

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20170141-SU,

KW RESORT UTILITIES CORPORATION RATE CASE

DIRECT TESTIMONY OF KEVIN G. WILSON, P.E.

March 14, 2018

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.**

2 A. My name is Kevin G. Wilson, and my business address is 1100 Simonton St.,
3 Key West, FL 33040. I am employed by Monroe County as Assistant County
4 Administrator in charge of Public Works and Engineering. I also serve as the
5 County Engineer.

6

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

8 A. I am testifying on behalf of the Board of County Commissioners of Monroe
9 County, Florida. To the best of my knowledge, Monroe County is the largest
10 customer of K W Resort Utilities Corp. ("KWRU"), the utility seeking rate
11 increases in this proceeding.

12

13 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

14 A. I have a Bachelor's Degree in Engineering from Carnegie Mellon University. A
15 copy of my resume' is provided as Exhibit KGW-1 to my testimony.

1 I have worked for Monroe County since July 2006. I was promoted into my
2 current position of Assistant County Administrator in charge of Public Works and
3 Engineering in 2015. In my current position, I am responsible for oversight of the
4 following areas: Wastewater, specifically including oversight of design,
5 construction, and funding of the centralized wastewater system in the Florida
6 Keys that is owned by Monroe County and operated by the Florida Keys
7 Aqueduct Authority; Project Management; Engineering, including construction
8 and maintenance of Roads and Bridges; Solid Waste Programs; Solid Waste
9 Operations; and Fleet Management. I have responsibility for overall
10 management of all capital construction for the County, which includes buildings,
11 sewers, roads and bridges. I oversee a staff of approximately 155 people and
12 supervise annual budgets in the amount of approximately \$40 million in
13 operation expenses and \$90 million in capital expenditures. I am also the senior
14 engineering manager for the County (the County Engineer). Prior to my current
15 position, from October 2011 until April 2015, I was a Division Director for
16 Monroe County in charge of Public Works and Engineering. My responsibilities
17 and duties were essentially the same then as in my current position. Prior to
18 October 2011, I was the Director of Project Management and Engineering. My
19 responsibilities and duties in that capacity included oversight of all County road
20 and building construction.

1 From 2003 to 2005, I was a contract employee with the Federal Government
2 working with the U.S. Army. I am also a retired Lieutenant Colonel with the
3 Army Reserve.

4 Prior to that, from approximately 1994 to 2003 I worked with two companies
5 based in Austria. In that capacity, I developed and executed engineering
6 projects, including nuclear engineering and other power generation and
7 environmental cleanup projects, in the Middle East, Western Europe, Eastern
8 Europe and the former Soviet bloc countries, including Russia.

9 Prior to that, I worked with a company in Korea, and prior to that time, I
10 worked with Procter & Gamble for approximately 17 years.

11

12 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE FLORIDA PUBLIC**
13 **SERVICE COMMISSION (“COMMISSION” OR “PSC”)?**

14 A. Yes. I testified on behalf of the Board of County Commissioners of Monroe
15 County in KWRU’s last rate case, Florida Public Service Commission Docket No.
16 150071-SU.

17

18 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN ANY ECONOMIC,**
19 **ENVIRONMENTAL, LAND USE, OR SIMILAR REGULATORY OR PERMITTING**
20 **PROCEEDINGS RELATING TO WATER SERVICE, WASTEWATER OR SEWAGE**
21 **TREATMENT SERVICE, OR THE PROVISION OF REUSE WATER SERVICE?**

1 A. Yes. I have previously testified in four (4) cases regarding wastewater service in
2 Monroe County, including depositions, administrative hearings, and circuit court
3 trials. A list of these cases is attached as Exhibit KGW-2.

4

5 **Q. DO YOU HOLD ANY PROFESSIONAL CERTIFICATIONS?**

6 A. I am a Registered Professional Engineer, licensed to practice in Florida and Ohio.

7

8 **Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?**

9 A. Yes, I am sponsoring the following exhibits:

KGW-1	Resumé of Kevin G. Wilson, P.E.
KGW-2	List of prior testimonies
KGW-3	Aerial Photo of Stock Island
KGW-4	South Stock Island 2010 Census Information
KGW-5	2010-2014 American Community Survey, 5 Year Estimates
KGW-6	2000 Monroe County Sanitary Master Wastewater Plan – “Hot Spot” Excerpt, Exh. 6-1
KGW-7	Monroe County Code, Section 20-102
KGW-8	Excerpt from KWRU Stock Island WWTP, Public Utility Appraisal Report, Effective Date: December 31, 2014, Report Date January 2015
KGW-9	Projected Future 2018-2019 Sewer Demands (KWRU)
KGW-10	Actual Usage Data for Stock Island Marina Village and Oceanside Properties, 2016-2018

10

1 Q. PLEASE SUMMARIZE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT
2 POSITION AS THEY RELATE TO WASTEWATER SERVICE ON STOCK ISLAND.
3 PLEASE INCLUDE A SUMMARY OF ANY PRIOR EXPERIENCE THAT ALSO
4 INVOLVED DUTIES AND RESPONSIBILITY WITH RESPECT TO WASTEWATER
5 SERVICE ON STOCK ISLAND.

6 A. I have worked for Monroe County since July 2006. With regard to
7 wastewater service on Stock Island, in my current position, I am responsible for
8 oversight of wastewater collection and treatment, specifically including oversight
9 of design, construction, and funding of the centralized wastewater systems in
10 the Florida Keys that are owned by Monroe County and operated by the Florida
11 Keys Aqueduct Authority. My duties and responsibilities as Monroe County's
12 Assistant County Administrator necessarily include being familiar with the history
13 of the County's contractual relationship with K W Resort Utilities Corp. ("KWRU")
14 dating back to 2001, when the County entered into a certain "Utility Agreement"
15 with KWRU, pursuant to which the County is KWRU's customer for wastewater
16 treatment service for County facilities on Stock Island. In particular, I am also
17 familiar with the certain "Capacity Reservation and Infrastructure Contract"
18 dated July 31, 2002, between the County and KWRU. In that Agreement, the
19 County agreed to pay KWRU up to \$4.6 million in order to enable KWRU to
20 construct the wastewater collection system on South Stock Island, in return for
21 which the County received 1,500 Equivalent Dwelling Units ("EDUs," also

1 referred to as Equivalent Residential Connections or “ERCs”) of reserved
2 capacity on KWRU’s system. I am also familiar with subsequent agreements
3 between the County and KWRU. In addition, I am familiar with the County’s
4 payment of KWRU’s rates as a customer for wastewater treatment services and
5 reuse water service on North and South Stock Island. In addition, my duties
6 necessarily include being familiar with economic and population growth, potable
7 water and wastewater treatment requirements for existing and new residential
8 and commercial establishments, and related matters throughout the County,
9 including on North and South Stock Island.

10
11 **PURPOSE AND SUMMARY OF TESTIMONY**

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 A. My testimony covers three areas. First, my testimony provides factual
14 information regarding the numbers of existing residential, commercial, and
15 industrial water users on Stock Island that are required to connect to KWRU’s
16 system as soon as possible by statutes and regulations, and also regarding the
17 projected numbers of new customers that are likely to connect to KWRU’s
18 system within the first twelve months following the effective date of any new
19 rates that the Commission may approve for KWRU in this proceeding. Based on
20 projections of new customers, based on firm information regarding such new
21 customers, including actual usage data for certain major developments, and

1 using standard usage amounts for residential and general service customers, I
2 provide information regarding the number of additional gallons of wastewater
3 treatment service that KWRU can reasonably be projected to provide to the
4 customers who connect to its system over this time period. For clarity, the time
5 period to which I refer is the twelve months from July 1, 2018 through June 30,
6 2019; this time period is conservatively assumed to be representative of the first
7 twelve months that any new rates for KWRU would be in effect. I say
8 "conservative" because it appears that any new rates will not be effective before
9 August 2018, such that there would likely be additional growth in sales and
10 revenues, beyond what my projections here show, in the first year in which the
11 new rates will be in effect.

12 Second, my testimony explains the requirements for all existing and new
13 water users on Stock Island to connect to the wastewater treatment system of
14 KWRU as soon as practicable. These requirements are mandated by Florida
15 Statutes and also by regulations of Monroe County and the Florida Department
16 of Environmental Protection ("FDEP").

17 Third, my testimony describes the history of the contractual relationships
18 between KWRU and Monroe County, and explains the payment of contributions
19 in aid of construction, sometimes also called capacity reservation fees, to KWRU.
20
21

1 **Q. PLEASE SUMMARIZE THE MAIN CONCLUSIONS OF YOUR TESTIMONY.**

2 A. The main purpose of my testimony is to provide reliable information regarding
3 the amount of wastewater treatment service that KWRU will experience when
4 new rates are in effect, including numbers of additional customers beyond those
5 used by KWRU in its proposed test year ending June 30, 2017. This information
6 is important to enable the Commission to set rates that will match the additional
7 investment and operating costs outside the 2016-2017 test year that KWRU has
8 requested be included in its revenue requirements.

9 Based on my knowledge of the applicable statutory and regulatory
10 requirements, my knowledge of the numbers of existing residential units and
11 general service establishments (commercial units), and also on my knowledge of
12 the expected new residential and general service establishments that have been
13 permitted for occupancy and that I expect to be permitted for occupancy
14 between now (March 2018) and the July 2018-June 2019 period that I analyzed
15 as explained above, KWRU has connected 62 existing residential units and is
16 projected to connect an additional four (4) residential units to its system as a
17 whole. KWRU will also add two new general service establishments (with a total
18 of three meters) to its system by July 2018, the County's Bernstein Park and the
19 new Florida Keys SPCA (Animal Shelter) facility. Additionally, three other general
20 service establishments, the Oceanside Investors property and the Stock Island
21 Marina Village on South Stock Island, and the Gerald Adams School on North

1 Stock Island, will have significant additional flows in the July 2018-June 2019
2 period, over and above what they experienced in KWRU's test year. Adding all of
3 these projected wastewater treatment demands or requirements, I estimate
4 that KWRU will treat, and charge for, approximately 10.55 Million additional
5 gallons of wastewater treatment service in the twelve months from July 1, 2018
6 through June 30, 2019, which is approximately the first year after the new rates
7 approved in this proceeding, if any, would be in effect. This 10.55 Million gallons
8 per year represents an increase of approximately 6 percent over KWRU's test
9 year gallons for Residential and General Service wastewater treatment.

10
11 **STOCK ISLAND AND KWRU'S SYSTEM**

12 **Q. PLEASE DESCRIBE STOCK ISLAND, ITS POPULATION AND DEMOGRAPHIC**
13 **CHARACTERISTICS, ITS STATE OF DEVELOPMENT, DEVELOPMENT PROSPECTS,**
14 **AND OTHER CHARACTERISTICS THAT ARE PERTINENT TO THE DEMAND FOR**
15 **WASTEWATER TREATMENT SERVICE ON STOCK ISLAND.**

16 **A.** Stock Island is an island immediately east or northeast of Key West as one heads
17 toward mainland Florida. Please see Exhibit KGW-3 to my testimony, which is an
18 aerial photograph of Stock Island.

19 U.S. 1 divides Stock Island into what are commonly referred to as "North
20 Stock Island" and "South Stock Island." North Stock Island is part of the City of
21 Key West, and is generally characterized by upscale development, including a

1 golf course at the Key West Golf Club, and institutional facilities. The
2 institutional facilities include Florida Keys Community College, the Lower Keys
3 Medical Center, the Tennessee Williams Theatre, the Monroe County Sheriff's
4 office, jail and Juvenile Detention Center, and others.

5 South Stock Island, on the other hand, is part of unincorporated Monroe
6 County. South Stock Island is also a "census-designated place" ("CDP") for which
7 the U.S. Census Bureau collects and reports demographic data. The population
8 of the Stock Island CDP was 3,807 in the 2010 U.S. Census, with 1,658 housing
9 units at that time.

10 In comparison to North Stock Island, residences on South Stock Island have
11 until recently generally been small single family homes, mobile homes,
12 manufactured housing, apartments, condominiums, and marinas. Each boat slip
13 at most or all of the marinas is required to have sewerage service. The
14 commercial or general service facilities on South Stock Island include fishing and
15 other maritime businesses, general commercial and light industrial
16 establishments, including KWRU's wastewater treatment plant, boat repair and
17 other maritime industrial facilities, and similar businesses. Although it may not
18 be clear from the aerial photo in Exhibit KGW-3, many of the single family
19 residences on South Stock Island are very small, which is indicative of the
20 generally lower-income status of most of the population on South Stock Island.

1 Exhibit KGW-4 to my testimony is information from the 2010 U.S. Census
2 data. The column marked "SSI & Key Haven" shows population information for
3 the entire census tract 9718, which includes both South Stock Island and Key
4 Haven. Key Haven is an upscale community north of South Stock Island (across
5 U.S. 1) and slightly to the east. The four columns on the right show the
6 breakdown between South Stock Island and Key Haven. The chart shows that
7 South Stock Island has a much higher occupancy rate and a much higher
8 percentage of renters than the rest of the Lower Keys. (The Lower Keys are
9 those islands from Key West to Big Pine Key, inclusive; the Keys northeast from
10 Big Pine are referred to as the Middle Keys.)

11 Attached as Exhibit KGW-5 to my testimony is information about the Stock
12 Island CDP from the 2010-2014 American Community Survey, 5 Year Estimates.
13 The median household income on South Stock Island is \$41,799 and the median
14 housing value is \$236,700. On South Stock Island, 17.2% of the population lives
15 below the poverty level, compared to 12.6% in the City of Key West and 13.9% in
16 Monroe County as a whole. By way of contrast, the median household income in
17 the City of Key West is \$54,306, and the median housing value is \$430,900 (82%
18 higher than the Stock Island CDP).

1 **Q. PLEASE DESCRIBE THE IMPACTS OF HURRICANE IRMA ON STOCK ISLAND.**

2 A. Stock Island received little damage from the storm beyond increased vegetative
3 debris. County facilities were up and running soon after the storm. The
4 corrections facilities on North Stock Island were evacuated during the storm as a
5 precaution when it appeared the landfall was heading for Key West. The water
6 supply system damages were primarily in the areas north/east of Stock Island
7 due largely to tree roots or home damage resulting in uncontrolled fresh water
8 loss from the system. Sewer systems in the hardest hit areas including the
9 wastewater treatment plant at the point of landfall suffered minimal damage
10 and continued to operate. There was minimal damage to the infrastructure on
11 Stock Island with the exception of power interruptions which were restored very
12 quickly.

13
14 **Q. PLEASE DESCRIBE MONROE COUNTY’S FACILITIES ON STOCK ISLAND AND THEIR**
15 **USAGE OF WASTEWATER TREATMENT SERVICE AND REUSE WATER PROVIDED**
16 **BY KWRU.**

17 A. To the best of my knowledge, Monroe County is KWRU’s largest customer by
18 volume of wastewater treatment service purchased and by revenues. Major
19 County facilities served by KWRU include the Monroe County Sheriff’s Office;
20 Monroe County Detention Center (commonly known as the Monroe County Jail)
21 and Juvenile Detention Center; Bayshore Manor (a County-owned and operated

1 Assisted Living Facility); the Stock Island fire station, and the Society for the
2 Prevention of Cruelty to Animals (SPCA) animal shelter. The Monroe County
3 School District also operates the Gerald Adams Elementary School on North
4 Stock Island.

5 In addition to wastewater service, Monroe County also purchases substantial
6 amounts of reuse water from KWRU, primarily for use at the Monroe County Jail
7 and Juvenile Detention Center.

8
9 **Q. PLEASE DESCRIBE THE NATURE OF THE COUNTY'S CONTRACTUAL**
10 **RELATIONSHIPS WITH KWRU.**

11 A. Beginning in 2001, with the 2001 Utility Agreement, the County entered into a
12 series of contracts with KWRU to pay for design and construction of KWRU's
13 wastewater system on South Stock Island. KWRU is and at all times relevant has
14 been the only wastewater utility serving South Stock Island. The County's
15 objective in entering into these agreements was to expedite connection of
16 properties to the central wastewater system, in order to comply with Chapter
17 99-395, Laws of Florida. Section 6 of that law required all sewage treatment
18 and disposal facilities and all onsite sewage treatment and disposal systems
19 (defined to include cesspits and septic tanks) in Monroe County to cease
20 discharge and comply with applicable FDEP or Florida Department of Health
21 ("FDOH") treatment requirements by **June 30, 2010**. Ch. 99-395 was

1 subsequently codified in Section 403.086 of the Florida Statutes. As of 2010,
2 that statute, as amended since 1999, required – and *requires* – all wastewater
3 collection, treatment and disposal facilities in any portion of the County
4 designated as a “hot spot” in the County’s Sanitary Master Wastewater Plan
5 dated June 2000 to be completed by **December 31, 2015**. A copy of Exhibit 6-1
6 from the Sanitary Master Wastewater Plan showing Stock Island to be
7 designated as a “hot spot” is attached to this testimony as Exhibit KGW-6. Thus,
8 the County’s objective in entering into the series of contracts with KWRU was to
9 facilitate the completion of the wastewater system and connection of
10 properties within the KWRU’s boundaries to its system.

11 In 2002, the County entered into a Capacity Reservation and Infrastructure
12 Contract with KWRU, dated July 31, 2002 (the “2002 CRI Contract”). In this
13 agreement, the County agreed to pay up to \$4.6 million to KWRU in monthly
14 installments. In return, the County received 1,500 Equivalent Dwelling Units of
15 capacity. The agreement also provided that KWRU would collect capacity
16 reservation fees from the customers who were signing up, at \$2,700 per
17 capacity reservation fee (“CRF,” also commonly referred to as Service
18 Availability Charges and Plant Capacity Charges), and would turn the CRFs over
19 to the County to repay the funds.

20 However, the 2002 CRI Contract also provides that KWRU agreed to convert
21 its system to AWT standards by January 1, 2007 if requested, and if it did so, the

1 cost of conversion would be paid by allowing KWRU to keep \$600 out of each
2 CRF that it collected. On December 18, 2002, the County passed a resolution
3 officially requesting the utility to convert to AWT. On June 21, 2006, the Board
4 of County Commissioners approved the payment of \$707,000 to KWRU as a
5 lump sum payment, in lieu of requiring KWRU to take \$600 out of each CRF as it
6 was collected. The \$707,000 was the remainder of the \$900,000 (\$600 per each
7 of the 1,500 EDUs) which had, at the time not been collected from the
8 customers by the utility.

9 In addition to the above, on January 15, 2003, the County entered into an
10 agreement whereby it paid KWRU a further \$134,822 as additional financial
11 support for construction of the South Stock Island sewer system.

12 Also, in April 2013, KWRU filed a Complaint before the Public Service
13 Commission (Docket No. 130086-SU), in which KWRU requested a declaratory
14 statement regarding whether KWRU was entitled to collect capacity reservation
15 fees from the County for 220.27 ERCs in excess capacity used by the County, as
16 provided in the 2001 agreement, and whether KWRU was entitled to collect
17 construction costs (that had been disallowed by the County's Clerk). I was
18 actively involved in the case. In December 2013, the parties agreed to settle the
19 case. The County paid \$500,000 to KWRU to settle claims filed by KWRU in
20 Public Service Commission Docket No. 130086-SU. In the settlement, the

1 parties agreed that the payment included payment for 220.27 additional
2 Equivalent Residential Connections.

3 Including all of the above, our records show that the County has paid a total
4 of \$6.3 million to KWRU in capacity reservation fees and construction costs.

5

6 **Q. PLEASE SUMMARIZE YOUR KNOWLEDGE OF KWRU'S SYSTEM ON STOCK**
7 **ISLAND.**

8 A. I'm most familiar with the vacuum collection system commissioned in 2002 by
9 the County but have some general knowledge about the layout and components
10 of KWRU's entire system. The KWRU system now includes total treatment
11 capacity of 849,000 gallons per day (0.849 MGD), located on Front Street on
12 South Stock Island, collection systems on both North and South Stock Island, and
13 a water reuse supply system from the wastewater treatment plant to reuse
14 water customers. The collection system on South Stock Island utilizes gravity,
15 vacuum, and force mains. The gravity collection system on South Stock Island is
16 comprised partially of the neighborhood known as Lincoln Gardens plus several
17 other streets on the northwest side of South Stock Island. The vacuum system
18 serves most of the northeast and southeast portions of South Stock
19 Island. Several properties on South Stock Island are served by force mains
20 including properties known as Boyd's Campground, Roy's Trailer Park, Sloan's
21 Landing, and several other properties. A force main system delivers wastewater

1 from North Stock Island to the treatment plant. The water reuse system
2 provides treated reclaimed water to several users on North Stock Island,
3 including the Monroe County Jail and the golf course.

4
5 **Q. HOW MANY EXISTING RESIDENTIAL UNITS ARE THERE ON STOCK ISLAND? TO**
6 **THE EXTENT POSSIBLE, PLEASE IDENTIFY THE DIFFERENT TYPES OF RESIDENTIAL**
7 **UNITS ON STOCK ISLAND.**

8 A. All of the KWRU customers receive their water from Florida Keys Aqueduct
9 Authority (FKAA). FKAA reports 1,857 total accounts on Stock Island as of
10 9/12/2016. Of these, 1,656 are residential accounts (1,923 units) and 201 are
11 non-residential, which includes commercial and marinas. Monroe County
12 Property Appraiser records show that of the 1,923 residential units, 811 are
13 single family residences, 344 are marinas (including boat slips), 347 are mobile
14 homes, and the remainder (421) are condominiums and multi-family housing.

15
16 **Q. HOW MANY OF THESE EXISTING RESIDENTIAL UNITS ARE CURRENTLY**
17 **ACTUALLY CONNECTED TO KWRU'S SYSTEM?**

18 A. Based on information provided in KWRU's 2016 Annual Report to the Florida
19 Public Service Commission, KWRU had 1,694 residential customers and 171
20 commercial customers as of December 31, 2016. Therefore, I conclude that

1 there were approximately 1,694 residential units receiving wastewater
2 treatment service from KWRU as of that date.

3 For perspective, in 2014, KWRU submitted information in a permit challenge
4 case filed in the Division of Administrative Hearings, stating that it had 1,416
5 residential customers and 216 commercial customers. Therefore, clearly
6 residential customer accounts have grown since December 31, 2014.

7

8 **Q. HOW MANY EXISTING COMMERCIAL ESTABLISHMENTS ARE THERE ON STOCK**
9 **ISLAND?**

10 A. Florida Keys Aqueduct Authority (FKAA) supplies water to all residential and non-
11 residential consumers on Stock Island. FKAA reports 1,857 total accounts on
12 Stock Island as of September 12, 2016. Of these, 201 are non-residential, which
13 includes commercial and marinas.

14

15 **Q. HOW MANY OF THESE EXISTING COMMERCIAL UNITS ARE ACTUALLY**
16 **CONNECTED TO KWRU'S SYSTEM?**

17 A. Based on information provided in KWRU's 2015 Annual Report to the Florida
18 Public Service Commission, KWRU had 177 general service customers as of
19 December 31, 2015. Therefore, I conclude that there were approximately 177
20 commercial establishments receiving wastewater treatment service from KWRU
21 as of that date.

1 **Q. IS IT CORRECT THAT THERE ARE APPROXIMATELY 80 EDUs (ON 18 PARCELS)**
2 **WITHIN KWRU’S VACUUM COLLECTION SERVICE AREA THAT ARE NOT**
3 **ACTUALLY CONNECTED TO KWRU’S SYSTEM?**

4 **A. Yes.**

5

6 **Q. AND IS IT ALSO CORRECT THAT THESE RESIDENTIAL UNITS HAVE BEEN**
7 **REQUIRED TO BE CONNECTED TO KWRU’S SYSTEM SINCE DECEMBER 31, 2015?**
8 **IF SO, HOW MUCH ADDITIONAL WASTEWATER SERVICE CAN THESE**
9 **RESIDENTIAL UNITS BE EXPECTED TO REQUIRE FROM KWRU?**

10 **A. Yes, this is correct. Using the Utility’s standard value of 250 gallons per day per**
11 **ERC, this would translate to approximately 7.3 million gallons per year; using the**
12 **alternate value of 167 GPD per ERC would translate to approximately 4.9 million**
13 **gallons per year.**

14

15 **Q. DO YOU HAVE AN OPINION AS TO WHEN IT IS REASONABLY LIKELY THAT THESE**
16 **CUSTOMERS WILL ACTUALLY BE CONNECTED TO AND RECEIVING SERVICE**
17 **FROM KWRU’S WASTEWATER SYSTEM?**

18 **A. Yes. Considering that this is a mandate pursuant to State statutes, my opinion is**
19 **that these customers will be connected as soon as is reasonably practical. These**
20 **customers require additional collection infrastructure. I expect that the utility**
21 **will construct this additional infrastructure in the next six to nine months.**

1 Virtually all (more than 95 percent) of them should be receiving service by the
2 end of June2018.

3
4 **Q. PLEASE DESCRIBE AND EXPLAIN ANY LEGAL OR REGULATORY REQUIREMENTS**
5 **FOR EXISTING RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL WATER USERS**
6 **THAT ARE NOT PRESENTLY CONNECTED TO KWRU’S SYSTEM TO BE**
7 **CONNECTED. PLEASE BE AS SPECIFIC AS POSSIBLE.**

8 A. For purposes of this discussion, it is important to understand that Stock Island is
9 in the Florida Keys, which is an “Area of Critical State Concern” designated by the
10 Florida Legislature. It is also important to recognize that the requirements to
11 connect to KWRU’s system apply not only to new residential customers and
12 businesses, but also to existing customers and businesses. Section
13 403.086(10)(b), Florida Statutes, which Monroe County is responsible for
14 implementing, requires that the County, as well as all municipalities and special
15 sewage districts in Monroe County “shall complete the wastewater collection,
16 treatment, and disposal facilities within its jurisdiction designated as hot spots in
17 the Monroe County Sanitary Master Wastewater Plan, dated June 2000,” and
18 that the “required facilities and connections, and any additional facilities or
19 other adjustments required by rules adopted by the Administration Commission
20 under s. 380.0552, must be completed by December 31, 2015.”

1 In the referenced Monroe County Sanitary Master Wastewater Plan, the
2 “Unsewered K.W. Resort Utility Resort Area” is the highest ranked “hot spot” in
3 the Lower Keys area and the number-3-ranked hot spot for the entire Florida
4 Keys. Exhibit KGW-6 to my testimony is a copy of EXHIBIT 6-1 to that Plan, which
5 is a listing of the hot spots in the Lower Florida Keys, with rankings by order of
6 significance. Stock Island is the most critical area in the Lower Keys.

7
8 **Q. WHEN ARE THOSE UNITS THAT ARE NOT PRESENTLY CONNECTED TO KWRU**
9 **REQUIRED TO BE CONNECTED FOR WASTEWATER TREATMENT SERVICE?**

10 A. The applicable statutes and regulations require that ALL existing residential and
11 general service establishments had to be connected to KWRU’s system as of
12 December 31, 2015, i.e., now more than two years ago. This means that all of
13 the residences and commercial establishments on Stock Island that are not
14 presently connected to KWRU’s system must connect as soon as capacity exists
15 to serve them, subject to KWRU completing each physical connection. In
16 practical terms, I believe that all such facilities are required by County ordinance
17 to be connected to KWRU’s system within 30 days following completion of
18 KWRU’s new treatment plant, if they are provided with a connection point.
19 Monroe County will take all reasonable and practicable steps to ensure
20 compliance with the statutes and its Sanitary Master Wastewater Plan.

1 **Q. ARE THERE SIMILAR REQUIREMENTS THAT APPLY TO NEW AND EXPANDED**
2 **RESIDENCES AND COMMERCIAL ESTABLISHMENTS IN KWRU’S SERVICE AREA?**

3 A. Yes. Section 403.086(10)(c), Florida Statutes, requires that “After December 31,
4 2015, all new or expanded domestic wastewater discharges must comply with
5 the treatment and disposal requirements” of the statute. In practical terms, this
6 means that all new residences and commercial establishments on Stock Island
7 must be connected to KWRU’s system in order to obtain a certificate of
8 occupancy.

9
10 **Q. DOES MONROE COUNTY HAVE ANY PROGRAMS TO ASSIST EXISTING WATER**
11 **USERS ON STOCK ISLAND IN GETTING CONNECTED TO KWRU’S SYSTEM? IF SO,**
12 **PLEASE DESCRIBE THE COUNTY’S PROGRAMS AND EFFORTS IN THIS REGARD.**

13 A. Yes. The County “purchased” capacity for 1,500 EDUs via the Capacity
14 Reservation and Infrastructure Contract dated July 31, 2002, between KWRU and
15 the County (the “CRI Contract”). In the CRI Contract, the County agreed to pay
16 KWRU up to \$4.6 million to fund a collection system to provide service to a wide
17 area of South Stock Island. Construction of that collection system left some
18 customers without a connection point. Additionally, in a separate agreement
19 with KWRU, the County agreed to pay KWRU approximately \$900,000 to fund
20 conversion of its treatment plant to AWT.

21

1 ADDITIONAL WASTEWATER TREATMENT REQUIREMENTS

2 Q. PLEASE TELL THE PUBLIC SERVICE COMMISSION AS MUCH AS YOU CAN
3 CONCERNING ANY INCREMENTAL WASTEWATER TREATMENT SERVICE
4 REQUIREMENTS THAT KWRU WILL BE CALLED UPON TO SERVE DURING THE
5 PERIOD JULY 1, 2018 – JUNE 30, 2019, THAT ARE OVER AND ABOVE THE
6 AMOUNTS SERVED IN KWRU’S PROPOSED JULY 1, 2016 – JUNE 30, 2017 TEST
7 YEAR. PLEASE BE AS SPECIFIC AS POSSIBLE.

8 A. Based on information available to me, including: (1) my review of records for
9 building permits and development on North Stock Island, through the City of Key
10 West, and South Stock Island, through the County; (2) my review of actual usage
11 data for the Stock Island Marina Village and the Oceanside Investors property;
12 and (3) my personal knowledge of construction and development in the Stock
13 Island area, I believe that the following customers and developments are either
14 taking greater amounts of wastewater treatment service from KWRU than they
15 did in KWRU’s test year, or have connected to the KWRU system since June 30,
16 2017, or are likely to begin taking wastewater treatment service from KWRU in
17 the near future. When I refer to the “near future,” I am referring to customers
18 that will be requiring wastewater treatment service from KWRU during the first
19 year that any new PSC-approved rates would be in effect. Again, I am using the
20 period July 1, 2018 through June 30, 2019 for this time period, although it will
21 likely begin in August or September 2018.

1 **North Stock Island**

2 Please refer to my Exhibit KGW-9. On North Stock Island, there are three
3 additional developments or projects that will be on line and receiving
4 wastewater treatment service during the period July 2018-June 2019. These
5 projects include Sunset Marina (aka Stock Island Apartments, LLC), the new
6 facility of the Florida Keys SPCA (new Animal Shelter facility), and an expansion
7 of the Gerald Adams School. These three projects or developments reflect 62
8 additional residential ERCs and approximately 12 additional general service ERCs
9 and will require approximately 5.08 Million Gallons of additional wastewater
10 treatment service in the July 2018-June 2019 period when new rates will be in
11 effect.

12 My statements regarding additional gallons of treatment service are based
13 on the following. First, with respect to Sunset Marina, I have personally
14 observed that the construction of Sunset Marina is well along, and I have
15 confirmed with Patrick Wright, the City of Key West's Planning Director, that the
16 Sunset Marina project will be fully on line by June 2018. For reference, Sunset
17 Marina originally received approval from the City of Key West to add 60 units; it
18 now comprises 62 units. According to an appraisal report dated January 2015
19 commissioned by KWRU, the Sunset Marina project was projected to add
20 approximately 15,000 gallons per day, or approximately 5.65 Million gallons per
21 year to the loads served by KWRU. (A copy of the relevant page from the

1 appraisal report is filed with my testimony as Exhibit KGW-8.) My estimate is
2 based on 167 gallons per day for the 62 units.

3 The Florida Keys SPCA facility will come on line in late March or early April
4 2018; KWRU has collected CIAC from the FKSPCA for 7.28 ERCs, upon which my
5 estimate for that new facility is based. Finally, I have confirmed from the
6 Monroe County School Board's Executive Director for Operations & Planning, Pat
7 Lefere, that the Gerald Adams School expansion will be complete by December
8 2018. Accordingly, I have used only 6 months of the School's additional usage in
9 my Exhibit KGW-9.

10 As compared to my testimony from the 2016 KWRU rate case, I have now
11 assumed that the then-anticipated Florida Keys Community College new dorm
12 will not be completed until 2020, and that the Easter Seals/Mosquito Control
13 property for which an additional 104 affordable housing units are planned will
14 not have any flows during the July 2018-June 2019 period. In short, my analysis
15 for North Stock Island is limited solely to the increased flows from the three
16 facilities or projects described above.

17 **South Stock Island**

18 As mentioned above, South Stock Island is part of unincorporated Monroe
19 County. Therefore, all requests for building permits and development approvals
20 go through the Monroe County Building Department and the Monroe County
21 Planning Department. I have reviewed the records provided to me by the

1 Planning and Building Departments, and based on that review, I offer the
2 following information.

3 Again, please refer to my Exhibit KGW-9. There are currently two large
4 developments, the Oceanside Investors property and the Stock Island Marina
5 Village, both of which are already operating, that will have significantly greater
6 wastewater treatment requirements when the new rates are in effect than their
7 usage levels in KWRU's test year. The total additional wastewater treatment
8 requirements for these projects are 4.45 Million Gallons per Year for the July
9 2018-June 2019 period. This value is based on actual usage data for these two
10 developments that is presented in my Exhibit KGW-10. That Exhibit shows actual
11 usage for KWRU's test year as compared to actual usage for the period July 2017
12 through February 2018, which is the most recent month for which data is
13 available. The test year usage was 3,501,283 gallons, but the total wastewater
14 treatment usage from July 2017-February 2018 was 4,026,500 gallons, which
15 translates to 6,039,750 gallons on an annual basis. The difference is
16 approximately 2.54 Million gallons, as shown in my Exhibit KGW-9.

17 The second large development on South Stock Island is the Stock Island
18 Marina Village, for which my Exhibit KGW-9 shows an additional 1.91 Million
19 gallons of wastewater treatment for the July 2018-June 2019 period as
20 compared to KWRU's test year. Again, my Exhibit KGW-10 shows the actual
21 water usage for KWRU's test year of 750,366 gallons, versus an actual total of

1 1,770,696 gallons from July 2017 through February 2018. This actual total
2 equates to 2,656,044 gallons on an annual basis, which in turn yields the
3 additional 1.91 Million gallons for Stock Island Marina Village shown on my
4 Exhibit KGW-9.

5 The other incremental increases shown on Exhibit KGW-9 are Bernstein Park
6 at 0.66 Million additional gallons, and four new residential units at 0.37 Million
7 gallons for the July 2018-June 2019 period. The Bernstein Park value is based on
8 information from other County personnel that the Park will be on line by June
9 2018, and the additional residential usage value is an assumption that four (4)
10 out of twenty (20) existing "active" permits will come on line in the period. For
11 these residential units, I assumed the value of 167 gallons per day per ERC, which
12 is the value consistently used by the County as opposed to larger values, such as
13 200 gallons per day or 250 gallons per day, used in other contexts. A copy of the
14 Monroe County Code section 20-102 is attached to this testimony as Exhibit
15 KGW-7.

16 As compared to my 2016 testimony, I now project that the Bernstein Trust
17 property will not have any wastewater treatment requirements before July 2019,
18 and also that other residential service has come on line during 2017, and for
19 which I have attributed no additional wastewater treatment requirements for
20 the analysis shown in Exhibit KGW-9. Finally, there are at least 40 acres of

1 vacant or underdeveloped property. However, I have not included these in the
2 calculation. Accordingly, I believe that my estimates are conservative.

3
4 **Q. PLEASE PROVIDE ANY INFORMATION AVAILABLE TO YOU REGARDING**
5 **EXISTING COMMERCIAL AND INDUSTRIAL CUSTOMERS THAT ARE REQUIRED**
6 **TO CONNECT TO KWRU'S SYSTEM, INCLUDING ANY INFORMATION YOU HAVE**
7 **REGARDING THE TIMING OF THOSE CONNECTIONS.**

8 A. Existing commercial and industrial service customers, who are designated
9 "General Service" customers under KWRU's tariffs, are subject to the same
10 statutory and regulatory mandate as residential customers; that is, they were
11 also required to be connected to KWRU's system by the end of 2015. Those that
12 have not yet connected are subject to being required to connect limited only by
13 the utility's ability to complete the physical connections.

14
15 **Q. PLEASE TELL THE PUBLIC SERVICE COMMISSION AS MUCH AS YOU CAN**
16 **CONCERNING ANY OTHER POTENTIAL NEW COMMERCIAL OR INDUSTRIAL**
17 **ESTABLISHMENTS THAT HAVE CONNECTED TO KWRU'S SYSTEM AFTER JUNE**
18 **30, 2017, OR THAT ARE LIKELY TO CONNECT TO KWRU'S SYSTEM BEFORE JUNE**
19 **30, 2019. PLEASE BE AS SPECIFIC AS POSSIBLE.**

20 A. In the last months, the City of Key West's new transportation maintenance
21 facility opened on North Stock Island. I assume it is connected to KWRU. The

1 only other new commercial facilities of which I am aware are those referenced
2 above. These include, on North Stock Island, the school expansion, the addition
3 of a new Animal Control facility, and expansion of Sunset Marina. On South
4 Stock Island, there are the hotel, commercial space, and restaurant components
5 of the Longstock, Oceanside Marina, and the Bernstein Trust developments, and
6 the County's Bernstein Park. There have also been other recent real estate
7 transactions on the waterfront on the east side of south Stock Island including
8 properties which may be developed further including the properties formerly
9 know known as Gulf Seafood and Water's Edge that have recently been
10 purchased by entities known as Wreckers Cay Apartments at Stock Island, LLC
11 and Lejeune Airport Park Suites, Inc., respectively.

12
13 **Q. WHAT IS THE GENERAL OUTLOOK FOR ECONOMIC GROWTH AND ADDITIONAL**
14 **DEVELOPMENT ON STOCK ISLAND, AND WHAT, IF ANYTHING, DOES THIS IMPLY**
15 **FOR GROWTH IN THE AMOUNT OF WASTEWATER TREATMENT SERVICE THAT**
16 **KWRU CAN REASONABLY BE EXPECTED TO PROVIDE?**

17 A. This is difficult to predict but the recent trend has been for additional
18 development of high-end transient or condominium development. As noted
19 above there have been some recent large real estate transfers, the intent of
20 which is not yet apparent.

21

1 Q. ARE YOU AWARE OF ANY SIGNIFICANT EVENTS OR EXPECTED EVENTS, E.G.,
2 BUSINESS CLOSINGS OR DEMOLITIONS OF SIGNIFICANT NUMBERS OF
3 RESIDENTIAL UNITS, THAT WOULD BE EXPECTED TO REDUCE THE DEMAND FOR
4 WASTEWATER TREATMENT SERVICE PROVIDED BY KWRU IN 2018 OR 2019?

5 A. No, I am not aware of any such demand-dampening events either having
6 occurred or expected to occur over this time period. Recent trends suggest the
7 opposite with increased development, especially on South Stock Island.

8

9 **RECOMMENDATIONS**

10 Q. WHAT DO YOU BELIEVE THAT THE FLORIDA PSC SHOULD DO WITH THE
11 INFORMATION THAT YOU HAVE PROVIDED IN YOUR TESTIMONY?

12 A. The Commission should use this information to ensure that KWRU charges fair
13 rates to the County and to its other customers on Stock Island. This should be
14 accomplished by using the additional wastewater treatment gallons that I have
15 identified to calculate the amount of any allowed rate increase and to calculate
16 any new rates for KWRU in this case. If the Commission allows KWRU to include
17 additional costs that it claims to have incurred after July 2017 in its rates, then it
18 is only fair to include additional sales units in setting the rates to recover those
19 costs. Otherwise, KWRU will get an unfair windfall through whatever new rates
20 the PSC would approve.

21

CONCLUSIONS

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Q. PLEASE SUMMARIZE THE MAIN CONCLUSIONS OF YOUR TESTIMONY.

A. Based on the best available information, including actual usage data for two confirmed large developments on South Stock Island, based on my personal knowledge, and based on reliable information obtained from the City of Key West and Monroe County’s Planning and Building Departments, I believe that KWRU will provide approximately 10.55 Million gallons of additional wastewater treatment service during the first twelve months that any new rates approved by the Commission in this proceeding will be in effect. As explained above, I believe that this estimate is conservative.

The PSC should use these additional gallons of service provided – and charged for – by KWRU in setting any new rates for KWRU in this case. Doing so will help to ensure that the County and KWRU’s other customers pay only fair rates based on costs incurred to serve and the units of wastewater treatment service provided.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

KEVIN G. WILSON

I. PROFESSIONAL QUALIFICATIONS

- Registered Professional Engineer (P.E.) (Chemical Engineering) (OH, FL)
- Retired Army Reserve Officer (LTC; O-5) (Engineer & Chemical Officer; U.S. Army Command & General Staff Officer Course Instructor - 3 years - FT Shafter, HI)

II. EMPLOYMENT HISTORY

Monroe County Engineering/ Project Management/Public Works (July 2006 - date)

(Assistant County Administrator, Public Works & Engineering since 2015)

- Senior engineering manager of the County (County Engineer)
- Management of County Public Works, Engineering, Solid Waste, & Fleet Operations
- Overall management of all County capital construction (buildings, sewer, roads, bridges)
- Primary County liaison with FKAA on sewer utility construction projects (\$200 million since 2012)

Kevin G. Wilson, P.E.; Key Largo, FL 33037, U.S.A. (January 2006 - July 2006)

Position: semi-retired

Department of the Army; Oakton, VA, U.S.A. (October 2003 - December 2005)

- Contract employee managing a medium size group of staff and contract employees.
- Established new mechanisms to identify locally hired contract employees in the Middle East.
- Completed a review and improvement of the information security practices of the office.
- Developed partnering relationships with other USG agencies working on projects in the Middle East

Paul C. Rizzo Associates, GmbH; Vienna, Austria (August 2000 – September 2003)

- Managed budget and work of three subordinate offices with 35 professional employees in four countries (Austria, Czech Republic, Romania, Russia)
- Developed and executed engineering projects in the Middle East (Egypt, Iraq), former Soviet countries (Russia, Ukraine, Georgia), and eastern European countries (Czech Republic, Hungary, Romania)
- Successfully assimilated ARD Environmental, GmbH operations into PCR Associates, GmbH.

ARD Environmental, GmbH; Vienna, Austria (March 1994 – August 2000)

- Set up and ran all aspects of an Austrian company to support employer's objectives in western Europe, eastern Europe, and former Soviet republics (Russia, Ukraine, Georgia).
- Implemented projects with nuclear industry facilities in the CIS countries (former Soviet Union) by establishing partnerships with local firms.

Meridian Diagnostics, Inc.; Seoul, South Korea (June 1989 - March 1994)

- Set up and ran the Company's first and only Asian office.
- Negotiated a joint venture in the People's Republic of China.
- Performed or supervised all aspects of corporate operations (budget, personnel, marketing) in Asian markets.

Kevin G. Wilson

page 2.

Dalton & Associates; Miami, FL, U.S.A.

(January 1987 - June 1989)

-Developed plans for international expansion of a diagnostic products manufacturer.

Procter & Gamble Company; Cincinnati, OH, U.S.A.

(May 1970 - January 1987)

-Developed a patented marketing technique that increased sales volume of Tide by five percent.

-Developed and implemented corporate-wide Total Quality Improvement training program.

-Negotiated environmental permits for four factories with federal environmental authorities.

-Developed NPDES permit system guidelines for the U.S. EPA and Congressional staff.

-Supervised various internal professional consultants.

Other Pertinent Experience

Non-compensated

-Current President of the Port Largo Residential Property Owners' Association (Key Largo, FL).

-Member; Friends of Key Largo Cultural Center

-Treasurer, Finance Committee chairman, Audit Committee chairman, and Board member of the
American International School - Vienna.

-Committee Chair - American Chamber of Commerce in Seoul

Personal

Born: New York, NY

Education: Carnegie-Mellon University; Pittsburgh, PA; B.S.ChE.

4 Children, 5 grandchildren

Exhibit KGW-2

List of Prior Testimony

- 1 *Venture Out v. Florida Keys Aqueduct Authority and Monroe County*,
16th Judicial Circuit Case No. 2013-CA-204-K.
- 2 *Laudicina et al. v. Florida Keys Aqueduct Authority et al.*, State of Florida
Div. of Administrative Hearings, DOAH Case No. 15-1233.
- 3 *Monroe County v. State of Florida et al.* (bond validation case), 16th
Judicial Circuit Case No. 12-CA-521-K.
- 4 *In Re: Petition of KW Resort Utilities Corporation for Declaratory
Statement Regarding Capacity Reservation Charges and Unpaid
Invoices*, Fla. Public Service Commission, Docket No. 130086-SU.
- 5 *In Re: Application for Increase in Wastewater Rates in Monroe County by
K W Resort Utilities Corp.*, Fla. Public Service Commission, Docket No.
150071-SU.

Docket No. 20170141-SU
Aerial Photo of Stock Island
Exhibit KGW-3, Page 1 of 1



Residential Parcels

PC Code	Residential Category
00	Vacant Residential
01	Single Family
02	Mobile Home
03	Multi-Family (More Than 10 Units)
04	Condominium
05	Multi-Family (Less Than 10 Units)

01-10-2017

2010-2014 American Community Survey 5-Year Estimates

Stock Island CDP, Florida	
Median Household Income	\$ 41,799 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>
Individuals below poverty level	17.2 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Educational Attainment: Percent high school graduate or higher	72.9 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Health Insurance Coverage: Percent uninsured	50.0 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Median Housing Value	\$ 236,700 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>
Total Housing Units	1,717 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>

Monroe County, Florida	
2014 Population Estimate	77,136 <i>Source: Vintage 2014 Population Estimates: County Total Population and Components of Change</i>
Median Household Income	\$ 55,449 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>
Individuals below poverty level	13.9 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Educational Attainment: Percent high school graduate or higher	90.4 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Health Insurance Coverage: Percent uninsured	25.3 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Median Housing Value	\$ 379,700 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>
Total Housing Units	52,861 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>

Key West city, Florida	
2014 Population Estimate	25,704 <i>Source: Vintage 2014 Population Estimates: Subcounty Population Places and MCDs</i>
Median Household Income	\$ 54,306 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>
Individuals below poverty level	12.6 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Educational Attainment: Percent high school graduate or higher	90.7 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Health Insurance Coverage: Percent uninsured	28.4 % <i>Source: 2010-2014 American Community Survey 5-Year Profiles</i>
Median Housing Value	\$ 430,900 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>
Total Housing Units	14,213 <i>Source: 2010-2014 American Community Survey 5-Year Estimates</i>

Census information on Stock Island CDP: <http://www.census.gov/search-results.html?q=Stock+Island+CDP%2C+FL&page=1&stateGeo=none&searchtype=web&cssp=Typeahead>
 Census information on Monroe County, FL: <http://www.census.gov/search-results.html?page=1&stateGeo=none&searchtype=web&cssp=Typeahead&q=Monroe+County%2C+FL>
 Census information Key West, FL: <http://www.census.gov/search-results.html?page=1&stateGeo=none&searchtype=web&cssp=SERP&q=key+west%2C+fl&search.x=0&search.y=0>

EXHIBIT 6-1

Hot Spot Areas and Rankings - Lower Keys

Study Area				Area Rank	Rank for
No.	Name	Wasetwater Service Area	Hot Spot Area Name	by Region	Entire Keys
1	Stock Island	KW Resort Utility	Unsewered K.W. Resort Utility Resort Area	1	3
2	Boca Chica	Big Coppitt	Coppitt/Johnsonville/Gulfview Porpoise Point/Gulfrest Park and adjacent area along U.S. 1	2	5
3	Bay Point	Bay Point	Bay Point Subdivision and Saddlebunch Shores	3	6
11	Big Pine	Big Pine Regional	Whispering Pines (S)/ Sands/Grieser/ Ross Haven/Pat&Mary/Big Pine Cove, and adjacent area along U.S. 1	4	8
11	Big Pine	Big Pine Regional	Doctor's Arm/Lambert/Tropical Bay, Palma Villa, Whispering Pines (N)	5	11
10	Little Torch	Big Pine Regional	Coral Shores, Windward Beach Estates, Mate's Beach, Jolly Roger Estates, and area east of Mate's Beach south to Jolly Roger Estates	6	16
7	Summerland	Summerland/ Cudgoe/Upper Sugarloaf Regional	Summerland Key Cove/Summerland Cove Isle	7	23
11	Big Pine	Big Pine Regional	Eden Pines Colony	8	25
11	Big Pine	Big Pine Regional	Big Pine Key, Inc., Tropical Key Colony, Pine Channel Estates, Cahill Pines & Palms, and adjacent area along U.S. 1	9	26
6	Cudjoe	Summerland/Cudjoe/Upper Sugarload Regional	Cutthroat Harbor Estates, Cudjoe Ocean Shores	10	28
5	Upper Sugarloaf	Summerland/Cudjoe/Upper Sugarload Regional	Indian Mound Estates, Gulf Shores, Vacation Harbour	11	31
6	Cudjoe	Summerland/Cudjoe/Upper Sugarload Regional	Cudjoe Gardens	12	36
9	Ramrod	Big Pine Regional	Breezeswept Beach Estates, Ramrod Shores, and area along U.S. 1	13	39
2	Boca Chica	Big Coppitt	Rockland Key	14	41
11	Big Pine	Big Pine Regional	Port Pine Heights	15	42
2	Boca Chica	Big Coppitt	Boca Chica Ocean Shores, Tamarac Park	16	43
4	Lower Sugarloaf	Lower Sugar Loaf	Sugarloaf Shores, Orchid Park, adjacent area along U.S. 1	17	44



Sec. 20-102. - Definitions and general rules.

(a) *Definitions.* The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

Compatible system means a vacuum system (or other collection system provided by the utility within the public right-of-way), or a sewage force main, if the utility has a force main with adequate capacity. Note larger concentrated flows may require connection to a utility-provided force main within the public right-of-way.

Connection means the point where an individual or multiple EDUs are connected to the utility's central collection system and may be by gravity, pressure, or vacuum.

Equivalent dwelling unit (EDU), for purposes of this division, one EDU is assumed to generate a sewage flow of 167 gallons per day, and a recreational vehicle (RV) unit is assumed to generate a sewage flow of 75 gallons per day. One EDU is equivalent to one equivalent residential connection (ERC) as defined by some utilities.

Infiltration and inflow (I&I) means the introduction of stormwater run-off, groundwater or other sources of uncontaminated water into a sanitary sewer system. The introduction of I&I is prohibited by F.A.C. ch. 62. All sewer collection systems shall be demonstrated to be free of I&I using one of the test methods cited under the definition of industry and utility standard or by an alternative test method approved by the utility's engineer.

(b) *Other provisions.*

(1) *Hydrostatic head.*

- a. At least six feet above maximum estimated groundwater level in section being tested.
- b. No less than six feet above inside top of highest section of pipe in test section.
- c. Pumping stations shall be designed with a standard receptacle for connecting portable power generating equipment.
- d. Multiple pumps shall be provided with capacity such that, with any unit out of service, the remaining units will have capacity to handle the peak hourly flow.
- e. Force main leakage tests shall be performed in a manner acceptable to the utility's engineers.

(2) *Hydrostatic test.*

- a. *Pipelines.* All private gravity sewers shall be tested for leakage prior to connection to the utility.
- b. *Testing periods.* All testing for acceptance shall be performed at periods of lowest tide. Testing shall be performed only during the six-hour period of

the lowest tide period of each day (once per day). The utility shall determine this six-hour period each day.

- c. *Testing equipment accuracy.* Accuracy for testing equipment shall be plus or minus one-half gallon of water leakage under specified conditions.
 - d. *Maximum allowable leakage.* The maximum allowable leakage shall be 0.16 gallon per hour per inch diameter per 100 feet.
- (3) *Ownership of system constructed by private property owner.* Where reasonable permanent and temporary easements are granted by the private property owner, the utility may take over the facilities within the permanent easement for ownership and for operation and maintenance. Facilities outside the permanent easement shall remain the responsibility of the private property owner.

(Code 1979, § 15.5-36; Ord. No. 028-2003, § 1)

KWRU Stock Island WWTP Monroe County, Florida

Public Utility Appraisal Report

Effective Date: December 31, 2014

Report Date: January 2015

For:

KW Resort Utilities Corporation

Prepared By:

Hartman Consultants, LLC

With the Supplemental Real Property, By:

Appraisal Company of Key West, Inc.

Project Number: 24076-00

SECTION 2
DESCRIPTION OF FACILITIES

2.01 KWRU Expansion Program

The Owners of KWRU realized that the entire Key of Stock Island needed central sewage service. In March of 2002 WEC developed a three (3) phased program, design and permitting for KWRU to expand from 250,000 gpd and approximately 1,000 connections (approximately 2,000 ERC's) to 499,999 gpd AADF and a nominal 2,500 connections (approximately 5,000 ERC's). Monroe County reserved some 1,500 ERC's for collection system service for approximately \$4,600,000 on July 31, 2002. That reservation did not include the costs of AWT treatment and reuse (See Appendix G). That program has been completed. For the calendar year of 2014 the existing flows are at or exceeding 90% of AWT WWTP capacity.

KWRU has very little inflow and/or infiltration. BRIAN, Inc. rehab inspection and analysis is hired to video inspect the collection system and make repairs as they may be found.

WEC and BRIAN, Inc. both independently have found the collection system to be in good to new condition and having minimal inflow and/or infiltration (Appendix I).

Mr. Devon Villareal provided the FDEP Wastewater compliance inspection report with the inspection January 30, 2013 and report February 14, 2013. The findings were that KWRU was in compliance with all permits (Appendix I).

The existing FDEP WWTP operating permit expires on February 19, 2017.

As of December 31, 2013 pursuant to the FPSC annual report some 4,183.65 ERC's were connected to the system. As of December 31, 2014 approximately 4,615 ERC's were customers of the system. The current December 31, 2014 treatment plant capacity of the system is 5,179 ERC's.

In Appendix H, the reader can find the advertisement, the intent to issue by FDEP and the capacity page of the Draft Permit. The AWT WWTP is expected to be expanded to 849,999 gpd AADF. Within Stock Island, KWRU's FPSC service area, the build-out capacity in ERC's is 8,882 ERC's.

The transmission systems and effluent reuse/disposal systems are in place to serve the build-out condition. It is expected that the majority of the re-development and growth and existing development connections will occur in the 2015-2024 time period, increasing the connected ERC's to approximately 7,500 ERC's. Thereafter, future re-development, under-utilized acreage or other customers are expected to connect over time.

Some of the near term growth is:

1. Stock Island Marina Village - Estimated 30,250 gpd or 313 ERC's.
2. Oceanside Marina - Estimated 26,125 gpd or 271 ERC's.
3. Sunset Marina - 15,000 gpd or some 155 ERC's.
4. Bernstein Development - 30,000 gpd or some 310 ERC's.
5. Approximately 40 acres of scarified or under-utilized land - unknown flow and ERC's.
6. Unconnected Residential Units - Future
7. Unconnected Developed Non-Residential - Future

2.02 Collection Systems and Reuse Systems

The following is from the December 18, 2014 WEC report which can be found in its entirety as Appendix E.

Lincoln Gardens Gravity Collection System

The Lincoln Gardens area of South Stock Island consists of a residential area served by a gravity collection system. The gravity mains and manholes are located in the public right of way or in permanent easement granted to the Utility.

The gravity piping is generally vitrified clay. Much of the pipe has been slip-lined with plastic liners, including the gravity laterals. The piping is in good condition. Salinity records show that there is very little saltwater infiltration. Flow records demonstrate that the wet weather inflow and infiltration is limited.

There are three Utility-owned lift stations (discharge into gravity piping) and Utility-owned force main pump stations in the system. The Sunset Trailer Park area discharges into the Lincoln Gardens gravity collection system, using a number of small grinder lift stations.

Projected Future 2018-2019 Sewer Demands (KWRU)

South Stock Island (million gallons/year)

Project	Actual JULY 2016-JUN 2017	Total Projected in July 2018 - June 2019	Additional Projected in July 2018 - June 2019
Oceanside Investors (hotel) (note 1)	3.50	6.04	2.54
Bernstein Trust	0.00	0.00	0.00
Stock Island Marina Village hotel (note 1)	0.75	2.66	1.91
Bernstein park	0.00	0.66	0.66
New residential 2017 (note 2)	0.55	0.55	0.00
new residential 2018 (note 3)		0.37	0.37
Potential Future			
Isaacson property	#N/A	#N/A	
Murray Marine	#N/A	#N/A	
Gulf seafood	#N/A	#N/A	

North Stock Island (million gallons/year)

Project	Actual JULY 2016-JUN 2017	Projected in July 2018 - June 2019	Projected in July 2018 - June 2019
Sunset Marina	0.00	3.78	3.78
Easter Seals / Mosquito Control	0.00	0.00	0.00
FKCC Dorm (expected in 2020)	0.00	0.00	0.00
Gerald Adams school	0.00	0.64	0.64
FKSPCA (add'l only)	0.00	0.66	0.66
Potential Future			

Subtotals			
	Residential		4.14
	Commercial		6.40
Grand Total			10.55

Notes

Note 1 -- Actual for July 2016-June 2017 is based upon FKAAs water records for that period. Projected for July 2018 - June 2019 is based upon actual FKAAs records for July 2017 - February 2018 and then annualized

Note 2 -- New residential for 2017 is based upon new residential Certificates of Occupancy issued and assumption that these residences remain in service for future years

Note 3 -- New residences projected is based on assumption that 4 of the 20 open permits will be completed in the projected year (July 2018 - June 2019).

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase)
In wastewater rates in Monroe) DOCKET NO. 20170141-SU
County by K W Resort Utilities)
Corp.) FILED: March 14, 2018
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the following, by electronic delivery, on this 14th day of March, 2018.

Kyesha Mapp / Jennifer Crawford
Florida Public Service Comm.
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
kmapp@psc.state.fl.us
jcrawfor@psc.state.fl.us

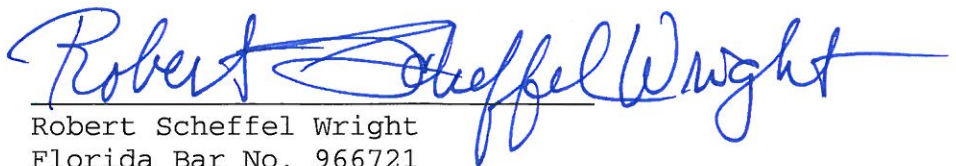
Erik L. Sayler
Office of Public Counsel
c/o the Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400
SAYLER.ERIK@leg.state.fl.us

Martin S. Friedman
Friedman Law Firm
766 N. Sun Drive, Suite 4030
Lake Mary, FL 32746
mfriedman@ff-attorneys.com

Robert B. Shillinger
Cynthia Hall
Monroe County Attorney's Office
1112 12th Street, Suite 408
Key West, FL 33040
Hall-cynthia@monroecounty-fl.gov
Shillinger-bob@monroecounty-fl.gov

Barton W. Smith
Smith Hawks
138 Simonton Street
Key West, FL 33040
bart@smithhawks.com

Christopher Johnson
K W Resort Utilities
6630 Front Street
Key West, FL 33040-6050
chriskw@bellsouth.net



Robert Scheffel Wright
Florida Bar No. 966721
schef@gbwlegal.com

John T. LaVia, III
Florida Bar No. 853666
jlavia@gbwlegal.com
Gardner, Bist, Bowden, Bush,
Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, Florida 32308
(850) 385-0070 Telephone
(850) 385-5416 Facsimile

Attorneys for Monroe County