

**KEN PRUITT**  
*President of the Senate*



**J. R. Kelly**  
Public Counsel

**STATE OF FLORIDA**  
**OFFICE OF PUBLIC COUNSEL**

c/o THE FLORIDA LEGISLATURE  
111 WEST MADISON ST.  
ROOM 812  
TALLAHASSEE, FLORIDA 32399-1400  
850-488-9330

EMAIL: [OPC\\_WEBSITE@LEG.STATE.FL.US](mailto:OPC_WEBSITE@LEG.STATE.FL.US)  
[WWW.FLORIDAOPC.GOV](http://WWW.FLORIDAOPC.GOV)

**MARCO RUBIO**  
*Speaker of the House of Representatives*



September 24, 2008

Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumark Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: K.W. Resort Utilities Corp.; 2007 Rate Case Filing; PSC Docket 070293-SU

Dear Ms. Cole:

Attached for filing is a revised version of Schedule 1 of Exhibit No. KHD-1 of Kimberly Dismukes' testimony in the above-referenced docket. This revised version of Schedule 1 is intended to replace the current Schedule 1 of the testimony that was filed on December 17, 2007, in Docket No. 070293-SU. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen C. Burgess".

Stephen C. Burgess  
Associate Public Counsel

SCB/kdk

cc: F. Marshall Deterding, Esquire  
Ralph Jaeger, Esquire  
Mr. Doug Carter

**KW Resort Utilities Corporation**  
**Summary of Adjustments**

Description	Amount	Revenue Requirement Impact <sup>(1)</sup>
<b>Affiliate-Related Rate Base Adjustments</b>		
Keys Environmental Hook-Up Fees	\$ (252,690)	\$ (22,200)
Reclassify Keys Environmental Expenses	\$ 51,663	\$ 4,539
Decommissionary of Jail Facilities	\$ (10,000)	\$ (879)
Green Fairways Jail Project Management Fee	\$ (32,198)	\$ (2,829)
Green Fairways SSI Project Management Fee	\$ (301,180)	\$ (26,460)
Smith, Hemmesch, and Burke Legal Fees	\$ (25,000)	\$ (2,196)
Mr. Johnson's Moving Expenses	\$ (8,602)	\$ (756)
Green Fairways AWT Management Fee	\$ (111,374)	\$ (9,785)
Johnson Constructors Charges for JAS	\$ (4,650)	\$ (409)
Johnson Constructors AWT Management Fee	\$ (30,000)	\$ (2,636)
<b>Other Rate Base Adjustments</b>		
Mr. London's Consulting Fees	\$ (32,500)	\$ (2,855)
White and Case Charges	\$ (27,230)	\$ (2,392) <sup>(2)</sup>
Key West Citizen Advertisement	\$ (422)	\$ (37)
Non-Used and Useful Adjustment	\$ (1,324,595)	\$ (116,370)
Offsetting Non-Used and Useful Adjustments	\$ 44,456	\$ 3,906 <sup>(3)</sup>
AWT Change Orders	\$ (13,547)	\$ (1,190)
Unamortized Rate Case Expense	\$ (100,000)	\$ (8,785)
Staff Audit Adjustment: Lack of Plant Documentation	\$ (972,447)	\$ (85,433)
Staff Audit Adjustment: Offset to Land Entry	\$ (152,255)	\$ (13,376)
Staff Audit Adjustment: Permit Fees	\$ 577	\$ 51
Staff Audit Adjustment: Beachcleaner Rental	\$ 910	\$ 80
Staff Audit Adjustment: Working Capital	\$ (168,265)	\$ (14,783)
Accumulated Depreciation	\$ 257,050	\$ 22,583 <sup>(4)</sup>
Accumulated Amortization	\$ 99,481	\$ 8,740 <sup>(5)</sup>

**KW Resort Utilities Corporation**  
**Summary of Adjustments**

Description	Amount	Revenue Requirement Impact <sup>(1)</sup>
<b>Operating Expenses Adjustments</b>		
Keys Environmental Mark-Up	\$ (33,826)	\$ (35,419)
Staff Audit Adjustment: Keys Environmental Lab Testing	\$ (1,313)	\$ (1,375)
Keys Environmental Hook-Up Fees	\$ (15,000)	\$ (15,707)
Reclassify Keys Environmental Expenses	\$ (51,663)	\$ (54,097)
Keys Environmental Expenses to Be Reimbursed	\$ (3,077)	\$ (3,222)
Mr. Smith's Management Fees	\$ (30,000)	\$ (31,414)
Sludge Hauling Test Year Expenses	\$ (7,819)	\$ (8,187)
Chemical Test Year Expenses	\$ (16,480)	\$ (17,257)
Mr. Smith's Travel Expenses	\$ (19,106)	\$ (20,006)
Staff Audit Adjustment: Golf Cart Allocation	\$ (1,548)	\$ (1,621)
Non-Used and Useful Adjustment	\$ -	\$ - <sup>(6)</sup>
Materials and Supplies Test Year Expense	\$ (2,739)	\$ (2,868)
Other Travel Expenses	\$ (2,525)	\$ (2,644)
Telephone Charges	\$ (7,508)	\$ (7,861)
Political Expenses	\$ (1,203)	\$ (1,259)
Public Relations Expenses	\$ (26,653)	\$ (27,909)
Miscellaneous Expenses	\$ (646)	\$ (676)
AWT Pro-forma Expenses	\$ (143,048)	\$ (149,788)
Amortization of Rate Case Expense	\$ (50,000)	\$ (52,356)
Staff Audit Adjustment: Trailer Floor Care	\$ (1,032)	\$ (1,081)
Staff Audit Adjustment: Insurance Finance Charges	\$ (701)	\$ (734)
Staff Audit Adjustment: Beachcleaner Rental	\$ (11,825)	\$ (12,382)
KWGC Employee Bonuses	\$ (12,038)	\$ (12,605)
Staff Audit Adjustment: Taxes Other than Income Tax	\$ (7,950)	\$ (8,325)
Depreciation Expense	\$ (70,259)	\$ (73,570) <sup>(7)</sup>

**KW Resort Utilities Corporation**  
**Summary of Adjustments**

Description	Amount	Revenue Requirement Impact <sup>(1)</sup>
<b>Revenue</b>		
Test Year Revenue Increase	\$ 158,151	\$ (165,603)
Trailer Rent	\$ 14,600	\$ (15,288)
Monroe County Detention Center Income	\$ 19,575	\$ (20,497)
<b>Total Adjustments</b>		
Revenue	\$ 192,326	\$ (201,388)
Operations and Maintenance Expenses	\$ (439,749)	\$ (460,470)
Depreciation Expense	\$ (70,259)	\$ (73,570)
Taxes Other than Income Tax	\$ (7,950)	\$ (8,325)
Utility Plant in Service	\$ (3,301,084)	\$ (290,011)
Accumulated Depreciation	\$ 257,050	\$ 22,583
Accumulated Amortization	\$ 99,481	\$ 8,740
Working Capital	\$ (168,265)	\$ (14,783)
<b>Total</b>		<b>\$ (1,017,224)</b>
<b>Company Requested Increase</b>		<b>\$ 601,684</b>
<b>Recommended Rate Decrease</b>		<b>\$ (415,540)</b>

<sup>(1)</sup> The revenue requirement impact has been revised to account for the proper expansion factor.

<sup>(2)</sup> White and Case Charges have been corrected for a transposition error.

<sup>(3)</sup> An offsetting used and useful calculation has been incorporated to account for the removal of the plant in service associated with AWT.

<sup>(4)</sup> Accumulated Depreciation has been corrected for a transposition error and a minor modification to the depreciation rate used for Mr. London's consulting fees.

<sup>(5)</sup> Accumulated Amortization has been corrected for an error in adjustment direction and to reverse \$258 associated with the amortization of floor care (Staff Audit Finding 13).

<sup>(6)</sup> The Non-Used and Useful Adjustment to Operating Expenses has been removed to correct for duplication.

<sup>(7)</sup> Depreciation Expense has been corrected for a transposition error and a minor modification to the depreciation rate used for Mr. London's consulting fees.