

ORIGINAL

LISA POLAK EDGAR
CHAIRMAN

STATE OF FLORIDA



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Public Service Commission

May 7, 2007

Mr. Marshall Deterding
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Docket No. 070293-SU - Application for an increase in wastewater rates in Monroe County by KW Resort Utilities, Corp.

Dear Mr. Deterding:

The Florida Public Service Commission has received your letter dated May 3, 2007, requesting approval for KW Resort Utilities, Corp. (KW Resort) to use a historical test year ended December 31, 2006, with pro forma plant and operating expense adjustments, for establishing final rates. I understand the utility will file its application using the Proposed Agency Action (PAA) provision in Section 367.081(8), F.S. Pursuant to Rule 25-30.430, F.A.C., the utility's test year request as outlined above is hereby approved.

For administrative purposes only, Docket No. 070293-SU has been assigned to the forthcoming case. Your petition will be deemed filed on the date the Office of Commission Clerk receives the complete petition, the MFRs, and the filing fee. To process this case expeditiously, we request that you file the above no later than October 31, 2007.

Pursuant to Section 367.083, F.S., the time period for processing the PAA request will begin on the date that all of the required data is completely filed. If not complete, the official filing date will be the date that complete corrections to any deficiencies are filed. Please note that many schedules included in the MFRs are designed with a column titled "Balance Per Books." This column must reflect the balances on the general ledger and be reconciled with the balances reported in the utility's Annual Report on file with the Commission. This requirement is applicable to all primary account balances as required by the NARUC Uniform System of Accounts. Pursuant to Rule 25-30.110(2), F.A.C., all data the Commission requests and requires to be submitted in determining a utility's rates "shall be consistent with and reconcilable with the utility's annual report to the Commission."

In addition, the utility should satisfactorily document that it has recorded all adjustments to the utility's general ledger and accounts that have been ordered by the Commission in any prior proceeding relating to this system. If adjustments were ordered for prior periods that have any impact on subsequent years, the related adjustments shall also be made to reflect the impact for the appropriate period up to and including the approved test year. Further, the utility should be prepared to justify its requested test year operation and maintenance expenses, particularly those which have

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increased above the level of customer growth and inflation for the year ended five years prior to the test year.

The utility is instructed to file all information it wishes the Commission to consider when arriving at a decision on its rate case application with its original filing. Because of the time limitations contained in Section 367.081, F.S., and the lengthy auditing and investigation required, information not filed with the original application may not be considered.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Polak Edgar".

Lisa Polak Edgar
Chairman

LPE:wtr

cc: Dr. Mary Bane, Executive Director
Charles H. Hill, Deputy Executive Director
Betty Ashby
Division of Economic Regulation (Bulecza-Banks, Rendell)
Office of the General Counsel (Helton)
Office of Commission Clerk
Office of Public Counsel