

HC Waterworks, Inc.

October 3, 2014

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

Re: Docket No. 140158-WS – Application for increase in water and wastewater rates in Highlands County by HC Waterworks, Inc.

Dear Commission Clerk,

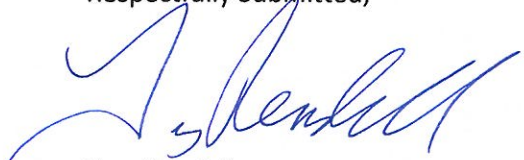
Upon review of the MFRs subsequent to filing, HC Waterworks, Inc. detected two errors in its filing. The first error was a calculation error in Rate Base for both water and wastewater. The Accumulated Depreciation was inadvertently being added instead of being subtracted in the Rate Base calculation. The second error was on Schedule A-2 – Wastewater Rate Base.

On Schedule A-2, the Average Accumulated Depreciation for wastewater inadvertently was pulling the information from the water schedule. These errors have been corrected. Since the rate base amount changed due to the error, the subsequent calculation of the appropriate revenue requirement on both Schedule B-1 and Schedule B-2 were incorrect. These schedules have also been corrected.

Please find enclosed, HC Waterworks, Inc.'s corrected MFR schedules. I apologize for any confusion this may have caused. However, since the utility's filing has not been formerly accepted and the official date of filing has not been established, this should have no affect on the time period for processing this PAA rate case.

Should you have any questions, please contact me at (727) 848-8292, ext. 245.

Respectfully Submitted,



Troy Rendell
Manager of Regulated Utilities
// HC Waterworks, Inc.

5320 Captains Court, New Port Richey, Florida 34652
Mailing: C/O 4939 Cross Bayou Boulevard, New Port Richey, Florida 34652
Tel: 727-848-8292

Schedule of Water Rate Base

Florida Public Service Commission

HC Waterworks, Inc.
Docket No. 140158-WS
 Historical Test Year Ending June 30, 2014
 Historical & Pro Forma

Schedule: A-1
 Page: 1 of 1
 Preparer: W T Rendell

Explanation: Provide the calculation of the average Water rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	Description	(1)	(2)	(3)	(4)	(5)
		Historical Test Year			Adjusted Average Balance	Supporting Schedules
		Average Balance Per Books	Adjustments			
1	Utility Plant in Service	3,722,490	6,423		3,728,913	A-5
2	Utility Land & Land Rights	25,450	0		25,450	A-5
3	Less: Non-Used & Useful Components	0	(299,009)		(299,009)	A-7
4	Construction Work in Progress	0	0		0	
5	Less: Accumulated Depreciation	(695,456)	16,762		(678,694)	A-9
6	Less: CIAC	(841,545)	0		(841,545)	A-12
7	Accumulated Amortization of CIAC	469,066	0		469,066	A-14
8	Acquisition Adjustments	0	(849,440)		(849,440)	
9	Less: Accum. Amort. of Acq. Adjustments	0	78,581		78,581	
10	Less: Advances For Construction	0	0		0	A-16
11	Working Capital Allowance	0	38,182		38,182	A-17
12	Total Rate Base	<u>2,680,005</u>	<u>(1,008,502)</u>		<u>1,671,504</u>	

Schedule of Sewer Rate Base

Florida Public Service Commission

HC Waterworks, Inc.
 Docket No. 140158-WS
 Historical Test Year Ending June 30, 2014
 Historical & Pro Forma

Schedule: A-2
 Page: 1 of 1
 Preparer: W T Rendell

Explanation: Provide the calculation of the average Sewer rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	Description	(1)	(2)	(3)	(4)	(5)
		Historical Test Year			Adjusted Average Balance	Supporting Schedules
		Average Balance Per Books	Adjustments			
1	Utility Plant in Service	385,287	0		385,287	A-6
2	Utility Land & Land Rights	2,200	0		2,200	A-6
3	Less: Non-Used & Useful Components	0	(22,044)		(22,044)	A-7
4	Construction Work in Progress	0	0		0	
5	Less: Accumulated Depreciation	(282,952)	0		(282,952)	A-10
6	Less: CIAC	(280,600)	0		(280,600)	A-12
7	Accumulated Amortization of CIAC	240,663	0		240,663	A-14
8	Acquisition Adjustments	0	(21,078)		(21,078)	
9	Less: Accum. Amort. of Acq. Adjustments	0	4,569		4,569	
10	Less: Advances For Construction		0		0	A-16
11	Working Capital Allowance	0	9,495		9,495	A-17
12	Total Rate Base	64,598	(29,058)		35,540	

Schedule of Water Net Operating Income

Florida Public Service Commission

HC Waterworks, Inc.
 Docket No. 140158-WS
 Historical Test Year Ending June 30, 2014
 Historical & Pro Forma

Schedule: B-1
 Page: 1 of 1
 Preparer: WT Rendell

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Per Books Test Year	(3) Utility Test Year Adjustment	(4) Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedules
1	OPERATING REVENUES	390,596	20,903	411,499	82,467	493,966	B-4, E-2
2	Operation & Maintenance	299,336	6,117	305,453	1,616	307,068	B-5, B-3
3	Depreciation, net of CIAC Amort., U&U	95,608	(4,768)	90,840	0	90,840	B-13, B-3
4	Amortization		(78,581)	(78,581)	0	(78,581)	B-3
5	Taxes Other Than Income	59,409	(4,169)	55,240	3,711	58,951	B-15, B-3
6	Provision for Income Taxes	0	0	0	0	0	C-1, B-3
7	OPERATING EXPENSES	454,352	(81,400)	372,952	5,327	378,278	
8	NET OPERATING INCOME	(63,755)	102,303	38,548	77,140	115,688	
9	RATE BASE	2,680,005	(1,008,502)	1,671,504		1,671,504	A-1
10	RATE OF RETURN	-2.38%		2.31%		6.92%	

Schedule of Sewer Net Operating Income

Florida Public Service Commission

HC Waterworks, Inc.
 Docket No. 140158-WS
 Historical Test Year Ending June 30, 2014
 Historical & Pro Forma

Schedule: B-2
 Page: 1 of 1
 Preparer: W T Rendell

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Per Books Test Year	(3) Utility Test Year Adjustment	(4) Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedules
1	OPERATING REVENUES	111,686	7,993	119,678	(46,225)	73,453	B-4, E-2
2	Operation & Maintenance	79,399	(3,439)	75,959	(906)	75,054	B-6, B-3
3	Depreciation, net of CIAC Amort., U&U	(372)	(4,288)	(4,660)	0	(4,660)	B-14, B-3
4	Amortization		(4,569)	(4,569)	0	(4,569)	B-3
5	Taxes Other Than Income	8,903	(1,685)	7,218	(2,080)	5,138	B-15, B-3
6	Provision for Income Taxes	0	0	0	0	0	C-1, B-3
7	OPERATING EXPENSES	87,930	(13,982)	73,949	(2,986)	70,963	
8	NET OPERATING INCOME	23,755	21,974	45,730	(43,239)	2,490	
9	RATE BASE	64,598	(29,058)	35,540		35,540	A-2
10	RATE OF RETURN	36.77%		128.67%		7.01%	

Rate Schedule - Water

Florida Public Service Commission

HC Waterworks, Inc.

Schedule: E-1w

Docket No. 140158-WS

Page: 1 of 1

Historical Test Year Ending June 30, 2014

Preparer: W T Rendell

Water [X] or Sewer []

Explanation: Provide a schedule of present rates and proposed rates.

Line No.	Class/Meter Size	(1) Prior to Filing	(2) Proposed Rates
1	Residential		
2	5/8" X 3/4"	18.92	21.01
3	3/4"	28.38	31.52
4	1"	47.31	52.53
5	1-1/2"	94.61	105.05
6	2"	151.38	168.08
7	3"	302.77	336.16
8	4"	473.07	525.25
9	6"	946.15	1,050.50
10	8"	1,513.83	1,680.80
11	10"	2,176.13	2,416.15
12	<i>Gallonage Charge, per 1,000 gallons</i>		
13	<i>0 - 6,000 gal.</i>	6.46	6.85
14	<i>6,001 - 12,000 gal.</i>	9.71	10.28
15	<i>Over 12,000 gal.</i>	12.93	13.71
16			
17	General Service		
18	5/8" X 3/4"	18.92	21.01
19	3/4"	28.38	31.52
20	1"	47.31	52.53
21	1-1/2"	94.61	105.05
22	2"	151.38	168.08
23	3"	302.77	336.16
24	4"	473.07	525.25
25	6"	946.15	1,050.50
26	8"	1,513.83	1,680.80
27	10"	2,176.13	2,416.15
28	<i>Gallonage Charge</i>	7.25	7.93
29			
30	Irrigation		
31	5/8" X 3/4"	18.92	21.01
32	3/4"	28.38	31.52
33	1"	47.31	52.53
34	1-1/2"	94.61	105.05
35	2"	151.38	168.08
36	3"	302.77	336.16
37	4"	473.07	525.25
38	<i>Gallonage Charge, per 1,000 gallons</i>		
39	<i>0 - 6,000 gal.</i>	6.46	6.85
40	<i>6,001 - 12,000 gal.</i>	9.71	10.28
41	<i>Over 12,000 gal.</i>	12.93	13.71
42			
43	Private Fire Protection		
44	2"	12.62	14.01
45	3"	25.23	28.01
46	4"	39.43	43.77
47	6"	78.85	87.54
48	8"	126.16	140.07
49	10"	181.34	201.35

Rate Schedule - Sewer

Florida Public Service Commission

HC Waterworks, Inc.
 Docket No. 140158-WS
 Historical Test Year Ending June 30, 2014
 Water [] or Sewer [X]

Schedule: E-1s
 Page: 1 of 1
 Preparer: W T Rendell

Explanation: Provide a schedule of present rates and proposed rates.

	(1)	(2)	(3)
Line No.	Class/Meter Size	Prior to Filing	Proposed Rates
1	Residential		
2	All Meter Sizes	22.59	14.49
3			
4	Gallage cap (gallons)	6,000	6,000
5	Gallage Charge, per 1,000	7.64	4.27
6			
7			
8	General Service		
9	5/8" X 3/4"	22.59	14.49
10	3/4"	33.90	21.73
11	1"	56.50	36.22
12	1-1/2"	112.98	72.44
13	2"	180.78	115.90
14	3"	361.54	231.80
15	4"	564.91	362.19
16	6"	1,129.83	724.37
17	8"	1,807.20	1,158.99
18	10"	2,598.61	1,666.06
19	Gallage charge	9.16	5.12
20			
21	Flat Rate		
22			
23	Residential Wastewater Only (RWO)		
24	Monthly Flat Rate	-	21.18
25	Gen. Srv. Wastewater Only		
26	Monthly Flat Rate	-	14.49