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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of
KW RESORT UTILITIES, CORP.
for an increase in wastewater rates in
Monroe County, Florida.

DEPOSIT DATE:

770 AUG 06 2007

DOCKET NO. 070293-SU

APPLICATION FOR INCREASE IN RATES

Applicant, KW RESORT UTILITIES, CORP. (the *Utility*), by and through its undersigned attorneys and pursuant to Section 367.081 and 367.082, Florida Statutes, and Chapter 25-30, Florida Administrative Code, files this Application for an increase in its wastewater rates in Monroe County, Florida.

Preliminary Matters

1. The following information is provided pursuant to Rule 25-30.436, Florida Administrative Code:

Code:

(a) The name of the Utility and its mailing address is:

KW Resort Utilities, Corp.
P. O. Box 2125
Key West, FL 33045-2125

(b) The names and address of the persons authorized to receive notices and communications in respect to this application are:

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301
Telephone: (850) 877-6555

(c) The Utility is a Florida corporation incorporated in Florida on January 1, 1972. The names and addresses of the persons owning more than 5% of the Utility's stock are:

WS Utility, Inc. 100%
6450 Junior College Road
Key West, FL 33040

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(d) The Utility's rates were last reviewed in several different orders for several different classes of service as outlined below:

- (1) Order No. PSC-05-0955-TRF-SU issued in Docket No. 050474-SU on October 7, 2005, authorized approval of a new class of service for bulk wastewater service.
- (2) Order No. PSC-02-1711-TRF-SU entered in Docket No. 021008-SU on December 9, 2002, granted the Utility approval of two new classes of bulk wastewater service.
- (3) Order No. PSC-99-0489-FOF-SU issued in Docket No. 970229-SU on March 8, 1999, granted the Utility a Limited Proceeding Rate Increase in reuse rates.
- (4) Order No. 14620 issued in Docket No. 830388-S on July 23, 1985 established rates for the Utility in its last general rate case. Those rates were the result of a stipulation. The determinations concerning rate base were not part of that stipulated settlement and were instead established in Order No. 13862 issued in Docket No. 830388-S on November 19, 1984.

(e) The address where the application is available for customer inspection during the time the rate application is pending is:

K W Resort Utilities, Corp.
Key West Golf Club
6450 College Road
Key West, Florida 33040

(f) The Utility is requesting wastewater rates which would allow it to recover all expenses that the Utility will incur on a going-forward basis, and generate a fair rate of return on its investment in all property considered 100% used and useful in the public service.

In addition, the Utility is seeking interim rates based upon the historic test year ended December 31, 2006. The Utility has demonstrated through the supporting schedules within the

attached **Volume I** of **Exhibit “A”** that it is earning outside its range of reasonable returns, calculated in accordance with Section 367.082(5), Florida Statutes. Submitted as part of **Volume I** of **Exhibit “A”** is a schedule of rate base (Schedule A-2), cost of capital (Schedule D-1) and net operating income (Schedule B-2), as applicable, pursuant to Commission Rule 25-30.437(5), F.A.C.

(g) The Affidavit of William L. Smith, Jr. President of the Utility, confirming that the Utility will comply with Rule 25-22.0407, F.A.C., is attached hereto as **Exhibit “D”**.

(h) The Utility is not requesting that this Application be processed under the Commission’s proposed agency action procedure, but rather wishes to have this matter proceed directly to hearing for the establishment of rates as provided under Section 367.081(6), Florida Statutes.

2. The appropriate filing fee in accordance with Rule 25-30.020(2) is \$2,000 based upon the Utility providing service to between 500 and 2,000 ERCs during the test year.

3. Because the Utility has chosen not to request that this matter be processed under Section 367.081(6), F.S., we are attaching hereto as **Exhibit “F,”** the Direct Testimony of William L. Smith, Jr., President of the Utility, and Paul DeChario, CPA. These testimonies explain why the rate increase is necessary and address the areas anticipated at the time of filing, to be at issue.

4. The Utility is not aware of any deviations from policies, procedures, and guidelines prescribed by the Commission in the relevant rules or in the Utility’s last rate case.

Additional Information

I.

Sixteen copies of the Utility's Financial, Rate and Engineering Minimum Filing Requirements (Form PSC/WAW 20) are provided herewith as **Volume I** of **Exhibit “A”**.

II.

In addition to the information provided in Schedule B-12, the Utility has provided three copies of the additional schedules required by Rule 25-30.436(h) for systems with costs allocated or charged to it from a parent affiliate or a related party. These schedules are attached as **Volume IV of Exhibit “A.”**

III.

There has been no new land recorded on the Utility’s books since the Utility’s last rate proceeding.

IV.

Two copies of the Billing Analysis Schedules as required by Rule 25-30.437(4) are provided herewith as **Volume II of Exhibit “A.”**

V.

Two copies of the Additional Engineering Information required by Rule 25-30.440(2)-(10), F.A.C. are provided herewith as **Volume III of Exhibit “A.”**

VI.

One copy of a detailed system map as required by Section 25-30.440(1)(a) and (b) is included in **Exhibit “E”**.

VII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed interim rates are attached hereto as **Exhibit “B”**.

VIII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed final rates are attached hereto as **Exhibit “C”**.

IX.

A reconciliation of the annual report to the trial balance and MFRs is included in Schedule

A-19 of **Volume I** of **Exhibit "A."**

X.

The Utility requests that the Commission not withhold consent to the effectiveness of the proposed final wastewater rate increase as requested in this Application, or in the alternative, that the Commission grant interim wastewater rates pursuant to Section 367.082, F.S. in accordance with the schedules contained in **Volume I** of **Exhibit "A"** and the tariffs contained in **Exhibits "B"** and **"C"**.

WHEREFORE, the Utility requests that the Florida Public Service Commission do the following:

1. Accept jurisdiction of this Application to grant an increase in wastewater rates utilizing the "direct hearing" procedure outlined in Section 367.081(6), F.S.
2. Not withhold consent to the effectiveness of the rates requested as final, or in the alternative, to grant the interim wastewater rates as requested herein and contained in the tariffs included as **Exhibit "B"**.
3. Grant final rates as requested herein and contained in the tariffs included in **Exhibit "C"**.
4. Provide such other and further relief as is fair, just and equitable.

Respectfully submitted this 3rd day of August, 2007, by:

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Tallahassee, FL 32301
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F. MARSHALL DETERDING
For the Firm