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February 4, 2025
via efilng

Adam Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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

Dear Mr. Teitzman:

In the instant proceeding K W Resort Utilities Corp. ("KWRU"), pursuant to Rule 25-30.116, Florida Administrative Code, requests that the Commission establish an AFUDC rate consistent with the attached schedules. I do have the backup document in excel format should the staff need it.

Should you or Staff have any questions regarding this response please do not hesitate to contact me.

Very truly yours,

/s/ Martin S. Friedman
Martin Friedman

MSF:

Schedule of Requested Cost of Capital

AFUDC Schedule A

13 Month Average Balance

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Company: K W Resort Utilities Corp

Docket No.:20240108

Test Year Ended: 06/30/2024

Preparer: Milian, Swain & Associates, Inc.

Explanation: Provide a schedule which calculates the requested cost of capital on a 13-month average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.

| | (1) | (2) | (3) | (4) | (5) |
|----------|----------------------------|----------------------|----------------|-----------|---------------|
| | | Reconciled to | | | |
| | | Requested Rate Base | | | |
| Line No. | Class of Capital | AYE 06/30/24 | Ratio | Cost Rate | Weighted Cost |
| 1 | Long Term Debt | \$ 4,264,575 | 41.56% | 5.90% | 2.45% |
| 2 | Short Term Debt | - | | | |
| 3 | Preferred Stock | - | | | |
| 4 | Common Equity | \$ 5,664,435 | 55.20% | 10.05% | 5.55% |
| 5 | Customer Deposits | \$ 332,635 | 3.24% | 2.00% | 0.06% |
| 6 | Tax Credits - Zero Cost | - | | | |
| 7 | Tax Credits - Weighted Cos | - | | | |
| 8 | Accumulated Deferred Incc | - | | | |
| 9 | Other (Explain) | - | | | |
| 10 | | | | | |
| 11 | Total | <u>\$ 10,261,645</u> | <u>100.00%</u> | | <u>8.06%</u> |

From Schedule D-1, MFRs

Reconciliation of Capital Structure to Requested Rate Base

13 Month Average Balance

Company: K W Resort Utilities Corp

Docket No.:20240108

Test Year Ended: 06/30/2024

Preparer: Milian, Swain & Associates, Inc.

Explanation: A schedule showing capital structure adjustments including the unadjusted capital structure, reconciling adjustments and adjusted capital structure that are the basis for the AFUDC rate in subsection (3).

| Line No. | (1) Class of Capital | (2) Balance 6/30/23 | (3) Balance 6/30/24 | (4) Thirteen Month Average | (5) Proforma Adjustments ⁽¹⁾ | (6) Adjusted Thirteen Month Average | (7) Reconciliation Adjustments | | (8) Pro Rata Amount | (9) Reconciled to Requested Rate Base AYE 6/30/2024 |
|----------|-----------------------------------|---------------------------|---------------------------|-------------------------------------|---|--|--------------------------------|---------------------|---------------------------|--|
| | | | | | | | Pro Rata Percentage | | | |
| 1 | Long Term Debt | 3,060,845 | 2,927,047 | 2,994,387 | (2,994,387) | - | | | | |
| 2 | Long Term Debt ⁽¹⁾ | | | | 3,500,000 | 3,500,000 | 42.95% | 764,575 | | 4,264,575 |
| 3 | Short Term Debt | | - | | | | | | | |
| 4 | Preferred Stock | - | - | | | | | | | |
| 5 | Common Equity | 4,815,134 | 4,605,351 | 4,648,885 | | 4,648,885 | 57.05% | 1,015,550 | | 5,664,435 |
| 6 | Customer Deposits | 333,460 | 338,136 | 332,635 | | 332,635 | n/a | | | 332,635 |
| 7 | Tax Credits - Zero Cost | | - | | | | n/a | | | |
| 8 | Tax Credits - Weighted Cost | | - | | | | | | | |
| 9 | Accumulated Deferred Income Taxes | | | | | | n/a | | | |
| 10 | Other (Explain) | | | | | | | | | |
| 11 | | | | | | | | | | |
| 12 | Total | <u>8,209,439</u> | <u>7,870,535</u> | <u>7,975,907</u> | <u>505,613</u> | <u>8,481,520</u> | <u>100.00%</u> | <u>\$ 1,780,125</u> | | <u>10,261,645</u> |

From Schedule D-2, MFRs

Discounted Monthly AFUDC Rate

AFUDC Schedule C

Company: K W Resort Utilities Corp

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Docket No.:20240108

Test Year Ended: 06/30/2024

Preparer: Milian, Swain & Associates, Inc.

Explanation: A discounted monthly AFUDC rate, calculated to six decimal places, must be employed to ensure that the annual AFUDC charged does not exceed authorized levels.

| Line No. | | | |
|-------------|--------------|---|---|
| 1 | M = | $(((1 + A/100)^{1/12}) - 1) \times 100$ | |
| 2 | Where: | | |
| 3 | M = | discounted monthly AFUDC rate | |
| 4 | A = | annual AFUDC rate | 8.06% |
| 5 | | | |
| 6 | Calculation: | | $(((1 + 8.06\%) / 100)^{(1/12)} - 1) * 100$ |
| 7 | | | |
| 8 | Result | | 0.648100% |
| 9 | | | |
| 10 | Proof | <u>Month</u> | <u>Monthly Capitalization</u> |
| 11 | | 0 | 1.0000 |
| 12 | | 1 | 1.006481 |
| 13 | | 2 | 1.013004 |
| 14 | | 3 | 1.019569 |
| 15 | | 4 | 1.026177 |
| 16 | | 5 | 1.032828 |
| 17 | | 6 | 1.039522 |
| 18 | | 7 | 1.046259 |
| 19 | | 8 | 1.05304 |
| 20 | | 9 | 1.059865 |
| 21 | | 10 | 1.066734 |
| 22 | | 11 | 1.073648 |
| 23 | | 12 | 1.080606 |