

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** January 24, 2025

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Economics (Sibley, Chambliss, Bruce) *CJP*  
Division of Accounting and Finance (Bardin, York, Sowards) *ALM*  
Division of Engineering (Wooten, Ellis)  
Office of the General Counsel (Brownless) *JSC*

**RE:** Docket No. 20240108-SU – Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.

**AGENDA:** 02/04/25 – Regular Agenda – Tariff Suspension – Participation is at the discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** 02/11/25 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

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## Case Background

K W Resort Utilities Corp. (KWRU or utility) is a Class A wastewater utility providing service to approximately 1,844 customers in Monroe County. Water service is provided by the Florida Keys Aqueduct Authority. The utility's rates were last established in 2017 in Docket No. 20170141-SU.<sup>1</sup> According to the utility's 2023 annual report, the utility recorded total company operating revenues of \$3,880,373 and operating expenses of \$2,725,885 for wastewater.

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<sup>1</sup> Order No. PSC-2018-0446-FOF-SU, issued September 4, 2018, in Docket No. 20170141-SU, *In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.*

On December 13, 2024, KWRU filed its application for approval of wastewater rate increases.<sup>2</sup> In its application, the utility requested that the Commission process the utility's rate case using the proposed agency action procedure as provided in Section 367.081(10), Florida Statutes (F.S.). On January 10, 2025, staff sent the utility a letter indicating deficiencies in the filing of its minimum filing requirements. The utility's response to the deficiencies was filed on January 15, 2025. Staff established the official filing date by letter on January 24, 2025.

KWRU's application for increased wastewater rates is based on the historical test year ending June 30, 2024. The utility is requesting a wastewater increase to recover all expenses it will incur in order to generate a fair rate of return on its investment and pro forma plant projects. The pro forma plant projects consist of replacing the South Wastewater Treatment Plant blowers and an electrical upgrade to the treatment plant. KWRU requested rates are designed to generate revenues of \$4,834,390 for wastewater operations. This represents a revenue increase of \$913,843, or 23.31 percent for wastewater.

On September 4, 2024, the Office of Public Counsel (OPC) filed a notice of intervention. OPC's intervention was acknowledged by Order No. PSC-2024-0407-PCO-SU, issued September 5, 2024.<sup>3</sup> The 60-day statutory deadline for the Commission to suspend the utility's requested final rates is February 11, 2025. This recommendation addresses the suspension of the utility's requested rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, F.S.

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<sup>2</sup> Document No. 08049-2024, filed on July 29, 2024.

<sup>3</sup> Order No. PSC-2024-0407-PCO-SU, issued September 5, 2024, in Docket No. 20240108-SU, *In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.*

## Discussion of Issues

**Issue 1:** Should the utility's proposed wastewater rates be suspended?

**Recommendation:** Yes. The utility's proposed wastewater rates should be suspended to allow staff and any intervenors sufficient time to adequately and thoroughly examine the appropriateness of the utility's request for final rate relief. (Sibley)

**Staff Analysis:** Section 367.081(6), F.S., provides that the rates proposed by a utility shall become effective within sixty days after filing unless the Commission votes to withhold consent of implementation of the requested rates. Further, the above referenced statute permits the proposed rates to go into effect, under bond, escrow, or corporate undertaking eight months after filing, unless final action has been taken by the Commission.

Staff has reviewed the filing and the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. Staff believes that it is reasonable and necessary to require further explanation regarding this data, and to require production of additional and/or corroborative data. This further examination will include a review by staff accountants and engineers. To date, staff has initiated an audit of KWRU's books and records to examine allocated investment and operating expenses. This audit is tentatively due on February 11, 2025. Therefore, staff recommends suspension of the utility's proposed rate increase to allow staff and any intervenors sufficient time to adequately and thoroughly examine the appropriateness of the utility's request for rate relief.

**Issue 2:** Should this docket be closed?

**Recommendation:** This docket should remain open pending the Commission's final action on the utility's requested rate increase. (Brownless)

**Staff Analysis:** This docket should remain open pending the Commission's final action on the utility's requested rate increase.