



Control Number: 43074



Item Number: 10

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**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](mailto:bretfenner@yahoo.com)

October 22, 2014

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

2014 OCT 23 11 09:26  
Texas Central

Re: A Sale/Transfer/Merger Application for the Sale and Transfer of a Portion of the Water and Sewer of Certificates of Convenience and Necessity (CCN) No. 12085 and 20658 of J & S Water Company, LLC (J & S) to Utilities Investment Company, Inc. d.b.a. UIC 13, LLC in Harris County; Docket No. 43074

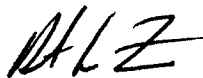
Dear Mr. Chang:

Enclosed please find an original and ten copies of the following requested items for Docket No. 43074:

1. 2013 and first half of 2014 Financial Statements for Utilities Investment Company, Inc.
2. Proposed water and sewer tariffs for affected service areas.
3. Revised notice to current customers, neighboring systems, landowner and cities to reflect the current PUC notice form.
4. The two Directors of Utilities Investment Company, Inc. are Shannon and Tracy Marsh. Both have 50 percent ownership.

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

Sincerely,



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

Enclosures

10

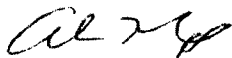
**ALAN MAXCY**  
Certified Public Accountant

To the Board of Directors of  
Utilities Investment Company, Inc.  
P.O. Box 2482  
Conroe, TX 77305

I have reviewed the accompanying balance sheet of Utilities Investment Company, Inc. as of March 31, 2014, and the related statement of revenues, expenses and accumulated adjustments for the three-month period then ended, and the related statement of cash flows for the three-month period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Utilities Investment Company, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Alan Maxcy, C.P.A.

October 21, 2014

**UTILITIES INVESTMENT COMPANY, INC.**

BALANCE SHEET

MARCH 31, 2014

**ASSETS**

Current Assets:

Cash and cash equivalents (Note B)	\$ 283,891
Accounts receivable	<u>21,479</u>
Total Current Assets	<u>305,370</u>

Property and Equipment (Note B):

Treatment plants	3,128,806
Water wells	78,203
Field equipment	639,709
Office furniture and equipment	9,499
Less accumulated depreciation	<u>(1,543,507)</u>
Net Property and Equipment	<u>2,312,710</u>

Other Assets:

Land	<u>60,676</u>
Total Other Assets	<u>60,676</u>

TOTAL ASSETS

2,678,756

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current Liabilities:

Accounts payable	35,462
Current portion of long-term debt	<u>204,735</u>
Total Current Liabilities	<u>240,197</u>

Long-Term Liabilities:

Notes payable (Note B)	1,279,594
Less current portion of long-term debt	<u>(204,735)</u>
Total Long-Term Liabilities	<u>1,074,859</u>

Total Liabilities

1,315,056

Stockholder's Equity:

Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	1,000
Accumulated adjustments	1,117,785
Retained earnings-current	<u>244,915</u>
Total Stockholders' Equity	<u>1,363,700</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

\$ 2,678,756

See accompanying notes and accountant's report

**UTILITIES INVESTMENT COMPANY, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED ADJUSTMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014**

Sales	\$ <u>873,706</u>
Cost of Sales.	
Chemicals/Chlorine	16,736
Equipment rental	1,727
Lab expenses	24,042
Licenses and permits	22,299
Meter reading	1,774
Mileage reimbursement	3,599
Miscellaneous fees	1,473
Outside services	237,971
Salaries and wages	99,126
Sludge disposal	11,811
Supplies	62,745
Utilities	43,420
Total Cost of Sales	<u>526,723</u>
<b>GROSS INCOME</b>	<u>346,983</u>
Indirect Expenses:	
Bank charges	1,121
Credit card fees	1,400
Depreciation	34,487
Insurance	17,175
Interest expense	14,903
Lease expense	10,500
Miscellaneous	126
Office expenses	1,689
Officer's salary	5,200
Postage	3,506
Professional fees	7,860
Telephone	4,101
Total Indirect Expenses	<u>102,068</u>
<b>NET INCOME</b>	244,915
Accumulated adjustments-beginning of year	1,119,786
Distributions to shareholder	<u>(2,001)</u>
<b>ACCUMULATED ADJUSTMENTS AS OF MARCH 31, 2014</b>	<u>1,362,700</u>

See accompanying notes and accountant's report.

**UTILITIES INVESTMENT COMPANY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net income (loss)	\$ 244,915
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	34,487
(Increase) decrease in:	
Accounts receivable	67,206
Loan receivable	11,904
Increase (decrease) in:	
Accounts payable	35,462
Loan payable	(65,500)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>328,474</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of property and equipment	<u>(625,462)</u>
<b>NET CASH UTILIZED FOR INVESTING ACTIVITIES</b>	<u><b>(625,462)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Increase (decrease) in notes payable	377,466
Distributions to shareholder	<u>(2,001)</u>
<b>NET CASH UTILIZED FOR FINANCING ACTIVITIES</b>	<u><b>375,465</b></u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>78,477</b>
Cash-Beginning of period	<u>205,414</u>
<b>CASH AND CASH EQUIVALENTS AT MARCH 31, 2014</b>	<u><b>\$ 283,891</b></u>

See accompanying notes and accountant's report

**UTILITIES INVESTMENT COMPANY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014

**NOTE A-ORGANIZATION**

The Company was incorporated in the State of Texas on November 18, 1996. The Company is in the water and sewage treatment industry.

**NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting

The Company recognizes all items of revenue and expense on the accrual basis of accounting in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks.

Depreciation of Property and Equipment

The Company depreciates its property and equipment over the estimated useful lives of the assets utilizing the straight-line method.

Income Taxes

The Company utilizes the accrual method of accounting in recognizing income for Federal income tax purposes. The Company elected to be treated as an S-Corporation on January 1, 1998, so all items of income and deductions pass to its lone shareholder. Therefore, no provision is made for Corporate income tax in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes Payable

The Company purchased a water treatment plant in Montgomery County, Texas for \$904,571 on January 29, 2013. The Company financed \$720,000 with Heritage Bank, to be paid off with a \$7,725 monthly payment for 60 months at an interest rate of 5.25% per annum. The principal balance remaining at the end of 60 months will be due and payable at that time. The principal balance due as of March 31, 2014 is \$628,142. The Company has paid \$6,833 interest in 2014.

The Company purchased a Kubota excavator from WOWCO Equipment Co. on December 11, 2013 for \$46,331. The Company financed \$39,062 with Kubota Credit to be paid in 60 equal monthly payments of \$651.04 interest-free. The principal balance due as of March 31, 2014 is \$37,109.

The Company purchased a Kubota tractor from Allied Power Mart on September 20, 2012 for \$50,393. The Company financed \$48,451 with Kubota Credit to be paid in 60 equal monthly payments of \$807.52 interest-free. The principal balance due as of March 31, 2014 is \$23,251.

The Company purchased a water treatment plant in Grimes County, Texas for \$561,335 on December 28, 2011. The Company assumed \$286,076 of an original \$300,000 note with First State Bank of Bédias, Texas in the name of the seller Bobby Brown, to be paid off with a \$2,965.04 monthly payment for 120 months at an interest rate of 6% per annum. The principal balance due as of March 31, 2014 is \$175,584. The Company has paid \$2,453 interest in 2014.

The Company purchased a water treatment plant in Harris County, Texas for \$576,400 on January 30, 2014. The Company financed \$426,500 with James and Cynthia Riley doing business as C&R Water Supply to be paid off with a \$13,364.96 monthly payment for 36 months at an interest rate of 8% per annum. The principal balance due as of March 31, 2014 is \$415,508. The Company has paid \$5,617 interest in 2014.



**ALAN MAXCY**  
Certified Public Accountant

To the Board of Directors of  
Utilities Investment Company, Inc.  
P.O. Box 2482  
Conroe, TX 77305

I have reviewed the accompanying balance sheet of Utilities Investment Company, Inc. as of June 30, 2014, and the related statement of revenues, expenses and accumulated adjustments for the six-month period then ended, and the related statement of cash flows for the six-month period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Utilities Investment Company, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Alan Maxcy, C.P.A.

October 21, 2014

**UTILITIES INVESTMENT COMPANY, INC.**

BALANCE SHEET

JUNE 30, 2014

**ASSETS**

Current Assets:

Cash and cash equivalents (Note B)	\$ 263,487
Accounts receivable	<u>75,815</u>
Total Current Assets	<u>339,302</u>

Property and Equipment (Note B):

Treatment plants	3,736,886
Water wells	154,898
Field equipment	639,709
Office furniture and equipment	9,499
Less accumulated depreciation	<u>(1,577,995)</u>
Net Property and Equipment	<u>2,962,997</u>

Other Assets:

Land	<u>291,676</u>
Total Other Assets	<u>291,676</u>

TOTAL ASSETS

3,593,975

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current Liabilities:

Accounts payable	-
Current portion of long-term debt	<u>231,808</u>
Total Current Liabilities	<u>231,808</u>

Long-Term Liabilities:

Notes payable (Note B)	1,448,800
Less current portion of long-term debt	<u>(231,808)</u>
Total Long-Term Liabilities	<u>1,216,992</u>

Total Liabilities

1,448,800

Stockholder's Equity:

Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	1,000
Accumulated adjustments	1,631,405
Retained earnings-current	<u>512,770</u>
Total Stockholders' Equity	<u>2,145,175</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

\$ 3,593,975

See accompanying notes and accountant's report.

**UTILITIES INVESTMENT COMPANY, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED ADJUSTMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014**

Sales	<u>\$ 1,821,754</u>
Cost of Sales:	
Chemicals/Chlorine	25,497
Equipment rental	4,705
Lab expenses	73,043
Licenses and permits	23,443
Meter reading	3,172
Mileage reimbursement	17,775
Miscellaneous fees	1,473
Outside services	501,827
Salaries and wages	197,936
Sludge disposal	37,012
Supplies	129,999
Utilities	92,556
Total Cost of Sales	<u>1,108,438</u>
<b>GROSS INCOME</b>	<u><b>713,316</b></u>
Indirect Expenses:	
Bank charges	2,088
Credit card fees	2,718
Depreciation	68,975
Donations	2,000
Franchise tax	4,049
Insurance	33,224
Interest expense	36,711
Lease expense	10,500
Miscellaneous	126
Office expenses	3,149
Officer's salary	10,400
Postage	7,446
Professional fees	10,831
Property taxes	94
Telephone	8,235
Total Indirect Expenses	<u>200,546</u>
<b>NET INCOME</b>	<b>512,770</b>
Accumulated adjustments-beginning of year	1,119,786
Contributions by shareholder	546,694
Distributions to shareholder	<u>(35,075)</u>
<b>ACCUMULATED ADJUSTMENTS AS OF JUNE 30, 2014</b>	<u><b>2,144,175</b></u>

See accompanying notes and accountant's report

**UTILITIES INVESTMENT COMPANY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net income (loss)	\$ 512,770
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	68,975
(Increase) decrease in:	
Accounts receivable	12,870
Loan receivable	11,904
Increase (decrease) in:	
Loan payable	(65,500)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>541,019</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of property and equipment	(1,310,237)
Purchase of land	(231,000)
<b>NET CASH UTILIZED FOR INVESTING ACTIVITIES</b>	<u>(1,541,237)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Increase (decrease) in notes payable	546,672
Contributions by shareholder	546,694
Distributions to shareholder	(35,075)
<b>NET CASH UTILIZED FOR FINANCING ACTIVITIES</b>	<u>1,058,291</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	58,073
Cash-Beginning of period	<u>205,414</u>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2014</b>	<u>\$ 263,487</u>

See accompanying notes and accountant's report.

**UTILITIES INVESTMENT COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE A-ORGANIZATION**

The Company was incorporated in the State of Texas on November 18, 1996. The Company is in the water and sewage treatment industry.

**NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting

The Company recognizes all items of revenue and expense on the accrual basis of accounting in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks.

Depreciation of Property and Equipment

The Company depreciates its property and equipment over the estimated useful lives of the assets utilizing the straight-line method.

Income Taxes

The Company utilizes the accrual method of accounting in recognizing income for Federal income tax purposes. The Company elected to be treated as an S-Corporation on January 1, 1998, so all items of income and deductions pass to its lone shareholder. Therefore, no provision is made for Corporate income tax in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes Payable

The Company purchased a water treatment plant in Montgomery County, Texas for \$904,571 on January 29, 2013. The Company financed \$720,000 with Heritage Bank, to be paid off with a \$7,725 monthly payment for 60 months at an interest rate of 5.25% per annum. The principal balance remaining at the end of 60 months will be due and payable at that time. The principal balance due as of June 30, 2014 is \$614,445. The Company has paid \$16,311 interest in 2014.

The Company purchased a Kubota excavator from WOWCO Equipment Co. on December 11, 2013 for \$46,331. The Company financed \$39,062 with Kubota Credit to be paid in 60 equal monthly payments of \$651.04 interest-free. The principal balance due as of June 30, 2014 is \$32,411.

The Company purchased a Kubota tractor from Allied Power Mart on September 20, 2012 for \$50,393. The Company financed \$48,451 with Kubota Credit to be paid in 60 equal monthly payments of \$807.52 interest-free. The principal balance due as of June 30, 2014 is \$19,051.

The Company purchased a water treatment plant in Grimes County, Texas for \$561,335 on December 28, 2011. The Company assumed \$286,076 of an original \$300,000 note with First State Bank of Bédias, Texas in the name of the seller Bobby Brown, to be paid off with a \$2,965.04 monthly payment for 120 months at an interest rate of 6% per annum. The principal balance due as of June 30, 2014 is \$161,194. The Company has paid \$6,063 interest in 2014.

The Company purchased a water treatment plant in Harris County, Texas for \$576,400 on January 30, 2014. The Company financed \$426,500 with James and Cynthia Riley doing business as C&R Water Supply to be paid off with a \$13,364.96 monthly payment for 36 months at an interest rate of 8% per annum. The principal balance due as of June 30, 2014 is \$383,133. The Company has paid \$13,337 interest in 2014.

The Company purchased a water treatment plant in Harris County, Texas for \$839,080 on June 4, 2014. The Company financed \$244,944 with Plains State Bank to be paid off with a \$7,378.12 monthly payment for 36 months at an interest rate of 5.25% with the unpaid principal balance to be paid in full on June 4, 2017. The principal balance due as of June 30, 2014 is \$238,566. The Company has paid \$1,000 interest in 2014.

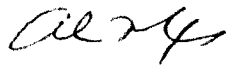
**ALAN MAXCY**  
Certified Public Accountant

To the Board of Directors of  
Utilities Investment Company, Inc.  
P.O. Box 2482  
Conroe, TX 77305

I have reviewed the accompanying balance sheet of Utilities Investment Company, Inc. as of December 31, 2013, and the related statement of revenues, expenses and accumulated adjustments for the twelve-month period then ended, and the related statement of cash flows for the twelve-month period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Utilities Investment Company, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Alan Maxcy, C.P.A.

August 27, 2014

**UTILITIES INVESTMENT COMPANY, INC.**

BALANCE SHEET  
DECEMBER 31, 2013

**ASSETS**

Current Assets:

Cash and cash equivalents (Note B)	\$ 205,414
Accounts receivable	88,685
Loan receivable	<u>11,904</u>
Total Current Assets	<u>306,003</u>

Property and Equipment (Note B):

Treatment plants	2,552,406
Water wells	78,203
Field equipment	590,647
Office furniture and equipment	9,499
Less accumulated depreciation	<u>(1,509,020)</u>
Net Property and Equipment	<u>1,721,735</u>

Other Assets:

Land	<u>60,676</u>
Total Other Assets	<u>60,676</u>

TOTAL ASSETS 2,088,414

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current Liabilities:

Loan payable	65,500
Current portion of long-term debt	<u>145,307</u>
Total Current Liabilities	<u>210,807</u>

Long-Term Liabilities:

Notes payable (Note B)	902,128
Less current portion of long-term debt	<u>(145,307)</u>
Total Long-Term Liabilities	<u>756,821</u>

Total Liabilities 967,628

Stockholder's Equity:

Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	1,000
Accumulated adjustments	838,878
Retained earnings-current	<u>280,908</u>
Total Stockholders' Equity	<u>1,120,786</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 2,088,414

See accompanying notes and accountant's report.



**UTILITIES INVESTMENT COMPANY, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED ADJUSTMENTS**  
**FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2013**

Sales	\$ 3,536,788
Cost of Sales:	
Chemicals/Chlorine	31,713
Equipment rental	39,579
Lab expenses	134,772
Licenses and permits	22,846
Meter reading	3,993
Mileage reimbursement	152,806
Miscellaneous fees	20,349
Outside services	942,361
Salaries and wages	389,296
Sludge disposal	192,247
Supplies	578,591
Utilities	164,503
Total Cost of Sales	<u>2,673,056</u>
GROSS INCOME	<u>863,732</u>
Indirect Expenses:	
Bank charges	2,179
Credit card fees	15,572
Depreciation	191,920
Donations	1,500
Franchise tax	5,502
Insurance	57,727
Interest expense	46,231
Lease expense	140,000
Maintenance and repairs	20,041
Miscellaneous	119
Office expenses	8,533
Officer's salary	20,800
Postage	13,388
Professional fees	8,990
Property taxes	29,717
Telephone	20,605
Total Indirect Expenses	<u>582,824</u>
NET INCOME	280,908
Accumulated adjustments-beginning of year	902,090
Distributions to shareholder	<u>(63,212)</u>
ACCUMULATED ADJUSTMENTS-END OF YEAR	<u>1,119,786</u>

See accompanying notes and accountant's report

**UTILITIES INVESTMENT COMPANY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES.</b>	
Net income (loss)	\$ 280,908
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	191,920
(Increase) decrease in:	
Accounts receivable	1,431
Loan receivable	12,500
Increase (decrease) in:	
Loan payable	<u>65,500</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>552,259</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of property and equipment	<u>(993,432)</u>
<b>NET CASH UTILIZED FOR INVESTING ACTIVITIES</b>	<b><u>(993,432)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Increase (decrease) in notes payable	595,193
Distributions to shareholder	<u>(63,212)</u>
<b>NET CASH UTILIZED FOR FINANCING ACTIVITIES</b>	<b><u>531,981</u></b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>90,808</b>
Cash-Beginning of period	<u>114,606</u>
<b>CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2013</b>	<b><u>\$ 205,414</u></b>

See accompanying notes and accountant's report

**UTILITIES INVESTMENT COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**NOTE A-ORGANIZATION**

The Company was incorporated in the State of Texas on November 18, 1996. The Company is in the water and sewage treatment industry.

**NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting

The Company recognizes all items of revenue and expense on the accrual basis of accounting in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks.

Depreciation of Property and Equipment

The Company depreciates its property and equipment over the estimated useful lives of the assets utilizing the straight-line method.

Income Taxes

The Company utilizes the accrual method of accounting in recognizing income for Federal income tax purposes. The Company elected to be treated as an S-Corporation on January 1, 1998, so all items of income and deductions pass to its lone shareholder. Therefore, no provision is made for Corporate income tax in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes Payable

The Company purchased a water treatment plant in Montgomery County, Texas for \$904,571 on January 29, 2013. The Company financed \$720,000 with Heritage Bank, to be paid off with a \$7,725 monthly payment for 60 months at an interest rate of 5.25% per annum. The principal balance remaining at the end of 60 months will be due and payable at that time. The principal balance due as of December 31, 2013 is \$644,484. The Company paid \$32,634 interest in 2013.

The Company purchased a Kubota excavator from WOWCO Equipment Co. on December 11, 2013 for \$46,331. The Company financed \$39,062 with Kubota Credit to be paid in 60 equal monthly payments of \$651.04 interest-free. The principal balance due as of December 31, 2013 is \$39,062.

The Company purchased a Kubota tractor from Allied Power Mart on September 20, 2012 for \$50,393. The Company financed \$48,451 with Kubota Credit to be paid in 60 equal monthly payments of \$807.52 interest-free. The principal balance due as of December 31, 2013 is \$27,451.

The Company purchased a water treatment plant in Grimes County, Texas for \$561,335 on December 28, 2011. The Company assumed \$286,076 of an original \$300,000 note with First State Bank of Bédias, Texas in the name of the seller Bobby Brown, to be paid off with a \$2,965.04 monthly payment for 120 months at an interest rate of 6% per annum. The principal balance due as of December 31, 2013 is \$191,131. The Company paid \$13,597 interest in 2013.



# WATER UTILITY TARIFF

Docket Number: \_\_\_\_\_

(this number will be assigned by the Public Utility Commission after your tariff is filed)

Utilities Investments Company, Inc. UIC 13, LLC.

\_\_\_\_\_  
(Utility Name)

P.O. Box 279

\_\_\_\_\_  
(Business Address)

New Waverly, Texas 77358

\_\_\_\_\_  
(City, State, Zip Code)

(281) 590-4359

\_\_\_\_\_  
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

This tariff is effective in the following counties:

Harris

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions or public water systems:

Aldine Village (PWS #1010931), Azalea Village (PWS #1011253), Cottonwood Park (PWS #1010283) and Cypress Hill (PWS # 1011792)

## TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

## TABLE OF CONTENTS

SECTION 1.0-RATE SCHEDULE	2
SECTION 2.0- SERVICE RULES AND POLICIES	4
SECTION 3.0- EXTENSION POLICY	13
APPENDIX A - DROUGHT CONTINGENCY PLAN	18
APPENDIX B- APPLICATION FOR SERVICE	19

Note: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality; however, the DCP is included as part of your approved utility tariff pursuant to PUC rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

### SECTION 1.0 -- RATE SCHEDULE

#### Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallage Charge
5/8" or 3/4"	\$ 20.56 (Includes gallons)	\$ 1.50 per 1000 gallons, 1 <sup>st</sup> 1,000 gallons
1"	\$ 51.40	\$ 1.50 per 1000 gallons, next 1,000 gallons
1½ "	\$ 102.80	\$ 1.50 per 1000 gallons thereafter
2"	\$ 164.48	(Aldine Village, PWS #1010931 Subdivision Only) <b>City Of Houston Groundwater Reduction Fee:</b> <b>\$ 0.53 per 1,000 gallons for each 1,000 gallons</b>
3"	\$ 308.40	
4"	\$ 411.20	

**FORM OF PAYMENT:** The utility will accept the following forms of payment:

Cash  Check  Money Order  Credit Card  Other (specify \_\_\_\_\_)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

#### REGULATORY ASSESSMENT

1.0%

PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT THE FEE TO THE TCEQ.

#### Section 1.02 - Miscellaneous Fee

##### TAP FEE

\$ 500.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

##### TAP FEE (Unique Costs)

Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

##### TAP FEE (Large Meter)

Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

##### METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED

##### METER TEST FEE

\$ 25.00

THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST 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. THE FEE MAY NOT EXCEED \$25.

(Utility Name)

## SECTION 1.0 – RATE SCHEDULE (Continued)

### RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

a) Nonpayment of bill (Maximum \$25.00)	\$	25.00
b) Customer's request that service be disconnected	\$	50.00
c) _____	\$	_____

### TRANSFER FEE

\$ 35.00

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

### LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)

\$ 5.00

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

### RETURNED CHECK CHARGE

\$ 25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

### CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)

\$ 50.00

### COMMERCIAL & NON-RESIDENTIAL DEPOSIT

1/6TH OF ESTIMATED ANNUAL BILL

### GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

\$ 25.00

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [P.U.C. SUBST. R. 24.21(k)(2)]

### LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

## SECTION 1.0 –RATE SCHEDULE (Continue)

### PASS THROUGH ADJUSTMENT CLAUSE

The utility may pass on only to those customers served by a system subject to the jurisdiction of the North Harris County Regional Water Authority (NHCRWA) or systems receiving purchased water from the City of Houston Groundwater Reduction Plan (COH GRO), any increase or decrease in its underground water district pumpage fee or purchased water fee, thirty (30) days after noticing of any change to all effected customers and filing notice with the PUC as required by 16 TAC 24.21 (h). The change per customer shall be calculated as follows:

$(A \times B) / C + L [(A \times B) / C]$  = increase or decrease to existing gallonage rate

Where:

A = Utility's annualized change in cost of water subjected to district's fee

B = Average number of gallons

C = 1000 gallons

L = percentage system wide line loss for the preceding 12 months, not to exceed 15 %





## SEWER UTILITY TARIFF

Docket No. \_\_\_\_\_

(this number will be assigned by the Public Utility Commission after your tariff is filed)

Utilities Investment Company, Inc. d.b.a. UIC13, LLC.

P.O. Box 279

(Utility Name)

(Business Address)

New Waverly, TX 77358

(281) 590-4359

(City, State, Zip Code)

(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

This tariff is effective in the following county (ies):

Harris

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivision or systems:

Aldine Village Subdivision

This tariff is effective for the following public Sewer system numbers(s):

WQ0012382001

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

<b>TABLE OF CONTENTS</b>	
SECTION 1.0 – RATE SCHEDULE	2
SECTION 2.0 – SERVICE RULES AND POLICIES	4
SECTION 3.0 – EXTENSION POLICY	10
APPENDIX A – SAMPLE SERVICE AGREEMENT	15

(Utility Name)

**SECTION 1.0 -- RATE SCHEDULE**

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	\$ <u>25.00</u> (Includes gallons)	\$ <u>1.50</u> per 1000 gallons, 1 <sup>st</sup> <u>1000</u> gallons
School	\$ <u>425.00</u>	
Park	\$ <u>40.00</u>	
Trailer Park	\$ <u>275.00</u>	
	\$ _____	

Volume charges are determined based on average consumption for winter period which includes the following months: December, January and February

**FORM OF PAYMENT:** The utility will accept the following forms of payment:

Cash  Check  Money Order  Credit Card  Other (specify) \_\_\_\_\_

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

**REGULATORY ASSESSMENT**

1.0%

PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fee

**TAP FEE**

\$ 500.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

**TAP FEE ( Large Connection Tap )**

Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

(Utility Name)

**SECTION 1.0 – RATE SCHEDULE (Continued)**

**RECONNECTION FEE**

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

a) Nonpayment of bill (Maximum \$25.00)	\$ <u>25.00</u>
b) Customer's request that service be disconnected	\$ <u>50.00</u>
c) _____	\$ _____

**TRANSFER FEE**

\$ 35.00

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

**LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)**

\$ 5.00

COMMISSION RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

**RETURNED CHECK CHARGE**

\$ 25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

**CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)**

\$ 50.00

**COMMERCIAL & NON-RESIDENTIAL DEPOSIT**

1/6TH OF ESTIMATED ANNUAL BILL

**GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE**

\$ 25.00

WHEN AUTHORIZED IN WRITING BY THE COMMISSION AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC 24.21(k)(2)]

**LINE EXTENSION AND CONSTRUCTION CHARGES:**

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

**Notice to Current Customers, Neighboring Systems, Landowner and Cities**

J&S WATER COMPANY, LLC.  
(Seller's or Transferor's Name)

'S NOTICE OF INTENT TO SELL FACILITIES TO

UTILITIES INVESTMENT COMPANY, INC.  
DBA UIC13, LLC.  
(Purchaser's or Transferee's Name)

AND FOR UTILITIES INVESTMENT COMPANY,  
INC. DBA UIC13, LLC.  
Purchaser's or Transferee's Name)

TO OBTAIN A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN  
HARRIS COUNTY, TEXAS

To: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_, 20 \_\_\_\_  
(Name of Customer, Neighboring System, Landowner or City)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
City State Zip

J&S WATER COMPANY, LLC.  
Sellers or Transferors' Name

8010 Thompson Road  
Address

Highland, TX 77562-3122  
City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell water and sewer Facilities in Harris County to:

UTILITIES INVESTMENT COMPANY, INC.  
DBA UIC13, LLC.  
Purchasers or Transferee's Name

PO Box 279  
Address

New Waverly, TX 77358  
City/State/Zip Code

The transferee has also requested to amend CCNs in this application. The sale is scheduled to take place as approved by Commission (Texas Water Code §13.301). The transaction and the proposed service area include the following subdivision(s):

Aldine Village Subdivision   Azalea Estates Mobile Home Community   Cottonwood Park Water System   Cypress Hill Subdivision

**Aldine Village Subdivision (PWS #1010931 & WQ 12382-001)**

The area subject to this transaction is located approximately 10 miles north [direction] of downtown Houston, [City or Town] Texas, and is **generally** bounded on the north by

Branding Iron Street; on the east by Henry Street  
;on the south by Walston Street; and on the west by Lillja Street

The total area being requested includes approximately 26 acres and serves 328 current customers.

**Azalea Estates Mobile Home Community (PWS #1011253)**

The area subject to this transaction is located approximately 23 miles northwest [direction] of downtown Houston, [City or Town] Texas, and is **generally** bounded on the north by

Hooks Memorial Airport; on the east by Valka Road  
;on the south by Byron Lane; and on the west by Vivian Court

The total area being requested includes approximately 19 acres and serves 23 current customers.

**Cottonwood Park Water System (PWS #1010283)**

The area subject to this transaction is located approximately 10 miles Northwest [direction] of downtown Houston, [City or Town] Texas, and is **generally** bounded on the north by Farm to Market Road 149 ;on the east by Braunston Road

;on the south by Lochland Street ;and on the west by Cordoba Drive

The total area being requested includes approximately 32 acres and serves 56 current customers.

**Cypress Hill Subdivision (PWS #1011792)**

The area subject to this transaction is located approximately 28 miles nothwest [direction] of downtown Houston, [City or Town] Texas, and is **generally** bounded on the north by Juergen Street ;on the east by Cypress-Rose Hill Road

;on the south by K-Z Road ;and on the west by Hanberry Road

The total area being requested includes approximately 96 acres and serves 37 current customers.

This transaction will have the following effect on the current customer's rates and services:

**No change in the rates charged customers will results from this transaction.**

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Public Utility Commission of Texas

Filing Clerk

1701 North Congress Avenue

P. O. Box 13326

Austin, TX 78711-3326

**Se desea informacion on Espanol, puede llamar al  
1-888-782-8477.**

**SHANNON MARSH**

Utility Representative

**UIC13, LLC.**

Utility Name