

Control Number: 43074



Item Number: 9

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43074

**B & D ENVIRONMENTAL, INC.**

P.O. BOX 500264  
AUSTIN TEXAS 78750  
PHONE NO: (512) 264-9124  
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PUBLIC UTILITY COMMISSION  
FILING CLERK

September 22, 2014

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

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 Financial Statements
2. Most recent water and sewer tariffs for affected systems.

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

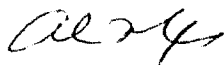
**ALAN MAXCY**  
Certified Public Accountant

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, 2013ASSETS

## 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

2,088,414LIABILITIES 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	<u>\$ 3,536,788</u>
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>
<b>GROSS INCOME</b>	<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>
<b>NET INCOME</b>	280,908
Accumulated adjustments-beginning of year	902,090
Distributions to shareholder	<u>(63,212)</u>
<b>ACCUMULATED ADJUSTMENTS-END OF YEAR</b>	<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	65,500
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>552,259</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of property and equipment	<u>(993,432)</u>
<b>NET CASH UTILIZED FOR INVESTING ACTIVITIES</b>	<u>(993,432)</u>
<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>	<u>531,981</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	90,808
Cash-Beginning of period	<u>114,606</u>
<b>CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2013</b>	<u>\$ 205,414</u>

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.



SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge (*)</u>
5/8" or 3/4"	<u>\$20.56</u> (Includes 0 gallons)	<u>\$2.03</u> per 1000 gallons
1"	<u>\$51.40</u>	same for all meter sizes
1 1/2"	<u>\$102.80</u>	
2"	<u>\$164.48</u>	
3"	<u>\$308.40</u>	
4"	<u>\$411.20</u>	

(\*) Gallage charge includes \$0.53/1000 gallons surcharge for the City of Houston Groundwater Reduction Plan Fee.

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

Cash X, Check X, Money Order X, 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%  
 (TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.)

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$500.00  
 THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTIONS OF 5/8" or 3/4" METER

NON-RESIDENTIAL TAP FEE ..... Actual Cost  
 THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR NON-RESIDENTIAL CONNECTIONS.

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) Non payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$50.00

RATES LISTED ARE EFFECTIVE ONLY  
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TEXAS COMM. ON ENVIRONMENTAL QUALITY  
 35878-R, CON 12085, JANUARY 14, 2008  
 APPROVED TARIFF BY S. J. ...

SECTION 1.0 - RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (continued)

TRANSFER FEE .....	<u>\$35.00</u>
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHERE THE SERVICE IS NOT DISCONNECTED	
LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) .....	<u>\$5.00</u>
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 .....	<u>\$25.00</u>
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) .....	<u>\$50.00</u>
NON-RESIDENTIAL CUSTOMER DEPOSIT .....	<u>1/6 of estimated annual billing</u>
METER TEST FEE .....	<u>\$25.00</u>
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	
METER CONVERSION FEE .....	<u>Actual Cost</u>
TO CHANGE LOCATION OR INCREASE THE SIZE OF THE METER AT THE CUSTOMER'S REQUEST	

RATES LISTED ARE EFFECTIVE ONLY  
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J & S Water Company, L.L.C.  
Cottonwood MHP, Arbor Oaks,  
Azalea Estates, Windfern Meadows,  
Cypress Hill, Woodland Acres (subdivision & MHP)

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	\$ <u>20.56</u> (Includes 0 gallons)	\$ <u>1.50</u> per 1000 gallons same for all meter sizes
1"	\$ <u>51.40</u>	
1 1/2"	\$ <u>102.80</u>	
2"	\$ <u>164.48</u>	
3"	\$ <u>308.40</u>	
4"	\$ <u>411.20</u>	

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

Cash X, Check X, Money Order X, 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%  
 (TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.)

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$500.00  
 THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 3/8" or 3/4" METER.

NON-RESIDENTIAL TAP FEE ..... Actual Cost  
 THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR NON-RESIDENTIAL CONNECTIONS.

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) Non payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$50.00

TRANSFER FEE ..... \$35.00  
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHERE THE SERVICE IS NOT DISCONNECTED

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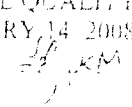
J & S Water Company, L.L.C.  
Cottonwood MHP, Arbor Oaks,  
Azalea Estates, Windfern Meadows,  
Cypress Hill, Woodland Acres (subdivision & MHP)

SECTION 1.0 - RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (continued)

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) .....	<u>\$5.00</u>
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 .....	<u>\$25.00</u>
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....	<u>\$50.00</u>
NON-RESIDENTIAL CUSTOMER DEPOSIT .....	1/6 OF ESTIMATED ANNUAL BILLING
METER TEST FEE .....	<u>\$25.00</u>
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.	
METER CONVERSION FEE .....	<u>Actual Cost</u>
TO CHANGE LOCATION OR INCREASE THE SIZE OF THE METER AT THE CUSTOMER'S REQUEST	

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
35878-R CCN 12985, JANUARY 14, 2008  
APPROVED TARIFF BY 

## SECTION 1.0 - RATE SCHEDULE

## PASS THROUGH ADJUSTMENT CLAUSE:

The utility may pass on only to those customers served by systems 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 GRP), 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 of notice with the TCEQ as required by 30 T.A.C. 291.21(1). The change per customer shall be calculated as follows:

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

Where :

- A = Utility's annualized change in cost of water subjected to district's fee
- B = Average number of gallons
- C = 1,000 gallons
- L = Percentage system wide line loss for the preceding 12 months, not to exceed 15 %

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
35878-R, CCN 12085, JANUARY 14, 2008  
APPROVED TARIFF BY *[Signature]*

SECTION 1.0 - RATE SCHEDULE

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$25.00</u> (Includes 0 gallons)	<u>\$1.50</u> per 1000 gallons
School	<u>\$425.00</u>	same for all meter sizes
Park	<u>\$40.00</u>	
Trailer Park	<u>\$275.00</u>	

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

Cash X, Check X, Money Order X, 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%  
 TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE (Residential) ..... \$500.00  
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. 5/8" or 3/4" METER

NON-RESIDENTIAL TAP FEE (Large Connection Tap) ..... Actual Cost  
 TAP FEE IS BASED ON THE AVERAGE OF THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR NON-RESIDENTIAL CONNECTIONS.

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) Non payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$50.00

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  
 TCEQ 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

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
 25879-R, CCN 20658, JANUARY 14, 2008  
 APPROVED TARIFF BY [Signature]

J & S Water Company, L.L.C.  
Aldine Village

Sewer Tariff Page 3a

SECTION 1.0 - RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (continued)

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

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
35879-R, CCN 20658 JANUARY 14, 2008  
APPROVED TARIFF BY *[Signature]*