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Public Service Commission

April 10, 2025

STAFF'S THIRD DATA REQUEST

via email

Martin S. Friedman, Esquire
Dean Mead Law Firm
420 S. Orange Ave., Suite 700
Orlando, FL 32801
mfriedman@deanmead.com

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

Dear Mr. Friedman:

By this letter, the Commission Staff requests that KW Resort Utilities, Corp. (KWRU) provide responses to the following data requests:

1. Based on the KWRU's response to Staff's Second Data Request, Question #1(a), regarding the variances in the sludge removal expense, please clarify if the treatments provided by Synagro Technologies are typical yearly expenses, or if these are non-recurring expenses.
2. Based on the KWRU's response to Staff's Second Data Request, Question #1(e), regarding the miscellaneous expenses:
 - a. Please clarify the reasons for the frequency of the IT consultant expenses (January, February, and May), and if these are typical yearly expenses, or if these are non-recurring expenses.
 - b. How many computers does KWRU utilize for the company and who are they assigned to?
 - c. How many cell phones does KWRU utilize for the company and who are they assigned to?
 - d. Based on a review of the IT invoices provided, \$3,298 of the computer costs incurred by the company were for Olga Vera's telework initial setup. Please clarify if these are considered non-recurring expenses.

3. In reference to KWRU's response to Staff's Second Data Request, IT expenses related to SCADA were noted. The MFR Schedule A3 Adjustments reflect a pro forma addition of the SCADA System. Please clarify if the IT SCADA expenses should be capitalized with the added communication equipment. If it is not capitalized in this pro forma project, are these expenses on-going or non-recurring?
4. In reference to KWRU's response to Staff's Second Data Request, Question #1(c), regarding transportation expenses, audit staff identified \$1,257 associated with window tinting on utility-owned vehicles. Please clarify if this is representative of typical yearly expenses for the vehicles, or if this would be considered non-recurring expenses.
5. Based on the KWRU's response to staff's Second Data Request, Question #8, regarding incentive compensations programs, KWRU provided a chart of the Longevity pay for all employees. Please clarify when this payment is paid, how the amounts are determined, and if the amounts on the chart are per employee or divided among the employees.
6. Based on the KWRU's response to Staff's Second Data Request, Question #9, regarding a Profit-Sharing Plan as one of the benefits offered to employees and officers, please provide a description, cost, and all eligibility requirements for this Profit-Sharing Plan. Additionally, are any of the employees or officers currently participating in this plan, and what is the Utility's current incurred expenses for it?
7. There appeared to be several discrepancies with the depreciation expenses based on the differences presented by the Utility and the recalculations provided by the Audit Staff. Please provide an explanation regarding these discrepancies, and how the depreciation expense was calculated including the service life that the Utility used for the following NARUC account numbers.
 - a. 354 – Structures & Improvements
 - b. 394 – Laboratory equipment
 - c. 390 – Office Furniture & Equipment
8. We noted the \$18,100.00 in invoices for Smith Hawks, PL, for charges for the KWRU 2024 rate case that have already been paid. Smith Hawks, PL is owned and run by Barton Smith, who is also on the Board of Directors for KWRU. Please explain how this is not a conflict of interest, and, how as a Director who is already paid by KWRU, this additional payment is appropriate.

9. Based on a review of the documentation provided for the Boards of Directors for the Florida Keys Aqueduct Authority (FKAA) and the Keys Energy Services, both FKAA and Keys Energy are spending less than 0.2% each of their operating revenues for boards of directors compensation plus health insurance. KWRU is spending almost 4% for their board of directors.
 - a. Please provide justification for the amount of compensation plus the full health insurance benefits paid for KWRU's 3 board members.
 - b. Please detail the duties and responsibilities for each board member, including but not limited to, the amount of meetings and other commitments annually.
 - c. Please compare and justify any changes in the board of directors compensation approved in the last rate case to the Utility's current request.
10. Please provide KWRU's budgeting process for overtime, and clarify if it is regularly scheduled, routinely used for emergencies only, or planned for other usage. Do all of the operators and field technicians rotate on-call duty? What is the procedure used to determine who is chosen for overtime?
11. Please provide the most recent actual and estimated rate case expense, in addition to detailed explanations and calculations to justify estimated expense to complete this rate case.
12. Please provide an explanation justifying the utilization of legal services for the KWRU 2024 rate case from both Barton Smith (Smith Hawks, PL) and Martin Friedman (Dean, Mead, Egerton, Bloodworth, Capouana & Bozarth, P.A.).
13. Based on the KWRU's response to Staff's Second Data Request, Question #21, regarding the most recent actual and estimated rate case expense, KWRU provided documents including invoices displaying different hourly rates for Barton Smith (Smith Hawks, PL) than the rate recorded in the MFR Schedule B-10. Please provide clarification of the accurate hourly rate for Barton Smith.

Please file all responses electronically no later than Tuesday, April 22, 2025, through the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. *In addition, please email the filed response to discovery-gcl@psc.state.fl.us.*

Staff's Third Data Request

April 10, 20265

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Please feel free to call me at (850) 413- 6218 if you have any questions.

Sincerely,

/s/ Suzanne Brownless

Suzanne Brownless

Special Counsel

SBr/csc

cc: Office of Commission Clerk