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DIVISION OF
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Public Service Commission

December 13, 2017

Mr. Martin S. Friedman, Esquire
Friedman & Friedman, P.A.
766 N. Sun Drive, Suite 4030
Lake Mary, FL 32746

RECEIVED-FPSC
2017 DEC 13 AM 10:25
COMMISSION
CLERK

Re: Docket No. 20170141-SU -- Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.

Dear Mr. Friedman:

We have reviewed the response to staff's first deficiency letter submitted on December 12, 2017, on behalf of K W Resort Utilities Corp. (KWRU or Utility). After reviewing the information provided, we still find the minimum filing requirements (MFRs) to be deficient. The specific deficiencies are identified below:

1. KWRU's 2016 Annual Report Schedule E-10(a) shows charges from Key West Golf Club during the test year. Unlike charges from another related party, Green Fairways, Inc., these amounts were not removed from the test year as an adjustment in the Utility's filing. As such, pursuant to the requirements of Rule 25-30.436(4)(h), Florida Administrative Code (F.A.C.), the following information should be provided, in addition to reporting all costs on MFR Schedule B-12, for Key West Golf Club:
 - a. The total costs being allocated or charged prior to any allocation or charging as well as the name of the entity from which the costs are being allocated or charged and its relationship to the Utility.
 - b. The allocation or direct charging method used and the basis for using that method.
 - c. The work papers used to develop, where applicable, the basis for the direct charging method.
 - d. A copy of any contracts or agreements between the Utility and its parent or affiliated companies for services rendered between or among them
2. Rule 25-30.437, F.A.C., requires that each Class A utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19 (11/93),

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entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following MFR schedules, as originally filed, do not comply with Rule 25-30.437, F.A.C., and they were not correctly revised in response to staff's first deficiency letter.

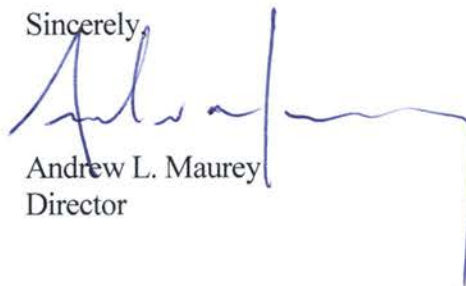
- a. On revised MFR Schedule B-8, the CPI-U for the prior test year is incorrect. It should be 234.812, the CPI-U from the last month of the test year, not the annual average.

In addition, the Utility is required to provide an explanation of all differences in excess of the benchmark factor for customer growth and inflation. When revising MFR Schedule B-8, please provide an explanation for expenses in excess of the revised benchmark factor.

- b. The revised MFR Schedule E-14 in "Attachment 2. c. iii." includes one bill which is not reflected in the Utility's revised MFR Schedule E-2 in "Attachment 2. C. iv."
 - i. Please further revise MFR Schedule E-2 to reconcile with the revised MFR Schedule E-14.
 - ii. Additionally, please submit a revised MFR Schedule B-3 that reflects all corresponding revisions to MFR Schedule E-2.

If any above corrections require a corresponding change to any other MFR schedules, those corrected schedules must also be submitted in accordance with Rule 25-30.436(4)(e), F.A.C. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than December 19, 2017.

Sincerely,



Andrew L. Maurey
Director

ALM:amn

- cc: Division of Accounting & Finance (D. Andrews, Bulecza-Banks, D. Buys, Fletcher, Frank, Johnson, Norris, Sowards)
Division of Auditing & Performance Analysis (Deamer)
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