

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Increase)
In Wastewater Rates in Monroe) DOCKET NO. 150071-SU
County By K W Resort Utilities)
Corp.) FILED: October 14, 2016
_____)

MONROE COUNTY'S PREHEARING STATEMENT

Monroe County, Florida (the "County"), pursuant to the Order Establishing Procedure in this docket, Order PSC-16-01940-PCO-SU, issued May 17, 2016, as revised, hereby submits its Prehearing Statement.

APPEARANCES:

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On behalf of Monroe County.

1. WITNESSES:

Monroe County intends to call the following witnesses, who will address the issues indicated next to each witness's name.

<u>Witness</u>	<u>Issues</u>
Kevin G. Wilson, P.E.	8, 19, 21, 32

Mayté Santamaria 8, 19, 21, 32
J. Terry Deason 2, 3, 8, 19, 21, 32, 38

2. EXHIBITS:

KEVIN G. WILSON, P.E.

KGW-1 Resumé of Kevin G. Wilson, P.E.
KGW-2 List of Prior Testimony
KGW-3 Aerial Photo of Stock Island
KGW-4 2010 Census Data Comparison of Stock Island with
Other Lower Keys Islands
KGW-5 2010-2014 American Community Survey 5-Year Estimates
KGW-6 Monroe County Sanitary Master Wastewater Plan
"Hot Spot" Excerpt, Exh. 6-1
KGW-7 Monroe County Code, Section 20-102
KGW-8 Number of General Service Customers by Meter Size
KGW-9 Excerpt from KWRU Appraisal Report as of 12/31/2014
KGW-10 Projected 2017 Flows from Residential & Commercial
Properties Being Developed or Existing but not yet
Connected

Mayté Santamaria

AMS-1 Resumé of Ada Mayté Santamaria
AMS-2 Monroe County Sanitary Master Wastewater Plan
"Hot Spot" Excerpt, Exh. 6-1
AMS-3 Bernstein Trust Project Resolution & Building Permit
AMS-4 Resolutions for Oceanside Project

AMS-5 Resolutions for Stock Island Marina Village

J. Terry Deason

TD-1 Biographical Information for Terry Deason

3. STATEMENT OF BASIC POSITION:

K W Resort Utilities Corp. ("KWRU" or the "Utility") is required by the provisions of Chapter 367, Florida Statutes, and Chapter 25-30, Florida Administrative Code ("F.A.C.") to provide safe, efficient, and sufficient service to all customers within its certificated service area on Stock Island, Florida, at fair, just, and reasonable rates, charges, and conditions of service. In this proceeding, the Commission will determine what rates and charges are to be imposed, charged, and collected by KWRU for the wastewater treatment service that it provides to its customers on Stock Island. Monroe County believes and asserts that the statutory requirement to provide "efficient" service must mean that KWRU must fulfill its statutory obligation to serve at the lowest possible total cost.

Monroe County further believes and asserts that the rates paid by KWRU's customers, and indeed by any utility's customers, must be matched to the costs incurred to serve them, including matching the rates paid to the costs incurred in the same time periods in which such costs are incurred. This is the Commission's fundamental policy of ratemaking - that cost-causers

should pay the costs incurred to serve them - and it should be followed in this case. Following this sound, established policy will ensure that KWRU's customers receiving service in 2016 will pay the costs to serve them in 2016, and that customers receiving service in 2017 and 2018 will pay the costs incurred to serve them in 2017 and 2018.

Although not entirely unique in this regard, this case presents significant issues of achieving the proper matching of costs and rates because the Utility's filing is based on a 2014 historic test year with certain, limited "pro forma" adjustments to rate-determinative factors and variables chosen by KWRU. The rates to be paid by KWRU's customers, however, did not even begin to apply to their service until the imposition of the rates approved by the Commission's PAA Order No. 16-0123-PAA-SU (the "PAA Rates") beginning on or about April 15, 2016, some 16 months after the end of the Utility's proposed test year. The need to match costs and billing determinants is further magnified by the fact that the major drivers of KWRU's requested rate increase - a new wastewater treatment plant ("WWTP") and a new air vacuum tank, along with the O&M costs associated with the new WWTP - are not expected to be serving customers until March or April of 2017, more than two full years after the end of the Utility's proposed test year. Under these circumstances, in order to achieve fair, just, and reasonable rates and charges, the

Commission must ensure that the amounts of both KWRU's rate base and its O&M expenses are properly assigned to the time periods in which those costs are incurred to provide public service. This can be accomplished either by using a different test year or years or by making corresponding "pro forma" adjustments in the relevant variables - including billing determinants and Contributions in Aid of Construction - to achieve proper matching of rates paid and costs incurred. The substantive point is the same: customers should pay rates based on the cost to serve them and based on the amounts of service purchased in the time period in which those rates are to be in effect. The Utility wishes to have its revenue requirements based on future costs while ignoring additional sales and additional CIAC collected in the same future periods; this would result in rates that are unfair, unjust, and unreasonable, and the Commission should reject the Utility's attempts and set appropriate rates that match the rates paid to the costs incurred.

In this case, KWRU has overstated both its rate base and its operating and maintenance ("O&M") expenses, and the Commission should accordingly adjust these cost amounts to appropriate levels, as supported by the testimony of the witnesses for the Citizens of the State of Florida ("Citizens") represented by the Office of the Public Counsel ("OPC"). The Commission should adjust the plant accounts as recommended by OPC's witness

Patricia Merchant, and as to those items stipulated by the Parties. Notably among this latter category, the Parties have agreed to stipulate that the cost of the new air vacuum tank is \$407,771, roughly 33 percent less than the previous estimate of \$610,000 proffered by the Utility. KWRU has also overstated its rate base by understating the CIAC that it has collected, and that it is reasonably likely to collect, for the time periods in 2016, 2017, and 2018 that the PAA Rates and the new permanent rates - referred to herein as Phase II Rates - will be in effect.

Specifically, Ms. Merchant's testimony identifies numerous adjustments to rate base including adjustments to: Plant in Service, Land, Accumulated Depreciation, Non-used and Useful Plant Adjustments, Contributions in Aid of Construction (CIAC) and Accumulated Amortization of CIAC, Construction Work in Progress (CWIP), Working Capital, Accounts Receivable, Other Deferred Debits, Survey Fees, and Rate Base. Ms. Merchant's testimony also identifies adjustments to net operating income accounts, including both revenues and expenses, as follows: Operating Revenues, Revenue Growth Projections, Miscellaneous Revenues, Reuse Revenues, O&M Expenses, Contractual Services for Engineering and Management Fees, Rate Case Expense, Depreciation Expense, and Taxes Other Than Income Taxes.

In addition to the foregoing corrections to the Utility's plant, CIAC, revenues, and O&M expenses, which are necessary to

get the revenue requirements right for the time periods in which customers will be receiving service, the Utility's proposed rates are unfair, unjust, and unreasonable because they include estimated costs that KWRU alleges will be incurred in future periods while the rates designed to recover those costs would, as requested by KWRU, be calculated using outdated billing determinants or sales units, from KWRU's 2014 historical test year. Using costs for future years, including 2016, 2017, and 2018 to establish revenue requirements without correspondingly updating the billing determinants (number of bills rendered and number of gallons of wastewater treated and billed for) will result in a mismatch of cost incurrence and cost recovery. Specifically, under the Utility's proposals, recovering the greater costs that the Utility will incur in 2016, 2017, and 2018 over the smaller billing units experienced by the Utility in 2014, will result in such rates being greater than they should be. Rates collected should reflect costs incurred, and using mismatched costs and billing determinants will violate fundamental ratemaking principle, thereby resulting in rates that are not fair, just, and reasonable. In other words, it is critical that the Commission not only get the revenue requirements right, but that it also get the rates right by matching costs incurred with the billing determinants that

accurately reflect the amounts of wastewater service actually received and paid for by KWRU's customers.

KWRU began collecting the rates approved for Phase I by Order No. 16-0123 (the "PAA Rates") on or about April 15, 2016. (The Utility mailed its Customer Notice of the new rates on April 15, 2016, Commission Document No. 02205-16, Notice of Filing Customer Notice, and apparently began collecting the new PAA Rates in April 2016, Commission Document No. 03880-16, Interim Revenue Report for May, 2016, Prorated.) The new wastewater treatment plant ("WWTP") is not expected to be completed until the first quarter of 2017. Most if not all of the O&M expenses associated with the new WWTP will therefore not be incurred until the new WWTP plant comes into commercial service. However, the PAA Rates include projected O&M costs associated with the new WWTP.

For purposes of using correct billing determinants and also using the appropriate amounts of CIAC that correspond to the time periods in which customers will be paying the rates set in this case, Monroe County relies on the testimony and exhibits of OPC's Witness Patricia Merchant, including specifically, her Exhibits PWM-2 and PWM-3. Further with respect to Monroe County's positions regarding the appropriate billing determinants, Monroe County relies on the prefiled direct testimonies of Kevin G. Wilson, P.E., and Mayté Santamaria, which address likely

additional customer connections in KWRU's service area. Further, Monroe County is aware of reports received by Mr. Wilson that KWRU is in negotiations or discussions with the Florida Keys Aqueduct Authority ("FKAA") for connecting all of FKAA's customers - estimated to be between 400 and 440 Equivalent Residential Connections ("ERCs") - on what is known as Key Haven, another island immediately adjacent to Stock Island, to KWRU's system. If KWRU were to take over providing wastewater treatment service to the customers currently served by FKAA on Key Haven, this would in turn, at a minimum, further increase KWRU's sales, which would result in lower rates as KWRU's fixed costs would be spread over a greater number of billing determinants. Additionally, it seems reasonable, and probably required, that KWRU would collect Plant Capacity Charges for serving the new customers, and if that happened, the additional CIAC would reduce KWRU's rate base and thus its retail service rates.

With regard to the fundamental ratemaking policy that costs incurred and units of sales should be matched to achieve fair, just, and reasonable rates, Monroe County also relies on the prefiled direct testimony of J. Terry Deason, filed in this docket on September 14, 2016.

Finally, the need for close Commission scrutiny of all of KWRU's claims and assertions is critical, in light of the Utility's track record of representing costs to the Florida PSC

that it cannot justify and has not justified, and further considering KWRU's failure to fulfill its contractual promise to Monroe County that KWRU would achieve full implementation of Advanced Wastewater Treatment by January 1, 2007. With regard the KWRU's claims to the PSC of costs that it cannot and has not justified, refer to Commission Order No. 09-0057-FOF-SU, the Commission's Final Order in Docket No. 070293-SU, In re: Application for Increase in Wastewater Rates in Monroe County by K W Resort Utilities Corp., hereinafter Order No. 09-0057, by which the Commission disallowed substantial amounts of costs claimed by KWRU because KWRU could not document them, because they were facially duplicative, because they involved payments to affiliates and family members, or because of combinations of these factors.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS:

LEGAL ISSUE

Issue 1: Contested Does the Commission have the authority to update the test year requested by KWRU and approved by the Commission Chairman to set rates representative of the period in which new growth-related plant will be placed into service and in which expenses associated with such new plant will be incurred?

Monroe County: Yes.

TEST YEAR

Issue 2: Is a two-phased revenue requirement calculation appropriate in this docket?

Monroe County: Yes. It is critical to setting fair, just, and reasonable rates that revenue

requirements be set to recover only the costs incurred to provide service when that service is provided. At present, through the PAA Rates, KWRU is recovering costs based on future periods in which it will be operating its new WWTP, but that Plant will not be in service until March or April of 2017. Moreover, the new permanent rates or Phase II Rates to be effective after the new WWTP becomes commercially operational will have different revenue requirements and will serve additional customers over and above those served in the 2014 historic test year, as well as over and above those presently (as of October 2016) being served. KWRU's rate base must be revised to reflect additional CIAC collected since the end of 2014 and that is reasonably projected to be collected for the first 12 months after the new WWTP comes on-line, such that the plant account and the CIAC account are properly matched.

Issue 3:

What is the appropriate test year for establishing rates for KWRU?

A. For Phase I, if applicable

Monroe County:

The most appropriate test year for establishing the Phase I revenue requirements is the 12-month period beginning on the date on which the PAA Rates became effective, which is on or about April 15, 2016. It is not necessary to set rates for the Phase I period, as long as the refund is properly calculated and made based on the excess of revenues collected over what the Commission determines is the correct revenue requirement should have been for that period.

B. For Phase II, if applicable

Monroe County:

The appropriate test year for establishing Phase II Rates for KWRU is the 12-month period beginning on the date that the Utility's new WWTP achieves commercial operation and begins providing service to KWRU's customers.

QUALITY OF SERVICE

Issue 4: Is the quality of service provided by KWRU satisfactory?

Monroe County: This is a factual issue that is subject to determination based on the evidence that will likely be presented by customers at the customer service hearing that will be held in the evening of November 7, 2016. Accordingly, for this good cause shown, Monroe County has no position at this time on this issue, pending receipt of the customers' testimony.

RATE BASE

Issue 5: What adjustments, if any, should be made to account for the audit adjustments to rate base in each of Staff's Audit Findings 1 through 7?

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations on rate base items agreed to by the Parties.

Issue 6: What is the appropriate amount of plant in service to be used in setting rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 7: What is the appropriate amount of accumulated depreciation to be used in setting rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 8:

What is the appropriate amount of CIAC to be used in determining the rate base that is used for setting rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties, subject to potential additional connections and CIAC associated with additional developments projected to be connected to KWRU's system within the time period ending 12 months after the new WWTP becomes commercially operational, and specifically including potential adjustments for the addition of customers in Key Haven and other developments on North and South Stock Island, which is the subject of continuing discovery.

Issue 9:

What is the appropriate amount of accumulated amortization of CIAC to be used for setting rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 10: What is the appropriate amount of construction work in progress (CWIP) to be used for setting rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 11: What is the used and useful (U&U) percentage of the Utility's wastewater treatment plant after the treatment plant expansion is placed into service?

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 12: What is the appropriate working capital allowance?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 13: What is the appropriate rate base? (Fall-out)
A. For Phase I, if applicable

Monroe County: Agree with OPC.
B. For Phase II, if applicable

Monroe County: Agree with OPC.

COST OF CAPITAL AND CAPITAL STRUCTURE

Issue 14: What is the appropriate capital structure to be used in setting rates?
A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.
B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 15: What is the appropriate return on equity?
A. For Phase I, if applicable

Monroe County: The appropriate return on equity (ROE) for the period during which the PAA Rates are in effect is the rate determined by applying the Commission's leverage formula pursuant to Section 367.081(4)(f), Florida Statutes, and Rule 25-30.415, F.A.C., as implemented by the Commission's Orders.
B. For Phase II, if applicable

Monroe County: The appropriate return on equity (ROE) for setting Phase II Rates is the rate determined by applying the Commission's leverage formula pursuant to Section 367.081(4)(f), Florida Statutes, and Rule 25-30.415, F.A.C., as implemented by the Commission's Orders.

Issue 16: What is the appropriate cost of long-term debt?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 17: What is the appropriate weighted average cost of capital based on the proper components, amounts, and cost rates associated with the capital structure for the test year period? (Fall-out)

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

NET OPERATING INCOME

Issue 18: Should the members of Harbor Shores Condominium Unit Owners Association, Inc. (Harbor Shores) be classified as Residential customers or a General Service customer?

Monroe County: No position at this time, pending the receipt of additional discovery and potential testimony from Harbor Shores.

Issue 19: What are the appropriate bills and gallons to use to establish test year revenues and rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC subject to additional changes in estimated numbers of bills and gallons that may be developed at hearing, including potential additional connections and usage associated with additional developments projected to be connected to KWRU's system within the time period ending 12 months after the new WWTP becomes commercially operational, and specifically including potential adjustment for the addition of customers in Key Haven and other developments on North and South Stock Island, which is the subject of continuing discovery.

B. For Phase II, if applicable

Monroe County: Agree with OPC subject to additional changes in estimated numbers of bills and gallons that may be developed at hearing, including potential additional connections and usage associated with additional developments projected to be connected to KWRU's system within the time period ending 12 months after the new WWTP becomes commercially operational, and specifically including potential adjustments for the addition of customers in Key Haven and other developments on North and South Stock Island, which is the subject of continuing discovery.

Issue 20: What is the appropriate amount of miscellaneous revenues to be included in test year revenues and rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 21:

What is the appropriate amount of test year revenues for KWRU's wastewater system? (Fall-out)

A. For Phase I, if applicable

Monroe County:

Agree with OPC subject to additional changes in estimated numbers of bills and gallons, and associated revenues, that may be developed at hearing, including potential additional connections and usage associated with additional developments projected to be connected to KWRU's system within the time period ending 12 months after the new WWTP becomes commercially operational, and specifically including potential adjustments for the addition of customers in Key Haven and other developments on North and South Stock Island, which is the subject of continuing discovery.

B. For Phase II, if applicable

Monroe County:

Agree with OPC subject to additional changes in estimated numbers of bills and gallons, and associated revenues, that may be developed at hearing, including potential additional connections and usage associated with additional developments projected to be connected to KWRU's system within the time period ending 12 months after the new WWTP becomes commercially operational, and specifically including potential adjustments for the addition of customers in Key Haven and other developments on North and South Stock Island, which is the subject of continuing discovery.

Issue 22:

What adjustments, if any, should be made to account for the audit adjustments in each of Staff's Audit Findings 3, 4, 5, 10, and 11 to operating expenses?

Monroe County:

Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 23: What are the appropriate annual levels of O&M expenses for implementing advanced wastewater treatment (AWT)?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties. If the Commission recognizes the inclusion of additional wastewater flows and sales of service by KWRU, the addition of truly variable incremental O&M costs, e.g., chemicals, should be allowed.

Issue 24: What adjustments, if any, should be made to pro forma contractual services accounting and engineering fees?

Monroe County: Agree with OPC.

Issue 25: What adjustment, if any, should be made to KWRU's test year expenses for management fees charged by Green Fairways?

Monroe County: Agree with OPC.

Issue 26: What is the appropriate amount of rate case expense?

Monroe County: Agree with OPC, subject to additional adjustments that may be identified through continuing discovery.

Issue 27: What is the appropriate amount and accounting treatment of accounting fees incurred by the utility to restate its 2007 to 2012 Annual Reports?

Monroe County: Agree with OPC, subject to additional adjustments that may be identified through continuing discovery.

Issue 28: What is the appropriate amount and accounting treatment of fees associated with the legal challenge of KWRU's FDEP Permit Numbers FLA014951-012-DWIP, 18490-020, and 18490-021 for rate-setting purposes?

A. For Phase I, if applicable

Monroe County: Agree with OPC.

B. For Phase II, if applicable

Monroe County: Agree with OPC.

Issue 29: What is the appropriate amount of depreciation expense to be used in setting rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

Issue 30: What is the appropriate amount of taxes other than income to be used in setting rates?

A. For Phase I, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

B. For Phase II, if applicable

Monroe County: Agree with OPC and with the adjustments addressed in the stipulations agreed to by the Parties.

REVENUE REQUIREMENTS

Issue 31: What is the appropriate revenue requirement?
(Fall-out)

A. For Phase I, if applicable

Monroe County: Agree with OPC subject to additional changes in estimated numbers of bills and gallons, and associated revenues and costs, that may be developed at hearing, including potential additional connections and usage associated with additional developments projected to be connected to KWRU's system within the time period ending 12 months after the new WWTP becomes commercially operational, and specifically including potential adjustments for the addition of customers in Key Haven and other developments on North and South Stock Island, which is the subject of continuing discovery.

B. For Phase II, if applicable

Monroe County: Agree with OPC subject to additional changes in estimated numbers of bills and gallons, and associated revenues and costs, that may be developed at hearing, including potential additional connections and usage associated with additional developments projected to be connected to KWRU's system within the time period ending 12 months after the new WWTP becomes commercially operational, and specifically including potential adjustments for the addition of customers in Key Haven and other developments on North and South Stock Island, which is the subject of continuing discovery.

RATES AND RATE STRUCTURE

Issue 32: What are the appropriate rate structures and rates for KWRU's wastewater system?

Monroe County: The appropriate rates to be charged by KWRU are the rates that will recover the Utility's reasonable and prudent costs of providing service to customers during the time periods

in which the rates will be in effect. As to specific rates, at this time Monroe County agrees with OPC subject to additional changes in estimated numbers of bills and gallons, and associated revenues and costs, that may be developed at hearing, including potential additional connections and usage associated with additional developments projected to be connected to KWRU's system within the time period ending 12 months after the new WWTP becomes commercially operational, and specifically including potential adjustments for the addition of customers in Key Haven and other developments on North and South Stock Island, which is the subject of continuing discovery.

Issue 33: What is the appropriate rate for KWRU's reuse service?

Monroe County: Agree with OPC.

Issue 34: What are the appropriate miscellaneous service charges to be charged by KWRU?

Monroe County: No position at this time.

Issue 35: Should KWRU be authorized to collect Non-Sufficient Funds (NSF) charges?

Monroe County: Yes. Monroe County agrees with the stipulation on this issue.

Issue 36: Should KWRU request to implement a late payment charge be approved?

Monroe County: Yes. No position at this time as to the amount of such charge, pending further review of discovery responses.

Issue 37: Should KWRU's be authorized to collect a Lift Station Cleaning charge?

Monroe County: Yes. Monroe County agrees with the Parties' proposed stipulation on this issue:

KWRU should be authorized to collect a monthly lift station cleaning charge of \$1,462 from the Monroe County Detention Center.

Issue 38: If the Commission approves a rate increase for KWRU, when and under what circumstances should it be implemented?

Monroe County: Any permanent or Phase II rate increase should be implemented on the first day of the first month (or billing period) following commercial operation of the new WWTP.

Issue 39: Should any portion of the implemented PAA rates be refunded? If so, how should the refund be calculated, and what is the amount of the refund?

Monroe County: Yes. The amount to be refunded should be the difference between (a) the amounts collected by KWRU from the effective date of the PAA Rates (on or about May 1, 2016) until the effective date of the new/permanent/Phase II rates minus (b) the revenue requirements that should have been collected during the same time period. Any refund should be calculated and made pursuant to Commission Rule 25-30.360, F.A.C.

Issue 40: Should the Utility's approved service availability policy and charges be revised?

Monroe County: No. Monroe County agrees with the Parties' proposed stipulation on this issue:

The appropriate plant capacity charge should remain unchanged at \$2,700 per ERC.

Issue 41: Contested Should Harbor Shores have been classified as a General Service customer since the last rate case in 2009, and, if so, what action should the Commission take to refund the excess payments made by Harbor Shores since 2009?

Monroe County: No position at this time, pending the receipt of additional discovery and potential testimony from Harbor Shores.

Issue 42: Contested Did KWRU bill and collect revenues in accordance with its approved tariffs? If not, what is the appropriate remedy?

Monroe County: Not completely. No position at this time regarding the appropriate remedy pending continuing discovery regarding exactly what rates and charges, if any, were not collected in accordance with the Utility's tariffs.

Issue 43: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, Florida Statutes?

Monroe County: Agree with OPC.

Issue 44: Should the Utility be required to notify, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission approved adjustments?

Monroe County: Yes.

Issue 45: Should this Docket be closed?

Monroe County: Agree with OPC.

5. STIPULATED ISSUES:

Monroe County will join the stipulations set forth in the Prehearing Statement of the Citizens.

6. PENDING MOTIONS:

None at this time.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None.

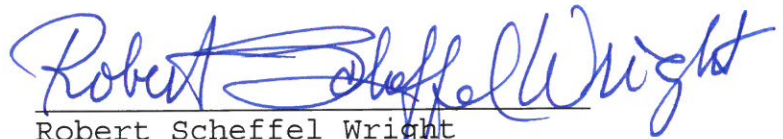
8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

The County does not expect to challenge the qualifications of any witness to testify, although the County reserves all rights to question witnesses as their qualifications as related to the credibility and weight to be accorded their testimony.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the County cannot comply.

Respectfully submitted this 14th day of October, 2016.



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Attorneys for Monroe County

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the following, by electronic delivery, on this 14th day of October, 2016.

Kyesha Mapp
Florida Public Service Commission
Division of Legal Services
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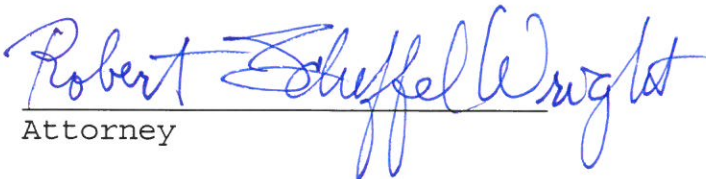
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