

State of Florida



# Public Service Commission


CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** September 16, 2015

**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

**FROM:** Dexter B. Monroe, Public Utility Analyst I, Division of Accounting & Finance 

**RE:** 150071 – SU - Application for increase in wastewater rates in Monroe County by  
K W Resort Utilities Corporation

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Please place the attached document in the above-referenced docket file.

RECEIVED-PPSC  
15 SEP 16 PM 4:14  
COMMISSION  
CLERK

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STATE OF FLORIDA



DIVISION OF  
ACCOUNTING AND FINANCE  
ANDREW L. MAUREY  
DIRECTOR  
(850) 413-6900

## Public Service Commission

September 16, 2015

Mr. Martin S. Friedman, Esquire  
Friedman & Friedman, P.A.  
766 N. Sun Drive, Suite 4030  
Lake Mary, FL 32746

**Re: Docket No. 150071-SU – Application for increase in Wastewater rates in Monroe County by K W Resort Utilities Corp.**

Dear Mr. Friedman:

We have reviewed the response to staff's deficiency letter submitted on August 28, 2015, on behalf of K W Resort Utilities Corp (K W Resort or utility). After reviewing this letter, we still find the minimum filing requirements (MFRs) to be deficient. The specific deficiencies are identified below:

1. According to MFR Schedule B-9, the utility incurred charges from Green Fairways, Inc. and Smith Oropeza, P.L. during the test year. In addition, the utility's annual report Schedule E-10(a) shows charges from Keys Environmental, Inc. and Key West Golf Club during the test year. The utility provided a parent/affiliate organization chart in which Green Fairways, Inc., Smith Oropeza, P.L., and Keys Environmental, Inc. are listed as related parties to K W Resort Utilities Corp. Rule 25-30.436(h), Florida Administrative Code (F.A.C.), requires that any system that has costs allocated **or charged to it from a parent, affiliate or related party**, in addition to those costs reported on Schedule B-12 of Commission Form PSC/AFD 19-W for a Class A utility shall file three copies of additional schedules that show the following information:
  - a. The total costs being allocated **or charged** prior to any allocation or charging as well as the name of the entity from which the costs are being allocated or charged and its relationship to the utility.
  - b. The allocation **or direct charging method** used and the basis for using that method.
  - c. The workpapers used to develop, where applicable, **the basis for the direct charging method**.
  - d. A copy of any contracts or agreements between the utility and its parent or affiliated companies for services rendered between or among them.

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Mr. Martin Friedman

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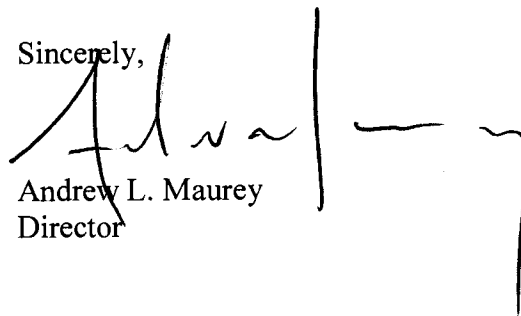
September 16, 2015

The utility did not include the required information above. The utility should provide the information outlined above for Green Fairways, Inc., Smith Oropeza, P.L., Keys Environmental, Inc., and Key West Golf Club.

2. Rule 25-30.437, F.A.C., requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as filed, do not comply with Rule 25-30.437, F.A.C.:
  - a. On MFR Schedule B-8, Column (2) does not tie to the amounts approved in Order No. PSC-09-0057 PAA-WS on lines 8, 15, and 23.
  - b. The ERCs found on MFR Schedule B-8 do not match the Annual Reports for 2014. Please revise the schedule to reflect the correct ERCs for 2014.

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 October 16, 2015.

Sincerely,



Andrew L. Maurey  
Director

ALM/am  
Attachment

cc: Division of Accounting & Finance (Fletcher, Norris, Monroe)  
Division of Engineering (King, Hill)  
Division of Economics (Daniel, Hudson, Thompson)  
Office of General Counsel (Barrera)  
Office of Commission Clerk (Docket No. 150071-SU)  
Office of Public Counsel (Kelly, Saylor)

UTILITY NAME: KW Resort Utilities Corp

<b>YEAR OF REPORT</b> December 31, 2006
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**BUSINESS TRANSACTIONS WITH RELATED PARTIES**

List each contract, agreement, or other business transaction exceeding a cumulative amount of \$500 in any one year, entered into between the Respondent and a business or financial organization, firm, or partnership named on pages E-2 and E-6 identifying the parties, amounts, dates and product, asset, or service involved.

**Part I. Specific Instructions: Services and Products Received or Provided**

1. Enter in this part all transactions involving services and products received or provided.
2. Below are some types of transactions to include:
  - management, legal and accounting services
  - computer services
  - engineering & construction services
  - repairing and servicing of equipment
  - material and supplies furnished
  - leasing of structures, land and equipment
  - rental transactions
  - sale, purchase or transfer of various products

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT (b)	CONTRACT OR AGREEMENT EFFECTIVE DATES (c)	ANNUAL CHARGES	
			(P)urchased or (S)old (d)	AMOUNT (e)
Green Fairways	Management & Construction Services	8/17/98 - Open	P	\$ 66,000
Key West Golf Course	Accounting, billing, customer accounts & service	8/17/98 - open	P	107,609
Key West Golf Course	Sale of Generator	12/2006	S	15,000
William L Smith, Jr	Fuel & Lodging	Open	P	10,773