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DIVISION OF
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Public Service Commission

November 24, 2015

Chase Daly and Dawn Daly
54 Merganser W.
Key West, FL 33040

Re: Docket No. 150071-SU - Application for increase in wastewater rates in Monroe County by KW Resort Utilities Corp.

Dear Mr. and Mrs. Daly:

Thank you for your letter expressing your concerns about the rate increase petition filed 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.

Many factors affect the rate adjustment or cost of providing wastewater service. These factors can include: the size and age of the utility system; the number of customers; and the geographic spread of the service area. Additional components for KW include the modification of its wastewater treatment plant and additional upgrades which are necessary in order to comply with the Department of Environmental Protection.

Rates are increased relative to a utility's revenue requirement. To determine the appropriate rates for service, the Commission uses a rate of return methodology as set forth in Chapter 367, Florida Statutes (F.S.). 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.

We appreciate your letter and understand your concerns regarding the proposed rate increase. The Commission also understands that these are difficult economic times for so many people. I hope the above information is helpful.

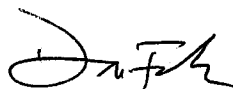
Mr. and Mrs. Kehoe

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If you have any additional questions, or require further assistance, please call me at (850) 413-6534 or email me at Dfrank@psc.state.fl.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'D Frank', written in a cursive style.

David Frank
Public Utility Analyst

cc: Division of Accounting and Finance (Bulecza-Banks, Norris, Fletcher, Galloway)
Division of Engineering (Hill, King)
Division of Economics (Thompson)
Office of Commission Clerk (Docket No. 150071-SU)