

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. 070293-SU  
| ORDER NO. PSC-07-0812-PCO-SU  
| ISSUED: October 10, 2007

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
MATTHEW M. CARTER II  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

ORDER SUSPENDING PROPOSED FINAL RATES AND APPROVING INTERIM RATES

BY THE COMMISSION:

I. Background

K W Resort Utilities Corp. (KW Resort or utility) is a Class A utility providing wastewater service to approximately 1,556 customers in Monroe County. Water service is provided by the Florida Keys Aqueduct Authority. Wastewater rates were last established for this utility in its 1983 rate proceeding.<sup>1</sup>

On August 3, 2007, KW Resort filed an application for the rate increase at issue in the instant docket. The utility requested that the application proceed directly to hearing for the establishment of rates as provided under Section 367.081(6), Florida Statutes (F.S.). KW Resort also requested interim rates. The test year established for interim and final rates is the period ending December 31, 2006.

KW Resort requested interim rates designed to generate annual revenues of \$1,326,943. This represents a revenue increase on an annual basis of \$280,632 (or 26.82%). The utility requested final rates designed to generate annual revenues of \$1,647,998. This represents a revenue increase of \$601,684 (or 57.51%).

The 60-day statutory deadline to suspend the utility's requested final rates is October 2, 2007. This Order addresses our suspension of KW Resort's requested final rates and approval of the appropriate interim rates. We have jurisdiction pursuant to Sections 367.081 and 367.082, F.S.

<sup>1</sup> See Orders Nos. 14620 and 13862, issued July 23, 1985 and November 19, 1984, respectively, in Docket No. 830388-S, In re: Petition of Stock Island Utility Company, Inc. for increased sewer rates in Monroe County, Florida.

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FPSC-COMMISSION CLERK

## II. Suspension of Requested Final Rates

Section 367.081(6), F.S., provides that we may, for good cause, withhold consent to the implementation of the requested rates by a vote to that effect within 60 days after the date the rate request is filed. Further, Section 367.081(6), F.S., permits the proposed final rates to go into effect, under bond, escrow or corporate undertaking, eight months from the filing of the request if we have not taken final action on the request.

Upon review of the information filed in support of the rate application and the proposed final rates, we find it necessary to conduct further investigation of this information, including on-site investigations by our staff accountants and engineers. Based on the foregoing, we find that it is appropriate to suspend the utility's proposed rate increase.

## III. Interim Rates

The utility has filed rate base, cost of capital, and operating statements to support its requested wastewater rate increase. Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility's most recent rate proceeding and annualizing any rate changes. We have reviewed the utility's interim request, as well as Order No. 13862, in which we last established rate base. Our adjustments are discussed below, and the accounting schedules to illustrate our calculation of rate base, capital structure, and test year operating income amounts are attached to this Order. The rate base schedule is labeled as Schedule No. 1-A, with the adjustments shown on Schedule No. 1-B. The capital structure is set forth in Schedule No. 2, and the operating income schedule is labeled as Schedule No. 3-A, with the adjustments shown on Schedule No. 3-B.

### A. Rate Base

Based on a review of the MFRs and Order No. 13862 from the utility's last rate proceeding, two adjustments are necessary to the utility's requested interim rate base. First, in its last rate case, we found that land was approximately 30% used and useful, which resulted in a used and useful amount of \$127,500. On MFR Schedule A-2(a), KW Resort reflected a land balance of \$375,000, which is the same balance reflected in its last rate case.

The utility has almost doubled its wastewater treatment plant capacity from 250,000 gallons per day (gpd) to 499,000 gpd since its last rate case. However, we cannot determine from the information provided in the utility's filing if any additional land has been utilized with the expansion of the wastewater treatment plant capacity. The burden of proof in a Commission proceeding is always on a utility seeking a rate change.<sup>2</sup> We find that the utility has not met its burden of proof that the same non-used and useful adjustment to land should not be made. Thus, for interim purposes, land shall be reduced by \$247,500 (\$375,000 less \$127,500).

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<sup>2</sup> See Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 ( Fla. 1982).

Second, in the last rate case, we found that the wastewater treatment plant was 49% used and useful. On MFR Schedule A-2(a), KW Resort requested that the wastewater treatment plant be considered 100% used and useful. Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility's most recent rate proceeding. Consistent with the last rate case, we calculate a used and useful percentage of 65.33%. Based on this percentage, the non-used and useful component for interim purposes shall be \$484,575. Accordingly, rate base and depreciation expense shall be reduced by \$484,575 and \$30,641, respectively.

With the above adjustments, we calculate a negative interim rate base of \$276,484. Consistent with our practice, rate base shall be adjusted to zero for interim purposes.<sup>3</sup>

### B. Cost of Capital

In its interim request, KW Resort used a 12.50% return on equity (ROE). Because the utility's capital structure consisted of 100% long-term debt in its last rate case, a ROE has never been established for KW Resort. Section 367.082(5)(b)3., F.S., provides that the "last authorized rate of return on equity" means the minimum of the range of the last authorized rate of return on equity established in the most recent individual rate proceeding of the utility. Further, Section 367.082(6), F.S., states that we are allowed to establish interim rates for utilities which do not have an authorized rate of return previously established. Using the leverage formula approved in Order No. PSC-07-0472-PAA-WS, issued on June 1, 2007,<sup>4</sup> we calculate the minimum of the required rate of return on equity to be 11.00%. This is the procedure we have consistently used in interim rate proceedings for utilities with no previously established ROE.<sup>5</sup> Based on the above, we find the interim weighted average cost of capital to be 7.75%.

### C. Net Operating Income

We have also made two adjustments to net operating income. First, pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by annualizing any rate changes during the interim test year. On MFR Schedule E-2(a), KW Resort annualized revenues using its present rates which became effective June 30, 2007. On MFR Schedule B-2(a), the utility made an annualized revenue adjustment of \$33,616. As stated previously, the test year established for interim and final rates is the historical period ending December 31, 2006. The rates in effect as of December 31, 2006, shall be used to annualize interim revenues. Using the appropriate rates, we calculate an annualized revenue adjustment of \$11,022. Therefore, test year revenues shall be reduced by \$22,597 (\$33,616 less \$11,022).

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<sup>3</sup> See Order No. 16238, issued on June 6, 1986, in Docket No. 840247-WU, In re: Application of Placid Lakes Utilities, inc. for staff assistance on a rate increase in Highlands County, Florida.; Order No. PSC-94-0245-FOF-WS, issued on March 4, 1994, in Docket No. 930524-WS, In re: Application for a Staff-Assisted Rate Case in Marion County by Tradewinds Utilities, Inc.; and Order No. PSC-97-0540-FOF-WS, issued May 12, 1997, in Docket No. 960799-WS, In re: Application for staff-assisted rate case in DeSoto County by Lake Suzy Utilities, Inc.

<sup>4</sup> In Docket No. 070006-WS, In re: Water and Wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to section 367.081(4)(f), F.S.

<sup>5</sup> See Order No. PSC-96-1187-FOF-WU, issued September 23, 1996, in Docket No. 960444-WU, In re: Application for rate increase and for increase in service availability charges in Lake County by Lake Utility Services, Inc.

Second, in the utility's last rate case, we reduced purchased power and chemicals by 15% due to KW Resort's excessive infiltration and inflow (I&I). On MFR Schedule B-6, the utility has reflected \$141,282 in purchased power and \$50,763 in chemicals. In its filings, KW Resort did not provide the necessary information to determine if it has any excessive I&I, and, if so, what the amount is. As such, the utility has not met its burden of proof that the same 15% reduction to purchased power and chemicals should not be made. Thus, consistent with the last rate case, purchased power shall be reduced by \$21,192 (\$141,282 multiplied by 15%) and chemicals shall be reduced by \$7,615 (\$50,763 multiplied by 15%). These adjustments represent a total operation and maintenance expense reduction of \$28,807.

Based on the above, the appropriate test year operating loss, before any revenue increase, is \$194,828.

#### D. Revenue Requirement

Based on the above adjustments, we calculate a revenue requirement of \$1,227,722 which represents an interim increase in annual revenues of \$204,008 (or 19.93%). This will allow the utility the opportunity to recover its wastewater operating expenses, but earn no return (its negative wastewater rate base has been set at zero).

#### E. Appropriate Interim Wastewater Rates

We have found that interim wastewater service rates for KW Resort shall be designed to allow the utility the opportunity to generate annual operating revenues of \$1,227,722. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues must be removed from the test year revenues. Our calculation is as follows:

	<u>Wastewater</u>
1 Total Test Year Revenues	\$1,023,714
2 Less: Miscellaneous Revenues	<u>72,285</u>
3 Test Year Revenues from Service Rates	\$951,429
4 Revenue Increase	<u>\$204,008</u>
5 % Service Rate Increase (Line 4/Line3)	<u>21.44%</u>

The interim rate increase of 21.44% shall be applied as an across-the-board increase to the service rates in effect as of December 31, 2006. The approved interim rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1)(a), F.A.C., provided customers have received notice. The rates shall not be implemented until our staff verifies that the tariff sheets are consistent with our decision, the proposed customer notice is adequate, and the required security has been filed. The utility shall provide proof of the date notice was given within 10 days after the date of notice.

The utility's test year rates, present rates, proposed interim rates, requested final rates, and our approved interim rates are shown on Schedule No. 4.

F. Appropriate Security to Guarantee the Interim Increase

Pursuant to Section 367.082(2)(a), F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest. We have approved a total annual interim increase of \$204,008. In accordance with Rule 25-30.360, F.A.C., we calculate the potential refund of revenues and interest collected, under interim conditions to be \$173,904. This amount is based on an estimated ten months of revenue being collected from the approved interim rates over the utility's authorized rates as of December 31, 2006, shown on Schedule No. 4.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. KW Resort's financial statements from 2004 to 2006 were reviewed and analyzed to determine the financial condition of the parent company. This analysis shows that KW Resort's average equity ratio and relative level of liquidity over the most recent three-year period are within acceptable parameters. However, both of these measures have steadily declined over the same period. Net losses have steadily increased and have averaged over \$210,000 per year. Based upon this analysis, we find that KW Resort cannot support a corporate undertaking in the amount of \$173,904. Therefore, the utility shall provide a letter of credit, bond, or escrow agreement to guarantee the funds collected subject to refund.

If the security provided is an escrow account, the account shall be established between the utility and an independent financial institution pursuant to a written escrow agreement. We shall be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement shall state the following: that the account is established at the direction of this Commission for the purpose set forth above; that no withdrawals of funds shall occur without the prior approval of the Commission through the Office of Commission Clerk; that the account shall be interest bearing; that information concerning that escrow account shall be available from the institution to the Commission or its representative at all times; that the amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt; and that pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.

The utility shall deposit 21.44% of interim revenues collected each month into the escrow account each month to secure for possible refund. The escrow agreement shall also state that if a refund to the customers is required, all interest earned on the escrow account shall be distributed to the customers; and if a refund to the customers is not required, the interest earned on the escrow account shall revert to the utility.

If the security provided is a bond or a letter of credit, the instrument shall be in the amount of \$173,904. If the utility chooses a bond as security, the bond shall state that it will be released or shall terminate only upon subsequent order of the Commission. If the utility chooses to provide a letter of credit as security, the letter of credit shall state that it is irrevocable for the

period it is in effect and that it will be in effect until a final Commission order is rendered releasing the funds to the utility or requiring a refund.

Regardless of the type of security provided, the utility shall keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), F.A.C., the utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

In no instance should maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and shall be borne by, the utility.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of K W Resort Utilities Corp. for interim rates is approved as set forth in the body of this Order. It is further

ORDERED that the proposed final rates of K W Resort Utilities Corp. are suspended. It is further

ORDERED that the existing rates shall be increased by 21.44% so as to produce increased revenues of \$204,008. It is further

ORDERED that the approved rates are as set forth in Schedule No. 4 attached to and made a part of this Order. It is further

ORDERED that all schedules attached to this Order are incorporated by reference herein. It is further

ORDERED that the approved rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided customers have received notice. It is further

ORDERED that the rates shall not be implemented until our staff verifies that the tariff sheets are consistent with our decision, the proposed customer notice is adequate, and the required security has been filed. It is further

ORDERED that the utility shall provide proof of the date notice was given within ten days after the date of the notice. It is further

ORDERED that K W Resort Utilities Corp. shall file as set forth in the body of this Order a bond, letter of credit, or escrow agreement as security to guarantee any potential refunds of revenues collected under interim conditions. It is further

ORDERED that if the utility chooses to open an escrow account, it shall deposit 21.44% of interim revenues collected each month. It is further

ORDERED that if the utility chooses either a surety bond or letter of credit, it shall be in the amount of \$173,904. It is further

ORDERED that pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. It is further

ORDERED that irrespective of the type of security provided, the utility shall keep an accurate and detailed account of all monies it receives. It is further

ORDERED that should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code. It is further

ORDERED that this docket shall remain open pending the Commission's final action on the utility's requested rate increase.

By ORDER of the Florida Public Service Commission this 10th day of October, 2007.



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ANN COLE  
Commission Clerk

( S E A L )

RRJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

KW Resort Utilities Corp. Schedule of Wastewater Rate Base Test Year Ended 12/31/06				Schedule No. 1-A Docket No. 070293-SU	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$9,371,002	\$0	\$9,371,002	\$0	\$9,371,002
2 Land and Land Rights	222,745	152,255	375,000	(247,500)	127,500
3 Non-used and Useful Components	0	0	0	(484,575)	(484,575)
4 Accumulated Depreciation	(2,740,042)	0	(2,740,042)	0	(2,740,042)
5 CIAC	(4,856,429)	0	(4,856,429)	0	(4,856,429)
6 Amortization of CIAC	686,844	0	686,844	0	686,844
7 CWIP	265,413	(265,413)	0	0	0
8 Advances for Construction	(2,777,630)	0	(2,777,630)	0	(2,777,630)
9 Working Capital Allowance	<u>0</u>	<u>396,846</u>	<u>396,846</u>	<u>0</u>	<u>396,846</u>
# <b>Rate Base</b>	<b><u>\$171,903</u></b>	<b><u>\$283,688</u></b>	<b><u>\$455,591</u></b>	<b><u>(\$732,075)</u></b>	<b><u>(\$276,484)</u></b>

<b>KW Resort Utilities Corp.</b>		<b>Schedule No. 1-B</b>
<b>Adjustments to Rate Base</b>		<b>Docket No. 070293-SU</b>
<b>Test Year Ended 12/31/06</b>		
<b>Explanation</b>		<b>Wastewater</b>
<u>Land</u>		
To adjust land consistent with the last rate case.		<u>(\$247,500)</u>
<u>Non-used and Useful</u>		
To reflect net non-used and useful adjustment to WWTP.		<u>(\$484,575)</u>

KW Resort Utilities Corp. Capital Structure-Simple Average Test Year Ended 12/31/06						Schedule No. 2 Docket No. 070293-SU			
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>									
1 Long-term Debt	\$1,475,869	\$0	\$1,475,869	(\$1,179,330)	\$296,539	65.09%	6.26%	4.07%	
2 Short-term Debt	38,462	0	38,462	(30,727)	7,735	1.70%	6.00%	0.10%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	555,435	0	555,435	(443,864)	111,571	24.49%	12.50%	3.06%	
5 Customer Deposits	39,746	0	39,746	0	39,746	8.72%	6.00%	0.52%	
6 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	
7 <b>Total Capital</b>	<u>\$2,109,512</u>	<u>\$0</u>	<u>\$2,109,512</u>	<u>(\$1,653,921)</u>	<u>\$455,591</u>	<u>100.00%</u>		<u>7.76%</u>	
<b>Per Commission</b>									
8 Long-term Debt	\$1,475,869	\$0	\$1,475,869	(\$1,701,359)	(\$225,490)	81.56%	6.26%	5.11%	
9 Short-term Debt	38,462	0	38,462	(44,338)	(5,876)	2.13%	6.00%	0.13%	
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
11 Common Equity	555,435	0	555,435	(640,297)	(84,862)	30.69%	11.00%	3.38%	
12 Customer Deposits	39,746	0	39,746	0	39,746	-14.38%	6.00%	-0.86%	
13 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	
14 <b>Total Capital</b>	<u>\$2,109,512</u>	<u>\$0</u>	<u>\$2,109,512</u>	<u>(\$2,385,995)</u>	<u>(\$276,483)</u>	<u>100.00%</u>		<u>7.75%</u>	
						<b>LOW</b>	<b>HIGH</b>		
RETURN ON EQUITY						<u>11.00%</u>	<u>13.00%</u>		
OVERALL RATE OF RETURN						<u>7.75%</u>	<u>8.36%</u>		

KW Resort Utilities Corp. Statement of Wastewater Operations Test Year Ended 12/31/06						Schedule No. 3-A Docket No. 070293-SU	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$1,012,695</u>	<u>\$314,248</u>	<u>\$1,326,943</u>	<u>(\$303,229)</u>	<u>\$1,023,714</u>	<u>\$204,008</u> 19.93%	<u>\$1,227,722</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$1,017,156	(\$5,429)	\$1,011,727	(\$28,807)	\$982,920		\$982,920
3 Depreciation	181,844	0	181,844	(30,641)	151,203		151,203
4 Amortization	5,297	(968)	4,329	0	4,329		4,329
5 Taxes Other Than Income	79,594	14,141	93,735	(13,645)	80,090	9,180	89,270
6 Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7 <b>Total Operating Expense</b>	<u>1,283,891</u>	<u>7,744</u>	<u>1,291,635</u>	<u>(73,093)</u>	<u>1,218,542</u>	<u>9,180</u>	<u>1,227,722</u>
8 <b>Operating Income</b>	<u>(\$271,196)</u>	<u>\$306,504</u>	<u>\$35,308</u>	<u>(\$230,136)</u>	<u>(\$194,828)</u>	<u>\$194,828</u>	<u>\$0</u>
9 <b>Rate Base</b>	<u>\$171,903</u>		<u>\$455,591</u>		<u>(\$276,484)</u>		<u>(\$276,484)</u>
10 <b>Rate of Return</b>	<u>-157.76%</u>		<u>7.75%</u>		<u>70.47%</u>		<u>0.00%</u>

KW Resort Utilities Corp. Adjustment to Operating Income Test Year Ended 12/31/06		Schedule 3-B Docket No. 070293-SU
Explanation	Wastewater	
<u>Operating Revenues</u>		
Remove requested interim revenue increase		(\$280,632)
To reflect the appropriate amount of annualized revenues.		(22,597)
Total		<u>(\$303,229)</u>
<u>Operation and Maintenance Expense</u>		
To reduce purchased power and chemicals by 15% due to excess I&I.		<u>(\$28,807)</u>
-		
<u>Depreciation Expense - Net</u>		
To reflect net non-used and useful adjustment.		<u>(\$30,641)</u>
<u>Taxes Other Than Income</u>		
RAFs on revenue adjustments above		<u>(\$13,645)</u>

KW Resort Utilities Corp. Wastewater Monthly Service Rates Test Year Ended 12/31/06					Schedule No. 4 Page 1 of 2
	Rates Effective 12/31/2006	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
<b><u>Residential</u></b>					
Flat Rates	\$39.20	\$40.39	\$51.22		\$47.61
Base Facility Charge All Meter Sizes:				\$35.08	
Gallonage Charge - Per 1,000 gallons (10,000 gallon cap)				\$4.49	
<b><u>General Service</u></b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$29.82	\$30.73	\$38.97	\$35.08	\$36.21
1"	\$72.51	\$74.72	\$94.76	\$87.70	\$88.06
1-1/2"				\$175.40	
2"	\$222.74	\$229.52	\$291.08	\$280.64	\$270.50
3"	\$441.20	\$454.63	\$576.57	\$526.20	\$535.80
4"	\$687.03	\$707.94	\$897.81	\$877.00	\$834.35
6"				\$1,754.00	
8"				\$2,806.40	
8" Turbo				\$3,157.20	
Gallonage Charge, per 1,000 Gallons	\$3.30	\$3.40	\$4.31	\$5.27	\$4.01
<b><u>Multi-Residential and Commercial</u></b>					
Flat Rate	\$39.20	\$40.39	\$51.22		\$47.61
Base Facility Charge by Meter Size:					
5/8" x 3/4"				\$35.08	
1"				\$87.70	
1-1/2"				\$175.40	
2"				\$280.64	
3"				\$526.20	
4"				\$877.00	
Gallonage Charge, per 1,000 Gallons				\$5.27	
<b><u>Reclaimed Water</u></b>					
Gallonage Charge, per 1,000 Gallons	\$0.44	\$0.45	\$0.57	\$0.69	\$0.53

KW Resort Utilities Corp.					Schedule No. 4
Wastewater Monthly Service Rates					Page 2 of 2
Test Year Ended 12/31/06					
	Rates Effective 12/31/2006	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
<b><u>Private Lift Station Owners</u></b>					
5/8" x 3/4"	\$31.55	\$32.51	\$41.23	\$35.08	\$38.32
1"	\$72.51	\$74.72	\$94.76	\$87.70	\$88.06
2"	\$222.74	\$229.52	\$291.08	\$280.64	\$270.50
Gallonge Charge, per 1,000 Gallons	\$2.66	\$2.74	\$3.47	\$5.27	\$3.23
<b><u>Bulk Wastewater Rates</u></b>					
Safe Harbor Marina					
13 Residential Units @ 1 ERC each	\$509.60	\$525.11	\$665.95	\$456.04	\$618.87
18 Live Aboard Boats @ .6 ERC each	\$423.32	\$436.20	\$553.19	\$378.86	\$514.09
27 Non-Live Aboard Boats @ .2 ERC each	\$211.66	\$218.10	\$276.60	\$189.43	\$257.04
6 Vacant Slips @ .2 ERC each	\$47.03	\$48.46	\$61.46	\$42.10	\$57.11
2 Bathhouses @ 1 ERC each	\$78.40	\$80.79	\$102.46	\$70.16	\$95.21
2 Commercial Businesses @ .5 ERC each	\$39.20	\$40.39	\$51.22	\$35.08	\$47.61
1 Commercial Bar	\$50.01	\$51.53	\$65.35	\$44.90	\$60.73
Total	\$1,359.22	\$1,400.58	\$1,776.23	\$1,216.57	\$1,650.67
South Stock Island Marinas (Peninsular Marina)					
13 Residential Units @ 1 ERC each	\$509.60	\$525.11	\$665.95	\$456.04	\$618.87
16 Live Aboard Boats @ .6 ERC each	\$376.28	\$387.73	\$491.72	\$336.77	\$456.96
26 Non-Live Aboard Boats @ .2 ERC each	\$203.84	\$210.04	\$266.37	\$182.42	\$247.55
Bathhouse @ 1 ERC	\$39.20	\$40.39	\$51.22	\$35.08	\$47.61
3 Commercial Businesses @ .5 ERC each	\$58.80	\$60.59	\$76.84	\$52.62	\$71.41
Total	\$1,187.72	\$1,223.86	\$1,552.10	\$1,062.93	\$1,442.39
<b><u>General Service Multiple Agreement</u></b>					
Large Swimming Pool (4 ERCs)	\$156.80	\$161.57	\$204.90	\$140.32	\$190.42
Small Swimming Pool (1.18 ERCs)	\$46.26	\$47.67	\$60.46	\$41.39	\$56.18
<b><u>Temporary Service Agreement</u></b> (Sweetwater Environmental, Inc.)					
Minimum Charge on 127,100 gallons	\$706.68	\$728.28	\$924.02	\$669.82	\$858.21
Gallonge Charge, per 1,000 Gallons	\$5.56	\$5.73	\$7.27	\$5.27	\$6.75
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>					
3,000 Gallons	\$39.20	\$40.39	\$51.22	\$48.55	\$47.61
5,000 Gallons	\$39.20	\$40.39	\$51.22	\$57.53	\$47.61
10,000 Gallons	\$39.20	\$40.39	\$51.22	\$79.98	\$47.61
(Wastewater Gallonge Cap - 10,000 Gallons)					