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September 6, 2023

Via Electronic Submittal

Ms. A. Shonta Dunston  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street, Room 5063  
Raleigh, NC 27603

**Re: In the Matter of  
JPC Utilities, LLC's General Rate Increase Application  
Docket No. W-1263 Sub 4**

Dear Ms. Dunston:

Attached for filing, on behalf of JPC Utilities, LLC, is an Application for Rate Increase, supporting Exhibits and Direct Testimonies of Philip M. Cooke and Darlene Peedin.

Commission Rule R1-17(b)(9)f requires a one-page summary of proposed increases to be attached as Appendix 1. A summary is attached but has been labeled as JPC Exhibit III.

Exhibit IV to the Application is confidential in nature and will be provided under separate cover. Excel spreadsheets, in native format, in support of Exhibits I through IV to the Application, are being provided to the NC Public Staff and filed with the Commission at [NCUCExhibits@ncuc.net](mailto:NCUCExhibits@ncuc.net). In accordance with Line 16, Page 4, of the Application, JPC is a Class B utility company. The originally executed Application and 25 copies will be hand delivered to the Clerk's Office, along with 12 additional copies of the Testimonies within 24 hours of filing.

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota Nevada  
New Jersey New York North Carolina Pennsylvania South Carolina Texas Virginia Washington



Fox Rothschild <sup>LLP</sup>  
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Ms. A. Shonta Dunston  
Chief Clerk  
Page Two  
September 6, 2023

Thank you for your assistance with this filing. Please let me know if you need anything further at this time.

Sincerely,  
*/s/ David T. Drooz*  
David T. Drooz  
Attorney for  
JCP Utilities, LLC

pbb

Attachments

Copy to: Christopher J. Ayers, Director, NC Public Staff  
Lucy E. Edmonson, NC Public Staff - Legal



## BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

## APPLICATION FOR RATE INCREASE

INSTRUCTIONS

Notes or explanations placed in the margins of the application are acceptable. If additional space is needed, supplementary sheets may be attached. If any section does not apply, write "not applicable" or cross out the section.

APPLICANT

1. Trade name used for utility business: JPC Utilities, LLC
2. Name of owner (if different from trade name) Phillip Cooke
3. Business mailing address PO Box 345  
City and state Oak Ridge, NC Zip Code 27310
4. Business street address (if different from mailing address) \_\_\_\_\_
5. Business telephone number 336-669-2724
6. List the counties in which you provide water utility service Guilford County
7. List the counties in which you provide sewer utility service Guilford County

PROPOSED AND PRESENT RATES

- |                                       | <u>Proposed Rates</u> | <u>Present Rates</u>       |
|---------------------------------------|-----------------------|----------------------------|
| 8. Metered Residential Service:       |                       |                            |
| Water:                                | _____                 | _____                      |
| Sewer:                                | _____                 | _____                      |
| 9. Flat Rate Residential Service:     |                       |                            |
| Water:                                | _____                 | _____                      |
| Sewer:                                | _____                 | _____                      |
| 10. Nonresidential Service (explain): |                       |                            |
| Water: <u>See JPC Exhibit III</u>     | _____                 | <u>See JPC Exhibit III</u> |
| Sewer: <u>See JPC Exhibit III</u>     | _____                 | <u>See JPC Exhibit III</u> |
| 11. Tap-on fees:                      |                       |                            |
| Water: <u>See JPC Exhibit III</u>     | _____                 | <u>See JPC Exhibit III</u> |
| Sewer: <u>See JPC Exhibit III</u>     | _____                 | <u>See JPC Exhibit III</u> |

OTHER PROPOSED RATES

12. Finance charge for late payment: 1 % per month  
(NCUC Rule R12-9) specifies not more than one percent (1.0%) per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.)
13. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: See JPC Exhibit III
14. Reconnection charge if water service discontinued at customer's request: See JPC Exhibit III
15. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: See JPC Exhibit III
16. Other charges: \_\_\_\_\_
17. What date are the proposed rates to become effective? October 7, 2023
18. How long have the present rates been in effect? February 13, 2015

PROPOSED BILLING

19. Frequency of billing shall be (monthly, quarterly, etc.) Monthly
20. Billing shall be for service (in advance or arrears) Arrears
21. Bills past due 25 days after the billing dates:  
(NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
22. Will regular billing be by written statement? (yes or no) Yes

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REVENUES AND EXPENSES

For 12 Months Ended December 31, 2022

|     | <u>Revenues</u>                                     | <u>Water</u>   | <u>Sewer</u>   |
|-----|---|--|--|
| 1.  | Residential service (flat rate)                     | \$ _____   | \$ _____   |
| 2.  | Residential service (metered rate)                  | \$ _____   | \$ _____   |
| 3.  | Nonresidential service (flat rate)                  | \$ _____   | \$ _____   |
| 4.  | Nonresidential service (metered rate)               | \$ See JPC Exhibit I – Schedule 3(a) for water revenues & expenses | \$ See JPC Exhibit I – Schedule 3(b) for sewer revenues & expenses |
| 5.  | Other revenues (describe in remarks below)          | \$ _____   | \$ _____   |
| 6.  | Total Revenues (Lines 1 thru 5)                     | \$ _____   | \$ _____   |
| 7.  | Total salaries                                      | \$ _____   | \$ _____   |
| 8.  | Administrative and office expense (except salaries) | \$ _____   | \$ _____   |
| 9.  | Maintenance and repair expense (except salaries)    | \$ _____   | \$ _____   |
| 10. | Transportation expenses                             | \$ _____   | \$ _____   |
| 11. | Electric power for pumping                          | \$ _____   | \$ _____   |
| 12. | Chemicals for treatment                             | \$ _____   | \$ _____   |
| 13. | Testing fees  | \$ _____   | \$ _____   |
| 14. | Permit fees   | \$ _____   | \$ _____   |
| 15. | Purchased water/sewer treatment                     | \$ _____   | \$ _____   |
| 16. | Annual depreciation                                 | \$ _____   | \$ _____   |
| 17. | Taxes: State income taxes                           | \$ _____   | \$ _____   |
| 18. | Federal income taxes                                | \$ _____   | \$ _____   |
| 19. | Gross receipts (or franchise tax)                   | \$ _____   | \$ _____   |
| 20. | Property taxes                                      | \$ _____   | \$ _____   |
| 21. | Payroll taxes                                       | \$ _____   | \$ _____   |
| 23. | Other taxes Regulatory Fee                          | \$ _____   | \$ _____   |
| 23. | Other expenses (describe in remarks below)          | \$ _____   | \$ _____   |
| 24. | Total Expenses (Lines 7 thru 23)                    | \$ _____   | \$ _____   |
| 25. | Net Operating Income (Line 6 minus Line 24)         | \$ _____   | \$ _____   |
| 26. | Interest on debt during year                        | \$ _____   | \$ _____   |
| 27. | Net Income (Line 25 minus Line 26)                  | \$ _____   | \$ _____   |

Remarks

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|     |              | <u>Water</u>               |                          |                                       | <u>Sewer</u>               |                                       |
|-----|--------------|----------------------------|--------------------------|---------------------------------------|----------------------------|---------------------------------------|
|     | <u>Month</u> | <u>Flat Rate Customers</u> | <u>Metered Customers</u> | <u>Gallons Sold to Metered Custs.</u> | <u>Flat Rate Customers</u> | <u>Gallons Sold to Metered Custs.</u> |
| 33. | January      | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 34. | February     | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 35. | March        | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 36. | April        | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 37. | May          | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 38. | June         | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 39. | July         | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 40. | August       | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 41. | September    | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 42. | October      | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 43. | November     | _____                      | 68                       | _____                                 | _____                      | 57                                    |
| 44. | December     | _____                      | 68                       | _____                                 | _____                      | 57                                    |

**ORIGINAL COST OF UTILITY SYSTEM**  
As of Year Ended December 31, 2022

**Note:** List the total original cost to construct and establish the system, whether or not paid for by the Present Owner.

|   | <u>Utility Property in Service</u> |                                    |
|---|------------------------------------|------------------------------------|
|   | <u>Water</u>                       | <u>Sewer</u>                       |
| 1. Land and rights-of-way   | \$ See JPC Exhibit I, Schedule 2-1 | \$ See JPC Exhibit I, Schedule 2-1 |
| 2. Structures and site improvement  | \$                                 | \$                                 |
| 3. Wells  | \$                                 | \$                                 |
| 4. Pumping equipment  | \$                                 | \$                                 |
| 5. Treatment equipment  | \$                                 | \$                                 |
| 6. Storage tanks  | \$                                 | \$                                 |
| 7. Mains (excluding service connections)                                      | \$                                 | \$                                 |
| 8. Service connections  | \$                                 | \$                                 |
| 9. Meters (including spare meters)  | \$                                 | \$                                 |
| 10. Office furniture and equipment  | \$                                 | \$                                 |
| 11. Transportation equipment  | \$                                 | \$                                 |
| 12. Other utility property in service (describe in remarks below)             | \$                                 | \$                                 |
| 13. Total utility property in service (Lines 1 thru 12)                       | \$                                 | \$                                 |
| 14. Less: accumulated depreciation  | \$                                 | \$                                 |
| 15. Less: accumulated tap fees and other contributions in aid of Construction | \$                                 | \$                                 |
| 16. Less: customer advances   | \$                                 | \$                                 |
| 17. Net investment in utility property (Line 13 minus 14, 15, & 16)           | \$                                 | \$                                 |
|   | <u>Water</u>                       | <u>Sewer</u>                       |
| 18. Construction work in progress   | \$ N/A                             | \$ N/A                             |
| 19. Property held for future use  | \$ N/A                             | \$ N/A                             |
| 20. Other (describe in remarks below)   | \$ N/A                             | \$ N/A                             |

Remarks

See JPC Exhibit I Schedule 2-1 for plant in service detailed breakdown.

**ANNUAL DEPRECIATION**

21. If annual depreciation is claimed using a composite rate for the entire system, show composite rate used:  
Water: N/A  
Sewer: N/A
22. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used: See JPC Exhibit I Schedule 2-1

| Type of Equipment              | Annual Depreciation Rate | Method Used (Straight Line, etc.) | Amount of Annual Depreciation |
|--------------------------------|--------------------------|-----------------------------------|-------------------------------|
| See JPC Exhibit I Schedule 2-1 |                          |                                   |                               |
|                                |                          |                                   |                               |
|                                |                          |                                   |                               |
|                                |                          |                                   |                               |
|                                |                          |                                   |                               |
|                                |                          |                                   |                               |
|                                |                          |                                   |                               |
|                                |                          |                                   |                               |
|                                |                          |                                   |                               |
|                                |                          |                                   |                               |

**CONTRIBUTIONS IN AID OF CONSTRUCTION**  
(Including Tap Fees)

1. Has the utility collected any gross-up on contributions in aid of construction (CIAC), such as contributed plant and tap fees, since the test year of its last rate case? (yes or no) No

**EMPLOYEE SALARIES**  
(Including Owner)

| Name                               | Duties | Salaries Paid<br>During Year | Hours Worked<br>During Year |
|------------------------------------|--------|------------------------------|-----------------------------|
| 2. See JPC Exhibit IV CONFIDENTIAL |        |                              |                             |
| 3.                                 |        |                              |                             |
| 4.                                 |        |                              |                             |

**FINANCIAL INFORMATION**

| Source of Loans<br>(For Utility Purposes) | Interest<br>Rates | Amount Unpaid<br>End of Year |
|---|-------------------|------------------------------|
| 5. Long-term debt                         | 0%                | \$ 512,500                   |
| 6.  |                   | \$                           |
| 7.  |                   | \$                           |

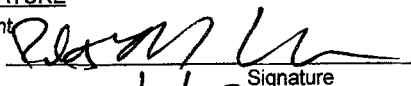
**OTHER FINANCIAL INFORMATION**

|   |            |
|---|------------|
| 8. Stocks issued  | \$ 0       |
| 9. Accumulated (or retained) earnings or losses ... Proprietary Capital | \$ 669,932 |
| 10. Cash on hand  | \$ 20,284  |
| 11. Accounts receivable   | \$ 0       |
| 12. Accounts payable  | \$ 19,178  |
| 13. Customer deposits on hand   | \$ 0       |
| 14. Materials and supplies  | \$ 0       |
| 15. Other investments   | \$ 60,000  |

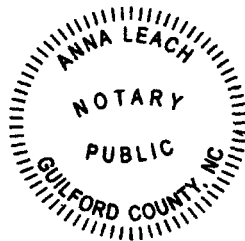
**FILING INSTRUCTIONS**

16. Seven (7) copies of the application and exhibits shall be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. **Twenty-five (25) copies of a Class A or B utility company should be filed.** One of these copies must have original signature. (Applicants must make their copies if desired.) Class A and B utility companies are also required to file a written letter of intent to file a general rate case with the Commission thirty (30) days in advance of filing this application. Furthermore, Class A utility companies should file a NCUC Form W-1 along with this rate increase application form as required in Rule R1-17(12)(d).
17. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$500 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$250 filing fee. A Class C company (annual revenues less than \$200,000) requires a filing fee of \$100. **MAKE CHECK PAYABLE TO N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.**

**SIGNATURE**

18. Application shall be signed and verified by the Applicant   
Signature  
9/6/23  
Date

19. (Typed or Printed Name) Philip M. Cooke  
personally appearing before me and being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.



This the 6<sup>th</sup> day of September, 2023.  
Anna Leach  
Notary Public

11692 NC Hwy 68 N, Ste F Oak Ridge  
Address NC 27310

My Commission Expires: 9/16/2023 af  
6/23/2026 Anna Leach  
Date







## EXHIBIT I

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**INDEX TO EXHIBITS**  
For The Test Year Ended December 31, 2022

| <u>LINE<br/>NO.</u> | <u>TITLE</u>  | <u>SCHEDULE<br/>NO.</u> |
|---------------------|---|-------------------------|
| 1                   | MARGIN ON OPERATING REVENUE DEDUCTIONS REQUIRING A RETURN- WATER OPERATIONS           | 1(a)                    |
| 2                   | MARGIN ON OPERATING REVENUE DEDUCTIONS REQUIRING A RETURN- SEWER OPERATIONS           | 1(b)                    |
| 3                   | CALCULATION OF GROSS REVENUE EFFECT FACTORS   | 1-2                     |
| 4                   | ORIGINAL COST RATE BASE- WATER OPERATIONS   | 2(a)                    |
| 5                   | ORIGINAL COST RATE BASE- SEWER OPERATIONS   | 2(b)                    |
| 6                   | CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION<br>EXPENSE | 2-1                     |
| 7                   | CALCULATION OF CASH WORKING CAPITAL AND AVERAGE TAX ACCRUALS                          | 2-2                     |
| 8                   | NET OPERATING INCOME FOR A RETURN - WATER OPERATIONS                                  | 3(a)                    |
| 9                   | NETOPERATING INCOME FOR A RETURN - SEWER OPERATIONS                                   | 3(b)                    |
| 10                  | ADJUSTMENT TO SERVICE REVENUES  | 3-1                     |
| 11                  | ADJUSTMENT TO ADMINISTRATIVE AND OFFICE EXPENSE                                       | 3-2                     |
| 12                  | ADJUSTMENT TO LEASE EXPENSE   | 3-3                     |
| 13                  | ADJUSTMENT TO MAINTENANCE & REPAIR EXPENSE  | 3-4                     |
| 14                  | ADJUSTMENT TO CONTRACT OPERATOR EXPENSE   | 3-5                     |
| 15                  | ADJUSTMENT TO MISCELLANEOUS EXPENSE   | 3-6                     |
| 16                  | ADJUSTMENT TO REGULATORY EXPENSE  | 3-7                     |
| 17                  | CALCULATION OF INCOME TAXES- WATER OPERATIONS   | 3-8(a)                  |
| 18                  | CALCU;ATION OF INCOME TAXES- SEWER OPERATIONS   | 3-8(b)                  |
| 19                  | CALCULATION OF REVENUE REQUIREMENT - WATER OPERATIONS                                 | 4(a)                    |
| 20                  | CALCULATION OF REVENUE REQUIREMENT - SEWER OPERATIONS                                 | 4(b)                    |
| 21                  | CALCULATION OF OPERATING RATIOS - WATER OPERATIONS                                    | 5(a)                    |
| 22                  | CALCULATION OF OPERATING RATIOS - SEWER OPERATIONS                                    | 5(b)                    |

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## EXHIBIT I

**JPC UTILITIES, LLC**  
Docket No. W-1263, Sub 4  
**MARGIN ON OPERATING REVENUE DEDUCTIONS**  
**REQUIRING A RETURN**  
For The Test Year Ended December 31, 2022

JPC Exhibit I  
Schedule 1(a)

**Water Operations**

| Line<br>No. | Item  | Per Books<br>(a) | After<br>Proforma<br>Adjustments<br>(b) | Company<br>Proposed<br>Rates<br>(c) |
|-------------|---|------------------|---|-------------------------------------|
| 1           | Net operating income for a return               | (\$50,793) [1]   | (\$86,302) [4]                          | \$11,378 [6]                        |
| 2           | Operating revenue deductions requiring a return | 124,349 [2]      | 158,022 [5]                             | 158,022 [7]                         |
| 3           | Return  | -40.85% [3]      | -54.61% [3]                             | 7.20% [8]                           |

- [1] Exhibit I, Schedule 3(a), Line 25, Column (a).  
[2] Exhibit I, Schedule 3(a), Line 15 + Line 16 + Line 17 + Line 18 + Line 19, Column (c).  
[3] Line 1 divided by Line 2.  
[4] Exhibit I, Schedule 3(a), Line 25, Column (c).  
[5] Exhibit I, Schedule 3(a), Line 15 + Line 16 + Line 17 + Line 18 + Line 19, Column (e).  
[6] Line 2 x Line 3.  
[7] Exhibit I, Schedule 3(a), Line 15 + Line 16 + Line 17 + Line 18 + Line 19, Column (e).  
[8] Per Company.

## EXHIBIT I

**JPC UTILITIES, LLC**  
Docket No. W-1263, Sub 4  
**MARGIN ON OPERATING REVENUE DEDUCTIONS**  
**REQUIRING A RETURN**

For The Test Year Ended December 31, 2022

JPC Exhibit I  
Schedule 1(b)

**Sewer Operations**

| Line<br>No. | Item  | Per Books<br>(a)   | After<br>Proforma<br>Adjustments<br>(b) | Company<br>Proposed<br>Rates<br>(c) |
|-------------|---|--------------------|---|-------------------------------------|
| 1           | Net operating income for a return               | (\$19,147) [1]     | (\$110,411) [4]                         | \$17,314 [6]                        |
| 2           | Operating revenue deductions requiring a return | <u>149,275</u> [2] | <u>240,472</u> [5]                      | <u>240,472</u> [7]                  |
| 3           | Return  | <u>-12.83%</u> [3] | <u>-45.91%</u> [3]                      | <u>7.20%</u> [8]                    |

[1] Exhibit I, Schedule 3(b), Line 26, Column (a).

[2] Exhibit I, Schedule 3(b), Line 16 + Line 17 + Line 18 + Line 19 + Line 20, Column (c).

[3] Line 1 divided by Line 2.

[4] Exhibit I, Schedule 3(b), Line 26, Column (c).

[5] Exhibit I, Schedule 3(b), Line 16 + Line 17 + Line 18 + Line 19 + Line 20, Column (e).

[6] Line 2 x Line 3.

[7] Exhibit I, Schedule 3(b), Line 16 + Line 17 + Line 18 + Line 19 + Line 20, Column (e).

[8] Per Company

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## EXHIBIT I

JPC Exhibit I  
Schedule 1-2

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**CALCULATION OF GROSS REVENUE EFFECT FACTORS**  
For The Test Year Ended December 31, 2022

| Line<br>No.                      | Item                          | Capital<br>Structure<br>(a) | Cost<br>Rates<br>(b) | Retention<br>Factor<br>(c) | Gross Revenue<br>Effect<br>(d) |
|----------------------------------|-------------------------------|-----------------------------|----------------------|----------------------------|--------------------------------|
| <b><u>Rate Base Factor:</u></b>  |                               |                             |                      |                            |                                |
| 1                                | Debt                          | 50.00% [1]                  | 4.60% [1]            | 0.998525 [2]               | 0.023034 [4]                   |
| 2                                | Equity                        | 50.00% [1]                  | 9.80% [1]            | 0.769114 [3]               | 0.063710 [4]                   |
| 3                                | Total                         | <u>100.00%</u>              |                      |                            | <u>0.086744</u>                |
| <b><u>Net Income Factor:</u></b> |                               |                             |                      |                            |                                |
| 4                                | Total revenue                 | 1.000000                    |                      |                            |                                |
| 5                                | Regulatory fee (L4 x .1475%)  | 0.001475                    |                      |                            |                                |
| 6                                | Balance (L4 - L5)             | 0.998525                    |                      |                            |                                |
| 7                                | State income tax (L6 x 2.5%)  | 0.024963                    |                      |                            |                                |
| 8                                | Balance (L6 - L7)             | 0.973562                    |                      |                            |                                |
| 9                                | Federal income tax (L8 X 21%) | 0.204448                    |                      |                            |                                |
| 10                               | Retention factor (L8 - L9)    | <u>0.769114</u>             |                      |                            |                                |

[1] Per Application.

[2] Column (a), Line 6.

[3] Column (a), Line 10.

[4] Column (a) multiplied by Column (b) divided by Column (c).

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## EXHIBIT I

JPC Exhibit I  
Schedule 2(a)

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2022

**Water Operations**

| Line<br>No. | Item  | Amount Per<br>Company Books [1]<br>(a) | Pro Forma<br>Adjustments [2]<br>(b) | Company<br>Proposed [4]<br>(c) |
|-------------|---|--|-------------------------------------|--------------------------------|
| 1           | Plant in service                            | \$77,568                               | \$11,410 [3]                        | \$88,978                       |
| 2           | Accumulated depreciation                    | (56,731)                               | (610) [3]                           | (57,342)                       |
| 3           | Net plant in service (L1 + L2)              | 20,837                                 | 10,799                              | 31,636                         |
| 4           | Contributions in aid of construction (CIAC) | 0                                      | 0                                   | 0                              |
| 5           | Cash working capital                        | 0                                      | 18,490                              | 18,490 [5]                     |
| 6           | Average tax accruals                        | 0                                      | (1,531)                             | (1,531) [6]                    |
| 7           | Original cost rate base (Sum of L3 thru L6) | <u>\$20,837</u>                        | <u>\$27,758</u>                     | <u>\$48,595</u>                |

[1] Exhibit 1, Schedule 2-1, Line 33.

[2] Column (c) minus Column (a), unless otherwise footnoted.

[3] Exhibit I, Schedule 2-1, Line 36.

[4] Column (a) plus Column (b), unless otherwise footnoted.

[5] Exhibit I, Schedule 2-2, Line 2.

[6] Exhibit I, Schedule 2-2, Line 7.

## EXHIBIT I

JPC Exhibit I  
Schedule 2(b)JPC Utilities, LLC  
Docket No. W-1263, Sub 4  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2022**Sewer Operations**

| Line No. | Item  | Amount Per Company Books<br>(a) | [1] | Pro Forma Adjustments<br>(b) | [2] | Company Proposed<br>(c) | [4] |
|----------|---|---------------------------------|-----|------------------------------|-----|-------------------------|-----|
| 1        | Plant in service                            | \$62,857                        |     | \$7,370                      | [3] | \$70,227                |     |
| 2        | Accumulated depreciation                    | (52,972)                        |     | (737)                        | [3] | (53,709)                |     |
| 3        | Net plant in service (L1 + L2)              | 9,885                           |     |                              |     | 16,518                  |     |
| 4        | Contributions in aid of construction (CIAC) | 0                               |     | 0                            |     | 0                       |     |
| 5        | Cash working capital                        | 0                               |     | 29,352                       |     | 29,352                  | [5] |
| 6        | Average tax accruals                        | 0                               |     | (1,325)                      |     | (1,325)                 | [6] |
| 7        | Original cost rate base (Sum of L3 thru L6) | \$9,885                         |     | \$28,027                     |     | \$44,545                |     |

[1] Exhibit 1, Schedule 2-1, Line 57.

[2] Column (c) minus Column (a), unless otherwise footnoted.

[3] Exhibit I, Schedule 2-1, Line 59.

[4] Column (a) plus Column (b), unless otherwise footnoted.

[5] Exhibit I, Schedule 2-2, Line 2.

[6] Exhibit I, Schedule 2-2, Line 7.

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JPC Utilities, LLC  
Docket No. W-1263, Sub 4  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2022  
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED  
DEPRECIATION, AND DEPRECIATION EXPENSE**

| Line No.   | Item   | JPC Monroe Leased Plant (1) | JPC Utilities Plant in Service (2) | Year Placed in Service (2) | Service Life in Years (2) | Years in Service (3) | JPC Monroe Annual Depreciation (4) | JPC Utilities Annual Depreciation (4) | JPC Monroe Accumulated Depreciation (5) | JPC Utilities Accumulated Depreciation (5) |
|--|--|-----------------------------|------------------------------------|----------------------------|---------------------------|----------------------|------------------------------------|---------------------------------------|---|--|
|  |  | (a)                         | (b)                                | (c)                        | (d)                       | (e)                  | (f)                                | (g)                                   | (h)                                     | (i)  |
| <b>Water:</b>  |  |                             |                                    |                            |                           |                      |                                    |                                       |   |  |
| 1  | Sodium Hydroxide Feed System                                       | \$ 1,136 (1)                |                                    | 2004                       | 10                        | 18.5                 | \$ -                               |                                       | \$ 1,136                                |  |
| 2  | Fence  | 13,537 (1)                  |                                    | 2002                       | 20                        | 20.5                 | -                                  |                                       | 13,537                                  |  |
| 3  | Fencing - pump house   | 14,228 (1)                  |                                    | 2002                       | 20                        | 20.5                 | -                                  |                                       | 14,228                                  |  |
| 4  | Grading/Erosion  | 11,432 (1)                  |                                    | 2002                       | 20                        | 20.5                 | -                                  |                                       | 11,432                                  |  |
| 5  | Water meters   | 18,423 (1)                  |                                    | 2002                       | 20                        | 20.5                 | -                                  |                                       | 18,423                                  |  |
| 6  | Water meter box  | 423 (1)                     |                                    | 1997                       | 5                         | 25.5                 | -                                  |                                       | 423                                     |  |
| 7  | Piping   | 92,866 (1)                  |                                    | 2005                       | 50                        | 17.5                 | 1,857                              |                                       | 32,503                                  |  |
| 8  | Water Piping - water pump system                                   | 38,736 (1)                  |                                    | 2002                       | 50                        | 20.5                 | 775                                |                                       | 15,882                                  |  |
| 9  | Three water system valves & piping                                 | 5,940 (1)                   |                                    | 2003                       | 50                        | 19.5                 | 101                                |                                       | 1,986                                   |  |
| 10   | Water distribution   | 131,559 (1)                 |                                    | 2002                       | 50                        | 20.5                 | 2,631                              |                                       | 53,939                                  |  |
| 11   | Three well pump houses   | 7,425 (1)                   |                                    | 2002                       | 40                        | 20.5                 | 186                                |                                       | 3,806                                   |  |
| 12   | Well building  | 5,784 (1)                   |                                    | 1995                       | 40                        | 27.5                 | 145                                |                                       | 3,877                                   |  |
| 13   | Water wells  | 19,210 (1)                  |                                    | 2002                       | 50                        | 20.5                 | 384                                |                                       | 7,876                                   |  |
| 14   | Water Tank   | 63,853 (1)                  |                                    | 2002                       | 50                        | 20.5                 | 1,277                              |                                       | 26,180                                  |  |
| 15   | Water tank foundation  | 32,627 (1)                  |                                    | 2002                       | 50                        | 20.5                 | 653                                |                                       | 13,377                                  |  |
| 16   | Water meters   |                             | 11,821                             | 2005                       | 20                        | 17.5                 |                                    | 591                                   |   | 10,344                                     |
| 17   | Landscaping  |                             | 5,732                              | 2006                       | 20                        | 16.5                 |                                    | 287                                   |   | 4,720                                      |
| 18   | Landscaping  |                             | 19,260                             | 2007                       | 20                        | 15.5                 |                                    | 963                                   |   | 14,827                                     |
| 19   | Water line and meter   |                             | 5,629                              | 2007                       | 20                        | 15.5                 |                                    | 291                                   |   | 4,517                                      |
| 20   | Landscaping  |                             | 4,920                              | 2008                       | 20                        | 14.5                 |                                    | 246                                   |   | 3,567                                      |
| 21   | Trees - Spray fields   |                             | 5,180                              | 2009                       | 20                        | 13.5                 |                                    | 309                                   |   | 4,172                                      |
| 22   | Water meter  |                             | 1,607                              | 2009                       | 10                        | 13.5                 |                                    | -                                     |   | 1,607                                      |
| 23   | Water meter  |                             | 1,399                              | 2009                       | 10                        | 13.5                 |                                    | -                                     |   | 1,399                                      |
| 24   | Mobile generator   |                             | 2,216                              | 2010                       | 10                        | 12.5                 |                                    | -                                     |   | 2,216                                      |
| 25   | Portable composite sampler   |                             | 1,875                              | 2014                       | 10                        | 8.5                  |                                    | 188                                   |   | 1,584                                      |
| 26   | Irrigation pump  |                             | 1,250                              | 2015                       | 10                        | 7.5                  |                                    | 125                                   |   | 938  |
| 27   | Turbidity meter  |                             | 801                                | 2015                       | 10                        | 7.5                  |                                    | 80                                    |   | 600  |
| 28   | Water meter for Bojangles  |                             | 639                                | 2016                       | 10                        | 6.5                  |                                    | 64                                    |   | 416  |
| 29   | 1-2" meter, 1-1.5" meter, 3 5/8" meter                             |                             | 2,217                              | 2016                       | 10                        | 6.5                  |                                    | 222                                   |   | 1,441                                      |
| 30   | Replacement water meters   |                             | 3,518                              | 2017                       | 10                        | 5.5                  |                                    | 352                                   |   | 1,835                                      |
| 31   | Magnetic flow meter  |                             | 2,559                              | 2018                       | 10                        | 3.5                  |                                    | 256                                   |   | 886  |
| 32   | Ultrasonic flow meter system                                       |                             | 5,746                              | 2020                       | 10                        | 2.5                  |                                    | 575                                   |   | 1,437                                      |
| 33   | Water Plant per Books (Sum of Lines 1 - 32)                        | <u>\$456,280</u>            | <u>\$77,568</u>                    |                            |                           |                      | <u>\$8,008</u>                     | <u>\$4,548</u>                        | <u>\$218,683</u>                        | <u>\$56,731</u>                            |
| <b>Reclassified from O&amp;M to JPC Plant in Service</b> |  |                             |                                    |                            |                           |                      |                                    |                                       |   |  |
| 34   | Pulsat feeder chemical feed pump                                   |                             | 800 (6)                            | 2022                       | 5                         | 0.5                  |                                    | 160                                   |   | 80   |
| 35   | Well pump - Well #3  |                             | 10,610 (6)                         | 2022                       | 10                        | 0.5                  |                                    | 1,061                                 |   | 530  |
| 36   | Total Reclassified from O&M to JPC Water Plant (Line 34 + Line 35) | <u>-</u>                    | <u>11,410</u>                      |                            |                           |                      | <u>-</u>                           | <u>1,221</u>                          | <u>-</u>                                | <u>610</u>                                 |
| 37   | Total Water Plant (Line 33 + Line 36)                              | <u>\$456,280</u>            | <u>\$88,978</u>                    |                            |                           |                      | <u>\$8,008</u>                     | <u>\$5,769</u>                        | <u>\$218,683</u>                        | <u>\$57,342</u>                            |
| <b>Sewer:</b>  |  |                             |                                    |                            |                           |                      |                                    |                                       |   |  |
| 38   | Waste water fence  | \$ 50,702 (1)               |                                    | 2002                       | 20                        | 20.5                 | \$ -                               |                                       | \$ 50,702                               |  |
| 39   | Manholes/equipment   | 21,753 (1)                  |                                    | 2005                       | 50                        | 17.5                 | 435                                |                                       | 7,614                                   |  |
| 40   | Sewer plant  | 413,882 (1)                 |                                    | 2005                       | 50                        | 17.5                 | 8,278                              |                                       | 144,858                                 |  |
| 41   | Waste water improvements   | 258,719 (1)                 |                                    | 2002                       | 50                        | 20.5                 | 5,174                              |                                       | 106,075                                 |  |
| 42   | Sewer improvements   | 8,064 (1)                   |                                    | 2000                       | 50                        | 22.5                 | 161                                |                                       | 3,629                                   |  |
| 43   | Sanitary Sewer   | 83,205 (1)                  |                                    | 2002                       | 50                        | 20.5                 | 1,664                              |                                       | 34,114                                  |  |
| 44   | Blower & irrigation pump house                                     | 152,204 (1)                 |                                    | 2005                       | 50                        | 17.5                 | 3,044                              |                                       | 53,271                                  |  |
| 45   | Storage lagoon   | 119,848 (1)                 |                                    | 2005                       | 50                        | 17.5                 | 2,397                              |                                       | 41,947                                  |  |
| 46   | Spray fields   | 128,624 (1)                 |                                    | 2005                       | 50                        | 17.5                 | 2,572                              |                                       | 45,018                                  |  |
| 47   | Grinder pump   | 38,666 (1)                  |                                    | 2005                       | 10                        | 17.5                 | -                                  |                                       | 38,666                                  |  |
| 48   | Sodium Hydroxide tank  | 27,488 (1)                  |                                    | 2005                       | 50                        | 17.5                 | 550                                |                                       | 9,825                                   |  |
| 49   | NCDNR  | 3,540 (1)                   |                                    | 2005                       | 10                        | 17.5                 |                                    |                                       | 3,540                                   |  |
| 50   | Utility Costs  |                             | 36,453                             | 2008                       | 10                        | 14.5                 |                                    | -                                     |   | 36,453                                     |
| 51   | Portable Sewer Pump  |                             | 729                                | 2006                       | 10                        | 16.5                 |                                    | -                                     |   | 729  |
| 52   | French drains  |                             | 13,335                             | 2008                       | 50                        | 14.5                 |                                    | 267                                   |   | 3,867                                      |
| 53   | Sump pumps (2)   |                             | 1,678                              | 2010                       | 10                        | 12.5                 |                                    | -                                     |   | 1,678                                      |
| 54   | Distribution pump  |                             | 7,142                              | 2011                       | 10                        | 11.5                 |                                    | -                                     |   | 7,142                                      |
| 55   | ABS Piranha S20/2D Grinder pump                                    |                             | 1,851                              | 2012                       | 10                        | 10.5                 |                                    | -                                     |   | 1,851                                      |
| 56   | Pump for EQ basin  |                             | 1,670                              | 2015                       | 10                        | 7.5                  |                                    | 167                                   |   | 1,252                                      |
| 57   | Sewer Plant per Books (Sum of Lines 38 - 56)                       | <u>\$ 1,306,706</u>         | <u>\$ 82,857</u>                   |                            |                           |                      | <u>\$ 24,278</u>                   | <u>\$ 434</u>                         | <u>\$ 539,059</u>                       | <u>\$ 52,972</u>                           |
| <b>Reclassified from O&amp;M to JPC Plant in Service</b> |  |                             |                                    |                            |                           |                      |                                    |                                       |   |  |
| 58   | WWTP Permit Modifications  | -                           | 7,370 (7)                          | 2022                       | 5                         | 0.5                  |                                    | 1,474                                 |   | 737  |
| 59   | Total Reclassified from O&M to JPC Sewer Plant (Line 58)           | <u>-</u>                    | <u>7,370</u>                       |                            |                           |                      | <u>-</u>                           | <u>1,474</u>                          | <u>-</u>                                | <u>737</u>                                 |
| 60   | Total Sewer Plant (Line 57 + Line 59)                              | <u>\$ 1,306,706</u>         | <u>\$ 90,227</u>                   |                            |                           |                      | <u>\$ 24,278</u>                   | <u>\$ 1,908</u>                       | <u>\$ 539,059</u>                       | <u>\$ 53,709</u>                           |
| 61   | Total Water and Sewer Plant (Line 37 + Line 60)                    | <u>\$1,762,986</u>          | <u>\$159,205</u>                   |                            |                           |                      |                                    |                                       |   |  |

(1) Per Stipulation Exhibit I, Docket No. W-1263, Sub 0. The reduction to leased sewer plant costs of \$350,000 is reflected in the sewer plant amounts.

(2) Per JPC Utilities Company Books, unless otherwise footnoted.

(3) Based on year placed in service using half year convention.

(4) Column (a) or Column (b) divided by Column (d), unless fully depreciated.

(5) Column (e) x Column (f) or Column (g), unless fully depreciated.

(6) Reclassified from Exhibit I, Schedule 3-3, Lines 2-4.

(7) Reclassified from Exhibit I, Schedule 3-1, Line 2.



## EXHIBIT I

JPC Exhibit I  
Schedule 2-2

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**CALCULATION OF CASH WORKING CAPITAL  
AND AVERAGE TAX ACCRUALS**  
For The Test Year Ended December 31, 2022

| Line<br>No. | Item                                   | Water<br>(a)    | Sewer<br>(b)    |
|-------------|--|-----------------|-----------------|
|             | <b><u>Cash Working Capital:</u></b>    |                 |                 |
| 1           | Total O&M expenses                     | \$147,920 [1]   | \$234,814 [4]   |
| 2           | Cash working capital (L1 x 1/8)        | <u>\$18,490</u> | <u>\$29,352</u> |
|             | <b><u>Average Tax Accruals:</u></b>    |                 |                 |
| 3           | Property taxes                         | 2,213 [2]       | 1,916 [5]       |
| 4           | Average accrual (L3 x 1/2)             | 1,107           | 958             |
| 5           | Payroll taxes                          | 2,119 [3]       | 1,834 [6]       |
| 6           | Average accrual (L5 x 1/5)             | 424             | 367             |
| 7           | Average tax accruals (Line 4 + Line 6) | <u>\$1,531</u>  | <u>\$1,325</u>  |

- [1] Exhibit I, Schedule 3(a), Column ( c), Line 15.  
 [2] Exhibit I, Schedule 3(a), Column ( c), Line 18.  
 [3] Exhibit I, Schedule 3(a), Column ( c), Line 19.  
 [4] Exhibit I, Schedule 3(b), Column ( c), Line 16.  
 [5] Exhibit I, Schedule 3(b), Column ( c) Line 19.  
 [6] Exhibit I, Schedule 3(b), Column ( c), Line 20.

## EXHIBIT I

JPC Exhibit I  
Schedule 3(a)JPC Utilities, LLC  
Docket No. W-1283, Sub 4  
NET OPERATING INCOME FOR A RETURN  
For The Test Year Ended December 31, 2022

## Water Operations

| Line No.                                     | Item  | Present Rates                   |                          |                             | Proposed Rates       |                             |
|--|---|---------------------------------|--------------------------|-----------------------------|----------------------|-----------------------------|
|  |   | Amount<br>Per Company Books [1] | Pro Forma<br>Adjustments | Company<br>Filed Amount [9] | Proposed<br>Increase | After Rate<br>Increase [13] |
|  |   | (a)                             | (b)                      | (c)                         | (d)                  | (e)                         |
| <b>Operating Revenues:</b>                   |   |                                 |                          |                             |                      |                             |
| 1  | Service revenues  | \$73,701                        | (1,875) [2]              | \$71,826                    | \$101,222            | \$173,048 [14]              |
| 2  | Miscellaneous revenues                                    | 0                               | 0                        | 0                           | 0                    | 0                           |
| 3  | Uncollectible accounts                                    | 0                               | 0                        | 0                           | 0                    | 0                           |
| 4  | <b>Total operating revenues (Sum of L1 thru L3)</b>       | <b>73,701</b>                   | <b>0</b>                 | <b>71,826</b>               | <b>101,222</b>       | <b>173,048</b>              |
| <b>Operating &amp; Maintenance Expenses:</b> |   |                                 |                          |                             |                      |                             |
| 5  | Administrative & Office Expenses                          | 35,005                          | 107 [3]                  | 35,113                      | 0                    | 35,113                      |
| 6  | Lease Expense   | 1,203                           | 30,369 [4]               | 31,573                      | 0                    | 31,573                      |
| 7  | Maintenance & Repair expenses - water                     | 43,118                          | (5,769) [5]              | 37,319                      | 0                    | 37,319                      |
| 8  | Contract Operator   | 17,400                          | 1,800 [6]                | 19,200                      | 0                    | 19,200                      |
| 9  | Electric power  | 12,041                          | 0                        | 12,041                      | 0                    | 12,041                      |
| 10   | Water testing   | 80                              | 0                        | 80                          | 0                    | 80                          |
| 11   | Chemicals   | 1,105                           | 0                        | 1,105                       | 0                    | 1,105                       |
| 12   | Insurance expense   | 4,160                           | 0                        | 4,160                       | 0                    | 4,160                       |
| 13   | Miscellaneous expenses                                    | 684                             | (64) [7]                 | 619                         | 0                    | 619                         |
| 14   | Regulatory expenses                                       | 2,791                           | 3,919 [8]                | 6,710                       | 0                    | 6,710                       |
| 15   | <b>Total O&amp;M expenses (Sum of L5 thru L14)</b>        | <b>117,588</b>                  | <b>30,333</b>            | <b>147,920</b>              | <b>0</b>             | <b>147,920</b>              |
| <b>Depreciation and Taxes:</b>               |   |                                 |                          |                             |                      |                             |
| 16   | Depreciation expense                                      | 4,548                           | 1,221                    | 5,769 [10]                  | 0                    | 5,769                       |
| 17   | Amortization of CIAC                                      | 0                               | 0                        | 0                           | 0                    | 0                           |
| 18   | Property taxes  | 2,213                           | 0                        | 2,213                       | 0                    | 2,213                       |
| 19   | Payroll taxes   | 0                               | 0                        | 2,119 [11]                  | 0                    | 2,119                       |
| 20   | Regulatory Fee  | 145                             | (39) [12]                | 106 [12]                    | 149                  | 255 [12]                    |
| 21   | State income tax  | 0                               | 0                        | 0                           | 369                  | 369 [15]                    |
| 22   | Federal income tax  | 0                               | 0                        | 0                           | 3,024                | 3,024 [16]                  |
| 23   | <b>Total depreciation and taxes (Sum of L20 thru L22)</b> | <b>6,906</b>                    | <b>1,182</b>             | <b>10,207</b>               | <b>3,542</b>         | <b>13,749</b>               |
| 24   | <b>Total operating revenue deductions (L15 + L23)</b>     | <b>124,494</b>                  | <b>31,515</b>            | <b>158,128</b>              | <b>3,542</b>         | <b>161,670</b>              |
| 25   | <b>Net operating income for a return (L4 - L24)</b>       | <b>(\$50,793)</b>               | <b>(\$31,515)</b>        | <b>(\$86,302)</b>           | <b>\$97,880</b>      | <b>\$11,378</b>             |

[1] Expenses Per Company 2022 General Ledger; Revenues per Company billing records.

[2] Exhibit I, Schedule 3-1, Column (b), Line 3.

[3] Exhibit I, Schedule 3-2, Column (a), Line 5.

[4] Exhibit I, Schedule 3-3, Column (b) Line 3.

[5] Exhibit I, Schedule 3-4, Line 11.

[6] Exhibit I, Schedule 3-5, Line 5.

[7] Exhibit I, Schedule 3-8, Column (b), Line 2.

[8] Exhibit I, Schedule 3-7, Line 8.

[9] Column (a) + Column (b), unless otherwise footnoted.

[10] Exhibit I, Schedule 2-1, Column (g) Line 37.

[11] Exhibit I, Schedule 3-4, Line 8 x 7.65%.

[12] Based on Statutory Rate of 0.14%.

[13] Column (c) + Column (d), unless otherwise footnoted.

[14] Exhibit I, Schedule 4(a), Column (c), Line 11.

[15] Exhibit I, Schedule 3-8(a), Line 11.

[16] Exhibit I, Schedule 3-8(a), Line 13.

## EXHIBIT I

OFFICIAL COPY

Sep 06 2023

JPC Utilities, LLC  
Docket No. W-1263, Sub 4  
NET OPERATING INCOME FOR A RETURN  
For The Test Year Ended December 31, 2022

JPC Exhibit I  
Schedule 3(b)

| Line No. | Item  | Present Rates         |                   | Proposed Rates     |                          |
|----------|---|-----------------------|-------------------|--------------------|--------------------------|
|          |   | Amount                | Pro Forma         | Company            | Proposed                 |
|          |   | Per Company Books [1] | Adjustments       | Filed Amount [7]   | After Rate Increase [11] |
|          |   | (a)                   | (b)               | (c)                | (d)                      |
|          |   |                       |                   |                    | (e)                      |
|          | <b>Operating Revenues:</b>                                |                       |                   |                    |                          |
| 1        | Service revenues  | \$130,254             | \$0               | \$130,254          | \$133,086                |
| 2        | Miscellaneous revenues                                    | 0                     | 0                 | 0                  | 0                        |
| 3        | Uncollectible accounts                                    | 0                     | 0                 | 0                  | 0                        |
| 4        | <b>Total operating revenues (Sum of L1 thru L3)</b>       | <b>130,254</b>        | <b>0</b>          | <b>130,254</b>     | <b>133,086</b>           |
|          | <b>Operating &amp; Maintenance Expenses:</b>              |                       |                   |                    |                          |
| 5        | Administrative & Office expenses                          | 37,673                | (7,277) [2]       | 30,396             | 0                        |
| 6        | Lease expense   | 3,446                 | 86,973 [3]        | 90,419             | 0                        |
| 7        | Maintenance & Repair expenses - sewer plant               | 51,907                | 4,856 [4]         | 56,763             | 0                        |
| 8        | Sludge hauling  | 4,925                 | 0                 | 4,925              | 0                        |
| 9        | Contract Operator   | 20,910                | 0                 | 20,910             | 0                        |
| 10       | Electric  | 11,728                | 0                 | 11,728             | 0                        |
| 11       | Sewer testing   | 2,934                 | 0                 | 2,934              | 0                        |
| 12       | Chemicals/Sewer supplies                                  | 5,462                 | 0                 | 5,462              | 0                        |
| 13       | Insurance expense   | 3,602                 | 0                 | 3,602              | 0                        |
| 14       | Miscellaneous expenses                                    | 1,922                 | (56) [5]          | 1,866              | 0                        |
| 15       | Regulatory expenses                                       | 2,416                 | 3,393 [6]         | 5,809              | 0                        |
| 16       | <b>Total O&amp;M expenses (Sum of L5 thru L15)</b>        | <b>148,925</b>        | <b>87,889</b>     | <b>234,814</b>     | <b>0</b>                 |
|          | <b>Depreciation and Taxes:</b>                            |                       |                   |                    |                          |
| 17       | Depreciation expense                                      | 434                   | 1,474             | 1,908 [8]          | 0                        |
| 18       | Amortization expense                                      | 0                     | 0                 | 0                  | 0                        |
| 19       | Property taxes  | 1,916                 | 0                 | 1,916              | 0                        |
| 20       | Payroll taxes   | 0                     | 0                 | 1,834 [9]          | 0                        |
| 21       | Regulatory fee  | 126                   | 67                | 192 [10]           | 196                      |
| 22       | State income tax  | 0                     | 0                 | 0                  | 562                      |
| 23       | Federal income tax  | 0                     | 0                 | 0                  | 4,603                    |
| 24       | <b>Total depreciation and taxes (Sum of L17 thru L23)</b> | <b>2,475</b>          | <b>1,541</b>      | <b>5,850</b>       | <b>5,361</b>             |
| 25       | <b>Total operating revenue deductions (L16 + L24)</b>     | <b>149,400</b>        | <b>89,430</b>     | <b>240,665</b>     | <b>5,361</b>             |
| 26       | <b>Net operating income for a return (L4 - L25)</b>       | <b>(\$19,147)</b>     | <b>(\$89,430)</b> | <b>(\$110,411)</b> | <b>\$127,725</b>         |

[1] Expenses Per Company 2022 General Ledger; Revenues per Company billing records.

[2] Exhibit I, Schedule 3-2, Column (c), Line 5.

[3] Exhibit I, Schedule 3-3, Column (c), Line 3.

[4] Exhibit I, Schedule 3-4, Line 11.

[5] Exhibit I, Schedule 3-6, Column (c), Line 2.

[6] Exhibit I, Schedule 3-7, Line 12.

[7] Column (a) + Column (b), unless otherwise footnoted.

[8] Exhibit I, Schedule 2-1, Line 60.

[9] Exhibit I, Schedule 3-4, Line 8 x 7.55%

[10] Based on Statutory Rate of 0.14%.

[11] Column (c) + Column (d).

[12] Exhibit I, Schedule 4(b), Column (c), Line 11.

[13] Exhibit I, Schedule 3-8(b), Line 11.

## EXHIBIT I

JPC Exhibit I  
Schedule 3-1

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**ADJUSTMENT TO SERVICE REVENUES**  
For The Test Year Ended December 31, 2022

**Water Operations**

| <u>Line<br/>No.</u> | <u>Item</u>  | <u>Amounts</u>  |
|---------------------|--|-----------------|
| 1                   | Water Service Revenues per Company Billing Records             | \$73,701        |
| 2                   | Adjustment to Remove Administrative Fees for Village Woods HOA | (1,875) [1]     |
| 3                   | Water Service Revenues per Company                             | <u>\$71,826</u> |

[1] Test Year Administrative Fee Related to Village Woods HOA:

7 months x 11 customers x \$15 per month

\$1,155

4 months x 12 customers x \$15 per month

720

Total Administrative Fees Related to Village Woods

\$1,875

## EXHIBIT I

JPC Exhibit I  
Schedule 3-2

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**ADJUSTMENT TO ADMINISTRATIVE & OFFICE EXPENSES**  
For The Test Year Ended December 31, 2022

| Line<br>No. | Item  | Total<br>Amounts<br>(a) | Allocated<br>Water<br>(b) | Allocated<br>Sewer<br>(c) |
|-------------|---|-------------------------|---------------------------|---------------------------|
| 1           | Administrative & Office Expenses Per Books  | \$72,679 [1]            | \$35,005                  | \$37,673                  |
|             | Adjustments to Administrative & Office Expense:   |                         |                           |                           |
| 2           | Annualized level of office rent   | \$2,400 [2]             | \$1,286                   | \$1,114                   |
| 3           | Amount of office rent in test year expenses   | 2,200 [3]               | 1,179                     | 1,021                     |
| 4           | Adjustment to Administrative & Office for office rent expense (L2-L3)                                     | 200                     | \$107                     | \$93                      |
|             | Adjustment to Administrative & Office expense to Reclass WWTP Permit<br>Modifications to Plant in Service | (7,370)                 | -                         | (7,370) [5]               |
| 6           | Total Adjustments to Administrative & Office Expense (L4 + L5)  | (7,170)                 | 107                       | (7,277)                   |
| 7           | Total Administrative & Office Expenses after pro forma adjustments (L1 + L6)                              | \$65,509                | \$35,113                  | \$30,396                  |

[1] Per Company 2022 General Ledger.

[2] Annualized office rent expense per Company \$200 per month x 12 months.

[3] Per Company 2022 GL Account 6290 Rent.

[4] Allocated between water and sewer operations based on customer count.

[5] Reclassify WWTP permit modifications from Account 6270 to plant in service set forth on Exhibit I, Schedule 2-1, Line 59.

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## EXHIBIT I

JPC Exhibit I  
Schedule 3-3

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**ADJUSTMENT TO LEASE EXPENSE**  
For The Test Year Ended December 31, 2022

| Line<br>No. | Item  | Total<br>(a)     | Allocated<br>Water<br>(b) | [3] | Allocated<br>Sewer<br>(c) | [3] |
|-------------|---|------------------|---------------------------|-----|---------------------------|-----|
| 1           | Annual Facilities & Equipment Lease Payment | \$121,992 [1]    | \$31,573                  |     | \$90,419                  |     |
| 2           | Amount in Test Year Expenses                | 4,650 [2]        | 1,203                     |     | 3,446                     |     |
| 3           | Adjustment to Lease Expense (L1 - L2)       | <u>\$117,342</u> | <u>\$30,369</u>           |     | <u>\$86,973</u>           |     |

[1] Monthly lease payment per the Facilities & Equipment Lease approved in Docket No W-1263, Sub 0 of \$10,166 X 12 months.

[2] Per Company 2022 General Ledger - Account 6290 Rent.

[3] Allocation methodology based on the ratio of water and sewer leased plant to total leased plant:

|   |        |
|---|--------|
| Water Leased Plant Exhibit I, Schedule 2-1, Line 37 / Line 61 | 25.88% |
| Sewer Leased Plant Exhibit I, Schedule 2-1, Line 57 / Line 61 | 74.12% |

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## EXHIBIT I

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JPC Utilities, LLC  
Docket No. W-1263, Sub 4  
**ADJUSTMENT TO MAINTENANCE & REPAIR EXPENSES**  
For The Test Year Ended December 31, 2022

JPC Exhibit I  
Schedule 3-4

| Line No. | Item   | Total Amount<br>(a) | Allocated Water<br>(b) | Allocated Sewer<br>(c) |
|----------|--|---------------------|------------------------|------------------------|
| 1        | Maintenance & Repair Expense per Books   | \$95,025 [1]        | \$43,118 [5]           | \$51,907 [5]           |
|          | <b>Adjustment to Reclass the Following Items to Plant in Service:</b>  |                     |                        |                        |
| 2        | Pulsafeeder Chemical Feed Pump   | (800)               | (800) [2]              | 0                      |
| 3        | Well pump #3   | (9,349)             | (9,349) [2]            | 0                      |
| 4        | Associated Well pump #3 Expenses   | (1,260)             | (1,260) [2]            | 0                      |
| 5        | Total Adjustments to Maintenance & Repair Expense to reclass amounts to Plant in Service (Sum of lines 2- 4) | (11,409)            | (11,409)               | -                      |
|          | <b>Adjustment to Annualize Bi Weekly Hourly Employees Salaries:</b>  |                     |                        |                        |
| 6        | Employee 1 Annualized Hourly Bi Weekly Salary  | 27,200 [3]          | 14,579 [5]             | 12,621 [5]             |
| 7        | Employee 2 Annualized Hourly Bi Weekly Salary  | 24,480 [4]          | 13,121 [5]             | 11,359 [5]             |
| 8        | Total Annualized Hourly Bi Weekly Employees Salary (L6 + L7)   | 51,680              | 27,700                 | 23,980                 |
| 9        | Salaries for Hourly Bi-Weekly Employees per Books  | 41,213 [1]          | 22,090                 | 19,123                 |
| 10       | Adjustment for Annualized Bi Weekly Hourly Employee Salaries (L8-L9)   | 10,467              | 5,610                  | 4,856                  |
| 11       | Total Adjustment to Maintenance & Repair Expense (L5 + L10)  | (942)               | (5,799)                | 4,856                  |
| 12       | Maintenance & Repair Expense after Pro Forma Adjustments (L1+L11)  | \$94,082            | \$37,319               | \$56,763               |

[1] Per Company 2022 General Ledger.

[2] Reclassify amounts to plant in service set forth on Exhibit I, Schedule 2-1, Lines 34-35. See GL Account 6005D.

|                                       |             |               |
|---------------------------------------|-------------|---------------|
| [3] Employee 1                        | Summer/Fall | Winter/Spring |
| Hours per Week                        | 30          | 20            |
| Hourly pay                            | \$20        | \$20          |
| Weeks in Summer                       | 32          | 20            |
| Total Bi weekly amount for Employee 1 | \$19,200    | \$8,000       |

|                                       |             |               |
|---------------------------------------|-------------|---------------|
| [4] Employee 2                        | Summer/Fall | Winter/Spring |
| Hours per Week                        | 30          | 20            |
| Hourly pay                            | \$18        | \$18          |
| Weeks in Summer                       | 32          | 20            |
| Total Bi weekly amount for Employee 1 | \$17,280    | \$7,200       |

[5] Allocated to water and sewer operations based on customer count.



## EXHIBIT I

JPC Exhibit I  
Schedule 3-5

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**ADJUSTMENT TO CONTRACT OPERATOR EXPENSE**  
For The Test Year Ended December 31, 2022

**Water Operations**

| <u>Line<br/>No.</u> | <u>Item</u>   | <u>Amount</u>         |
|---------------------|---|-----------------------|
| 1                   | Monthly Water Contract Operator Expense                 | \$1,600 [1]           |
| 2                   | Annual Period   | <u>12</u>             |
| 3                   | Annualized Water Contract Operator Expense (L1 x L2)    | 19,200                |
| 4                   | Amount Reflected in Test Year Expenses                  | <u>17,400 [2]</u>     |
| 5                   | Adjustment to Water Contract Operator Expense (L3 - L4) | <u><u>\$1,800</u></u> |

[1] Per Contract.

[2] Per 2022 General Ledger - Account 6005B.

## EXHIBIT I

JPC Exhibit I  
Schedule 3-6JPC Utilities, LLC  
Docket No. W-1263, Sub 4  
**ADJUSTMENT TO MISCELLANEOUS EXPENSE**  
For The Test Year Ended December 31, 2022

| <u>Line<br/>No.</u> | <u>Item</u>  | <u>Miscellaneous<br/>Expense</u> [1]<br>(a) | <u>Allocated<br/>Water</u> [2]<br>(b) | <u>Allocated<br/>Sewer</u> [2]<br>(c) |
|---------------------|--|---|---------------------------------------|---------------------------------------|
| 1.                  | Miscellaneous Expenses per General Ledger              | <u>\$2,606</u>                              | <u>\$684</u>                          | <u>\$1,922</u>                        |
| 2.                  | Adjustment to Remove Golf Balls for Charity Tournament | <u>(120)</u>                                | <u>(64)</u>                           | <u>(56)</u>                           |
| 3                   | Amounts per Company (Line 1 + Line 2)                  | <u><u>\$2,486</u></u>                       | <u><u>\$619</u></u>                   | <u><u>\$1,866</u></u>                 |

[1] Per Company 2022 General Ledger.

[2] Allocated to water and sewer operations based on customer ratio.

## EXHIBIT I

JPC Exhibit I  
Schedule 3-7

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**ADJUSTMENT TO REGULATORY EXPENSE**  
For The Test Year Ended December 31, 2022

| Line<br>No. | Item   | Actual<br>Amounts<br>(a) | [1] | Estimates<br>(b) | [2] | Total<br>Amount<br>(c) | [3] | Allocated<br>Water<br>(d) | [5] | Allocated<br>Sewer<br>(e) | [5] |
|-------------|--|--------------------------|-----|------------------|-----|------------------------|-----|---------------------------|-----|---------------------------|-----|
| 1           | Consulting fees  | \$ 2,657                 |     | \$12,000         |     | \$14,657               |     | \$7,856                   |     | \$6,801                   |     |
| 2           | Legal fees   | 2,550                    |     | 20,000           |     | 22,550                 |     | 12,087                    |     | 10,463                    |     |
| 3           | Miscellaneous costs (mailing customer notices, filing fee) | <u>0</u>                 |     | <u>350</u>       |     | <u>350</u>             |     | <u>188</u>                |     | <u>162</u>                |     |
| 4           | Total Regulatory Expenses (Sum of Lines 1 -3)              | <u>\$5,207</u>           |     | <u>\$32,350</u>  |     | 37,557                 |     | 20,131                    |     | 17,426                    |     |
| 5           | Amortization Period  |                          |     |                  |     | <u>3</u>               | [4] | <u>3</u>                  | [4] | <u>3</u>                  | [4] |
| 6           | Regulatory Expense per Company (Line 4 / Line 5)           |                          |     |                  |     | 12,519                 |     | 6,710                     |     | 5,809                     |     |
| 7           | Test Year Regulatory Expense                               |                          |     |                  |     | <u>\$5,207</u>         | [1] | <u>\$2,791</u>            |     | <u>\$2,416</u>            |     |
| 8           | Adjustment to Regulatory Expense (Line 6 - Line 7)         |                          |     |                  |     | <u>\$7,312</u>         |     | <u>3,919</u>              |     | <u>3,393</u>              |     |

[1] Per Company 2022 General Ledger Accounts 6281 and 6282.

[2] Based on Consultant Estimates - Estimates will be trued up to actual as of the hearing date.

[3] Column (a) + Column (b).

[4] Per Company.

[5] Allocated between water and sewer operations based on customer count.

## EXHIBIT I

JPC Exhibit I  
Schedule 3-8(a)

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended December 31, 2022

**Water Operations**

| Line No. | Item   | Per Books [1]<br>(a) | After Pro Forma Adjustments [2]<br>(b) | Company Proposed [3]<br>(c) |
|----------|--|----------------------|--|-----------------------------|
| 1        | Operating revenues                                       | \$73,701             | \$71,826                               | \$173,048                   |
|          | Operating revenue deductions:                            |                      |  |                             |
| 2        | Operating & maintenance expenses                         | 117,588              | 147,920                                | 147,920                     |
| 3        | Depreciation expense                                     | 4,548                | 5,769                                  | 5,769                       |
| 4        | Amortization of CIAC                                     | 0                    | 0                                      | 0                           |
| 5        | Property taxes   | 2,213                | 2,213                                  | 2,213                       |
| 6        | Payroll taxes  | 0                    | 2,119                                  | 2,119                       |
| 7        | Regulatory Fee   | 145                  | 106                                    | 255                         |
| 8        | Interest expense   | 0                    | 0                                      | 0                           |
| 9        | Total deductions (Sum of Lines 2 thru 8)                 | 124,494              | 158,128                                | 158,277                     |
| 10       | Taxable income (L1 - L9)                                 | (50,793)             | (86,302)                               | 14,771                      |
| 11       | State income tax (L10 x 2.5%)                            | 0                    | 0                                      | 369                         |
| 12       | Federal taxable income after state income tax (L1 - L11) | (50,793)             | (86,302)                               | 14,402                      |
| 13       | Federal income tax (L12 x 21%)                           | 0                    | 0                                      | 3,024                       |
| 14       | Net amount (L10 - L11 - L13)                             | (50,793)             | (86,302)                               | 11,378                      |
| 15       | Add: Interest expense                                    | 0                    | 0                                      | 0                           |
| 16       | Net income for a return (L14 + L15)                      | (\$50,793)           | (\$86,302)                             | \$11,378                    |

[1] Exhibit I, Schedule 3(a), Column (a).

[2] Exhibit I, Schedule 3(a), Column (c).

[3] Exhibit I, Schedule 3(a), Column (e).

## EXHIBIT I

JPC Exhibit I  
Schedule 3-8(b)

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended December 31, 2022

**Sewer Operations**

| Line No. | Item   | Per Books<br>(a) | [1] After Pro Forma Adjustments<br>(b) | [2] Company Proposed<br>(c) | [3] |
|----------|--|------------------|--|-----------------------------|-----|
| 1        | Operating revenues                                       | \$130,254        | \$130,254                              | \$263,340                   |     |
|          | Operating revenue deductions:                            |                  |  |                             |     |
| 2        | Operating & maintenance expenses                         | 146,925          | 234,814                                | 234,814                     |     |
| 3        | Depreciation expense                                     | 434              | 1,908                                  | 1,908                       |     |
| 4        | Amortization of CIAC                                     | 0                | 0                                      | 0                           |     |
| 5        | Property taxes   | 1,916            | 1,916                                  | 1,916                       |     |
| 6        | Payroll taxes  | 0                | 1,834                                  | 1,834                       |     |
| 7        | Regulatory Fee   | 126              | 192                                    | 388                         |     |
| 8        | Interest expense   | 0                | 0                                      | 0                           |     |
| 9        | Total deductions (Sum of Lines 2 thru L8)                | 149,400          | 240,665                                | 240,861                     |     |
| 10       | Taxable income (L1 - L9)                                 | (19,147)         | (110,411)                              | 22,479                      |     |
| 11       | State income tax (L10 x 2.5%)                            | 0                | 0                                      | 562                         |     |
| 12       | Federal taxable income after state income tax (L1 - L11) | (19,147)         | (110,411)                              | 21,917                      |     |
| 13       | Federal income tax (L12 x 21%)                           | 0                | 0                                      | 4,603                       |     |
| 14       | Net amount (L10 - L11 - L13)                             | (19,147)         | (110,411)                              | 17,314                      |     |
| 15       | Add: Interest expense                                    | 0                | 0                                      | 0                           |     |
| 16       | Net income for a return (L14 + L15)                      | (\$19,147)       | (\$110,411)                            | \$17,314                    |     |

[1] Exhibit I, Schedule 3(b), Column (a).

[2] Exhibit I, Schedule 3(b), Column (c).

[3] Exhibit I, Schedule 3(b), Column (e).

## EXHIBIT I

JPC Exhibit I  
Schedule 4(a)

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**CALCULATION OF REVENUE REQUIREMENT**  
For The Test Year Ended December 31, 2022

**Water Operations**

| Line<br>No. | Item                                      | Rate Base<br>Method<br>(a) | Retention<br>Factor<br>(b) | Revenue<br>Requirement<br>(c) | Operating<br>Ratio<br>Method<br>(d) | Retention<br>Factor<br>(e) | Revenue<br>Requirement<br>(f) |
|-------------|---|----------------------------|----------------------------|-------------------------------|-------------------------------------|----------------------------|-------------------------------|
|             | <b>Operating revenue deductions:</b>      |                            |                            |                               |                                     |                            |                               |
| 1           | Operating & maintenance expenses          | 147,920                    |                            |                               | \$147,920                           |                            |                               |
| 2           | Depreciation expense                      | 5,769                      |                            |                               | 5,769                               |                            |                               |
| 3           | Amortization of CIAC                      | 0                          |                            |                               | -                                   |                            |                               |
| 4           | Property taxes                            | 2,213                      |                            |                               | 2,213                               |                            |                               |
| 5           | Payroll taxes                             | 2,119                      |                            |                               | 2,119                               |                            |                               |
| 6           | Regulatory Fee                            | 0                          |                            |                               | -                                   |                            |                               |
| 7           | Total operating revenue deductions        | <u>\$158,022</u>           | 0.998525                   | \$158,255                     | <u>158,022</u>                      | 0.9985250                  | \$158,255                     |
|             | <b>Net operating income for a return:</b> |                            |                            |                               |                                     |                            |                               |
| 8           | Debt service return                       | 479                        | 0.998525                   | 480                           |                                     |                            |                               |
| 9           | Equity return                             | 1,021                      | 0.769114                   | 1,328                         | \$11,378                            | 0.7691139                  | 14,793                        |
| 10          | Revenue requirement                       |                            |                            | <u>\$160,063</u>              |                                     |                            | <u>\$173,048</u>              |
| 11          | Company Requested Revenue Requirement     |                            |                            | <u>\$173,048</u>              |                                     |                            |                               |

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## EXHIBIT I

JPC Exhibit I  
Schedule 4(b)

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**CALCULATION OF REVENUE REQUIREMENT**  
For The Test Year Ended December 31, 2022

**Sewer Operations**

| Line<br>No. | Item                                      | Rate Base<br>Method<br>(a) | Retention<br>Factor<br>(b) | Revenue<br>Requirement<br>(c) | Operating<br>Ratio<br>Method<br>(d) | Retention<br>Factor<br>(e) | Revenue<br>Requirement [1]<br>(f) |
|-------------|---|----------------------------|----------------------------|-------------------------------|-------------------------------------|----------------------------|-----------------------------------|
|             | <b>Operating revenue deductions:</b>      |                            |                            |                               |                                     |                            |                                   |
| 1           | Operating & maintenance expenses          | 234,814                    |                            |                               | \$234,814                           |                            |                                   |
| 2           | Depreciation expense                      | 1,908                      |                            |                               | \$1,908                             |                            |                                   |
| 3           | Amortization of CIAC                      | 0                          |                            |                               | \$0                                 |                            |                                   |
| 4           | Property taxes                            | 1,916                      |                            |                               | \$1,916                             |                            |                                   |
| 5           | Payroll taxes                             | 1,834                      |                            |                               | \$1,834                             |                            |                                   |
| 6           | Regulatory Fee                            | 0                          |                            |                               | 0                                   |                            |                                   |
| 7           | Total operating revenue deductions        | <u>\$240,472</u>           | 0.998525                   | \$240,828                     | <u>240,472</u>                      | 0.9985250                  | \$240,828                         |
|             | <b>Net operating income for a return:</b> |                            |                            |                               |                                     |                            |                                   |
| 8           | Debt service return                       | 1,025                      | 0.998525                   | 1,027                         |                                     |                            |                                   |
| 9           | Equity return                             | 2,183                      | 0.769114                   | 2,838                         | \$17,314                            | 0.7691139                  | 22,512                            |
| 10          | Revenue requirement                       |                            |                            | <u>\$244,693</u>              |                                     |                            | <u>\$263,340</u>                  |
| 11          | Company Requested Revenue Requirement     |                            |                            | <u>\$263,340</u>              |                                     |                            |                                   |



## EXHIBIT I

JPC Exhibit I  
Schedule 5(a)

**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**CALCULATION OF OPERATING RATIOS**  
For The Test Year Ended December 31, 2022

**Water Operations**

| Line<br>No.   | Item                       | Present<br>Rates<br>(a) | After Pro Forma<br>Rates<br>(b) | Proposed<br>Rates<br>(c) |
|---|----------------------------|-------------------------|---------------------------------|--------------------------|
| <u>Interest expense, regulatory fee, and income taxes included:</u> |                            |                         |                                 |                          |
| 1   | Gross operating revenues   | \$73,701 [1]            | \$71,826 [5]                    | \$173,048 [9]            |
| 2   | Operating expenses         | <u>124,494 [2]</u>      | <u>158,128 [6]</u>              | <u>161,670 [10]</u>      |
| 3   | Operating ratios (L2 / L1) | <u>168.92%</u>          | <u>220.15%</u>                  | <u>93.42%</u>            |
| <u>Interest expense, regulatory fee, and income taxes excluded:</u> |                            |                         |                                 |                          |
| 4   | Gross operating revenues   | \$73,556 [3]            | \$71,720 [7]                    | \$169,400 [11]           |
| 5   | Operating expenses         | <u>124,349 [4]</u>      | <u>158,022 [8]</u>              | <u>158,022 [12]</u>      |
| 6   | Operating ratios (L5 / L4) | <u>169.05%</u>          | <u>220.33%</u>                  | <u>93.28%</u>            |

- [1] Exhibit I, Schedule 3, Line 4, Column (a).  
[2] Exhibit I, Schedule 3, Line 24, Column (a).  
[3] Exhibit I, Schedule 3, Line 4 - Line 20 - Line 21 - Line 22, Column (a).  
[4] Exhibit I, Schedule 3, Line 24 - Line 20 - Line 21 - Line 22, Column (a).  
[5] Exhibit I, Schedule 3, Line 4, Column (c).  
[6] Exhibit I, Schedule 3, Line 24, Column (c).  
[7] Exhibit I, Schedule 3, Line 4 - Line 20 - Line 21 - Line 22, Column (c).  
[8] Exhibit I, Schedule 3, Line 24 - Line 20 - Line 21 - Line 22, Column (c).  
[9] Exhibit I, Schedule 3, Line 4, Column (e).  
[10] Exhibit I, Schedule 3, Line 24, Column (e).  
[11] Exhibit I, Schedule 3, Line 4 - Line 20 - Line 21 - Line 22, Column (e).  
[12] Exhibit I, Schedule 3, Line 24 - Line 20 - Line 21 - Line 22, Column (e).

## EXHIBIT I

JPC Exhibit I  
Schedule 5(b)JPC Utilities, LLC  
Docket No. W-1263, Sub 4  
**CALCULATION OF OPERATING RATIOS**  
For The Test Year Ended December 31, 2022**Sewer Operations**

| Line<br>No.   | Item                       | Present<br>Rates<br>(a) | After Pro Forma<br>Rates<br>(b) | Proposed<br>Rates<br>(c) |
|---|----------------------------|-------------------------|---------------------------------|--------------------------|
| <u>Interest expense, regulatory fee, and income taxes included:</u> |                            |                         |                                 |                          |
| 1   | Gross operating revenues   | \$130,254 [1]           | \$130,254 [5]                   | \$263,340 [9]            |
| 2   | Operating expenses         | 149,400 [2]             | 240,665 [6]                     | 246,026 [10]             |
| 3   | Operating ratios (L2 / L1) | 114.70%                 | 184.77%                         | 93.43%                   |
| <u>Interest expense, regulatory fee, and income taxes excluded:</u> |                            |                         |                                 |                          |
| 4   | Gross operating revenues   | \$130,128 [3]           | \$130,061 [7]                   | \$257,787 [11]           |
| 5   | Operating expenses         | 149,275 [4]             | 240,472 [8]                     | 240,472 [12]             |
| 6   | Operating ratios (L5 / L4) | 114.71%                 | 184.89%                         | 93.28%                   |

[1] Exhibit I, Schedule 3, Line 4, Column (a).

[2] Exhibit I, Schedule 3, Line 25, Column (a).

[3] Exhibit I, Schedule 3, Line 4 - Line 21 - Line 22 - Line 23, Column (a).

[4] Exhibit I, Schedule 3, Line 25 - Line 21 - Line 22 - Line 23, Column (a).

[5] Exhibit I, Schedule 3, Line 4, Column (c).

[6] Exhibit I, Schedule 3, Line 25, Column (c).

[7] Exhibit I, Schedule 3, Line 4 - Line 21 - Line 22 - Line 23, Column (c).

[8] Exhibit I, Schedule 3, Line 25 - Line 21 - Line 22 - Line 23, Column (c).

[9] Exhibit I, Schedule 3, Line 4, Column (e).

[10] Exhibit I, Schedule 3, Line 25, Column (e).

[11] Exhibit I, Schedule 3, Line 4 - Line 21 - Line 22 - Line 23, Column (e).

[12] Exhibit I, Schedule 3, Line 29 - Line 21 - Line 22 - Line 23, Column (e).



JPC Utilities, LLC  
Docket No. W-1263, Sub 4  
Rate Design - Water Operations

JPC Exhibit II (a)

|                           |           | Source                      |
|---------------------------|-----------|-----------------------------|
| Revenues Required         | \$173,048 | Exh I Sch 3(a), Column ( e) |
| Revenues @ Present Rates  | \$71,826  | Exh I Sch 3(a), Column ( c) |
| Increase Required         | \$101,222 | Exh I Sch 3(a), Column (d)  |
| Percent Increase          | 140.93%   | Calculated                  |
| Gallons Sold in Test Year | 6,336,506 | JPC Usage Breakdown         |

|   |  |                     |                       |                     |                       |                     |
|---|--|---------------------|-----------------------|---------------------|-----------------------|---------------------|
| 1 | Revenues Required  |                     |                       |                     |                       | <u>\$173,048</u>    |
|   |  | <u>2 inch meter</u> | <u>1.5 inch meter</u> | <u>1 inch meter</u> | <u>5/8 inch meter</u> |                     |
| 2 | Current Base Charge  | \$182.40            | \$114.00              | \$57.00             | \$22.80               |                     |
| 3 | % Increase   | 140.93%             | 140.93%               | 140.93%             | 140.93%               |                     |
| 4 | Proposed New Base Charge   | <u>\$439.45</u>     | <u>\$274.66</u>       | <u>\$137.33</u>     | <u>\$54.93</u>        |                     |
| 5 | Revenues Generated by Proposed Base Charge                                 | <u>\$31,638.23</u>  | <u>\$19,773.89</u>    | <u>\$24,717.37</u>  | <u>\$30,979.10</u>    | \$107,109 62%       |
| 6 | Remaining Revenues for Determining usage Charge (Rev Req L1 - Rev Base L5) |                     |                       |                     |                       | <u>\$65,939 38%</u> |
| 7 | Total Gallons Sold   | <u>3,609,200</u>    | <u>511,100</u>        | <u>788,240</u>      | <u>1,427,966</u>      | <u>6,336,506</u>    |
| 8 | Usage charge per 1,000 gallons (L6/L7*1000)                                |                     |                       |                     |                       | <u>\$10.41</u>      |

**Average bill under proposed rates**

|                                | <u>2 inch Meter</u> | <u>1.5 inch meter</u> | <u>1 inch meter</u> | <u>5/8 inch meter</u> |
|--------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| Average annual gallons sold    | 601,533             | 85,183                | 52,549              | 30,382                |
| New Variable Rate              | <u>\$10.41</u>      | <u>\$10.41</u>        | <u>10.41</u>        | <u>\$10.41</u>        |
| Annual Bill for Usage          | <u>\$6,259.72</u>   | <u>\$886.44</u>       | <u>\$546.84</u>     | <u>\$316.17</u>       |
| Average Monthly Bill for usage | \$521.64            | \$73.87               | \$45.57             | \$26.35               |
| New Base Charge                | <u>\$439.45</u>     | <u>\$274.66</u>       | <u>\$137.33</u>     | <u>\$54.93</u>        |
| Average New Monthly Bill       | <u>\$961.09</u>     | <u>\$348.53</u>       | <u>\$182.90</u>     | <u>\$81.28</u>        |

**Average bill under present rates**

| Average annual gallons sold      | 601,533           | 85,183          | 52,549          | 30,382          |
|----------------------------------|-------------------|-----------------|-----------------|-----------------|
| Current Variable Rate            | <u>3.80</u>       | <u>3.80</u>     | <u>3.80</u>     | <u>3.80</u>     |
| Annual Bill for Usage            | <u>\$2,285.83</u> | <u>\$323.70</u> | <u>\$199.69</u> | <u>\$115.45</u> |
| Average Monthly Bill for usage   | 190.49            | 26.97           | 16.64           | 9.62            |
| Current Base Charge              | <u>182.40</u>     | <u>114.00</u>   | <u>57.00</u>    | <u>22.80</u>    |
| Average Current Monthly Bill     | <u>\$372.89</u>   | <u>\$140.97</u> | <u>\$73.64</u>  | <u>\$32.42</u>  |
| Monthly increase in average bill | <u>\$588.21</u>   | <u>\$207.55</u> | <u>\$109.26</u> | <u>\$48.86</u>  |
| % Increase                       | 158%              | 147%            | 148%            | 151%            |

JPC Utilities, LLC  
Docket No. W-1263, Sub 4  
Rate Design - Sewer Operations

JPC Exhibit II (b)

|                           |           | Source   |
|---------------------------|-----------|--|
| Revenues Required         | \$263,340 | Exh I Sch 3(b), Column ( e)                                      |
| Revenues @ Present Rates  | \$130,254 | Exh I Sch 3(b), Column ( c)                                      |
| Increase Required         | \$133,086 | Exh I Sch 3(a), Column (d)                                       |
| Percent Increase          | 102.17%   | Calculated   |
| Gallons Sold in Test Year | 6,409,336 | JPC Usage Breakdown/Information provided in email by the Company |

|   |   |                     |                       |                     |                       |                  |     |
|---|---|---------------------|-----------------------|---------------------|-----------------------|------------------|-----|
| 1 | Revenues Required                                       |                     |                       |                     |                       | <u>\$263,340</u> |     |
|   |   | <u>2 inch meter</u> | <u>1.5 inch meter</u> | <u>1 inch meter</u> | <u>5/8 inch meter</u> |                  |     |
| 2 | Current Base Charge                                     | \$159.80            | \$103.40              | \$56.40             | \$28.20               |                  |     |
| 3 | % Increase  | 102.17%             | 102.17%               | 102.17%             | 102.17%               |                  |     |
| 4 | Proposed New Base Charge                                | <u>\$323.07</u>     | <u>\$209.05</u>       | <u>\$114.03</u>     | <u>\$57.01</u>        |                  |     |
| 5 | Revenues Generated by Proposed Base Charge              | \$19,383            | \$10,034              | \$13,682            | \$31,469              | \$74,568         | 28% |
| 6 | Remaining Revenues for determining usage charge (L1-L5) |                     |                       |                     |                       | <u>\$188,772</u> | 72% |
| 7 | Total Gallons Sold                                      | 3,609,200           | 511,100               | 861,430             | 1,427,606             | <u>6,409,336</u> |     |
| 8 | Usage charge per 1,000 gallons (L6/L7*1000)             |                     |                       |                     |                       | <u>\$29.45</u>   |     |

Average bill under proposed rates

|                                | 2 inch Meter       | 1.5 inch meter    | 1 inch meter      | 5/8 inch meter  |
|--------------------------------|--------------------|-------------------|-------------------|-----------------|
| Average annual gallons sold    | 601,533            | 85,183            | 52,549            | 30,382          |
| New Variable Rate              | <u>\$29.45</u>     | <u>\$29.45</u>    | <u>29.45</u>      | <u>\$29.45</u>  |
| Annual Bill for Usage          | <u>\$17,716.76</u> | <u>\$2,508.88</u> | <u>\$1,547.72</u> | <u>\$894.84</u> |
| Average Monthly Bill for usage | \$1,476.40         | \$209.07          | \$128.98          | \$74.57         |
| New Base Charge                | <u>\$323.07</u>    | <u>\$209.05</u>   | <u>\$114.03</u>   | <u>\$57.01</u>  |
| Average New Monthly Bill       | <u>\$1,799.47</u>  | <u>\$418.12</u>   | <u>\$243.00</u>   | <u>\$131.58</u> |

Average bill under present rates

|                                  | 2 inch Meter      | 1.5 inch meter    | 1 inch meter    | 5/8 inch meter  |
|----------------------------------|-------------------|-------------------|-----------------|-----------------|
| Average annual gallons sold      | 601,533           | 85,183            | 52,549          | 30,382          |
| Current Variable Rate            | <u>15.08</u>      | <u>15.08</u>      | <u>15.08</u>    | <u>15.08</u>    |
| Annual Bill for Usage            | <u>\$9,071.12</u> | <u>\$1,284.56</u> | <u>\$792.44</u> | <u>\$458.16</u> |
| Average Monthly Bill for usage   | 755.93            | 107.05            | 66.04           | 38.18           |
| Current Base Charge              | <u>159.80</u>     | <u>103.40</u>     | <u>56.40</u>    | <u>28.20</u>    |
| Average Current Monthly Bill     | <u>\$915.73</u>   | <u>\$210.45</u>   | <u>\$122.44</u> | <u>\$66.38</u>  |
| Monthly increase in average bill | <u>\$883.74</u>   | <u>\$207.67</u>   | <u>\$120.57</u> | <u>\$65.20</u>  |
| % Increase                       | 97%               | 99%               | 98%             | 98%             |



**JPC Utilities, LLC**  
Docket No. W-1263, Sub 4  
**Schedule of Rates**

JPC Exhibit III

|   | <b>PRESENT RATES</b> |  | <b>PROPOSED RATES</b> |  |
|---|----------------------|--|-----------------------|--|
|   | <b>Water</b>         | <b>Sewer</b>                           | <b>Water</b>          | <b>Sewer</b>                           |
| <b><u>Monthly Metered Water Rates:</u></b>  |                      |  |                       |  |
| Base Charge, Zero usage   |                      |  |                       |  |
| 5/8" meter  | \$22.80              | \$28.20                                | \$54.93               | \$57.01                                |
| 1 " meter   | \$57.00              | \$56.40                                | \$137.32              | \$114.02                               |
| 1 1/2" meter  | \$114.00             | \$103.40                               | \$274.64              | \$209.03                               |
| 2" meter  | \$182.40             | \$159.80                               | \$439.42              | \$323.05                               |
| Usage Charge, per 1,000 gallons   | \$3.80               | \$15.08                                | \$10.40               | \$29.45                                |
| <b><u>Connection Charge:</u></b>  |                      |  |                       |  |
|   | \$600.00             | Included in Water<br>Connection Charge | \$600.00              | Included in Water<br>Connection Charge |
| <b><u>Reconnection Charges:</u></b>   |                      |  |                       |  |
| If water service customer off by utility for good cause   | \$14.40              |  | \$14.40               |  |
| If water service discontinued at customer's request   | \$14.40              |  | \$14.40               |  |
|   |                      |  |                       |  |
| If sewer service cut off by utility for good cause by means other<br>than discontinuing water service |                      | \$14.10                                |                       | \$14.10                                |

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.





**NORTH CAROLINA UTILITIES COMMISSION  
RALEIGH**

**DOCKET NO. W-1263, SUB 4**

**IN THE MATTER OF:  
APPLICATION BY JPC UTILITIES, LLC  
FOR AUTHORITY TO ADJUST AND INCREASE RATES FOR PROVIDING  
WATER AND SEWER UTILITY SERVICE IN ALL ITS SERVICE AREAS IN  
GUILFORD COUNTY, NORTH CAROLINA**

**PRE-FILED DIRECT TESTIMONY OF**

**OF**

**PHILIP M. COOKE**

**ON BEHALF OF**

**JPC UTILITIES, LLC**

**September 6, 2023**

1   **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

2   A.     My name is Philip M. Cooke, and my business address is P.O. Box 345, Oak Ridge, North  
3           Carolina 27310.

4  
5   **Q.     PLEASE STATE YOUR POSITION WITH JPC UTILITIES, LLC.**

6   A.     I am a Managing Member of JPC Utilities, LLC (“JPC” or “JPC Utilities”). I am also one  
7           of the owners, along with my parents who have not been actively involved in JPC activities  
8           for some years now.

9  
10  **Q.     PLEASE DESCRIBE YOUR RESPONSIBILITIES WITH JPC.**

11 A.     My responsibilities with JPC include general oversight of JPC’s day-to-day operations,  
12           and direct oversight of all corporate, compliance, finance, and regulatory matters related  
13           to JPC. I am also responsible for the strategic direction of JPC.

14  
15  **Q.     PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

16 A.     I have a Bachelor of Arts degree in Political Science from the University of North  
17           Carolina at Chapel Hill.

18  
19  **Q.     PLEASE DESCRIBE YOUR PROFESSIONAL ACTIVITIES.**

20 A.     In addition to JPC Utilities, I am a manager of the following commercial real estate  
21           development businesses: JPC Monroe, LLC, J.P. Monroe, LLC, PCJC, LLC, PC Oak  
22           Ridge Holdings, LLC, CBCS Properties, LLC, Twilight Outparcel , LLC, Quiet Place

Partners, LLC, Oak Ridge Marketplace Three, LLC, PC ORM 3, LLC, and PC Twilight Outparcel Three, LLC, which are all served by JPC Utilities, LLC, and other businesses.

**Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE WITH WATER AND WASTEWATER UTILITIES.**

A. I have been involved in this utility business for over 15 years. We created JPC Utilities because the town of Oak Ridge, North Carolina, does not have municipal water and sewer services. We invested in development of our own water and sewer services then went through the process of becoming approved by the North Carolina Utilities Commission (“Commission”) to operate as a water and sewer utility company. We did this to help offset the costs of running and maintaining the water and sewer services.

**GENERAL INFORMATION ABOUT JPC**

**Q. WHEN DID JPC ACQUIRE ITS UTILITY FRANCHISE IN NORTH CAROLINA?**

A. The Commission granted a certificate of public convenience and necessity (“CPCN”) to JPC to provide water and sewer utility service on May 30, 2008. The CPCN was issued for Oak Ridge Commons, The Village, and Oak Ridge Marketplace in Guilford County, North Carolina, in Docket No. W-1263, Sub 0.

**Q. SINCE THAT FIRST CPCN, HAS JPC EXPANDED ITS SERVICE TERRITORY?**

A. Yes. The Commission recognized the contiguous extension for JPC to serve the Central Baptist Church in Docket No. W-1263, Sub 2, and the contiguous extension for JPC to serve a Bojangles franchise in Docket No. W-1263, Sub 3.

1  
2 **Q. HOW MANY WATER AND SEWER CUSTOMERS DID JPC SERVE AT THE**  
3 **END OF THE TEST YEAR?**

4 A. At the end of the Test Year of December 31, 2022, JPC served a total of 67 commercial  
5 water customers, and 58 commercial wastewater customers. All of the sewer customers  
6 are charged for wastewater service on the basis of their metered water usage.  
7

8 **Q. PRIOR TO THIS RATE CASE REQUEST, HAS JPC FILED AN APPLICATION**  
9 **FOR A GENERAL RATE CASE?**

10 A. No. JPC has never requested rate increases for any of its water or wastewater utility  
11 systems.  
12

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. The purpose of my testimony is to describe the affiliate relationships of JPC, give an  
15 overview of the utility operations, and request a reasonable return as part of the application  
16 for a rate increase.  
17

18 **Q. WHAT ROLE HAVE YOU HAD IN THE PREPARATION OF THE RATE**  
19 **CASE APPLICATION?**

20 A. In addition to working on my own testimony, I have retained Peedin and Perry Consulting,  
21 LLC, to assist with preparation of the rate case application, testimony, and exhibits in this  
22 matter, and have reviewed their work.  
23

1 **Q. WHAT TEST YEAR PERIOD DOES YOUR PRE-FILED TESTIMONY**  
2 **ADDRESS?**

3 A. JPC is utilizing a Test Year in this proceeding of the twelve months ended December 31,  
4 2022.

5  
6 **AFFILIATE RELATIONSHIPS**

7 **Q. WHAT IS THE RELATIONSHIP OF YOUR OTHER BUSINESSES TO JPC**  
8 **UTILITIES?**

9 A. All of our real estate developments in Oak Ridge are served by JPC Utilities for water and  
10 sewer services. JPC Utilities does not own any portion of the real estate development LLCs  
11 or any other businesses. The other businesses have provided funding to JPC Utilities when  
12 needed, with JPC Monroe, LLC, being the primary source. However, JPC Utilities has  
13 not pledged assets or assumed liabilities or obligations to the other businesses other than  
14 the agreements noted below.

15  
16 **Q. HAVE YOU FILED COPIES OF ALL CONTRACTS BETWEEN JPC UTILITIES**  
17 **AND AFFILIATED ENTITIES FOR APPROVAL BY THE NORTH CAROLINA**  
18 **UTILITIES COMMISSION TO THE EXTENT REQUIRED BY N.C. GENERAL**  
19 **STATUTE 62-153?**

20 A. Yes. There is a Facilities & Equipment Lease, and an Access and Utility Easement  
21 Agreement. Both were executed between JPC Utilities and JPC Monroe, LLC, in May of  
22 2008. These agreements were filed with the Commission on June 19, 2008, pursuant to  
23 ordering paragraph 7 of the May 30, 2008, Order Granting Franchise, Approving

1 Stipulation and Regulatory Conditions, Approving Rates, and Requiring Customer Notice  
2 (CPCN Order) issued by the Commission in Docket No. W-1263, Sub 0.

3 Payments that are owed by JPC under the Facilities & Equipment Lease have been  
4 used by Ms. Peedin in preparing her Exhibit I for the rate case Application. In my opinion,  
5 the terms of the Facilities & Equipment Lease are fair and reasonable. I should note,  
6 however, that those terms are subject to review as indicated in the following regulatory  
7 conditions that were approved in Finding of Fact No. 5 in the CPCN Order:

8 v. That the Public Staff will recommend to the Commission that the Facilities  
9 and Equipment Lease and the Access and Utility Easement Agreement be  
10 accepted by the Commission for filing for informational purposes, and that JPC  
11 be authorized to operate pursuant to their terms.

12 vi. That all terms of the Facilities and Equipment Lease and the Access and  
13 Utility Easement Agreement, and the activities conducted pursuant to thereto,  
14 remain subject to continuous (on-going) review as to their appropriateness and  
15 reasonableness, and to modification by Commission order upon its own motion, or  
16 upon the motion of any party.

17 vii. That, for ratemaking purposes, this Commission's order approving the  
18 CPCN, does not constitute approval of the amount of rent or other compensation  
19 paid under the Facilities and Equipment Lease, and that the authority granted in the  
20 Commission's order, is without prejudice to the right of any party to take issue  
21 with any provision of the Facilities and Equipment Lease in a future proceeding.  
22

23 **Q. DOES JPC MAKE ANY PAYMENTS OR PROVIDE ANY OTHER**  
24 **COMPENSATION OR VALUE TO AFFILIATES BEYOND WHAT IS STATED IN**  
25 **THOSE PREVIOUSLY FILED AGREEMENTS?**

26 **A.** No. However, I should note that in the past JPC did perform billing and collection for  
27 approximately 11-12 customers for an unrelated water system that is owned by my father,  
28 and JPC was compensated for that service. Ms. Peedin has made a pro forma adjustment

1 to remove those revenues (\$1,875) from the test year. That billing and collection activity  
2 for a different company is no longer done by JPC.  
3

4 **Q. WHAT IS THE CURRENT STATUS OF THE FACILITIES & EQUIPMENT**  
5 **LEASE THAT WAS FILED IN DOCKET NO. W-1263, SUB 0?**

6 **A.** JPC is currently operating under the Facilities & Equipment Lease that was filed in Docket  
7 No. W-1263, Sub 0. No changes have been made to the lease since it was filed with the  
8 Commission.  
9

10 **Q. WHAT IS THE CURRENT STATUS OF THE ACCESS AND UTILITY**  
11 **EASEMENT AGREEMENT THAT WAS FILED IN DOCKET NO. W-1263, SUB**  
12 **0?**

13 **A.** JPC is currently operating under the Access & Utility Easement Agreement that was filed  
14 in Docket No. W-1263, Sub 0. No changes have been made to the agreement since it was  
15 filed with the Commission.  
16

17 **Q. DOES JPC OWN OR LEASE ALL PERSONAL AND REAL PROPERTY**  
18 **NEEDED TO PROVIDE UTILITY SERVICE?**

19 **A.** Yes.  
20

21 **OPERATIONS AND COMPLIANCE**

22 **Q. PLEASE DESCRIBE THE WATER AND WASTEWATER SYSTEMS THAT JPC**  
23 **USES.**



1     **A.**     JPC Utilities operates five wells that provide water to the commercial customers in our  
2             franchise area. We have one non-pressurized above-ground water storage tank that holds  
3             approximately 80,000 gallons of water. We also have one pressurized tank that is  
4             approximately 6,000 gallons. The water system is treated at the wells or in a chemical feed  
5             room per the State regulations. We have a certified operator that oversees the water  
6             operations. We also have the distribution system to move the water to our customers. The  
7             distribution lines service all three corners of the commercial properties.

8             JPC Utilities also operates a wastewater package treatment plant and a sand  
9             filtration system that can process up to 36,000 gallons per day (gpd) of wastewater. The  
10            package plant typically treats the wastewater to reuse standards and we have two ponds  
11            that hold the treated wastewater. One pond is for the wastewater treated to reuse standards  
12            and the other pond is for the storage of the non-reuse wastewater. Both ponds feed into a  
13            spray irrigation system and the treated wastewater is irrigated on the appropriate fields on  
14            days that support irrigation (dry weather days). The collection system for the wastewater  
15            includes three lift stations and the lines collect the wastewater from all three corners of our  
16            commercial developments.

17  
18     **Q.     PLEASE DESCRIBE THE ENVIRONMENTAL COMPLIANCE RECORD OF**  
19     **JPC.**

20     **A.**     Overall, JPC has a good compliance record. We have had some notices of violations  
21             (NOVs) over the years. Each one was addressed and satisfied. We work hard to have a

1 good relationship with the North Carolina Department of Environmental Quality (DEQ).  
2 There are no pending NOV's nor have we ever had to pay any fines for previous NOV's.  
3

4 **Q. HAS JPC RECEIVED ANY CUSTOMER COMPLAINTS ABOUT QUALITY OF**  
5 **SERVICE?**

6 **A.** The only customer complaints we have is when we lose service because of a power outage  
7 or if we have a distribution line break (water). While we cannot do much about the power  
8 outages except encourage our customers to report the outage to Duke Energy, it is an all-  
9 hands-on-deck response if there is a water line break. We work around the clock until  
10 service is restored. Fortunately, we've only had a few of those over the years.  
11

12 **Q. WHY ARE YOU SEEKING A RATE INCREASE AT THIS TIME?**

13 **A.** I am seeking a rate increase because I believe that the water and sewer operations of the  
14 Company should have the opportunity to receive an appropriate level of revenue to enable  
15 payment of all expenses while earning a reasonable return. JPC Utilities has never filed  
16 for an increase in rates for its water or sewer operations since the Commission granted the  
17 franchise and approval of rates on May 30, 2008. In accordance with the Stipulation that  
18 the Commission approved in the 2008 CPCN Order establishing the franchise, the  
19 Company agreed that it would not file a general rate case application or increase its water  
20 and/or sewer rates for a period of at least four years after the date of the Commission's  
21 order issuing the CPCN. Since the CPCN Order, the Company has experienced cost  
22 increases for various operating and maintenance expenses, including, but not limited to,  
23 contract operator expenses, testing, chemicals expense and administrative and office

1 expense. To ensure that the water and sewer systems have the financial stability needed  
2 to provide adequate service to its customers, we are seeking a rate increase for our water  
3 and sewer operations.  
4

5 **REVENUE REQUIREMENT AND RATE OF RETURN**

6 **Q. HAS JPC SUSTAINED INCOME LOSSES FOR EITHER ITS WATER OR SEWER**  
7 **SYSTEMS DURING THE TEST YEAR?**

8 A. Yes. As indicated by Ms. Peedin in Exhibit I, JPC experienced a per books net income  
9 loss on its water operations of \$50,793, and a per books net income loss on its sewer  
10 operations of \$19,147 during the Test Year. The losses are significantly greater with Ms.  
11 Peedin's pro forma adjustments.  
12

13 **Q. PLEASE EXPLAIN THE REASONS THAT JPC SUSTAINED INCOME LOSSES**  
14 **DURING THE TEST YEAR.**

15 A. JPC's net income losses during the Test Year are due to cost increases for various operation  
16 and maintenance expenses including but not limited to contract operator expenses, and also  
17 are the result of not having previously requested a rate adjustment since its 2008 CPCN.  
18 In addition to cost increases, the lease expense has not increased since 2008 but has  
19 consistently been difficult to pay in light of the overall revenue level that JPC accepted in  
20 the Stipulation with the Public Staff in 2008.  
21

22 **Q. WHAT IS THE REVENUE INCREASE REQUESTED BY JPC?**

1 A. JPC proposes an increase in water revenues of \$101,209, and an increase in sewer revenues  
2 of \$133,066. That level of increase will result in total water revenue of \$173,035, and total  
3 sewer revenue of \$263,320, which represents increases in revenue of 140.91% for water  
4 and 102.16% for sewer. I realize those are large percentage increases, but the utility  
5 operation should be allowed to recover its reasonable costs.  
6

7 **Q. WHAT IS JPC'S PROPOSED RETURN?**

8 A. As discussed by Ms. Peedin, JPC requests a 7.20% return on operating expenses.  
9 Operating expenses are higher than the rate base amount for both water and sewer, so a  
10 return on operating expenses is preferable to help provide the financial resources needed  
11 to meet both ongoing capital needs and operating expense contingencies. Ms. Peedin  
12 addresses this in more detail.  
13

14 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY AT THIS TIME?**

15 A. Yes.



NORTH CAROLINA UTILITIES COMMISSION  
RALEIGH

DOCKET NO. W-1263, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

IN THE MATTER OF:  
APPLICATION BY JPC UTILITIES, LLC  
FOR AUTHORITY TO ADJUST AND INCREASE RATES  
FOR PROVIDING WATER & SEWER UTILITY SERVICE IN ITS  
SERVICE AREAS IN NORTH CAROLINA

PRE-FILED DIRECT TESTIMONY OF

DARLENE PEEDIN

ON BEHALF OF

JPC UTILITIES, LLC

September 6, 2023

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

2 A. My name is Darlene Peedin. I am a Principal Consultant with Peedin & Perry Consulting,  
3 LLC. My business address is 3440 Bizzell Grove Church Road, Princeton, North Carolina  
4 27569.

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**  
6 **EXPERIENCE.**

7 A. I have a Bachelor of Business Administration Degree in Accounting from Campbell  
8 University. I am a Certified Public Accountant licensed in the State of North Carolina.

9 I began my career with the Office of the State Auditor in October 1989, where I performed  
10 audits of state agencies, Community Colleges, and other performance audits. In September  
11 1990, I joined the Accounting Division of the Public Staff of the North Carolina Utilities  
12 Commission and remained employed there until my retirement on July 1, 2020. At that  
13 time and with over 30 years of State service, I was the Accounting Manager in the Electric  
14 Section of the Public Staff Accounting Division. Over the course of my tenure with the  
15 Public Staff, I have filed testimony and affidavits in water and electric general rate cases,  
16 as well as presented items for approval in front of this Commission for water and electric  
17 utilities, as well as mergers, Fuel and Fuel-Related proceedings, REPS proceedings, and  
18 other special projects and investigations including affiliated agreements.

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20 A. The purpose of my testimony is to support the request by JPC Utilities, LLC (JPC or the  
21 Company) for an increase in rates as provided in the Application for Rate Increase and the  
22 attached JPC Exhibit I. My testimony addresses certain financial aspects of the rate case,  
23 including JPC's proforma revenues and expenses, pro-forma adjustments, rate of return,  
24 and rate design.

1 Q. WHAT ROLE DID YOU HAVE IN THE PREPARATION OF THE  
2 APPLICATION FOR RATE INCREASE AND THE SUPPORTING  
3 SCHEDULES?

4 A. My role was to prepare the Application for Rate Increase and to prepare the Exhibits and  
5 schedules attached to the Application.

6 Q. WHAT TEST YEAR PERIOD IS JPC UTILITIES USING IN ITS APPLICATION  
7 FOR A RATE INCREASE?

8 A. JPC is utilizing a test year in this proceeding of the twelve months ended December 31,  
9 2022.

10 **PROFORMA REVENUES AND EXPENSES**

11 Q. WHAT IS THE REVENUE INCREASE REQUESTED BY JPC UTILITIES?

12 A. For water operations, JPC's current revenues based on the current rates are \$73,701  
13 and its current expenses are \$124,494. These revenues currently leave JPC with a net  
14 annual loss of \$50,793. JPC proposes an increase in water revenue of \$101,209, for total  
15 revenue of \$173,035 for water operations, which represents an increase of 140.91% over  
16 present annual total water revenues.

17 For sewer operations, JPC's current revenues based on the current rates are \$130,254,  
18 and current expenses are \$149,400. These revenues currently leave JPC with a net annual  
19 loss of \$19,147. JPC proposes an increase in sewer revenue of \$133,066, for total revenue  
20 of \$263,320 for sewer operations, which represents an increase of 102.16% over present  
21 annual total sewer revenues.

22 Q

23 Q. IS JPC UTILITIES A RATE BASE COMPANY OR AN OPERATING RATIO  
24 COMPANY?



1 A. JPC qualifies as an operating ratio company. The net original cost rate base for water  
2 operations is \$48,595, and for sewer operations it is \$44,545. The operating revenue  
3 deductions for water are \$158,122 and for sewer are \$240,655. JPC'S current rates yield a  
4 return on operating revenue deductions of -40.85% for water operations and -12.83% for  
5 sewer operations.

6 **Q. WHAT RETURN WOULD JPC'S PROPOSED RATES YIELD?**

7 A. The rates proposed by JPC would yield an overall margin on operating revenue deductions  
8 requiring a return of 7.20%. The basis for the 7.2% return recommendation is discussed  
9 later in my testimony.

10 **PROFORMA ADJUSTMENTS**

11 **Q. PLEASE EXPLAIN YOUR ADJUSTMENTS TO JPC UTILITIES' ORIGINAL**  
12 **COST RATE BASE.**

13 A. For water operations and sewer operations, I updated plant in service to reflect the  
14 additions to utility plant in service since the Company's Application for a Certificate for  
15 Public Convenience and Necessity (CPCN) in Docket No. W-1263, Sub 0.<sup>1</sup> I have also  
16 reclassified some expenditures that were recorded as maintenance and repair expenses or  
17 administrative and office expenses to plant in service for both water and sewer operations.  
18 I reflected corresponding adjustments to depreciation expense and accumulated  
19 depreciation for the water and sewer operations for the additional expenditures that have  
20 been reclassified to plant in service.

21 I calculated cash working capital based on the standard formula of one-eighth of operation

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<sup>1</sup> Exhibit I, Schedule 2-1, sets forth JPC Utilities Plant in Service as well as the JPC Monroe Leased Plant. The JPC Monroe Leased Plant is included for reference only and is **not** included in Rate Base for JPC Utilities.

1 and maintenance expenses for both water and sewer operations, as well as calculated the  
2 average tax accruals based on the standard formula as one-half of property taxes and one  
3 -fifth of payroll taxes.

4 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO SERVICE REVENUES?**

5 **A.** I made an adjustment to remove service revenues in the amount of \$1,875 that are  
6 unrelated to JPC water utility operations. The removed revenues relate to an  
7 administrative fee of \$15 per customer for the billing and collection of revenues for  
8 approximately 11-12 customers during the test year for an unrelated water system that is  
9 owned by the father of Philip Cooke. This service was only done during 2022 and is no  
10 longer being provided.

11 **Q. PLEASE DESCRIBE THE ADJUSTMENTS YOU HAVE MADE TO**  
12 **OPERATION AND MAINTENANCE EXPENSES IN THIS CASE.**

13 **A.** I made several adjustments to the operation and maintenance expenses in this case to  
14 reflect an ongoing level of expenses for the Company's operations. Expenses are directly  
15 assigned where applicable. For those expenses that cannot be directly assigned, the  
16 Company used an allocation methodology based on the ratio of the number of customers  
17 for water and sewer operations. Water operations utilize an allocation factor of 53.60%  
18 and sewer operations utilize an allocation factor of 46.40%. I will briefly describe each of  
19 the pro forma adjustments below:

20 **Administrative & Office Expenses** – For water and sewer operations, I made an  
21 adjustment to increase the office rent expense to reflect an annualized level. This resulted  
22 in an increase of \$107 for water operations and \$93 for sewer operations.

23 For sewer operations, I made an adjustment to reclassify wastewater permit

1 modifications to plant in service. This results in a decrease of \$7,370 to Administrative  
2 & Office expenses, and a corresponding increase to plant in service.

3 **Operating Lease Expenses** – For water and sewer operations, I made an adjustment to  
4 reflect lease payments in the amount of \$10,166 monthly (\$121,992 annually) based on  
5 the Facilities & Equipment Lease. I allocated the rent payment to both water and sewer  
6 operations using the ratio of the JPC Monroe Leased water plant and JPC Monroe Leased  
7 sewer plant to the total of JPC Monroe leased water and sewer plant costs, respectively.

8 For water utility operations, I have allocated 25.88% of the lease payment to water utility  
9 operations, which results in an increase of \$30,369 for lease expense. For sewer utility  
10 operations, I have allocated 74.12% of the lease payment to sewer utility operations,  
11 which results in an increase of \$86,973 for lease expense for the test year.

12 The Facilities & Equipment Lease goes back to the 2008 CPCN proceeding. JPC filed  
13 the amended and recorded Facilities & Equipment Lease (as well as the Access and  
14 Utility Easement), as ordered by the Commission, on June 19, 2008, in Docket No. W-  
15 1263, Sub 0. The Facilities & Equipment Lease was recognized by the Commission in  
16 the May 30, 2008, order granting the CPCN in Docket No. W-1263, Sub 0, “for  
17 informational purposes” without a decision on the reasonableness of the lease terms, and  
18 JPC was authorized to operate pursuant to the terms of that lease.

19  
20 **Q. PLEASE EXPLAIN THE LEASE PAYMENTS THAT JPC UTILITIES IS**  
21 **REQUIRED TO MAKE TO JPC MONROE UNDER THE FACILITIES &**  
22 **EQUIPMENT LEASE.**

1 A. Paragraph 4 of the Facilities & Equipment Lease states that rent during the Term of the  
2 Lease shall be the lesser of: (a) \$10,166, or (b) 95% of net revenues collected by Lessee  
3 (JPC Utilities). The net revenues are defined as the gross revenues collected by JPC  
4 Utilities, less operating expenses that include expenses actually incurred that are necessary  
5 to operate the utilities, such as payments for certified operators, testing, supplies, annual  
6 permit fees and administrative expenses.

7 Each month, JPC determines the amount of the lease payment that is owed to JPC Monroe  
8 pursuant to Paragraph 4 of the Facilities & Equipment Lease. JPC has never been subject  
9 to paying the maximum amount of \$10,166 and therefore has always utilized the 95%  
10 calculation of net revenues for the lease payment. In addition, the Company has not been  
11 able to make the lease payment of 95% of net revenues to JPC Monroe as the payments  
12 come due. JPC Utilities keeps a running accounting of what is owed and as the Company  
13 becomes financially able, it pays the portion that is owed to JPC Monroe in later months.  
14 For example, the test year only reflects lease payments in the amount of \$4,650 due to the  
15 fact that the Company has experienced net losses in the past few years. As discussed  
16 below, I have included a proforma adjustment for the lease payment that will allow JPC  
17 to make payments to JPC Monroe as part of the Company's requested rate increase for  
18 this case.

19 **Contract Operator Expenses**— For water operations, I made an adjustment to annualize  
20 the monthly contract operator expense. This results in an increase of \$1,800 to contract  
21 operator expenses.

22 **Maintenance & Repair Expenses** — For water operations, I made adjustments to

1 reclassify several expenditures to plant in service. This reclassification results in a  
2 decrease to Maintenance & Repair Expenses of \$11,409 and a corresponding increase to  
3 plant in service.

4 For water and sewer operations I made an adjustment to annualize the bi-weekly hourly  
5 employees' salaries. This results in an increase of \$5,610 for water operations and an  
6 increase of \$4,856 for sewer operations.

7 **Miscellaneous Expenses** – For water and sewer operations, I made an adjustment to  
8 remove a charity donation that is not related to utility service. This results in a decrease  
9 of \$64 for water operations and a decrease of \$56 for sewer operations.

10 **Regulatory Expenses** - For both water and sewer operations, I made an adjustment to  
11 regulatory expense to reflect estimates for legal and accounting services, as well as the  
12 application fee and other expenses related to mailing notices to customers required for  
13 the filing of this rate case. I amortize these expenses over a period of 3 years. This results  
14 in an increase of \$3,919 for water operations and \$3,393 for sewer operations. Please note  
15 that these expenses will be trued up to actual amounts in a late-filed exhibit after the  
16 hearing.

17 **Q. PLEASE DESCRIBE THE AMOUNT CALCULATED FOR PAYROLL TAXES.**

18 A. I calculated payroll taxes based on the statutory rate of 7.65%.

19 **Q. PLEASE DESCRIBE THE YOUR CALCULATIONS FOR INCOME TAXES.**

20 A. I calculated state and federal income taxes based on the statutory rates of 2.5% and 21%,  
21 respectively.

**RATE OF RETURN**

**Q. WHAT IS THE BASIS FOR THE 7.2% RETURN RECOMMENDATION OF JPC UTILITIES?**

**A.** JPC is a family business with 100% equity financing from the family members and their other business entities. In my opinion, there are a couple of reasonable methods for determining an appropriate return for JPC. The first is to look at recent rates of return for other water and sewer utilities in North Carolina. The second is to look at returns (or margins) on operating revenue deductions deemed reasonable in other North Carolina cases. These approaches are discussed below. I should add that I am not a finance expert; however, I do believe the information below is reasonable evidence supporting the request of JPC.

**Q. HOW HAVE YOU USED RECENT RETURNS FOR OTHER WATER AND SEWER UTILITIES TO GAUGE THE REASONABLENESS OF JPC UTILITIES' REQUEST?**

**A.** Legal counsel has pointed me to three recent orders: the Commission's June 13, 2022, order in Docket No. W-1300, Sub 60, for Old North State Water Company (ONSWC); the Commission's April 26, 2023, order in Docket No. W-354, Sub 400, for Carolina Water Service (CWS); and the Commission's June 5, 2023, order in Docket No. W-218, Sub 573, for Aqua North Carolina (Aqua). Each of those utilities have authorized rates of return on rate base rather than returns on operating expenses. I nonetheless believe their returns can inform the decision for JPC because the ultimate result for a rate base company or an operating ratio company is to provide a return that allows the utility an opportunity to

1 maintain its facilities and services while producing a fair return for the owner(s).

2 The ONSWC case involved a settlement, approved by the Commission, with a  
3 7.00% overall return, based on a debt cost of 4.60%, a 9.40% rate of return on equity  
4 (ROE), and a capital structure of 50.00% long-term debt and 50.00% equity. The CWS  
5 case resulted in a 7.22% overall return, based on a debt cost of 4.64%, and ROE of 9.80%,  
6 and a capital structure of 50.00% long-term debt and 50.00% equity. The Aqua case  
7 resulted in a 6.885% overall return, based on a debt cost of 3.97%, and ROE of 9.80%, and  
8 a capital structure of 50.00% long-term debt and 50.00% equity. The average overall return  
9 for those companies is 7.035%. I believe these decisions are supportive of a 7.20% return  
10 for JPC, especially considering that JPC has less financing options than either Aqua or  
11 CWS and the ONSWC decision reflects a settlement.

12  
13 **Q. HOW HAVE YOU USED INFORMATION ON OPERATING RATIOS FOR**  
14 **WATER AND SEWER UTILITIES TO GAUGE THE REASONABLENESS OF**  
15 **JPC UTILITIES' REQUEST?**

16 A. The most recent North Carolina operating ratio decisions that I have found, where the  
17 return is not negative, are

18 (1) Clarke Utilities, Inc., (Docket No. W-1205, Sub 14, with an effective order date of July  
19 28, 2021) where the utility accepted all the Public Staff's adjustments and recommended  
20 rates with a resulting return on operating revenue deductions of 7.00%;

21 (2) JAARS, Inc., (Docket No. W-1136, Sub 3, with an effective date of April 14, 2021)  
22 where again the Public Staff proposed rates that the utility accepted with a resulting margin  
23 on operating revenue deductions of 7.50%; and

1 (3) C & P Enterprises, Inc. (Docket No. W-1063, Sub 5, with an effective date of March 10, 2022),  
2 where the Public Staff recommended and the utility accepted rates that resulted in a return on  
3 operating revenue deductions of 7.00%.

4 I believe those past operating ratio decisions in North Carolina are supportive of at  
5 least a 7.20% return for JPC. In my opinion, JPC should receive a higher return than those  
6 operating ratio cases because authorized returns have increased since the time of those  
7 cases.

8  
9 **RATE DESIGN**

10 **Q. PLEASE DESCRIBE HOW YOU DETERMINED THE RATE**  
11 **DESIGN FOR JPC UTILITIES.**

12 A. JPC Utilities only serves commercial customers and has the following four-meter sizes  
13 that are utilized in in providing water and sewer service: 5/8-inch, 1-inch, 1.5-inch and 2-  
14 inch meters.

15 For the computation of the new base and usage rates, first, I determined the new revenue  
16 requirement needed for each of the water and sewer operations for the Company, which  
17 is set forth on Exhibit I, Schedule 3(a) for water operations and Schedule 3 (b) for sewer  
18 operations, attached to the Company's Application. Second, I calculated the percentage  
19 increase needed by dividing the revenue increase (new revenue requirement minus the  
20 present revenues) by the revenues at present rates. Once the percentage increase was  
21 determined, I multiplied the percentage increase by the current tariffed base charge for  
22 each meter size to produce the "new" base charge. Third, I determined the revenues that  
23 would be generated by the newly calculated base charge by multiplying the "new" base



charge times the annual billings for each meter size. Next, I summed up all the amounts calculated for each meter size to get the total revenues that will be generated by the new base charge.

To determine the new usage charge, I calculated the remaining revenues by taking the new revenue requirement less the “new” base charge revenues. The remaining revenues are designated as usage revenues, were divided by the annual gallons used.

Additionally, in determining the proposed rate design for each meter size, I preserved the same base charge rate design structure that was used to determine the initial rates approved in the Company’s CPCN proceeding.

The proposed new rate design for water and sewer operations is set forth in the tables below:

**Water Operations New Base Charge**

|                |          |
|----------------|----------|
| 5/8-inch meter | \$54.93  |
| 1-inch meter   | \$137.32 |
| 1.5-inch meter | \$274.64 |
| 2-inch meter   | \$439.42 |

The proposed new usage charge per 1,000 gallons for water operations is \$10.40.

**Sewer Operations New Base Charge**

|                |         |
|----------------|---------|
| 5/8-inch meter | \$57.01 |
|----------------|---------|

|                |          |
|----------------|----------|
| 1-inch meter   | \$114.02 |
| 1.5-inch meter | \$209.03 |
| 2-inch meter   | \$323.05 |

1

2

The proposed new usage charge per 1,000 gallons for sewer operations is \$29.45.

3

**Q. DOES THIS COMPLETE YOUR TESTIMONY?**

4

**A.** Yes, this completes my testimony.