Aeration W/O Filters or CCC

#	Description	Quantity	Unit	Unit Cost	Sub Total	Total
1	0.250 mgd Davco field erected plant with: All equipment, pumps, blowers, control panel,	1	LS	\$968,000	\$968,000	\$968,000
2	Site work & Foundations	1	LS	\$250,000	\$250,000	\$250,000
3	Storm water work	1	LS	\$35,000	\$35,000	\$35,000
4	Electrical equipment	1	LS	\$250,000	\$250,000	\$250,000
5	Chlorine Analyzer	1	EA	\$2,900	\$2,900	\$2,900
6	Turbidity Analyzer	1	EA	\$2,240	\$2,240	\$2,240
7	Circular chart recorder	1	EA	\$2,000	\$2,000	\$2,000
8	Turbidity feed pump	1	EA	\$250	\$250	\$250
9	Chlorine analyzer feed pump	1	EA	\$100	\$100	\$100
10	Instrument shelter	1	EA	\$1,500	\$1,500	\$1,500

\$1,511,990

Drying beds
 28' X 110' each

	Qty	Units	Unit Cost	Total Cost
Concrete slab floor	340	SY	\$20	\$6,800
6" perforated drain pipe	510	LF	\$55	\$28,050
Concrete block walls	150	LF	\$20	\$3,000
Splash pad and wheel paths	50	SY	\$20	\$1,000
Sludge Piping	53	LF	\$78	\$4,134
Filtrate piping	41	LF	\$78	\$3,198
Rock	285	CY	\$33	\$9,411
Sand	171	CY	\$33	\$5,647

\$61,240 per bed

\$180 per Square Yard

LAW OFFICES

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED 3

RECEIVED-FPSC

ROSE, SUNDBSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

07 DEC 28 PM 2: 25

FREDERICK L. ANSCHAUER, JR.
CIRIUS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
KYLE L. KEMPER
STEVEN T. MINDLIN, P.A.
CHASITY H. O'STEEN
DAREN L. SHIPPY
WILLIAM E. SUNDBSTROM, P.A.
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JOHN L. WHARTON

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(850) 877-6555
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www.rsbatorneys.com

CENTRAL FLORIDA OFFICE
SANLANDO CENTER
2180 WEST STATE ROAD 434
SUITE 2118
LONGWOOD, FLORIDA 32779
(407) 830-6331
FAX (407) 830-8522

December 28, 2007

VIA HAND DELIVERY

MARTIN S. FRIEDMAN, P.A.
BRIAN J. STREET

CHRISTIAN W. MARCELLI, OF COUNSEL
(LICENSED IN NEW YORK ONLY)

ROBERT M. C. ROSE, (1924-2006)

Ann Cole, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: K.W. Resort Utilities Corporation; PSC Docket No. 070293-SU
Application for Increase in Wastewater Rates in Monroe County
Our File No. 34000.05

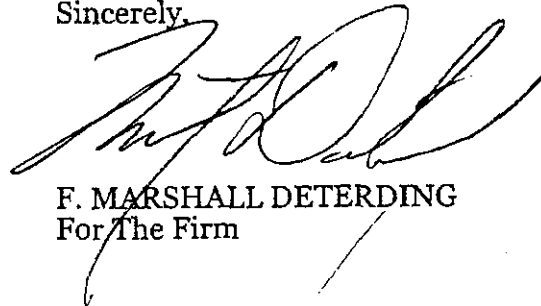
Dear Ms. Cole:

Attached are the responses to the audit report prepared by KW Resort Utilities Corp. and its consultants.

We believe after review of these certain of the conclusions reached in the audit report must be reversed or revised significantly and that these must be considered in any positions taken by the staff.

If you have any further questions in this regard, please let me know.

Sincerely,



F. MARSHALL DETERDING
For The Firm

FMD/bsr

cc: Bart Fletcher
Denise Vandiver
Cheryl Bulecza-Banks
Gerald Edwards
Lydia Roberts
Ralph Jaeger, Esquire

DOCUMENT NUMBER-DATE

11280 DEC 28 5

FPSC-COMMISSION CLERK

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED 9

Audit Finding No. 1

Plant in Service: The Utility agrees that there were \$2,137,962 of unsubstantiated plant additions for the periods ended 12/31/1984 through 12/31/1997, which were incurred by the Utility's former owner, Citicorp Real Estate, Inc. (Citicorp). Books and records were not available from Citicorp.

An Original Cost Study was performed by the Company's Engineer, Weiler Engineering, for major projects completed during the period 1984 through 1997 and is attached to this response.

Accumulated Depreciation: It appears that the Auditor removed accumulated depreciation related to the above adjustment for unsubstantiated additions only through the period ended 12/31/1997, leaving accumulated depreciation of unsubstantiated additions from 1998 through 2006 in the calculation of rate base. Also, the Auditor did not include the Ordered balance of accumulated depreciation in the analysis, overstating the adjustment by \$35,365. Additionally, the Auditor did not take into account Order No. 7522, dated November 23, 1976 (Nu-Age Utility, the previous name of the Utility), in which a composite depreciation rate of 3.46% (28.9 years) was ordered because it "justifies a higher than normal depreciation rate due to the highly corrosive air and ground environment of the Florida Keys". No adjustment was made to this ordered depreciation rate in Docket No. 830388-S. The Utility continues to use an accelerated rate based on this Order.

Based upon the Original Cost Study provided, this adjustment should not be made. However, even if the cost study was rejected and the adjustment as discussed in Plant in Service above is proposed in its unmodified form, then the full amount of depreciation related to these additions through the test year end of \$1,022,614 should also be removed from rate base, based on the actual depreciation charged by the utility.

Contributions in Aid of Construction: The auditor is removing \$867,668 of CIAC recorded during the period of the "unsubstantiated plant additions" during the period from 1984 through 1997. While the Utility agrees that if the cost study was rejected and the adjustment discussed in Plant in Service above is proposed in its unmodified form, then the full amount of CIAC recorded during this period should also be removed. The Auditor is also removing the CIAC allowed in Docket No. 830388-S of \$292 and an adjustment made in 1993 to correct a misposting in 1992 of \$17,793 which reduced CIAC. The net of these two items of \$(17,501) should be included in the adjustment to reduce the total CIAC removed

DOCUMENT NUMBER-DATE

11280 DEC 28 5

FPSC-COMMISSION CLERK

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED_9

to the amount recorded on the books of \$849,875 (\$850,167 per books less \$292 Ordered balance at 12/31/1983).

Accumulated Amortization of CIAC: The Utility agrees that if the cost study is rejected and the adjustment discussed in Plant in Service above is proposed in its unmodified form, then the full amount of CIAC amortization recorded during this period related to the reduction of CIAC discussed above should also be removed. During the period 1984 through 1997, \$32,219 of CIAC was recorded, of which \$127 of amortization ($\$292 / 30 \text{ years} \times 14 \text{ years}$) is related to amortization of CIAC included in Order No 830388-S, leaving a net reduction of \$32,092. Additionally, amortization of the \$849,875 from 1998 through the test year end should also be removed, making the total adjustment to remove amortization of unsubstantiated CIAC \$241,325.

Audit Finding No. 2

Management Fee: The amounts charged for Mr. Smith for a management fee are in lieu of a direct salary, since the utility has no employees and does not report wages to the IRS, these amounts are recorded as a management fee. The amount charged by Green Fairways for management fees are for Mr. Smith's day day oversight of the utility operations in lieu of any direct salary. Since the utility has no employees and does not report wages to the IRS, these amounts charged by Green Fairways for the benefit of Mr. Smith are in lieu of sales and are recorded as management fees. Mr. Smith, as reported in the audit, devotes a substantial portion of his time dealing with the day to day operation and maintenance of utility matters and utility oversight.

Another clear example of the reasonableness of Mr. Smith's charge is the fact that the Commission recently completed a limited rate proceeding for Key Haven Utilities, the only other regulated sewer utility near Key West. In that proceeding, the Commission allowed a management fee for the services of Mr. Luhan in lieu of a salary which was approximately three times the amount per ERC that Green Fairways charges the utility in lieu of salary for Mr. Smith.

Administration Fees:

In addition to the management fees for day to day operations, an administrative fee of 10% of larger construction projects has also been charged by Green Fairways to KW Resort Utilities Corp. This is in order to recognize the oversight and coordination required by management for these major construction projects undertaken by the utility in recent years. This ten percent charge for administration of construction projects is an accepted and normal addition for oversight of the construction projects in the area. In fact, as a clear example of that fact Monroe County entering into a third party contract with the

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED 9

utility and in that agreement the County agreed to this same 10% administration fee as part of the overall agreement for certain construction projects undertaken by the utility and reimbursed by the County.

In addition, by administering these larger construction contracts through Green Fairways, the utility has been able to negotiate far more favorable construction agreements for construction of the utility vacuum system and for the construction of the new clarifier at substantial savings to the utility and therefore its customers which far outweigh the amount of the administrative fee. The savings were clear when compared to the bids originally received for both of these projects from outside contractors before Green Fairway's involvement.

Audit Finding No. 3

HOOK-UP COORDINATOR:

Keys Environmental, Inc. has a coordinator and inspector for all new connections undertaken on South Stock Island. Because of the unique type of system operated by the utility and its variation from the standard non-vacuum force main or gravity main system, much more is involved with each hook-up for a standard sewer system.

The hook-up coordinator who oversees through Keyes Environmental, Inc. the actual physical connection of facilities to the utility, because of the complicated arrangement between the utility and Monroe County whereby the County funds substantial portions of costs related to obtaining new customers within the South Stock Island area, the utility needed this person to also serve as a liaison between the customers and the utility and the County in ensuring all appropriate paperwork and educating the customers and area plumbers on connecting to the system. It is a position described as a connection coordinator. The duties of this person includes the following which includes (1) assist customer with the paperwork process; and

Outlined below are the details of the various aspects of the hook-up coordination undertaken by Keyes Environmental which are related to adding new customers and therefore were capitalized. An initial contract with the customer, review of plans and drawings and at least five field visits and testing and coordination with the utility's administrative staff. The detail of these duties is outlined below.

1. Initial Contact.

Initial contact of intention to connect. Can be in person at our office, via phone by customer, via phone by plumber, can come via KWRU billing office, by engineer or owner representative. Always be polite and accommodate the customer.

2. Review Plans, As-Builts, site plans, etc.

Once the customer wishes to connect review the plans, as-builts, etc. that are applicable to the connection. If engineering plans please make sure to check the approved set by Weiler Engineering Memo. This can also be found in the KEI spreadsheet Excel file Approved Projects. Consult engineering or Airvac if any questions arise.

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED_8

3. **Field Visit #1.**

Locate connection with plumber present. Point of connection is located by KEI representative. Work is discussed, vacuum specific questions are addressed, materials, submittals are provided if not provided earlier. Connection information, specifications, submittals, all discussed here. Field inspection sheet is filled out and maintained from this point until completion.

4. **Field Visit #2.**

Start of job. Notice of commencement should have alerted KEI to the start of work. HOWEVER these are contractors and some will not give notice. We will have KEI field personnel calling in excavation equipment, and when plumbers are spotted in the service area. Make sure proper materials and construction practices are being used, review work plan with contractor, communicate to contractor all required tests and inspections.

5. **Field Visit #3.**

Inspect pipe prior to backfill, inspect glue joints, slope, backfill material, compaction, etc. Test #1 can occur here. This is normally an opportunity for general inspection. Inspect materials, fill, slope on pipe, glue joints, compaction, air intake, backflow preventer, clean out assy, etc. Digital photo documentation of work and connection drawing is begun.

6. **Test #1.**

Hydrostatic Test PVC sewer lateral from building to utility point of connection (Tests are industry standards and can be indexed in the 10 State Standards or from the International Plumbing Stds). Per Monroe County.

7. **Field Visit #4.**

Test#2 Low pressure hydrostatic tests under building. To the lowest fixture point. Make sure that the plumber knows where the point of lowest fixture is. If too much pressure is put on wax seals of toilets or other fixtures problems can occur. This is the plumber's responsibility to set the test up. KEI inspections only require test verification. Ask to see the water released. This allows the inspector to see the volume of water in section under test. If this test is done in sections another test will be done at a later date.

8. **Field Visit #5.**

KEI representative will bring the sewer camera and conduct the inspection. Camera sewer lateral to insure that the pipe is free of rock or construction debris. Also the sump pit of the vacuum pit is checked with the camera. Camera all gravity and the sump. No rock is allowed period. Rock can be accelerated to 21 ft/sec² by the vacuum system and sch 40 pvc fittings can shatter as a result of a rock impacting the fitting at high velocity. If the lateral has a rock it must be removed by pulling a pig or other method of the contractors choosing.

9. **Communicate with KWRU** as to fees being paid, contracts finalized, etc. Communicate with Monroe County plumbing permit open/closed. Communicate with Monroe County Public Works, Engineering, and County Administrator's office as necessary. Check if paid on C&A (consent and acknowledgement agreement). Each completed hook up must be reported at monthly meeting with Monroe County Code Enforcement. The fines cease once the septic is abandoned.

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED_8

10. **Complete Prior to Connection Check List and FAX to KWRU.** Place all pertinent documents in the file at the KWRU operations office for future reference. Put complete inspection file together and mark file as complete. File in proper cabinet.

11. **Assist customers in the paperwork process. Grants and other Loan Applications.**
To input the paperwork process - help customers get on the system and to become part of the program with Monroe County, answer basic questions and direct them to appropriate County staff, steer them to the proper resources for grants and loans, etc.

a) **Application.**

- Get application to customer via fax, email, standard mail, drop off, etc.
- Assist customers with application.
- Answer their questions assist them in filling out the paper work.
- Review applications that are submitted. Follow up if necessary.
- Get applications, once completed to KWRU.
- Track customers on spreadsheet of all steps toward connection.

b) **Contract.**

- Get contract to customer via fax, email, standard mail, drop off, etc.
- Assist customers with contract.
- Answer their questions assist them in filling out the paper work.
- Review contracts that are submitted. Follow up if necessary.
- Get contracts, once completed to KWRU.
- Track customers on spreadsheet of all steps toward connection.

12. **Attend all County Connection Task Force Meetings.**

Write a connection task force update monthly/as needed and email to all Utility staff, Monroe County officials on the task force, also copy County Commissioners, Administrators and other staff as needed.

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED **3**

13. **Special Magistrate Meetings.**

Represent KWRU at all Special Magistrate Meetings (Monthly). Arrive prepared early and give accurate and honest testimony under oath. Do not judge the people at hearing, you do not know their condition, this is their right to due process and they are to be treated respectfully. Stick strictly to the facts do not offer opinions. These folks will be our future customers. Be as helpful as possible if you meet these people before or after the meeting.

14. **Code Enforcement.**

Meet with the code enforcement officer before the monthly Special Magistrate code enforcement hearings.

- Have the case docket faxed and review.
- Bring the updated connection progress list.
- Bring specific files on cases that will be called.
- Review all concerns with code enforcement officer.
- Listen to all of the concerns of code enforcement.
- Follow up on this meeting.
- Provide feedback to the Utility on the process and progress.

15. **County Attorneys and Staff.**

Interact and provide information with the Monroe County Attorney and staff. Provide developer's agreements, PSC information, hook up history, maps, and connection locations.

Meet with the KWRU staff and keep them updated on the connections happening in the field.

16. **Conduct pre construction workshop** - all licensed plumbers in lower keys invited.

- Prepare presentation.
- Prepare materials for plumbers to take home.
- Put all materials regarding connection in a packet for plumbers to take home with them.
- Provide business cards for Utility people, engineers, KEI staff, etc.
- Prepare sign in list.
- Prepare plumber list. Will be distributed to customers, put on website, etc.

17. **Meet with the County staff and their consultants, URS Griner Corp.** Give them all hookup information. Provide maps of the system showing current customers, current vacuum

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED_9

customers, future force main customers, future vacuum customers, and unknown future connection method. Explain hook up process and provide hookup documentation. Attend meetings between URS, KWRU, and Monroe County. Answer all questions and help URS and the County during their study. Took URS engineers into the field and located infrastructure in the ROW and identified them on the as-builts.

18. **Attend Monroe County Commission Meetings as necessary.** Prepare to speak to the KWRU connection process, URS review, etc. Necessary depending on what items are placed on agenda.

19. **Attend community meetings** to educate residents in the service area of the project and the steps necessary to connect. SICA meetings at the Baptist Temple etc. Other meetings one on one meetings if requested, etc.

20. **PR.**
Prepare door hangers flyers and other promotional materials.
Prepare hook up documents for the website.

Audit Finding No. 4

The Utility Agrees

Audit Finding No. 5

The Utility agrees

Audit Finding No. 6

The Utility agrees

Audit Finding No. 7

The Utility believes that this finding violates the prohibition against retroactive ratemaking as discussed in Docket No. 98-0245-WS. In Order No. 7522, 23 November 1976, the Commission authorized a depreciation rate of approximately 30 years on a composite basis. Having no further indication from the Commission in the 1983 rate case that this rate was improper, the company continued to use the accelerated rate for those accounts which were in existence in the 1983 rate case. The Company agrees that some of the depreciation rates used may need to be adjusted on a going forward basis, but not retroactively. Additionally, the Utility notes that the amounts included in NARUC Account 370 are lift stations which are properly being depreciated over 25 years, not at the rate for receiving wells of 30 years as used by the Auditor. Also, included in NARUC Account 390 but separately stated is computer equipment which is properly depreciated over 6 years, not the composite rate for office furniture and equipment of 15 year as used by the auditor. Finally, the auditor has apparently calculated a composite amortization rate for cash CIAC based on total plant. However, in accordance with Rule 25-30-

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED **8**

140(9)(b), the utility has excluded general plant from its calculation of the composite rate, as well as land, which is not depreciable.

Audit Finding No. 8

The Utility agrees that there is no effect on the filing.

Audit Finding No. 9

The Utility agrees

Audit Finding No. 10

The Utility believes that this income is properly stated below the line, although it would more properly be included in NARUC Account 415-Revenues from Merchandise, Jobbing, and Contract Work, which states, in part "These accounts shall include all revenues derived from...contract work". The nature of the agreement with Monroe County, which owns the lifts stations, falls into this category. The Utility acknowledges that a similar amount of expense should also be reclassified below the line to NARUC Account 416-Expenses of Merchandise, Jobbing, and Contract Work.

Audit Finding No. 11

The Utility's Owner does not live in or near the service area and would be negligent to not take an active role in on-site management and oversight of his interests in the Florida Keys. Mr. Smith's travel expenses are a necessary part of the management of the Utility.

Audit Finding No. 12

The Utility agrees

Audit Finding No. 13

The Utility agrees

Audit Finding No. 14

The Utility agrees

Audit Finding No. 15

Since insurance is paid in advance, in accordance with GAAP, it is charged to a prepaid expense account and amortized over the term of the policy, which covers the calendar period beginning August and ending July. This is a normal expense and has been mischaracterized by the Auditor in both the reason for the Prepaid Account and the "avoidability" of the interest charges as being "late". The Company was never late and the Company believes that the minor amount of finance charges properly belongs with the cost of insurance.

KW Resort Utilities
Docket No. 070293-SU
Responses to Staff Audit Report

Docket No. 070293-SU
Utility Responses to the FPSC Audit Report
Exhibit PED_8

Audit Finding No. 16

The Utility agrees

Audit Finding No. 17

The Utility agrees

Audit Finding No. 18

The Utility agrees

Audit Finding No. 19

The Utility agrees that the rental expenses incurred that were applied to the purchase price should be capitalized. However, the amount should be charged to NARUC Account 395-Power Operated Equipment. NARUC Account 391-Transportation Equipment is used for the moving of personnel and equipment from one point to another, Power Operated Equipment is for "...large units as are generally self-propelled or mounted on moveable equipment." The beachcleaner is not designed for transportation, but is self-propelled to perform a specific purpose. The depreciation rate for Power Operated Equipment is 8.33% (12 years). Depreciation for 2006 using ½ year convention is 492.51.

Docket No. 070293-SU
Actual & Estimated Rate Case Expense
Exhibit PED-9

KW Resort Utility
EXHIBIT PED-9
Docket No. 070293-SU

Total Actual and Estimated Rate Case Expense Through Hearing

Legal - Rose, Sundstrom & Bentley	\$ 319,120
Accounting - Carlstedt, Jackson, Nixon & Wilson CPA's	156,986
Engineering - Weiler Engineering (Ed Castle P.E.)	19,370
Company Time	65,040
Company Expense (Filing Fees \$2,000; Mailings and Notices \$8,000)	<u>10,000</u>
	<u>\$ 570,516</u>

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

KW RESORT UTILITIES CORP.
 EXHIBIT PED 9
 DOCKET NO. 070293-SU
 ACTUAL AND ESTIMATED RATE CASE EXPENSE THROUGH HEARING
 LEGAL EXPENSE

<u>Rose, Sundstrom & Bentley</u>	<u>Invoice Date</u>	<u>Hours</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
Billed Expenses					
April, 2007	05/21/07	15.9	\$ 4,372.50	\$ 182.54	\$ 4,555.04
May, 2007	06/18/07	5.4	1,485.00	13.64	1,498.64
July, 2007	08/15/07	27	7,425.00	-	7,425.00
August, 2007	09/13/07	29.2	8,030.00	97.98	8,127.98
September, 2007	10/11/07	49.6	13,640.00	518.06	14,158.06
October, 2007	11/13/07	79.6	21,890.00	2,359.10	24,249.10
November, 2007	12/12/07	108.8	28,970.00	2,586.27	31,556.27
December, 2007	01/14/08	96.1	26,377.50	3,345.36	29,722.86
January, 2008	02/10/08	47	13,630.00	1,093.44	14,669.44
February, 2008	03/14/08	2.7	783.00	21.00	804.00
March, 2008	05/13/08	6.6	1,914.00	4.00	1,918.00
April, 2008	05/14/08	13.8	4,002.00	31.50	4,033.50
May, 2008	06/12/08	12.4	3,596.00	63.25	3,659.25
June, 2008	07/11/08	18.1	5,249.00	214.17	5,463.17
		512.2	141,364.00	10,530.31	151,840.31
Estimate to Complete (Attached)		557	161,530.00	5,750.00	167,280.00
Total Actual and estimated costs		1,069.20	\$ 302,894.00	\$ 16,280.31	\$ 319,120.31

KW RESORT UTILITIES CORPORATION
PSC Docket No. 070293
LEGAL SERVICES
Rate Case Estimate to Complete

Docket No. 070293-SU
Actual & Estimated Rate Case Expense
Exhibit PED-9

Estimate to Complete

Continue work on response to discovery requests (OPC's 6 th set and staff's second set of Interrogatories and OPC's 6 th and staff's second Request for Production) 80 hours @ \$290			
Telecopies, Fed-X, Photocopies, Postage	\$23,200	\$ 500	\$23,700
Review OPC and staff Testimony and organize responses of witnesses to same; numerous telephone calls and review of draft testimony and assist in drafting responsive testimony 70 hours @ \$290			
Telecopies, Fed-X, Photocopies, Postage	20,300	400	20,700
Draft appropriate deposition questions and discovery for OPC and staff, prepare for and undertake depositions of OPC and witnesses 50 hours @ \$290			
Telecopies, Fed-X, Photocopies, Postage	14,500	1,000	15,500
Detailed review of OPC and staff witness testimonies and preparation of cross-examination questions and exhibits for hearing; intra-office conferences with Utility witnesses re: same 40 hours @ \$290			
Telecopies, Fed-X, Photocopies, Postage	11,600	400	12,000
Prepare for and Participate in Prehearing and Pre-Prehearing Conference and review of issues and Orders; telephone conferences re: same 10 hours @ \$290			
Telecopies, Fed-X, Photocopies, Postage	2,900	100	3,000
Organize for hearing; travel to hearing; meetings with client in preparation for hearing 30 hours @ \$290			
Telecopies, Fed-X, Photocopies, Postage	8,700	2,000	10,700
Participate in hearing at Key West and return 50 hours @ \$290			
Telecopies, Fed-X, Photocopies, Postage	14,500	300	14,800

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Review notes and transcripts and telephone conferences; prepare late-filed exhibits required and submit to the PSC 15 hours @ \$290 Telecopies, Fed-X, Photocopies, Postage	4,350	300	4,650
Review transcripts and exhibits and prepare statement of issues and positions and Brief 90 hours @ \$290 Telecopies, Fed-X, Photocopies, Postage	26,100	750	26,850
Review Brief with other parties; review staff recommendation and attend final agenda conference; meetings and discussions with client re: all 30 hours @ \$290 Telecopies, Fed-X, Photocopies, Postage	8,700	-0-	8,700
Review of Final Order and discussion with client, engineers and accountants re: same and effect of same; discuss possibility of reconsideration or appeal 12 hours at \$290 Telecopies, Fed-X, Photocopies, Postage	3,480	-0-	3,480
Work on reconsideration; prepare petition and/or response to Petition for Reconsideration from OPC 40 hours at \$290	11,600	-0-	11,600
Review staff recommendation and attend PSC agenda conference and oral argument re: reconsideration and report to client re: same; review Final Order on reconsideration and report and discussions with client re: same 40 hours @ \$290	<u>11,600</u>	<u>-0-</u>	<u>11,600</u>
Total Estimated Expense	<u>\$161,530</u>	<u>\$5,750</u>	<u>\$ 167,280</u>

KW Resort Utilities Corp.
 EXHIBIT PED 8
 Docket No. 070293-SU
 Actual and Estimated Rate Case Expense through Hearing
 Accounting Expense

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED 9

Line No.	Carlstedt, Jackson Nixon & Wilson, CPA's <u>Actual Billed Expense -Month of Service</u>	Invoice Date	Time Charges	Out of Pocket	Total
1	February, 2007	03/05/07	\$ 3,150	\$ -	\$ 3,150
2	March, 2007	04/09/07	2,378	-	2,378
3	April, 2007	05/07/05	1,885	4	1,889
3	May, 2007	06/06/07	5,757	25	5,782
4	June, 2007	07/16/07	23,310	551	23,861
5	July, 2007	08/08/07	12,087	860	12,947
6	August, 2007	09/05/07	4,937	858	5,795
7	September, 2007	10/12/07	15,032	2,241	17,273
8	October, 2007	11/12/07	25,988	1,560	27,548
9	November, 2007	12/10/07	19,207	573	19,780
10	December, 2007	01/17/08	18,205	781	18,986
11	January, 2008	02/07/08	9,148	94	9,242
12	June, 2008	07/16/08	5,876	40	5,916
13	July, 2008	08/11/08	1,120	3,432	4,552
14	Total actual billed through July 31, 2008		\$ 113,731	\$ 11,019	\$ 120,403
15	<u>Unbilled Time Through August 21, 2008</u>	<u>Hours</u>	<u>Rate</u>		
16	P.E. DeChario				
17	Answer Staffs 2nd Interrogatory	5	\$175	\$ 875.00	\$ 875.00
18	Prepare Rebuttal Testimony	15.5	175	2,712.50	2,712.50
19	R.C.Nixon				
20	Review Staffs 2nd Interrogatory response	0.75	220	165.00	165.00
21	Review Rebuttal Testimony	2	220	440.00	440.00
22	Total Unbilled Through August 21, 2008			4,192.50	4,192.50
23	<u>Estimate to Complete</u>				
24	P.E. DeChario				
25	Complete Rebuttal Testimony & Exhibits	10	175	1,750.00	1,750.00
26	Prepare for and attend witness deposition	16	175	2,800.00	2,800.00
27	Prepare for and attend deposition	24	175	4,200.00	4,200.00
28	Prepare for and attend Hearing	36	175	6,300.00	6,300.00
29	Review of Staff Recommendation	16	175	2,800.00	2,800.00
30	Responses to Staff Recommendation	40	175	7,000.00	7,000.00
31				24,850.00	24,850.00
32	R.C.Nixon				
33	Review of Staff Recommendation	12	220	2,640.00	2,640.00
34	Responses to Staff Recommendation	8	220	1,760.00	1,760.00
35				4,400.00	4,400.00
36	Administrative				
37	Clerical	16	40	640.00	640.00
38	Out of Pocket: Copies, Fed Ex, Postage, Etc			-	2,500.00
39				640.00	2,500.00
40	Total Estimate to complete			29,890.00	2,500.00
41	Total Actual and estimated costs through hearing			\$ 147,813.50	\$ 13,519.38
					\$ 156,985.50



Carlstedt, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

Docket No. 070293-SU
Actual & Estimated Rate Case Expense
Exhibit PED-9

- James L. Carlstedt, C.P.A.
- Paul E. DeChario, C.P.A.
- Katherine U. Jackson, C.P.A.
- Robert H. Jackson, C.P.A.
- Cheryl T. Losee, C.P.A.
- Robert C. Nixon, C.P.A.
- Jeanette Sung, C.P.A.
- Holly M. Towner, C.P.A.
- James L. Wilson, C.P.A.

INVOICE

August 11, 2008

KW Resort Utilities Corporation
Attn.: Ms. Gillian Seifert
c/o Key West Golf Club
6450 College Road
Key West, Florida 33040

#525

For professional services rendered during July 2008, as follows:

1. Work completed on the rate case, including conference with client and attorneys, and answering OPC interrogatories	\$ 1,120.00
2. Telephone and copies	<u>34.32</u>
Total	<u>\$ 1,154.32</u>

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Client: 525 K.W. RESORT UTILITIES CORP. (1120)
 Alpha: K.W. DR

Owner: RCN NIXON
 Biller: RCN NIXON
 Office: MAIN Main Office
 Group: ALL

Engage: GEN General
 Contract Amount: \$0.00

Biller: RCN NIXON
 Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engagement Balance Forward	07/01/08		2,686.50	223,118.90	221,567.47	-1,410.36	141.07		R
Jul 2008									
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	07/13/08	BX	0.00	4.72			4.72		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	4.72	0.00	0.00	4.72		
<i>Work Code 904 XEROX</i>									
ALL Staff	07/31/08	BX	0.00	29.60			29.60		
<i>Work Code 904 XEROX Total:</i>			0.00	29.60	0.00	0.00	29.60		
<i>Work Code 2400 RC ADMIN-CLIENT CONFERENCE</i>									
PED DeCHARIO	07/14/08	BT	3.00	480.00			480.00		Rate: 160.00
<i>Work Code 2400 RC ADMIN-CLIENT CONFERE</i>			3.00	480.00	0.00	0.00	480.00		
<i>Work Code 2500 RC-ANSWER INTERROGATORIES</i>									
PED DeCHARIO	07/21/08	BT	4.00	640.00			640.00		Rate: 160.00
<i>Work Code 2500 RC-ANSWER INTERROGATO</i>			4.00	640.00	0.00	0.00	640.00		
Jul 2008 Total:			7.00	1,154.32	0.00	0.00	1,154.32		

Client ID: 525 K.W. RESORT UTILITIES CORP. (1120)

Engagement: GEN General



James L. Carlstedt, C.P.A.
Paul E. DeChario, C.P.A.
Katherine U. Jackson, C.P.A.
Robert H. Jackson, C.P.A.
Cheryl T. Losee, C.P.A.
Robert C. Nixon, C.P.A.
Jeanette Sung, C.P.A.
Holly M. Towner, C.P.A.
James L. Wilson, C.P.A.

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-4

INVOICE

July 16, 2008

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during June 2008, as follows:

1. Preparation of 3 year compiled financial statements as requested by Mr. Smith	\$ 1,624.50
2. Answer and review the last set of rate case interrogatories	1,000.00
3. Continuing work on pre-filed rebuttal testimony and exhibits for the rate case hearing	4,875.50
4. Telephone, copies and Federal Express charges	<u>40.38</u>
Total	<u>\$ 7,540.38</u>

Client: 525

K.W. RESORT UTILITIES CORP. (1120)

Alpha: K.W. RESOR

Docket No. 070293-SU

Actual & Estimated Rate Case Expense

Owner: RCN NIXON Exhibit PED-9
 Biller: R NIXON
 Office: M Main Office
 Group: ALL

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 12

For the Dates: 1/01/1980 - 6/30/2008

Detail Worksheet

07/09/2008 4:05:40 PM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engage: GEN	General							Biller: RCN NIXON	
	Contract Amount:			\$0.00				Office: MAIN Main Office	

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engagement Balance Forward	06/01/08		2,612.75	215,578.52	214,027.09	-1,410.36	141.07		
Jun 2008									
<i>Work Code 181 WRITE-UP AND REVIEW</i>									
J S SUNG	06/16/08	BT	0.25	24.25			24.25	Rate: 97.00	} GIVE BOB DETAILS
RHJ JACKSON	06/16/08	BT	1.00	200.00			200.00	Rate: 200.00	
J S SUNG	06/17/08	BT	5.50	533.50			533.50	Rate: 97.00	
J S SUNG	06/18/08	BT	2.00	194.00			194.00	Rate: 97.00	
J S SUNG	06/19/08	BT	0.75	72.75			72.75	Rate: 97.00	
RHJ JACKSON	06/19/08	BT	3.00	600.00			600.00	Rate: 200.00	
<i>Work Code 181 WRITE-UP AND REVIEW Total:</i>			12.50	1,624.50	0.00	0.00	1,624.50	2 1650	
<i>Work Code 197 TYPING</i>									
PAD DEALY	06/19/08	BT	1.00	43.00			43.00	Rate Case Rate: 43.00	
<i>Work Code 197 TYPING Total:</i>			1.00	43.00	0.00	0.00	43.00		
<i>Work Code 198 MISCELLANEOUS</i>									
DAW WESSMAN	06/09/08	BT	6.50	455.00			455.00	Rate Case - Paul Testimony Rate: 70.00	
DAW WESSMAN	06/11/08	BT	5.25	367.50			367.50	Rate: 70.00	
DAW WESSMAN	06/12/08	BT	7.50	525.00			525.00	Rate: 70.00	
DAW WESSMAN	06/13/08	BT	3.75	262.50			262.50	Rate: 70.00	
DAW WESSMAN	06/16/08	BT	8.00	560.00			560.00	Rate: 70.00	
DAW WESSMAN	06/17/08	BT	5.75	402.50			402.50	Rate: 70.00	
DAW WESSMAN	06/18/08	BT	6.00	420.00			420.00	Rate: 70.00	
<i>Work Code 198 MISCELLANEOUS Total:</i>			42.75	2,992.50	0.00	0.00	2,992.50		
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	06/13/08	BX	0.00	2.64			2.64		
ALL Staff	06/13/08	BX	0.00	11.37			11.37		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	14.01	0.00	0.00	14.01		
<i>Work Code 904 XEROX</i>									
ALL Staff	06/30/08	BX	0.00	8.80			8.80		
<i>Work Code 904 XEROX Total:</i>			0.00	8.80	0.00	0.00	8.80		
<i>Work Code 905 FEDERAL EXPRESS</i>									
ALL Staff	06/24/08	BX	0.00	17.57			17.57		
<i>Work Code 905 FEDERAL EXPRESS Total:</i>			0.00	17.57	0.00	0.00	17.57		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

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Carroll, Jackson, Nixon & Wilson CPA's

Page 13

For the Dates: 1/01/1980 - 6/30/2008

Detail Worksheet

07/09/2008 4:05:40 PM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
<i>Work Code 2500 RC-ANSWER INTERROGATORIES</i>									
PED DeCHARIO	06/02/08	BT	2.00	320.00			320.00		
								Rate: 160.00	
PED DeCHARIO	06/03/08	BT	2.00	320.00			320.00		
								Rate: 160.00	
RCN NIXON	06/03/08	BT	1.00	200.00			200.00		
								Rate: 200.00	
PED DeCHARIO	06/04/08	BT	1.00	160.00			160.00		
								Rate: 160.00	
<i>Work Code 2500 RC-ANSWER INTERROGATO</i>									
			6.00	1,000.00	0.00	0.00	1,000.00		
<i>Work Code 2525 RC-PREP PREFIL REBUTT TESTIMO</i>									
PED DeCHARIO	06/23/08	BT	5.00	800.00			800.00		
								Rate: 160.00	
PED DeCHARIO	06/24/08	BT	3.50	560.00			560.00		
								Rate: 160.00	
PED DeCHARIO	06/25/08	BT	3.00	480.00			480.00		
								Rate: 160.00	
<i>Work Code 2525 RC-PREP PREFIL REBUTT TE</i>									
			11.50	1,840.00	0.00	0.00	1,840.00		
Jun 2008 Total:			73.75	7,540.38	0.00	0.00	7,540.38		
Client 525 Total:			2,686.50	223,118.90	214,027.09	-1,410.36	7,681.45		

KW Hunt

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9



Carlstedt, Jackson, Nixon & Wilson
 CERTIFIED PUBLIC ACCOUNTANTS, P.A.

James L. Carlstedt, C.P.A.
Paul E. DeChario, C.P.A.
Katherine U. Jackson, C.P.A.
Robert H. Jackson, C.P.A.
Cheryl T. Losee, C.P.A.
Robert C. Nixon, C.P.A.
Jeanette Sung, C.P.A.
Holly M. Towner, C.P.A.
James L. Wilson, C.P.A.

INVOICE

February 7, 2008

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

Balance past due:	
Billed 11/13/07	\$ 27,542.97
Billed 12/11/07	19,780.04
Payment received 1/14/08 -- Thank you	(20,000.00)
Billed 1/18/08	<u>18,985.87</u>
Remaining balance past due	<u>46,313.83</u>
For professional services rendered during January 2008, as follows:	
1. Preparation of pre-filed rebuttal testimony through notification of continuance (1/8/08 12:00 p.m.)	\$ 8,883.25
2. Attorney correspondence	264.50
3. Tax research regarding annual 1099 filing	50.00
4. Telephone, postage, copies	<u>93.88</u>
Total current charges	<u>9,291.38</u>
Total amount now due	<u>\$55,605.21</u>

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Carlstedt, Jackson, Nixon & Wilson C^{PA}'s
Detail Worksheet

Page 2

For the Dates: 2/01/2007 - 2/29/2008

02/07/2008 3:01:42 PM

Client: 525 K.W. RESORT UTILITIES CORP. (1120)
 Alpha: K.W. RESOR

Owner: RCN NIXON
 Biller: RCN NIXON
 Office: MAIN Main Office
 Group: ALL

Engage: GEN General
 Contract Amount: \$0.00

Biller: RCN NIXON
 Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
WC Grp EXP. EXPENSES									
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	01/31/08	BX	0.00	92.32			92.32		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	92.32	0.00	0.00	92.32		
 <i>Work Code 902 POSTAGE</i>									
ALL Staff	01/31/08	BX	0.00	1.16			1.16		
<i>Work Code 902 POSTAGE Total:</i>			0.00	1.16	0.00	0.00	1.16		
 <i>Work Code 904 XEROX</i>									
ALL Staff	01/31/08	BX	0.00	0.40			0.40		
<i>Work Code 904 XEROX Total:</i>			0.00	0.40	0.00	0.00	0.40		
WC Grp EXP. EXPENSES Total:			0.00	93.88	0.00	0.00	93.88		
 WC Grp MISC MISCELLANEOUS									
<i>Work Code 197 TYPING</i>									
PAD DEALY	01/04/08	BT	1.50	64.50			64.50		
PAD DEALY	01/07/08	BT	2.00	86.00			86.00		
PAD DEALY	01/07/08	BT	0.50	21.50			21.50		
PAD DEALY	01/08/08	BT	1.00	43.00			43.00		
PAD DEALY	01/10/08	BT	0.25	10.75			10.75		
<i>Work Code 197 TYPING Total:</i>			5.25	225.75	0.00	0.00	225.75		
 <i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	01/08/08	BT	0.50	21.50			21.50		
<i>Work Code 198 MISCELLANEOUS Total:</i>			0.50	21.50	0.00	0.00	21.50		
WC Grp MISC MISCELLANEOUS Total:			5.75	247.25	0.00	0.00	247.25		
 WC Grp TAX TAXES									
<i>Work Code 309 RESEARCH</i>									
RHJ JACKSON	01/22/08	BT	0.25	50.00			50.00		
<i>Work Code 309 RESEARCH Total:</i>			0.25	50.00	0.00	0.00	50.00		
WC Grp TAX TAXES Total:			0.25	50.00	0.00	0.00	50.00		
 WC Grp UTIL UTILITIES									
<i>Work Code 2406 RC ADMIN-ATTY CORRESPONDENC</i>									
RCN NIXON	01/04/08	BT	1.00	200.00			200.00		

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Carstedt, Jackson, Nixon & Wilson CPA's

Page 3

For the Dates: 2/01/2007 - 2/29/2008

Detail Worksheet

02/07/2008 3:01:42 PM

<u>Staff</u>	<u>Date</u>	<u>Type</u>	<u>Hours</u>	<u>Amount</u>	<u>Bill</u>	<u>Up/Down</u>	<u>Remaining</u>	<u>Invoice</u>	<u>Status</u>
<i>York Code 2406 RC ADMIN-ATTY CORRESPO</i>									
			1.00	200.00	0.00	0.00	200.00		
<i>York Code 2525 RC-PREP PREFIL REBUTT TESTIMO</i>									
PED DeCHARIO	01/02/08	BT	8.00	1,280.00			1,280.00		
PED DeCHARIO	01/03/08	BT	12.00	1,920.00			1,920.00		
PED DeCHARIO	01/04/08	BT	12.00	1,920.00			1,920.00		
PED DeCHARIO	01/05/08	BT	5.00	800.00			800.00		
PED DeCHARIO	01/06/08	BT	4.00	640.00			640.00		
PED DeCHARIO	01/07/08	BT	7.50	1,200.00			1,200.00		
RCN NIXON	01/07/08	BT	1.50	300.00			300.00		
PED DeCHARIO	01/08/08	BT	4.00	640.00			640.00		
<i>York Code 2525 RC-PREP PREFIL REBUTT TE</i>			54.00	8,700.00	0.00	0.00	8,700.00		
NC Grp UTIL UTILITIES Total:			55.00	8,900.00	0.00	0.00	8,900.00		
Client 525 Total:			61.00	9,291.13	0.00	0.00	9,291.13		



Carlstedt, Jackson, Nixon & Wilson
 CERTIFIED PUBLIC ACCOUNTANTS, P.A.

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-8

James L. Carlstedt, C.P.A.
Paul E. DeChario, C.P.A.
Katherine U. Jackson, C.P.A.
Robert H. Jackson, C.P.A.
Cheryl T. Losee, C.P.A.
Robert C. Nixon, C.P.A.
Jeanette Sung, C.P.A.
Holly M. Towner, C.P.A.
James L. Wilson, C.P.A.

INVOICE

January 17, 2008

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

Balance past due:	
November 2007 invoice	\$ 27,542.97
December 2007 invoice	19,780.04
Payment received – Thank you	<u>(20,000.00)</u>
Remaining balance past due	<u>27,327.96</u>
For professional services rendered during December 2007, as follows:	
1. Responses to Public Counsel and Staff interrogatories	\$ 8,040.00
2. Review of Public Counsel testimony	2,900.00
3. Preparation of rebuttal testimony	7,264.50
4. Telephone, copies, Federal Express, travel expenses	<u>781.37</u>
Total current charges	<u>18,985.87</u>
Total amount now due	<u>\$46,313.83</u>

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Cronin, Jackson, Nixon & Wilson, CPA's
Detail Worksheet

For the Dates: 2/01/2007 - 12/31/2007

Client: 525

K.W. RESORT UTILITIES CORP. (1120)

Alpha: K.W. RESOR

Owner: RCN NIXON
Bill: RCN NIXON
Office: MAIN Main Office
Group: ALL

Engage: GEN

General

Contract Amount: \$0.00

Bill: RCN NIXON
Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice Status
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WC Grp EXP. EXPENSES

Work Code 901 TELEPHONE

ALL Staff	12/13/07	BX	0.00	73.12			73.12	
Work Code 901 TELEPHONE Total:			0.00	73.12	0.00	0.00	73.12	

Work Code 903 TRAVEL

DLH HOUGHTON	12/18/07	BX	0.00	7.00			7.00	
DLH HOUGHTON	12/18/07	BX	0.00	221.89			221.89 <i>Cancelled</i>	
DLH HOUGHTON	12/18/07	BX	0.00	444.80			444.80	
Work Code 903 TRAVEL Total:			0.00	673.69	0.00	0.00	673.69 <i>451.80</i>	

Work Code 904 XEROX

ALL Staff	12/31/07	BX	0.00	10.40			10.40	
Work Code 904 XEROX Total:			0.00	10.40	0.00	0.00	10.40	

Work Code 905 FEDERAL EXPRESS

ALL Staff	12/25/07	BX	0.00	12.08			12.08	
ALL Staff	12/25/07	BX	0.00	12.08			12.08	
Work Code 905 FEDERAL EXPRESS Total:			0.00	24.16	0.00	0.00	24.16	

WC Grp EXP. EXPENSES Total: 0.00 781.37 0.00 0.00 781.37

WC Grp MISC MISCELLANEOUS

Work Code 198 MISCELLANEOUS

PAD DEALY	12/06/07	BT	0.25	10.75			10.75	
PAD DEALY	12/10/07	BT	0.25	10.75			10.75	
PAD DEALY	12/13/07	BT	0.50	21.50			21.50	
PAD DEALY	12/18/07	BT	0.50	21.50			21.50	
Work Code 198 MISCELLANEOUS Total:			1.50	64.50	0.00	0.00	64.50	

WC Grp MISC MISCELLANEOUS Total: 1.50 64.50 0.00 0.00 64.50

WC Grp UTIL UTILITIES

Work Code 2500 RC-ANSWER INTERROGATORIES

PED DeCHARIO	12/03/07	BT	2.00	320.00			320.00	
PED DeCHARIO	12/03/07	BT	2.00	320.00			320.00	
PED DeCHARIO	12/05/07	BT	5.75	920.00			920.00	
PED DeCHARIO	12/06/07	BT	5.00	800.00			800.00	
PED DeCHARIO	12/10/07	BT	2.25	360.00			360.00	
PED DeCHARIO	12/13/07	BT	8.00	1,280.00			1,280.00	
PED DeCHARIO	12/14/07	BT	4.50	720.00			720.00	
PED DeCHARIO	12/17/07	BT	9.00	1,440.00			1,440.00	
PED DeCHARIO	12/18/07	BT	3.00	480.00			480.00	

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

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Cronin, Jackson, Nixon & Wilson, CPA's

Page 3

For the Dates: 2/01/2007 - 12/31/2007

Detail Worksheet

01/17/2008 8:58:09 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
PED DeCHARIO	12/19/07	BT	3.00	480.00			480.00		
PED DeCHARIO	12/20/07	BT	2.00	320.00			320.00		
PED DeCHARIO	12/24/07	BT	3.75	600.00			600.00		
<i>Work Code 2500 RC-ANSWER INTERROGATO</i>			50.25	8,040.00	0.00	0.00	8,040.00		
<i>Work Code 2523 RC-REVIEW TESTIMONY</i>									
RCN NIXON	12/19/07	BT	5.00	1,000.00			1,000.00		
RCN NIXON	12/20/07	BT	6.00	1,200.00			1,200.00		
RCN NIXON	12/26/07	BT	3.50	700.00			700.00		
<i>Work Code 2523 RC-REVIEW TESTIMONY Total</i>			14.50	2,900.00	0.00	0.00	2,900.00		
<i>Work Code 2525 RC-PREP PREFIL REBUTT TESTIMO</i>									
PED DeCHARIO	12/26/07	BT	9.00	1,440.00			1,440.00		
PED DeCHARIO	12/27/07	BT	9.00	1,440.00			1,440.00		
PED DeCHARIO	12/28/07	BT	8.00	1,280.00			1,280.00		
PED DeCHARIO	12/29/07	BT	4.00	640.00			640.00		
PED DeCHARIO	12/31/07	BT	15.00	2,400.00			2,400.00		
<i>Work Code 2525 RC-PREP PREFIL REBUTT TE</i>			45.00	7,200.00	0.00	0.00	7,200.00		
WC Grp UTIL UTILITIES Total:			109.75	18,140.00	0.00	0.00	18,140.00		
Client 525 Total:			111.25	18,985.87	0.00	0.00	18,985.87		

Timesheet Listing

For the Dates 11/1/2007 - 11/30/2007

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:
Staff:	ALL									
Work Code:	901	TELEPHONE								
Client Group:	ALL									
525	GEN	901	ALL	11/13/07	11/30/07	BX	97	0.00	227.77	
						CLIENT GROUP	ALL	0.00	227.77	
						WORK CODE	901	0.00	227.77	
Work Code:	904	XEROX								
Client Group:	ALL									
525	GEN	904	ALL	11/30/07	11/30/07	BX	97	0.00	102.60	
						CLIENT GROUP	ALL	0.00	102.60	
						WORK CODE	904	0.00	102.60	
Work Code:	905	FEDERAL EXPRESS								
Client Group:	ALL									
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	18.34	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	14.23	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	11.72	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	11.72	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	18.34	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	11.72	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	14.23	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	18.97	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	11.72	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	17.93	
525	GEN	905	ALL	11/27/07	11/30/07	BX	97	0.00	20.45	
						CLIENT GROUP	ALL	0.00	169.37	
						WORK CODE	905	0.00	169.37	
						STAFF	ALL	0.00	499.74	
Staff:	CLH									
Work Code:	903	TRAVEL								
Client Group:	ALL									

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:
525	GEN	903	CLH	11/16/07	11/30/07	BX	97	0.00	572.80	Continental Airlines
					CLIENT GROUP	ALL		0.00	572.80	
					WORK CODE	903		0.00	572.80	
					STAFF	CLH		0.00	572.80	
Staff:	PAD									
Work Code:	198	MISCELLANEOUS								
Client Group:	ALL									
525	GEN	198	PAD	11/05/07	11/09/07	BT	1	1.50	64.50	copy audit responses #2, 6, 9, 23, 26, 28, 29, 33, 34, 35, 36 and send via fed ex to John Wharton, Esq. @ Rose, Sundstrum & Bentley
525	GEN	198	PAD	11/16/07	11/16/07	BT	1	0.50	21.50	make airline reservations to Tallahassee for PED for Monday 11/19/07
525	GEN	198	PAD	11/02/07	11/02/07	BT	1	0.50	21.50	copy and replace inserts in Volume 1 of Rate Case binder (2 binders)
					CLIENT GROUP	ALL		2.50	107.50	
					WORK CODE	198		2.50	107.50	
					STAFF	PAD		2.50	107.50	
Staff:	PED									
Work Code:	2406	RC ADMIN-ATTY CORRESPONDENCE								
Client Group:	ALL									
525	GEN	2406	PED	11/05/07	11/09/07	BT	1	1.00	160.00	Conf RSB/Client re: OPC Req's
					CLIENT GROUP	ALL		1.00	160.00	
					WORK CODE	2406		1.00	160.00	
Work Code:	2500	RC-ANSWER INTERROGATORIES								
Client Group:	ALL									
525	GEN	2500	PED	11/29/07	11/30/07	BT	1	7.00	1120.00	OPC Motion to Compel
525	GEN	2500	PED	11/21/07	11/23/07	BT	1	5.00	800.00	OPC ROG # 3
525	GEN	2500	PED	11/27/07	11/30/07	BT	1	3.00	480.00	OPC ROG # 3
525	GEN	2500	PED	11/26/07	11/30/07	BT	1	2.50	400.00	OPC ROG # 3
525	GEN	2500	PED	11/19/07	11/23/07	BT	1	13.50	2160.00	OPC Docs/Interrogs 1 & 2
525	GEN	2500	PED	11/20/07	11/23/07	BT	1	9.00	1440.00	OPC ROG # 3
525	GEN	2500	PED	11/30/07	11/30/07	BT	1	5.00	800.00	OPC ROG # 3
525	GEN	2500	PED	11/16/07	11/16/07	BT	1	5.00	800.00	OPC Letter
525	GEN	2500	PED	11/14/07	11/16/07	BT	1	1.25	200.00	OPC letter
525	GEN	2500	PED	11/15/07	11/16/07	BT	1	7.50	1200.00	OPC Letter
					CLIENT GROUP	ALL		58.75	9400.00	
					WORK CODE	2500		58.75	9400.00	

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:
Work Code:		2511	RC-REVIEW STAFF AUDIT							
Client Group:		ALL								
525	GEN	2511	PED	11/02/07	11/02/07	BT	1	4.00	640.00	
525	GEN	2511	PED	11/01/07	11/02/07	BT	1	3.00	480.00	
CLIENT GROUP ALL								7.00	1120.00	
WORK CODE 2511								7.00	1120.00	
Work Code:		2512	RC-RESPOND TO STAFF AUDIT							
Client Group:		ALL								
525	GEN	2512	PED	11/14/07	11/16/07	BT	1	2.75	440.00	
525	GEN	2512	PED	11/13/07	11/16/07	BT	1	0.50	80.00	
525	GEN	2512	PED	11/12/07	11/16/07	BT	1	1.25	200.00	
525	GEN	2512	PED	11/08/07	11/09/07	BT	1	2.00	320.00	Review/Respond to staff audit report
525	GEN	2512	PED	11/07/07	11/09/07	BT	1	9.50	1520.00	Review/Respond to staff audit report
525	GEN	2512	PED	11/06/07	11/09/07	BT	1	9.50	1520.00	Review/Respond to staff audit report
525	GEN	2512	PED	11/05/07	11/09/07	BT	1	5.25	840.00	Review/Rerspond to Staff Audit Report
CLIENT GROUP ALL								30.75	4920.00	
WORK CODE 2512								30.75	4920.00	
STAFF PED								97.50	15600.00	
Staff:	RCN									
Work Code:		2500	RC-ANSWER INTERROGATORIES							
Client Group:		ALL								
525	GEN	2500	RCN	11/30/07	11/01/07	BT	1	1.00	200.00	Review OPC Draft Interrogatories
CLIENT GROUP ALL								1.00	200.00	
WORK CODE 2500								1.00	200.00	
Work Code:		2501	RC-COMPILE DOC REQUESTS							
Client Group:		ALL								
525	GEN	2501	RCN	11/14/07	11/01/07	BT	1	2.00	400.00	Review revise final response to PSC Audit
CLIENT GROUP ALL								2.00	400.00	
WORK CODE 2501								2.00	400.00	
Work Code:		2511	RC-REVIEW STAFF AUDIT							
Client Group:		ALL								
525	GEN	2511	RCN	11/01/07	11/01/07	BT	1	6.00	1200.00	Review Staff audit & begin prep of analysis
525	GEN	2511	RCN	11/02/07	11/01/07	BT	1	4.00	800.00	Analysis of PSC audit impact
CLIENT GROUP ALL								10.00	2000.00	

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:
					WORK CODE	2511		10.00	2000.00	
Work Code:	2512	RC-RESPOND TO STAFF AUDIT								
Client Group:	ALL									
525	GEN	2512	RCN	11/07/07	11/01/07	BT	1	2.00	400.00	Review draft response to PSC Audit
					CLIENT GROUP	ALL		2.00	400.00	
					WORK CODE	2512		2.00	400.00	
			STAFF	RCN				15.00	3000.00	
Reports Totals:								115.00	19780.04	

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9



Carlstedt, Jackson, Nixon & Wilson
 CERTIFIED PUBLIC ACCOUNTANTS, P.A.

James L. Carlstedt, C.P.A.
Paul E. DeCharlo, C.P.A.
Katherine U. Jackson, C.P.A.
Robert H. Jackson, C.P.A.
Cheryl T. Losee, C.P.A.
Robert C. Nixon, C.P.A.
Jeanette Sung, C.P.A.
Holly M. Towner, C.P.A.
James L. Wilson, C.P.A.

INVOICE

December 10, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during November 2007, as follows:

1. Review of and responses to Staff Audit Report	\$ 8,840.00
2. Respond to OPC Interrogatories Nos. 1, 2 and 3 and Motion to Compel	9,867.50
3. Postage, faxes, copies, telephone and Federal Express	499.74
4. Travel	<u>572.80</u>
Total	<u>\$19,780.04</u>

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED. 8

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Connin, Jackson, Nixon & Wilson, CPAs

Page 2

For the Dates: 1/01/1980 - 11/30/2007

Detail Worksheet

12/06/2007 12:49:28 PM

Client: 525 K.W. RESORT UTILITIES CORP. (1120)
 Alpha: K.W. RESOR

Owner: RCN NIXON
 Biller: RCN NIXON
 Office: MAIN Main Office
 Group: ALL

Engage: GEN General
 Contract Amount: \$0.00

Biller: RCN NIXON
 Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Nov 2007									
<i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	11/02/07	BT	0.50	21.50			21.50		
								Rate:	43.00
PAD DEALY	11/05/07	BT	1.50	64.50			64.50		
								Rate:	43.00
PAD DEALY	11/16/07	BT	0.50	21.50			21.50		
								Rate:	43.00
<i>Work Code 198 MISCELLANEOUS Total:</i>			2.50	107.50	0.00	0.00	107.50		
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	11/13/07	BX	0.00	227.77			227.77		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	227.77	0.00	0.00	227.77		
<i>Work Code 903 TRAVEL</i>									
CLH HOUGHTON	11/16/07	BX	0.00	572.80			572.80		
<i>Work Code 903 TRAVEL Total:</i>			0.00	572.80	0.00	0.00	572.80		
<i>Work Code 904 XEROX</i>									
ALL Staff	11/30/07	BX	0.00	102.60			102.60		
<i>Work Code 904 XEROX Total:</i>			0.00	102.60	0.00	0.00	102.60		
<i>Work Code 905 FEDERAL EXPRESS</i>									
ALL Staff	11/27/07	BX	0.00	18.97			18.97		
ALL Staff	11/27/07	BX	0.00	18.34			18.34		
ALL Staff	11/27/07	BX	0.00	11.72			11.72		
ALL Staff	11/27/07	BX	0.00	11.72			11.72		
ALL Staff	11/27/07	BX	0.00	18.34			18.34		
ALL Staff	11/27/07	BX	0.00	11.72			11.72		
ALL Staff	11/27/07	BX	0.00	17.93			17.93		
ALL Staff	11/27/07	BX	0.00	14.23			14.23		
ALL Staff	11/27/07	BX	0.00	20.45			20.45		
ALL Staff	11/27/07	BX	0.00	11.72			11.72		
ALL Staff	11/27/07	BX	0.00	14.23			14.23		
<i>Work Code 905 FEDERAL EXPRESS Total:</i>			0.00	169.37	0.00	0.00	169.37		

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Conin, Jackson, Nixon & Wilson, C's

Page 3

For the Dates: 1/01/1980 - 11/30/2007

Detail Worksheet

12/06/2007 12:49:28 PM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
PED DeCHARIO	11/05/07	BT	1.00	160.00			160.00		
								Rate: 160.00	
<i>Work Code 2406 RC ADMIN-ATTY CORRESPO</i>			1.00	160.00	0.00	0.00	160.00		
<i>Work Code 2500 RC-ANSWER INTERROGATORIES</i>									
PED DeCHARIO	11/14/07	BT	1.25	200.00			200.00		
								Rate: 160.00	
PED DeCHARIO	11/15/07	BT	7.50	1,200.00			1,200.00		
								Rate: 160.00	
PED DeCHARIO	11/16/07	BT	5.00	800.00			800.00		
								Rate: 160.00	
PED DeCHARIO	11/19/07	BT	13.50	2,160.00			2,160.00		
								Rate: 160.00	
PED DeCHARIO	11/20/07	BT	9.00	1,440.00			1,440.00		
								Rate: 160.00	
PED DeCHARIO	11/21/07	BT	5.00	800.00			800.00		
								Rate: 160.00	
PED DeCHARIO	11/26/07	BT	2.50	400.00			400.00		
								Rate: 160.00	
PED DeCHARIO	11/27/07	BT	3.00	480.00			480.00		
								Rate: 160.00	
PED DeCHARIO	11/29/07	BT	7.00	1,120.00			1,120.00		
								Rate: 160.00	
PED DeCHARIO	11/30/07	BT	5.00	800.00			800.00		
								Rate: 160.00	
RCN NIXON	11/30/07	BT	1.00	200.00			200.00		
								Rate: 200.00	
<i>Work Code 2500 RC-ANSWER INTERROGATO</i>			59.75	9,600.00	0.00	0.00	9,600.00		
<i>Work Code 2501 RC-COMPILE DOC REQUESTS</i>									
RCN NIXON	11/14/07	BT	2.00	400.00			400.00		
								Rate: 200.00	
<i>Work Code 2501 RC-COMPILE DOC REQUEST</i>			2.00	400.00	0.00	0.00	400.00		
<i>Work Code 2511 RC-REVIEW STAFF AUDIT</i>									
PED DeCHARIO	11/01/07	BT	3.00	480.00			480.00		
								Rate: 160.00	
RCN NIXON	11/01/07	BT	6.00	1,200.00			1,200.00		
								Rate: 200.00	
PED DeCHARIO	11/02/07	BT	4.00	640.00			640.00		
								Rate: 160.00	
RCN NIXON	11/02/07	BT	4.00	800.00			800.00		
								Rate: 200.00	
<i>Work Code 2511 RC-REVIEW STAFF AUDIT Tot</i>			17.00	3,120.00	0.00	0.00	3,120.00		
<i>Work Code 2512 RC-RESPOND TO STAFF AUDIT</i>									
PED DeCHARIO	11/05/07	BT	5.25	840.00			840.00		
								Rate: 160.00	
PED DeCHARIO	11/06/07	BT	9.50	1,520.00			1,520.00		
								Rate: 160.00	
PED DeCHARIO	11/07/07	BT	9.50	1,520.00			1,520.00		
								Rate: 160.00	
RCN NIXON	11/07/07	BT	2.00	400.00			400.00		
								Rate: 200.00	
PED DeCHARIO	11/08/07	BT	2.00	320.00			320.00		
								Rate: 160.00	
PED DeCHARIO	11/12/07	BT	1.25	200.00			200.00		
								Rate: 160.00	

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-6

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Cornin, Jackson, Nixon & Wilson, C P A's

Page 4

For the Dates: 1/01/1980 - 11/30/2007

Detail Worksheet

12/06/2007 12:49:28 PM

<u>Staff</u>	<u>Date</u>	<u>Type</u>	<u>Hours</u>	<u>Amount</u>	<u>Bill</u>	<u>Up/Down</u>	<u>Remaining</u>	<u>Invoice</u>	<u>Status</u>
DE DeCHARIO	11/13/07	BT	0.50	80.00			80.00		
									Rate: 160.00
DE DeCHARIO	11/14/07	BT	2.75	440.00			440.00		
									Rate: 160.00
<i>Work Code 2512 RC-RESPOND TO STAFF AUD</i>			32.75	5,320.00	0.00	0.00	5,320.00		
Nov 2007 Total:			115.00	19,780.04	0.00	0.00	19,780.04		
Client 525 Total:			115.00	19,780.04	0.00	0.00	19,780.04		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-4



Carlstedt, Jackson, Nixon & Wilson
 CERTIFIED PUBLIC ACCOUNTANTS, P.A.

James L. Carlstedt, C.P.A.
Paul E. DeChario, C.P.A.
Katherine U. Jackson, C.P.A.
Robert H. Jackson, C.P.A.
Cheryl T. Losee, C.P.A.
Robert C. Nixon, C.P.A.
Jeanette Sung, C.P.A.
Holly M. Towner, C.P.A.
James L. Wilson, C.P.A.

INVOICE

November 12, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during October 2007, as follows:

1. Work related to the ongoing rate case to prepare responses to audit request	\$ 9,452.25
2. Work related to the ongoing rate case to respond to voluminous OPC interrogatories	11,375.25
3. Work related to the ongoing rate case to compile responses to OPC document requests	3,280.00
4. Work related to the ongoing rate case to review and prepare analysis and responses to PSC Staff Audit Report	1,880.00
5. Postage, faxes, copies and Federal Express	<u>1,560.42</u>
Total	<u>\$27,547.92</u>

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Client: 525 **K.W. RESORT UTILITIES CORP. (1120)**
 Alpha: K.W. R

Owner: RCN NIXON
 Miller: RCN NIXON
 Office: MAIN Main Office
 Group: ALL

Engage: GEN **General**
 Contract Amount: \$0.00

Bill: RCN NIXON
 Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engagement Balance Forward	10/01/07		2,098.25	132,405.40	130,994.79	-1,410.61	0.00		R
Oct 2007									
<i>Work Code 197 TYPING</i>									
PAD DEALY	10/02/07	BT	2.00	86.00			86.00		
								Rate:	43.00
PAD DEALY	10/03/07	BT	4.00	172.00			172.00		
								Rate:	43.00
PAD DEALY	10/10/07	BT	2.00	86.00			86.00		
								Rate:	43.00
PAD DEALY	10/11/07	BT	2.00	86.00			86.00		
								Rate:	43.00
PAD DEALY	10/11/07	BT	1.00	43.00			43.00		
								Rate:	43.00
PAD DEALY	10/12/07	BT	1.50	64.50			64.50		
								Rate:	43.00
PAD DEALY	10/15/07	BT	0.50	21.50			21.50		
								Rate:	43.00

Client ID: 525 K.W. RESORT UTILITIES CORP. (1120)

Engagement: GEN General

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For the Dates: 1/01/1980 - 10/31/2007

Detail Worksheet

11/06/2007 11:09:04 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
PAD DEALY	10/16/07	BT	1.50	64.50			64.50		
								Rate:	43.00
PAD DEALY	10/17/07	BT	2.00	86.00			86.00		
								Rate:	43.00
PAD DEALY	10/18/07	BT	2.00	86.00			86.00		
								Rate:	43.00
PAD DEALY	10/19/07	BT	1.25	53.75			53.75		
								Rate:	43.00
PAD DEALY	10/23/07	BT	1.00	43.00			43.00		
								Rate:	43.00
PAD DEALY	10/24/07	BT	0.25	10.75			10.75		
								Rate:	43.00
<i>Work Code 197 TYPING Total:</i>			21.00	903.00	0.00	0.00	903.00		
<i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	10/16/07	BT	0.25	10.75			10.75		
								Rate:	43.00
PAD DEALY	10/16/07	BT	0.25	10.75			10.75		
								Rate:	43.00
PAD DEALY	10/17/07	BT	0.50	21.50			21.50		
								Rate:	43.00
PAD DEALY	10/24/07	BT	0.50	21.50			21.50		
								Rate:	43.00
<i>Work Code 198 MISCELLANEOUS Total:</i>			1.50	64.50	0.00	0.00	64.50		
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	10/13/07	BX	0.00	219.95			219.95		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	219.95	0.00	0.00	219.95		
<i>Work Code 904 XEROX</i>									
ALL Staff	10/31/07	BX	0.00	633.40			633.40		
<i>Work Code 904 XEROX Total:</i>			0.00	633.40	0.00	0.00	633.40		
<i>Work Code 905 FEDERAL EXPRESS</i>									
ALL Staff	10/23/07	BX	0.00	29.15			29.15		
ALL Staff	10/23/07	BX	0.00	18.42			18.42		
ALL Staff	10/23/07	BX	0.00	11.77			11.77		
ALL Staff	10/23/07	BX	0.00	11.77			11.77		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	18.34			18.34		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	24.78			24.78		
ALL Staff	10/23/07	BX	0.00	18.97			18.97		
ALL Staff	10/23/07	BX	0.00	20.01			20.01		
ALL Staff	10/23/07	BX	0.00	14.23			14.23		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-6

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Page 12

For the Dates: 1/01/1980 - 10/31/2007

Detail Worksheet

11/06/2007 11:09:04 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
ALL Staff	10/23/07	BX	0.00	13.32			13.32		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	14.23			14.23		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	16.75			16.75		
ALL Staff	10/23/07	BX	0.00	13.32			13.32		
ALL Staff	10/23/07	BX	0.00	21.34			21.34		
ALL Staff	10/23/07	BX	0.00	18.34			18.34		
ALL Staff	10/23/07	BX	0.00	44.37			44.37		
ALL Staff	10/23/07	BX	0.00	14.23			14.23		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	14.23			14.23		
ALL Staff	10/23/07	BX	0.00	14.23			14.23		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	13.32			13.32		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	19.53			19.53		
ALL Staff	10/23/07	BX	0.00	16.75			16.75		
ALL Staff	10/23/07	BX	0.00	14.23			14.23		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
ALL Staff	10/23/07	BX	0.00	48.45			48.45		
ALL Staff	10/23/07	BX	0.00	18.34			18.34		
ALL Staff	10/23/07	BX	0.00	14.23			14.23		
ALL Staff	10/23/07	BX	0.00	11.72			11.72		
Work Code 905 FEDERAL EXPRESS Total:			0.00	625.57	0.00	0.00	625.57		
Work Code 909 FAXES									
ALL Staff	10/16/07	BX	0.00	10.50			10.50		

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C. nin, Jackson, Nixon & Wilson, C's

Page 13

For the Dates: 1/01/1980 - 10/31/2007

Detail Worksheet

11/06/2007 11:09:04 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
ALL Staff	10/16/07	BX	0.00	9.00			9.00		
ALL Staff	10/17/07	BX	0.00	3.00			3.00		
ALL Staff	10/18/07	BX	0.00	2.00			2.00		
ALL Staff	10/19/07	BX	0.00	3.00			3.00		
ALL Staff	10/22/07	BX	0.00	4.50			4.50		
ALL Staff	10/22/07	BX	0.00	3.50			3.50		
ALL Staff	10/23/07	BX	0.00	4.50			4.50		
ALL Staff	10/23/07	BX	0.00	8.50			8.50		
ALL Staff	10/23/07	BX	0.00	10.50			10.50		
ALL Staff	10/25/07	BX	0.00	4.50			4.50		
ALL Staff	10/26/07	BX	0.00	9.00			9.00		
ALL Staff	10/26/07	BX	0.00	9.00			9.00		
<i>Work Code 909 FAXES Total:</i>			0.00	81.50	0.00	0.00	81.50		
<i>Work Code 2500 RC-ANSWER INTERROGATORIES</i>									
PED DeCHARIO	10/02/07	BT	6.00	960.00			960.00		Rate: 160.00
PED DeCHARIO	10/03/07	BT	7.75	1,240.00			1,240.00		Rate: 160.00
PED DeCHARIO	10/05/07	BT	3.25	520.00			520.00		Rate: 160.00
PED DeCHARIO	10/05/07	BT	0.25	40.00			40.00		Rate: 160.00
PED DeCHARIO	10/08/07	BT	9.50	1,520.00			1,520.00		Rate: 160.00
PED DeCHARIO	10/09/07	BT	5.00	800.00			800.00		Rate: 160.00
PED DeCHARIO	10/10/07	BT	7.00	1,120.00			1,120.00		Rate: 160.00
PED DeCHARIO	10/11/07	BT	10.00	1,600.00			1,600.00		Rate: 160.00
PED DeCHARIO	10/23/07	BT	8.00	1,280.00			1,280.00		Rate: 160.00
PED DeCHARIO	10/24/07	BT	11.50	1,840.00			1,840.00		Rate: 160.00
PED DeCHARIO	10/25/07	BT	8.50	1,360.00			1,360.00		Rate: 160.00
RCN NIXON	10/25/07	BT	1.50	300.00			300.00		Rate: 200.00
PED DeCHARIO	10/26/07	BT	5.00	800.00			800.00		Rate: 160.00
PED DeCHARIO	10/30/07	BT	0.75	120.00			120.00		Rate: 160.00
<i>Work Code 2500 RC-ANSWER INTERROGATO</i>			84.00	13,500.00	0.00	0.00	13,500.00		
<i>Work Code 2501 RC-COMPILE DOC REQUESTS</i>									

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

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Ironin, Jackson, Nixon & Wilsor PA's

Page 14

For the Dates: 1/01/1980 - 10/31/2007

Detail Worksheet

11/06/2007 11:09:04 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
PED DeCHARIO	10/04/07	BT	7.50	1,200.00			1,200.00		
								Rate: 160.00	
PED DeCHARIO	10/17/07	BT	9.00	1,440.00			1,440.00		
								Rate: 160.00	
PED DeCHARIO	10/31/07	BT	4.00	640.00			640.00		
								Rate: 160.00	
<i>Work Code 2501 RC-COMPILE DOC REQUEST</i>			20.50	3,280.00	0.00	0.00	3,280.00		
<i>Work Code 2510 RC-ANS STAFF AUDIT REQUEST</i>									
PED DeCHARIO	10/10/07	BT	1.00	160.00			160.00		
								Rate: 160.00	
PED DeCHARIO	10/15/07	BT	3.75	600.00			600.00		
								Rate: 160.00	
PED DeCHARIO	10/15/07	BT	3.00	480.00			480.00		
								Rate: 160.00	
PED DeCHARIO	10/16/07	BT	6.50	1,040.00			1,040.00		
								Rate: 160.00	
PED DeCHARIO	10/17/07	BT	0.50	80.00			80.00		
								Rate: 160.00	
PED DeCHARIO	10/18/07	BT	10.00	1,600.00			1,600.00		
								Rate: 160.00	
PED DeCHARIO	10/19/07	BT	7.50	1,200.00			1,200.00		
								Rate: 160.00	
PED DeCHARIO	10/22/07	BT	6.00	960.00			960.00		
								Rate: 160.00	
PED DeCHARIO	10/23/07	BT	1.50	240.00			240.00		
								Rate: 160.00	
<i>Work Code 2510 RC-ANS STAFF AUDIT REQU</i>			39.75	6,360.00	0.00	0.00	6,360.00		
<i>Work Code 2511 RC-REVIEW STAFF AUDIT</i>									
PED DeCHARIO	10/30/07	BT	1.75	280.00			280.00		
								Rate: 160.00	
RCN NIXON	10/31/07	BT	8.00	1,600.00			1,600.00		
								Rate: 200.00	
<i>Work Code 2511 RC-REVIEW STAFF AUDIT Tot</i>			9.75	1,880.00	0.00	0.00	1,880.00		
Oct 2007 Total:			176.50	27,547.92	0.00	0.00	27,547.92		
Client 525 Total:			2,274.75	159,953.32	130,994.79	-1,410.61	27,547.92		

Timesheet Listing

For the Dates 10/1/2007 - 10/31/2007

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:
Staff:	ALL									
Work Code:	901	TELEPHONE								
Client Group:	ALL									
525	GEN	901	ALL	10/13/07	10/31/07	BX	97	0.00	219.95	
						CLIENT GROUP	ALL	0.00	219.95	
						WORK CODE	901	0.00	219.95	
Work Code:	904	XEROX								
Client Group:	ALL									
525	GEN	904	ALL	10/31/07	10/31/07	BX	97	0.00	633.40	
						CLIENT GROUP	ALL	0.00	633.40	
						WORK CODE	904	0.00	633.40	
Work Code:	905	FEDERAL EXPRESS								
Client Group:	ALL									
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	18.34	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	21.34	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	14.23	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	18.34	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	14.23	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	20.01	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	18.97	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	16.75	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	29.15	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.77	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	14.23	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.77	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	18.42	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	24.78	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	14.23	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	18.34	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	48.45	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	14.23	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	16.75	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	13.32	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	44.37	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	14.23	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	14.23	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	13.32	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	13.32	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	19.53	
525	GEN	905	ALL	10/23/07	10/31/07	BX	97	0.00	11.72	
CLIENT GROUP ALL								0.00	625.57	
WORK CODE 905								0.00	625.57	

Work Code: 909 FAXES
Client Group: ALL

525	GEN	909	ALL	10/23/07	10/31/07	BX	97	0.00	4.50	
525	GEN	909	ALL	10/19/07	10/31/07	BX	97	0.00	3.00	
525	GEN	909	ALL	10/22/07	10/31/07	BX	97	0.00	3.50	
525	GEN	909	ALL	10/22/07	10/31/07	BX	97	0.00	4.50	
525	GEN	909	ALL	10/23/07	10/31/07	BX	97	0.00	10.50	
525	GEN	909	ALL	10/25/07	10/31/07	BX	97	0.00	4.50	
525	GEN	909	ALL	10/26/07	10/31/07	BX	97	0.00	9.00	
525	GEN	909	ALL	10/18/07	10/31/07	BX	97	0.00	2.00	
525	GEN	909	ALL	10/17/07	10/31/07	BX	97	0.00	3.00	
525	GEN	909	ALL	10/16/07	10/31/07	BX	97	0.00	9.00	
525	GEN	909	ALL	10/16/07	10/31/07	BX	97	0.00	10.50	
525	GEN	909	ALL	10/23/07	10/31/07	BX	97	0.00	8.50	

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:
525	GEN	909	ALL	10/26/07	10/31/07	BX	97	0.00	9.00	
						CLIENT GROUP ALL		0.00	81.50	
						WORK CODE 909		0.00	81.50	
						STAFF ALL		0.00	1560.42	
Staff:	PAD									
Work Code:	197	TYPING								
Client Group:	ALL									
525	GEN	197	PAD	10/17/07	10/19/07	BT	1	2.00	86.00	copy and send out response to PSC Audit Document/Record Request #24 with cover letter via Fed Ex to PSC, M. Deterding, W. Smith, D. Carter, G. Seifert
525	GEN	197	PAD	10/18/07	10/19/07	BT	1	2.00	86.00	copy and send out response to PSC Audit Document/Record Request #17, 18, 25, 31 with cover letter via Fed Ex to PSC, M. Deterding, W. Smith, D. Carter, G. Seifert
525	GEN	197	PAD	10/23/07	10/26/07	BT	1	1.00	43.00	copy and send out response to PSC Audit Document/Record Request #37 with cover letter via Fed Ex to PSC; M. Deterding, W. Smith, D. Carter, G. Seifert
525	GEN	197	PAD	10/02/07	10/05/07	BT	1	2.00	86.00	6 copies (with exhibit tabs) of response to PSC doc request #7 & #8; cover letter; type fed ex labels to PSC, M. Deterding, W. Smith, D. Carter, G. Seifert; send out fed ex
525	GEN	197	PAD	10/10/07	10/12/07	BT	1	2.00	86.00	send out Response to PSC Audit Document/Record Request #16 with cover letter via fed ex to PSC, M. Deterding, D. Carter, G. Seifert, W. Smith
525	GEN	197	PAD	10/16/07	10/19/07	BT	1	1.50	64.50	copy and send out response to PSC Audit Document/ Request #20 w/cover letter via Fed Ex to PSC; M. Deterding; W. Smith; G. Seifert; D. Carter
525	GEN	197	PAD	10/19/07	10/19/07	BT	1	1.25	53.75	copy and send out response to PSC Audit Document/Record Request #32 with cover letter via Fed Ex to PSC, M. Deterding; W. Smith, D. Carter, G. Seifert
525	GEN	197	PAD	10/12/07	10/12/07	BT	1	1.50	64.50	send out Response to PSC Audit Document/Record Request #21 with cover letter via fed ex to PSC; M. Deterding; W. Smith; D. Carter & G. Seifert
525	GEN	197	PAD	10/11/07	10/12/07	BT	1	1.00	43.00	type PED response to OPC interrogatories
525	GEN	197	PAD	10/11/07	10/12/07	BT	1	2.00	86.00	send out Response to PSC Audit Document/Record Request #22 with cover letter via fed ex to PSC, W. Smith, M. Deterding, G. Seifert & D. Carter
525	GEN	197	PAD	10/24/07	10/26/07	BT	1	0.25	10.75	open OPC interrogatories
525	GEN	197	PAD	10/03/07	10/05/07	BT	1	4.00	172.00	6 copies (with exhibit tabs) of response to PSC doc request #9, 10, 11, 12, 13, 14, 15; cover letter; type fed ex labels to PSC, M. Deterding, W. Smith, D. Carter, G. Seifert; send out fed ex; open 2007 rate case - audit request files
525	GEN	197	PAD	10/15/07	10/19/07	BT	1	0.50	21.50	PED response to OPC Interrogatory #64
						CLIENT GROUP ALL		21.00	903.00	
						WORK CODE 197		21.00	903.00	

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-8

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:
Work Code:	198	MISCELLANEOUS								
Client Group:	ALL									
525	GEN	198	PAD	10/24/07	10/26/07	BT	1	0.50	21.50	copy Interrogatory response (exhibits) and send via Fed Ex to M. Deterding.
525	GEN	198	PAD	10/17/07	10/19/07	BT	1	0.50	21.50	add documents to 2007 Rate Case - Audit Request file; type list document requests sent for PED
525	GEN	198	PAD	10/16/07	10/19/07	BT	1	0.25	10.75	open 2007 Rate Case - Audit Request file
525	GEN	198	PAD	10/16/07	10/19/07	BT	1	0.25	10.75	2 faxes to KW Resort for PED
CLIENT GROUP ALL								1.50	64.50	
WORK CODE 198								1.50	64.50	
STAFF PAD								22.50	967.50	
Staff:	PED									
Work Code:	2500	RC-ANSWER INTERROGATORIES								
Client Group:	ALL									
525	GEN	2500	PED	10/08/07	10/12/07	BT	1	9.50	1520.00	OPC Interrogatories
525	GEN	2500	PED	10/02/07	10/05/07	BT	1	6.00	960.00	Audit Req #7, 8, 9
525	GEN	2500	PED	10/03/07	10/05/07	BT	1	7.75	1240.00	Audit Req # 9, 10, 12, 14, 15, 16; CD Burn
525	GEN	2500	PED	10/05/07	10/05/07	BT	1	3.25	520.00	Conf RSB/KW re: OPC Int
525	GEN	2500	PED	10/05/07	10/05/07	BT	1	0.25	40.00	Conf W/ Gillian
525	GEN	2500	PED	10/10/07	10/12/07	BT	1	7.00	1120.00	OPC Interrog
525	GEN	2500	PED	10/11/07	10/12/07	BT	1	10.00	1600.00	OPC Interrogatories
525	GEN	2500	PED	10/30/07	11/02/07	BT	1	0.75	120.00	OPC Interrog
525	GEN	2500	PED	10/26/07	10/26/07	BT	1	5.00	800.00	OPC Interrog
525	GEN	2500	PED	10/25/07	10/26/07	BT	1	8.50	1360.00	OPC Interrog
525	GEN	2500	PED	10/24/07	10/26/07	BT	1	11.50	1840.00	OPC Interrog
525	GEN	2500	PED	10/09/07	10/12/07	BT	1	5.00	800.00	
525	GEN	2500	PED	10/23/07	10/26/07	BT	1	8.00	1280.00	OPC Interrogatories
CLIENT GROUP ALL								82.50	13200.00	
WORK CODE 2500								82.50	13200.00	
Work Code:	2501	RC-COMPILE DOC REQUESTS								
Client Group:	ALL									
525	GEN	2501	PED	10/31/07	11/02/07	BT	1	4.00	640.00	
525	GEN	2501	PED	10/04/07	10/05/07	BT	1	7.50	1200.00	OPC Doc Req's
525	GEN	2501	PED	10/17/07	10/19/07	BT	1	9.00	1440.00	OPC Doc Req's
CLIENT GROUP ALL								20.50	3280.00	
WORK CODE 2501								20.50	3280.00	

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED

Client:	Engagement:	Work Code:	Staff:	Date:	Control Date:	Type:	Rate Code:	Hours:	Amount:	Comment:	
Work Code:	2510	RC-ANS STAFF AUDIT REQUEST									
Client Group:	ALL										
525	GEN	2510	PED	10/18/07	10/19/07	BT	1	10.00	1600.00	Audit Req's	
525	GEN	2510	PED	10/23/07	10/26/07	BT	1	1.50	240.00	Audit Req's	
525	GEN	2510	PED	10/19/07	10/19/07	BT	1	7.50	1200.00		
525	GEN	2510	PED	10/17/07	10/19/07	BT	1	0.50	80.00	Audit Req #30	
525	GEN	2510	PED	10/16/07	10/19/07	BT	1	6.50	1040.00	Audit Req's	
525	GEN	2510	PED	10/15/07	10/19/07	BT	1	3.75	600.00	Audit Req's	
525	GEN	2510	PED	10/15/07	10/19/07	BT	1	3.00	480.00	Audit Req #20	
525	GEN	2510	PED	10/10/07	10/12/07	BT	1	1.00	160.00	Review Interim Order	
525	GEN	2510	PED	10/22/07	10/26/07	BT	1	6.00	960.00	Audit Req's	
CLIENT GROUP ALL								39.75	6360.00		
WORK CODE 2510								39.75	6360.00		
Work Code:	2511	RC-REVIEW STAFF AUDIT									
Client Group:	ALL										
525	GEN	2511	PED	10/30/07	11/02/07	BT	1	1.75	280.00		
CLIENT GROUP ALL								1.75	280.00		
WORK CODE 2511								1.75	280.00		
STAFF PED								144.50	23120.00		
Staff:	RCN										
Work Code:	2500	RC-ANSWER INTERROGATORIES									
Client Group:	ALL										
525	GEN	2500	RCN	10/25/07	10/01/07	BT	1	1.50	300.00	Review OPC 1st Interrogatories	
CLIENT GROUP ALL								1.50	300.00		
WORK CODE 2500								1.50	300.00		
Work Code:	2511	RC-REVIEW STAFF AUDIT									
Client Group:	ALL										
525	GEN	2511	RCN	10/31/07	10/01/07	BT	1	8.00	1600.00		
CLIENT GROUP ALL								8.00	1600.00		
WORK CODE 2511								8.00	1600.00		
STAFF RCN								9.50	1900.00		
Reports Totals:								176.50	27547.92		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-8

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9



Carlstedt, Jackson, Nixon & Wilson
 CERTIFIED PUBLIC ACCOUNTANTS, P.A.

James L. Carlstedt, C.P.A.
Paul E. DeChario, C.P.A.
Katherine U. Jackson, C.P.A.
Robert H. Jackson, C.P.A.
Cheryl T. Losee, C.P.A.
Robert C. Nixon, C.P.A.
Jeanette Sung, C.P.A.
Holly M. Towner, C.P.A.
James L. Wilson, C.P.A.

INVOICE

October 12, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during September 2007, as follows:

1. Work related to the ongoing rate case including conference with utility management and attorney to review OPC document requests and interrogatories; begin answering voluminous discovery request; prepare responses and documents to PSC auditors as set forth on the attached detailed worksheet	\$15,032.25
2. Telephone, copies, and Federal Express charges	<u>2,241.48</u>
Total	<u>\$17,273.73</u>

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Carlstedt, Jackson, Nixon & Wilson CPA's

For the Dates: 1/01/1980 - 9/30/2007

Detail Worksheet

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Client: 525	K.W. RESORT UTILITIES CORP. (1120)				Owner: RCN NIXON				
	Alpha: K.W. RESOR				Bill: RCN NIXON				
					Office: MAIN Main Office				
					Group: ALL				

Engage: GEN	General				Bill: RCN NIXON				
	Contract Amount:		\$0.00	Office: MAIN Main Office					

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engagement Balance Forward	09/01/07		1,989.75	115,131.67	113,721.06	-1,410.61	0.00		R
Sep 2007									
<i>Work Code 197 TYPING</i>									
PAD DEALY	09/21/07	BT	2.50	107.50			107.50		Rate: 43.00
PAD DEALY	09/24/07	BT	2.00	86.00			86.00		Rate: 43.00
PAD DEALY	09/25/07	BT	1.00	43.00			43.00		Rate: 43.00
PAD DEALY	09/27/07	BT	2.00	86.00			86.00		Rate: 43.00
<i>Work Code 197 TYPING Total:</i>			7.50	322.50	0.00	0.00	322.50		
<i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	09/04/07	BT	1.00	43.00			43.00		Rate: 43.00
PAD DEALY	09/12/07	BT	0.50	21.50			21.50		Rate: 43.00
PAD DEALY	09/12/07	BT	1.00	43.00			43.00		Rate: 43.00
PAD DEALY	09/13/07	BT	2.50	107.50			107.50		Rate: 43.00
PAD DEALY	09/17/07	BT	4.75	204.25			204.25		Rate: 43.00
PAD DEALY	09/18/07	BT	2.50	107.50			107.50		Rate: 43.00
PAD DEALY	09/25/07	BT	0.50	21.50			21.50		Rate: 43.00
PAD DEALY	09/26/07	BT	0.50	21.50			21.50		Rate: 43.00
<i>Work Code 198 MISCELLANEOUS Total:</i>			13.25	569.75	0.00	0.00	569.75		
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	09/13/07	BX	0.00	186.74			186.74		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	186.74	0.00	0.00	186.74		
<i>Work Code 904 XEROX</i>									
ALL Staff	09/30/07	BX	0.00	1,673.40			1,673.40		
ALL Staff	09/30/07	BX	0.00	116.60			116.60		
<i>Work Code 904 XEROX Total:</i>			0.00	1,790.00	0.00	0.00	1,790.00		
<i>Work Code 905 FEDERAL EXPRESS</i>									
ALL Staff	09/25/07	BX	0.00	29.24			29.24		
ALL Staff	09/25/07	BX	0.00	54.44			54.44		

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Cristed, Jackson, Nixon & Wilson CPA's

Page 3

For the Dates: 1/01/1980 - 9/30/2007

Detail Worksheet

10/12/2007 8:52:07 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
ALL Staff	09/25/07	BX	0.00	22.34			22.34		
ALL Staff	09/25/07	BX	0.00	31.74			31.74		
ALL Staff	09/25/07	BX	0.00	20.75			20.75		
ALL Staff	09/25/07	BX	0.00	27.21			27.21		
ALL Staff	09/25/07	BX	0.00	20.75			20.75		
ALL Staff	09/25/07	BX	0.00	50.27			50.27		
<i>Work Code 905 FEDERAL EXPRESS Total:</i>			0.00	256.74	0.00	0.00	256.74		
<i>Work Code 909 FAXES</i>									
ALL Staff	09/21/07	BX	0.00	8.00			8.00		
<i>Work Code 909 FAXES Total:</i>			0.00	8.00	0.00	0.00	8.00		
<i>Work Code 2400 RC ADMIN-CLIENT CONFERENCE</i>									
PED DeCHARIO	09/06/07	BT	0.50	80.00			80.00		Rate: 160.00
RCN NIXON	09/25/07	BT	2.50	500.00			500.00		Rate: 200.00
<i>Work Code 2400 RC ADMIN-CLIENT CONFERE</i>			3.00	580.00	0.00	0.00	580.00		
<i>Work Code 2401 RC ADMIN-ATTORNEY CONFERENCE</i>									
PED DeCHARIO	09/25/07	BT	2.50	400.00			400.00		Rate: 160.00
<i>Work Code 2401 RC ADMIN-ATTORNEY CONF</i>			2.50	400.00	0.00	0.00	400.00		
<i>Work Code 2500 RC-ANSWER INTERROGATORIES</i>									
PED DeCHARIO	09/20/07	BT	2.50	400.00			400.00		Rate: 160.00
PED DeCHARIO	09/21/07	BT	5.50	880.00			880.00		Rate: 160.00
PED DeCHARIO	09/24/07	BT	4.50	720.00			720.00		Rate: 160.00
PED DeCHARIO	09/25/07	BT	3.50	560.00			560.00		Rate: 160.00
<i>Work Code 2500 RC-ANSWER INTERROGATO</i>			16.00	2,560.00	0.00	0.00	2,560.00		
<i>Work Code 2501 RC-COMPILE DOC REQUESTS</i>									
PED DeCHARIO	09/26/07	BT	8.00	1,280.00			1,280.00		Rate: 160.00
PED DeCHARIO	09/27/07	BT	0.50	80.00			80.00		Rate: 160.00
<i>Work Code 2501 RC-COMPILE DOC REQUEST</i>			8.50	1,360.00	0.00	0.00	1,360.00		
<i>Work Code 2510 RC-ANS STAFF AUDIT REQUEST</i>									
PED DeCHARIO	09/06/07	BT	4.50	720.00			720.00		Rate: 160.00
PED DeCHARIO	09/07/07	BT	3.50	560.00			560.00		Rate: 160.00
PED DeCHARIO	09/10/07	BT	7.50	1,200.00			1,200.00		Rate: 160.00
PED DeCHARIO	09/11/07	BT	6.00	960.00			960.00		Rate: 160.00
PED DeCHARIO	09/12/07	BT	8.00	1,280.00			1,280.00		Rate: 160.00

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

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Coolstedt, Jackson, Nixon & Wilson CPAs

Page 4

For the Dates: 1/01/1980 - 9/30/2007

Detail Worksheet

10/12/2007 8:52:07 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
PED DeCHARIO	09/13/07	BT	2.00	320.00			320.00		
								Rate: 160.00	
PED DeCHARIO	09/13/07	BT	5.00	800.00			800.00		
								Rate: 160.00	
PED DeCHARIO	09/14/07	BT	4.00	640.00			640.00		
								Rate: 160.00	
PED DeCHARIO	09/17/07	BT	4.00	640.00			640.00		
								Rate: 160.00	
PED DeCHARIO	09/17/07	BT	4.00	640.00			640.00		
								Rate: 160.00	
PED DeCHARIO	09/18/07	BT	6.25	1,000.00			1,000.00		
								Rate: 160.00	
PED DeCHARIO	09/25/07	BT	3.00	480.00			480.00		
								Rate: 160.00	
<i>Work Code 2510 RC-ANS STAFF AUDIT REQU</i>			57.75	9,240.00	0.00	0.00	9,240.00		
Sep 2007 Total:			108.50	17,273.73	0.00	0.00	17,273.73		
Client 525 Total:			2,098.25	132,405.40	113,721.06	-1,410.61	17,273.73		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-~~4~~

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

JAMES L. CARLSTEDT, C.P.A.
PAUL E. DECHARIO, C.P.A.
KATHERINE U. JACKSON, C.P.A.
ROBERT H. JACKSON, C.P.A.
CHERYL T. LOSEE, C.P.A.
ROBERT C. NIXON, C.P.A.
JEANETTE SUNG, C.P.A.
HOLLY M. TOWNER, C.P.A.
JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD
SUITE 200
CLEARWATER, FLORIDA 33765-4432
(727) 791-4020
FACSIMILE
(727) 797-3602
e-mail
cpas@cjnw.net

INVOICE

March 5, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during February 2007, as follows:

1. Work completed on the rate case feasibility study	\$ 3,150.00
2. Partial billing for work completed on the 2006 corporate income tax returns	2,140.00
3. Partial billing for work completed on 2006 annual report	2,665.00
3. Telephone and copies	<u>81.62</u>
	<u>\$ 8,036.62</u>

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 1

For the Dates: 1/01/2007 - 2/28/2007

Detail Worksheet

08/21/2008 10:18:23 AM

Client: 525 K.W. RESORT UTILITIES CORP. (1120)
 Alpha: K.W. RESOR

Owner: RCN NIXON
 Biller: RCN NIXON
 Office: MAIN Main Office
 Group: ALL

Engage: GEN General
 Contract Amount: \$0.00

Biller: RCN NIXON
 Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice Status
WC Grp EXP. EXPENSES								
<i>Work Code 902 POSTAGE</i>								
ALL Staff	01/31/07	BX	0.00	1.02	1.02		0.00	47584 F
<i>Work Code 902 POSTAGE Total:</i>			0.00	1.02	1.02	0.00	0.00	
 <i>Work Code 904 XEROX</i>								
ALL Staff	02/28/07	BX	0.00	78.60	78.60		0.00	47584 F
<i>Work Code 904 XEROX Total:</i>			0.00	78.60	78.60	0.00	0.00	
 <i>Work Code 909 FAXES</i>								
ALL Staff	01/23/07	BX	0.00	7.00	7.00		0.00	47584 F
<i>Work Code 909 FAXES Total:</i>			0.00	7.00	7.00	0.00	0.00	
WC Grp EXP. EXPENSES Total:			0.00	86.62	86.62	0.00	0.00	
 WC Grp MISC MISCELLANEOUS								
<i>Work Code 197 TYPING</i>								
DID DeCHARIO	01/08/07	BT	0.25	10.00	10.00		0.00	47584 F
PAD DEALY	02/26/07	BT	0.50	20.00	20.00		0.00	47584 F
<i>Work Code 197 TYPING Total:</i>			0.75	30.00	30.00	0.00	0.00	
 <i>Work Code 198 MISCELLANEOUS</i>								
PAD DEALY	01/23/07	BT	0.50	20.00	20.00		0.00	47584 F
<i>Work Code 198 MISCELLANEOUS Total:</i>			0.50	20.00	20.00	0.00	0.00	
WC Grp MISC MISCELLANEOUS Total:			1.25	50.00	50.00	0.00	0.00	
 WC Grp TAX TAXES								
<i>Work Code 301 RETURN PREPARATION</i>								
J S SUNG	01/11/07	BT	0.50	45.00	45.00		0.00	47584 F
PED DeCHARIO	02/20/07	BT	1.00	150.00	150.00		0.00	47584 F
PED DeCHARIO	02/21/07	BT	7.00	1,050.00	1,050.00		0.00	47584 F
J S SUNG	02/23/07	BT	1.50	135.00	135.00		0.00	47584 F
J S SUNG	02/24/07	BT	3.00	270.00	270.00		0.00	47584 F
J S SUNG	02/26/07	BT	0.50	45.00	45.00		0.00	47584 F
J S SUNG	02/27/07	BT	1.75	157.50	157.50		0.00	47584 F
<i>Work Code 301 RETURN PREPARATION Total:</i>			15.25	1,852.50	1,852.50	0.00	0.00	
 <i>Work Code 309 RESEARCH</i>								
RHJ JACKSON	02/21/07	BT	1.75	332.50	332.50		0.00	47584 F
<i>Work Code 309 RESEARCH Total:</i>			1.75	332.50	332.50	0.00	0.00	

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 2

For the Dates: 1/01/2007 - 2/28/2007

Detail Worksheet

08/21/2008 10:18:23 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
WC Grp TAX TAXES Total:			17.00	2,185.00	2,185.00	0.00	0.00		
WC Grp UTIL UTILITIES									
<i>Work Code 2120 AR-PREP ANNUAL REPORT</i>									
PED DeCHARIO	02/15/07	BT	4.00	600.00	600.00		0.00	47584	F
PED DeCHARIO	02/20/07	BT	4.75	712.50	712.50		0.00	47584	F
PED DeCHARIO	02/23/07	BT	1.00	150.00	150.00		0.00	47584	F
PED DeCHARIO	02/24/07	BT	1.50	225.00	225.00		0.00	47584	F
<i>Work Code 2120 AR-PREP ANNUAL REPORT T</i>			11.25	1,687.50	1,687.50	0.00	0.00		
<i>Work Code 2160 ANNUAL REPORT-REVIEW</i>									
RCN NIXON	02/23/07	BT	4.50	877.50	877.50		0.00	47584	F
<i>Work Code 2160 ANNUAL REPORT-REVIEW To</i>			4.50	877.50	877.50	0.00	0.00		
<i>Work Code 2200 RC-FEASIBILITY STUDY</i>									
PED DeCHARIO	02/16/07	BT	8.00	1,200.00	1,200.00		0.00	47584	F
JSP PORTER	02/26/07	BT	3.50	315.00	315.00		0.00	47584	F
JSP PORTER	02/27/07	BT	5.25	472.50	472.50		0.00	47584	F
JSP PORTER	02/28/07	BT	2.00	180.00	180.00		0.00	47584	F
PED DeCHARIO	02/28/07	BT	2.00	300.00	300.00		0.00	47584	F
RCN NIXON	02/28/07	BT	3.50	682.50	682.50		0.00	47584	F
<i>Work Code 2200 RC-FEASIBILITY STUDY Total:</i>			24.25	3,150.00	3,150.00	0.00	0.00		
WC Grp UTIL UTILITIES Total:			40.00	5,715.00	5,715.00	0.00	0.00		
Client 525 Total:			58.25	8,036.62	8,036.62	0.00	0.00		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

JAMES L. CARLSTEDT, C.P.A.
PAUL E. DECHARIO, C.P.A.
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JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD
 SUITE 200
 CLEARWATER, FLORIDA 33765-4432
 (727) 791-4020
 FACSIMILE
 (727) 797-3602
 e-mail
cpas@cinv.net

INVOICE

April 9, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during March 2007, as follows:

1. Partial billing for work completed on the the 2006 corporate income tax returns	\$ 1,885.00
2. Preparation and review of the 2006 PSC annual report	1,805.00
3. Preparation of rate case feasibility study	2,152.50
4. Conference with management regarding rate case	195.00
5. Telephone, copies and Federal Express charges	<u>281.77</u>
Total	<u>\$ 6,319.27</u>

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Carlstedt, Jackson, Nixon & Wilson CPA's
Detail Worksheet

Page 1

For the Dates: 3/01/2007 - 3/31/2007

08/21/2008 10:20:33 AM

Client: 525 K.W. RESORT UTILITIES CORP. (1120)
 Alpha: K.W. RESOR

Owner: RCN NIXON
 Biller: RCN NIXON
 Office: MAIN Main Office
 Group: ALL

Engage: GEN General
 Contract Amount: \$0.00

Biller: RCN NIXON
 Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
WC Grp EXP. EXPENSES									
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	03/13/07	BX	0.00	37.60	37.60		0.00	45758	F
<i>Work Code 901 TELEPHONE Total:</i>			0.00	37.60	37.60	0.00	0.00		
 <i>Work Code 904 XEROX</i>									
ALL Staff	03/31/07	BX	0.00	102.00	102.00		0.00	45758	F
<i>Work Code 904 XEROX Total:</i>			0.00	102.00	102.00	0.00	0.00		
 <i>Work Code 905 FEDERAL EXPRESS</i>									
ALL Staff	03/27/07	BX	0.00	17.46	17.46		0.00	45758	F
ALL Staff	03/27/07	BX	0.00	35.59	35.59		0.00	45758	F
ALL Staff	03/27/07	BX	0.00	35.13	35.13		0.00	45758	F
ALL Staff	03/27/07	BX	0.00	12.67	12.67		0.00	45758	F
ALL Staff	03/27/07	BX	0.00	23.54	23.54		0.00	45758	F
ALL Staff	03/27/07	BX	0.00	17.78	17.78		0.00	45758	F
<i>Work Code 905 FEDERAL EXPRESS Total:</i>			0.00	142.17	142.17	0.00	0.00		
WC Grp EXP. EXPENSES Total:			0.00	281.77	281.77	0.00	0.00		
 WC Grp MISC MISCELLANEOUS									
<i>Work Code 197 TYPING</i>									
PAD DEALY	03/02/07	BT	0.25	10.00	10.00		0.00	45758	F
PAD DEALY	03/02/07	BT	0.25	10.00	10.00		0.00	45758	F
PAD DEALY	03/09/07	BT	0.75	30.00	30.00		0.00	45758	F
PAD DEALY	03/13/07	BT	0.75	30.00	30.00		0.00	45758	F
PAD DEALY	03/13/07	BT	0.50	20.00	20.00		0.00	45758	F
<i>Work Code 197 TYPING Total:</i>			2.50	100.00	100.00	0.00	0.00		
 <i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	03/02/07	BT	0.25	10.00	10.00		0.00	45758	F
<i>Work Code 198 MISCELLANEOUS Total:</i>			0.25	10.00	10.00	0.00	0.00		
WC Grp MISC MISCELLANEOUS Total:			2.75	110.00	110.00	0.00	0.00		

WC Grp TAX TAXES

Work Code 301 RETURN PREPARATION

J S SUNG	03/01/07	BT	1.50	135.00	135.00		0.00	45758	F
J S SUNG	03/10/07	BT	2.25	202.50	202.50		0.00	45758	F
J S SUNG	03/12/07	BT	5.00	450.00	450.00		0.00	45758	F
J S SUNG	03/13/07	BT	3.00	270.00	270.00		0.00	45758	F
J S SUNG	03/19/07	BT	4.00	360.00	360.00		0.00	45758	F
PED DeCHARIO	03/29/07	BT	0.75	112.50	112.50		0.00	45758	F

Docket No. 070293-SU
Actual & Estimated Rate Case Expense
Exhibit PED-9

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 2

For the Dates: 3/01/2007 - 3/31/2007

Detail Worksheet

08/21/2008 10:20:33 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Work Code 301 RETURN PREPARATION Total:			16.50	1,530.00	1,530.00	0.00	0.00		
Work Code 302 RETURN CHECKING									
RHJ JACKSON	03/28/07	BT	1.75	332.50	332.50		0.00	45758	F
Work Code 302 RETURN CHECKING Total:			1.75	332.50	332.50	0.00	0.00		
Work Code 343 TAX RETURN EXTENSION									
J S SUNG	03/09/07	BT	0.25	22.50	22.50		0.00	45758	F
Work Code 343 TAX RETURN EXTENSION Tot			0.25	22.50	22.50	0.00	0.00		
WC Grp TAX TAXES Total:			18.50	1,885.00	1,885.00	0.00	0.00		
WC Grp UTIL UTILITIES									
Work Code 2120 AR-PREP ANNUAL REPORT									
PED DeCHARIO	03/22/07	BT	0.50	75.00	75.00		0.00	45758	F
Work Code 2120 AR-PREP ANNUAL REPORT T			0.50	75.00	75.00	0.00	0.00		
Work Code 2160 ANNUAL REPORT-REVIEW									
RCN NIXON	03/02/07	BT	1.00	195.00	195.00		0.00	45758	F
RCN NIXON	03/09/07	BT	2.50	487.50	487.50		0.00	45758	F
Work Code 2160 ANNUAL REPORT-REVIEW To			3.50	682.50	682.50	0.00	0.00		
Work Code 2161 AR-CORRECTIONS									
PED DeCHARIO	03/02/07	BT	0.25	37.50	37.50		0.00	45758	F
PED DeCHARIO	03/03/07	BT	1.25	187.50	187.50		0.00	45758	F
PED DeCHARIO	03/08/07	BT	4.75	712.50	712.50		0.00	45758	F
Work Code 2161 AR-CORRECTIONS Total:			6.25	937.50	937.50	0.00	0.00		
Work Code 2200 RC-FEASIBILITY STUDY									
JSP PORTER	03/01/07	BT	2.75	247.50	247.50		0.00	45758	F
RCN NIXON	03/01/07	BT	6.00	1,170.00	1,170.00		0.00	45758	F
RCN NIXON	03/02/07	BT	1.00	195.00	195.00		0.00	45758	F
RCN NIXON	03/13/07	BT	2.00	390.00	390.00		0.00	45758	F
Work Code 2200 RC-FEASIBILITY STUDY Total:			11.75	2,002.50	2,002.50	0.00	0.00		
Work Code 2400 RC ADMIN-CLIENT CONFERENCE									
RCN NIXON	03/22/07	BT	1.00	195.00	195.00		0.00	45758	F
Work Code 2400 RC ADMIN-CLIENT CONFERE			1.00	195.00	195.00	0.00	0.00		
Work Code 2550 RC-REV/RSPND STAFF RECOMMEN									
PED DeCHARIO	03/12/07	BT	1.00	150.00	150.00		0.00	45758	F
Work Code 2550 RC-REV/RSPND STAFF RECO			1.00	150.00	150.00	0.00	0.00		
WC Grp UTIL UTILITIES Total:			24.00	4,042.50	4,042.50	0.00	0.00		
Client 525 Total:			45.25	6,319.27	6,319.27	0.00	0.00		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

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JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD
 SUITE 200
 CLEARWATER, FLORIDA 33765-4432
 (727) 791-4020
 FACSIMILE
 (727) 797-3602
 e-mail
cpas@cinn.net

INVOICE

May 7, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during April 2007, as follows:

1. Completion of the 2006 corporate income tax returns	\$ 812.50
2. Changes to the 2006 PSC annual report	525.00
3. Begin preparation of rate case minimum filing requirements, including conferences with attorney and client regarding test year, conference with PSC Staff and updating computer template for MFR accounting data	1,885.00
4. Telephone and copies	<u>21.60</u>
Total	<u>\$ 3,244.10</u>

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Cronin, Jackson, Nixon & Wilson, CPA's
Detail Worksheet

Page 15

For the Dates: 1/01/1980 - 4/30/2007

05/03/2007 1:53:41 PM

Client: 525 **K.W. RESORT UTILITIES CORP. (1120)**
Alpha: K.W. RESOR

Owner: RCN NIXON
Billor: RCN NIXON
Office: MAIN Main Office
Group: ALL

Engage: GEN **General**
Contract Amount: \$0.00

Billor: RCN NIXON
Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engagement Balance Forward	04/01/07		1,646.75	63,502.76	62,092.15	-1,410.61	0.00		R
Apr 2007									
<i>Work Code 197 TYPING</i>									
PAD DEALY	04/05/07	BT	1.00	40.00			40.00		Rate: 40.00
PAD DEALY	04/05/07	BT	1.00	40.00			40.00		Rate: 40.00
PAD DEALY	04/05/07	BT	0.25	10.00			10.00		Rate: 40.00
PAD DEALY	04/26/07	BT	0.25	10.00			10.00		Rate: 40.00
<i>Work Code 197 TYPING Total:</i>			2.50	100.00	0.00	0.00	100.00		<i>Rate Case</i>
<i>Work Code 301 RETURN PREPARATION</i>									
J S SUNG	04/02/07	BT	1.00	90.00			90.00		Rate: 90.00
<i>Work Code 301 RETURN PREPARATION Total:</i>			1.00	90.00	0.00	0.00	90.00		<i>TAX</i>
<i>Work Code 302 RETURN CHECKING</i>									
RHJ JACKSON	04/02/07	BT	3.00	570.00			570.00		Rate: 190.00
RHJ JACKSON	04/03/07	BT	0.75	142.50			142.50		Rate: 190.00
<i>Work Code 302 RETURN CHECKING Total:</i>			3.75	712.50	0.00	0.00	712.50		<i>TAX</i>
<i>Work Code 350 ADMINISTRATIVE PROCESSING</i>									
JLG GROGAN	04/03/07	BT	0.25	10.00			10.00		Rate: 40.00
<i>Work Code 350 ADMINISTRATIVE PROCESSIN</i>			0.25	10.00	0.00	0.00	10.00		<i>TAX</i>
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	04/13/07	BX	0.00	3.80			3.80		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	3.80	0.00	0.00	3.80		
<i>Work Code 904 XEROX</i>									
ALL Staff	04/30/07	BX	0.00	17.80			17.80		
<i>Work Code 904 XEROX Total:</i>			0.00	17.80	0.00	0.00	17.80		
<i>Work Code 2120 ANNUAL REPORT-PREPARE ANNUA</i>									
PED DeCHARIO	04/19/07	BT	3.50	525.00			525.00		Rate: 150.00
<i>Work Code 2120 ANNUAL REPORT-PREPARE</i>			3.50	525.00	0.00	0.00	525.00		<i>A.R</i>
<i>Work Code 2200 RATE CASE-FEASABILITY STUDY</i>									
RCN NIXON	04/04/07	BT	1.00	195.00			195.00		Rate: 195.00
<i>Work Code 2200 RATE CASE-FEASABILITY ST</i>			1.00	195.00	0.00	0.00	195.00		<i>Rate Case</i>
<i>Work Code 2205 RC-UPDATE MFRs FOR CURR CASE</i>									

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Cronin, Jackson, Nixon & Wilson, CPAs

Page 16

For the Dates: 1/01/1980 - 4/30/2007

Detail Worksheet

05/03/2007 1:53:41 PM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
PED DeCHARIO	04/17/07	BT	1.50	225.00			225.00		
<i>Work Code 2205 RC-UPDATE MFRs FOR CURR</i>			1.50	225.00	0.00	0.00	225.00		Rate: 150.00 <i>Rate Case</i>
<i>Work Code 2400 RC ADMIN-CLIENT CONFERENCE</i>									
RCN NIXON	04/03/07	BT	1.00	195.00			195.00		
<i>Work Code 2400 RC ADMIN-CLIENT CONFERE</i>			1.00	195.00	0.00	0.00	195.00		Rate: 195.00 <i>Rate Case</i>
<i>Work Code 2401 RATE CASE ADMIN-ATTORNEY CON</i>									
RCN NIXON	04/04/07	BT	1.00	195.00			195.00		
<i>Work Code 2401 RATE CASE ADMIN-ATTORNE</i>			1.00	195.00	0.00	0.00	195.00		Rate: 195.00 <i>Rate Case</i>
<i>Work Code 2404 RC ADMIN-CLIENT DOC REQUEST</i>									
RCN NIXON	04/05/07	BT	5.00	975.00			975.00		
<i>Work Code 2404 RC ADMIN-CLIENT DOC REQ</i>			5.00	975.00	0.00	0.00	975.00		Rate: 195.00 <i>Rate Case</i>
Apr 2007 Total:			20.50	3,244.10	0.00	0.00	3,244.10		
Client 525 Total:			1,667.25	66,746.86	62,092.15	-1,410.61	3,244.10		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-**q**

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

JAMES L. CARLSTEDT, C.P.A.
 PAUL E. DECHARIO, C.P.A.
 KATHERINE U. JACKSON, C.P.A.
 ROBERT H. JACKSON, C.P.A.
 CHERYL T. LOSEE, C.P.A.
 ROBERT C. NIXON, C.P.A.
 JEANETTE SUNG, C.P.A.
 HOLLY M. TOWNER, C.P.A.
 JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD
 SUITE 200
 CLEARWATER, FLORIDA 33765-4432
 (727) 791-4020
 FACSIMILE
 (727) 797-3602
 e-mail
cpas@clmv.net

INVOICE

June 6, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during May 2007, as follows:

1. Partial billing for work completed on preparation of the PSC rate case minimum filing requirements set forth on the attached detailed worksheet	\$ 5,757.50
2. Telephone and copies	<u>24.57</u>
Total	<u>\$ 5,782.07</u>

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9 Page 1

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Cronin, Jackson, Nixon & Wilson, CPA's

For the Dates: 1/01/1980 - 5/31/2007

Detail Worksheet

06/05/2007 11:10:28 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engage: GEN			General			Bill:	RCN NIXON		
Contract Amount:			\$0.00			Office:	MAIN Main Office		
Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engagement Balance Forward	05/01/07		1,667.25	66,746.86	65,336.25	-1,410.61	0.00		R
May 2007									
<i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	05/04/07	BT	0.50	20.00			20.00		
								Rate:	40.00
<i>Work Code 198 MISCELLANEOUS Total:</i>			0.50	20.00	0.00	0.00	20.00		
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	05/13/07	BX	0.00	24.17			24.17		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	24.17	0.00	0.00	24.17		
<i>Work Code 904 XEROX</i>									
ALL Staff	05/31/07	BX	0.00	0.40			0.40		
<i>Work Code 904 XEROX Total:</i>			0.00	0.40	0.00	0.00	0.40		
<i>Work Code 2207 RC-PREPARE ADJ TRIAL BALANCE</i>									
PED DeCHARIO	05/03/07	BT	3.00	450.00			450.00		
								Rate:	150.00
<i>Work Code 2207 RC-PREPARE ADJ TRIAL BAL</i>			3.00	450.00	0.00	0.00	450.00		
<i>Work Code 2210 RC-REV/ADJ PLANT (H)</i>									
PED DeCHARIO	05/01/07	BT	5.00	750.00			750.00		
								Rate:	150.00
PED DeCHARIO	05/02/07	BT	4.75	712.50			712.50		
								Rate:	150.00
PED DeCHARIO	05/04/07	BT	3.00	450.00			450.00		
								Rate:	150.00
<i>Work Code 2210 RC-REV/ADJ PLANT (H) Total:</i>			12.75	1,912.50	0.00	0.00	1,912.50		
<i>Work Code 2215 RC-BAL SHEET WORKING CAPITAL</i>									
PED DeCHARIO	05/02/07	BT	3.25	487.50			487.50		
								Rate:	150.00
PED DeCHARIO	05/03/07	BT	5.50	825.00			825.00		
								Rate:	150.00
<i>Work Code 2215 RC-BAL SHEET WORKING CA</i>			8.75	1,312.50	0.00	0.00	1,312.50		
<i>Work Code 2221 RC-REV/ADJ O & M EXP (H)</i>									
PED DeCHARIO	05/04/07	BT	2.50	375.00			375.00		
								Rate:	150.00
PED DeCHARIO	05/07/07	BT	2.50	375.00			375.00		
								Rate:	150.00
PED DeCHARIO	05/08/07	BT	4.00	600.00			600.00		
								Rate:	150.00
PED DeCHARIO	05/09/07	BT	2.25	337.50			337.50		
								Rate:	150.00
<i>Work Code 2221 RC-REV/ADJ O & M EXP (H) T</i>			11.25	1,687.50	0.00	0.00	1,687.50		
<i>Work Code 2251 RATE CASE-BILLING ANALYSIS (HIS</i>									
PED DeCHARIO	05/04/07	BT	2.50	375.00			375.00		
								Rate:	150.00
<i>Work Code 2251 RATE CASE-BILLING ANALYS</i>			2.50	375.00	0.00	0.00	375.00		
May 2007 Total:			38.75	5,782.07	0.00	0.00	5,782.07		
Client 525 Total:			1,706.00	72,528.93	65,336.25	-1,410.61	5,782.07		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

Cronin, Jackson, Nixon & Wilson
 CERTIFIED PUBLIC ACCOUNTS, P.A.

JAMES L. CARLSTEDT, C.P.A.
 PAUL E. DECHARIO, C.P.A.
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2560 GULF-TO-BAY BOULEVARD
 SUITE 200
 CLEARWATER, FLORIDA 33765-4432
 PHONE: (727) 791-4020
 FAX: (727) 797-3602
 E-MAIL: CPAS@CJNW.NET

INVOICE

July 16, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during June 2007, as follows:

1. Continued work on the minimum filing requirements (MMRs) as set forth on the attached detailed worksheet	\$23,310.00
2. Telephone, copies and Federal Express charges	<u>550.58</u>
Total	<u>\$23,860.58</u>

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Carlstedt, Jackson, Nixon & Wilson CPA's
Detail Worksheet

Page 1

For the Dates: 6/01/2007 - 6/30/2007

08/21/2008 10:28:03 AM

Client: 525 K.W. RESORT UTILITIES CORP. (1120)
Alpha: K.W. RESOR

Owner: RCN NIXON
Billor: RCN NIXON
Office: MAIN Main Office
Group: ALL

Engage: GEN General
Contract Amount: \$0.00

Billor: RCN NIXON
Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
WC Grp EXP. EXPENSES									
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	06/13/07	BX	0.00	26.11	26.11		0.00	46204	F
<i>Work Code 901 TELEPHONE Total:</i>			0.00	26.11	26.11	0.00	0.00		
 <i>Work Code 904 XEROX</i>									
ALL Staff	06/30/07	BX	0.00	409.20	409.20		0.00	46204	F
<i>Work Code 904 XEROX Total:</i>			0.00	409.20	409.20	0.00	0.00		
 <i>Work Code 905 FEDERAL EXPRESS</i>									
ALL Staff	06/26/07	BX	0.00	22.25	22.25		0.00	46204	F
ALL Staff	06/26/07	BX	0.00	26.29	26.29		0.00	46204	F
ALL Staff	06/26/07	BX	0.00	17.85	17.85		0.00	46204	F
ALL Staff	06/26/07	BX	0.00	21.91	21.91		0.00	46204	F
ALL Staff	06/26/07	BX	0.00	26.97	26.97		0.00	46204	F
<i>Work Code 905 FEDERAL EXPRESS Total:</i>			0.00	115.27	115.27	0.00	0.00		
WC Grp EXP. EXPENSES Total:			0.00	550.58	550.58	0.00	0.00		
 WC Grp MISC MISCELLANEOUS									
<i>Work Code 197 TYPING</i>									
PAD DEALY	06/18/07	BT	4.50	180.00	180.00		0.00	46204	F
<i>Work Code 197 TYPING Total:</i>			4.50	180.00	180.00	0.00	0.00		
 <i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	06/20/07	BT	0.50	20.00	20.00		0.00	46204	F
<i>Work Code 198 MISCELLANEOUS Total:</i>			0.50	20.00	20.00	0.00	0.00		
WC Grp MISC MISCELLANEOUS Total:			5.00	200.00	200.00	0.00	0.00		
 WC Grp TAX TAXES									
<i>Work Code 310 MISCELLANEOUS</i>									
RHJ JACKSON	06/26/07	BT	0.25	47.50	47.50		0.00	46204	F
<i>Work Code 310 MISCELLANEOUS Total:</i>			0.25	47.50	47.50	0.00	0.00		
WC Grp TAX TAXES Total:			0.25	47.50	47.50	0.00	0.00		
 WC Grp UTIL UTILITIES									
<i>Work Code 2210 RC-REV/ADJ PLANT (H)</i>									
PED DeCHARIO	06/01/07	BT	4.50	675.00	675.00		0.00	46204	F
PED DeCHARIO	06/04/07	BT	6.00	900.00	900.00		0.00	46204	F
<i>Work Code 2210 RC-REV/ADJ PLANT (H) Total:</i>			10.50	1,575.00	1,575.00	0.00	0.00		

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 2

For the Dates: 6/01/2007 - 6/30/2007

Detail Worksheet

08/21/2008 10:28:03 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
<i>Work Code 2224 RC-REV/ADJ INC TAX PROV (HIST)</i>									
PED DeCHARIO	06/11/07	BT	3.00	450.00	450.00		0.00	46204	F
<i>Work Code 2224 RC-REV/ADJ INC TAX PROV (</i>			3.00	450.00	450.00	0.00	0.00		
<i>Work Code 2230 RC-ANALYSIS OF O & M EXPENSES</i>									
PED DeCHARIO	06/04/07	BT	2.00	300.00	300.00		0.00	46204	F
<i>Work Code 2230 RC-ANALYSIS OF O & M EXP</i>			2.00	300.00	300.00	0.00	0.00		
<i>Work Code 2240 RC-REV/ADJ LNG TRM DEBT (H)</i>									
PED DeCHARIO	06/25/07	BT	2.00	300.00	300.00		0.00	46204	F
<i>Work Code 2240 RC-REV/ADJ LNG TRM DEBT (</i>			2.00	300.00	300.00	0.00	0.00		
<i>Work Code 2251 RC-BILLING ANALYSIS (HISTORIC)</i>									
PED DeCHARIO	06/06/07	BT	8.00	1,200.00	1,200.00		0.00	46204	F
PED DeCHARIO	06/07/07	BT	8.00	1,200.00	1,200.00		0.00	46204	F
PED DeCHARIO	06/08/07	BT	5.00	750.00	750.00		0.00	46204	F
PED DeCHARIO	06/11/07	BT	6.00	900.00	900.00		0.00	46204	F
PED DeCHARIO	06/12/07	BT	9.50	1,425.00	1,425.00		0.00	46204	F
PED DeCHARIO	06/13/07	BT	7.50	1,125.00	1,125.00		0.00	46204	F
PED DeCHARIO	06/14/07	BT	4.25	637.50	637.50		0.00	46204	F
PED DeCHARIO	06/15/07	BT	4.00	600.00	600.00		0.00	46204	F
PED DeCHARIO	06/18/07	BT	8.50	1,275.00	1,275.00		0.00	46204	F
PED DeCHARIO	06/19/07	BT	8.50	1,275.00	1,275.00		0.00	46204	F
PED DeCHARIO	06/20/07	BT	5.50	825.00	825.00		0.00	46204	F
PED DeCHARIO	06/27/07	BT	8.00	1,200.00	1,200.00		0.00	46204	F
PED DeCHARIO	06/28/07	BT	8.00	1,200.00	1,200.00		0.00	46204	F
<i>Work Code 2251 RC-BILLING ANALYSIS (HIST</i>			90.75	13,612.50	13,612.50	0.00	0.00		
<i>Work Code 2252 RC-CUST/BILLS/GALLONS (HISTORI</i>									
PED DeCHARIO	06/25/07	BT	1.00	150.00	150.00		0.00	46204	F
<i>Work Code 2252 RC-CUST/BILLS/GALLONS (HI</i>			1.00	150.00	150.00	0.00	0.00		
<i>Work Code 2253 RC-PROOF OF REV (HISTORIC)</i>									
PED DeCHARIO	06/25/07	BT	2.00	300.00	300.00		0.00	46204	F
<i>Work Code 2253 RC-PROOF OF REV (HISTORI</i>			2.00	300.00	300.00	0.00	0.00		
<i>Work Code 2254 RC-ANNUALIZED REVENUE</i>									
PED DeCHARIO	06/25/07	BT	2.00	300.00	300.00		0.00	46204	F
<i>Work Code 2254 RC-ANNUALIZED REVENUE T</i>			2.00	300.00	300.00	0.00	0.00		
<i>Work Code 2264 RC-SCHEDULE OF ERC'S</i>									
RCN NIXON	06/29/07	BT	3.00	585.00	585.00		0.00	46204	F
<i>Work Code 2264 RC-SCHEDULE OF ERC'S Tot</i>			3.00	585.00	585.00	0.00	0.00		
<i>Work Code 2352 RC-PROJTD BILLING ANALYSIS</i>									
RCN NIXON	06/24/07	BT	7.00	1,365.00	1,365.00		0.00	46204	F
<i>Work Code 2352 RC-PROJTD BILLING ANALYS</i>			7.00	1,365.00	1,365.00	0.00	0.00		
<i>Work Code 2353 RC-PROJTD CUSTS/BILLS/GALLONS</i>									
RCN NIXON	06/11/07	BT	1.00	195.00	195.00		0.00	46204	F

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 3

For the Dates: 6/01/2007 - 6/30/2007

Detail Worksheet

08/21/2008 10:28:03 AM

<u>Staff</u>	<u>Date</u>	<u>Type</u>	<u>Hours</u>	<u>Amount</u>	<u>Bill</u>	<u>Up/Down</u>	<u>Remaining</u>	<u>Invoice</u>	<u>Status</u>
<i>Work Code 2353 RC-PROJTD CUSTS/BILLS/GA</i>									
			1.00	195.00	195.00	0.00	0.00		
<i>Work Code 2380 RC-REVIEW SECTION "A"</i>									
PED	DeCHARIO	06/05/07	BT	4.00	600.00	600.00		0.00	46204 F
RCN	NIXON	06/21/07	BT	2.00	390.00	390.00		0.00	46204 F
RCN	NIXON	06/22/07	BT	6.00	1,170.00	1,170.00		0.00	46204 F
JSP	PORTER	06/28/07	BT	5.25	472.50	472.50		0.00	46204 F
<i>Work Code 2380 RC-REVIEW SECTION "A" Tot</i>			17.25	2,632.50	2,632.50	0.00	0.00		
<i>Work Code 2381 RC-REVIEW SECTION "B"</i>									
PED	DeCHARIO	06/05/07	BT	4.00	600.00	600.00		0.00	46204 F
<i>Work Code 2381 RC-REVIEW SECTION "B" Tot</i>			4.00	600.00	600.00	0.00	0.00		
<i>Work Code 2383 RC-REVIEW SECTION "D"</i>									
RCN	NIXON	06/23/07	BT	2.00	390.00	390.00		0.00	46204 F
<i>Work Code 2383 RC-REVIEW SECTION "D" Tot</i>			2.00	390.00	390.00	0.00	0.00		
<i>Work Code 2384 RC-REVIEW SECTION "E"</i>									
RCN	NIXON	06/23/07	BT	1.00	195.00	195.00		0.00	46204 F
<i>Work Code 2384 RC-REVIEW SECTION "E" Tot</i>			1.00	195.00	195.00	0.00	0.00		
<i>Work Code 2400 RC ADMIN-CLIENT CONFERENCE</i>									
PED	DeCHARIO	06/14/07	BT	0.75	112.50	112.50		0.00	46204 F
<i>Work Code 2400 RC ADMIN-CLIENT CONFERE</i>			0.75	112.50	112.50	0.00	0.00		
WC Grp UTIL UTILITIES Total:			149.25	23,062.50	23,062.50	0.00	0.00		
Client 525 Total:			154.50	23,860.58	23,860.58	0.00	0.00		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-4

Cronin, Jackson, Nixon & Wilson
 CERTIFIED PUBLIC ACCOUNTS, P.A.

JAMES L. CARLSTEDT, C.P.A.
 PAUL E. DECHARIO, C.P.A.
 KATHERINE U. JACKSON, C.P.A.
 ROBERT H. JACKSON, C.P.A.
 CHERYL T. LOSEE, C.P.A.
 ROBERT C. NIXON, C.P.A.
 JEANETTE SUNG, C.P.A.
 HOLLY M. TOWNER, C.P.A.
 JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD
 SUITE 200
 CLEARWATER, FLORIDA 33765-4432
 PHONE: (727) 791-4020
 FAX: (727) 797-3602
 E-MAIL: CPAS@CJNW.NET

INVOICE

August 8, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during July 2007, as follows:

1. Preparation and review of the MFR's as set forth on the attached detailed worksheet	\$12,087.50
2. Telephone, copies, binding and Federal Express charges	<u>859.96</u>
Total	<u>\$12,947.46</u>

Printed By CLH

Carlstedt, Jackson, Nixon & Wilson CPA's

Page 2

For the Dates: 1/01/1980 - 7/31/2007

Detail Worksheet

08/08/2007 4:26:05 PM

Client: 525

K.W. RESORT UTILITIES CORP. (1120)

Alpha: K.W. RESOR

Owner: RCN NIXON
 Biller: RCN NIXON
 Office: MAIN Main Office
 Group: ALL

Engage: GEN

General

Contract Amount: \$0.00

Biller: RCN NIXON
 Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
Engagement Balance Forward	07/01/07		1,860.50	96,389.51	94,978.90	-1,410.61	0.00		R
Jul 2007									
<i>Work Code 197 TYPING</i>									
PAD DEALY	07/11/07	BT	0.50	20.00			20.00		
								Rate:	40.00
PAD DEALY	07/12/07	BT	2.00	80.00			80.00		
								Rate:	40.00
PAD DEALY	07/25/07	BT	1.00	40.00			40.00		
								Rate:	40.00
PAD DEALY	07/26/07	BT	1.00	40.00			40.00		
								Rate:	40.00
PAD DEALY	07/30/07	BT	0.50	20.00			20.00		
								Rate:	40.00
<i>Work Code 197 TYPING Total:</i>			5.00	200.00	0.00	0.00	200.00		
<i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	07/17/07	BT	1.00	40.00			40.00		
								Rate:	40.00
PAD DEALY	07/23/07	BT	1.00	40.00			40.00		
								Rate:	40.00
JLG GROGAN	07/24/07	BT	0.50	20.00			20.00		
								Rate:	40.00
PAD DEALY	07/24/07	BT	5.00	200.00			200.00		
								Rate:	40.00
PAD DEALY	07/27/07	BT	0.25	10.00			10.00		
								Rate:	40.00
PAD DEALY	07/30/07	BT	5.00	200.00			200.00		
								Rate:	40.00
<i>Work Code 198 MISCELLANEOUS Total:</i>			12.75	510.00	0.00	0.00	510.00		
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	07/13/07	BX	0.00	6.08			6.08		
<i>Work Code 901 TELEPHONE Total:</i>			0.00	6.08	0.00	0.00	6.08		
<i>Work Code 904 XEROX</i>									
ALL Staff	07/31/07	BX	0.00	792.80			792.80		
<i>Work Code 904 XEROX Total:</i>			0.00	792.80	0.00	0.00	792.80		
<i>Work Code 905 FEDERAL EXPRESS</i>									
ALL Staff	07/24/07	BX	0.00	61.08			61.08		
<i>Work Code 905 FEDERAL EXPRESS Total:</i>			0.00	61.08	0.00	0.00	61.08		
<i>Work Code 2255 RATE CASE-OTHER RATE SCHEDUL</i>									
JSP PORTER	07/11/07	BT	1.25	112.50			112.50		
								Rate:	90.00
<i>Work Code 2255 RATE CASE-OTHER RATE SC</i>			1.25	112.50	0.00	0.00	112.50		

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 3

For the Dates: 1/01/1980 - 7/31/2007

Detail Worksheet

08/08/2007 4:26:05 PM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
PED DeCHARIO	07/05/07	BT	8.00	1,200.00			1,200.00	Rate:	150.00
PED DeCHARIO	07/06/07	BT	4.00	600.00			600.00	Rate:	150.00
<i>Work Code 2352 RATE CASE-PROJECTED BIL</i>			12.00	1,800.00	0.00	0.00	1,800.00		
<i>Work Code 2380 RATE CASE-REVIEW SECTION "A"</i>									
RCN NIXON	07/10/07	BT	1.00	195.00			195.00	Rate:	195.00
RCN NIXON	07/11/07	BT	2.00	390.00			390.00	Rate:	195.00
RCN NIXON	07/12/07	BT	2.00	390.00			390.00	Rate:	195.00
JSP PORTER	07/25/07	BT	1.25	112.50			112.50	Rate:	90.00
JSP PORTER	07/27/07	BT	1.00	90.00			90.00	Rate:	90.00
<i>Work Code 2380 RATE CASE-REVIEW SECTIO</i>			7.25	1,177.50	0.00	0.00	1,177.50		
<i>Work Code 2381 RATE CASE-REVIEW SECTION "B"</i>									
JSP PORTER	07/02/07	BT	3.00	270.00			270.00	Rate:	90.00
RCN NIXON	07/10/07	BT	2.50	487.50			487.50	Rate:	195.00
RCN NIXON	07/11/07	BT	2.00	390.00			390.00	Rate:	195.00
RCN NIXON	07/12/07	BT	2.00	390.00			390.00	Rate:	195.00
RCN NIXON	07/30/07	BT	1.00	195.00			195.00	Rate:	195.00
RCN NIXON	07/31/07	BT	1.00	195.00			195.00	Rate:	195.00
<i>Work Code 2381 RATE CASE-REVIEW SECTIO</i>			11.50	1,927.50	0.00	0.00	1,927.50		
<i>Work Code 2383 RATE CASE-REVIEW SECTION "D"</i>									
RCN NIXON	07/10/07	BT	1.00	195.00			195.00	Rate:	195.00
<i>Work Code 2383 RATE CASE-REVIEW SECTIO</i>			1.00	195.00	0.00	0.00	195.00		
<i>Work Code 2384 RATE CASE-REVIEW SECTION "E"</i>									
RCN NIXON	07/11/07	BT	3.00	585.00			585.00	Rate:	195.00
<i>Work Code 2384 RATE CASE-REVIEW SECTIO</i>			3.00	585.00	0.00	0.00	585.00		
<i>Work Code 2385 RATE CASE-REVIEW SECTION "F"</i>									
RCN NIXON	07/11/07	BT	1.00	195.00			195.00	Rate:	195.00
<i>Work Code 2385 RATE CASE-REVIEW SECTIO</i>			1.00	195.00	0.00	0.00	195.00		
<i>Work Code 2391 RATE CASE-POST REVIEW UPDATE</i>									
PED DeCHARIO	07/09/07	BT	2.50	375.00			375.00	Rate:	150.00
PED DeCHARIO	07/10/07	BT	2.50	375.00			375.00	Rate:	150.00
PED DeCHARIO	07/11/07	BT	3.50	525.00			525.00	Rate:	150.00
PED DeCHARIO	07/26/07	BT	7.00	1,050.00			1,050.00	Rate:	150.00
<i>Work Code 2391 RATE CASE-POST REVIEW U</i>			15.50	2,325.00	0.00	0.00	2,325.00		
<i>Work Code 2400 RATE CASE-ADMIN/CLIENT CONFERENCE</i>									

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 4

For the Dates: 1/01/1980 - 7/31/2007

Detail Worksheet

08/08/2007 4:26:05 PM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
PED DeCHARIO	07/20/07	BT	1.50	225.00			225.00		
								Rate:	150.00
<i>Work Code 2400 RC ADMIN-CLIENT CONFERE</i>			1.50	225.00	0.00	0.00	225.00		
<i>Work Code 2523 RATE CASE-REVIEW TESTIMONY</i>									
RCN NIXON	07/25/07	BT	1.00	195.00			195.00		
								Rate:	195.00
RCN NIXON	07/26/07	BT	1.00	195.00			195.00		
								Rate:	195.00
RCN NIXON	07/30/07	BT	1.00	195.00			195.00		
								Rate:	195.00
<i>Work Code 2523 RATE CASE-REVIEW TESTIM</i>			3.00	585.00	0.00	0.00	585.00		
<i>Work Code 2524 RATE CASE-PREPARE PREFILED DI</i>									
PED DeCHARIO	07/24/07	BT	0.50	75.00			75.00		
								Rate:	150.00
PED DeCHARIO	07/25/07	BT	6.50	975.00			975.00		
								Rate:	150.00
PED DeCHARIO	07/26/07	BT	1.00	150.00			150.00		
								Rate:	150.00
PED DeCHARIO	07/27/07	BT	2.00	300.00			300.00		
								Rate:	150.00
PED DeCHARIO	07/30/07	BT	4.00	600.00			600.00		
								Rate:	150.00
PED DeCHARIO	07/31/07	BT	1.00	150.00			150.00		
								Rate:	150.00
<i>Work Code 2524 RATE CASE-PREPARE PREFI</i>			15.00	2,250.00	0.00	0.00	2,250.00		
Jul 2007 Total:			89.75	12,947.46	0.00	0.00	12,947.46		
Client 525 Total:			1,950.25	109,336.97	94,978.90	-1,410.61	12,947.46		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9



Carlstedt, Jackson, Nixon & Wilson
 CERTIFIED PUBLIC ACCOUNTANTS, P.A.

James L. Carlstedt, C.P.A.
Paul E. DeChario, C.P.A.
Katherine U. Jackson, C.P.A.
Robert H. Jackson, C.P.A.
Cheryl T. Losez, C.P.A.
Robert C. Nixon, C.P.A.
Jeanette Sung, C.P.A.
Holly M. Towner, C.P.A.
James L. Wilson, C.P.A.

INVOICE

September 5, 2007

KW Resort Utilities Corporation
 Attn.: Ms. Gillian Seifert
 c/o Key West Golf Club
 6450 College Road
 Key West, Florida 33040

#525

For professional services rendered during August 2007, as follows:

1. Work related to the rate case including preparation of pre-filed testimony, review of rate structure requested and preparation of book of audit request information for the PSC auditor, as set forth on the attached detailed worksheet	\$ 4,937.50
2. Telephone, copies, and Federal Express charges	<u>857.20</u>
Total	<u>\$ 5,794.70</u>

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Carlstedt, Jackson, Nixon & Wilson CPA's
Detail Worksheet

Docket No. 070293-SU
Actual & Estimated Rate Case Expense
Exhibit PED-1 Page 1
08/21/2008 10:30:25 AM

For the Dates: 8/01/2007 - 8/31/2007

Client: 525 K.W. RESORT UTILITIES CORP. (1120)
Alpha: K.W. RESOR

Owner: RCN NIXON
Bill: RCN NIXON
Office: MAIN Main Office
Group: ALL

Engage: GEN General Contract Amount: \$0.00
Bill: RCN NIXON
Office: MAIN Main Office

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remaining	Invoice	Status
WC Grp EXP. EXPENSES									
<i>Work Code 901 TELEPHONE</i>									
ALL Staff	08/13/07	BX	0.00	31.45	31.45		0.00	46350	F
<i>Work Code 901 TELEPHONE Total:</i>			0.00	31.45	31.45	0.00	0.00		
 <i>Work Code 904 XEROX</i>									
ALL Staff	08/31/07	BX	0.00	630.80	630.80		0.00	46350	F
<i>Work Code 904 XEROX Total:</i>			0.00	630.80	630.80	0.00	0.00		
 <i>Work Code 905 FEDERAL EXPRESS</i>									
ALL Staff	08/28/07	BX	0.00	23.79	23.79		0.00	46350	F
ALL Staff	08/28/07	BX	0.00	19.44	19.44		0.00	46350	F
ALL Staff	08/28/07	BX	0.00	21.25	21.25		0.00	46350	F
ALL Staff	08/28/07	BX	0.00	31.87	31.87		0.00	46350	F
ALL Staff	08/28/07	BX	0.00	23.79	23.79		0.00	46350	F
ALL Staff	08/28/07	BX	0.00	21.51	21.51		0.00	46350	F
ALL Staff	08/28/07	BX	0.00	24.31	24.31		0.00	46350	F
ALL Staff	08/28/07	BX	0.00	28.99	28.99		0.00	46350	F
<i>Work Code 905 FEDERAL EXPRESS Total:</i>			0.00	194.95	194.95	0.00	0.00		
WC Grp EXP. EXPENSES Total:			0.00	857.20	857.20	0.00	0.00		
 WC Grp MISC MISCELLANEOUS									
<i>Work Code 197 TYPING</i>									
PAD DEALY	08/02/07	BT	0.50	20.00	20.00		0.00	46350	F
<i>Work Code 197 TYPING Total:</i>			0.50	20.00	20.00	0.00	0.00		
 <i>Work Code 198 MISCELLANEOUS</i>									
PAD DEALY	08/02/07	BT	2.00	80.00	80.00		0.00	46350	F
PAD DEALY	08/03/07	BT	1.00	40.00	40.00		0.00	46350	F
PAD DEALY	08/06/07	BT	3.00	120.00	120.00		0.00	46350	F
PAD DEALY	08/23/07	BT	1.50	60.00	60.00		0.00	46350	F
PAD DEALY	08/27/07	BT	2.00	80.00	80.00		0.00	46350	F
<i>Work Code 198 MISCELLANEOUS Total:</i>			9.50	380.00	380.00	0.00	0.00		
WC Grp MISC MISCELLANEOUS Total:			10.00	400.00	400.00	0.00	0.00		
 WC Grp UTIL UTILITIES									
<i>Work Code 2255 RC-OTHER RATE SCHEDULES</i>									
RCN NIXON	08/17/07	BT	2.00	390.00	390.00		0.00	46350	F
RCN NIXON	08/20/07	BT	0.50	97.50	97.50		0.00	46350	F
<i>Work Code 2255 RC-OTHER RATE SCHEDULE</i>			2.50	487.50	487.50	0.00	0.00		

Work Code 2391 RC-POST REVIEW UPDATES

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Carlstedt, Jackson, Nixon & Wilson CPA's

Page 2

For the Dates: 8/01/2007 - 8/31/2007

Detail Worksheet

08/21/2008 10:30:25 AM

Staff	Date	Type	Hours	Amount	Bill	Up/Down	Remalning	Invoice	Status
PED DeCHARIO	08/17/07	BT	1.50	225.00	225.00		0.00	46350	F
<i>Work Code 2391 RC-POST REVIEW UPDATES</i>			1.50	225.00	225.00	0.00	0.00		
<i>Work Code 2393 RC-CORRECT MFR DEFICIENCIES</i>									
PED DeCHARIO	08/22/07	BT	0.50	75.00	75.00		0.00	46350	F
<i>Work Code 2393 RC-CORRECT MFR DEFICIEN</i>			0.50	75.00	75.00	0.00	0.00		
<i>Work Code 2406 RC ADMIN-ATTY CORRESPONDENC</i>									
PED DeCHARIO	08/14/07	BT	0.50	75.00	75.00		0.00	46350	F
<i>Work Code 2406 RC ADMIN-ATTY CORRESPO</i>			0.50	75.00	75.00	0.00	0.00		
<i>Work Code 2510 RC-ANS STAFF AUDIT REQUEST</i>									
PED DeCHARIO	08/22/07	BT	2.00	300.00	300.00		0.00	46350	F
PED DeCHARIO	08/23/07	BT	8.00	1,200.00	1,200.00		0.00	46350	F
PED DeCHARIO	08/24/07	BT	4.00	600.00	600.00		0.00	46350	F
PED DeCHARIO	08/27/07	BT	4.50	675.00	675.00		0.00	46350	F
<i>Work Code 2510 RC-ANS STAFF AUDIT REQU</i>			18.50	2,775.00	2,775.00	0.00	0.00		
<i>Work Code 2524 RC-PREP PREF DIRECT TESTIMON</i>									
PED DeCHARIO	08/02/07	BT	6.00	900.00	900.00		0.00	46350	F
<i>Work Code 2524 RC-PREP PREF DIRECT TEST</i>			6.00	900.00	900.00	0.00	0.00		
WC Grp UTIL UTILITIES Total:			29.50	4,537.50	4,537.50	0.00	0.00		
Client 525 Total:			39.50	5,794.70	5,794.70	0.00	0.00		

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

KW Resort Utilities
 EXHIBIT PED-9
 Docket No. 070293-SU

Actual and Estimated Rate Case Expense Through Hearing
 Engineering Expense

<u>Date</u>	<u>Hours</u>	<u>Fees</u>	<u>Description</u>
<u>Weiler Engineering</u>			
Ed Castle P.E.			
Billed Expenses:			
10/05/2007	1.50	240.00	Review equations for sludge, electricity and chemicals, email to Doug for PSC
10/12/2007	2.75	440.00	Review 84-99 capitals, research with Mark, discuss with Doug, research present worth for PSC
10/15/2007	3.00	480.00	Work on capitals for PSC audit request, meet with Mark, phone with Doug & CPA, etc.
10/16/2007	3.75	600.00	Work on historical capital projects costs for PSC
10/17/2007	2.00	320.00	Work on historical project cost narrative for PSC
10/18/2007	1.50	240.00	Revise PSC historical projects cost spreadsheet and mail to Doug
11/02/2007	3.75	600.00	Work on spreadsheets, modifications, phone conferences re capital projects costs for rate case
11/05/2007	3.50	560.00	Meet at KWRU with PSC engineer
11/12/2007	2.00	320.00	Calls with Doug and Paul, update capital projects spreadsheets and narrative, email
11/26/2007	0.50	80.00	Phone with Doug re PSC rates, documents, upcoming meetings
11/26/2007	3.00	480.00	Meetings at KWGC and deposition re PSC rate case
12/07/2007	2.00	320.00	Write process selection description, modifications for PSC
12/14/2007	1.00	160.00	Phone with Doug re PSC request, draft letter addressing vendor selection
07/09/2008	0.50	80.00	KEI, emails re PSC rates, download questions for Ed
07/14/2008	2.75	440.00	KEI, review rebuttal questions, conference call, review Woodcock, Johnson & Desmukes, draft rebuttal
	<u>33.50</u>	<u>5,360.00</u>	
Total Hours			
Estimate to Complete (Attached)	<u>76</u>	<u>14,010.00</u>	
Total Actual and Estimated Expenses	<u>109.5</u>	<u>\$ 19,370.00</u>	

KW RESORT UTILITIES CORPORATION
PSC Docket No. 070293
ENGINEERING SERVICES
Rate Case Estimate to Complete

Docket No. 070293-SU
Actual & Estimated Rate Case Expense
Exhibit PED-9

Estimate to Complete

Work with utility and attorneys and accountants in responding to discovery from OPC and staff 5 hours @ \$160			
Telecopies, Fed-X, Photocopies, Postage	\$800	\$ 50	\$ 850
Review OPC and staff Testimony; work with attorneys and engineers concerning Responses, telephone calls and drafting responsive testimony 25 hours @ \$160			
Telecopies, Fed-X, Photocopies, Postage	4,000	200	4,200
Preparation of deposition questions with attorney and utility staff of OPC and staff witnesses 15 hours @ \$160			
Telecopies, Fed-X, Photocopies, Postage	2,400	1,000	3,400
Final preparation for and participation In hearing, meetings with attorneys And utility staff 20 hours @ \$160			
Telecopies, Fed-X, Photocopies, Postage	3,200	500	3,700
Assist in the preparation of late filed exhibits 5 hours @ \$160			
Telecopies, Fed-X, Photocopies, Postage	800	100	900
Review staff recommendation for final decision and participate in conference calls and responses to same and discussion of potential reconsideration issues 6 hours @ \$160			
Telecopies, Fed-X, Photocopies, Postage	<u>960</u>	<u>-0-</u>	<u>960</u>
 Total Estimated Expense	 <u>\$12,160</u>	 <u>\$1,850</u>	 <u>14,010</u>

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-9

KW Resort Utilities, Inc.
 EXHIBIT PED-9
 Docket No. 070293-SU

Actual and Estimated Rate Case Expense Through Hearing
 Company Expense

Dates	Doug Carter		Gillian Siefert		Judy Irizarry		Total	
	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount
February - March, 2007	20	\$ 1,000.00	36	\$ 1,440.00	20	\$ 400.00	76	\$ 2,840.00
April - June, 2007	20	1,000.00	100	4,000.00	20	400.00	140	5,400.00
March - Jun, 2007	50	2,500.00		-	20	400.00	70	2,900.00
June - December, 2007	560	28,000.00	234	9,360.00	560	11,200.00	1354	48,560.00
November, 2007 - January, 2008	10	500.00		-	10	200.00	20	700.00
May - July, 2008	<u>24</u>	<u>1,200.00</u>		<u>-</u>	<u>0</u>	<u>-</u>	<u>24</u>	<u>1,200.00</u>
	684	34,200.00	370	14,800.00	630	12,600.00	1684	61,600.00
Estimate to Complete	<u>20</u>	<u>1,000.00</u>	<u>20</u>	<u>800.00</u>	<u>80</u>	<u>1,600.00</u>	<u>120</u>	<u>3,400.00</u>
Total Actual and Estimated Expense	<u>704</u>	<u>\$ 35,200.00</u>	<u>390</u>	<u>\$ 15,600.00</u>	<u>710</u>	<u>\$ 14,200.00</u>	<u>1804</u>	<u>\$ 65,000.00</u>

Doug Carter's estimated time on FPSC rate case

February 2007 through March 2007 (Total 20 hours)	\$ 1,000
<ul style="list-style-type: none"> Review and discuss all documents with William Smith that were provided to accountants for Rate case Feasibility Study 	
April 2007 through June 2007 (Total 20 hours)	1,000
<ul style="list-style-type: none"> Review and discuss all documents and information provided to accountants for "Test Year" with William Smith that were provided to accountants 	
March 2007 through June 2007: (Total 50 hours)	2,500
<ul style="list-style-type: none"> Obtained the water history of KWRU's customers from the Florida Keys Aqueduct Authority to determine each customer's class, meter size, and water usage Reviewed water history with accountants and William Smith to help determine the number of customers to be billed, customer type, meter size and actual consumption Review all bulk service agreements to determine if they will be necessary to continue or should the customer be billed according to consumption All data compiled and forwarded to accountants to develop a billing analysis 	
June 2007 through December 2007: (Total 560 hours, 20 hours per week for 7 months)	28,000
<ul style="list-style-type: none"> Responded to hundreds of FPSC Staff and Citizen's Interrogatories and Request for Productions Complied thousands of records which included; pulling invoices and other documents from files, reviewing records, copying thousands files, shipping hundreds of pounds of records, numerous conference calls, emails and countless phone calls with William Smith, our attorneys and accountants to review and finalize all material submitted 	
November 2007 through January 2008 (Total 10 hours for depositions)	500
<ul style="list-style-type: none"> Prepare for deposition, completed deposition and reviewed deposition 	
May 2008 through July 2008 (Total 24 hours)	<u>1,200</u>
<ul style="list-style-type: none"> Continue to work on Interrogatories and Request for Production Finalize other miscellaneous rate case items 	
Estimated time to complete rate case: (Total 20 hours)	<u>\$ 34,200</u>

KW RESORT UTILITIES CORP - TIME SPENT ON RATE CASE

<u>GILLIAN SEIFERT</u>	<u>HOURS</u>	<u>AMOUNT</u>
2/07 Preparation & copy documents required by CJNW for Rate Case Feasibility Study and telephones/faxes/e-mails re same	8	\$ 320.00
3/07 Further information provided to CJNW Go over FKAA SI customer list	24 4	960.00 160.00
4/07 Provide Test Year information to CJNW	32	1,280.00
5/07 Information provided to CJNW/loans/tariffs/etc	32	1,280.00
6/07 Information provided to CJNW/Income/Contracts/KWGC charges/etc Conference calls/e-mails/faxes etc	32 4	1,280.00 160.00
7/07 Look over CJNW's MFR's Vol I /II/III/IV	8	320.00
8/07 Audit Request #1 - Documents and Response Telephone calls/docs/etc with CJNW & RSB Conference calls with Kathy Welch, Auditor, PSC re audit and doc requests, etc Request #2 - CJNW provided info re G/L's Pull items required for KW/PSC audit prior to her coming down to look things over in person	16 2 2 8	640.00 80.00 80.00 320.00
9/07 PSC Auditor Visit to Key West/pull requested information, provide and copy documentation, answer questions, etc. Audit Request #3 copy and send to PSC & CJNW 2 pages of proof of payment for various Capital Expense Items going back to 1999. Pulling old files out of storage (Maint Barn) (very very hot) Request #4 - more information requested by PSC Request #5 copy 2006 expenses proof of payment at requested/insurance policys/Weiler contracts/AirVac & KEI Contract/etc Peruse PSC Order Establishing Procedure Provide info as requested by CJNW Conference call on Discovery/CJNW/KWRU/RSB/WLS Arrange for Escrow account at BB&T Research and hunt for missing documentation per Discovery Look over and assist with response to 1st set of Interrogatories Documents research copy/fax/e-mail to CJNW & RSB Interim Rate Increase work done to A/R system for billing at new rate/advise customers or rate increase/mailing prep etc Request #6- provide documentation	16 20 8 12 1 8 1 1 3 2 10 12 4	640.00 800.00 320.00 480.00 40.00 320.00 40.00 40.00 120.00 80.00 400.00 480.00 160.00

Docket No. 070293-SU
 Actual & Estimated Rate Case Expense
 Exhibit PED-**9**

<u>GILLIAN SEIFERT</u>	<u>HOURS</u>	<u>AMOUNT</u>
10/07 Respond to PSC Doc Request #7	3	120.00
Respond to PSC Doc Request #8	8	320.00
Respond to PSC Doc Request #9	2	80.00
Respond to PSC Doc Request #10	4	160.00
Respond to PSC Doc Request #11	1	40.00
Respond to PSC Doc Request #12	1	40.00
Respond to PSC Doc Request #13	1	40.00
Respond to PSC Doc Request #14	1	40.00
Respond to PSC Doc Request #15 (FKAA Flow Data CD)		
Respond to PSC Doc Request #16 (depreciation schedules)	1	40.00
Respond to Doc Requests #17-35 (working with CJNW)	12	480.00
Respond to Kathy Welch re questions on plant sample/Interrog 64	2	80.00
Other documents requested by K Welch PSC/copied/faxed etc	8	320.00
Vehicle Schedule	2	80.00
Customer Escrow Deposit Information provided to PSC	2	80.00
Run & Fax G/L's to Paul Dechario	3	120.00
Developer Agreements to PSC copied and faxed	2	80.00
OPC's Request to Produce & Interrogatories	3	120.00
Read final audit report	1	40.00
Document request from RSB	5	200.00
Telephone conversations/e-mails faxes documents copies for CJNW	10	400.00
11/07 Doc Request information collected/copied faxes to RSB	8	320.00
Ongoing requests for information from CJNW re OPC etc	8	320.00
Deposition with OPC	1	40.00
Conference calls	1	40.00
12/07 Ongoing Documentation pulled/copied/faxed to RSB & CJNW	<u>10</u>	<u>400.00</u>
	<u>370</u>	<u>\$14,800.00</u>

Judi Irizarry's estimated time on FPSC rate case

February 2007 through March 2007 (Total 20 hours) \$ 400

Pulled documents from files, copied and forwarded to accountants, for Rate case Feasibility Study

April 2007 through June 2007 (Total 20 hours) 400

- Pulled documents from files, copied and forwarded information to accountants, for "Test Year"

March 2007 through June 2007: (Total 20 hours) 400

- Obtained the water history of KWRU's customers from the Florida Keys Aqueduct Authority to determine each customer's class, meter size, and water usage
- Reviewed water history with Doug Carter to help determine the number of customers to be billed, customer type, meter size and actual consumption
- Review all bulk service agreements with Doug Carter to determine if they will be necessary to continue or should the customer be billed according to consumption
- All data copied, complied and forwarded to accountants to develop a billing analysis

June 2007 through December 2007: (Total 560 hours, 20 hours per week for 7 months) 11,200

- Assisted in gathering documents and information in response to hundreds of FPSC Staff and Citizen's Interrogatories and Request for Productions
- Complied thousands of records which included; pulling invoices and other documents from files, reviewing records, copying thousands files, and shipping hundreds of pounds of records

November 2007 through January 2008 (Total 10 hours for depositions) 200

- Prepare for deposition, completed deposition and reviewed deposition

\$ 12,600

Estimated time to complete rate case: (Total 80 hours)

- Return all files, documents and records to original filing cabinets