



August 28, 2015

VIA E-FILING

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 150071-SU – Application for increase in Wastewater rates in Monroe County by K W Resort Utilities Corp.
Our File No. 34000.01

Dear Ms. Stauffer:

The following are K.W. Resort Utilities Corp.'s ("Utility") responses to the Staff's deficiency letter dated July 30, 2015:

1. Rule 25-30.110(2), F.A.C., requires that the MFRs shall be consistent and reconcilable with the utility's Annual Report. The following account balances for December 2014 listed in the MFRs do not reconcile to the year end balances in the Utility's 2014 Annual Report.
 - a. MFR Schedule E-2, Revenue Schedule at Test Year Rates - Proof of Revenue, pages 1 through 2; column (5) test year revenues do not reconcile to Annual Report Schedule S-9(a)(b), column (e) for accounts 522.1 – Residential Revenues, 522.2 – Commercial Revenues, or account 541.2 – Commercial Reuse Revenues. Please correct MFR Schedule E-2 and any fall out calculations necessary due to this correction.

Response: The total test year revenues per books on line 28 column (5) of the MFR Schedule E-2 page 2 of 2 tie to the "Total Wastewater Operating Revenues" in column (e) on Schedule S-9(b) of the Annual Report. The amount listed on line 28 column (5) of the MFR Schedule E-2 page 2 of 2 is \$1,479,306.70 and the amount listed on the "Total Wastewater Operating Revenues line in column (e) on Schedule S-9(b) of the Annual Report is \$1,479,307.

2. Rule 25-30.436(h), F.A.C., requires that any system that has costs allocated or charged to it from a parent, affiliate or related party, in addition to those costs reported on Schedule B-12 of Commission Form PSC/AFD 19-W for a Class A utility shall file three copies of additional schedules that show the following information:

1. The total costs being allocated or charged prior to any allocation or charging as well as the name of the entity from which the costs are being allocated or charged and its relationship to the utility.

Response: None

2. For costs allocated or charged to the utility in excess of one percent of test year revenues:

- a. A detailed description and itemization; and
- b. The amount of each itemized cost

Response: Not applicable

3. The allocation or direct charging method used and the bases for using that method.

Response: Not applicable

4. The workpapers used to develop the allocation method, including but not limited to the numerator and denominator of each allocation factor.

Response: Not applicable

5. The workpapers used to develop, where applicable, the basis for the direct charging method.

Response: Not applicable

6. An organizational chart of the relationship between the utility and its parent and affiliated companies and the relationship of any related parties.

Response: See attached organizational chart.

7. A copy of any contracts or agreements between the utility and its parent or affiliated companies for services rendered between or among them.

Response: Not applicable

The utility did not include these additional schedules in the MFRs as filed. Please submit these additional schedules, as applicable.

3. Rule 25-30. 436(i), F.A.C., requires that for any land recorded on the utility's books since rate base was last established, the utility shall file copies of the documents that demonstrate that the utility owns the land upon which the utility treatment facilities are located, or that provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative. According to MFR Schedule A-6, the utility's land balance increased by \$6,000 from October to November during the test year. The utility did not file any documents that demonstrate that the utility owns this incremental increase in land or has rights for continued use of this land on which the plant is located. To correct this deficiency, please provide copies of the documents that demonstrate that the utility owns this land upon which the utility treatment facilities are located, or that provides for the continued use of this land, such as a 99-year lease.

Response: The Utility did not acquire additional land. Rather, the \$6,000 was for surveying utilities located at Key West Golf Course, and the Utility does not own the land that was surveyed.

4. Rule 25-30.437, F.A.C., requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as filed, do not comply with Rule 25-30.437, F.A.C.:

- a. MFR Schedules A-4, A-8, A-11, A-13, and A-16 Schedules of Water and Wastewater Plant in Service, Accumulated Depreciation, Contributions in Aid of Construction, Accumulated Amortization of CIAC, and Advances for Construction require that the Commission Ordered balance be reflected on the schedule. Rate base was last established in Order No. PSC-09-0057-PAA-WS, however, the amounts reflected on line 1 in the above-mentioned MFR schedules do not tie to this order.

Response: See attached revised schedules.

- b. The instructions for MFR Schedule B-8 (Operation and Maintenance Expense Comparison), require the utility to provide account balances approved by the Commission for its prior test year and to utilize the Consumer Price Index All Urban Consumers (CPI-U) table for all items published by the U.S. Department of Labor. Per these instructions, please make the following adjustments:

- i. On MFR Schedule B-8, Column (2) does not tie to the amounts approved in Order No. PSC-09-0057 PAA-WS on lines 8, 15, and 23.

Response: MFR Schedule B-8, Column (2) does tie to the amounts approved in Order No. PSC-09-0057-PAA-WS on lines 8, 15, and 23. See attached reconciliation schedule.

- ii. The ERCs found on MFR Schedule B-8 do not match the Annual Reports for both 2006 and 2014. Please revise the schedule to reflect the correct ERCs for each year.

Response: The ERCs for 2006 listed in MFR Schedule B-8 is consistent with the 2006 MFR as filed. ERCs calculated for Annual Reports are not calculated consistently with MFRs calculations. We believe that the ERCs per the MFR is appropriate. However, see attached revised Schedule B-8 using Annual Report ERCs.

- iii. In addition, the utility is required to provide an explanation of all differences in excess of the benchmark factor for customer growth and inflation. When revising MFR Schedule B-8, please provide an explanation for expenses in excess of the revised benchmark factor, specifically line 13.

Response: Line 13 is under the benchmark. However, see attached revised Schedule B-8.

- c. The instructions for MFR Schedule E-1 require a schedule of present and proposed rates. Column (2) line number 32 lists a bulk rate for Safe Harbor Marina of \$1,665.03, which does not match the utility's currently approved tariff Sheet No. 15.5. Please correct MFR Schedules E-1 and E-2 to reflect approved rates and provide an explanation for the difference.

Response: On February 27, 2009 the Utility contacted Safe Harbour to alert them to the fact that major redevelopment had occurred on the property beyond the use shown by line items on

Tariff Sheet 15.5, which shows 13 residential units, 18 live aboard boats, 33 non live aboard boats, 2 bath houses, 2 commercial businesses, and 1 commercial bar. Utility records show that by April 2009 the commercial businesses had increased to at least 10. The records also shows the 1 commercial bar was paying less than a single family residence, per the Tariff. This commercial bar was actually a 150 seat bar and restaurant at the time. The Utility entered into an agreement with Safe Harbour Marina whereby the Utility would continue to charge the \$1,650.67, not the lower \$947.00 as stipulated in the February 27, 2009 letter (reducing rates based upon the final rates resulting from the rate case PSC Order No. PSC-09-0057-FOF-SU) due to the increased number of residential and commercial units. However, instead of recalculating the rate due to increases in the individual elements making up the bulk rate (which would likely result in a higher rate, the Utility and customer agreed to the rate remaining at \$1,650.67. This issue is the current subject of a customer complaint pending at the PSC, and because of the increased development additional service availability charges are also due. See attached revised Schedule E-1 and E-2. The E-1 as originally filed reflects the amount charged to the customer based upon updated numbers of units per agreement with the customer.

- d. The instructions for MFR Schedule E-2 require a schedule of revenues at present and proposed rates using the billing analysis. The billing analysis for subheadings "General Service - Base Charge and "General Service – Gallons" does not include calculations for the 3 inch meter size. Please correct MFR Schedule E-2 and any fall out calculations necessary due to this correction, if any.

Response: There were no bills for the 3 inch meter General Service – Base Charge or General Service – Gallons, therefore a billing analysis was not submitted for this meter size. The 3 inch meter was not included on MFR Schedule E-2 as there are no present or proposed revenues for this size General Service meter.

- e. The instructions for MFR Schedule E-2 require a schedule of revenues at present and proposed rates using the billing analysis. The number of bills and gallons in each billing analysis by meter size in MFR Schedule E-14 must consistently reflect the number of bills and gallons in MFR Schedule E-2 used to produce the test year revenues. Some examples of the errors occurring in MFR Schedules E-2 and E-14 are listed below.

- i. MFR Schedule E-2 column (2) reflects 1,684 5/8 inch General Service bills, however, the billing analysis in MFR Schedule E-14 for 5/8 inch General Service reflects 1,670 bills.

Response: The MFR Schedule E-2 column (2) correctly reflects 1,684 5/8 inch bills. Per the billing analysis in MFR Schedule E-14 meter size 5/8 inch General Service bills of 1,670; plus meter size 1" and 5/8" General Service bills of 2; plus meter size 4" and 5/8" General Service bills of 12 is a total of 1,684 bills. See revised MFR Schedule E-2 separating each meter size.

- ii. Total gallons on MFR Schedule E-2 for the "General Service – Base Charge" 1 inch meter size does not tie to MFR Schedule E-14 "General Service" – 1 inch."

Response: The MFR Schedule E-2 correctly reflects total gallons of 4,081 for the General Service – Base Charge 1 inch meter. Per the billing analysis in MFR Schedule E-14 meter size 1 inch General Service gallons of 3,845; plus meter size 1" and 5/8"

General Service gallons of 236 is a total of 4,081 gallons. See revised MFR Schedule E-2 separating gallons by meter size.

- iii. The utility did not include a billing analysis for "General Service – 1.5 inch" customers, which are listed in MFR Schedule E-2. Conversely, the utility included a billing analysis for "General Service – 2 inch and 5/8 inch" customers, which are not listed in MFR Schedule E-2.

Response: General Service 1.5 inch customers are included in the billing analysis as General Service Meter Size: 6" and 1.5" with 36 customers billed as listed in MFR Schedule E-2. General Service – 2 inch and 5/8 inch customers are reflected in the MFR Schedule E-2 page 2 of 2 General Svc. Bulk WW-South Stock Island Marinas.

Please correct MFR Schedules E-2 and E-14 to consistently reflect the correct number of bills by meter size in each schedule, as well as, any fall out calculations necessary due to this correction. Also, please note that a single customer billed for two meters should be shown as separate bills.

5. Rule 25-30.440(2), F.A.C., requires a list of chemicals used for water and wastewater treatment. The list is to show the type, the dollar amount, quantity purchased, unit prices paid, and dosage rate utilized. The information on dosage rates was provided for the proposed pro forma system but not for the test year. Please provide a table showing the type, dollar amount, quantity purchased, unit prices paid, and dosage rates utilized for the test year.

Response: See Attachment 5.

6. Rule 25-30.440(1), F.A.C., requires a detailed map showing the location and size of collection lines, as well as the location and respective classification of the applicant's customers. A map was provided which provides the location of collection lines, but information for the size of those lines and the location and classification of the utility's customers was not provided. Please provide a map or maps showing this information, in electronic format, if possible.

Response: The required map in paper and electronic format were provided directly to Adam Hill in the Division of Engineering.

Should you have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

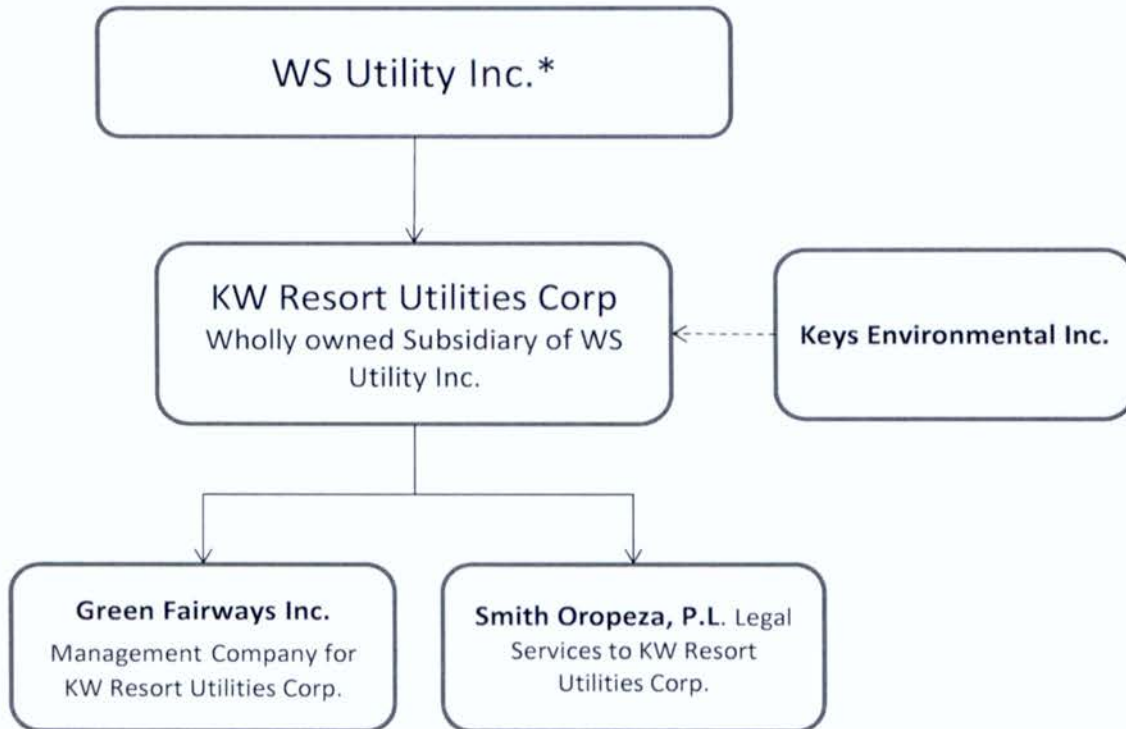
MSF/
Enclosures

cc: Chris Johnson (via email)
Bart Smith (via email)
Debbie Swain (via email)

Company: K W Resort Utilities Corp
Docket No.: 150071-SU
Scheduled Year Ended: 12/31/2014

Response to deficiency #2. 6.

Parent / Affiliate Organization Chart



*Ownership of WS Utility Inc. is as follows:

- 70% William Smith
- 10% Alexander Smith
- 10% Leslie Johnson
- 10% Barton Smith

Schedule of Water and Wastewater Plant in Service
Annual Balances Subsequent to Last Established Rate Base

Florida Public Service Commission

Company: K W Resort Utilities Corp
Docket No.: 150071-SU
Test Year Ended: 12/31/2014

Schedule: A-4 REVISED
Page 1 of 1
Preparer: Milian, Swain & Associates, Inc.

Explanation: Provide the annual balance of the original cost of plant in service, for water and sewer separately, for all years since either rate base was last established by this Commission, or the date of inception of utility service if rate base has not been established previously by this Commission; and yearly additions, retirements, and adjustments by dollar amount up to the end of the test year. Provide an additional page if necessary. If a projected test year is used, include the projected annual additions and/or retirements specifically identifying those amounts.

Line No.	Description	Year-End Balance	
		Water	Wastewater
1	Balance Per G/L 12/31/2006	\$	10,170,911
2	13th Month Averaging Adjustment		(577,163)
3	Utility Proforma Adjustment		1,291,962
4	Staff's Adjustment to Proforma		(124,921)
5	Average Adjustments per Docket 070293-SU		1,487
6	Adjustments per Docket 070293-SU		(810,064)
7	Adjustment - Rounding		(1)
8	Adjusted 12/31/2006 Balance per Docket 070293-SU		9,952,211
9			
10	Remove Utility Proforma Adjustment		(1,139,707)
11	Remove Staff's Adjustment to Proforma		124,921
12	Remove Adjustment for Rate Case 13th Month Average		577,163
13	Remove Average Adjustments per Docket 070293-SU		(1,487)
14	Additions		974,776
15	Adjustments		(597,751)
16	Adjustment - Rounding		(2)
17	Balance 12/31/2007		9,890,125
18	Additions		1,930,418
19	Retirements		
20	Adjustments		(74,637)
21	Balance 12/31/2008		11,745,906
22	Additions		198,902
23	Retirements		
24	Adjustment - Rounding		
25	Balance 12/31/2009		11,944,808
26	Additions		22,000
27	Retirements		
28	Adjustment - Rounding		
29	Balance 12/31/2010		11,966,808
30	Additions		6,000
31	Retirements		(900)
32	Adjustment - Rounding		
33	Balance 12/31/2011		11,971,908
34	Additions		52,017
35	Retirements		
36	Adjustment - Rounding		
37	Balance 12/31/2012		12,023,925
38	Additions		148,589
39	Retirements		
40	Adjustment - Rounding		
41	Balance 12/31/2013		12,172,514
42	Additions		333,467
43	Retirements		
44	Adjustment - Rounding		(1)
45	Balance 12/31/2014		12,505,980

Schedule of Water and Wastewater Accumulated Depreciation
Annual Balances Subsequent to Last Established Rate Base

Florida Public Service Commission

Company: K W Resort Utilities Corp
Docket No.: 150071-SU
Test Year Ended: 12/31/2014

Schedule: A-8 REVISED
Page 1 of 1
Preparer: Milian, Swain & Associates, Inc.

Explanation: Provide the annual balance of accumulated depreciation, for water and sewer separately, for all years since either rate base was last established by this Commission, or the date of inception of utility service if rate base has not been established previously by this Commission; and yearly additions, retirements, and adjustments by dollar amount up to the end of the test year. Provide an additional page if necessary. If a projected test year is used, include the projected annual additions and/or retirements specifically identifying those amounts.

Line No.	Description	Year-End Balance	
		Water	Wastewater
1	Balance Per G/L 12/31/2006		\$ 2,905,395
2	13th Month Averaging Adjustment		(165,353)
3	Utility Proforma Adjustment		63,368
4	Staff's Adjustment to Proforma		(6,940)
5	Adjustments per Docket 070293-SU		(122,382)
6	Adjusted 12/31/2006 Balance per Docket 070293-SU		2,674,088
7	Remove Utility Proforma Adjustment		(63,368)
8	Remove Staff's Adjustment to Proforma		6,940
9	Remove Adjustment for Rate Case 13th Month Average		165,353
10	Additions		323,852
11	Retirements		(53,448)
12	Adjustment - Rounding		(4)
13	Balance 12/31/2007		3,053,413
14	Additions		378,833
15	Retirements		
16	Adjustment - Rounding		1
17	Balance 12/31/2008		3,432,247
18	Additions		431,498
19	Retirements		
20	Adjustment - Rounding		(1)
21	Balance 12/31/2009		3,863,744
22	Additions		436,288
23	Retirements		
24	Adjustment - Rounding		
25	Balance 12/31/2010		4,300,032
26	Additions		435,570
27	Retirements		(900)
28	Adjustment - Rounding		(3)
29	Balance 12/31/2011		4,734,699
30	Additions		434,723
31	Retirements		
32	Adjustment - Rounding		(2)
33	Balance 12/31/2012		5,169,420
34	Additions		439,585
35	Retirements		
36	Adjustment - Rounding		(1)
37	Balance 12/31/2013		5,609,004
38	Additions		446,717
39	Retirements		
40	Adjustment - Rounding		
41	Balance 12/31/2014		6,055,721

Schedule of Water and Wastewater Contributions in Aid of Construction
Annual Balances Subsequent to Last Established Rate Base

Florida Public Service Commission

Company: K W Resort Utilities Corp
Docket No.: 150071-SU
Test Year Ended: 12/31/2014

Schedule: A-11 REVISED
Page 1 of 1
Preparer: Milian, Swain & Associates, Inc.

Explanation: Provide the annual balance of contributions in aid of construction, for water and sewer separately, for all years since either rate base was last established by this Commission, or the date of inception of utility service if rate base has not been established previously by this Commission; and yearly additions, retirements, and adjustments by dollar amount up to the end of the test year. Provide an additional page if necessary. If a projected test year is used, include the projected annual additions and/or retirements specifically identifying those amounts.

Line No.	Description	Year-End Balance	
		Water	Wastewater
1	Balance Per G/L 12/31/2006		\$ 5,045,701
2	13th Month Averaging Adjustment		(189,272)
3	Utility Adjustment		707,000
4	Adjusted 12/31/2006 Balance per Docket 070293-SU		5,563,429
5	Remove Adjustment for Rate Case 13th Month Average		189,272
6	Additions		504,681
7	Adjustments to restate beginning balance		1,762,792
8	Adjustment - Rounding		
9	Balance 12/31/2007		8,020,174
10	Additions		109,062
11	Adjustment - Rounding		
12	Balance 12/31/2008		8,129,236
13	Additions		3,500
14	Adjustment - Rounding		(1)
15	Balance 12/31/2009		8,132,735
16	Additions		
17	Adjustment - Rounding		
18	Balance 12/31/2010		8,132,735
19	Additions		824,418
20	Adjustment - Rounding		
21	Balance 12/31/2011		8,957,153
22	Additions		277,554
23	Adjustment - Rounding		
24	Balance 12/31/2012		9,234,707
25	Additions		263,044
26	Adjustment - Rounding		1
27	Balance 12/31/2013		9,497,752
28	Additions		585,256
29	Adjustment - Rounding		
30	Balance 12/31/2014		10,083,008

Schedule of Water and Wastewater Accumulated Amortization of CI, Florida Public Service Commission
Annual Balances Subsequent to Last Established Rate Base

Company: K W Resort Utilities Corp
Docket No.: 150071-SU
Test Year Ended: 12/31/2014

Schedule: A-13 REVISED
Page 1 of 1
Preparer: Milian, Swain & Associates, Inc.

Explanation: Provide the annual balance of accumulated amortization of CIAC, for water and sewer separately, for all years since either rate base was last established by this Commission, or the date of inception of utility service if rate base has not been established previously by this Commission; and yearly additions and adjustments by dollar amount up to the end of the test year. Provide an additional page if necessary. If a projected test year is used, include the projected additions and/or retirements specifically identifying those amounts.

Line No.	Description	Year-End Balance	
		Water	Wastewater
1	Balance Per G/L 12/31/2006	\$	771,574
2	13th Month Averaging Adjustment		(84,730)
3	Utility Adjustment		39,309
4	Adjusted 12/31/2006 Balance per Docket 070293-SU		726,153
5	Remove Adjustment for Rate Case 13th Month Average		84,730
6	Additions		243,690
7	Adjustments to restate beginning balance		70,923
8	Adjustment - Rounding		
9	Balance 12/31/2007		1,125,496
10	Additions		285,635
11	Adjustment - Rounding		
12	Balance 12/31/2008		1,411,131
13	Additions		285,712
14	Adjustment - Rounding		
15	Balance 12/31/2009		1,696,843
16	Additions		285,712
17	Adjustment - Rounding		
18	Balance 12/31/2010		1,982,555
19	Additions		313,193
20	Adjustment - Rounding		
21	Balance 12/31/2011		2,295,748
22	Additions		322,445
23	Adjustment - Rounding		
24	Balance 12/31/2012		2,618,193
25	Additions		331,213
26	Adjustment - Rounding		
27	Balance 12/31/2013		2,949,406
28	Additions		350,721
29	Adjustment - Rounding		
30	Balance 12/31/2014		3,300,127

Schedule of Water and Wastewater Advances For Construction
Annual Balances Subsequent to Last Established Rate Base

Florida Public Service Commission

Company: K W Resort Utilities Corp
Docket No.: 150071-SU
Test Year Ended: 12/31/2014

Schedule: A-16 REVISED
Page 1 of 1
Preparer: Milian, Swain & Associates, Inc.

Explanation: Provide the annual balance of Advances For Construction, for water and sewer separately, for all years since either rate base was last established by this Commission, or the date of inception of utility service if rate base has not been established previously by this Commission; and yearly additions and adjustments by dollar amount up to the end of the test year. Provide an additional page if necessary. If a projected test year is used, include the projected additions and/or retirements, specifically identifying those amounts. Also provide a brief description of the applicant's policy regarding advances.

Line No.	Description	Average Test Year Balance	
		Water	Wastewater
1	Balance Per G/L 12/31/2006		\$ 2,616,826
2	13th Month Averaging Adjustment		160,804
3	Adjusted 12/31/2006 Balance per Docket 070293-SU	-	2,777,630
4	Remove 13th Month Averaging Adjustment		(160,804)
5	2007 Payments		
6	2007 Adjustments*		(2,616,826)
7	12/31/2007 Balance	-	-
8	2008 Receipts		
9	2008 Payments		
10	2008 Adjustments		
11	12/31/2008 Balance	-	-
12	2009 Receipts		
13	2009 Payments		
14	2009 Adjustments		
15	12/31/2009 Balance	-	-
16	2010 Receipts		
17	2010 Payments		
18	2010 Adjustments		
19	12/31/2010 Balance	-	-
20	2011 Receipts		
21	2011 Payments		
22	2011 Adjustments		
23	12/31/2011 Balance	-	-
24	2012 Receipts		
25	2012 Payments		
26	2012 Adjustments		
27	12/31/2012 Balance	-	-
28	2013 Receipts		
29	2013 Payments		
30	2013 Adjustments		
31	12/31/2013 Balance	-	-
32	2014 Receipts		
33	2014 Payments		
34	2014 Adjustments		
35	12/31/2014 Balance	-	-

* Adjustment to close out Advances for Construction to CIAC

Recap Schedules: A-1, A-2, A-19

Company: K W Resort Utilities Corp
Docket No.: 150071-SU
Schedule Year Ended: 12/31/2014

Deficiency # 4 b. The instructions for MFR Schedule B-8 (Operation and Maintenance Expense Comparison), require the utility to provide account balances approved by the Commission for its prior test year and to utilize the Consumer Price Index All Urban Consumers (CPI-U) table for all items published by the U.S. Department of Labor. Per these instructions, please make the following adjustments:

- i. On MFR Schedule B-8, Column (2) does not tie to the amounts approved in Order No. PSC-09-0057 PAA-WS on lines 8, 15, and 23.

Response: The utility asserts that lines 8, 15, and 23 tie to the amounts approved in Order No. PSC-09-0057 PAA-WS. Below is the reconciliation.

	Page # Per Order	Per 2006 MFR Schedule B-8 Column (7)	Adjustments Per Order	MFR Schedule B-8 Column (2)
Line 8 Chemicals:		163,104		
Normalize indexed chemical expense	Page 26		(16,117)	
Markup in Pro Forma Expenses	Page 28		(7,913)	
Transactions between KEI and KWRU	Page 33		(1,313)	
Adjusted Chemical Expense				<u><u>137,761</u></u>
Line 15 Contractual Services -Other		432,701		
Stipulation 8	Page 3		(1,032)	
Stipulation 10	Page 3		(1,548)	
Capitalization of items expensed/Stipulation 11	Page 34		(51,663)	
hook-up fees transferred to PIS	Page 34		(15,000)	
Damage to pit vacuum	Page 34		(3,077)	
Employee bonuses	Page 35		(12,038)	
Adjusted Contractual Services - Other				<u><u>348,343</u></u>
Line 23 Advertising Expense		28,813		
Stipulation 7. Amount allocated to Advertising per audit finding #16	Page 3		(1,085)	
Costs related to public relation functions	Page 29		(26,653)	
Adjusted Advertising Expense				<u><u>1,075</u></u>

Operation & Maintenance Expense Comparison - Wastewater

Florida Public Service Commission

Company: K W Resort Utilities Corp
 Docket No.: 150071-SU
 Schedule Year Ended: 12/31/2014

Schedule: B-8 REVISED
 Page 1 of 1
 Preparer: Millian, Swain & Associates, Inc.

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not had a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences.

Line No.	(1) Account No. and Name	(2) Prior TY 12/31/06	(3) Current TY 12/31/14	(4) TY Adj.'s per B-3	(5) Adjusted TY	(6) \$ Difference	(7) % Difference	(8) Explanation
1	701 Salaries & Wages - Employees		\$ 449,108	\$ 74,832	\$ 523,940	\$ 523,940	100.00 %	Replaced contractual services with full time employees
2	703 Salaries & Wages - Officers, Etc.		141,792	81,164	222,956	222,956	100.00 %	Replaced contractual services with full time employees
3	704 Employee Pensions & Benefits		92,825	42,762	135,587	135,587	100.00 %	Replaced contractual services with full time employees
4	710 Purchased Sewage Treatment		-	-	-	-	- %	Increase in expenses as a result of changes in operations as a consequence of having
5	711 Sludge Removal Expense	26,377	39,394	109,334	148,728	122,351	463.86 %	to upgrade the WWTP to AWT standards.
6	715 Purchased Power	187,800	146,711	42,900	189,611	1,811	0.96 %	Under Benchmark
7	716 Fuel for Power Purchased	523	-	-	-	-	- %	Increase in expenses as a result of changes in operations as a consequence of having
8	718 Chemicals	137,761	32,330	224,741	257,071	119,310	86.61 %	to upgrade the WWTP to AWT standards.
9	720 Materials & Supplies	77,393	43,885	60	43,945	(33,448)	(43.22) %	Increase in expenses as a result of changes in operations as a consequence of having
10	731 Contractual Services - Engr.	65,289	7,270	7,535	14,805	(50,484)	(77.32) %	to upgrade the WWTP to AWT standards.
11	732 Contractual Services - Acct.	9,569	11,550	14,212	25,762	16,193	169.22 %	Replaced contractual services with full time employees
12	733 Contractual Services - Legal	15,103	2,328	1,609	3,937	(11,166)	(73.93) %	Replaced contractual services with full time employees
13	734 Contractual Services - Mgmt. Fees	30,000	60,000	-	60,000	30,000	100.00 %	Under Benchmark
14	735 Contractual Services - Testing	-	16,975	20,673	37,648	37,648	100.00 %	Replaced contractual services with full time employees
15	736 Contractual Services - Other	348,344	28,410	37,045	65,455	(282,889)	(81.21) %	Replaced contractual services with full time employees
16	741 Rental of Building/Real Prop.	-	1,100	-	1,100	-	- %	
17	742 Rental of Equipment	-	-	-	-	-	- %	
18	750 Transportation Expenses	-	24,109	-	24,109	24,109	100.00 %	Utility owned vehicles instead of contractual services
19	756 Insurance - Vehicle	-	-	-	-	-	- %	Increase in expenses as a result of changes in operations as a consequence of having
20	757 Insurance - General Liability	24,646	35,948	2,752	38,700	14,054	57.02 %	to upgrade the WWTP to AWT standards.
21	758 Insurance - Workman's Comp.	-	20,729	25,555	46,284	46,284	100.00 %	Replaced contractual services with full time employees
22	759 Insurance - Other	-	-	-	-	-	- %	
23	760 Advertising Expense	1,075	2,764	(1,564)	1,200	125	11.59 %	Under Benchmark
24	766 Reg. Comm. Exp. - Rate Case Amort.	116,654	-	31,200	31,200	(85,454)	(73.25) %	Adjustment needed to include 1/4 Rate Case Expense
25	767 Reg. Comm. Exp. - Other	-	-	-	-	-	- %	
26	770 Bad Debt Expense	-	-	-	-	-	- %	
27	775 Miscellaneous Expenses	18,677	42,443	125,232	167,675	148,998	798 %	Increase in expenses as a result of changes in operations as a consequence of having
28								to upgrade the WWTP to AWT standards.
29	TOTAL	\$ 1,059,211	\$ 1,199,672	\$ 840,042	\$ 2,039,714	\$ 979,926	92.51 %	
30								
31	Total Customers (ERC's)	1,585.0			6,924.7	5,340	336.89 %	
32	Consumer Price Index - U	201.600			236.736	35.14	17.43 %	
33								
34	Benchmark Index: Increase in Customer ERC's					4.3689		
35	Increase in CPI					1.1743		
36						5.1304		

Rate Schedule - Sewer

Florida Public Service Commission

Company: K W Resort Utilities Corp

Schedule: E-1 REVISED

Docket No.: 150071-SU

Page 1 of 1

Test Year Ended: 12/31/2014

Preparer: Milian, Swain & Associates, Inc.

Water [] or Sewer [X]

Interim [] Final [x]

Explanation: Provide a schedule of present and proposed rates. State residential sewer cap, if one exists.

Line No	(1) Class/Meter Size	(2) Rates		(4) Proposed Rates
		Effective 3.30.2013		
1	Residential			
2	Flat Rate			
3	BCF All Meter Sizes	\$17.81		\$35.26
4				
5	Gallage Charge per 1,000 gallons (10,000 gallon cap)	\$3.87		\$7.66
6				
7	General Service			
8	5/8" x 3/4 "	\$17.81		\$35.26
9	1"	\$44.53		\$88.17
10	1.5"	\$89.05		\$176.32
11	2"	\$142.47		\$282.09
12	3"	\$284.95		\$564.20
13	4"	\$445.24		\$881.58
14	6"	\$890.49		\$1,763.17
15	8"	\$1,602.86		\$3,173.66
16	8" Turbo	\$2,048.10		\$4,055.24
17				
18	Gallage Charge per 1,000 gallons	\$4.64		\$9.19
19				
20	Reclaimed Water			
21				
22	Gallage Charge per 1,000 gallons	\$0.68		\$1.35
23				
24	Private Lift Station Owners			
25	5/8" x 3/4 "	\$17.81		\$35.26
26	1"	\$44.53		\$88.17
27	2"	\$142.47		\$282.09
28				
29	Gallage Charge per 1,000 gallons	\$4.64		\$9.19
30				
31	Bulk WW - Safe Harbor Marina			
32	Total Bulk Rate	\$917.11		\$1,815.88
33	Residential living units 1 ERC each	\$343.66		\$680.45
34	Live Aboard Boats .6 ERC each	\$286.38		\$567.03
35	Non Live Aboard Boats .2 ERC each	\$143.20		\$283.54
36	Vacant Slips .2 ERC each	\$30.84		\$61.06
37	Bathhouses 1 ERC each	\$52.87		\$104.68
38	Commercial Businesses .5 ERC each	\$26.43		\$52.33
39	Commercial Bar	\$33.73		\$66.79
40				
41	Bulk WW - South Stock Island Marinas			
42	Residential Living Units 1 ERC each	\$101.96		\$201.88
43	2" meter serving remainder	\$142.47		\$282.09
44				
45	Gallage Charge per 1,000 gallons	\$4.64		\$9.19
46				
47	KW Golf Club HOA			
48	Large Swimming Pool	\$105.35		\$208.59
49	Small Swimming Pool	\$31.31		\$61.99
50				
51	Gallage Charge per 1,000 gallons			
52				
53	Dewatering Sludge Loads			
54	Gallage Rate	\$4.64		\$9.19
55	Minimum Charge (155,000 gls - 20 ERCs @ 250gpd, 31 days)	\$719.20		\$1,424.02

Revenue Schedule at Test Year Rates - Proof of Revenue

Company: K W Resort Utilities Corp

Docket No.: 150071-SU

Test Year Ended: 12/31/2014

Interim [] Final [x]

Water [] Sewer [x]

Florida Public Service Commission

Schedule E-2 REVISED

Page 1 of 2

Preparer: Milian, Swain & Associates, Inc.

Explanation: Provide a calculation of revenues at present and proposed rates using the billing analysis. Explain any differences between these revenues and booked revenues. If a rate change occurred during the test year, a revenue calculation must be made for each period.

Line No.	Class/Meter Size	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Bills Jan. - Dec 2,014	Billable Gallons (in 000's) Jan. - Dec. 2,014	Test Year Rates Effective 3.30.13	Test Year / Annualized Revenue Jan. - Dec. 2014	Proposed Rates	Revenues at Proposed Rates	
Residential								
1	All Residential Meters	19,174		\$17.81	\$341,488.94	\$35.26	\$676,075.24	
3	All Residential Gallons (Max 10k gallons)		70,508	\$3.87	\$272,865.96	7.66	\$540,091.28	
4	Total Residential Service	19,174	70,508		\$614,354.90		\$1,216,166.52	
5	Average Residential Bill				\$32.04		\$63.43	
General Service - Base Charge								
7	5/8" General Service	1,670		\$17.81	\$29,742.70	\$35.26	\$58,884.20	
8	5/8" General Service (with 4")	12		\$44.53	\$534.36	\$88.17	\$1,058.04	
9	5/8" General Service (with 1")	2		\$89.05	\$178.10	\$176.32	\$352.64	
8	1" General Service	92		\$44.53	\$4,096.76	\$88.17	\$8,111.64	
9	1" General Service (with 5/8")	2		\$89.05	\$178.10	\$176.32	\$352.64	
9	1.5" General Service (with 6")	36		\$89.05	\$3,205.80	\$176.32	\$6,347.52	
10	2" General Service	94		\$142.47	\$13,392.18	\$282.09	\$26,516.46	
11	4" General Service	12		\$445.24	\$5,342.88	\$881.58	\$10,578.96	
12	6" General Service	36		\$890.49	\$32,057.64	\$1,763.17	\$63,474.12	
13	8" General Service	0		\$1,602.86	\$0.00	\$3,173.66	\$0.00	
14	8" Turbo General Service	12		\$2,048.10	\$24,577.20	\$4,055.24	\$48,662.88	
15	Total General Service BFC	1,968			\$113,305.72		\$224,339.10	
General Service - Gallons								
17	5/8" General Service		31,932	\$4.64	\$148,164.48	\$9.19	\$293,455.08	
18	1" General Service		3,845	\$4.64	\$17,840.80	\$9.19	\$35,335.55	
19	1" General Service		236	\$4.64	\$1,095.04	\$9.19	\$2,168.84	
20	1.5" General Service			\$4.64	\$0.00	\$9.19	\$0.00	
20	2" General Service		33,885	\$4.64	\$157,226.40	\$9.19	\$311,403.15	
21	4" General Service (5/8" + 4")		12,582	\$4.64	\$58,380.48	\$9.19	\$115,628.58	
22	6" General Service (1.5" + 6")		19,802	\$4.64	\$91,881.28	\$9.19	\$181,980.38	
23	8" General Service		0	\$4.64	\$0.00	\$9.19	\$0.00	
24	8" Turbo General Service		10,138	\$4.64	\$47,040.32	\$9.19	\$93,168.22	
25	Total General Service Gallonage	0	112,420		\$521,628.80		\$1,033,139.80	
26	Total General Service	1,968	112,420		\$634,934.52		\$1,257,478.90	
27	Average General Service Bill				\$322.63		\$638.96	
Reclaimed Water								
29	Gallorage Charge per 1,000 gallons	24	72,423	\$0.68	\$49,247.64	\$1.35	\$97,771.05	
Private Lift Station Owners								
31	5/8" x 3/4 " meter			\$17.81	\$0.00	\$35.26	\$0.00	
32	1" meter			\$44.53	\$0.00	\$88.17	\$0.00	
33	2" meter			\$142.47	\$0.00	\$282.09	\$0.00	
34	Gallorage Charge per 1,000 gallons			\$4.64	\$0.00	\$9.19	\$0.00	
35	Total Private Lift Station Owners	0	0		\$0.00		\$0.00	
Bulk WW - Safe Harbor Marina								
37	Total Bulk Rate	12		\$917.11	\$11,005.32	\$1,815.88	\$21,790.56	
38	Residential living units 1 ERC each			\$343.66	\$0.00	\$680.45	\$0.00	
39	Live Aboard Boats .6 ERC each			\$286.38	\$0.00	\$567.03	\$0.00	
40	Non Live Aboard Boats .2 ERC each			\$143.20	\$0.00	\$283.54	\$0.00	
41	Vacant Slips .2 ERC each			\$30.84	\$0.00	\$61.06	\$0.00	
42	Bathhouses 1 ERC each			\$52.87	\$0.00	\$104.68	\$0.00	
43	Commercial Businesses .5 ERC each			\$26.43	\$0.00	\$52.33	\$0.00	
44	Commercial Bar			\$33.73	\$0.00	\$66.79	\$0.00	
45	Total Safe Harbor Marina	12			\$11,005.32		\$21,790.56	

Revenue Schedule at Test Year Rates - Proof of Revenue

Company: K W Resort Utilities Corp

Docket No.: 150071-SU

Test Year Ended: 12/31/2014

Interim [] Final [x]

Water [] Sewer [x]

Florida Public Service Commission

Schedule E-2 REVISED

Page 2 of 2

Preparer: Millian, Swain & Associates, Inc.

Explanation: Provide a calculation of revenues at present and proposed rates using the billing analysis. Explain any differences between these revenues and booked revenues. If a rate change occurred during the test year, a revenue calculation must be made for each period.

Line No.	(1) Class/Meter Size	(2) Total Bills Jan. - Dec 2,014	(3) Billable Gallons (in 000's) Jan. - Dec. 2,014	(4) Test Year Rates Effective 3.30.13	(5) Test Year / Annualized Revenue Jan. - Dec. 2014	(6) Proposed Rates	(7) Revenues at Proposed Rates
1	General Svc. Bulk WW - South Stock Island Marinas*						
2	5/8" Residential Living Units	24	912	\$101.96	\$92,987.52	\$201.88	\$184,114.56
3	2"	36	36	\$142.47	\$5,128.92	\$282.09	\$10,155.24
4	8" Turbo	12	12	\$2,048.10	\$24,577.20	\$4,055.24	\$48,662.88
5	Gallonage Charge per 1,000 gallons		8,535	\$4.64	\$39,602.40	\$9.19	\$78,436.65
6	Total General Service	72			\$162,296.04		\$321,369.33
7	Small Swimming Pool	24	24	\$31.31	\$751.44	\$61.99	\$1,487.76
8	Total South Stock Island Marinas	96	8,535		\$163,047.48		\$322,857.09
9	* Key West Marina Investments and Stock Island Marina Village are each charged the base rate for six (6) 5/8" and one (1) 2" meters on one monthly bill for an annual total of 144 5/8" and 24 2".						
10	*Sunset Marinas and Condominiums is charged the base rate for sixty four (64) 5/8", one (1) 2" and one (1) 8" meters on one monthly bill for an annual total of (768) 5/8", twelve (12) 2" and twelve (12) 8" meters, plus 2 small swimming pools.						
11							
12	KW Golf Club HOA						
14	Large Swimming Pool	12		\$105.75	\$1,269.00	\$208.59	\$2,503.08
15	Small Swimming Pool	12		\$31.31	\$375.72	\$61.99	\$743.88
16	Total KW Golf Club HOA	24	0		\$1,644.72		\$3,246.96
17	Dewatering Sludge Loads						
18	Gallonage Rate			\$4.64		\$9.19	
19	Minimum Charge (155,000 gls - 20 ERCs @ 250gpd, 31 days)			\$719.20		\$1,424.02	
20	Total Dewatering Sludge Loads	0	0		\$0.00		\$0.00
21							
22	Other Miscellaneous Revenues				\$10,719.63		\$10,719.63
23	Adjustment to reclass Miscellaneous Revenues						
24	Total Other Revenues				\$10,719.63		\$10,719.63
25							
26	Test Year Accruals				\$0.00		\$0.00
27	Adjusted Test Year/ Annualized / Proposed Revenues				\$1,484,954.21		\$2,930,030.71
28	Total Per Books / Proposed				\$1,479,306.70		\$2,931,759.21
29	Difference				\$5,647.51		(\$1,728.50)
30	Percentage				0.38%		-0.06%

July 20, 2013 Letter from PSC Response

#5

TY=2014

Chemicals

Type	Total Purchased	QTY	Unit Prices	dosage rate	Notes
1 Chlorine Gas	\$ 6,500.00	7500 lbs	\$.86/lb	Cl2 gas Feed = 49 lbs per day	5 mos .460MGD 7 mos (switched mid yr)
2 Hypochlorite 12.5%	\$ 20,704.70	10,522 gal	\$1.35/gal	NaOCl Feed = 49.3 gallons per day	.460MGD
3 Polymer WT5820	\$ 9,142.88	440 gal	\$20.78/gal	0.0000667 gal polymer/gal water treated	2.5 gallons polymer for 37,500 gal digester
Calcium Hypochlorite 4 68%	\$ 2,130.00	1100 lbs	\$2.00/lb	0.00245 lb Ca(ClO2)/gal water treated	

KW Resort Utilities Corp.

Account QuickReport

January - December 2014

CHEMICALS

Date	Type	Quantity Purchased	Unit Prices Paid	Total Dollar Amount	Dosage Rate Utilized

01/15/2014	Polymer	2 55-gallon drums	\$1,142.86	\$2,285.72	
04/03/2014	Polymer	2 55-gallon drums	\$1,142.86	\$2,285.72	
07/25/2014	Polymer	2 55-gallon drums	\$1,142.86	\$2,285.72	
12/23/2014	Polymer	2 55-gallon drums	\$1,142.86	\$2,285.72	
				\$9,142.88	
04/28/2014	Calcium Hypochlorite	2	\$200.00	\$400.00	
7/10/2014	Calcium Hypochlorite	1	\$200.00	\$200.00	
7/30/2014	Calcium Hypochlorite	2	\$200.00	\$400.00	
9/18/2014	Calcium Hypochlorite	2	\$200.00	\$400.00	
10/22/2014	Calcium Hypochlorite	2	\$165.00	\$330.00	
11/28/2014	Calcium Hypochlorite	2	\$200.00	\$400.00	
				\$2,130.00	
01/30/2014	Chlorine	10 CYL	\$130.00	\$1,300.00	
02/26/2014	Chlorine	10 CYL	\$130.00	\$1,300.00	
04/11/2014	Chlorine	10 CYL	\$130.00	\$1,300.00	
04/30/2014	Chlorine	10 CYL	\$130.00	\$1,300.00	
06/04/2014	Chlorine	10 CYL	\$130.00	\$1,300.00	
		Gallons			
06/18/2014	Chlorine	300	\$1.35	\$405.00	
07/02/2014	Chlorine	475	\$1.35	\$641.25	
07/10/2014	Chlorine	300	\$1.35	\$405.00	
07/16/2014	Chlorine	110	\$1.35	\$148.50	
07/25/2014	Chlorine	400	\$1.35	\$540.00	
07/30/2014	Chlorine	265	\$1.35	\$357.75	
08/07/2014	Chlorine	350	\$1.35	\$472.50	
08/13/2014	Chlorine	305	\$1.35	\$411.75	
08/21/2014	Chlorine	425	\$1.35	\$573.75	
08/27/2014	Chlorine	345	\$1.35	\$465.75	
09/04/2014	Chlorine	385	\$1.35	\$519.75	
09/09/2014	Chlorine	300	\$1.35	\$405.00	
09/18/2014	Chlorine	425	\$1.35	\$573.75	
09/24/2014	Chlorine	325	\$1.35	\$438.75	
10/02/2014	Chlorine	450	\$1.35	\$607.50	

10/09/2014	Chlorine	525	\$1.35	\$708.75
10/16/2014	Chlorine	440	\$1.35	\$594.00
10/22/2014	Chlorine	532	\$1.35	\$718.20
10/30/2014	Chlorine	440	\$1.35	\$594.00
11/05/2014	Chlorine	275	\$1.35	\$371.25
11/13/2014	Chlorine	370	\$1.35	\$499.50
11/21/2014	Chlorine	520	\$1.35	\$702.00
11/28/2014	Chlorine	425	\$1.35	\$573.75
12/03/2014	Chlorine	270	\$1.35	\$364.50
12/11/2014	Chlorine	450	\$1.35	\$607.50
12/17/2014	Chlorine	375	\$1.35	\$506.25
12/23/2014	Chlorine	390	\$1.35	\$526.50
12/31/2014	Chlorine	350	\$1.35	\$472.50
Total Gallons		10,522		\$20,704.70

*** Dosage Rate Utilized

For every 1 gallon of bleach used, 8,200.9 gallons were treated.