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Addendum StartPage: 0

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430 69

August 28, 2014

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

RECEIVED
2014 SEP -9 AM 11:35
PUBLIC UTILITY COMMISSION
FILING CLERK

**Re: Application for a Rate/TARIFF Change For Inline Development LLC's
(RN103177432) Water (12946) and Sewer (20879) Certificate of Convenience and Necessity**

On behalf of our client, Inline Development LLC, and pursuant to 30 TAC Chapter 291, Water Rates, Subchapter G, we respectfully submit this application to amend the water and sewer rates listed in the Certificates of Convenience and Necessity (CCN) for water and sewer for Inline Utilities LLC (RN103177432). In accordance with TCEQ instructions, we are submitting an original and three copies of the rate change application and supporting materials.

We have very carefully followed the guidance contained in "Instructions for Application for a Rate/Tariff Change", TCEQ form 10423 (09/06/12). We have included foot notes on several forms that explain optional entries and/or an explanation of some of the information we have entered. We would be pleased to provide further details about any of the data we have entered.

We wish to note here that the owner of Inline Utilities (the applicant) prefers not to claim or publicize the amount invested in the water and sewer services, nor the amount of income taxes he has paid for any of these services. (This of course reduces the fees that he can charge customers for these services). Further since the facilities have been operating for many years, the owner does not wish to claim the value of any properties or equipment that still needs to be depreciated. He therefore is using Table X.A "Alternate Method of Rate Design" to develop proposed water and sewer rates that is fair to his customers and to his investments. This of course, is in accordance with the TCEQ guidelines.

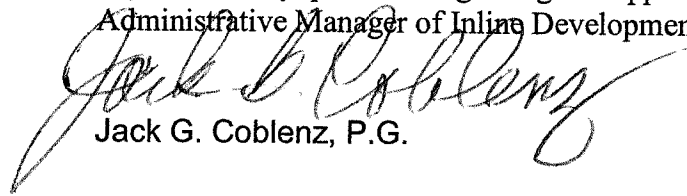
We acknowledge that the rates and/or terms of service in the proposal tariff may be changed by future order of the TCEQ or other regulatory authority having jurisdiction over the utility's rates. We agree to abide by such changes as they occur.

EST.
1984

www.source-environmental.com



If you have any questions regarding this application, please contact me or Ms. Liz Cowles,
Administrative Manager of Inline Development at 281-651-1124

A handwritten signature in cursive script, reading "Jack G. Coblenz".

Jack G. Coblenz, P.G.

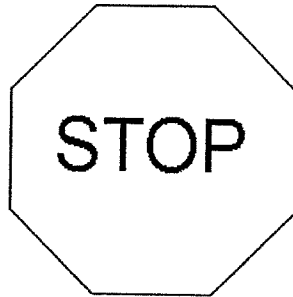
Principal Consultant
Certified Environmental Professional

Attachments:

1. Water and Wastewater Utilities Annual Report for Inline Development, LLC.



APPLICATION FOR A
RATE/TARIFF CHANGE



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.

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APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant **INLINE DEVELOPMENT LLC**
(Individual, Corporation, or Other Legal Entity)

Utility Name: **INLINE DEVELOPMENT LLC**
(If different than above)

Legal form of Application:

☐ Individual ☐ Partnership ☐ Sub Chapter-S Corporation

☒ Corporation Provide Charter Number **0129966500**

☐ Other Please Explain:

LIMITED LIABILITY CORPORATION

Utility Address: **21755 I-45 BLDG #11** **SPRING** **TX** **77388**
Street Address or Location City State Zip Code

County(ies) where services are provided: **HARRIS**

CCN Number(s): **WATER 12946 SEWER 20879**

Contact Person: **LIZ COWLES** Telephone Number: **281-651-1130 EXT 7**

Position: **ACCTS MANAGER** Fax Number: **832-482-3178**

Address: **21755 I-45 BLDG #11** **SPRING** **TX** **77388**
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:

Comptroller of Public Accounts, Office Management ¹
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? MONTHLY VARIOUS

B. When are bills typically sent out? 28TH TO 31ST OF THE PREVIOUS 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?
SUGARBERRY PLACE	1013804	HARRIS	YES
SUGARBERRY PLACE	1013271	HARRIS	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.

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?
SUGARBERRY PLACE	13942-002	HARRIS	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.

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 MICHAEL MARTZ

Relationship to Owner: OWNER

Short job description:

OVERALL MANAGER OF WATER AND SEWER SYSTEMS

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

Salary: 34,000.00

Hourly

Weekly

Monthly

Annual

X

Employees

Name LIZ COWLES

Relationship to Owner: EMPLOYEE

Short job description:

ACCOUNT MANAGER OF WATER AND SEWER SYSTEMS

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

Salary: 44,259.00

Hourly

Weekly 16

Monthly

Annual

Name

Relationship to Owner:

Short job description:

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

Salary:

Hourly

Weekly

Monthly

Annual

Contract Services (attach additional sheets if necessary)

Name DARREN SHAW

Relationship to Owner: CONTRACT WORKER

Short job description:

SEWER PLANT OPERATIONS SUPERVISOR

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

Amount paid for services: 45,000

Hourly

Weekly 16

Monthly

Annual

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

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
DARREN SHAW C GROUNDWATER	WG10103928

-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

B. ORIGINAL COST & DEPRECIATION SCHEDULE – WATER

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."

Table III. B.

Table III. B.									
[A]	[B]	[C]	[D]	Depreciation				[F]	[G] = [D]-[F] Net Book Value (\$)
				Years in Service			[E] = [D]/[C] Annual (\$)		
				YR ☉	Mos ☉☉	Days ☉☉☉			
Item	Date Of Installation	Service Life (yrs) * **	Original Cost when installed \$						
Land		n/a							
Wells		50							
5 hp or less		5							
Greater than 5 hp		10							
5 hp or less		5							
Greater than 5 hp		10							
Chlorinators		10							
Wood		15							
Masonry		30							
Storage Tanks		50							
Pressure Tanks		50							
Distribution System (mains and lines)		50							
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									

* 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 -

No Depreciation claimed due to the age of the system

C. DEVELOPER CONTRIBUTIONS - WATER

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.)
NONE				
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 – WATER

A. EQUITY

How much equity or total capital does the company have in the utility? \$1,811,482

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? 11.0 %

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 ☒ 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						
TOTAL			\$	\$ 1,811,482	9.5 %	9.5 %
			\$			%
WATER PORTION = 40%			\$	\$ 724,593	9.5 %	9.5 %
			\$			%
			\$			%
			\$			%
		Total	\$	① \$ 724,593	9.5	9.5 % ⑥
Part 2 - Investment/Equity						
				\$ N/A	③ 9.5 % ④	9.5 % ⑦
		Total Debt & Equity		\$ 724,593	⑤	
				Rate of Return		9.5 % ⑧

- 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 Table III. B., Box ③	[A]	\$N/A
Working cash allowance -Amount From Table VI. A., Line [L] Column ③, Box ⑦(÷⑧)	[B]	\$N/A
Materials and supplies	[C]	\$N/A
Subtotal - Sum of [A] thru [C]	[D]	\$N/A
Developer Contributions - From Table III. C., Box ①	[E]	\$0
Total invested capital [D] - [E]	[F]	\$ 724,593
Rate of return - From Table IV. D., Box ⑧	[G]	9.5 %
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]	\$68,836

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 Table IV. E., Line [H]	[A]	\$ 68,836
Interest Calculation		
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$724,593
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ⑥	[C]	9.5 %
Interest [B]*[C]	[D]	\$68,836
Taxable Income [A] - [D]	[E]	\$0
Enter Income Tax from Tax Table (Appendix A)	[F]	\$ 0 ①

①To Table VI. A., Line [P], Column ②

Owner has chosen not to claim
Investments or Income Tax when
calculating the resultant customer fees

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.

[illegible]

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.

NONE

-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
Residential	[A]	647	669	1	669
Commercial	[B]			1	
Standby	[C]			1	
5/8" x 3/4"	[D]			1	
3/4"	[E]			1.5	
1"	[F]			2.5	
1 1/2"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
Total	[K]	647	669		669 ⑤

⑤ To 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]	30.953M	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]	30.084M	gallons
Total number of gallons billed to your customers (total customer consumption)	[D]	30.084M ①	gallons
System losses: $([C] - [D]) \times 100\% = [E]$	[E]	869K	%
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
Total Variable Costs	[A] \$108,001 From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩
Total # of Gallons Billed to Customers	[B] 30,084M From Table VIII, Line [B]
Total # of 1,000 Gallons billed	[C] 30,084 Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	[D] \$3.59 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	[A] \$ 240,959			
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑤	[B] 669			
Base charge per meter equivalent or for each unmetered connection [A] ÷ [B] and then divide by 12	[C] \$ 30.0			
Base charge per meter size				
5/8" x 3/4" or unmetered	[D] 30	3.59 ⑥	0	30
3/4"	[E] 45	3.59 ⑥	0	45
1"	[F] 75	3.59 ⑥	0	75
1 1/2"	[G] 150	3.59 ⑥	0	150
2"	[H] 240	3.59 ⑥	0	240
3"	[I] 450	3.59 ⑥	0	450
Other:	[J]	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	This is the rate that you think is appropriate Enter in Table X. B., Column ③, Lines [B] through [H]
Cost per 1,000 gallons	[A] \$ 3.59
Total # of 1,000 Gallons billed	[B] 30,084
Total Cost to be recovered through gallonage charge	[C] \$ 108,001
Total Revenue Requirement	[D] \$ 348,961
Total to be recovered through base rate	[E] \$ 240,959
Total number of meter equivalents	[F] 669
Base rate per meter equivalent	[G] \$ 30.00

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]	①	③	④=②*③	⑤=①+④
	\$ 30.0			
Base rate per meter size				
5/8" x 3/4" or unmetered	Multiply [A] ① by 1	3.59	0	30.0
3/4"	Multiply [A] ① by 1.5	3.59	0	45.0
1"	Multiply [A] ① by 2.5	3.59	0	75.0
1 1/2"	Multiply [A] ① by 5.0	3.59	0	150.0
2"	Multiply [A] ① by 8.0	3.59	0	240.0
3"	Multiply [A] ① by 15.0	3.59	0	450.0
Other:				

⑥ From Table X. A., Line [A]

INFORMATION REQUIRED
FOR A
SEWER RATE/TARIFF CHANGE

SECTION 2. OPERATIONAL INFORMATION – SEWER

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

Name MICHAEL MARTZ Relationship to Owner: OWNER

Short job description:

OVERALL MANAGER OF WATER AND SEWER SYSTEMS

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

Salary: 34,000.00 Hourly ☐ Weekly ☐ Monthly ☐ Annual ☒

Employees

Name LIZ COWLES Relationship to Owner: EMPLOYEE

Short job description:

ACCOUNT MANAGER OF WATER AND SEWER SYSTEMS

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

Salary: 44,259.00 Hourly ☐ Weekly ☐ Monthly ☐ Annual ☒

Name Relationship to Owner:

Short job description:

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

Salary: Hourly ☐ Weekly ☐ Monthly ☐ Annual ☐

Contract Services (attach additional sheets if necessary)

Name DARREN SHAW Relationship to Owner: CONTRACT WORKER

Short job description:

SEWER PLANT OPERATIONS SUPERVISOR

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

Amount paid for services: Hourly ☐ Weekly ☐ Monthly ☐ Annual ☐

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

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
DARREN SHAW C. GROUNDWATER	WW0023736

-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]
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**

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 Atest year.®

Table III. B.

[A]	[B]	[C]		[D]	Depreciation				[F]	[G] = [D]-[F]
Item	Date of Installation	Service Life (yrs)		Original Cost when installed (\$)	Years in Service			[E] = [D]/[C] Annual (\$)	Accumulated (\$)	Net Book Value (\$)
		*	**		Yrs ☉	Mos ☉☉	Days ☉☉☉			
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 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-

NO DEPRECIATION CLAIMED DUE TO AGE OF THE SYSTEM

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.)
NONE				
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? **NOT CLAIMED**
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? **11.9** %
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 ☒ 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] \times [F]
Part 1 - Debt						
TOTAL			\$	\$ 1,811,482	9.5 %	9.5 %
			\$		%	%
SEWER PORTION 60%			\$	\$ 1,086,892	9.5 %	9.5 %
			\$		%	%
			\$		%	%
Total			\$	\$ (1)	(2)	9.5 % (6)
Part 2 - Investment/Equity						
			\$	(3)	%(4)	103255 % (7)
Total Debt & Equity			\$ 1,086,892	(5)		
Rate of Return						
					Rate of Return	9.5 % (8)

- (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) \div (5) \times (4)
- (8) Sum of (6) + (7) - To Table IV. E., Line [G]

Rate of Return= 9.5%
Therefore Return=
\$1,086,892 x 0.095= \$103,255

E. INVESTED CAPITAL & RETURN - SEWER

Table IV. E.

Net Book Value - From Table III. B., Box ③	[A]	\$ N/A
Working cash allowance - (Amount From Table VI. A., Line [L] Column ③, Box ② ÷ 8)	[B]	\$ N/A
Materials and supplies	[C]	\$ N/A
Subtotal - Sum of [A] thru [C]	[D]	\$ N/A
Developer Contributions - From Table III. C., Box ①	[E]	\$ 0
Total invested capital [D] - [E]	[F]	\$ 1,086,892
Rate of return - From Table IV. D., Box ③	[G]	9.5 %
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]	\$ 103,255

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]	\$ 103,255
Interest Calculation		
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$ 1,086,892
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ⑥	[C]	9.5 %
Interest [B]*[C]	[D]	\$ 103,255
Taxable Income [A] - [D]	[E]	\$ 0
Enter Income Tax from Tax Table (Appendix A)	[F]	\$ N/A 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	to	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]	20,400			50		
Contract Labor		[B]	82,225			90		
Purchased Water		[C]	0			0		
Chemicals for Treatment		[D]	11,161			0		
Utilities (Electricity)		[E]	21,620			0		
Repairs/Maintenance/Supplies		[F]	6419	54,000		50		
Office Expenses		[G]	22,130			50		
Accounting & Legal Fees		[H]	28,108			100		
Insurance		[I]	3827			100		
Rate Case Expense		[J]	3738			100		
Miscellaneous		[K]	106,053			50		
Subtotal-Sum of Line [A] thru Line [K]		[L]	305,681		(7)			
Payroll Taxes		[M]	8096					
Property and Other Taxes		[N]				50		
Annual Depreciation and Amortization-From Table III. B. Box (1)		[O]				100		
Income Taxes-From Table V, Line [F]		[P]		N/A		100		
Return -From Table IV.E., Line[H]		[Q]		103,255		100		
Subtotal-Sum of Line [L] thru Line [Q]		[R]	313,777	471,032				
Other Revenues		[S]				100		
Total Cost=Line [R] - Line [S]		[T]	313,777	157,255	471,032 (8)		315,591 (9)	
Alternative Allocation between Fixed and Variable [Note1]		[U]	313,777	157,255	471,032 (8)	67	315,591 (9)	155,441 (10)

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

-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
Non-Metered Connections					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
Metered Connections					
5/8" x 3/4"	[D]	1048	1084	1	1084
3/4"	[E]			1.5	
1"	[F]			2.5	
1 1/2"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
Total	[K]	1048	1084		1084 ⑤

⑤To 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]	30.953M	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]	30.953M	① gallons
Source of Purchased Treatment			

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

SECTION IX - RATE DESIGN - SEWER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

Line	Instructions
Total Variable Costs	[A] \$ 155,441
Total # of Gallons Treated	[B] 30,953M
Total # of 1,000 Gallons Treated	[C] 30,953
Variable Cost per 1,000 gallons	[D] \$ 5.02
	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
	②	③	④=②*③	⑤=①+④
Total fixed costs - From Table VI. A., Line [T], Box ⑨	①			
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑤	\$ 315,591			
Base charge per meter equivalent or for each unmetered connection [A]÷[B] and then divide by 12	1084			
	[C] \$ 24.36			

Base charge per meter size

5/8" x 3/4" or unmetered	Multiply [C] by 1	[D] 24.26		5.02	⑥ 0	24.26
3/4"	Multiply [C] by 1.5	[E] N/A			⑥	N/A
1"	Multiply [C] by 2.5	[F] N/A			⑥	N/A
1 1/2"	Multiply [C] by 5.0	[G] N/A			⑥	N/A
2"	Multiply [C] by 8.0	[H] N/A			⑥	N/A
3"	Multiply [C] by 15.0	[I] N/A			⑥	N/A
Other:		[J]			⑥	

⑥ From Table IX. A., Line [D]

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]	\$ 3.03
Total # of 1,000 Gallons billed	[B]	30,953
Total Cost to be recovered through gallonage charge	[C]	\$111,121
Total Revenue Requirement	[D]	\$471,032
Total to be recovered through base rate	[E]	\$ 377,232
Total number of meter Equivalents	[F]	1084
Base rate per meter equivalent	[G]	\$ 29.00

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 [T] ⑥
 Subtract Line [C] from Line [D]
 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

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
		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]	[A]	\$ 29.00				
Base rate per meter size						
5/8" x 3/4" or unmetered	Multiply [A] ① by 1	[B] 29.00	0	⑥ 0	0	29.00
3/4"	Multiply [A] ① by 1.5	[C] N/A	0	⑥ 0	0	N/A
1"	Multiply [A] ① by 2.5	[D] N/A	0	⑥ 0	0	N/A
1 1/2"	Multiply [A] ① by 5.0	[E] N/A	0	⑥ 0	0	N/A
2"	Multiply [A] ① by 8.0	[F] N/A	0	⑥ 0	0	N/A
3"	Multiply [A] ① by 15.0	[G] N/A	0	⑥ 0	0	N/A
Other:		[H]		⑥ ⑥		

⑥ From Table X. A., Line [A]

AFFIDAVIT
WATER &/OR SEWER
RATE/TARIFF CHANGE

AFFIDAVIT

STATE OF TEXAS

COUNTY OF Harris

I, Michael Martz being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as Owner
(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 or hand delivery)
to each customer or other affected party on or about _____, 20 _____

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 _____ day of _____, 20 _____, to certify
which witness my hand and seal of office.

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES _____

Note: Applicant did not wish to execute this form until dates when notice can be provided to customers is specified by TCEC or PUC. He will execute Affidavit immediately after receiving notice of authorized notification date.

NOTICE OF RATE/TARIFF CHANGE
TO BE PROVIDED TO CUSTOMERS

NOTICE OF PROPOSED RATE CHANGE

INLINE DEVELOPMENT LLC

Company Name

0129966500

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:

SUGARBERRY PLACE

Subdivisions or Systems Affected by Rate Change

21755145 BLDG #11

Company Address

SPRING

City

TX

State

77388

Zip

281-651-1126

Telephone

\$433,201

Annual Revenue Increase

Date Customer Notice Mailed

NEVER

Date of Last Rate Change

MONTHLY VARIABLE DATE

Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: SEPTEMBER 1, 2014

Reason(s) for proposed Rate Change:

TO PROVIDE HIGH QUALITY SERVICE

BILLING COMPARISON

Water

Existing	10,000 gallons:	\$ 40	/mo	Existing	30,000 gallons:	\$ 80	/mo
Proposed	10,000 gallons:	\$ 65.90	/mo	Proposed	30,000 gallons:	\$ 119.90	/mo

Sewer

Existing	10,000 gallons:	\$ 40	/mo	Proposed	10,000 gallons:	\$ 59.30	/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	0 gallons	Monthly base rate including	0 gallons
Meter Size:		Meter Size:	
RESIDENTIAL		RESIDENTIAL	
"5/8/or 3/4"	\$ 20.00	"5/8/or 3/4"	\$ 30.00
1"	\$	1"	\$
1 1/2"	\$	1 1/2"	\$
2"	\$	2"	\$
3"	\$	3"	\$
Other:	\$	Other:	\$
GALLONAGE CHARGE:		GALLONAGE CHARGE:	
\$ 2.00 for each additional 1000 gallons over the minimum.		\$ 3.59 for each additional 1000 gallons over the minimum.	

MISCELLANEOUS FEES		MISCELLANEOUS FEES	
Tap Fee	\$ 500.00	Tap Fee	\$ 500.00
Reconnect fee:		Reconnect fee:	
Non-payment		Non-payment	
(Maximum - \$25.00)	\$ 25.00	(Maximum - \$25.00)	\$ 25.00
Customer's Request	\$	Customer's Request	\$
Transfer Fee	\$ 25.00	Transfer Fee	\$ 25.00
Late Charge	\$ 10%	Late charge: (Indicate either \$5.00 or 10%)	\$ 10%
Returned Check Charge	\$ 0	Returned Check Charge	\$ 25.00
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

NOTICE OF PROPOSED RATE CHANGE - SEWER (Cont.)

Page 3

CURRENT RATES		PROPOSED RATES	
Monthly base rate including	0 gallons	Monthly base rate including	0 gallons
Meter Size:		Meter Size:	
RESIDENTIAL		RESIDENTIAL	
5/8/or 3/4"	\$ 25.00	5/8/or 3/4"	\$ 29.00
1"	\$	1"	\$
1 1/2"	\$	1 1/2"	\$
2"	\$	2"	\$
3"	\$	3"	\$
Other:	\$	Other:	\$

GALLONAGE CHARGE	GALLONAGE CHARGE
\$ 2.00 for each additional 1000 gallons over the minimum	\$ 3.03 for each additional 1000 gallons over the minimum
Gallonage charges are determined based on average consumption for winter period which includes the following months:	Gallonage charges are determined based on average consumption for winter period which includes the following months:

MISCELLANEOUS FEES		MISCELLANEOUS FEES	
Tap Fee	\$500.00	Tap Fee	\$500.00
Reconnect fee:		Reconnect fee:	
Non-payment		Non-payment	
(Maximum - \$25.00)	\$ 25.00	(Maximum - \$25.00)	\$ 25.00
Customer's Request	\$	Customer's Request	\$
Transfer Fee	\$ 25.00	Transfer Fee	\$ 25.00
Late Charge	\$ 10%	Late charge: (Indicate either \$5.00 or 10%)	\$ 10%
Returned Check Charge	\$ 20.00	Returned Check Charge	\$ 20.00
Deposit	\$ 50.00	Deposit	
		(Maximum \$50.00)	\$ 50.00
Meter test fee	\$ N/A	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

WATER & SEWER

TARIFF PAGES

SECTION 1.0 –RATE SCHEDULE

Section 1.01 – Rates

Monthly base rate including	0	gallons
Meter Size:		
Residential		
5/8" or 3/4"	\$	28.00
1"	\$	
1 1/2"	\$	
2"	\$	
3"	\$	
Other:	\$	
Gallage Charge:		
	\$	3.59

for each additional 1000 gallons over the minimum.

Regulatory Assessment Fee

1%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER

Section 1.02 - Miscellaneous Fees

TAP FEE

\$ 500.00

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 1/2" X 1/2" METER.

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:

- a) Non payment of bill (Maximum \$25.00)
- b) Customer's request
- Or other reasons listed under Section 20CF of this tariff

\$ 25.00

\$

\$

TRANSFER FEE

\$

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (Not more than \$5.00 or 10%)(Indicate one)

\$ 10%

A ONE TIME PENALTY MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 25.00

CUSTOMER DEPOSIT (Maximum \$50)

\$ 50.00

METER TEST FEE (actual cost of testing the meter up to)

\$ 25.00

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY

RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TCEQ APPROVAL STAMP

(Sewer Utility Name)

Revision Date:

SECTION 1.0 –RATE SCHEDULE

Monthly base rate including	0	gallons
Meter Size:		
Residential		
	5/8" or 3/4"	\$ 25.00
	1"	\$
	1 1/2"	\$
	2"	\$
	3"	\$
Other:		\$
Gallage Charge:		
	\$	59

for each additional 1000 gallons over the minimum.

Regulatory Assessment Fee

1%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER

Gallage charges are determined based on average consumption for winter period which includes the following months:

Section 1.02 - Miscellaneous Fees

TAP FEE

\$ 500.00

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEE DISCONNECTED FOR THE FOLLOWING REASONS

a) Non payment of bill (Maximum \$25.00)

\$ 25.00

b) Customer's request

\$ 25.00

Or other reasons listed under Section 20CF of this tariff

\$

TRANSFER FEE

\$ 25.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (Not more than \$5.00 or 10%)(Indicate one)

\$ 10%

A ONE TIME PENALTY MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 20.00

CUSTOMER DEPOSIT (Maximum \$50)

\$ 50.00

RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TCEQ APPROVAL STAMP

INCOME TAX TABLE

If your TAXABLE INCOME from Table V., Line [E] is											
More	Less	The tax	More	Less	The tax	More	Less	The tax	More	Less	The tax is
0	500	88	25,000	25,500	4,500	50,000	50,500	10,166	75,000	75,500	21,091
500	1,001	176	25,500	26,001	4,588	50,500	51,001	10,333	75,500	76,001	21,349
1,000	1,501	265	26,000	26,501	4,676	51,000	51,501	10,500	76,000	76,501	21,606
1,500	2,001	353	26,500	27,001	4,765	51,500	52,001	10,666	76,500	77,001	21,864
2,000	2,501	441	27,000	27,501	4,853	52,000	52,501	10,833	77,000	77,501	22,121
2,500	3,001	529	27,500	28,001	4,941	52,500	53,001	11,000	77,500	78,001	22,410
3,000	3,501	618	28,000	28,501	5,029	53,000	53,501	11,166	78,000	78,501	22,730
3,500	4,001	706	28,500	29,001	5,118	53,500	54,001	11,333	78,500	79,001	23,049
4,000	4,501	794	29,000	29,501	5,206	54,000	54,501	11,500	79,000	79,501	23,370
4,500	5,001	882	29,500	30,001	5,294	54,500	55,001	11,666	79,500	80,001	23,689
5,000	5,501	971	30,000	30,501	5,382	55,000	55,501	11,833	80,000	80,501	24,008
5,500	6,001	1,059	30,500	31,001	5,471	55,500	56,001	12,000	80,500	81,001	24,328
6,000	6,501	1,147	31,000	31,501	5,559	56,000	56,501	12,166	81,000	81,501	24,648
6,500	7,001	1,235	31,500	32,001	5,647	56,500	57,001	12,333	81,500	82,001	24,967
7,000	7,501	1,324	32,000	32,501	5,735	57,000	57,501	12,500	82,000	82,501	25,287
7,500	8,001	1,412	32,500	33,001	5,824	57,500	58,001	12,666	82,500	83,001	25,607
8,000	8,501	1,500	33,000	33,501	5,912	58,000	58,501	12,833	83,000	83,501	25,926
8,500	9,001	1,588	33,500	34,001	6,000	58,500	59,001	13,000	83,500	84,001	26,246
9,000	9,501	1,676	34,000	34,501	6,088	59,000	59,501	13,166	84,000	84,501	26,566
9,500	10,001	1,765	34,500	35,001	6,176	59,500	60,001	13,333	84,500	85,001	26,885
10,000	10,501	1,853	35,000	35,501	6,265	60,000	60,501	13,500	85,000	85,501	27,205
10,500	11,001	1,941	35,500	36,001	6,353	60,500	61,001	13,666	85,500	86,001	27,525
11,000	11,501	2,029	36,000	36,501	6,441	61,000	61,501	13,833	86,000	86,501	27,844
11,500	12,001	2,118	36,500	37,001	6,529	61,500	62,001	14,136	86,500	87,001	28,164
12,000	12,501	2,206	37,000	37,501	6,618	62,000	62,501	14,394	87,000	87,501	28,484
12,500	13,001	2,294	37,500	38,001	6,706	62,500	63,001	14,652	87,500	88,001	28,803
13,000	13,501	2,382	38,000	38,501	6,794	63,000	63,501	14,909	88,000	88,501	29,123
13,500	14,001	2,471	38,500	39,001	6,882	63,500	64,001	15,167	88,500	89,001	29,443
14,000	14,501	2,559	39,000	39,501	6,971	64,000	64,501	15,424	89,000	89,501	29,762
14,500	15,001	2,647	39,500	40,001	7,059	64,500	65,001	15,682	89,500	90,001	30,082
15,000	15,501	2,735	40,000	40,501	7,147	65,000	65,501	15,939	90,000	90,501	30,402
15,500	16,001	2,824	40,500	41,001	7,235	65,500	66,001	16,197	90,500	91,001	30,721
16,000	16,501	2,912	41,000	41,501	7,324	66,000	66,501	16,455	91,000	91,501	31,041
16,500	17,001	3,000	41,500	42,001	7,412	66,500	67,001	16,712	91,500	92,001	31,361
17,000	17,501	3,088	42,000	42,501	7,500	67,000	67,501	16,970	92,000	92,501	31,680
17,500	18,001	3,176	42,500	43,001	7,588	67,500	68,001	17,227	92,500	93,001	32,000
18,000	18,501	3,265	43,000	43,501	7,676	68,000	68,501	17,485	93,000	93,501	32,320
18,500	19,001	3,353	43,500	44,001	7,765	68,500	69,001	17,742	93,500	94,001	32,639
19,000	19,501	3,441	44,000	44,501	7,853	69,000	69,501	18,000	94,000	94,501	32,959
19,500	20,001	3,529	44,500	45,001	7,941	69,500	70,001	18,258	94,500	95,001	33,279
20,000	20,501	3,618	45,000	45,501	8,030	70,000	70,501	18,515	95,000	95,501	33,598
20,500	21,001	3,706	45,500	46,001	8,118	70,500	71,001	18,773	95,500	96,001	33,918
21,000	21,501	3,794	46,000	46,501	8,206	71,000	71,501	19,030	96,000	96,501	34,238
21,500	22,001	3,882	46,500	47,001	8,294	71,500	72,001	19,288	96,500	97,001	34,557
22,000	22,501	3,971	47,000	47,501	8,382	72,000	72,501	19,545	97,000	97,501	34,877
22,500	23,001	4,059	47,500	48,001	8,471	72,500	73,001	19,803	97,500	98,001	35,197
23,000	23,501	4,147	48,000	48,501	8,559	73,000	73,501	20,061	98,000	98,501	35,516
23,500	24,001	4,235	48,500	49,001	8,647	73,500	74,001	20,318	98,500	99,001	35,836
24,000	24,501	4,324	49,000	49,501	8,735	74,000	74,501	20,576	99,000	99,501	36,155
24,500	25,001	4,412	49,500	50,001	8,824	74,500	75,001	20,833	99,500	100,001	36,475

RATE OF RETURN WORKSHEET

Step			%
A	Most current Baa Public Utility Bond average. (Call TCEQ staff at 512/239-4691 to get this number.)		4.98
B	Add 2% - for utilities (include affiliates) with 0-200 OR		
	Add 1.5% - for utilities (include affiliates) with 201-500 connections OR		
	Add 1.0% - for utilities (include affiliates) with 501-1,000 connections		1.0
C	Add 1% if the utility can demonstrate that it has both:		1.0
	1 Debt/equity ratio is greater than 50% (Table IV. D. - Box 2 ÷ Box 3) AND		
	2 No affiliated companies with access to revenues or other funds to support utility operations	X	
D	Add 1% if the utility can demonstrate that it has at least 1 of the following 3 conditions:		1.0
	1 unstable population - Weekender/seasonal population: a. >25% of total customers; OR b. >10% of total customers and do not use seasonal reconnect fee;		
	2 low growth a. less than 5% customer growth over the last three years; OR b. documentation of potential anticipated future customer growth of less than 5% over a three year period; declining population		
	3 aging system a. 50% or more depreciated; OR b. low rate base (<\$500/customer)	X	
E	Add 1% if the utility is a stand alone sewer system with no agreement for: billing and collection OR discontinuance for nonpayment with the water supplier.		
F	Add 1% if the utility can demonstrate that it has at least 3 of the 4 following conditions:		1.0
	1 Number of complaints 2 complaints or less per year to TCEQ for every 200 connections served by system	X	
	2 No major deficiencies in the most recent PWS inspection report		
	3 No current or prior enforcement actions under current management within a three year period including the test year	X	
	4 Good faith efforts to solve any current problems	X	
G	Add 1% if the utility can demonstrate that it has at least 3 of the following 5 conditions:		1.0
	1 well-maintained, up-to-date books and records	X	
	2 Effective communications and good customer relations (ex: evidence of a community outreach plan funded without utility revenues from customers; program which includes information about utility policies; evidence reflecting cooperation and service within the community AND/OR a semi-annual newsletter.)		
	3 Consistent and timely in meeting reporting requirements (ex: annual reports for last 3 years) and payment of fees	X	

	4	exhibit fiscal responsibility with respect to rate filings, including completeness, accuracy and frequency	X	
	5	Less than 15% line loss - (Section VIII of the Application - Page 16 of 41)	X	

H	Add 1% if the utility can demonstrate that it has at least 4 of the following 5 conditions:			1.0
	1	rate structure - any two of the following a. zero gallons included in minimum bill b. gallonage rate set high enough to encourage conservation (> \$2.00/1000 gal.) c. use of inclining blocks, (i.e. with at least \$1.00 between rate tiers which meets other regulatory requirements for inclining block structures)	X	
	2	drought contingency plan included in tariff with written evidence of use in years required	X	
	3	conservation plan including encouragement of the use of water conserving devices, efficient lawn watering, or xeriscaping	X	
	4	program to educate the customers about the nature of the system, its production and distribution ability, PWS standards, and the need for water conservation	X	
	5	Line Loss a. less than or equal to 15% and b. successful program to reduce losses (ex., leak detection & repair) (within a three year period reflecting a 25% or more reduction in line loss since program implementation)	X	
I	Total Rate of Return %			11.0

Summary

- A. 4.98
- B. 1.0
- C. 1.0
- D. 1.0
- E. 0
- F. 1.0
- G. 1.0
- H. 1.0

I. 10.98

11.0% was used for convenience.

WATER AND WASTEWATER UTILITIES

ANNUAL REPORT

of

INLINE DEVELOPMENT LLC

Exact Legal Name of Utility/Respondent

WATER 12848

SEWER 20879

Certificate of Convenience and Necessity (CCN) No.

Submitted to the

State of Texas



Texas Commission on Environmental Quality

for the

Calendar Year Ended December 31, 2013

Section 1: Utility Information

Utility Name INLINE DEVELOPMENT LLC

Address 21755 I-45 BLDG. #11

SPRING TX 77388

☐ Please check this box if your Official Address, which is noted on the enclosed letter, has changed.

Telephone Number 281.651.1130

Fax Number 832.482.3178

E-mail Address inlineutilities2007@yahoo.com

Contact Person LIZ GOWLES

Title ACCTS MANAGER

Check the business ownership entity of the utility as filed with the Internal Revenue Service

☐

Individual

☐

Partnership

☒

Corporation

☐

NonProfit Association

Section 2: Utility Background

Water CCN No. 12848

Number of PWSs 2

PWS ID No. 1013804

PWS ID No. 1013271

(If the Utility has more PWS ID

Nos., please indicate in Section 10)

Sewer CCN No. 20879

Number of Wastewater Systems 1

Discharge Permit No. TDES-13842-002

Discharge Permit No. _____

(If the Utility has more Discharge Permit

Nos., please indicate in Section 10)

Section 3: Revenues

	Water	Wastewater	Total Water + Wastewater
OPERATING REVENUES:			
Utility Service/Sales	180,380.49	335,739.20	516,119.69
Fees (Tap, Reconnection, etc.)	7,603.09	8,875.54	16,478.63
OTHER REVENUES:			
Please Identify: LATE FEES	15,762.81	7,061.66	22,824.47
TOTAL REVENUES	203,746.39	351,676.40	555,422.79

Section 4: Expenses

	Water	Wastewater	Total Water + Wastewater
Salaries & Wages			34,000.00
Contract Labor			117,484.78
Purchased Water			0.00
Chemicals for Treatment			18,503.14
Utilities (electricity)			38,034.47
Repairs/Maintenance/Supplies			10,599.46
Office Expenses			44,259.48
Professional Fees (Accounting, Legal)			58,217.54
Insurance			7,855.03
Depreciation & Amortization			0.00
Miscellaneous (describe in remarks below)			0.00
Subtotal			347,360.84
Taxes:			
Federal Income Taxes			0.00
Property and Other Taxes (Payroll, etc.)			16,192.88
Regulatory Expenses (Rate Case, Permits)			7,478.48
Other (describe in remarks below)			220,390.86
TOTAL EXPENSES			591,423.04

Remarks:

SLUDGE REMOVAL \$20,296.66 SUGARBERRY PLACE PHASE I
 REGIONAL WATER FEES \$54,167.75 SUGARBERRY PLACE PHASE II
 PRINCIPAL AND INTEREST CHARGES \$142,926.45

Section 5: Operating Items

Debt Information:

Annual interest expense on long and/or short term debt?	\$ 120,891.43
Annual principal payment on debt?	\$ 16,935.02
Annual interest rate on debt?	8.5 %
Annual debt principal and interest?	\$ 140,826.45
Principal balance on outstanding debt at end of this reporting period?	\$ 1,811,481.84

Regulatory Assessment Fee:

What was the Regulatory Assessment fee amount submitted to TCEQ for the Calendar Year 2013?

\$ 5161.20

Rate Change:

What was the effective date of the last Rate Change?

NONE

Section 6: Customer Information

Connection Type Water	Number of Connections at	
	Beginning of Calendar Year 2013	End of Calendar Year 2013
Total	647	669

Connection Type Wastewater	Number of Connections at	
	Beginning of Calendar Year 2013	End of Calendar Year 2013
Total	1048	1084