

Attachment C

Inventory of Water Utility Plant

Community Utility Company						
Test Period Ends:		1-Jul-07				
Item Description	Installation Date	Original Cost	Expected Service Life	Remaining Life	Annual Deprec. Expense	Total Accum. Deprec.
FOREST MANOR						
Distribution System - 2" PVC	1-Jul-72	\$22,400	50	14	\$448	\$15,733
Distribution System - 4" PVC Well	1-Jul-72	\$50,400	50	14	\$1,008	\$35,399
1,150 Gal. PST	1-Jul-72	\$4,123	50	14	\$82	\$2,896
525 Gal. PST	1-Jul-72	\$3,217	50	14	\$64	\$2,260
	1-Jul-72	\$3,260	50	14	\$65	\$2,290
HEATHERGATE						
Distribution System - 2" PVC	1-Oct-78	\$21,140	50	21	\$423	\$12,196
Distribution System - 3" PVC	1-Oct-78	\$12,194	50	21	\$244	\$7,035
Distribution System - 4" PVC Well	1-Oct-78	\$9,576	50	21	\$192	\$5,525
1,150 Gal. PST	1-Oct-78	\$4,123	50	21	\$82	\$2,379
	1-Oct-78	\$5,902	50	21	\$118	\$3,405
SWEETGUM						
Distribution System - 2" PVC	14-Jul-76	\$8,700	50	19	\$174	\$5,406
GENERAL ITEMS						
Engineering Fees	1-Jun-06	\$1,204	5	113	\$241	\$261
Service Meters - 100 Ea.	1-Jun-08	\$1,000	20	20	\$50	\$0
Water Utility Plant Totals:		\$147,239			\$3,192	\$94,784
						\$52,455
						Page 1

Attachment D

Community Utility Company
Section VI, B - Known & Measurable changes
Table VI. A.

Attachment D

Line A. Salaries and Wages

Salaries and wages were removed due to water operations, management and billing were contracted to Martin Utilities.

Line B. Contract Labor

Operations (\$17/conn. x 12 mo x 215 conn.)	\$ 43,860
Billing and bookkeeping (\$3/conn. X 12 mo x 215 conn.)	7,740
Management services (\$2/conn. x 12 mo x 215 conn.)	<u>5,160</u>
Known and measurable increase in Contract Labor	\$ 56,760

See explanation in Line A. Salaries and wages

Line D. Chemicals

Chemicals all paid for by Martin Utilities in test year

No chemicals were allocated to Community in the test year. Chemicals have been allocated on a per connection basis as follows:

\$22,208 times 215 divided by 3,617 total connections = \$1,320 in chemicals cost added to the cost of service.

Line F. Repairs/maintenance/supplies

Most test year repairs & maintenance expense were paid for by Martin Utilities and were allocated to Community as follows:

Allocated to Community: \$211,396 times 215 divided by 3,617 =	\$ 12,566
Test year expense recorded in Stone Hedge's books	<u>(788)</u>
Known and measurable increase	\$ 11,778

Line H. Accounting & Legal fees

Legal fees were removed

Line J. Rate Case expenses

Total rate case expense included is \$4,000 amortized over a two year period.

Line N. Property and other taxes

Late fees and back year taxes were removed from the test year amount.

Line O. Annual Depreciation and Amortization

See calculated from Table III. B. and Attachment C.

Line P. Income Taxes

Federal income tax is calculated as follows:

Revenue Requirement:	\$ 117,200
Less: Operations and Maint.	(101,737)
Less: Deprec & amort	(3,192)
Less: Other Taxes	<u>(3,125)</u>
Taxable Income	\$ 9,146
Taxes @ factor	15%
<u>Normalized Federal Income taxes</u>	<u>\$ 1,372</u>

Line Q. Return

See Table IV. E., Line (H) .

Payment Schedule

Community Utility Co

P.O. Box 58

Spring, Texas 77383-0058

Office: 281-444-7747

Fax: 281-292-4439

June 25, 2008

To: TCEQ – Financial Administration

Re: Outstanding fees - Regulatory Assessment Fees for Account No. 10350;
Public Health Service Fees for Account No's 91010264,
91011302 & 91700113.

To Whom It May Concern:

Enclosed with this letter you will find two checks payable to TCEQ. Check No. 1082 in the amount of \$382.81 is in payment of the 2007 Regulatory Assessment Fees for Account No. 10350 (Community Utility Co.), and Check No. 1083 in the amount of \$150.00 is a payment on the Public Health Service Fees for Account No. 91010264 (Forest Manor Water System).

In addition to the checks, you will also find the Regulatory Assessment Reports for the 4th Qtr 1997, 2002, 2003, 2004, 2005, 2006 & 2007 for Account No. 10350 (Community Utility Co.) and a proposed plan for payment of the remaining fees (both regulatory assessment fees and public health service fees).

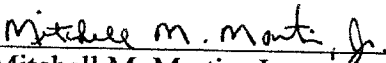
The payment plan is designed to accomplish two goals:

- (1) To work with both our existing and expected cash flow. The first part of the payment plan schedules reduced payments to work within our existing cash flow, while the latter part of the plan schedules larger payments as a result of an increase in cash flow from increased water rates; and
- (2) To pay off all of the outstanding regulatory assessment and public health service fees within 12 months.

Along with the payment plan for the outstanding fees, Community Utility Co will also pay any ongoing fees as they become due.

Please review the attached payment plan and let me know if it is acceptable.

Sincerely,


Mitchell M. Martin, Jr.
President
Community Utility Co

Enclosures Check No's 1082 & 1083;
Regulatory Assessment Reports 1997-2007; and
Payment Plan

Current Tariff

SECTION 1.0--RATE SCHEDULESection 1.01--Rates

Monthly Minimum Charge

Flat Rate \$12.50 per month

Pinecrest Subvdivision Flat Rate \$10.00 per month

Section 1.2--Miscellaneous Fees

TAP FEE.....\$ 250.00-
Tap fee is limited to the average of the Utility's actual costs for materials and labor for standard residential connections of 5/8" or 3/4" meter.

RECONNECTION FEE.....\$ -0-
The reconnect fee will be charged before service can be restored to a customer who has been disconnected at a) the customer's request, b) reasons listed under Section 2.0 of this tariff, or c) reasons listed in the Commission's Substantive Rules.

LATE CHARGE
A one-time penalty of \$1.00 or 5.0% whichever is larger may be made on delinquent bills. The penalty on delinquent bills may not be applied to any balance to which the penalty was applied in a previous billing.

RETURNED CHECK CHARGE.....\$ -0-

CUSTOMER DEPOSIT (Maximum \$50).....\$ -0-

TO BECOME EFFECTIVE, THIS PAGE MUST BE STAMPED APPROVED BY THE TEXAS
WATER COMMISSION

Key to Codes

C--Regulation Change D--Discontinued I--Increase
R--Reduction E--Error Correction N--New
T--Change in text, but no change in regulation

TEXAS WATER COMMISSION

TWC-WUT 3/87

7924-S CCN 10350 APR 14 '89

D.A. APPROVED TARIFF BY 005

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operational staff at any CA facility – We have added an additional operator – James T. Martin. Note – Our current plans call for the hiring of an additional four (4) operators, as funding becomes available.

Status of any permit or authorization applications/registrations submitted – The wastewater discharge permit for the Stonehedge Estates wastewater treatment plant was issued on March 30, 2007.

Changes regarding any other management, legal, funding and/or operational activities which are related to (and/or involve Current Martin Respondents oversight of) each of the CA Facilities - Martin Respondents continue to review and implement changes to the operational and record keeping procedures to improve maintenance and operations of the utilities. We are seeking funding thru the Drinking Water State Revolving Fund and have submitted Intended Use Plans to the Water Development Board.

Sincerely,

Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.

cc: Water Section Manager, Houston Regional Office, TCEQ

CCN/10350/Co

RECEIVED

APR 01 2008

TCEQ
CENTRAL FILE ROOM

Customer & Regulated Entity Report 71

For

Mitchell M. Martin, Jr.

&

Michael M. Martin, Sr.

CR-Report located
in CCN 10347

RECEIVED

APR 25 2006

ENFORCEMENT DIVISION