

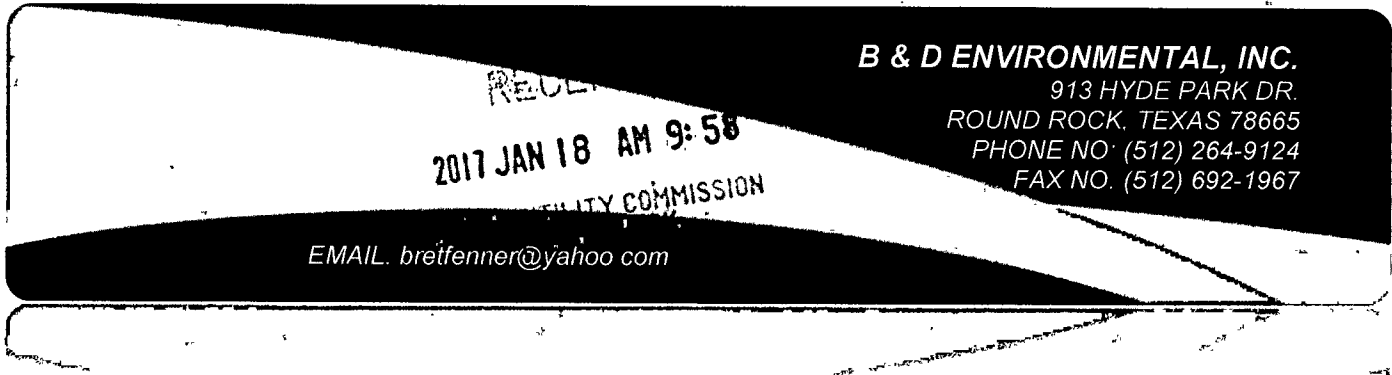


Control Number: 46438



Item Number: 136

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January 13, 2016

Public Utility Commission
Central Records
1701 N. Congress P.O. Box 13326
Austin, Texas 78711-3326

Re: Docket No. 46438 - Application of J&S Water Company, LLC (J&S) for a Rate/Tariff Change

Susan E. Goodson, Administrative Law Judge:

In regards to Order No. 2 concerning the Commission's Staff's recommendation was to the completeness of the above mention application, please find the following correction to the Application to address deficiencies.

1. A completed Schedule II-6 (Payroll Cost Allocation)
2. Schedule II-7 (Materials) - The listed know and measurable change amount in this expense category is for those cost that were capitalized and added to rate base. An allocation of these cost between water, sewer and capitalized expenses can be found in Attachment A of the Application.
3. Schedule III-1 (Requested Return).- These schedules for both water and sewer were corrected to reflect the accurate calculation of return on rate base of 10.18%.

Should you have any further questions concerning this application, please do not hesitate to contact me at (512) 264-9124.

Sincerely,

Bret W. Fenner, P.E.
B & D Environmental, Inc.

Enclosures

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UTILITY NAME J & S Water Supply, LLC
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-6 ALLOCATION OF PAYROLL EXPENSES
 FOR THE ADJUSTED TEST YEAR July 31, 2016

SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERVICE
II-6(a) PAYROLL COSTS:

Line No.	Employee Name	A Test Year Payroll	B Capitalized Payroll	C Expensed Payroll	D 1st 7000 or new limit (FUTA max)	E 7,001 to 9000 or new limit (SUTA max)	F 9,001 to 118500 or new limit (or FICA max)	G over 118500 or new limit	H Total Payroll
1.	D S. Nowling	2,160			209.30				2,369.30
2.	Charles J. Nowling	51,300					4,447.94		55,747.94
3.	Carlos H. Jimenez-Martinez	3,772			246.43				4,018.43
4.	Timothy M. Ervin	41,600					3,804.30		45,404.30
5.	James Nowling	19,960					2,824.03		22,784.03
6.									
7.									
8.									
9.	Total	118,792			455.73		11,076.27		130,324
10.	Percentage Capitalized Line 9, column F divided by line 9, column E=								

II-6(b) ALLOCATION OF PAYROLL TO EXPENSE:

Line 'Total Payroll Expenses' should equal the total from 'Expensed Payroll' (Column C, Line 9) above

Line No.	Acct. No.	Account Name	Test Yr Expense
1.	601-1	Employee labor	118,792
2.	601-2	Office salaries	
3.	601-3	Management salaries	
4.		Total Payroll Expenses	

to Schedule I-1, Line 5.
 to Schedule I-1, Line 11.
 to Schedule I-1, Line 12.
 (should equal II-6(a), Column C, Line 9.)

* Attach a brief summary of the utility's capitalization policy and explain any changes in capitalization rates of more the 5% per year.

** Attach an explanation and calculation for K&M salary changes from test year.

UTILITY NAME: <u>J&S Water Company, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE III-1 REQUESTED RETURN (Water) FOR THE TEST YEAR ENDED: <u>July 31, 2016</u>

RETURN ON RATE BASE:

Line No.	Description	Amount
1	Test year end rate base (from III-2, Line 16)	533,880
2	Requested ROR (Col G, Line 7 below)	10.18%
3	Return on rate base (Line 1 x Line 2)	54,349

Rate of Return:

A Line No	B Description	C Amount	D Percentage	E Rate	F Reference	G Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			G=(E x F)
4.	Equity (Rate base less Line 5, Column D)	354,196		12.0000%	Col E = Requested return on equity	9.1300%
5.	Long Term Debt and Advances from associated companies from Schedule III-6	111,376		4.4000%	Col E = From Sch. III-6, Column H, Line 9	1.05%
6.	Total capitalization (Rate Base Sch III-2, Line 16)	465,572				
7.	Return on rate base Col G, Line 6 rounded to nearest 0.01%)				Line 4 + Line 5	10.18%

To Line 2 above

* ROE = Return on Equity

UTILITY NAME: <u>J&S Water Company, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE III-1 REQUESTED RETURN (Sewer) FOR THE TEST YEAR ENDED: <u>July 31, 2016</u>

RETURN ON RATE BASE:

Line No.	Description	Amount
1	Test year end rate base (from III-2, Line 16)	611,350
2	Requested ROR (Col G, Line 7 below)	10.18%
3	Return on rate base (Line 1 x Line 2)	62,235

Rate of Return:

A Line No.	B Description	C Amount	D Percentage	E Rate	F Reference	G Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			G=(E x F)
4.	Equity (Rate base less Line 5, Column D)	458,933		12.0000%	Col E = Requested return on equity	9.1300%
5	Long Term Debt and Advances from associated companies from Schedule III-6	125,336		4.4000%	Col E = From Sch. III-6, Column H, Line 9	1.05%
6.	Total capitalization (Rate Base Sch III-2, Line 16)	584,269				
7.	Return on rate base Col G, Line 6 rounded to nearest 0.01%)				Line 4 + Line 5	10.18%

To Line 2 above

* ROE = Return on Equity