

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for increase in
wastewater rates in Monroe County
by K W Resort Utilities Corp.

DOCKET NO. 20240108-SU

PETITION FOR VARIANCE OR WAIVER OF A SPECIFIC PROVISION OF
RULE 25-30.140, FLORIDA ADMINISTRATIVE CODE

K W Resort Utilities Corp. (“KWRU”) by and through its undersigned attorneys and pursuant to Section 120.542, Florida Statutes (“Fla. Stat.”), hereby petitions the Florida Public Service Commission for a variance or waiver of one specific requirement of the portion of Rule 25-30.140, Florida Administrative Code (“FAC”), that addresses net salvage value. In support of this Petition, K W Resort Utilities Corp. asserts the following:

1. The name and address of the Petitioner is:

K W Resort Utilities Corp
6630 Front Street
Key West, FL 33040

2. The names, addresses and telephone numbers of the persons to contact concerning this Petition are:

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3. KWRU filed an application for a rate increase, and consistent with the Commission's longstanding interpretation of Rule 25-30.140 F.A.C. as it related to net salvage value on depreciation, and the application of it in prior KWRU rate cases¹, KWRU did not include net salvage value in its depreciation calculations. The salvage components have been consistently excluded of by the Commission in depreciation calculations.

4. The Staff Audit raised for the first time that depreciation rates for accounts 391.7 Transportation Equipment, and 395.7 Power Operated Equipment did not reflect the effect of net salvage value alone on depreciation, and recommended a decrease in depreciation expense and accumulated depreciation.

5. The requested waiver or variance is needed because net salvage value adjustments are not applicable to KWRU's wastewater system, and the Rule contemplates that the guidelines in the Rule are "guidelines" and may not be applicable to every utility system.²

6. The variance or waiver serves the purpose of the underlying statute by accurately reflecting depreciation rates as applied to this specific utility. Specifically, as to Transportation Equipment salvage value is inapplicable because the salvage adjustment of 10% for Transportation Equipment effectively increases the expected life from six (6) years to 6.6 years, where the average service life of six (6) years is more expected useful life of transportation equipment. As to Power Operated Equipment, salvage value is inapplicable because the salvage adjustment of 5% for Power Operated Equipment effectively increases the expected life from twelve (12) years to 12.6 years, where the average service life of twelve (12) years is more consistent for the expected useful life of Power Operated Equipment.

1 This includes KWRU's last two rate cases that went to hearing with OPC's participation.

2 Rule 25-30.140(6) & (7), F.A.C.

7. Pursuant to Section 120.542(5), Fla. Stat., a copy of this Petition is being provided to the Joint Administrative Procedure Committee.

WHEREFORE, K W Resort Utilities Corp. requests this Commission grant a waiver or variance of the referenced provision of Rule 25-30.140, Florida Administrative Code.

Respectfully submitted this 3rd day of April, 2025, by:

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail to the following parties this 3rd day of April, 2025:

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