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Public Service Commission

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DATE: April 23, 2003
TO: Division of Commission Clerk and Administrative Services
FROM: Tony Sargent, Professional Accountant, Division of Economic Regulation 
RE: Docket No. 030191-SU - Complaint against K W Resort Utilities Corp. by Historic Seaport District, Inc. d/b/a Hurricane Hole Marina regarding capacity reservation fees in Monroe County

The attached letter was sent to the Division of Economic Regulation. Please include it in the official docket file for Docket No. 030191-SU.

Thank you.

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April 21, 2003

Mr. Troy Rendell
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: K.W. Resort Utilities Corporation;
Docket No. 030191-SU
Complaint by Hurricane Hole Marina
Our File No. 34000.02

Dear Troy:

This letter is provided in response to your February 25th correspondence in the above-referenced docket. With one exception, the Company agrees with the analysis in your letter with regard to the capacity utilized to determine connection charges for Hurricane Hole Marina.

It is our position that the estimated demand attributable to the Hurricane Hole boathouse should be 6.4 ERC's, not 1.0. The additional 5.4 ERC's reflects the 54 dry storage slips at the Marina. Based on prior experience, it is reasonable to expect the last stop for boaters leaving the Marina, and the first stop upon returning, will be the boathouse restroom facilities. Even a conservative estimate of boat usage and customer traffic as a result of these dry storage slips indicates dozens of visits to the boathouse restroom each day, with considerably more on the weekends. The Company has identified 0.1ERC for each dry storage slip as a reasonable estimate for such usage. Usage may not be quite as high as the 0.2 ERC's per wet storage slip, but the failure to recognize literally thousands of dry storage slips on Stock Island, and the demand boaters in the Keys place on wastewater system capacity, is unreasonable.

Resolution of a standard form Developer Agreement, with the cooperation of the Staff, should address other concerns expressed by this Developer. Capacity estimates utilized in the Developer Agreement come from sources including a developer's engineer, estimated sewage flows set forth in Rule 64E-6.008, Florida Administrative Code (formerly Rule 10D-6) and similar industry standards. Such estimates are based on the capacity of fixtures and facilities installed and the type of establishment and usage. Industry practice, and prudent utility planning, call for estimates based on the potential use facilities, not actual usage at a given point in time. If that were not the case, a new business, or a drop in existing business, would justify a lower connection charge, even though

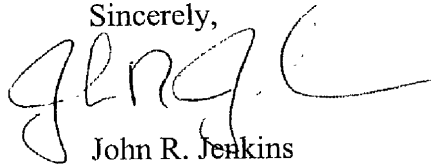
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subsequent usage resulting from higher business volumes may place a continuing, increased demand on system capacity justifying a higher charge.

I hope this is responsive to your letter. We appreciate the Staff's cooperation. Should you have any further questions please feel free to contact me.

Sincerely,



John R. Jenkins
For The Firm

JRJ:wjl

cc: Mr. Doug Carter
William Smith, Esq.
Ralph Jaeger, Esq.
KW Resort\Rendell042103ltr