

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase
in wastewater rates in Monroe
County by KW Resort Utilities Corp.

Docket No. 20170141-SU

**K W RESORT UTILITIES CORP.'S
MOTION TO REVISE MFR SCHEDULES**

K W Resort Utilities Corp. (“KWRU”), by and through undersigned counsel hereby files this Motion to revise certain MFR Schedules included in an Exhibit to Ms. Swain’s prefiled direct testimony, and as grounds therefore states as follows:

1. On November 21, 2017, KWRU filed its Application for an increase in rates in this proceeding. Included with that Application was the prefiled direct testimony of Deborah D. Swain who sponsored Exhibit DDS-1, which are the MFRs.

2. In the course of responding to Staff’s Second Set of Interrogatories, Nos. 4, 5, 6, 7 & 12, KWRU discovered that in the month of February 2017, it brought in the monthly amount from the GL onto the wrong rows on the B-6 which then flowed to the B-8. KWRU stated the correction in the series of Interrogatory responses, but did not previously provide any corrected schedules.

3. In connection with discussions with Staff in connection with KWRU’s interim rate request questions about property tax adjustments were raised and KWRU realized that although it had included property tax recorded in the test year, plus tax on annualization of test year plant additions, plus tax on proforma plant additions, it did not include tax on plant additions before annualization. The revised B-3 revision corrects that oversight.

4. Attached are the appropriate schedules to be substituted in lieu of those in Ms. Swain’s original Exhibit DDS-1

WHEREFORE, K W Resort Utilities Corp., request this Commission enter an Order substituting the attached MFR Schedules in lieu of those attached to Deborah Swain's testimony.

CERTIFICATION OF CONFERRAL

Undersigned counsel conferred as to this motion with the other parties in the case. Counsel for PSC takes no position with respect to the Motion. Counsel for OPC has no objection and the undersigned has not heard back from Monroe County one way or the other.

Respectfully submitted this 19th day of February, 2018, by:

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CERTIFICATE OF SERVICE
DOCKET NO. 20170141-SU

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by

E-mail to the following parties this 19th day of February, 2018:

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Schedule of Adjustments to Operating Income
Company: K W Resort Utilities Corp
Docket No.: 20170141-SU
Schedule Year Ended: 06/30/2017
Interim [] Final [X]
Historic [X] Projected []

Florida Public Service Commission
Schedule: B-3 (Revised)

Page 2 of 2
Preparer: Milian, Swain & Associates, Inc.

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

1	(C) Adjustments to Depreciation Expense	
2	(1) Annualize depreciation expense for plant additions during TY	
3	354.4 Structures & Improvements	95,604
4	360.2 Collection Sewer Force	4,479
5	364 Flow Measuring Devices	11,798
6	371.3 Pumping Equipment	1,048
7	375.6 Reuse Trans/Dist	2,751
8	380.4 Treatment & Disposal Equipment	67,356
9	381 Plant Sewers	2,145
10	390.7 Office Furniture	131
11		
12	Total Depr Expense -Test Year Adjustments	<u>\$ 185,311</u>
13		
14	(2) Depreciation expense related to Pro Forma plant additions	
15	354.4 Replace Lift Station	4,875
16	380.4 WWTP Rehabilitation	61,425
17	380.4 Chlorine Contact Chamber	59,593
18	380.4 Sludge Drying Beds	859
19	380.4 Generator (WWTP)	17,848
20	371.3 Tow Behind Generator (lift stations)	4,641
21	390.7 Telephone System	2,501
22	391.7 Service Truck with Crane	12,365
23	354.7 Office Structures & Improvements	9,590
24	395.7 Power Operated Equipment	3,690
25		
26	(3) Adjust depreciation expense for plant retirement	
27	354.4 Vacuum Station Structure (February 2017)	(4,293)
28	395.7 Power Operated Equipment	(3,037)
29	Total Depr Expense - Pro Forma Plant additions	<u>\$ 170,057</u>
30		
31	(4) Non Used & Useful Adjustment to Depreciation Expense	<u>\$ (163,044)</u>
32		
33	Total Adjustment to Depreciation Exp, Net of Amortization	<u>\$ 192,323</u>
34		
35	(D) Adjustments to Taxes Other Than Income	
36	(1) Adjust Payroll Taxes for pro forma salary increase	<u>\$ 15,367</u>
37		
38	(2) To adjust test year RAF's for adjusted test year revenues	<u>\$ 2,332,526</u>
39		0.045
40	RAF for adjusted Test year Revenues	104,964
41	RAF's per books	(98,730)
42	RAF Adjustment Required for Adjusted Test Year Revenues	<u>\$ 6,234</u>
43		
44	(3) Adjust Property Taxes	
45	(a) To adjust to property tax paid	<u>\$ 386</u>
46	(b) Total Net Plant Additions	<u>\$ 6,558,983</u>
47	Millage rate	9.4797
48	Increase in ad valorem taxes for plant additions	<u>\$ 62,177</u>
49	(c) Nonused and useful (NUU plant x 9.4797 millage)	<u>\$ (32,495)</u>
50	(d) To adjust property tax for plant additions from January -June 2017	
51	Total Net Plant additions	<u>\$ 5,780,735</u>
52	Less Plant included in line 46	<u>\$ (3,483,306)</u>
53	Additional Amount subject to Property Tax	<u>\$ 2,297,429</u>
54	Millage rate	9.4797
55	Increase in ad valorem taxes for plant additions	<u>\$ 21,779</u>
56	Total Adjustments to Property Taxes	<u>\$ 51,461</u>
57		
58	Sub-Total Adjustments to TOTI	<u>\$ 73,448</u>
59	(5) To adjust RAF's for requested revenues	
60	(a) Total RAF Adjustments due to Requested Increase	<u>\$ 61,191</u>
61		
62	Total Adjustment Taxes Other Than Income	<u>\$ 134,639</u>

Detail of Operation & Maintenance Expenses By Month - Wastewater

Florida Public Service Commission

Company: K W Resort Utilities Corp
Docket No.: 20170141-SU
Schedule Year Ended: 06/30/2017
Historic [X] Projected []

Explanation: Provide a schedule of operation and maintenance expenses by primary account for each month of the test year. If schedule has to be continued on 2nd page, reprint the account titles and numbers.

Schedule: B-6
Page 1 of 1
Preparer: Milian, Swain & Associates, Inc.
Recap Schedules: B-2

Line No.	(1) Account No. and Name	(2) 2016 Jul	(3) 2016 Aug	(4) 2016 Sep	(5) 2016 Oct	(6) 2016 Nov	(7) 2016 Dec	Total Exp Jan-Dec 2016	(8) 2017 Jan	(9) 2017 Feb	(10) 2017 Mar	(11) 2017 Apr	(12) 2017 May	(13) 2017 Jun	(14) Total Annual	(15) Adj.	(16) Adj. Total Annual
1	701 Salaries & Wages - Employees	\$ 51,184	\$ 45,830	\$ 39,729	\$ 39,723	\$ 50,889	\$ 58,766	\$ 286,121	\$ 38,001	\$ 46,440	\$ 36,731	\$ 40,630	\$ 45,207	\$ 47,935	\$ 541,065	\$ 211,484	\$ 752,549
2	703 Salaries & Wages - Officers, Etc.	\$ 18,955	\$ 19,877	\$ 19,877	\$ 19,877	\$ 19,877	\$ 21,277	\$ 119,738	\$ 19,877	\$ 22,211	\$ 20,543	\$ 20,543	\$ 21,752	\$ 20,960	\$ 245,624	\$ 15,957	\$ 261,581
3	704 Employee Pensions & Benefits	\$ 12,323	\$ 11,925	\$ 16,129	\$ 11,511	\$ 15,387	\$ 13,937	\$ 81,213	\$ 12,587	\$ 14,012	\$ 13,044	\$ 11,590	\$ 13,634	\$ 16,516	\$ 162,596	\$ 54,961	\$ 217,557
4	710 Purchased Sewage Treatment							-							-		-
5	711 Sludge Removal Expense	2,739	2,647	2,778	2,867	2,801	-	13,832	27,375	23,863	37,943	3,262	7,453	4,397	118,124	46,724	164,848
6	715 Purchased Power	11,350	11,642	11,554	10,692	11,791	13,189	70,217	12,387	12,997	13,639	18,323	16,193	17,336	161,092	58,138	219,230
7	716 Fuel for Power Purchased							-							-		-
8	718 Chemicals	12,870	12,470	13,778	14,199	14,526	17,592	85,435	17,808	12,466	5,751	3,698	5,955	11,941	143,053	88,688	231,742
9	720 Materials & Supplies	4,590	11,324	5,481	3,129	5,995	13,064	43,583	5,104	6,020	8,396	8,109	6,565	8,264	86,041		86,041
10	731 Contractual Services - Engr.	-	11,999	-	595	143	618	13,354	380	808	1,045	1,330	238	3,611	20,765		20,765
11	732 Contractual Services - Acct.	525	525	675	525	525	525	3,300	2,750	3,113	525	938	900	525	12,050		12,050
12	733 Contractual Services - Legal	372	249	1,089	340	120	250	2,420	-	318	252	1,206	4,242	2,742	11,179		11,179
13	734 Contractual Services - Mgmt. Fees	5,000	5,000	5,000	5,000	5,000	5,000	30,000	5,000	5,000	5,000	2,097	-	-	47,097	(47,097)	-
14	735 Contractual Services - Testing	1,000	1,874	1,569	2,059	1,150	4,525	12,177	2,043	1,333	1,009	500	866	500	18,429		18,429
15	736 Contractual Services - Other							-							-		-
16	741 Rental of Building/Real Prop.	-	-	-	-	100	-	100	-	-	-	-	414	-	514		514
17	742 Rental of Equipment	-	-	-	-	-	-	-	-	-	465	711	-	304	1,479		1,479
18	750 Transportation Expenses	1,596	2,413	1,330	1,382	2,150	4,644	13,515	1,448	2,774	2,810	1,340	1,901	2,120	25,908		25,908
19	756 Insurance - Vehicle							-							-		-
20	757 Insurance - General Liability	3,547	3,166	3,532	3,532	3,723	3,723	21,222	3,666	3,666	3,666	3,666	3,666	3,666	43,216	17,633	60,849
21	758 Insurance - Workman's Comp.	2,409	2,257	2,038	2,051	2,400	2,743	13,897	1,984	2,323	1,962	2,101	2,298	2,669	27,234	8,839	36,073
22	759 Insurance - Other							-							-		-
23	760 Advertising Expense	-	487	320	-	33	537	1,376	160	749	200	967	1,981	371	5,803		5,803
24	766 Reg. Comm. Exp. - Rate Case Amort.							-							-	178,807	178,807
25	767 Reg. Comm. Exp. - Other							-							-		-
26	770 Bad Debt Expense	-	-	-	-	-	-	-	-	2,443	-	-	-	-	2,443		2,443
27	775 Miscellaneous Expenses	3,432	5,491	1,776	3,473	3,643	4,115	21,929	3,169	4,809	4,396	3,316	4,318	4,680	46,617	166,464	213,082
28																	
29	TOTAL	\$ 131,892	\$ 149,174	\$ 126,652	\$ 120,954	\$ 140,252	\$ 164,504	\$ 833,427	\$ 153,739	\$ 165,343	\$ 157,378	\$ 124,326	\$ 137,582	\$ 148,537	\$ 1,720,331	\$ 800,598	\$ 2,520,930

Operation & Maintenance Expense Comparison - Wastewater

Florida Public Service Commission

Company: K W Resort Utilities Corp
Docket No.: 20170141-SU
Schedule Year Ended: 06/30/2017

Schedule: B-8 2nd Revised
Page 1 of 1
Preparer: Milian, Swain & Associates, Inc.

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not had a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences.

Line No.	(1) Account No. and Name	(2) Prior TY 12/31/2014	(3) Current TY 6/30/2017	(4) TY Adj.'s per B-3	(5) Adjusted TY 6/30/2017	(6) \$ Difference	(7) % Difference	(8) Explanation
1	701 Salaries & Wages - Employees	\$ 559,944	\$ 541,065	\$ 211,484	\$ 752,549	\$ 192,605	34.40	Increase in expenses due to fully staffing plant; plus overtime for extraordinary events.
2	703 Salaries & Wages - Officers, Etc.	222,956	245,624	15,957	261,581	38,625	17.32	Under benchmark
3	704 Employee Pensions & Benefits	138,905	162,596	54,961	217,557	78,652	56.62	Increase in expenses due to fully staffing plant and participation in Pension Plan by more employees due to a more traditional pension vs 401K with 4% max match.
4	710 Purchased Sewage Treatment	-	-	-	-	-	-	
5	711 Sludge Removal Expense	77,177	118,124	46,724	164,848	87,671	113.60	Due to increase in quantity of biosolids that can't be processed on the drying beds.
6	715 Purchased Power	173,548	161,092	58,138	219,230	45,682	26.32	Increase in expenses as a result of changes in operations as a consequence of having to upgrade the WWTP to AWT standards.
7	716 Fuel for Power Purchased	-	-	-	-	-	-	
8	718 Chemicals	184,229	143,053	88,688	231,742	47,513	25.79	Reflects the amount of chemical the Utility requires to meet the DEP Permit conditions on a consistent basis.
9	720 Materials & Supplies	31,119	86,041	-	86,041	54,922	176.49	Materials and supplies are directly related to the number of plant and maintenance personnel. For example, when the Utility carries less staff the Utility often can't do small capital projects in house. Generally in these cases the small capital projects are awarded to outside contractors.
10	731 Contractual Services - Engr.	18,650	20,765	-	20,765	2,115	11.34	Under benchmark
11	732 Contractual Services - Acct.	30,967	12,050	-	12,050	(18,917)	(61.09)	Under benchmark
12	733 Contractual Services - Legal	6,018	11,179	-	11,179	5,161	85.77	Legal issues arise from time to time that are not attributable to a customer or capital project which fluctuate year to year. Legal expenses related to loans, which ultimately lower rates to customers, as well as addressing utility agreements and regulatory compliance provide for routine legal costs, which are reflected in the test year.
13	734 Contractual Services - Mgmt. Fees	-	47,097	(47,097)	-	-	-	
14	735 Contractual Services - Testing	18,243	18,429	-	18,429	186	1.02	Under benchmark
15	736 Contractual Services - Other	45,054	-	-	-	(45,054)	(100.00)	Under benchmark
16	741 Rental of Building/Real Prop.	1,100	514	-	514	(586)	(53.31)	Under benchmark
17	742 Rental of Equipment	-	1,479	-	1,479	1,479	100.00	De minimus amount, small equipment rental
18	750 Transportation Expenses	24,092	25,908	-	25,908	1,816	7.54	Increase in staff causes increase in transportation exp but large repair expense can skew these results year/year.
19	756 Insurance - Vehicle	-	-	-	-	-	-	
20	757 Insurance - General Liability	41,444	43,216	17,633	60,849	19,405	46.82	Due to new asset (\$5M Expansion Project). Also an claim was filed to the automotive fleet insurance for an employee accident.
21	758 Insurance - Workman's Comp.	28,648	27,234	8,839	36,073	7,425	25.92	Workmen's Comp Expense is related to payroll expense and job type or classification. The Utility got hit on both, we are carrying more payroll overall and we have staffed positions that are much more dangerous than administrative positions.
22	759 Insurance - Other	-	-	-	-	-	-	
23	760 Advertising Expense	1,075	5,803	-	5,803	4,728	439.84	Extreme turnover yields advertising expense for Help Wanted Ads. Utility hired wastewater specific personnel and therefore had to advertise in trade publications that were statewide.
24	766 Reg. Comm. Exp. - Rate Case Amort.	107,707	-	178,807	178,807	71,100	66.01	Not subject to Benchmark indexing
25	767 Reg. Comm. Exp. - Other	-	-	-	-	-	-	
26	770 Bad Debt Expense	-	2,443	-	2,443	2,443	100.00	De minimus amount, no bad debt recorded in prior test year.
27	775 Miscellaneous Expenses	144,079	46,617	166,464	213,082	69,003	47.89	Due to amortization of Last Stand expenses
28								
29	TOTAL	\$ 1,854,955	\$ 1,720,331	\$ 800,598	\$ 2,520,930	\$ 665,975	35.90	
30								
31	Total Customers (ERC's)	4,039.0			4,753.0	714	17.68	
32	Consumer Price Index - U	234.812			244.955	10.14	4.32	
33								
34	Benchmark Index: Increase in Customer ERC's					1.1768		
35	Increase in CPI					1.0432		
36						1.2276		