

STATE OF FLORIDA

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# Public Service Commission

July 10, 2017

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**Re: 20170141-SU - In re: Application for Increase in wastewater rates in Monroe County by K W Resort Utilities Corp.**

Dear Mr. Kelly and Mr. Wright:

Thank you for your June 30, 2017, response on behalf of the Office of Public Counsel (OPC) and Monroe County in opposition to the supplemental test year letter filed by K W Resort Utilities Corp. (KWRU or Utility).

As you may know, also on June 30, 2017, prior to receipt of the joint response in opposition, Chairman Brown issued a letter approving KWRU's request to use a historical test year ending June 30, 2017, and to forego the Proposed Agency Action process in favor of proceeding straight to a Chapter 120, Florida Statutes (F.S.), hearing. In making her decision, Chairman Brown evaluated the facts and circumstances laid out in KWRU's test year letters that were received on June 9, and 27, 2017, as well as the Joint Response in Opposition to the Test Year filed by OPC and Monroe County on June 21.

Chairman Brown determined that, based on all available information, KWRU's test year request complied with all requirements of Section 367.081, F.S., and Rule 25-30.430, Florida Administrative Code (F.A.C.). Your comments concerning the appropriateness of the Utility's test year are appreciated, but may be premature at this time. The Chairman's approval of the test year is a preliminary finding for filing purposes. Based on the information provided within the

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Utility's initial and amended test year request, there is no evidence on which to state that KWRU's test year filing will not be representative of the time when rates will go into effect.

However, as previously stated, the Chairman's test year approval is a preliminary matter to provide the Utility with guidance in filing its petition for a rate increase. The ultimate decision as to the appropriateness of a particular test year is a decision that is made by the full Commission after evaluating all information presented within the hearing record. As the Commission has stated in Order No. PSC-92-0197-FOF-WS,<sup>1</sup> any party to a proceeding has "the opportunity to explore its allegations and the appropriateness of the test years through discovery, testimony, and cross-examination during the hearing process." The Commission has also previously stated that any party to a proceeding, being afforded all rights under Commission rules, has the ability to raise all relevant issues and present all relevant information through the hearing process: "[t]his includes the right to raise the issue of what test year is appropriate."<sup>2</sup> The Commission found that "parties whose substantial interests may be affected by the selection of a particular test year will have ample opportunity to challenge the appropriateness of the test year at the rate case hearing before that final decision is made . . . ."<sup>3</sup>

I hope this information has been helpful to you. If you have any further questions or concerns, please feel free to contact me.

Sincerely,



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cc: Office of the General Counsel (M. Helton, J. Crawford, K. Mapp)  
Division of Accounting and Finance (A. Maurey, A. Norris)  
Office of the Commission Clerk (Docket No. 20170141-SU)  
Office of Public Counsel (E. Saylor)  
K W Resort Utilities Corp. (M. Friedman, B. Smith)

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<sup>1</sup> Order No. PSC-92-0197-FOF-WS, issued April 13, 1992, in Docket No. 911067-WS, In re: Application for a Rate Increase by General Development Utilities, Inc. in Charlotte, DeSoto and Sarasota Counties.

<sup>2</sup> Id.

<sup>3</sup> Order No. 25292