



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

January 31, 2024

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. W-1263, Sub 4 – Application by JPC Utilities, LLC for Authority to Adjust and Increase Rates for Water and Wastewater Utility Service in Its Service Areas in Guilford County, North Carolina

Dear Ms. Dunston,

Attached for filing on behalf of the Public Staff – North Carolina Utilities Commission (Public Staff) in the above-referenced docket is the testimony and partially confidential Exhibit 1 of David Lentz, Public Utilities Regulatory Analyst with the Accounting Division of the Public Staff.

By copy of this letter, I am forwarding a copy of the partially redacted Exhibit 1 to all parties of record by electronic delivery. Confidential information is located on pages 11, 15, and 16 of the exhibit. A confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

Electronically submitted
/s/ James Bernier, Jr.
Staff Attorney
james.bernier@psncuc.nc.gov

/s/ Davia Newell
Staff Attorney
davia.newell@psncuc.nc.gov

cc: Parties of Record

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Energy
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Legal
(919) 733-6110

Transportation
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Water/Telephone
(919) 733-5610

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing Testimony on all parties of record, the attorney of record of such party, or both in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 31st day of January, 2024.

Electronically submitted
/s/James Bernier, Jr.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-1263, SUB 4

In the Matter of
Application by JPC Utilities, LLC, for)
Authority to Adjust and Increase Rates)
for Water and Wastewater Utility Service)
in Its Service Areas in Guilford County,)
North Carolina)

**TESTIMONY OF
DAVID LENTZ
PUBLIC STAFF –
NORTH CAROLINA UTILITIES
COMMISSION**

January 31, 2024

1 **Q. Please state your name, business address, and present**
2 **position.**

3 A. My name is David Lentz. My business address is 430 North Salisbury
4 Street, Dobbs Building, Raleigh, North Carolina. I am a Public
5 Utilities Regulatory Analyst with the Accounting Division of the Public
6 Staff – North Carolina Utilities Commission (Public Staff).

7 **Q. Briefly state your qualifications and experience.**

8 A. My qualifications and duties are attached as Appendix A.

9 **Q. What is the mission of the North Carolina Public Staff?**

10 A. The Public Staff represents the concerns of the using and consuming
11 public in all public utility matters that come before the North Carolina
12 Utilities Commission (Commission). Pursuant to N.C. Gen. Stat. §
13 62-15(d), it is the Public Staff's duty and responsibility to review,
14 investigate, and make appropriate recommendations to the
15 Commission with respect to the following utility matters: (1) retail
16 rates charged, services furnished, and complaints filed, regardless
17 of retail customer class; (2) applications for certificates of public
18 convenience and necessity; (3) transfers of franchises, mergers,
19 consolidations, and combinations of public utilities; and (4) contracts
20 of public utilities with affiliates or subsidiaries. The Public Staff is also
21 responsible for appearing before State and federal courts and
22 agencies in matters affecting the public utility service.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony in this proceeding is to present the
3 accounting and ratemaking adjustments I am recommending, as well
4 as those recommended by other Public Staff witnesses, resulting
5 from the Public Staff's investigation of the revenues, expenses, and
6 rate base filed by JPC Utilities, LLC (JPC or Company) on
7 September 6, 2023, in support of its requested increase in operating
8 revenues for water and sewer operations.

9 **Q. Please describe the scope of your investigation into the**
10 **Company's filing.**

11 A. My investigation included a review of the application, testimony, and
12 exhibits filed by the Company; an examination of the books and
13 records for the 12-month test year ended December 31, 2022; and a
14 review of the Company's accounting and end-of-period adjustments
15 to test year revenue, expenses, and rate base. The Public Staff also
16 conducted extensive discovery in this matter, including reviewing
17 data request responses provided by the Company in response to the
18 Public Staff's data requests. The results of my investigation are
19 detailed in my testimony and reflected in Public Staff Lentz Exhibit I.

1 **Q. What revenue requirement is the Public Staff recommending in**
2 **this case?**

3 A. Based on the level of rate base, revenue, and expenses annualized
4 for the 12-month test year ended December 31, 2022, with certain
5 expenses updated through December 31, 2023, the Public Staff is
6 recommending a total annual operating revenue of \$172,788 for
7 water rates and a total annual operating revenue of \$231,743 for
8 sewer rates. As allowed under N.C.G.S. § 62-133.1, I utilized the
9 operating ratio method to evaluate the Company's proposed revenue
10 requirement.

11 **Q. Please briefly describe the Public Staff's presentation of the**
12 **issues in this case.**

13 A. Each Public Staff witness will present testimony and exhibits
14 supporting his or her position and will recommend any appropriate
15 adjustments to the Company's proposed rate base and cost of
16 service for the test year. My exhibits reflect and summarize the
17 adjustments recommended by other Public Staff witnesses, as well
18 as the adjustments I recommend.

19 **Q. Please provide a detailed description of the organization of your**
20 **exhibits.**

21 A. Schedules 1(a) and 1(b) of Public Staff Lentz Exhibit I present the
22 margin on operating revenue deductions requiring a return under

1 present rates, the Company's proposed rates, and the Public Staff's
2 recommended rates.

3 Schedules 2(a) and 2(b) of Public Staff Lentz Exhibit I, and the
4 supporting schedules, present the original cost rate base for water
5 and sewer operations.

6 Schedules 3(a) and 3(b) of Public Staff Lentz Exhibit I, and the
7 supporting schedules, present the net operating income for a return
8 under the present rates, the Company's proposed rates, and the
9 Public Staff's recommended rates.

10 Schedules 4(a) and 4(b) of Lentz Exhibit 1 present the calculation of
11 the revenue requirement.

12 Schedules 5(a) and 5(b) of Public Staff Lentz Exhibit I present a
13 summary of the revenue impacts from the Public Staff's adjustments
14 and the Public Staff's recommended revenue increase.

15 **Q. What adjustments to the Company's cost of service do you**
16 **reflect in your exhibits?**

17 A. My exhibits reflect adjustments to the following areas:

- 18 1. Plant in Service;
19 2. Accumulated Depreciation;
20 3. Cash working capital and average tax accruals;

- 1 4. Salaries and wages;
- 2 5. Administrative and office expense;
- 3 6. Regulatory expense;
- 4 7. Depreciation expense;
- 5 8. Payroll taxes;
- 6 9. Regulatory fee; and
- 7 10. State and Federal Income tax.

8 **Q. What adjustments recommended by other Public Staff**
9 **witnesses do your exhibits incorporate?**

10 A. My exhibit incorporates the following adjustments recommended by
11 other Public Staff witnesses:

12 1. The recommendations of Public Staff witness Greg Reger, Public
13 Utilities Regulatory Analyst of the Economic Research Division of
14 the Public Staff, regarding a margin on operating expenses.

15 2. The recommendations of Public Staff witness Lindsay Darden,
16 Public Utilities Engineer with the Water, Sewer, and Telephone
17 Division of the Public Staff, regarding the following items:

- 18 a. Service revenues at present rates;
- 19 b. Service revenues at Company proposed rates;
- 20 c. Plant In Service and associated life for each plant;
- 21 d. Contractor Operator - Sewer;
- 22 e. Contract Operator – Water;

- 1 f. Electric Power;
2 g. Chemicals;
3 h. Testing;
4 i. Maintenance and Repair;
5 j. Permit Fee;
6 k. Miscellaneous Expense; and
7 l. Sludge removal.

8 **Q. Please describe your adjustments.**

9 A. The Public Staff's adjustments are described below.

Plant In Service

10 **Q. Please explain the adjustments to plant in service.**

11 A. I have incorporated the plant additions recommended by Public Staff
12 witness Darden in Public Staff Lentz Exhibit I, Schedules 2(a) and
13 2(b).

Accumulated Depreciation

14 **Q. Please explain the adjustments to accumulated depreciation.**

15 A. I calculated accumulated depreciation to reflect depreciation through
16 December 31, 2023, related to the adjusted plant in service
17 described above, utilizing the depreciation rates recommended by
18 Public Staff witness Darden.

Cash Working Capital and Average Tax Accruals

1 **Q. Please describe your calculation of cash working capital and**
2 **average tax accruals.**

3 A. Cash working capital, net of average tax accruals, provides the
4 Company with the funds necessary to carry on its daily operations. I
5 included one-eighth of Operating and Maintenance (O&M) expenses
6 and one-fifth of payroll taxes plus one-half of property tax as a
7 measure of cash working capital and average tax accruals. The O&M
8 expenses, property taxes, and payroll taxes utilized in the calculation
9 reflect the Public Staff's recommended amounts.

Salaries and Wages

10 **Q. Please explain your adjustment to salaries and wages.**

11 A. First, I reclassified costs associated with salaries and wages from
12 maintenance and repair expense to salaries and wages expense
13 based on the recommendation of Public Staff witness Darden.
14 Second, I updated the total salaries and wages to reflect the actual
15 expenses incurred in 2023. Next, I calculated the allocation
16 percentage for utility work based on the actual hours spent on utility
17 work divided by total hours on both utility and non-utility work and
18 applied the utility allocation percentage to total salaries and wages
19 to reflect the total utility salaries and wages. Finally, I allocated the
20 total utility salary and wages between water and sewer operations

1 based on the customer counts recommended by Public Staff witness
2 Darden.

Administrative and Office Expense

3 **Q. Please explain your adjustment to administrative and office**
4 **expense.**

5 A. Administrative and office expense was adjusted to include only the
6 expenses for which the Company provided supporting
7 documentation.

Regulatory Expense

8 **Q. What adjustment did you make to regulatory expense?**

9 A. I adjusted regulatory expenses to include the Company's updated
10 actual expenses incurred through November 22, 2023, consisting of
11 legal fees and accounting consulting fees, and to reflect an estimated
12 amount for notices, printing envelopes, and postage fees to be
13 incurred after the hearing. Actual audited regulatory expenses will be
14 updated through the end of the expert witness hearing date.
15 Additionally, I amortized the total regulatory expense over 15 years
16 to recognize the time from when the current rates were approved in
17 the Company's first Certificate of Public Convenience and Necessity
18 (CPCN) proceeding in Sub 0 to the filing of the current proceeding.

Depreciation Expense

1 **Q. What adjustment did you make to depreciation expense?**

2 A. I updated depreciation expense to reflect the rates recommended by
3 Public Staff witness Darden as well as the plant in service discussed
4 above.

Payroll Taxes

5 **Q. What adjustment did you make to payroll taxes?**

6 A. Payroll taxes were updated based on the recommended salaries and
7 wages described above, and the applicable FICA, SUTA, and FUTA
8 statutory rates and the applicable caps.

Regulatory Fee

9 **Q. How have you adjusted the regulatory fee?**

10 A. I applied the statutory rate of 0.1475% to the total operating revenues
11 under present rates, the Company's proposed rates, and the Public
12 Staff's recommended rates.

State And Federal Income Taxes

13 **Q. Please explain your adjustments to state and federal income**
14 **taxes.**

15 A. The level of state and federal income taxes were calculated based
16 on the statutory corporate rates for the level of income and expenses
17 after all Public Staff adjustments.

Other Recommendations

- 1 **Q. Do you have any other recommendations?**
- 2 A. Yes. Regarding the Company's lease agreement with JPC Monroe,
- 3 LLC, the Public Staff recommends that the Company re-evaluate the
- 4 current lease agreement filed on June 19, 2008, in Docket W-1263,
- 5 Sub 0, prior to the Company's next rate case to determine the current
- 6 value of the plant and depreciation of the assets included in the lease
- 7 agreement, including retirements and plant additions, and review the
- 8 monthly lease payments, as the payments are to be reflective of the
- 9 assets included in the lease.
- 10 **Q. Does this conclude your testimony?**
- 11 A. Yes, it does

QUALIFICATIONS AND EXPERIENCE

DAVID L. LENTZ

I graduated in 1989 from North Carolina State University with a B.A. in Accounting. I am a Certified Public Accountant.

I joined the Public Staff in October 2022. I am responsible for: (1) examining and analyzing testimony, exhibits, books and records, and other data presented by utilities and other parties under the jurisdiction of the Commission or involved in Commission proceedings; and (2) preparing and presenting testimony, exhibits, and other documents for presentation to the Commission.

Prior to joining the Public Staff, I was a financial analyst with N.C. Medicaid for seven years, working extensively with Managed Care Organizations in the Provider Reimbursement – Rate Setting section of N.C. Medicaid for their Behavioral Health population. Additionally, I worked as a senior accountant in various retail, manufacturing, and financial services industries.

Since joining the Public Staff, I have worked on the TRS, New River Light & Power PPA and the DEC 2022 BPM and EDPR riders. I have also worked on the 2002 DEP Renewable Energy and Energy Efficiency Portfolio Standard (REPS) Compliance Report and Cost Recovery Rider.

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

Public Staff
Lentz Exhibit I
Schedule 1(a)

Water Operations

Line No.	Item	Present Rates (a)	Company Proposed Rates (b)	Public Staff Recommended Rates (c)
1.	Net operating income for a return	(\$91,770) [1]	\$7,442 [4]	\$11,071 [6]
2.	Operating revenue deductions requiring a return	158,159 [2]	158,159 [5]	158,159 [7]
3.	Return	-58.02% [3]	4.71% [3]	7.00% [8]

[1] Public Staff Lentz Exhibit I, Schedule 3 (a), Line 30, Column (c).

[2] Public Staff Lentz Exhibit I, Schedule 3 (a), Line 20 + Line 21 + Line 22 + Line 23, Column (c).

[3] Line 1 divided by Line 2.

[4] Public Staff Lentz Exhibit I, Schedule 3 (a), Line 30, Column (e).

[5] Public Staff Lentz Exhibit I, Schedule 3 (a), Line 20 + Line 21 + Line 22 + Line 23, Column (e).

[6] Line 2 x Line 3.

[7] Public Staff Lentz Exhibit I, Schedule 3 (a), Line 20 + Line 21 + Line 22 + Line 23, Column (g).

[8] Provided by Public Staff witness Reger.

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

Public Staff
Lentz Exhibit I
Schedule 1(b)**Sewer Operations**

Line No.	Item	Present Rates (a)	Company Proposed Rates (b)	Public Staff Recommended Rates (c)
1.	Net operating income for a return	(\$81,485) [1]	\$34,928 [4]	\$14,849 [6]
2.	Operating revenue deductions requiring a return	212,123 [2]	212,123 [5]	212,123 [7]
3.	Return	-38.41% [3]	16.47% [3]	7.00% [8]

[1] Public Staff Lentz Exhibit I, Schedule 3 (b), Line 30, Column (c).

[2] Public Staff Lentz Exhibit I, Schedule 3 (b), Line 20 + Line 21 + Line 22 + Line 23, Column (c).

[3] Line 1 divided by Line 2.

[4] Public Staff Lentz Exhibit I, Schedule 3 (b), Line 30, Column (e).

[5] Public Staff Lentz Exhibit I, Schedule 3 (b), Line 20 + Line 21 + Line 22 + Line 23, Column (e).

[6] Line 2 x Line 3.

[7] Public Staff Lentz Exhibit I, Schedule 3 (b), Line 20 + Line 21 + Line 22 + Line 23, Column (g).

[8] Provided by Public Staff witness Reger.

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

Public Staff
Lentz Exhibit I
Schedule 2(a)

Water Operations

Line No.	Item	Per Application (a)	Public Staff Adjustments [1] (b)	After Public Staff Adjustments (c)
1.	Plant in service	\$88,978	(\$38,910)	\$50,068 [2]
2.	Accumulated depreciation	(57,342)	36,068	(21,274) [3]
3.	Contributions in aid of construction	0	0	0
4.	Accumulated amortization of CIAC	0	0	0
5.	Cash working capital	18,490	266	18,756 [4]
6.	Average tax accruals	(1,531)	6	(1,525) [5]
7.	Original cost rate base (Sum of L1 thru L6)	<u>\$48,595</u>	<u>(\$2,570)</u>	<u>\$46,025</u>

[1] Column (c) minus Column (a).

[2] Public Staff Lentz Exhibit I, Schedule 2-1, Line 24, Column (a).

[3] Public Staff Lentz Exhibit I, Schedule 2-1, Line 24, Column (f).

[4] Public Staff Lentz Exhibit I, Schedule 2-2, Line 2, Column (a).

[5] Public Staff Lentz Exhibit I, Schedule 2-2, Line 7*(-1), Column (a).

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

Public Staff
Lentz Exhibit I
Schedule 2(b)

Sewer Operations

Line No.	Item	Per Application (a)	Public Staff Adjustments [1] (b)	After Public Staff Adjustments (c)
1.	Plant in service	\$70,227	(\$54,037)	\$16,190 [2]
2.	Accumulated depreciation	(53,709)	43,784	(9,925) [3]
3.	Contributions in aid of construction	0	0	0
4.	Accumulated amortization of CIAC	0	0	0
5.	Cash working capital	29,352	(3,391)	25,961 [4]
6.	Average tax accruals	<u>(1,325)</u>	<u>11</u>	<u>(1,314) [5]</u>
7.	Original cost rate base (Sum of L1 thru L6)	<u>\$44,545</u>	<u>(\$13,634)</u>	<u>\$30,912</u>

[1] Column (c) minus Column (a).

[2] Public Staff Lentz Exhibit I, Schedule 2-1, Line 35, Column (a).

[3] Public Staff Lentz Exhibit I, Schedule 2-1, Line 35, Column (f).

[4] Public Staff Lentz Exhibit I, Schedule 2-2, Line 2, Column (b).

[5] Public Staff Lentz Exhibit I, Schedule 2-2, Line 7*(-1), Column (b).

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

Public Staff
Lentz Exhibit I
Schedule 2-1

Line No.	Item	2,023		Service Life In Years [1]	Years in Service [2]	JPC Utilities	
		JPC Utilities Plant in Service [1]	Year Placed In Service [1]			Annual Depreciation [3]	JPC Utilities Accumulated Depreciation [4]
		(a)	(b)	(c)	(d)	(e)	(f)
Water:							
1.	Water meters		2005		18.5	-	-
2.	Landscaping		2006		17.5	-	-
3.	Landscaping		2007		16.5	-	-
4.	Water line and meter		2007		16.5	-	-
5.	Landscaping	\$4,920	2008	20	15.5	\$246	\$3,813
6.	Trees - Spray fields	6,180	2009	20	14.5	309	4,481
7.	Water meter	1,607	2009	20	14.5	80	1,165
8.	Water meter	1,399	2009	20	14.5	70	1,014
9.	Mobile generator	2,216	2010	10	13.5	-	2,216
10.	Portable composite sampler	1,875	2014	10	9.5	188	1,781
11.	Irrigation pump	1,250	2015	7	8.5	-	1,250
12.	Turbidity meter		2015		8.5	-	-
13.	Water meter for Bojangles	639	2016	20	7.5	32	240
14.	1-2" meter, 1-1.5" meter, 3 5/8" meter	2,217	2016	20	7.5	111	831
15.	Replacement water meters		2017		6.5	-	-
16.	Magnetic flow meter	2,559	2019	10	4.5	256	1,152
17.	Ultrasonic flow meter system		2020		3.5	-	-
18.	Kubota Lawn Tractor	11,979	2023	17	1.0	705	705
19.	Security Camera at Prestige Car Wash	1,818	2023	10	1.0	182	182
20.	Water Plant per Public Staff before reclassification (Sum of Lines 1 - 19)	38,658				2,178	18,829
Reclassified from O&M to JPC Plant in Service							
21.	Pulsafeeder chemical feed pump	800	2022	7	1.5	114	171
22.	Well pump - Well #3	10,610	2022	7	1.5	1,516	2,274
23.	Total Reclassified from O&M to JPC Water Plant (Line 21 + Line 22)	11,410				1,630	2,445
24.	Total Water Plant (Line 20 + Line 23)	\$50,068				3,808	\$21,274
Sewer:							
25.	Utility Costs		2008		15.5	-	-
26.	Portable Sewer Pump		2006		17.5	-	-
27.	French drains		2008		15.5	-	-
28.	Sump pumps (2)	\$1,678	2010	7	13.5	-	\$1,678
29.	Distribution pump	7,142	2011	7	12.5	-	7,142
30.	ABS Piranha S20/2D Grinder pump		2012		11.5	-	-
31.	Pump for EQ basin		2015		8.5	-	-
32.	Sewer Plant per Public Staff before reclassification (Sum of Lines 25 - 31)	8,820				0	8,820
Reclassified from O&M to JPC Plant in Service							
33.	WWTP Permit Modifications	7,370	2022	10	1.5	737	1,106
34.	Total Reclassified from O&M to JPC Sewer Plant (Line 33)	7,370				737	1,106
35.	Total Sewer Plant (Line 32 + Line 34)	\$16,190				\$737	\$9,925
36.	Total Water and Sewer Plant (Line 24 + Line 35)	\$66,258				\$4,545	\$31,199

[1] Per Public Staff witness Darden recommendation.

[2] Calculated based on year placed in service using half year convention through 12/31/2023.

[3] Column (a) divided by Column (c), unless fully depreciated.

[4] Column (d) multiplied by Column (e), unless fully depreciated.

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

Public Staff
Lentz Exhibit I
Schedule 2-2

Line No.	Item	Water (a)	Sewer (b)
	<u>Cash Working Capital:</u>		
1.	Total O&M expenses	\$150,046 [1]	\$207,688 [4]
2.	Cash working capital (L1 x 1/8)	\$18,756	\$25,961
	<u>Average Tax Accruals:</u>		
3.	Property taxes	\$2,213 [2]	\$1,916 [5]
4.	Average accrual (L3 x 1/2)	1,107	958
5.	Payroll taxes	2,092 [3]	1,782 [6]
6.	Average accrual (L5 x 1/5)	418	356
7.	Average tax accruals (Line 4 + Line 6)	\$1,525	\$1,314

[1] Public Staff Lentz Exhibit I, Schedule 3 (a), Line 20, Column (g).

[2] Public Staff Lentz Exhibit I, Schedule 3 (a), Line 22, Column (g).

[3] Public Staff Lentz Exhibit I, Schedule 3 (a), Line 23, Column (g).

[4] Public Staff Lentz Exhibit I, Schedule 3 (b), Line 20, Column (g).

[5] Public Staff Lentz Exhibit I, Schedule 3 (b), Line 22, Column (g).

[6] Public Staff Lentz Exhibit I, Schedule 3 (b), Line 23, Column (g).

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

Public Staff
Lentz Exhibit I
Schedule 3(a)
Page 1 of 2

		Present Rates			Company Proposed Rates		Public Staff Recommended Rates	
		Amount Per Application (a)	Public Staff Adjustments [1] (b)	Per Public Staff [2] (c)	Net Company Increase [12] (d)	Operations After Rate Increase [13] (e)	Net Public Staff Increase [16] (f)	Operations After Rate Increase [17] (g)
Water Operations								
Operating Revenues:								
1.	Service revenues	\$71,826	(\$5,339)	\$66,487 [3]	\$101,582	\$168,069 [3]	\$106,301	\$172,788 [18]
2.	Miscellaneous revenues	0	0	0	0	0	0	0
3.	Uncollectible accounts	0	0	0	0	0	0	0
4.	Total operating revenues (Sum L1 thru L3)	<u>71,826</u>	<u>(5,339)</u>	<u>66,487</u>	<u>101,582</u>	<u>168,069</u>	<u>106,301</u>	<u>172,788</u>
Operating Expenses:								
5.	Contractor operator - labor	19,200	0	19,200 [3]	0	19,200	0	19,200
6.	Salaries	0	23,482	23,482 [4]	0	23,482	0	23,482
7.	Administrative and office expense	35,113	(478)	34,635 [5]	0	34,635	0	34,635
8.	Purchased power	12,041	(667)	11,374 [3]	0	11,374	0	11,374
9.	Chemicals	1,105	(125)	980 [3]	0	980	0	980
10.	Testing	80	125	205 [3]	0	205	0	205
11.	Maintenance and repair	37,319	(14,191)	23,128 [3]	0	23,128	0	23,128
12.	Permit fees	0	150	150 [3]	0	150	0	150
13.	Insurance expense	4,160	0	4,160	0	4,160	0	4,160
14.	Contract management	0	0	0	0	0	0	0
15.	Lease Expense	31,573	0	31,573	0	31,573	0	31,573
16.	Miscellaneous expense	619	(169)	450 [3]	0	450	0	450
17.	Bad debts expense	0	0	0	0	0	0	0
18.	Sludge removal	0	0	0	0	0	0	0
19.	Rate case expense	6,710	(6,002)	708 [6]	0	708	0	708
20.	Total operating expenses (Sum L5 thru L19)	<u>147,920</u>	<u>2,126</u>	<u>150,046</u>	<u>0</u>	<u>150,046</u>	<u>0</u>	<u>150,046</u>
Depreciation and Taxes:								
21.	Depreciation	5,769	(1,961)	3,808 [7]	0	3,808	0	3,808
22.	Property taxes	2,213	(0)	2,213	0	2,213	0	2,213
23.	Payroll taxes	2,119	(27)	2,092 [8]	0	2,092	0	2,092
24.	Regulatory fee - other taxes	106	(8)	98 [9]	150	248 [9]	157	255 [9]
25.	Gross receipts tax	0	0	0	0	0	0	0
26.	State income tax	0	0	0 [10]	242	242 [14]	359	359 [19]
27.	Federal income tax	0	0	0 [11]	1,978	1,978 [15]	2,943	2,943 [20]
28.	Total depreciation and taxes (Sum L21 thru L27)	<u>10,207</u>	<u>(1,996)</u>	<u>8,211</u>	<u>2,370</u>	<u>10,581</u>	<u>3,459</u>	<u>11,670</u>
29.	Total operating revenue deductions (L20 + L28)	<u>158,127</u>	<u>130</u>	<u>158,257</u>	<u>2,370</u>	<u>160,627</u>	<u>3,459</u>	<u>161,716</u>
30.	Net operating income for return (L4 - L29)	<u>(\$86,301)</u>	<u>(\$5,469)</u>	<u>(\$91,770)</u>	<u>\$99,212</u>	<u>\$7,442</u>	<u>\$102,842</u>	<u>\$11,072</u>

JPC UTILITIES, LLC

Docket No. W-1263, Sub 4

FOOTNOTES TO SCHEDULE 3(a)

For The Test Year Ended December 31, 2022

Public Staff
Lentz Exhibit 1
Schedule 3(a)
Page 2 of 2**Water Operations**

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Darden.
- [4] Confidential Public Staff Lentz Exhibit I, Schedule 3-1, Column (j), Line 30.
- [5] Public Staff Lentz Exhibit I, Schedule 3-2 (a), Line 3.
- [6] Public Staff Lentz Exhibit I, Schedule 3-3 , Column (d), Line 6.
- [7] Public Staff Lentz Exhibit I, Schedule 2-1, Column (e), Line 24.
- [8] Public Staff Lentz Exhibit I, Schedule 3-4 (a), Column(g), Line 3.
- [9] Line 4 multiplied by .1475%.
- [10] Public Staff Lentz Exhibit I, Schedule 3-5 (a) ,Column (a), Line 12.
- [11] Public Staff Lentz Exhibit I, Schedule 3-5 (a) ,Column (a), Line 14.
- [12] Column (e) minus Column (c), unless otherwise footnoted.
- [13] Column (c) plus Column (d), unless otherwise footnoted.
- [14] Public Staff Lentz Exhibit I, Schedule 3-5 (a), Column (b), Line 12.
- [15] Public Staff Lentz Exhibit I, Schedule 3-5 (a), Column (b), Line 14.
- [16] Column (g) minus Column (c), unless otherwise footnoted.
- [17] Column (c) plus Column (f), unless otherwise footnoted.
- [18] Revenue requirement as calculated by the Public Staff.
- [19] Public Staff Lentz Exhibit I, Schedule 3-5 (a),Column (c), Line 12.
- [20] Public Staff Lentz Exhibit I, Schedule 3-5 (a),Column (c), Line 14.

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

Public Staff
Lentz Exhibit I
Schedule 3(b)
Page 1 of 2

Sewer Operations

		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Item	Amount Per Application	Public Staff Adjustments [1]	Per Public Staff [2]	Net Company Increase [12]	Operations After Rate Increase [13]	Net Public Staff Increase [16]	Operations After Rate Increase [17]		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
<u>Operating Revenues:</u>										
1.	Service revenues	\$130,254	\$577	\$130,831 [3]	\$127,019	\$257,850 [3]	\$100,912	\$231,743 [18]		
2.	Miscellaneous revenues	0	0	0	0	0	0	0		
3.	Uncollectible accounts	0	0	0	0	0	0	0		
4.	Total operating revenues (Sum L1 thru L3)	<u>130,254</u>	<u>577</u>	<u>130,831</u>	<u>127,019</u>	<u>257,850</u>	<u>100,912</u>	<u>231,743</u>		
<u>Operating Expenses:</u>										
5.	Contractor operator	20,910	(510)	20,400 [3]	0	20,400	0	20,400		
6.	Salaries	0	20,004	20,004 [4]	0	20,004	0	20,004		
7.	Administrative and office expense	30,396	(407)	29,989 [5]	0	29,989	0	29,989		
8.	Purchase Power/Electric	11,728	(2,039)	9,689 [3]	0	9,689	0	9,689		
9.	Chemicals	5,462	(164)	5,298 [3]	0	5,298	0	5,298		
10.	Testing	2,934	(370)	2,564 [3]	0	2,564	0	2,564		
11.	Maintenance and repair	56,763	(37,061)	19,702 [3]	0	19,702	0	19,702		
12.	Permit fees	0	1,310	1,310 [3]	0	1,310	0	1,310		
13.	Insurance expense	3,602	0	3,602	0	3,602	0	3,602		
14.	Contract management	0	0	0	0	0	0	0		
15.	Lease Expense	90,419	0	90,419	0	90,419	0	90,419		
16.	Legal fees	0	0	0	0	0	0	0		
17.	Miscellaneous expense	1,866	(1,483)	383 [3]	0	383	0	383		
18.	Sludge removal	4,925	(1,200)	3,725 [3]	0	3,725	0	3,725		
19.	Rate case expense	5,809	(5,206)	603 [6]	0	603	0	603		
20.	Total operating expenses (Sum L5 thru L19)	<u>234,814</u>	<u>(27,126)</u>	<u>207,688</u>	<u>0</u>	<u>207,688</u>	<u>0</u>	<u>207,688</u>		
<u>Depreciation and Taxes:</u>										
21.	Depreciation	1,908	(1,171)	737 [7]	0	737	0	737		
22.	Property tax	1,916	0	1,916	0	1,916	0	1,916		
23.	Payroll tax	1,834	(52)	1,782 [8]	0	1,782	0	1,782		
24.	Regulatory fee - other taxes	192	1	193 [9]	187	380 [9]	149	342 [9]		
25.	Gross receipts tax	0	0	0	0	0	0	0		
26.	State income tax	0	0	0 [10]	1,134	1,134 [14]	482	482 [19]		
27.	Federal income tax	0	0	0 [11]	9,285	9,285 [15]	3,947	3,947 [20]		
28.	Total depreciation and taxes (Sum L21 thru L27)	<u>5,850</u>	<u>(1,222)</u>	<u>4,628</u>	<u>10,606</u>	<u>15,234</u>	<u>4,578</u>	<u>9,206</u>		
29.	Total operating revenue deductions (L20 + L28)	<u>240,664</u>	<u>(28,348)</u>	<u>212,316</u>	<u>10,606</u>	<u>222,922</u>	<u>4,578</u>	<u>216,894</u>		
30.	Net operating income for return (L4 - L29)	<u>(\$110,410)</u>	<u>\$28,925</u>	<u>(\$81,485)</u>	<u>\$116,413</u>	<u>\$34,928</u>	<u>\$96,334</u>	<u>\$14,849</u>		

Sewer Operations

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Darden.
- [4] Confidential Public Staff Lentz Exhibit I, Schedule 3-1, Column (j), Line 31.
- [5] Public Staff Lentz Exhibit I, Schedule 3-2 (b), Line 3.
- [6] Public Staff Lentz Exhibit I, Schedule 3-3, Column (e), Line 6.
- [7] Public Staff Lentz Exhibit I, Schedule 2-1, Column (e), Line 35.
- [8] Public Staff Lentz Exhibit I, Schedule 3-4 (b), Column(g), Line 3.
- [9] Line 4 multiplied by .1475%.
- [10] Public Staff Lentz Exhibit I, Schedule 3-5 (b) ,Column (a), Line 12.
- [11] Public Staff Lentz Exhibit I, Schedule 3-5 (b) ,Column (a), Line 14.
- [12] Column (e) minus Column (c), unless otherwise footnoted.
- [13] Column (c) plus Column (d), unless otherwise footnoted.
- [14] Public Staff Lentz Exhibit I, Schedule 3-5 (b), Column (b), Line 12.
- [15] Public Staff Lentz Exhibit I, Schedule 3-5 (b), Column (b), Line 14.
- [16] Column (g) minus Column (c), unless otherwise footnoted.
- [17] Column (c) plus Column (f), unless otherwise footnoted.
- [18] Revenue requirement as calculated by the Public Staff.
- [19] Public Staff Lentz Exhibit I, Schedule 3-5 (b),Column (c), Line 12.
- [20] Public Staff Lentz Exhibit I, Schedule 3-5 (b),Column (c), Line 14.

Line No.	Name (a)	Pay Period (b)	Check Amount (c)	Name (d)	Check Amount (e)	Name (f)	Check Amount (g)	Total Payment (h)	Total Hours (i)	Utility Hours (j)
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										
11.										
12.										
13.										
14.										
15.										
16.										
17.										
18.										
19.										
20.										
21.										
22.										
23.										
24.										
25.										
26.										
27.										
28.	Totals (sum L1 thru L27)									
29.							Total Payments Before Allocation	Percentage of Utility Hours to Total Hours	Salary and Wages Allocated to Utility	
30.										
31.										

[1] DR 4, Item 17 response.
[2] column (c) + column (e) + column (g).
[3] Total hours from DR 4, Item 16 response, Column D.
[4] Utility payroll hours from DR2 response, JPC2-11c Maintenance and Repair folder, 6231- Management - bi weekly CONFIDENTIAL pdf document.
[5] Column (h), Line 28.
[6] Column (j) divided by Column (i), Line 28.
[7] Column (h) multiplied by Column (i), Line 29.
[8] Allocated between water and sewer operations based on customer counts recommended by Public Staff witness Darden.

JPC Utilities, LLC
Docket No. W-1263, Sub 4
ADJUSTMENT TO ADMINISTRATIVE AND OFFICE EXPENSE
For The Test Year Ended December 31, 2022
Water Operations

Public Staff
Lentz Exhibit I
Schedule 3-2 (a)

<u>Line No.</u>	<u>Item</u>	<u>Amount</u> [1]
1.	Administrative and Office Expense - per application	\$35,113
2.	Adjustment to reflect missing invoices variance - Account #6008 - Utility Office	(478)
3.	Administrative and Office Expense - per Public Staff (L1 + L2)	<u>\$34,635</u>

[1] Calculated by the Public Staff based on missing invoices not provided by the Company and allocated based on Public Staff Darden recommendation.

JPC Utilities, LLC
Docket No. W-1263, Sub 4
ADJUSTMENT TO ADMINISTRATIVE AND OFFICE EXPENSE
For The Test Year Ended December 31, 2022
Sewer Operations

Public Staff
Lentz Exhibit I
Schedule 3-2 (b)

<u>Line No.</u>	<u>Item</u>	<u>Amount</u> [1]
1.	Administrative and Office Expense - per application	\$30,396
2.	Adjustment to reflect missing invoices variance - Account #6008 - Utility Office	(407)
3.	Administrative and Office Expense - per Public Staff (L1 + L2)	<u>\$29,989</u>

[1] Calculated by the Public Staff based on missing invoices not provided by the Company and allocated based on Public Staff Darden recommendation.

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

Public Staff
Lentz Exhibit I
Schedule 3-3

Line No.	Item	Actual Amounts [1] (a)	Adjustments [2] (b)	Total Amount [3] (c)	Allocated Water [5] (d)	Allocated Sewer [5] (e)
1.	Consulting fees	\$2,657		\$2,657	\$1,435	\$1,222
2.	Legal fees	2,550	14,109	16,659	8,996	7,663
3.	Miscellaneous costs (mailing customer notices, filing fee)	<u>0</u>	<u>350</u>	<u>350</u>	<u>189</u>	<u>161</u>
4.	Total Regulatory Expenses (Sum of Lines 1 -3)	5,207	14,459	19,666	10,620	9,046
5.	Amortization Period			<u>15 [4]</u>	<u>15 [4]</u>	<u>15 [4]</u>
6.	Regulatory Expense per Public Staff (Line 4 / Line 5)			1,311	708	603
7.	Regulatory Expense per Company			12,519	6,710	5,809
8.	Adjustment to Regulatory Expense (Line 6 - Line 7)			<u>(\$11,208)</u>	<u>(\$6,002)</u>	<u>(\$5,206)</u>

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

[2] DR 4, Item 19 response.

[3] Column (a) + Column (b), unless otherwise noted.

[4] Public Staff recommended amortization period to realize the time gap between the last franchise application and the current proceeding.

[5] Allocated between water and sewer operations based on customer counts recommended by Public Staff witness Darden..

JPC Utilities, LLC
Docket No. W-1263, Sub 4
ADJUSTMENT TO PAYROLL TAX EXPENSE
For The Test Year Ended December 31, 2022
Water Operations

Confidential
Public Staff
Lentz Exhibit I
Schedule 3-4 (a)

Line No.	Item	Total Salary (a)	SUTA 0.06% (b)	FUTA 6.00% (c)	FICA 7.65% (d)	Total Tax (e)	Percentage of Utility Hours to Total Hours 62.59% (f)	Water Allocation 54.00% (g)
1.		[1]						
2.		[2]						
3.								

Tax Type	Rate	Taxable Cap
FUTA	6%	
SUTA	0.06%	
FICA	7.65%	

- [1] Confidential Public Staff Lentz Exhibit I Schedule 3-1, Column (c), Line 28 .
[2] Confidential Public Staff Lentz Exhibit I Schedule 3-1, Column (e)+Column (g), Line 28 .
[3] SUTA 2023 rates range from 0.06 percent to 5.76 percent for experienced employers, while the new employer rate is set at 1 percent. The taxable wage base is \$29,600 (up from \$28,000).
[4] FUTA taxes before allocation are calculated by multiplying 6.0 percent FUTA rate with the employer's taxable wages. The taxable wage base is the first \$7,000 paid in wages to each employee during a calendar year.
[5] FICA rate is the combined Social Security rate of 6.2 percent and the Medicare rate of 1.45 percent, remains 7.65 percent for 2023
[6] Column (b) + Column (c) + Column (d).
[7] Column (e) multiplied by 62.59 percentage allocation rate for utility work.
[8] Column (f) multiplied by 54 percentage allocation rate for water operation.

JPC Utilities, LLC
Docket No. W-1263, Sub 4
ADJUSTMENT TO PAYROLL TAX EXPENSE
For The Test Year Ended December 31, 2022
Water Operations

Confidential
Public Staff
Lentz Exhibit I
Schedule 3-4 (b)

Line No.	Item	Total Salary (a)	SUTA 0.06% (b)	FUTA 6.00% (c)	FICA 7.65% (d)	Total Tax (e)	Percentage of Utility Hours to Total Hours 62.59% (f)	Water Allocation 46% (g)
1.								
2.								
3.								
		Tax Type	Rate	Taxable Cap				
		FUTA	6%					
		SUTA	0.06%					
		FICA	7.65%					

[1] Confidential Public Staff Lentz Exhibit I Schedule 3-1, Column (c), Line 28 .

[2] Confidential Public Staff Lentz Exhibit I Schedule 3-1, Column (e)+Column (g), Line 28 .

[3] SUTA 2023 rates range from 0.06 percent to 5.76 percent for experienced employers, while the new employer rate is set at 1 percent. The taxable wage base is \$29,600 (up from \$28,000).

[4] FUTA taxes before allocation are calculated by multiplying 6.0 percent FUTA rate with the employer's taxable wages. The taxable wage base is the first \$7,000 paid in wages to each employee during a calendar year.

[5] FICA rate is the combined Social Security rate of 6.2 percent and the Medicare rate of 1.45 percent, remains 7.65 percent for 2023

[6] Column (b) + Column (c) + Column (d).

[7] Column (e) multiplied by 62.59 percentage allocation rate for utility work.

[8] Column (f) multiplied by 46 percentage allocation rate for sewer operation.

JPC Utilities, LLC

Docket No. W-1263 Sub 4

CALCULATION OF INCOME TAXES

For the Test Year Ended December 31, 2022

Public Staff
Lentz Exhibit I
Schedule 3-5 (a)

Line No.	Water Operations <u>Item</u>	Present	Company	Public Staff
		Rates [1] (a)	Proposed Rates [2] (b)	Recommended Rates [3] (c)
1.	Operating revenue	\$66,487	\$168,069	\$172,788
2.	Operating revenue deductions:			
3.	Operating expenses	150,046	150,046	150,046
4.	Depreciation expense	3,808	3,808	3,808
5.	Property taxes	2,213	2,213	2,213
6.	Other taxes	2,092	2,092	2,092
7.	Regulatory fee	98	248	255
8.	Gross receipts tax	0	0	0
9.	Interest expense	0	0	0
10.	Total deductions (Sum of L3 thru L9)	158,257	158,407	158,414
11.	State taxable income (L1 - L10)	(91,770)	9,662	14,374
12.	State income tax (L11 x 2.5%)	0	242	359
13.	Federal taxable income (L11 - L12)	(91,770)	9,420	14,015
14.	Federal income tax (L13 x 21%)	0	1,978	2,943
15.	Net amount (L13 - L14)	(91,770)	7,442	11,072
16.	Add: Interest expense (L9)	0	0	0
17.	Net income for return (L15 + L16)	(\$91,770)	\$7,442	\$11,072

[1] Public Staff Lentz Exhibit I, Schedule 3 (a), Column (c), unless footnoted otherwise..

[2] Public Staff Lentz Exhibit I, Schedule 3 (a), Column (e), unless footnoted otherwise..

[3] Public Staff Lentz Exhibit I, Schedule 3 (a), Column (g), unless footnoted otherwise..

JPC Utilities, LLC

Docket No. W-1263 Sub 4

CALCULATION OF INCOME TAXES

For the Test Year Ended December 31, 2022

Public Staff

Lentz Exhibit I

Schedule 3-5(b)

Line No.	Sewer Operations <u>Item</u>	Present	Company	Public Staff
		Rates [1] (a)	Proposed Rates [2] (b)	Recommended Rates [3] (c)
1.	Operating revenue	\$130,831	\$257,850	\$231,743
2.	Operating revenue deductions:			
3.	Operating expenses	207,688	207,688	207,688
4.	Depreciation expense	737	737	737
5.	Property taxes	1,916	1,916	1,916
6.	Other taxes	1,782	1,782	1,782
7.	Regulatory fee	193	380	342
8.	Gross receipts tax	0	0	0
9.	Interest expense	0	0	0
10.	Total deductions (Sum of L3 thru L9)	212,316	212,503	212,465
11.	State taxable income (L1 - L10)	(81,485)	45,347	19,278
12.	State income tax (L11 x 2.5%)	0	1,134	482
13.	Federal taxable income (L11 - L12)	(81,485)	44,213	18,796
14.	Federal income tax (L13 x 21%)	0	9,285	3,947
15.	Net amount (L13 - L14)	(81,485)	34,928	14,849
16.	Add: Interest expense (L9)	0	0	0
17.	Net income for return (L15 + L16)	<u>(\$81,485)</u>	<u>\$34,928</u>	<u>\$14,849</u>

[1] Public Staff Lentz Exhibit I, Schedule 3 (b), Column (c), unless footnoted otherwise.

[2] Public Staff Lentz Exhibit I, Schedule 3 (b), Column (e), unless footnoted otherwise.

[3] Public Staff Lentz Exhibit I, Schedule 3 (b), Column (g), unless footnoted otherwise.

JPC Utilities, LLC

Docket No. W-1263 Sub 4

CALCULATION OF REVENUE REQUIREMENT

For the Test Year Ended December 31, 2022

Public Staff

Lentz Exhibit I

Schedule 4(a)

Water Operations

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement [1] (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement [1] (f)	
1.	<u>Operating revenue deductions:</u>							
2.	General expenses	\$150,046			\$150,046			
3.	Depreciation expense	3,808			3,808			
4.	Property tax	2,213			2,213			
5.	Other tax	2,092			2,092			
6.	Total	158,159	0.9985250	\$158,393	158,159	0.9985250	\$158,393	
7.	Adjustment for regulatory fee							
	<u>Net operating income for return:</u>							
8.	Debt service return	967	0.9985250	968				
9.	Equity return:							
10.	REG @ .1475%, SIT @ 2.5%, FIT @ 21%	2,255	0.7691139	2,931	11,071	0.7691139	14,395	
11.								
12.								
13.								
14.								\$11,071
15.	Revenue requirement - both methods			<u>\$162,292</u>			<u>\$172,788</u>	\$11,072
16.	Revenue requirement recommended by Public Staff						<u>\$172,788</u>	\$11,072

JPC Utilities, LLC

Docket No. W-1263 Sub 4

CALCULATION OF REVENUE REQUIREMENT

For the Test Year Ended December 31, 2022

Public Staff

Lentz Exhibit I

Schedule 4(b)

Sewer Operations

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement [1] (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement [1] (f)	
1.	<u>Operating revenue deductions:</u>							
2.	Maintenance expenses	\$207,688			\$207,688			
3.	Depreciation expense	737			737			
4.	Property tax	1,916			1,916			
5.	Other tax	1,782			1,782			
6.	Total	212,123	0.9985250	\$212,436	212,123	0.9985250	\$212,436	
7.	Adjustment for regulatory fee							
	<u>Net operating income for return:</u>							
8.	Debt service return	649	0.9985250	650				
9.	Equity return:							
10.	REG @ .1475%, SIT @ 2.5%, FIT @ 21%	1,515	0.7691139	1,970	14,849	0.7691139	19,307	
11.		0	0.7264269	0	0	0.7264269	0	
12.		0	0.6392557	0	0	0.6392557	0	
13.		0	0.5908272	0	0	0.5908272	0	
14.		0	0.6392557	0	0	0.6392557	0	\$14,849
15.	Revenue requirement - both methods			<u>\$215,056</u>			<u>\$231,743</u>	\$14,849
16.	Revenue requirement recommended by Public Staff						<u>\$231,743</u>	

JPC Utilities LLC
Docket No. W-1263 Sub 4
CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended December 31, 2022

Public Staff
Lentz Exhibit I
Schedule 5(a)

Line No.	Water Operations Item	
1.	Increase / (decrease) in total revenues per Company	\$101,222 [1]
2.	<u>Difference in calculation of revenue requirement based on Company amounts:</u>	
3.	Adjust capital structure to 50% debt and 50% equity	0
4.	Adjust debt cost rate to 0.00%	0
5.	Adjust return on equity to 23.86%	0
6.	Adjustment to reclassify uncollectibles	0
7.	Adjustment to plant in service	0
8.	Adjustment to accumulated depreciation	0
9.	Adjustment to contributions in aid of construction	0
10.	Adjustment to accumulated amortization of CIAC	0
11.	Adjustment to customer advances	0
12.	Adjustment to service revenues	5,339
13.	Adjustment to Salaries and wages	23,517
14.	Adjustment to Administrative and office expense	(478)
15.	Adjustment to Maintenance & repair expense	(14,212)
16.	Adjustment to Transportation	0
17.	Adjustment to Electric power	(668)
18.	Adjustment to cash working capital	0
19.	Adjustment to Chemicals	(125)
20.	Adjustment to Testing	125
21.	Adjustment to Permit fees	150
22.	Adjustment to Unexpected/accidental spillage	0
23.	Adjustment to Sludge removal	0
24.	Adjustment for return	13
25.	Difference of return	(411)
26.	Miscellaneous expense	(169)
27.	Adjustment to Depreciation expense	(1,964)
28.	Adjustment to Property taxes	0
29.	Adjustment to payroll tax expense	(27)
30.	Adjustment to Lease Expense	0
31.	Adjustment to Rate Case Expense	(6,011)
32.	Rounding difference	
33.	Revenue impact of Public Staff adjustments	5,079
34.	Increase / (decrease) per Public Staff	\$106,301
[1]	Calculated by the Public Staff.	

JPC Utilities LLC
Docket No. W-1263 Sub 4
CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended December 31, 2022

Public Staff
Lentz Exhibit I
Schedule 5(b)

Line No.	Sewer Operations Item		[1]
1.	Increase / (decrease) in total revenues per Company	<u>\$133,086</u>	
2.	<u>Difference in calculation of revenue requirement based on Company amounts:</u>		
3.	Adjust capital structure to 50% debt and 50% equity	0	
4.	Adjust debt cost rate to 0.00%	0	
5.	Adjust return on equity to 23.86%	0	
6.	Adjustment to reclassify uncollectibles	0	
7.	Adjustment to plant in service	0	
8.	Adjustment to accumulated depreciation	0	
9.	Adjustment to contributions in aid of construction	0	
10.	Adjustment to accumulated amortization of CIAC	0	
11.	Adjustment to customer advances	0	
12.	Adjustment to service revenues	(577)	
13.	Adjustment to Salaries and wages	20,033	
14.	Adjustment to Administrative and office expense	(407)	
15.	Adjustment to Maintenance & repair expense	(37,116)	
16.	Adjustment to Transportation	0	
17.	Adjustment to Electric power	(2,042)	
18.	Adjustment to cash working capital	0	
19.	Adjustment to Chemicals	(164)	
20.	Adjustment to Testing	(371)	
21.	Adjustment to Other expenses - Miscellaneous expense	(1,485)	
22.	Adjustment to Permit fees	1,312	
23.	Adjustment to Unexpected/accidental spillage	0	
24.	Adjustment to Sludge removal	(1,202)	
25.	Adjustment for return	(2,580)	
26.	Difference of return	(625)	
27.	Adjustment to depreciation expense	(1,172)	
28.	Adjustment to Property taxes	0	
29.	Adjustment to payroll tax expense	(52)	
30.	Adjustment to Lease Expense	0	
31.	Adjustment to Rate Case Expense	(5,214)	
32.	Adjustment to Contractor operator - labor	(511)	
33.	Rounding difference		
34.	Revenue impact of Public Staff adjustments	<u>(32,173)</u>	
35.	Increase / (decrease) per Public Staff	<u>\$100,913</u>	

[1] Calculated by the Public Staff.