

# HC WATERWORKS, INC.

FILED 12/13/2019  
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FPSC - COMMISSION CLERK

December 13, 2019

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


Re: Docket No. 20190166-WU Application for increase in water rates in Highlands County by HC Waterworks, Inc. – *Supplemental Response to Staff Second Deficiency Letter*

Dear Commission Clerk,

HC Waterworks, Inc. hereby submits its supplemental response to Staff's Second Deficiency Letter dated December 6, 2019. HC Waterworks inadvertently omitted the following schedules in its first response.

- Revised Schedule B-3
- Revised Schedule B-15

Respectfully Submitted,



Troy Rendell  
Vice President  
Investor Owned Utilities  
*// for HC Waterworks, Inc.*

Schedule of Adjustments to Operating Income

Florida Public Service Commission

HC Waterworks, Inc.  
 Docket No. 20190166-WS  
 Historical Test Year Ending June 30, 2019

Revised Schedule: B-3  
 Page: 1 of 3  
 Preparer: W T Rendell

Historical [ X ] Projected [ X ]

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	(1) Acct	(2) Description	(3)	(4) Total Base	(5) Test Year Water	(6) Test Year Sewer	(7) Supporting Schedules
1		<b>UTILITY TEST YEAR ADJUSTMENTS</b>					
2	<b>A</b>	<b>REVENUES</b>					
3		Adjustment to Calculated Revenues			1,570		E-2w / E-2s
4							
5		<b>TOTAL REVENUE ADJUSTMENTS</b>			<u>1,570</u>		
6							
7	<b>B</b>	<b>OPERATIONS &amp; MAINTENANCE</b>					B-5, B-6
8							
9	675	Miscellaneous Expense - Political Contribution			(2,000)		
10	618	Chemicals - Erroneous Invoice paid - LP Waterworks			(452)		
11	618	Chemicals - Leisure Lake Sulfuric Acid	Cost per 1,000 gallons	\$ 0.41			
12			Test Year Gallons produced (000)	7,893	\$ 3,236		
13	618	Chemicals - Leisure Lake Sodium Hydroxide	Cost per 1,000 gallons	\$ 0.03			
14			Test Year Gallons produced (000)	7,893	237		
15	615	Purchased Power - Leisure Lakes Re-pumping	Cost per 1,000 gallons	\$ 0.92			
16			Test Year Gallons produced (000)	7,893	7,262		
17	666/766	<b>Reg. Comm. Exp. - Rate Case Amort.</b>					
18		Reg. Comm. Exp. - Rate Case Amort.	Details on Schedule B-10		1,486	0	
19		Total Adjustments			<u>9,770</u>	<u>0</u>	
20							
21		<b>TOTAL O&amp;M ADJUSTMENTS</b>			<u>9,770</u>	<u>0</u>	

Schedule of Adjustments to Operating Income

Florida Public Service Commission

HC Waterworks, Inc.  
 Docket No. 20190166-WS  
 Schedule Year Ended: 12/31/07  
 Historical [ X ] Projected [ X ]

Revised Schedule: B-3  
 Page: 2 of 3  
 Preparer: W T Rendell

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	(1)	(2)	(3)	(4) Base Total	(5) Test Year Water	(6) Test Year Sewer	(7) Supporting Schedules	
1		<b>UTILITY TEST YEAR ADJUSTMENTS, continued</b>						
2								
3	C	DEPRECIATION NET OF AMORTIZATION OF CIAC (Used & Useful)						B-13, B-14
4		Reduction for NU&U (on B-13, B-14)					(6,614)	B-13, B-14
		Pro Forma Depreciation - net of non used and useful					11,448	
		Amortization - adjust to TY actual - remove previous months outside of TY					2	
5		TOTAL DEPRECIATION ADJUSTMENTS					4,835	
6								
7	D	AMORTIZATION						
8	407400						0	
9		TOTAL AMORTIZATION ADJUSTMENTS					0	
10								
11	E	TAXES OTHER THAN INCOME TAX						B-15
12	408206	<b>Regulatory Assessment Fees</b>						
13								
14		RAF on Adjusted Rev	RAF Rate: 4.50%	575,735			B-1, B-2	
15		RAF Per Books		25,908			B-15	
16		RAF Adjustmnet		71				
17								
18	408110	<b>Property Tax</b>						
19								
20		Property Tax on Lake Josephine Treatment	Not in Test year	4,474			B-15	
21		Property Tax on Pro Forma Plant		4,891				
22							9,364	
23			NU&U % of Tangible Plant	3.78%			A-5, A-6	
24			Less NU&U Portion of Property Taxes	(354)				
25		Test Year Taxes on U&U Portion					9,011	
26		Property Tax Adjustment					9,011	
27		TOTAL TAXES OTHER THAN INCOME ADJUSTMENTS					9,081	
28								
29							0	
30		TOTAL TEST YEAR EXPENSE ADJUSTMENTS					23,686	
31								

Schedule of Adjustments to Operating Income

Florida Public Service Commission

HC Waterworks, Inc.  
 Docket No. 20190166-WS  
 Schedule Year Ended: 12/31/07  
 Historical [ X ] Projected [ X ]

Revised Schedule: B-3  
 Page: 3 of 3  
 Preparer: W T Rendell

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	(1) Acct	(2) Description	(3)	(4) Total Base	(5) Pro Forma Water	(6) Pro Forma Sewer	(7) Supporting Schedules
1		UTILITY PRO FORMA ADJUSTMENTS					
2		OPERATION & MAINTENANCE EXPENSE					
3	670/770	Bad Debt Adjustment Due To Proposed Rate Increase			3,296		B-1, B-2
4		TOTAL O&M PRO FORMA ADJUSTMENTS			3,296		
5							
6		TAXES OTHER THAN INCOME TAX					
7		RAF on Revenue Adjustment @	4.500%		7,570		
8							
9		TOTAL PRO FORMA EXPENSE ADJUSTMENTS			10,866		
10							

**Taxes Other Than Income**

**Florida Public Service Commission**

**HC Waterworks, Inc.**  
**Docket No. 20190166-WS**  
 Historical Test Year Ending June 30, 2019

**REVISED** Schedule: B-15  
 Page: 1 of 1  
 Preparer: W T Rendell

Explanation: Complete the following schedule of all taxes other than income.  
 For all allocations, provide description of allocation and calculations.

Line No.	(1) Description	(2)	(3) Regulatory Assessment Fees (RAFs) 4.50%	(4) Payroll Taxes	(5) RE & Personal Property Tax on U&U	(6) Other	(7) Total
<b>Water</b>							
1	Test Year Per Books		25,837	0	29,721	0	55,559
2							
3	Adjustments to Test Year (Explain)						
4	RAF on Adj'd Rev - RAF Per Books		71				71
5	Property Tax NU&U Adj				(354)		(354)
	Pass through Property Tax Increase				4,474		4,474
	Property Tax on Pro Forma Plant				4,891		4,891
6	Total Test Year Adjustments		71	0	9,011	0	9,081
7	Adjusted Test Year		25,908	0	38,732	0	64,640
8							
9							
10	RAFs Assoc. with Revenue Increase		7,570				7,570
11							
12	Total Adjusted		33,478	0	38,732	0	72,210
<b>Sewer</b>							
13	Test Year Per Books					0	0
14							
15	Adjustments to Test Year (Explain)						
16	RAF on Adj'd Rev - RAF Per Books						0
17	Property Tax Reclass & NU&U Adj						0
18	Payroll Adjustments						0
19	Total Test Year Adjustments		0	0	0	0	0
20	Adjusted Test Year		0	0	0	0	0
21							
22	RAFs Assoc. with Revenue Increase		0				0
23							
24	Total Pro Forma		0	0	0	0	0

Recap Schedules: B-1, B-2 Source Schedule: B-3  
 Payroll taxes: FICA=7.65%, Fed & State Unemployment=0.41%