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June 12, 1997

VIA HAND DELIVERY

Ms. Edith H. Xanders
Bureau of Policy Development
and Industry Structure
Division of Water & Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: K.W. Resort Utilities Corporation; PSC Docket No. **970229-SU**
Limited Proceeding/Reuse Water Rate Increase
Our File No. 20779.04

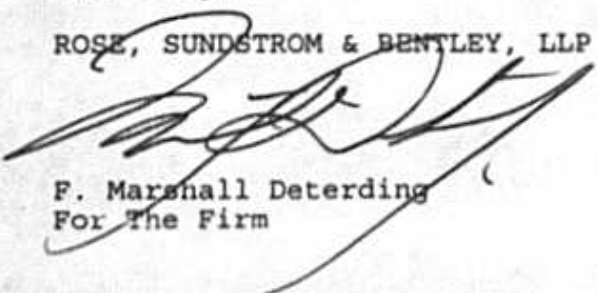
Dear Edie:

Attached in accordance with my representations outlined in my letter of May 21, 1997, are the workpapers of Robert Nixon utilized in preparing the limited proceeding filing and the above referenced matter.

Should you have any questions with regard to these or any of the other information previously submitted, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP


F. Marshall Deterding
For The Firm

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
LIN _____
OPC _____
RCH _____
SEC 1 _____
WAS _____
OTH _____

FMD/lts
Enclosure

cc: Blanca Bayo, Director of Records & Reporting
Ralph Jaeger, Esquire
Charles H. Hill, Director of Water & Wastewater
Ms. Joann Chase

DOCUMENT NUMBER-DATE

05957 JUN 12 5

FPSC-RECORDS/REPORTING

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

JAMES L. CARLSTEDT, C.P.A.
JOHN H. CRONIN, JR., C.P.A.
ERIC M. DOAN, C.P.A.
ROBERT H. JACKSON, C.P.A.
BRENDA M. McBARRON, C.P.A.
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May 6, 1997

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley
P.O. Box 1567
Tallahassee, FL 32302-1567

Re: K. W. Resort Utilities Corporation - Reuse Water Rate Increase

Dear Marty:

This letter is in response to Staff's letter dated May 2, 1997, requesting additional information concerning the reuse water rate increase for K. W. Resort Utilities Corporation.

Enclosed are copies of my workpapers which support the numbers in the Special Report.

Should you have questions concerning the enclosed schedules, please contact me.

Very truly yours,

CRONIN, JACKSON, NIXON & WILSON

Robert C. Nixon

RCN/apf

Enclosures

cc: J. Davis (w/encl.)
G. Staudt (w/encl.)

DOCUMENT NUMBER-DATE
05957 JUN 12 5
FPSC-RECORDS/REPORTING

KEY WEST GOLF COURSE IRRIGATION WATER SHIPPED AND ASSOCIATED COSTS

	MONTH WATER SHIPPED	GALLONS SHIPPED <i>(In Million Gallons)</i>	AMOUNT BILLED	\$ per K	TOTAL GALLONS TREATED	SEWER PLANT LIFT STATION ELECTRIC BILLS
1	Dec-95	3.788	942.00	0.25	3.780	2,622.88
2	Jan-96	3.682	920.50	0.25	4.118	3,363.81
3	Feb-96	3.743	935.75	0.25	3.264	2,844.82
4	Mar-96	3.204	801.00	0.25	3.528	3,177.72
5	Apr-96	3.788	947.00	0.25	3.789	3,192.20
6	May-96	3.102	775.50	0.25	4.024	3,140.32
7	Jun-96	3.114	778.50	0.25	3.386	2,631.37
8	Jul-96	4.200	1,050.00	0.25	4.200	3,283.75
9	Aug-96	4.556	1,139.00	0.25	5.542	3,021.41
10	Sep-96	1.730	432.50	0.25	5.686	3,408.47
11	Oct-96	0.768	192.00	0.25	8.512	2,911.20
12	Nov-96	3.604	901.00	0.25	5.966	3,301.24
		39.259	\$9,814.75		55.797	\$36,898.19

KW RESORT UTILITIES
Income Statement YTD
Twelve Months Ended November 30, 1998

	Jan - Nov 98	Dec 98	12 Months
Income			
INCOME SOURCES			
401 - Residential Sewer Service	228,236.82	17,898.83	246,135.65
402 - Commercial Sewer Service	81,776.80	4,282.71	86,059.51
403 - Multi-Party Sewer Service	14,146.00	1,279.21	15,425.21
404 - Connection/Disconnection	7,200.00	900.00	8,100.00
405 - Bad Check Charge	80.00		80.00
410 - Effluent Sales	8,818.78	868.00	9,686.78
420 - Capacity Reserve Fee	816,506.88	34,476.88	850,983.76
400 - Bad Debt	(1,414.30)	(204.80)	(1,749.10)
400 - Unallocated Income	1.00		1.00
Total INCOME SOURCES	814,898.98	82,481.88	879,871.81
Total Income	814,898.98	82,481.88	879,871.81
Expenses			
COLLECTION SYSTEM OPERATIONS			
82A01 - Disconnections	1,000.00		1,000.00
82A02 - Emergency Repairs	4,408.00		4,408.00
82A03 - Equipment & Supplies	299.89		299.89
82A04 - LHM Stations - Cleaning	2,887.78		2,887.78
82A05 - LHM Stations - Repair & Maint.	8,805.40	800.47	9,605.87
82A06 - Meter Connections	1,300.00	345.00	1,645.00
82A07 - Pumps & Panels - Repair & Maint.	2,400.00		2,400.00
82A08 - Sewer Lines-Cleaning	17,888.82		17,888.82
Total COLLECTION SYSTEM OPERATIONS	48,136.81	1,208.47	41,309.88
OFFICE OPERATING EXPENSES			
800 - Chemicals & Supplies	87.89	4.43	41.89
802 - Gross Receipts Tax	12,190.18		12,188.18
810 - Insurance	6,184.08		6,184.08
814 - Travel	4,117.20	1,022.70	5,140.00
818 - Billing & Mailing	2,914.88	288.88	3,203.76
819 - Telephones & Fax	1,807.44	141.10	1,948.54
820 - Utilities	28,236.18	2,188.87	41,415.77
821 - Legal Fees	73.00		73.00
822 - Accounting Fees	2,787.00		2,787.00
823 - Other Professional Fees	178.00		178.00
824 - Office Supplies	8,207.30	127.34	8,334.64
825 - Licenses & Permits	81.00		81.00
826 - Janitorial	54.00		54.00
827 - Operations - Mgmt. Fee	109,200.00	18,488.00	118,400.00
830 - Real Estate Tax	8,898.14		8,898.14
834 - Security & Fire Protection	408.82		408.82
836 - Printing & Photo	40.00		40.00
838 - Bank Service Charges	86.00		86.00
839 - Misc. Expenses	387.88	117.09	484.87
OFFICE OPERATING EXPENSES - Other	2.47	14.28	18.87
Total OFFICE OPERATING EXPENSES	182,886.81	18,491.42	208,337.83
PLANT OPERATIONS			
89A02 - Chemicals & Supplies	4,873.54	491.48	5,324.80
89A03 - Equipment Test	80.00		80.00
89A04 - Equipment Repair & Maint.	14,791.82	1,387.11	16,098.93
89A05 - Filter Backs	278.00	208.41	418.41
89A06 - Generator	883.84		883.84
89A07 - Controls & Maintenance	2,388.48	490.00	2,948.48
89A10 - Labor & CR	77.41		77.41
89A11 - Overhaul	1,108.00		1,108.00
89A12 - Plant Repair & Maint.	1,471.73	348.00	1,711.73
89A13 - Permits	1,086.79	348.79	1,435.43
89A14 - Installation	1,134.40	100.00	1,238.40
89A15 - Sludge Clarifier	8,783.24	388.00	9,171.24
89A16 - Supplies	87.84		87.84
89A17 - Testing	1,878.28		1,878.28
89A19 - Transportation	380.00	18,411.44	18,791.44
89A20 - DEP Permit Contingency			
Total PLANT OPERATIONS	38,270.38	21,881.12	58,191.80
Total Expenses	209,278.80	20,521.81	207,787.61
Net Income (Operating before interest)	615,620.18	62,960.07	678,574.00

Handwritten notes:
 Total 120,257
 (12,188)
 (6,218)
 (4,161)
 \$ 107,555

Handwritten note:
 calculated for cover

Handwritten notes:
 office + Admin.
 37,139
 Plant operation
 344,661

Handwritten notes:
 Total
 \$ 58,192
 44,661
 \$ 102,853

300

APPENDIX II

OPERATIONS MANAGEMENT FEE

BEFORE EXPANSION - 1990

O & M - SEWER PLANT - This fee includes:

Permit Requirements as to:

Daily Staffing

DEP requirements

3 hours per day x 5 days per week
15 x \$40 per hour **\$1,200.00**

week end visits
1 hours per day x 2 days per week
4 x \$90 per hour **\$240.00**

37,440.00 *Treat + Disposal (1)*

Daily Readings (Flow, Cl2, pH, & Turbidity)

Plant Maintenance: Clean bar screens, clean weirs, sludge control, check meter adjustments, Plant Logs, etc.

Lift Station Maintenance - 12 lift stations @ 100.00 ea/month

7 days per week **14,400.00**

Monthly DEP Analyze:

CBOD Influent 2 x month **720.00**

CBOD Effluent 2 x month **720.00**

TSS Influent 2 x month **720.00**

TSS Effluent 2 x month **720.00**

Fecal Coliform 2 x month **720.00**

Sludge 2 x year **570.00**

Nitrogen 1 x year **51.00**

Isco Sampler 2 x month **800.00**

4,821.00 *Treat + Disposal (1)*

KWRU Office: Includes staffing the Accounts Receivable office, salary, taxes, benefits, bonuses, etc. 40 hours per week.

30,000.00

Management: Includes all administrative duties, financial accounting, office management, \$1,000,000 umbrella policy. 10 - 15 hours per week.

25,000.00
111,861.00

*2400 T+D (1)
for umbrella
ins. cov. on plant*

111,861.00 / 12 = \$9,305 per month

Price Bid: \$9,300.00 per month

After bid was presented, Nelda asked for a \$1,000,000 umbrella policy for additional coverage at the plant. The cost of the policy was added to bid and both parties agreed to \$9,500.00 per month until new plant is on line.

*Total Contract Labor
for plant operations \$ 37,440
4821
2400*

*Total plant portion
of mgt. fee for
contract plant operator \$ 44,661*