

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

**RECEIVED**  
JAN 22 2014

UTILITIES & DISTRICTS  
SECTION

Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,

  
\_\_\_\_\_  
Ratepayer Signature

James D. Stringer

\_\_\_\_\_  
Ratepayer Printed Name

8100 Canterbury Dr.  
Orange, TX 77632

\_\_\_\_\_  
Residence

1/17/14  
\_\_\_\_\_  
Date

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

**RECEIVED**  
JAN 22 2014  
UTILITIES & DISTRICTS  
SECTION

Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,

Judy Colebrook  
Ratepayer Signature

Judy Colebrook  
Ratepayer Printed Name

8301 Chaucer Dr.  
Residence

1-17-14  
Date

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

**RECEIVED**  
JAN 22 2014

UTILITIES & DISTRICTS  
SECTION

Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,

  
Ratepayer Signature

F.M. POLLOCK  
Ratepayer Printed Name

8208 CHAUCER DR  
ORANGE TX 77632  
Residence

01-16-2014  
Date

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

**RECEIVED**  
JAN 22 2014  
UTILITIES & DISTRICTS  
SECTION

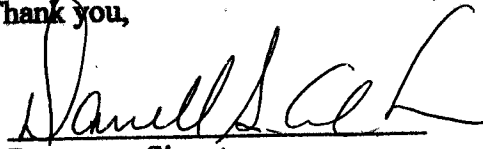
Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,

  
Ratepayer Signature

DARRELL G. ALSANADOR  
Ratepayer Printed Name

8122 CANTERBURY DRIVE  
ORANGE, TX 77632  
Residence

1/17/2014  
Date

I HAVE LIVED AT THIS ADDRESS SINCE 1995. SINCE I  
HAVE LIVED HERE, THERE HAVE BEEN SEVERAL COMPLAINTS ABOUT THE  
WATER AND SEWER. NO BOIL WATER NOTICES WHEN WE LOSE  
WATER PRESSURE, HIGH SOLIDS/RUST CONTENT IN THE WATER.  
THEY HAVE PLUGGED ALL OF MY FAUCETS AND SHOWER HEADS  
AND COMMUNES SO BAD THAT I HAD TO REPLACE ALL OF THEM.  
~~THE~~ THE RESPONSE I RECEIVED WHEN I REPORTED IT WAS  
TO PUT A SCREEN FILTER IN MY WATER LINE. THEY PLUGGED  
MY METER COMPLETELY AND HAD TO REPLACE IT. (OVER) 30

MY TOILET TANKS CONTAIN RUST AND SEDIMENT SOLIDS.  
MY ICE MAKER IS RUSTING.  
MY DISHES ALL HAVE WATER SPOTS.  
MY WIFE ITCHES AFTER EVERY HOT SHOWER.  
MY SINKS HAVE HARD WATER STAINS THAT I CAN'T  
CLEAN.  
MY TOILETS HAVE HARD WATER RINGS IN THEM  
MY SEWER BACKS UP AND I CAN'T FLUSH THE  
TOILETS EVERY TIME WE HAVE A HARD RAIN.  
OUR WATER HAS A HIGH CHLORINE ODOR IN THE SUMMER  
WHAT CAN WE DO TO GET BETTER WATER AND  
SEWER SERVICE?

Daniel S. Al

8122 CARTER BURY DRIVE

ORANGE, TX 77632

(409) 313-1200

~~alsandor~~

dg.alsandor@invista.com

RESERVE  
JAN 22 2014

1/12/2014

I HAVE LIVED AT THIS ADDRESS 1945. THE WATER  
QUALITY HERE IS VERY BAD. THERE IS EXTREMELY HIGH  
ROAD GUTTER AND THE WATER IS VERY HARD. I HAVE A  
QUICKEN PLATINUM TOP SPECTRUE AND A CARBON CANISTER FILTER  
ON THE WATER AND STILL CAN'T GET SOFT WATER. MY  
SKIN ALSO BREAKS UP EVERY TIME THERE IS A HEAVY RAIN.  
I DO NOT FEEL THAT THE SERVICE HERE DESERVES AN INCREASE

1/16/2014

**Residents Of Country Squire Water & Sewer Users**

Attached is a protest form prepared by Mr. Kyle Bryant concerning the rate increase requested by North Orange Water & Sewer. If you agree with the form then please fill it out and mail it to the address listed on top of the form or you may prepare your own letter of protest but, please send in some form of protest.

In the past the water and sewer company doubled the amount of money they wanted and then we protested and the State cut the request in half. If we do nothing then they will get the full amount. We hope the State will reject the request or reduce the existing amount.

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

**RECEIVED**  
JAN 22 2014  
UTILITIES & DISTRICTS  
SECTION

Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,

Forrest Erb

Ratepayer Signature

FORREST ERB

Ratepayer Printed Name

8125 CANTERBURY DR  
ORANGE, TX 77632

Residence

1-15-14

Date



Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

RECEIVED  
JAN 22 2014

Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060 SECTION UTILITIES & DISTRICTS

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,



Ratepayer Signature

Rodney W. Lyons

Ratepayer Printed Name

8308 Chaucer

Orange, TX 77632

Residence

17-Jan-2014

Date

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

**RECEIVED**  
JAN 22 2014  
UTILITIES & DISTRICTS  
SECTION

Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,

Rachel Daigel  
Ratepayer Signature

Rachel Daigel  
Ratepayer Printed Name

1708 Canterbury Dr  
Orange, TX 77632  
Residence

1-17-14  
Date

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

**RECEIVED**  
JAN 22 2014

UTILITIES & DISTRICTS  
SECTION

Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,

Harold Allbritton  
Ratepayer Signature

Harold Allbritton  
Ratepayer Printed Name

(Country Squire Add.)  
8201 Canterbury  
Residence Orange-TX. 77632

Jan. 17, 2014  
Date

8201 Canterbury Dr.  
Orange, TX. 77632

Texas Comm./Environmental Quality  
Water Supply Division  
POB 13087  
Austin, TX. 78711-3087

**RECEIVED**  
JAN 22 2014

UTILITIES & DISTRICTS  
SECTION

Dear Members:

Residents of Country Squire Add. have received notice from North Orange Water & Sewer Co. of request for increase in monthly rates.

We oppose the request. First, in this addition of some 54 homes, the majority of homeowners are either retired with no children at home, or only one homeowner still living. Those in this group do not use the minimum amount of water allowed now, nor of the sewer. This group of homeowners mostly live on a set income and any increase in living expenses can be a hardship on some.

The water stains fixtures and we are not aware that attempts to improve on that have been made. Some homeowners rent filters to try and improve the water.

Of the homeowners who live outside this addition and water service area that I have talked with, we pay the highest fee for water and sewer. So, we cannot understand this request to raise the rate.

Respectfully,

*Harold Allbritton*  
Harold Allbritton

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087

KA / MD  
370 CO-42  
37821-2  
RECEIVED

MAY 12 2014

Re: Notice of Proposed Rate Change for Country Squire Estates PWS ID #1810060

Company: North Orange Water & Sewer

CCN:11642 & 20564

To Whom it May Concern:

Please let this letter serve as notification that I wish to protest the proposed rate change for which I have been notified. I believe that the percentage increase is much too high, and I do not believe that ratepayers have been given a detailed rationale for the increase. An almost 40% increase in water charges from the previous billing year is not reasonable. Thank you,

Country Squire  
Sub Division

Ambrose Clayton Jr.  
Ratepayer Signature

Ambrose Clayton Jr.  
Ratepayer Printed Name

8200 Chaucer Dr  
Orange Texas 77660  
Residence

May 8, 2014  
Date

**B & D ENVIRONMENTAL, INC.**

P.O. BOX 500264  
AUSTIN, TEXAS 78750  
PHONE NO: (512) 264-9124  
FAX NO: (512) 692-1967

EMAIL: bretfenner@yahoo.com

December 27, 2013

Ms. Tammy Benter, Manager  
Texas Commission on Environmental Quality  
Utilities & Districts Section, MC 153  
Water Supply Division  
P.O. Box 13087  
Austin, Texas 78711-3087

RECEIVED  
JOE Q  
WATER SUPPLY DIV.  
2013 DEC 30 PM 2 19

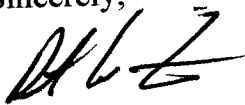
Re: Water Rate/Tariff Change Application of North Orange Water and Sewer, LLC for its Country Squire Water and Sewer System (Country Squire), Certificates of Convenience and Necessity (CCN) Nos. 11642 and 20564 in Orange County.

Dear Ms. Benter:

Per your request, enclosed are an original and four copies of a completed water and sewer rate/tariff change application along with appropriate attachments for Country Squire. A copy of the notices mailed to each affected customer is also included in the rate/tariff change application.

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.

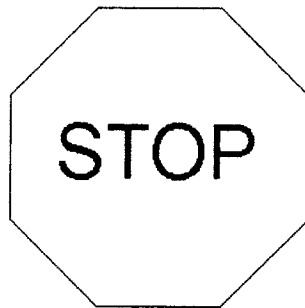
**RECEIVED**  
DEC 30 2013  
UTILITIES & DISTRICTS  
SECTION

Enclosures



**APPLICATION FOR A**  
**RATE/TARIFF CHANGE**

**RECEIVED**  
DEC 30 2013  
UTILITIES & DISTRICTS  
SECTION



When you are filling out this application, you cannot go from one line to the next and fill it out correctly. You will need to complete some tables partially and come back to them later in the process.

Therefore, it is important that you follow the instructions that accompany this application. They are designed to give you a step-by-step process for completing the application.



## TABLE OF CONTENTS

SECTION IA - GENERAL INFORMATION.....	5
SECTION IB - MISCELLANEOUS INFORMATION .....	5
SECTION II: OPERATIONAL INFORMATION – WATER.....	8
SECTION III. PLANT & EQUIPMENT INFORMATION – WATER .....	9
A. CUSTOMER CONTRIBUTIONS.....	9
B. ORIGINAL COST & DEPRECIATION SCHEDULE – WATER.....	10
C. DEVELOPER CONTRIBUTIONS - WATER.....	11
SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER .....	11
A. EQUITY.....	11
B. RATE OF RETURN .....	11
C. BANKRUPTCY.....	11
D. NOTES PAYABLE - WATER.....	12
E. INVESTED CAPITAL & RETURN - WATER.....	13
SECTION V - INCOME TAX CALCULATION – WATER.....	13
SECTION VI - UTILITY INCOME & EXPENSE INFORMATION – WATER.....	14
A. REVENUE REQUIREMENT .....	14
B. KNOWN & MEASURABLE .....	15
SECTION VII - CUSTOMER INFORMATION - WATER.....	15
NUMBER OF CUSTOMERS .....	15
SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER .....	16
SECTION IX - RATE DESIGN - WATER.....	17
A. VARIABLE RATE CALCULATIONS .....	17
B. BASE RATE CALCULATIONS .....	17
SECTION X –ALTERNATE METHOD OF RATE DESIGN - WATER .....	17
SECTION II: OPERATIONAL INFORMATION – SEWER .....	20
SECTION III. PLANT & EQUIPMENT INFORMATION – SEWER.....	21
A. CUSTOMER CONTRIBUTIONS.....	21
B. ORIGINAL COST & DEPRECIATION SCHEDULE – SEWER.....	22
C. DEVELOPER CONTRIBUTIONS - SEWER .....	23
SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – SEWER.....	23
A. EQUITY.....	23
B. RATE OF RETURN .....	23
C. BANKRUPTCY.....	23
D. DEBT & EQUITY - SEWER .....	24
E. INVESTED CAPITAL & RETURN - SEWER .....	25

## CONTINUATION OF TABLE OF CONTENTS

SECTION V - INCOME TAX CALCULATION – SEWER.....	25
SECTION VI - UTILITY INCOME & EXPENSE INFORMATION – SEWER .....	26
A    REVENUE REQUIREMENT .....	26
B.   KNOWN & MEASURABLE .....	27
SECTION VII - CUSTOMER INFORMATION - SEWER .....	27
NUMBER OF CUSTOMERS .....	27
SECTION VIII – TREATMENT INFORMATION - SEWER.....	28
SECTION IX - RATE DESIGN - SEWER .....	29
A.   VARIABLE RATE CALCULATIONS .....	29
B.   BASE RATE CALCULATIONS .....	29
SECTION X - ALTERNATE METHOD OF RATE DESIGN - SEWER .....	30
AFFIDAVIT.....	32
NOTICE OF PROPOSED RATE CHANGE .....	34
SECTION 1.0 - RATE SCHEDULE .....	38
INCOME TAX TABLE.....	41

# APPLICATION FOR A RATE/TARIFF CHANGE

## SECTION IA - GENERAL INFORMATION

Applicant North Orange Water & Sewer LLC  
(Individual, Corporation, or Other Legal Entity)  
Utility Name: Country Squire Water & Sewer  
(If different than above)

Legal form of Application:

☐ Individual ☐ Partnership ☐ Sub Chapter-S Corporation

☒ Corporation Provide Charter Number 0704601622

☐ Other Please Explain:

Utility Address: 10404 North Highway 87, Suite 102 Orange Texas 77632-0525  
Street Address or Location City State Zip Code

County(ies) where services are provided: Orange

CCN Number(s): 11642 & 20564

Contact Person: Bret W. Fenner, P.E. Telephone Number: (512) 264-9124

Position: Engineer Fax Number: (512) 692-1967

Address: P.O. Box 500264 Austin Texas 78750  
Street Address or Location City State Zip Code

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at: **(See Attachment A)**

Comptroller of Public Accounts, Office Management <sup>1</sup>  
P. O. Box 13528  
Austin, Texas 78711  
1-800-252-5555

1. <https://ourcpa.cpa.state.tx.us/coa/Index.html>

## SECTION IB - MISCELLANEOUS INFORMATION

- A. How often and on what dates are water meters typically read? Last week of the month
- B. When bills are typically sent out? Last week of the month
- C. Do you serve customers within the corporate limits of a municipality? If No, Go to D. ☐ Yes ☒ No  
If yes, which municipalities? \_\_\_\_\_

Have you filed a request to change rates with the municipality? ☐ Yes ☒ No

If no, please explain:

- D. Are you currently collecting the Regulatory Assessment Fee from your customers? ☒ Yes ☐ No

If yes, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on Environmental Quality or the predecessor agency, Texas Water Commission, for assessments payable beginning January 1, 1992? ☒ Yes ☐ No

E. Water Utilities: Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
Country Squire Water & Sewer	1810060	Orange	Yes

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. (See Attachment B)

F. Sewer Utilities: Please indicate the discharge permit number for each Wastewater Treatment Plant you operate:

Wastewater Treatment Plant Name	TCEQ Discharge Permit Number	County	Rate Increase Applicable?
Country Squire Plant	WQ0011589001	Orange	Yes

For each of the plants, please provide a copy of the most recent inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. (See Attachment B)

**INFORMATION REQUIRED**  
**FOR A**  
**WATER RATE/TARIFF CHANGE**

## SECTION II: OPERATIONAL INFORMATION – WATER

**Manager** (or owner if services are routinely provided to the utility)

Name Bobby Manshack

Relationship to Owner: Director

Short job description:

**Manages utility, financial decisions, contract relations; plans improvements, deals with regulatory issues and compliance with TCEQ standards.**

Approximate number of hours per week this person works for the company: 20

Salary: \$ 450 Hourly      Weekly   X   Monthly      Annual     

### Employees

Name Cammie Vincent

Relationship to Owner: Director

Short job description:

**Office manager; prepares billing; billing and financial records, customer service, bookkeeping, regulatory and compliance response and correspondence with government agencies.**

Approximate number of hours per week this person works for the company: 20

Salary: \$ 365 Hourly      Weekly   X   Monthly      Annual     

Name Susan Vincent

Relationship to Owner: In-Law

Short job description:

**Administrative assistant, billing, customer service and provides bookkeeping.**

Approximate number of hours per week this person works for the company: 40

Salary: \$ 700 Hourly      Weekly   X   Monthly      Annual     

Name Buford Mooney

Relationship to Owner: None

Short job description:

**Certified operator for water utility; conducts daily checks and provides minor repairs and maintenance for utility.**

Approximate number of hours per week this person works for the company: 20

Amount paid for services: \$ 365 Hourly      Weekly   X   Monthly      Annual     

**Please provide the names and classification of the utility's certified operators:**

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
<b>Buford Mooney / Class C Water; Class C Sewer</b>	

-Attach additional sheet(s) if necessary-

## SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

### A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

**Table III. A.**

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E]= [C] - [D]
None				①
				①
				①
				①
				①

- Attach additional sheet(s) if necessary –

- ① If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Amounts should be computed as of the end of the "test year."** (See Attachment C)

\* TCEQ Suggested Service Life \*\* Other Service Life

Page 10 of 42



If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

**Table III. C.**

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
<b>None</b>				
Total				

①

- Attach additional sheet(s) if necessary -

## SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

### A. EQUITY

How much equity or total capital does the company have in the utility? \$ 123,151  
Enter also in **Table IV. D.**, Box (3) below

## B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 11.00 %  
Enter also in **Table IV. D., Box (4)** below

**NOTE: You may choose**

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

### C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? \_\_\_\_\_ Yes   X   No  
If YES, explain status of applicant at this time.

--

# **D. NOTES PAYABLE - WATER**

List the following information concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

**Table IV. D.**

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F] Interest Rate	[G] Weighted Average [E] ÷ ⑤ * [F]
Part 1 - Debt						
Compass Bank LOC	11/15/2009	N/A	\$ 85,000	\$ 17,228*	6.5 %	0.70 %
MCT 052 LOC	4/18/2008	N/A	\$ 60,000	\$ 20,796*	10.3 %	1.30 %
			\$	\$	%	%
			\$	\$	%	%
Total			\$ 145,000 ①	\$ 38,024 ②		2.00 % ⑥
Part 2 - Investment/Equity						
Total Debt & Equity				\$ 123,151 ③	11.00 % ④	8.40 % ⑦
				\$ 161,175 ⑤		
				Rate of Return		10.40 % ⑧

\*All loans are allocated to Country Squire's total debt for water facilities based on a percentage of net book value of each versus total net book value of all facilities of North Orange Water and Sewer (See Attachment D for calculation).

- ① Total amount of original loans
- ② Total amount of the outstanding balance on the loans
- ③ Equity in the utility - From Section IV. A.
- ④ Return on Equity - From Section IV. B.
- ⑤ Total of ② + ③
- ⑥ Total weighted average of debt - To Table V, Line [C]
- ⑦ Weighted average of Investment/Equity ③ ÷ ⑤ \* ④
- ⑧ Sum of ⑥ + ⑦ - To Table IV. E., Line [G]

**E. INVESTED CAPITAL & RETURN – WATER**

**Table IV. E.**

Net Book Value - From <b>Table III. B., Box ③</b>	[A]	\$	<b>123,151</b>
Working cash allowance -Amount From <b>Table VI. A., Line [L] Column ③</b> , Box ⑦( ÷⑧)	[B]	\$	<b>13,657</b>
Materials and supplies	[C]	\$	<b>0</b>
Subtotal - Sum of [A] thru [C]	[D]	\$	<b>136,808</b>
Developer Contributions - From <b>Table III. C., Box ①</b>	[E]	\$	<b>0</b>
Total invested capital [D] - [E]	[F]	\$	<b>136,808</b>
Rate of return - From <b>Table IV. D., Box ⑥</b>	[G]		<b>10.40 %</b>
<b>Return/Interest</b> - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in <b>Table V., Line [A] and Table VI. A., Line [Q], Column ②</b>	[H]	\$	<b>14,228</b>

**SECTION V - INCOME TAX CALCULATION – WATER**

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

**Table V.**

Return - From <b>Table IV. E., Line [H]</b>	[A]	\$	<b>14,228</b>
Interest Calculation			
Total Invested Capital - From <b>Table IV. E., Line [F]</b>	[B]	\$	<b>136,808</b>
Weighted Cost of Debt Capital - Percentage From <b>Table IV. D., Box ⑥</b>	[C]		<b>2.00 %</b>
Interest [B]*[C]	[D]	\$	<b>2,736</b>
Taxable Income [A] - [D]	[E]	\$	<b>11,492</b>
Enter Income Tax from Tax Table ( <b>Appendix A</b> )	[F]	\$	<b>2,029①</b>

①To **Table VI. A., Line [P], Column ②**

**SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - WATER**  
**A REVENUE REQUIREMENT**

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year."  
**Note 1** - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

**TABLE VI. A.**

Test Year	01/01/12	to	12/31/12	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of (3) that is fixed (Note 1)	Fixed Expenses (Note1)	Variable Expenses (Note 1)
					(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)*(4)/100	(6)=(3)-(5)
Salaries and Wages				[A]	44,600	0	44,600	50	22,300	22,300
Contract Labor				[B]	7,684	0	7,684	90	6,916	768
Purchased Water				[C]	0	0	0	0	0	0
Chemicals for Treatment				[D]	2,926	0	2,926	0	0	2,926
Utilities (Electricity)				[E]	10,384	0	10,384	0	0	10,384
Repairs/Maintenance/Supplies				[F]	21,984	0	21,984	50	10,992	10,992
Office Expenses				[G]	7,801	0	7,801	50	3,901	3,900
Accounting & Legal Fees				[H]	4,020	0	4,020	100	4,020	0
Insurance				[I]	162	0	162	100	162	0
Rate Case Expense				[J]	0	2,000	2,000	100	2,000	0
Miscellaneous				[K]	7,691	0	7,691	50	3,846	3,845
<b>Subtotal-Sum of Line [A] thru Line [K]</b>				[L]	107,252	2,000	109,252 (7)		54,137	55,115
Payroll Taxes				[M]	6,296	0	6,296	50	3,148	3,148
Property and Other Taxes				[N]	3,535	0	3,535	100	3,535	0
Annual Depreciation and Amortization-From Table III. B. Box (1)				[O]	5,781	3,686	9,467	100	9,467	0
Income Taxes-From Table V, Line [F]				[P]		2,029	2,029	100	2,029	0
Return -From Table IV.E., Line[H]				[Q]		14,228	14,228	100	14,228	0
<b>Subtotal-Sum of Line [L] thru Line [Q]</b>				[R]	122,864	21,943	144,807		86,544	58,263
Other Revenues				[S]	1,083	0	1,083	100	1,083	0
<b>Total Cost=Line [R] - Line [S]</b>				[T]	121,781	21,943	143,724 (8)		85,461 (9)	58,263 (10)
<b>Alternative Allocation between Fixed and Variable [Note1]</b>				[U]			143,724 (8)	67	96,295 (9)	47,429 (10)

**B. KNOWN & MEASURABLE**

If you listed anything in **TABLE VI. A.** above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

(See Attachment D)

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

## SECTION VII - CUSTOMER INFORMATION - WATER

### NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

**TABLE VII**

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
<b>Non-Metered Connections:</b>					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
<b>Metered Connections:</b>					
5/8" x 3/4"	[D]	250	250	1	250
3/4"	[E]			1.5	
1"	[F]			2.5	
1 1/2"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
<b>Total</b>	[K]	250	250		250 ⑤

⑤To Table IX. B., Line [B] AND Table X. A., Line [F]

## SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

Please provide the following information regarding water utility operations over your selected twelve month "test year".

**Table VIII**

Total number of gallons pumped (total master meter reading for the year)	[A]	16,921,000	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons provided to customers [C]=[A]+[B]	[C]	16,921,000	gallons
Total number of gallons billed to your customers (total customer consumption)	[D]	14,105,000 <sup>①</sup>	gallons
System losses: $([C] - [D]) \times 100\% = [E]$ [C]	[E]	16.64	%
Source of Purchased water			

① To Table IX. A., Line [B] AND Table X. A., Line [B]

# SECTION IX - RATE DESIGN - WATER

## A. VARIABLE RATE CALCULATIONS

Table IX. A.

Line	Instructions
[A]	From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩
[B]	From Table VIII, Line [B]
[C]	Divide Line [B] by 1,000
[D]	Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box ⑥

## B. BASE RATE CALCULATIONS

Table IX. B.

Line	# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
Total fixed costs - From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩	①	③	④ = ② * ③	⑤ = ① + ④
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑤	96,295			
Base charge per meter equivalent or for each unmetered connection [A] ÷ [B] and then divide by 12	250			
Base charge per meter size	32.10			
5/8" x 3/4" or unmetered				
3/4"		⑥		
1"		⑥		
1 1/2"		⑥		
2"		⑥		
3"		⑥		
Other:		⑥		

⑥ From Table IX. A., Line [D]

# SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

After you have performed the calculations in SECTION IX, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

Line		
[A]	\$	2.95
This is the rate that you think is appropriate Enter in Table X. B., Column ③, Lines [B] through [H]		
[B]		From Table IX. A., Line [C]
[C]		Multiply Line [A] times Line [B]
[D]	\$	41,610
[E]	\$	143,724
[F]	\$	102,114
[G]	\$	250
		From Table VII, Line [K], Box ⑤
		Divide Line [E] by Line [F] & then divide by 12months Enter this in Table X. B., Line [A] Column ①
	\$	34.04

Table X. B.

Line						
[A]	\$	①	②	③	④=②*③	⑤=①+④
Base charge per meter equivalent or for each unmetered connection From Table X. A, Line [G]						
Base rate per meter size						
5/8" x 3/4" or unmetered	Multiply [A] ① by 1					
3/4"	Multiply [A] ① by 1.0	\$ 34.04	0	\$ 2.95⑥	0	\$ 34.04
1"	Multiply [A] ① by 2.5	\$ 34.04	0	\$ 2.95⑥	0	\$ 34.04
1 1/2"	Multiply [A] ① by 5.0	\$ 85.10	0	\$ 2.95⑥	0	\$ 85.10
2"	Multiply [A] ① by 8.0	\$ 170.20	0	\$ 2.95⑥	0	\$ 170.20
3"	Multiply [A] ① by 15.0	\$ 272.32	0	\$ 2.95⑥	0	\$ 272.32
Other: 4"	Multiply [A] ① by 25.0	\$ 510.60	0	\$ 2.95⑥	0	\$ 510.60
		\$ 851.00	0	\$ 2.95⑥	0	\$ 851.00

⑥ From Table X. A., Line [A]



**INFORMATION REQUIRED**  
**FOR A**  
**SEWER RATE/TARIFF CHANGE**

## SECTION II: OPERATIONAL INFORMATION – SEWER

**Manager** (or owner if services are routinely provided to the utility)

Name Bobby Manshack Relationship to Owner: Director

Short job description:

**Manages utility, financial decisions, contract relations; plans improvements, deals with regulatory issues and compliance with TCEQ standards.**

Approximate number of hours per week this person works for the company: 20

Salary: \$ 450 Hourly      Weekly   X   Monthly      Annual     

### Employees

Name Cammie Vincent Relationship to Owner: Director

Short job description:

**Office manager; prepares billing; billing and financial records, customer service, bookkeeping, regulatory and compliance response and correspondence with government agencies.**

Approximate number of hours per week this person works for the company: 20

Salary: \$ 365 Hourly      Weekly   X   Monthly      Annual     

Name Susan Vincent Relationship to Owner: In-Law

Short job description:

**Administrative assistant, billing, customer service and provides bookkeeping.**

Approximate number of hours per week this person works for the company: 40

Salary: \$ 700 Hourly      Weekly   X   Monthly      Annual     

Name Buford Mooney Relationship to Owner: None

Short job description:

**Certified operator for water utility; conducts daily checks and provides minor repairs and maintenance for utility.**

Approximate number of hours per week this person works for the company: 20

Amount paid for services: \$ 365 Hourly      Weekly   X   Monthly      Annual     

**Please provide the names and classification of the utility's certified operators:**

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
<b>Buford Mooney / Class C Water; Class C Sewer</b>	

-Attach additional sheet(s) if necessary-

### SECTION III. PLANT & EQUIPMENT INFORMATION – SEWER

#### A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

**Table III. A.**

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E] = [C] - [D]
<b>None</b>				①
				①
				①
				①
				①

- Attach additional sheet(s) if necessary –

- ① If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

## B. ORIGINAL COST & DEPRECIATION SCHEDULE – SEWER

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year (for sewer attach a similar list). You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Figures should be computed as of the end of the "test year."** (See Attachment C)

**Table III. B.**

[A]	[B]	[C]		[D]	Years in Service			Depreciation		[G] = [D] - [F]
Item	Date of Installation	Service Life (yrs)		Original Cost when installed (\$)	Yrs ⓪	Mos ⓪⓪	Days ⓪⓪⓪	[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)	Net Book Value (\$)
		*	**							
Land		n/a								
Collection Sewers										
Gravity		50								
Force		50								
Pumping Equipment		5								
Treatment & Disposal Equipments		25								
Structures										
Wood		15								
Masonry		30								
Plant Sewers		50								
Outfall sewer lines		50								
Laboratory Equipment		10								
Meters and Service (taps not covered by fees)		20								
Office Equipment		10								
Vehicles		5								
Shop Tools		15								
Heavy Equipment		10								
Fencing		20								
Other: (Please list)										
Total								①	②	③

\* TCEQ Summary-18

\* TCEQ Suggested Service Life \*\* Other Service Life

- ① Enter this number in Table VI. A., Line [O], Column ①, ② if [F] is greater than [D], enter the total for [D], ③ Enter this number in Table IV.E., Line [A]  
-Attach additional sheet(s) if necessary-

### C. DEVELOPER CONTRIBUTIONS - SEWER

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

**Table III. C.**

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
<b>None</b>				
Total				①

① Insert this amount in **Table IV. E., Line [E]**

- Attach additional sheet(s) if necessary -

## SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – SEWER

### A. EQUITY

How much equity or total capital does the company have in the utility? \$ 100,876  
Enter also in **Table IV. D., Box (3)** below

### B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 11.00 %  
Enter also in **Table IV. D., Box (4)** below

**NOTE: You may choose**

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

### C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? Yes **X** No

If YES, explain status of applicant at this time.

--

### D. DEBT & EQUITY - SEWER

List the following information concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

Table IV. D. SEWER

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F] Interest Rate	[G] Weighted Average [E] $\div$ [F]
Part 1 - Debt						
Compass Bank LOC	11/15/2009	N/A	\$ 85,000	\$ 14,079*	6.50 %	0.70 %
MCT 052 LOC	4/18/2008	N/A	\$ 60,000	\$ 16,995*	10.30 %	1.30 %
			\$	\$	%	%
			\$	\$	%	%
			\$	\$	%	%
Total			\$ 145,000 ①	\$ 31,074 ②		2.00 % ⑥
Part 2 - Investment/Equity						
			\$ 100,876 ③	11.00 % ④		8.40 % ⑦
Total Debt & Equity			\$ 131,950 ⑤			
				Rate of Return		10.40 % ⑧

\*All loans are allocated to Country Squire's total debt for sewer facilities based on a percentage of net book value of each versus total net book value of all facilities of North Orange Water and Sewer (See Attachment D for calculation).

- ① Total amount of original loans
- ② Total amount of the outstanding balance on the loans
- ③ Equity in the utility - From Section IV. A.
- ④ Return on Equity - From Section IV. B.
- ⑤ Total of ② + ③
- ⑥ Total weighted average of debt - To Table V, Line [C]
- ⑦ Weighted average of Investment/Equity  $\div$  ⑤ \* ④
- ⑧ Sum of ⑥ + ⑦ - To Table IV. E., Line [G]

## E. INVESTED CAPITAL & RETURN - SEWER

**Table IV. E.**

Net Book Value - From Table III. B., Box ③	[A]	\$	131,950
Working cash allowance - (Amount From Table VI. A., Line [L] Column ③, Box ⑦(÷ 8)	[B]	\$	14,213
Materials and supplies	[C]	\$	0
Subtotal - Sum of [A] thru [C]	[D]	\$	146,163
Developer Contributions - From Table III. C., Box ①	[E]	\$	0
Total invested capital [D] - [E]	[F]	\$	146,163
Rate of return - From Table IV. D., Box ⑧	[G]		10.40 %
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in Table V., Line [A] and Table VI. A., Line [Q], Column ②	[H]	\$	15,201

## SECTION V - INCOME TAX CALCULATION – SEWER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

**Table V.**

Return - From Table IV. E., Line [H]	[A]	\$	15,201
Interest Calculation			
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$	146,163
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ⑥	[C]		2.00 %
Interest [B]*[C]	[D]	\$	2,923
Taxable Income [A] - [D]	[E]	\$	12,278
Enter Income Tax from Tax Table (Appendix A)	[F]	\$	2,206 ①

① To Table VI. A., Line [P], Column ②

# SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - SEWER

## A REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing sewer utility service over your selected twelve month "test year."  
**Note 1** - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

**TABLE VI. A.**

Test Year	01/01/12	to	12/31/12	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of ③ that is fixed (Note 1)	Fixed Expenses (Note 1)	Variable Expenses (Note 1)
					①	②	③=①+②	④	⑤=(③*④)/100	⑥=③-⑤
	Salaries and Wages			[A]	44,600	0	44,600	50	22,300	22,300
	Contract Labor			[B]	7,684	0	7,684	90	6,916	768
	Sludge Hauling			[C]	6,707	0	6,707	0	0	6,707
	Chemicals for Treatment			[D]	2,926	0	2,926	0	0	2,926
	Utilities (Electricity)			[E]	10,384	0	10,384	0	0	10,384
	Repairs/Maintenance/Supplies			[F]	21,984	0	21,984	50	10,992	10,992
	Office Expenses			[G]	7,801	0	7,801	50	3,901	3,900
	Accounting & Legal Fees			[H]	4,020	0	4,020	100	4,020	0
	Insurance			[I]	162	0	162	100	162	0
	Rate Case Expense			[J]	0	2,000	2,000	100	2,000	0
	Miscellaneous			[K]	5,435	0	5,435	50	2,718	2,717
	<b>Subtotal-Sum of Line [A] thru Line [K]</b>			[L]	111,703	2,000	113,703 ⑦		53,009	60,694
	Payroll Taxes			[M]	6,296	0	6,296	50	3,148	3,148
	Property and Other Taxes			[N]	3,535	0	3,535	100	3,535	0
	Annual Depreciation and Amortization-From Table III. B. Box ①			[O]	4,734	13,804	18,538	100	18,538	0
	Income Taxes-From Table V, Line [F]			[P]		2,206	2,206	100	2,206	0
	Return -From Table IV.E., Line[H]			[Q]		15,201	15,201	100	15,201	0
	<b>Subtotal-Sum of Line [L] thru Line [Q]</b>			[R]	126,268	33,211	159,479		95,637	63,842
	Other Revenues			[S]	1,083	0	1,083	100	1,083	0
	<b>Total Cost=Line [R] - Line [S]</b>			[T]	125,185	33,211	158,396 ⑧		94,554 ⑨	63,842 ⑩
	<b>Alternative Allocation between Fixed and Variable [Note1]</b>			[U]			158,396 ⑧	67	106,125 ⑨	52,271 ⑩

⑦ Divide this amount by 8 and enter the result in Table IV. E., Line [B], ③ To Table X. A., Line [D] ⑨ To Table IX. B., Line [A] ⑩ To Table IX. A., Line [A]



**B. KNOWN & MEASURABLE**

If you listed anything in **TABLE VI. A.** above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

(See Attachment D)

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

### SECTION VII - CUSTOMER INFORMATION – SEWER NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

**TABLE VII**

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
<b>Non-Metered Connections:</b>					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
<b>Metered Connections:</b>					
5/8" x 3/4"	[D]	250	250	1	250
3/4"	[E]			1.5	
1"	[F]			2.5	
1 1/2"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
Total	[K]	250	250		250 ⑤

⑤ To Table IX. B., Line [B] AND Table X. A., Line [F]

## SECTION VIII – TREATMENT INFORMATION - SEWER

Please provide the following information regarding sewer utility operations over your selected twelve month "test year".

**Table VIII**

Total number of gallons treated (total master meter reading for the year)	[A]	13,884,000	gallons
Total number of gallons treated by another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons treated [C]=[A]+[B]	[C]	13,884,000 ①	gallons
Source of Purchased Treatment			

① To Table IX. A., Line [B] and Table X. A., Line [B]

### A. VARIABLE RATE CALCULATIONS

	Line	Instructions
Total Variable Costs	[A] \$	52,271
Total # of Gallons Treated	[B]	13,884,000
Total # of 1,000 Gallons Treated	[C]	13,884
Variable Cost per 1,000 gallons	[D] \$	3.76
		Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box ⑥

Table IX. B.						
	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
		①	②	③	④=②*③	⑤=①+④
Total fixed costs - From Table VI. A., Line [T], Box ⑤	[A]	\$ 106,125				
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑤	[B]	250				
Base charge per meter equivalent or for each unmetered connection [A]÷[B] and then divide by 12	[C]	\$ 35.38				

5/8" x 3/4" or unmetered	Multiply [C] by 1	[D]			⑥	
3/4"	Multiply [C] by 1.5	[E]			⑥	
1"	Multiply [C] by 2.5	[F]			⑥	
1 1/2"	Multiply [C] by 5.0	[G]			⑥	
2"	Multiply [C] by 8.0	[H]			⑥	
3"	Multiply [C] by 15.0	[I]			⑥	
Other:		[J]			⑥	

Page 29 of 42

## SECTION X - ALTERNATE METHOD OF RATE DESIGN - SEWER

After you have performed the calculations in SECTION IX, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

**Table X. A.**

	Line	
Cost per 1,000 gallons	[A]	\$ 2.95
Total # of 1,000 Gallons billed	[B]	13,884
Total Cost to be recovered through gallonage charge	[C]	\$ 40,958
Total Revenue Requirement	[D]	\$ 158,396
Total to be recovered through base rate	[E]	\$ 117,438
Total number of meter Equivalents	[F]	250
Base rate per meter equivalent	[G]	\$ 39.15
This is the rate that you think is appropriate		
From Table IX. A., Line [C]		
Multiply Line [A] times Line [B]		
From Table VI. A., Line [I] ⑥		
Subtract Line [C] from Line [D]		
From Table VII, Line [K], Box ⑤		
Divide Line [E] by Line [F] & then divide by 12 months		
Enter this in Table X. B, Line [A] Column ①		

**Table X. B.**

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
Base charge per meter equivalent or for each unmetered connection From Table X. A, Line [G]	[A]	\$ 39.15	②	③	④=②*③	⑤=①+④
Base rate per meter size						
5/8" x 3/4" or unmetered						
3/4"	[B]	\$ 39.15	0	\$ 2.95⑥	0	\$ 39.15
1"	[C]	\$ 39.15	0	\$ 2.95⑥	0	\$ 39.15
1 1/2"	[D]	\$ 97.88	0	\$ 2.95⑥	0	\$ 97.88
2"	[E]	\$ 195.75	0	\$ 2.95⑥	0	\$ 195.75
3"	[F]	\$ 313.20	0	\$ 2.95⑥	0	\$ 313.20
Other: 4"	[G]	\$ 587.25	0	\$ 2.95⑥	0	\$ 587.25
	[H]	\$ 978.75	0	\$ 2.95⑥	0	\$ 978.75

⑥ From Table X. A., Line [A]

**AFFIDAVIT**  
**WATER &/OR SEWER**  
**RATE/TARIFF CHANGE**

# AFFIDAVIT

STATE OF TEXAS

COUNTY OF DRANGE

I, Bobby Manshack being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as President  
(indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by mail  
(mail or hand delivery)  
to each customer or other affected party on or about December 31, 20 13

BOBBY MANSHACK

AFFIANT

(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME,  
this the 11th day of December, 20 13, to certify  
which witness my hand and seal of office.

SEAL



Michele Turley

NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

Michele Turley

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 3-28-2016

**NOTICE OF RATE/TARIFF CHANGE**  
**TO BE PROVIDED TO CUSTOMERS**

# NOTICE OF PROPOSED RATE CHANGE

**North Orange Water & Sewer, LLC**

Company Name

**11642 & 20564**

CCN Number

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

**Texas Commission on Environmental Quality**

**Water Supply Division**

**Utilities & Districts Section, MC 153**

**P. O. Box 13087**

**Austin, Texas 78711-3087**

Unless protests are received from 10 percent of the ratepayers or the Commission staff requests a hearing, no hearing will be held and rates will be effective as proposed. Please read the following information carefully:

**Country Squire Estates: PWS ID #1810060**

Subdivisions or Systems Affected by Rate Change

<b>10404 North Highway 87, Suite 102</b>	<b>Orange</b>	<b>Texas</b>	<b>77632</b>	<b>(409) 746-9640</b>
Company Address	City	State	Zip	Telephone

**\$ 55,154**

**December 31, 2013**

Annual Revenue Increase

Date Customer Notice Mailed

**October 1, 2008**

**Last week of the month**

Date of Last Rate Change

Date Meters Typically Read

**EFFECTIVE DATE OF PROPOSED INCREASE: March 3, 2014**

**Reason(s) for proposed Rate Change:**

**Allow the utility to generate enough revenue to cover those expenses that are reasonable and necessary to provide service to the ratepayers and allow the utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public.**

## **BILLING COMPARISON**

### **Water**

Existing	10,000 gallons:	\$ <u>45.79</u> /mo	Existing	30,000 gallons:	\$ <u>88.79</u> /mo
Proposed	10,000 gallons:	\$ <u>63.54</u> /mo	Proposed	30,000 gallons:	\$ <u>122.54</u> /mo

### **Sewer**

Existing	10,000 gallons:	\$ <u>60.26</u> /mo	Proposed	10,000 gallons:	\$ <u>68.65</u> /mo
----------	-----------------	---------------------	----------	-----------------	---------------------

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363.

**Si desea informacion en Espanol, puede llamar al 512-239-0200**



CURRENT RATES			PROPOSED RATES		
Monthly base rate including <u>0</u> gallons			Monthly base rate including <u>0</u> gallons		
Meter Size:			Meter Size:		
<b>RESIDENTIAL</b>			<b>RESIDENTIAL</b>		
"5/8/or 3/4"	\$	24.29	"5/8/or 3/4"	\$	34.04
1"	\$	60.73	1"	\$	85.10
1 1/2"	\$	121.45	1 1/2"	\$	170.20
2"	\$	194.32	2"	\$	272.32
3"	\$	364.35	3"	\$	510.60
Other: 4"	\$	607.25	Other: 4"	\$	851.00
6"	\$	1,214.50	6"	\$	1,702.00
8"	\$	1,943.20	8"	\$	2,723.20
<b>GALLONAGE CHARGE:</b>			<b>GALLONAGE CHARGE:</b>		
\$ <b>2.15</b> for each additional 1000 gallons over the minimum.			\$ <b>2.95</b> for each additional 1000 gallons over the minimum.		

MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	600.00	Tap Fee	\$	600.00
Reconnect fee:			Reconnect fee:		
Non-payment			Non-payment		
(Maximum - \$25.00)	\$	25.00	(Maximum - \$25.00)	\$	25.00
Customer's Request	\$	50.00	Customer's Request	\$	50.00
Transfer Fee	\$	35.00	Transfer Fee	\$	35.00
Late Charge		10 %	Late charge: (Indicate either \$5.00 or 10%)	\$	10 %
Returned Check Charge	\$	25.00	Returned Check Charge	\$	30.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00
Meter test fee	\$	25.00	Meter test fee	\$	25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges.

**If applicable, list any bill payment assistance programs to low income Ratepayers.**

None

**Pass Through Provision:**

For utilities subject to changes in cost imposed by any non-affiliated provider of purchased water or sewer or subject to the jurisdiction of any regional water authority, groundwater reduction plan and/or groundwater conservation district, these increases or decreases shall be passed through as an adjustment to customer rates according to the formula:

**Adjusted Gallonage Rate (AG) =  $G + [B / (1 - L)]$ , Where:**

**AG** = adjusted gallonage charge, rounded to nearest one cent;

**G** = approved gallonage charge, per 1,000 gallons;

**B** = change in fee (per 1,000 gallons);

**L** = water or sewer line loss for the preceding 12 months, not to exceed 0.15 (15 %)

To implement or modify the pass through provision, the utility must comply with all notice and other requirements of 30 TAC 291.21 (h).

# NOTICE OF PROPOSED RATE CHANGE - SEWER (Cont.)

Page 3

CURRENT RATES			PROPOSED RATES		
Monthly base rate including <u>0</u> gallons			Monthly base rate including <u>0</u> gallons		
Meter Size: RESIDENTIAL			Meter Size: RESIDENTIAL		
5/8/or 3/4"	\$	30.76	5/8/or 3/4"	\$	39.15
1"	\$	76.90	1"	\$	97.88
1 1/2	\$	150.80	1 1/2	\$	195.75
2"	\$	246.08	2"	\$	313.20
3"	\$	461.40	3"	\$	587.25
Other: 4"	\$	769.00	Other: 4"	\$	978.75
6"	\$	1,538.00	6"	\$	1,957.50
8"	\$	2,460.80	8"	\$	3,132.00

GALLONAGE CHARGE:		GALLONAGE CHARGE:	
\$ <u>2.95</u> for each additional 1000 gallons over the minimum		\$ <u>2.95</u> for each additional 1000 gallons over the minimum	
Gallorage charges are determined based on average consumption for winter period which includes the following months: <b>December, January &amp; February</b>		Gallorage charges are determined based on average consumption for winter period which includes the following months: <b>December, January &amp; February</b>	

MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	600.00	Tap Fee	\$	600.00
Reconnect fee: Non-payment (Maximum - \$25.00)	\$	25.00	Reconnect fee: Non-payment (Maximum - \$25.00)	\$	25.00
Customer's Request	\$	50.00	Customer's Request	\$	50.00
Transfer Fee	\$	35.00	Transfer Fee	\$	35.00
Late Charge		10 %	Late charge: (Indicate either \$5.00 or 10%)		10 %
Returned Check Charge	\$	25.00	Returned Check Charge	\$	30.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00

Regulatory Assessment of 1% is added to base rate and gallonage charges.

If applicable, list any bill payment assistance programs to low income Ratepayers.

None