

Jumper Creek Utility Company

August 28, 2014

Office of Commission Clerk
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: Docket No. 140147-WS - Application of Jumper Creek Utility Company for Staff Assisted Rate Case in Sumter County

Dear Commission Clerk,

Upon further review of the Staff Assisted Rate Case (SARC) filing submitted on August 1, 2014 in Docket No. 140147-WS, Jumper Creek Utility Company (Jumper Creek) became concerned with the calculation of the appropriate revenue requirements. Specifically, these concerns are related to two specific areas. The first area of concern is in reference to the wastewater revenue requirement. The revenue requirement originally requested in the initial filing produced revenues insufficient to cover the utility's operation and maintenance (O&M) expenses. These are the actual month-to-month expenses necessary to operate the wastewater utility.

The original submission calculated a total wastewater revenue requirement of \$21,297 with O&M expenses of \$24,418. This was caused primarily by two adjustments. The first adjustment was the non-used and useful adjustment to Depreciation Expense. While the second adjustment is the inclusion of an annualized full year Amortization Expense for the negative Acquisition Adjustment. The Amortization Expense is a contra-expense to Depreciation Expense. When a used and useful adjustment was applied to the Depreciation Expense, with no corresponding adjustment to Amortization Expense, this created a mismatch to these two inter-related expenses.

To rectify this mismatch in these intertwined expense items, Jumper Creek is proposing a further adjustment in order for the Amortization net amount to match with the Depreciation net amount.

The second concern is related to the requested operating margin. Upon further review, Jumper Creek believes it is appropriate to request an operating margin consistent with Commission practice. Therefore, Jumper Creek is revising its initial request to a margin of ten percent (10%), consistent with prior Commission Orders. The Commission approved a 10 percent margin in the following orders:

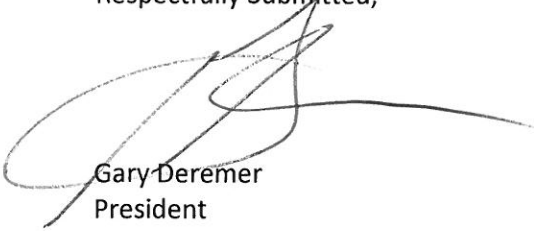
PSC-13-0327-PAA-SU
PSC-13-0126-PAA-SU
PSC-97-0130-FOF-SU
PSC-96-0357-FOF-WU

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Jumper Creek Utility Company
Docket No. 140147-WS
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Jumper Creek has attached Revised Schedules Nos. 3-A, 3-B, and 3-C, to reflect these revised requests above. If you have any questions, please do not hesitate to contact Mr. Troy Rendell at (727) 848-8292, ext. 245.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Gary Deremer', is written over the typed name. The signature is stylized with a large loop and a long horizontal stroke extending to the right.

Gary Deremer
President

Jumper Creek Utility Company
Statement of Water Operations
Test Year Ended 06/30/14

Revised Schedule No. 3-A
Docket No. 140147-WS

Description	Test Year Per Utility	Adjustments	Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$13,078</u>	<u>\$0</u>	<u>\$13,078</u>	<u>\$12,968</u> 99.16%	<u>\$26,046</u>
Operating Expenses					
2 Operation & Maintenance	17,234	2,118	19,352		19,352
3 Depreciation	29,074	-1,980	27,094		27,094
4 Amortization	-7,380	-20,066	-27,447		-27,447
5 Taxes Other Than Income	6,528	-2,000	4,528	584	5,111
6 Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7 Total Operating Expense	<u>45,456</u>	<u>-21,929</u>	<u>23,527</u>	<u>584</u>	<u>24,111</u>
8 Operating Income	<u>-\$32,378</u>	<u>\$21,929</u>	<u>-\$10,449</u>	<u>\$12,384</u>	<u>\$1,935</u>
9 Neg Rate Base - Use O&M	<u>-\$21,632</u>		<u>\$19,352</u>		19,352
10 Rate of Return	<u>149.67%</u>		<u>-54.00%</u>		<u>10.00%</u>

Jumper Creek Utility Company
Statement of Wastewater Operations
Test Year Ended 06/30/14

Revised Schedule No. 3-B
Docket No. 140147-WS

Description	Test Year Per Utility	Adjustments	Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$18,624</u>	<u>\$0</u>	<u>\$18,624</u>	<u>\$12,869</u> 69.10%	<u>\$31,494</u>
Operating Expenses					
2 Operation & Maintenance	\$24,301	\$118	\$24,418		24,418
3 Depreciation	23,175	-10,708	12,467		12,467
4 Amortization	-11,328	-1,139	-12,467		-12,467
5 Taxes Other Than Income	4,055	0	4,055	579	4,634
6 Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7 Total Operating Expense	<u>40,202</u>	<u>-11,729</u>	<u>28,473</u>	<u>579</u>	<u>29,052</u>
8 Operating Income	<u>-\$21,578</u>	<u>\$11,729</u>	<u>-\$9,849</u>	<u>\$12,290</u>	<u>\$2,442</u>
9 Neg Rate Base - Use O&M	<u>-\$115,852</u>		<u>\$24,418</u>		24,418
10 Rate of Return	<u>18.63%</u>		<u>-40.33%</u>		<u>10.00%</u>

Jumper Creek Utility Company
 Adjustment to Operating Income
 Test Year Ended 06/30/14

Revised Schedule 3-C
 Docket No. 140147-WS

Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1	\$0	\$0	
2	<u>\$0</u>	<u>\$0</u>	
Total	<u>\$0</u>	<u>\$0</u>	
<u>Operation and Maintenance Expense</u>			
1	Reclass DEP Operating Permit from TOT1 - water	\$2,000	\$0
2	Rate Case Expense Amortization	\$118	\$118
3	Total	<u>\$2,118</u>	<u>\$118</u>
<u>Depreciation Expense - Net</u>			
1		\$0	\$0
2	To remove net depreciation on non-U&U adjustment above.	(\$1,980)	(\$10,708)
3	Total	<u>\$0</u>	<u>\$0</u>
		<u>(\$1,980)</u>	<u>(\$10,708)</u>
<u>Amortization of Neg Acquisition Adjustment</u>			
1	Annualization of Amort. Of 1/2 at 7 years	(\$14,921)	(\$7,533)
2	Annualization of Amort of 1/2 over remaining life of assets	(\$5,145)	(\$2,982)
3	Adjustment to Reconcile to Depreciation Expense	\$0	\$9,376
	Total	<u>(\$20,066)</u>	<u>(\$1,139)</u>
<u>Taxes Other Than Income</u>			
1	Reclassify DEP Water Operating Permit to Acct. 675	(\$2,000)	\$0
4	Total	<u>\$0</u>	<u>\$0</u>
		<u>(\$2,000)</u>	<u>\$0</u>