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# Public Service Commission

December 7, 2017

RECEIVED-FPSC  
2017 DEC -7 PM 12:59  
COMMISSION  
CLERK

Mr. Martin S. Friedman, Esquire  
Friedman & Friedman, P.A.  
766 N. Sun Drive, Suite 4030  
Lake Mary, FL 32746

**Re: Docket No. 20170141-SU – Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.**

Dear Mr. Friedman:

We have reviewed the minimum filing requirements (MFRs) submitted on November 21, 2017, on behalf of K W Resort Utilities Corp (KWRU or Utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. According to MFR Schedule B-9, the Utility incurred charges from Green Fairways, Inc. and Smith Oropeza, P.L. during the test year. In addition, the Utility's 2016 Annual Report Schedule E-10(a) shows charges from Keys Environmental, Inc. and Key West Golf Club during the test year. The Utility provided a parent/affiliate organization chart in which Green Fairways, Inc., Smith Oropeza, P.L., and Keys Environmental, Inc. are listed as related parties to KWRU. Rule 25-30.436(4)(h), Florida Administrative Code (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, a Class A utility shall file three copies of additional schedules that show the following information:
  - a. 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.
  - b. The allocation or direct charging method used and the basis for using that method.
  - c. The workpapers used to develop, where applicable, the basis for the direct charging method.
  - d. A copy of any contracts or agreements between the Utility and its parent or affiliated companies for services rendered between or among them.

The Utility did not include the required information above. The Utility should provide the information outlined above for Green Fairways, Inc.; Smith Oropeza, P.L.; Keys Environmental, Inc.; and Key West Golf Club.

2. 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 19 (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. On MFR Schedule B-8, the CPI-U for the prior and adjusted test year is incorrect. It should be the CPI-U from the last month of the test year, not the annual average.

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.

- b. MFR Schedule B-10, line 23, does not provide the amount of unamortized rate case expense approved in Order No. PSC-2017-0091-FOF-SU.
- c. MFR Schedule E-2, Revenue Schedule at Test Year Rates
  - i. The number of total reuse bills during July 2016 through March 2017 (Column 2) on Schedule E-2 do not match the total number of reuse bills on the corresponding E-14 Schedule. Please correct MFR Schedule E-2 to reflect the total reuse bills for July 2016 through March 2017 of the test year from MFR Schedule E-14.
  - ii. The number of total reuse bills during April 2017 through June 2017 (Column 6) on Schedule E-2 do not match the total number of reuse bills on the corresponding E-14 Schedule. Please correct MFR Schedule E-2 to reflect the total reuse bills for April 2017 through June 2017 of the test year from MFR Schedule E-14.
  - iii. There is no E-14 Schedule matching the Harbor Shores total billable gallons of 251,000 during July 2016 through March 2017 (Column 3) of Schedule E-2. Please provide an E-14 Schedule matching this information on Schedule E-2.
  - iv. In the Column 4, Test Year Rates Effective July 2016, the gallonage charge for Harbor Shores does not match the appropriate gallonage charge

Mr. Martin S. Friedman, Esquire

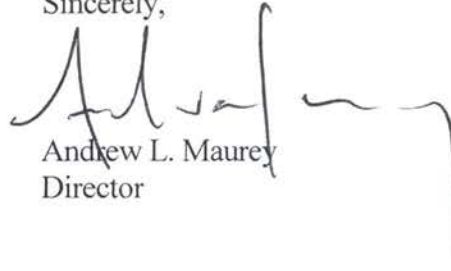
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on Schedule E-1. Please correct Schedule E-2 to reflect the appropriate  
gallonage charge.

If any above corrections require a corresponding change to any other MFR schedules, those corrected schedules must also be submitted in accordance with Rule 25-30.436(4)(e), F.A.C. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than January 8, 2018.

Sincerely,



Andrew L. Maurey  
Director

ALM:jes

cc: Division of Accounting and Finance (D. Andrews, Bulecza-Banks, D. Buys, Fletcher, Frank, Johnson, Norris, Sowards)  
Division of Auditing & Performance Analysis (Deamer)  
Division of Economics (Daniel, Friedrich, Hudson)  
Division of Engineering (Graves, Hill, King, Knoblauch)  
Office of the General Counsel (Mapp)  
Office of Commission Clerk (Docket No. 20170141-SU)  
Office of the Public Counsel  
Monroe County