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# Public Service Commission

August 21, 2007

F. Marshall Deterding, Esquire  
Rose, Sundstrom & Bentley, LLP  
2548 Blairstone Pines Drive  
Tallahassee, FL 32301

**Re: Docket No. 070293-SU - Application for increase in Wastewater rates in Monroe County by K W Resort Utilities Corp.**

Dear Mr. Deterding:

We have reviewed the minimum filing requirements (MFRs) submitted on August 2, 2007, on behalf of K W Resort Utilities Corp. (KW Resort or utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

- (1) Rule 25-30.431(3), Florida Administrative Code (F.A.C.), requires the utility to submit its most recent wastewater capacity analysis report. KW Resort failed to provide this document.
- (2) Rule 25-30.436(4)(h)2., F.A.C., requires a utility to provide a detailed description, itemization, and the amount of each itemized cost for affiliate costs allocated or charged to the utility in excess of one percent of test year revenues. In Volume IV of the MFRs, the utility provided a detailed schedule for each itemized costs that Key West Golf Club charges KW Resort. However, the utility only provided a total amount of \$130,083 that Green Fairways, Inc. (GFI) charges KW Resort with a copy of the management agreement dated July 1, 1999. Under Article IV (entitled Compensation) of the agreement between GFI and the utility, it states the management fee is \$5,000 per month plus the utility will pay GFI a fee equal to 10% of the cost of all capital expense projects entered into by KW Resort for supervision and contract management services. Article II, Provision 2.19 (entitled Adherence to Approved Budget) in KW Resort's agreement with GFI, states that GFI shall use all efforts reasonable and necessary to ensure that the actual costs of maintaining and operating the utility's system shall not exceed the approved budget pertaining thereto, whether by line item or cumulative expense. KW Resort has failed to provide the amount of each itemized cost of the total amount of \$130,083 charged to the utility by GFI. Regarding this deficiency, the utility's response should include, but not be limited to, a copy of the approved budget for the calendar year 2006.

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(3) Rule 25-30.440, F.A.C., requires that each utility applying for a rate increase shall provide two copies of the following engineering information to the Commission, with the exception of item (a) of which only one copy is required.

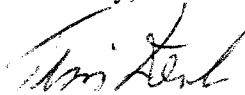
(a) Rule 25-30.440(1), F.A.C., requires the utility to provide a detailed map showing the location and size of the applicant's distribution and collections lines as well as its plant sites and the location and respective classification of the applicant's customers. The map, which was provided by the utility, did not show the location and respective classification of its customers.

(b) Rule 25-30.440(2), F.A.C., requires the utility to provide a list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized. KW Resort failed to provide an estimate of its dosage rates for each chemical it uses.

(c) Rule 25-30.440(9), F.A.C., requires the utility to explain how its vehicles are allocated to the utility. The utility failed to provide the method of allocation to the utility.

Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than September 17, 2007.

Sincerely,



Timothy Devlin  
Director

TD:BF

cc: Division of Economic Regulation (Bulecza-Banks, Edwards, Fletcher, Rendell, Roberts)  
Office of the General Counsel (Jaeger)  
Office of Commission Clerk (Docket No. 070293-SU)