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STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
(850) 413-6900

Public Service Commission

October 16, 2008

RECEIVED-FPSC  
08 OCT 16 AM 8:23  
COMMISSION  
CLERK

Mrs. Cheryl Gegorek  
64 Golf Club Drive  
Key West, FL 33040

FPSC, CLK - CORRESPONDENCE		
<input type="checkbox"/> Administrative	<input type="checkbox"/> Parties	<input checked="" type="checkbox"/> Consumer
DOCUMENT NO. 09960-07		
DISTRIBUTION:		

**Re: Docket No. 070293-SU, Application for increase in wastewater rates in Monroe County by KW Resort Utilities Corp.**

Dear Mrs. Gegorek:

The purpose to this letter is to correct certain information in my letter to you dated October 6, 2008. The next to the last paragraph should have read as followed.

With respect to KW 's case, the staff recommendation is scheduled to be submitted December 4, 2008, and is scheduled to be heard by the Commissioners at the December 16, 2008, Agenda Conference. Once the Commissioners vote on the staff recommendation, a Final Order will be issued within 20 days. After the Final Order is issued, a party may appeal the order to the First District Court of Appeal. Such appeal must be filed within 30 days of the date of the order.

Thank you again for your correspondence in which you expressed concerns regarding a rate increase requested by KW Resort Utilities Corp. If you have any additional questions, or require further assistance, please call me at (850) 413-6877 or e-mail me at [lroberts@psc.state.fl.us](mailto:lroberts@psc.state.fl.us).

Sincerely,

A handwritten signature in cursive script that reads "Lydia Roberts".

Lydia Roberts  
Regulatory Analyst II

cc: Office of Commission Clerk (Docket No. 070293-SU)  
Division of Economic Regulation (Roberts, Bulecza-Banks, Fletcher)  
Office of the General Counsel (Jaeger)  
Office of Public Counsel (Burgess)  
F. Marshall Deterding, Esq. (KW Resort Utilities Corp.)

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PSC Website: <http://www.floridapsc.com>

Internet E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)

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Public Service Commission

October 13, 2008

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DOCUMENT NO. <u>09960-07</u>		
DISTRIBUTION: _____		

Mrs. Cheryl Gegorek  
64 Golf Club Drive  
Key West, FL 33040

**Re: Docket No. 070293-SU, Application for rate increase in Monroe County by KW Resort Utilities Corp.**

Dear Mrs. Gegorek:

Thank you for your correspondence in which you expressed concerns regarding a rate increase requested by KW Resort Utilities Corp. (KW or Utility). To ensure that the Commission staff and the Commissioners have knowledge of your concerns, your letter has been placed on the correspondence side of the docket file for all to review.

In your e-mail, you discuss your concern that customers will be responsible for paying for acquisitions made by KW. KW does not own any other Utility. Mr. Smith, the owner of KW, owns other businesses but the cost of those acquisitions are not on the books and records of KW. The only expenses the Utility is allowed to recover are those that are prudent and necessary to provide wastewater services. Any expenses the Commission staff considers unnecessary to provide wastewater services will be eliminated in the determination of rates.

As a way of background information, I would like to provide an overview of the Commission's rate case process that I hope you will find helpful. The rate case process begins when a Utility files a request for approval of a test year. The test year is the time period on which the Utility will base its need for a rate increase. In the KW case, the Commission Chairman approved a test year of December 31, 2006.

On August 3, 2007, The Utility filed its application for an increase in its wastewater rates in Monroe County. Pursuant to the request of KW, this rate application was set directly for hearing on February 6 and 7, 2008. However, when it appeared that the Utility might be sold, KW requested a continuance, which was granted. However, when the negotiations for the sale of the Utility reached an impasse, KW requested that the hearing be rescheduled. That request was granted, and the hearing was rescheduled for October 1 and 2, 2008.

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Internet E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)

Mrs. Cheryl Gegorek

Page 2

October 13, 2008

As you are probably aware, a customer hearing was held at the Old City Hall in Key West on October 1, 2008. During the meeting, customers were given an opportunity to express their opinions and concerns regarding KW 's rates and service. Customers provided verbal comments while others submitted written comments. This input will be taken under advisement when staff formulates its recommendation on the proposed final rates.

With respect to the development of rates, the Commission is required to set rates that are just, reasonable, compensatory, and not unfairly discriminatory. To determine the appropriate rates for service, the Commission uses a rate of return methodology as set forth in Chapter 367, Florida Statutes. Under the rate of return methodology, a utility is allowed to earn a reasonable return on its prudently invested property that is used and useful in serving the public, less accrued depreciation plus an allowance for operating capital. This ratemaking process is used for all water and wastewater companies. It is the same approach used throughout the country by various state and federal utility regulatory bodies.

There are many factors that affect the cost of providing service and hence, the rates charged to customers. Some factors affecting the cost of providing service include: the size and age of the utility system; the quality of the water at its source; the number of customers; and, the geographic spread of the service area. During a rate case, the Commission's accountants, engineers and economists examine the financial and engineering information filed by the company as part of its rate increase application. The Commission's auditors also examine this information and publish the results of their findings in an audit report. All costs found to be imprudent or unreasonable are disallowed for recovery from the ratepayers.

With respect to KW 's case, the staff recommendation is scheduled to be submitted December 4, 2008, and is scheduled to be heard by the Commissioners at the December 16, 2008, Agenda Conference. Once the Commissioners vote on the staff recommendation, a PAA Order will be issued within 20 days. After the PAA Order is issued, any substantially affected person may protest the order within 21 days. If there is no protest of the PAA Order, the Order becomes final.

I hope the above information has been helpful. If you have any additional questions, or require further assistance, please call me at (850) 413-6877 or e-mail me at [lroberts@psc.state.fl.us](mailto:lroberts@psc.state.fl.us).

Sincerely,



Lydia Roberts

Regulatory Analyst II

cc: Office of Commission Clerk (Docket No. 070293-SU)  
Division of Economic Regulation (Roberts, Bulecza-Banks, Fletcher)  
Office of the General Counsel (Jaeger)  
Office of Public Counsel (Burgess)  
F. Marshall Deterding, Esq. (KW Resort Utilities Corp.)

Application for an increase in wastewater rates in Monroe County by

# K W Resort Utilities Corp.

DOCKET NO. 070293-SU

RECEIVED-FPSC  
08 OCT -9 AM 9:16  
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 Admin.  Parties  Consumer  
DOCUMENT NO. 070293-SU  
DISTRIBUTION: ECR/BL

Name R.L. BLAZEVIC  
Address 3052 RIVERA DRIVE  
KEY WEST, FL. 33040

If you want to let the Public Service Commission know how you feel about this case, you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

### CONSUMER COMMENTS

I attended your Commission hearing in Key West City Hall on 10-01-08. As a resident for 50 years I have observed the slowness of constructing the necessary sewage systems and the continual pollution of the near shore waters. K.W. Resort Utility operates in the County and the City where different regulations exist. City Corp. tried to sell this bankrupt utility to Key West, but it was inadequate and Smith paid very little for it. In the Grand Jury investigation the County Commission was found negligent on oversight and control of contracts. In the U.R.S. engineering study they repeatedly noted that the sewage collection from City Stock Island was not included in the capacity of the plant. Key West has the legal responsibility for sewage and storm water on north Stock Island. It was recommended that a line across the short Cross Key Channel bridge connect this area to a

Fold and tape -- see back for address



STAMP

Florida Public Service Commission  
Office of Commission Clerk  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

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Tape

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RETURN RECEIPT  
REQUESTED

REC'D  
MAY 17 1994  
3063 RIVIERA DRIVE  
KEY WEST, FL 32040

Application for an increase in wastewater rates in Monroe County by

# K W Resort Utilities Corp.

DOCKET NO. 070293-SU

Name R.L. BLAZEWIC  
Address 3052 RIVIERA DRIVE  
KEY WEST 33040

If you want to let the Public Service Commission know how you feel about this case, you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

PAGE 2

## CONSUMER COMMENTS

with a sewage plant and deep well injection. This utility is tied in with the City leased golf course and do they pay for the insufficiently treated effluent that is polluting the fresh water lens in the extremely porous lime rock and the ponds go up and down with the tide?

There is only one water company for the entire Keys and there should only <sup>be</sup> one sewage system with oversight by the various municipalities. We have to go to a better treatment than the "advanced" water treatment so we can safely use gray water.

I apologize for the poor writing caused by arthritis and I can't feel my hand.

Every success in your hard work.

R.L. Blazewic



**RETURN RECEIPT  
REQUESTED**

**R.L. Blazevic  
AVCM-LT, USN Retired  
3052 Riviera Drive  
Key West, FL, 33040**

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

**CERTIFIED MAIL™**



7008 1140 0003 0330 5838

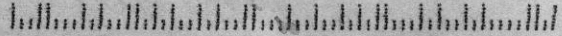
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08 OCT 09 AM 7:10  
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070293

Ruth Nettles

From: Ruth McHargue  
Sent: Monday, September 29, 2008 10:05 AM  
To: Ruth Nettles  
Cc: Kimberley Pena; Cheryl Bulecza-Banks  
Subject: FW: KW Resort Utilities Rate Increase

Please add to docket file.

-----Original Message-----

From: Consumer Contact  
Sent: Monday, September 29, 2008 9:29 AM  
To: Ruth McHargue  
Subject: KW Resort Utilities Rate Increase

To CLK

-----Original Message-----

From: contact@psc.state.fl.us [mailto:contact@psc.state.fl.us]  
Sent: Saturday, September 27, 2008 12:34 PM  
To: Consumer Contact  
Subject: E-Form Other Complaint TRACKING NUMBER: 15325

Complaint filed with PSC

Select County: MONROE  
CUSTOMER INFORMATION

Name: Cheryl Gegorek  
Telephone: 305-745-8890  
Email: Squirrelbay@aol.com  
Address: 151 Shore Drive Sugarloaf Key 33042

BUSINESS INFORMATION

Business Account Name: Cheryl Gegorek  
Account Number: GCB010  
Address: 64 Golf Club Drive Key West FL 33040

COMPLAINT INFORMATION

Complaint: Other Complaint against K W Resort Utilities Corp.  
Details:

KW Resort Utilites wants to increase their fees. I believe it is because they have taken on other utilites besides the Golf Club, which have nothing to do with the Golf Club expense. Why should the Golf Club pay for their acquistions?

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DOCUMENT NO.		09960-07
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# CONSUMER

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10.19.07

Commission Clerk  
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 2540 Shumard Oak Boulevard  
 Tallahassee Florida 32399-0850

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Docket # 070293-SU

My September bill went up from \$39. and change to 40.39. A month later, another notice comes in the mail that its going up again to 47.61. How can the bill go up twice in a 3 month period? How come the last increase, we didnt get a notice from Florida Commission, we just got a letter From Klu Resort Utilities stating the next statement was going up to 40.39. A month & 1/2 later we get another notice for another increase. How many times will our bill go up?

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR 1
- GCL 1
- OPC \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

9960 NOV-1 0

FPSC-COMMISSION CLERK

I want to know, why have our bills  
gone up twice in three months?

Omayra Bruzin  
P O Box 651  
Keywest Fl 33041



Mr. & Mrs. Omayra Bruzin  
P.O. Box 651  
Key West, FL 33041