

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



NOTICE OF HEARING
SWWC UTILITIES, INC. DBA
HORNSBY BEND UTILITY COMPANY
SOAH Docket No. 582-14-3383
TCEQ Docket No. 2014-0539-UCR

APPLICATION.

SWWC Utilities, Inc. dba Hornsby Bend Utility Company, 12535 Reed Road, Sugar Land, Texas 77478, has applied to the Texas Commission on Environmental Quality (TCEQ) to change its water and sewer rate/tariff effective January 1, 2014 for its service area located in Travis County, Texas (Certificate of Convenience and Necessity Nos. 11978 and 20650, Application Nos. 37716-R and 37717-R). This application concerns service areas located within the USPS zip codes on the attached list.

CONTESTED CASE HEARING.

The State Office of Administrative Hearings (SOAH) will conduct a preliminary hearing on this application at:

10:00 a.m. – June 23, 2014
William P. Hobby Building
333 Guadalupe Street
Conference Room 100
Austin, Texas 78701

The purpose of a preliminary hearing is to establish jurisdiction, name the parties, establish a procedural schedule for the remainder of the proceeding, allow an opportunity for settlement discussions, and to address other matters as determined by the judge. The evidentiary hearing phase of the proceeding will be similar to a civil trial in state district court. The hearing will be conducted in accordance with Chapter 2001, Texas Government Code; Chapter 13, Texas Water Code; TCEQ rules, including 30 Texas Administrative Code (TAC) Chapter 291; and the procedural rules of the TCEQ and SOAH, including 30 TAC Chapter 80 and 1 TAC Chapter 155. To participate in the evidentiary hearing as a party, you must attend the preliminary hearing and show you would be affected by the petition in a way not common to members of the general public.



INFORMATION.

Information concerning your participation in this hearing may be obtained by contacting Blas Coy, TCEQ Office of Public Interest Counsel (MC 103), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-6363. For additional information, please contact the TCEQ Water Supply Division, Utilities & Districts Section (MC 153), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-4691. General information regarding the TCEQ can be found at our web site at <http://www.tceq.texas.gov/>.

Persons with disabilities who plan to attend this hearing and who need special accommodations at the hearing should call the SOAH Docketing Department at 512-475-3445, at least one week prior to the hearing.

Issued: May 22, 2014

A handwritten signature in cursive script that reads "Bridget C. Bohac".

Bridget C. Bohac, Chief Clerk
Texas Commission on Environmental Quality



Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

May 22, 2014

BY CERTIFIED AND FIRST CLASS MAIL
Certified Receipt # 7011 0470 0002 2481 5725

Lambeth Townsend, Attorney
Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701

RE: Mailing requirements on Notice of Hearing on SWWC Utilities, Inc. dba Hornsby
Bend Utility Company
SOAH Docket No. 582-14-3383, TCEQ Docket No. 2014-0539-UCR

Dear Mr. Townsend:

Enclosed is a Notice of Public Hearing concerning the above-referenced application. This notice must be provided in its entirety to all affected utility customers, at the utility company's expense. **A listing of all USPS zip codes within which any affected customer resides must be attached to the notice.** You may mail the notice with a utility bill or statement, or by separate first class mail. In accordance with Section 2001.051(1) of the Administrative Procedure Act, **all affected customers must receive the notice not less than 10 days before the hearing date**, or not later than June 11, 2014.

After the notice is mailed to all affected customers, you must file an affidavit stating the attached notice was mailed to all affected customers, and stating the date on which it was mailed. **Please be sure to attach a copy of the mailed notice including the zip code listing to the affidavit.** The affidavit must be filed with the Office of the Chief Clerk of the Texas Commission on Environmental Quality (Commission), ATTN: SOAH Docket Clerk (Mail Code 105), P.O. Box 13087, Austin, Texas 78711-3087, at least two days before the public hearing.

Immediately contact the State Office of Administrative Hearings (SOAH) Docket Clerk in the event that notice is not provided in a timely manner. **When contacting the Commission or SOAH regarding this application, please reference the SOAH docket number given at the top of this letter.**

If you have any questions, please call (512) 475-3445 to speak with the SOAH Docket Clerk.



Sincerely,

Bridget C. Bohac

Bridget C. Bohac, Chief Clerk
Texas Commission on Environmental Quality

Enclosures



TCEQ - Office of the Chief Clerk
MC-105 Attn: SOAH Docket Clerk
PO Box 13087
Austin TX 78711-3087

Utility Company: SWWC Utilities, Inc. dba Hornsby Bend
TCEQ Docket Number: 2014-0539-UCR
SOAH Docket Number: 582-14-3383

AFFIDAVIT OF NOTICE TO CUSTOMERS OF THE PUBLIC HEARING

STATE OF TEXAS §
COUNTY OF: _____ §

Before me, the undersigned authority, on this day personally appeared the affiant who being by me duly sworn, deposes and says:

My name is _____, I am over eighteen (18)
(Name of Affiant)

years of age. I have personal knowledge of the facts stated herein and they are all true and correct.

I am _____ of
(Title of Affiant)

(Name of Utility)

On _____, I caused to be mailed to all of the above named utility's
(Date)

customers and affected municipalities, if any, the attached notice of public hearing. The notice was mailed by first class mail.

Signature of Affiant

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 Public

My Commission Expires _____



MAILING LIST
SWWC UTILITIES, INC. DBA
HORNSBY BEND UTILITY COMPANY
SOAH Docket No. 582-14-3383
TCEQ Docket No. 2014-0539-UCR

Lambeth Townsend, Attorney *(Via Certified and First Class Mail)*
Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701
Representing: SWWC Utilities, Inc. dba Hornsby Bend Utility Company

Jim Rourke, Assistant Public Counsel
Office of Public Utility Counsel
P.O. Box 12397
Austin, Texas 78711-2397
Representing: Office of Public Utility Counsel

Texas Commission on Environmental Quality
P. O. Box 13087
Austin, Texas 78711-3087
Via electronic mail:

Christiaan Siano, Staff Attorney, Environmental Law Division (MC 173)
Jessica Gray, Staff Attorney, Environmental Law Division (MC 173)
Brian Dickey, Technical Staff, Water Supply Division, Utilities & Districts Section
(MC 153)
Fred Bednarski and Elizabeth Flores, Financial Staff, Water Supply Division,
Utilities & Districts Section (MC 153)
Blas Coy, Office of Public Interest Counsel (MC 103)



Katha Anderson

From: Monica Luna <Monica.Luna@soah.state.tx.us>
Sent: Thursday, May 01, 2014 12:46 PM
To: Katha Anderson
Cc: Bill Newchurch
Subject: AMENDED CONFIRMATION

SETTING OF HEARING(S)

<u>Docket Number on</u>	<u>Case</u>	<u>Date</u>	<u>Time/Durati</u>
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DOCKET CALL

582-14-3383 DAY 2014-0539-UCR	SWWC UTILITIES, INC. dba HORNSBY BEND	6/23/14	10:00AM / 1
582-14-3384 2014-0500-UCR	SWWC UTILITIES, INC. dba WATER SERVICES INC		

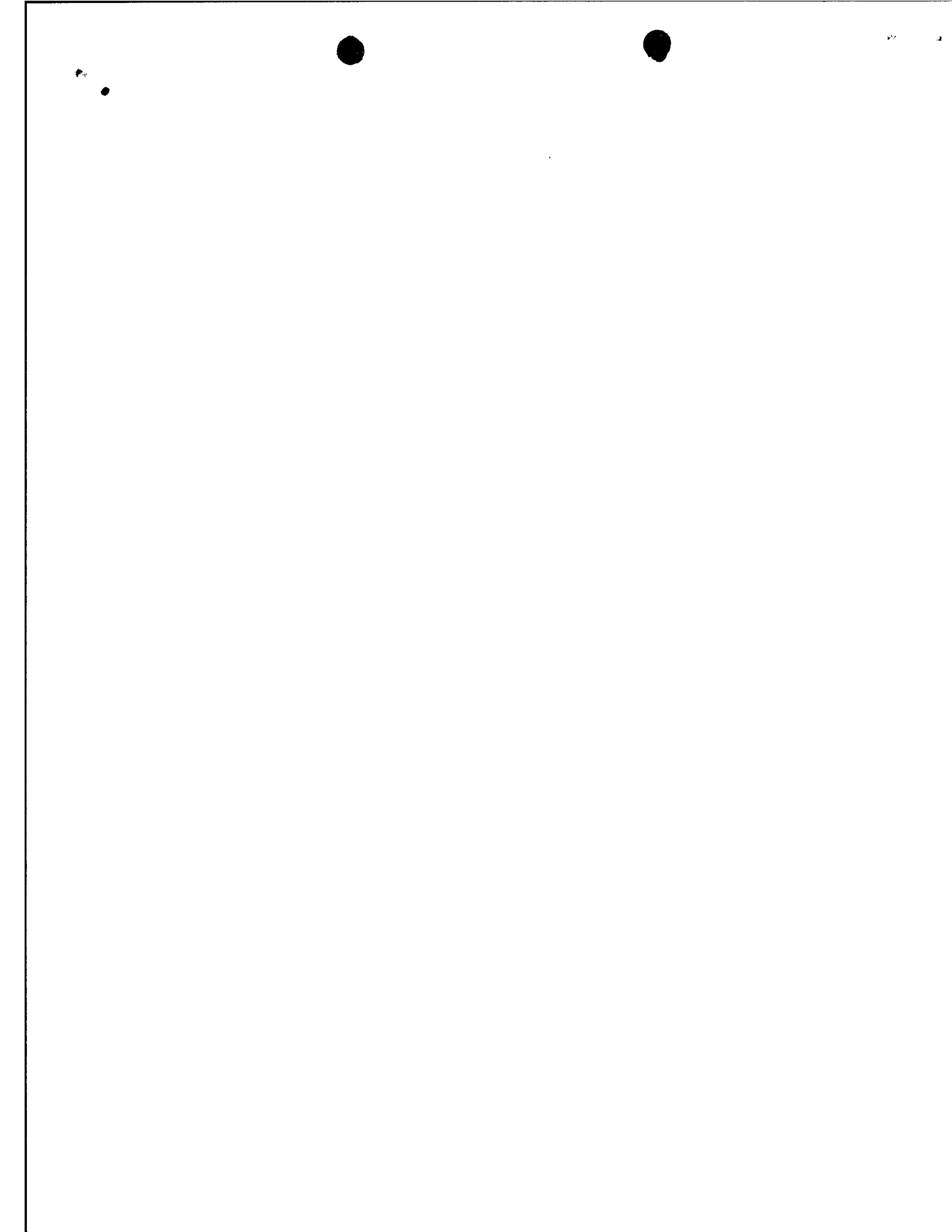
Hearing Location

**William P. Hobby Building
333 Guadalupe Street
Conference Room 100
Austin, Texas 78701**

All parties will be notified in the event of a change of location of the hearing.

Please remember that you are responsible for providing the court reporter as required by your agency.

If you have any questions regarding any of the information herein, please contact me.



(Revised - 06/09/09) **FOR SOAH USE ONLY** (req.frm)

Date complete request received by SOAH: _____ Proceeding date set by SOAH: _____ SOAH Docket Number & type of case: _____

REQUEST TO DOCKET CASE (Please type or print)

PLEASE CHECK ACTION REQUESTED:**

SETTING OF HEARING **ASSIGNMENT OF ALJ *** **ALTERNATIVE DISPUTE RESOLUTION (ADR)/MEDIATOR***

REFERRING AGENCY NAME: TCEQ AGENCY NO.: _____ AGENCY'S FILE/CASE NO.: 2014-0539-UCR

NAME/STYLE OF THE CASE: SWWC UTILITIES, INC. dba HORNSBY BEND UTILITY COMPANY

DATE APPLICATION FILED AT AGENCY: _____ DOCKET NO. SUFFIX, if applicable: UCR

PROCEEDING DATE(S) REQUESTED (Include range of dates if possible): JUNE 23, 2014

EXPECTED NUMBER OF HOURS (If less than a day) OR DAYS NEEDED FOR PROCEEDING: _____ HOURS 1 DAYS

ADMIN. FINE **GRIEVANCE** **ENFORCEMENT** **CONTRACT CLAIM (Gov't.Code 2260)** **OTHER** _____

SPECIAL NEEDS OR ACCOMMODATIONS: HEARING IN AUSTIN, SEATING FOR 100 PEOPLE (request to consolidate time and date with docket No. 2014-0500-UCR; SWWC Utilities dba Water Services Inc., for hearing purposes).

IF ADR REQUESTED PLEASE DESCRIBE PROCESS NEEDED: _____

PREHEARING CONFERENCE REQUESTED INTERPRETER NEEDED(See 1 TAC 155.43(g))

CASE FILE and/or HEARING IS CONFIDENTIAL (Specify applicable statute): _____

NAME OF INDIVIDUAL SENDING REQUEST FORM: KATHA ANDERSON PHONE NO.: 239-3316 FAX NO.: 239-3311

PARTIES AND REPRESENTATIVES

PARTY REPRESENTED BY: SELF ATTORNEY
 OTHER, If so, relationship:
REPRESENTATIVE'S NAME: CHRISTIAAN SIANO
PARTY'S NAME:
ADDRESS:
PHONE No.: (512) 239-6743
(Direct Phone Number Please)
Email Address: Christiaan.siano@tceq.texas.gov
FAX No.:

PARTY REPRESENTED BY: SELF ATTORNEY
 OTHER, If so, relationship:
REPRESENTATIVE'S NAME:
PARTY'S NAME:
ADDRESS:
PHONE No.:
(Direct Phone Number Please)
Email Address:
FAX No.:

PLEASE LIST ADDITIONAL PARTIES AND/OR REPRESENTATIVES ON EXTRA FORM PROVIDED.

SEND TO: STATE OFFICE OF ADMINISTRATIVE HEARINGS
ATTN.: Deputy Clerk
William P. Clements Building
300 West 15th Street, Suite 504
Austin, Texas 78701

OR

Post Office Box 13025
Austin, Texas 78711-3025
Docketing Phone No. (512) 475-3445
Fax No. (512) 475-4994

***PLEASE FORWARD A COPY OF THE APPLICATION, APPEAL, OR COMPLAINT WITH THIS REQUEST FORM, AS WELL AS ANY OTHER PLEADING FILED IN THE CASE TO DATE IF REQUESTING ASSIGNMENT OF ALJ or ALTERNATIVE DISPUTE RESOLUTION (ADR)/MEDIATION. A COPY OF THE NOTICE OF PROCEEDING MUST BE FORWARDED TO SOAH AT THE SAME TIME IT IS MAILED TO THE PARTIES.**

Katha Anderson

From: Katha Anderson
Sent: Monday, April 28, 2014 12:11 PM
To: docketing@soah.state.tx.us
Subject: 2014-0539-UCR dkt request
Attachments: Referral2014-0539-UCR.pdf; 2014-0539-UCR dkt request.docx

TCEQ Interoffice Memorandum

TO: Stacey Duncan
Business Support Section

THRU: *4/15/14*
Tammy Benter, Manager
Utilities and Districts Section
Water Supply Division

JB
Lisa Fuentes, Team Leader
Utilities Financial Review Team
Water Supply Division

JP
Vera Poe, P.E., Team Leader
Utilities Technical Review Team
Water Supply Division

FROM: Fred Bednarski *B 4/15/14*
Utilities Financial Review Team
Water Supply Division

4/15/14
Elizabeth Flores
Utilities Financial Review Team
Water Supply Division

BDP
Brian Dickey
Utilities Technical Review Team
Water Supply Division

DATE: April 15, 2014

SUBJECT: Docket No. 2014-0539-UCR; Protest of the application for a Water Rate/Tariff Change Application of SWWC Utilities, Inc., doing business as: Hornsby Bend Utility Company, Certificate of Convenience and Necessity No. 11978 in the following County: Travis; Application No. 37716-R

Docket No. 2014-0539-UCR; Protest of the application for a Sewer Rate/Tariff Change Application of SWWC Utilities, Inc., doing business as: Hornsby Bend Utility Company, Certificate of Convenience and Necessity No. 20650 in the following County: Travis; Application No. 37717-R

CN: 603264763, RN: 105374789 (water) and 105374797 (sewer)

We hereby transfer the official files for the above referenced applications to the Chief Clerk's Office. Please refer the applications to the State Office of Administrative Hearings (SOAH) and request that a hearing be scheduled.

The rate change applications were received on September 5, 2013. The effective date of the rates increase was January 1, 2014. The deadline for customer protests is April 1, 2014. We received 325 complaints from a total of 1,930 water customers

TEVAC

and 1,896 sewer customers, which exceeds the minimum requirement of 1,000 or 10% of the effected customers.

Staff estimates 100 people to attend this hearing. Attached is a mailing list for the application.

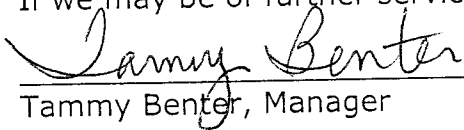
The staff assigned to this case are:

Technical - Brian Dickey

Financial - Fred Bednarski and Elizabeth Flores

Legal -

If we may be of further service regarding this matter, please call.



Tammy Benter, Manager

TB/EF/FB/BD/mmg

cc: TCEQ Public Interest Counsel; ATTN: Vic McWherter
TCEQ Agency Communications; ATTN: Andy Saenz, Director
TCEQ Chief Clerk's Office; ATTN: Deanna Avalos, SOAH Docket Clerk
TCEQ Legal Office; ATTN: Todd Galiga

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 15, 2014

Mr. Lambeth Townsend, Attorney
Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Avenue, Suite 1900
Austin, TX 78701

Re: Docket No. 2014-0539-UCR; Protest of the application for a Water Rate/Tariff Change Application of SWWC Utilities, Inc., doing business as: Hornsby Bend Utility Company, Certificate of Convenience and Necessity No. 11978 in the following County: Travis; Application No. 37716-R

Docket No. 2014-0539-UCR; Protest of the application for a Sewer Rate/Tariff Change Application of SWWC Utilities, Inc., doing business as: Hornsby Bend Utility Company, Certificate of Convenience and Necessity No. 20650 in the following County: Travis; Application No. 37717-R

CN: 603264763, RN: 105374789 (water) and 105374797 (sewer)

Dear Mr. Townsend:

On September 5, 2013, the Texas Commission on Environmental Quality (TCEQ) received applications for water and sewer rate/tariff changes. The applications have been assigned Docket No. 2014-0539-UCR. Any further communication should refer to this docket number.

The TCEQ has received 325 complaints from a total of 1,930 water customers and 1,896 sewer customers, which exceeds the minimum requirement of 1,000 or 10% of the effected customers.

This matter has been referred to the State Office of Administrative Hearings for scheduling. Once the hearing is scheduled, you will receive a notice of hearing explaining when and where the hearing will be held.

In order to review this rate change requests, the staff of the TCEQ may need additional information regarding the utility's cost of providing services. You may be receiving Staff Requests for Information (RFI's) within a few weeks. We would appreciate your cooperation in providing the information requested.

Mr. Lambeth Townsend, Attorney

Page 2

April 15, 2014

If you have questions about this process or what material you should bring with you to the hearing, please contact Mr. Brian Dickey at 512/239-0963, Ms. Elizabeth Flores at 512/239-6846 or Mr. Fred Bednarski at 512/239-4758, by fax at 512/239-6972, by email at brian.dickey@tceq.texas.gov, elizabeth.flores@tceq.texas.gov or fred.bednarski@tceq.texas.gov. If you contact our office by correspondence, please include MC153 in the letterhead address.

Sincerely,

A handwritten signature in black ink that reads "Tammy Benter". The signature is written in a cursive, flowing style.

Tammy Benter, Manager
Utilities and Districts Section
Water Supply Division

TB/EF/FB/BD/mmg

RECEIVED

SEP 03 2013

TELEPHONE ROOM
ENVIRONMENTAL QUALITY

SWWC Utilities, Inc.

**d/b/a Water Services, Inc.
d/b/a Hornsby Bend Utility Company**

Application for a
Water & Sewer
Rate / Tariff Change

For the Test Year ended 12/31/2012



September 3, 2013

**Application for a Rate/Tariff Change
SWWC Utilities, Inc.**

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Appendices & Exhibits

Exhibit 1 - Customer Notice

Exhibit 2 - Proposed Water Tariff

Exhibit 3 - Proposed Sewer Tariff

Appendix 1 - Rate Application Overview

Appendix 2 - Discussion of Return on Equity Analysis

Appendix 3 - Texas State Comptroller Certificate of Account Status

Appendix 4 - SWWC Public Water System Identification Numbers and Discharge Permit Numbers

Appendix 5 - Manager, Employee and Contract Services Operational Information

Appendix 6 - Certified Operator Names and Classifications

Appendix 7 - Customer Contributions Detail

Appendix 8 - Developer Contributions Detail

Appendix 9 - Plant, Property, and Equipment Detail

Appendix 10 - Revenue Requirement Detail

Appendix 11 - Texas Utilities and Corporate Allocations Detail

Appendix 12 - Summary of Pumped and Sold

Appendix 13 - Prepaids & M&S Summary

Appendix 14 - Rate Comparisons and Annualized Revenues

Appendix 15 - TCEQ Systems Reports

Application for a Rate/Tariff Change - SWWC Utilities, Inc.

Section I - General Information

Applicant: SWWC Utilities, Inc.

Utility Name: Water Services, Inc. & Homsby Bend Utility Company

Legal form of Applicant:

- Individual
- Partnership
- Corporation Provide Charter No. 800832416
- Sub Chapter-S Corporation
- Other: _____

Utility Address: 12535 Reed Road, Sugar Land, Texas 77478

County(ies) where Service is provided:

Bexar, Comal, Guadalupe, Kendall & Travis

CCN Number(s):

11978, 20650, & 11106

Contact Person: Lambeth Townsend
Position: Attorney, Lloyd Gosselink Rochelle & Townsend, P.C.

Telephone: 512-322-5830
Fax: 512-472-0532

Contact Person: George Freitag
Position: Rate/Regulatory Manager

Telephone: 512-219-2288
Fax: 281-207-5940

Address: 12535 Reed Road, Sugar Land, Texas 77478

Section I.A.

Application for a Rate/Tariff Change - SWWC Utilities, Inc.

Section I - General Information (Continued)

A. How often and on what dates are water meters typically read? Continuously over month

B. When are bills typically sent out? Monthly 3 to 5 days after meters are read

C. Do you serve customers within the corporate limits of a municipality? Yes
If yes, which municipalities? Bulverde

How many customers are within the limits of the municipality? 633

Have you filed a request to change rates within the municipality? Yes

If no, please explain: _____

D. Are you currently collecting the Regulatory Assessment Fee for your Customers? Yes
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 the assessments payable beginning January 1, 1992? Yes

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

Water Utility Name	TCEQ PWS ID #	County	Rate Increase Applicable?
See Appendix 4 for Names, ID #'s and Counties of Public Water Systems where the rate increase is applicable.			

See Appendix 15 for most recent public water system annual report from the TCEQ and a written explanation detailing how and when the utility will comply with any noted deficiencies.

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

Water Utility Name	TCEQ PWS ID #	County	Rate Increase Applicable?
See Appendix 4 for Names, ID #'s and Counties of Sewer Utilities where the rate increase is applicable.			

See Appendix 15 for most recent report letter from the TCEQ and a written explanation detailing how and when the utility will comply with any noted deficiencies.

Application for a Rate/Tariff Change - SWWC Utilities, Inc.

Section II - Operational Information

Manager (or owner if services are routinely provided to the utility)	
Name: _____	Relationship to owner: _____
Short job description:	
<p>See Appendix 5 for Manager, Employee, and Contract Services Information</p> <p>For confidentiality purposes salary information is not provided, but is available upon request.</p>	
Salary: _____	<input type="checkbox"/> Hourly <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Annual

Please provide the names and classifications of the utility's certified operators.

Certified Operator's Name/Classification	Certified Operator's Name/Classification
<p>See Appendix 6 for Names and Classifications of Certified Operators</p>	

Information Required
for a
Water Rate / Tariff Change
Water Services, Inc.

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section III - Water Plant & Equipment Information

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)
See Appendix 7.1.A for Calculation Customer Contributions				
		Total: \$ 37,330	\$ 37,330	① \$ -

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

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section III - Water Plant & Equipment Information (Cont.)

Table III.B.

Item [A]	Date Installed [B]	Service Life (Yrs)		Original Cost when Installed (\$) [D]	Depreciation			Net Book Value (\$) [H]
		a	b		Yrs in Service Y M D [E]	[E] = [D]/[C]	Accumulated (\$) [G]	
		[C]				Annual (\$) [F]		
Land								
Wells		50						
Water Treatment Plant								
Well Pumps:								
5hp or less		5						
greater than 5 hp		10						
Booster Pumps:								
5hp or less		5						
Chlor Struc	See Next Page for Table III.B. Supplemental for Cost & Depreciation Summary							
Masonry		30						
Storage Tanks		50						
Pressure Tanks		50						
Distribution System		50						
Meters and Services		20						
Office Equipment		10						
Vehicles		5						
Shop Tools		15						
Heavy Equipment		10						
Fencing		20						
Other: (please list)								
Adj. for Early Retirement								
					①	②	③	

a - TCEQ Suggested Life b - Other Service Life

- ① Enter this number in Table VI. A., Line [O], Column C
- ② If [F] is greater than [D], enter total for [D]
- ③ Enter this number in Table IV. E., Line [A]

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section III - Water Plant & Equipment Information (Cont.)

Table III.B. Supplemental - See Appendix 9.1

Water Services, Inc. Water						
SWWC Account	Account Description	Gross Plant	Book Depreciation	Net Plant	Life in Years	Effective Depr. Rate
303	Land and Land Rights	\$ 138,686	\$ -	\$ 138,686		0.00%
304.2	Pumping Structures & Improvements	\$ 330,710	\$ 124,137	\$ 206,573		3.57%
304.3	WT Structures & Improvements	\$ 279,792	\$ 12,515	\$ 267,277		3.33%
304.5	Adm & Gen Structures & Improvements	\$ 17,741	\$ 838	\$ 16,903		3.33%
307.2	Structures & Improvements - Fencing	\$ 2,370,109	\$ 1,474,771	\$ 895,337		1.88%
309.2	Wells & Springs	\$ 492,653	\$ 351,698	\$ 140,955		2.00%
310.2	Electric Pumping Eq	\$ 454,508	\$ 50,040	\$ 404,468		3.34%
311.2	Electrical Equipment	\$ 909,054	\$ 124,212	\$ 784,841		5.31%
320.3	Treatment Equipment	\$ 118,955	\$ 36,833	\$ 82,122		4.49%
330.4	Distr. Reservoirs & Standpipes	\$ 1,423,785	\$ 252,075	\$ 1,171,710	Various - See Appendix 9.II.A	2.01%
331.4	Mains	\$ 191,733	\$ 10,088	\$ 181,645		2.00%
333.4	Services	\$ 551,551	\$ 429,286	\$ 122,265		2.00%
334.4	Meters	\$ 767,958	\$ 74,674	\$ 693,284		4.95%
335.4	Hydrants	\$ 12,610	\$ 4,797	\$ 7,813		2.00%
340.5	Office Furniture & Equipment (Appendix 9.I.C)	\$ 281	\$ 117	\$ 164		20.00%
341.5	Tools, Shop & Garage Equipment (Appendix 9.I.D)	\$ 81,577	\$ 21,198	\$ 60,379		19.15%
344.5	Laboratory Equipment	\$ 1,582	\$ 237	\$ 1,345		10.00%
345.5	Power Operated Equipment	\$ -	\$ -	\$ -		0.00%
346.5	Communication Equipment	\$ 101,287	\$ 44,343	\$ 56,944		10.00%
347.5	Misc. Equipment	\$ 2,850	\$ 318	\$ 2,532		6.67%
999.4	Contracts - Int. (Blue Water)	\$ -	\$ -	\$ -		0.00%
Water Services Total		\$ 8,247,421	\$ 3,012,177	\$ 5,235,244		

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section III - Water Plant & Equipment Information

C. Developer Contributions

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

Table III.C

Item (A)	Date of Installation (B)	Total Cost (C)	Amount of Developer Contribution (D)	Net Book Value (E) = (C) - (D)
<p>See Appendix 8.I.A for Calculation of Net Book Value of Developer Contributions</p>				
Total:				① \$ 148,136

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

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section IV - Long Term Debt & Equity Information

A. Equity

How much equity of total capital does the company have in the utility? \$ 5,087,108
 Enter also in Table IV. D. Below

B. Rate of Return

What rate of return (profit) on investment in plant (equity) is expected? 11.25%
 (See Appendix 2 for discussion of return on equity analysis)

C. Bankruptcy

Has the utility or utility owner filed for bankruptcy within the last seven years? No
 If yes, explain the status of the applicant at this time: N/A

D. Notes Payable

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

Table IV. D.

Name of Bank/Lender	Date of Issue	Date of Maturity	Original Amount of Loan	Outstanding Balance	Interest Rate	Weighted Average
Part 1 - Debt						
Total				\$ -		0.00%
Part 2 - Investment (Equity)				\$ 5,087,108	11.25%	11.25%
Total Debt & Equity				\$ 5,087,108		
					Rate of Return:	11.25%

Equity in utility from Section IV. A.

Return on Equity from Section IV. B.

Total weighted average of debt - to Table V Line C

Rate of return - to Table IV.E [G]

E. Invested Capital & Return

Table IV. E.

Net Book Value (Table III. B.) Box ③	[A]	\$	5,235,244
Working Cash Allowance (Table VI. A. Line L, Column a, Box ⑦ / 8)	[B]	\$	117,321
Prepaid & Materials & Supplies Inventory - See Appendix 13	[C]	\$	12,091
Subtotal - Sum [A] thru [C]	[D]	\$	5,364,656
Developer Contributions - From Table III.C, Box ①	[E]	\$	148,136
Total Invested Capital [E] - [F]	[F]	\$	5,216,520
Rate of Return (Table IV.D.)	[G]		11.25%
Return/Interest ([F] * [G]) Enter in Table V. and Table VI. A.	[H]	\$	586,859

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section V - Income Tax Calculation

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.	[A]	\$	586,859
Interest Calculation			
Total Invested Capital	[B]	\$	5,216,520
Weighted Cost of Debt Capital - Percentage from Table IV.D.	[C]		0.00%
Interest Expense [B] * [C]	[D]	\$	-
Taxable Income [A] - [D]	[E]	\$	586,859
Gross Up Factor Calculation*			
Federal Income Tax Rate	[F]		0.3500
Federal Income Tax Divided by 1-Federal Income Tax (.35/(1-.35))	[G]		0.5385
Gross Up Factor 1 + [y]	[H]		1.5385
Income Tax	[J]	\$	316,001

* Reflects the statutory tax rate of 35% in accordance with TWC § 13.185(f). Federal Income Tax reflects Taxable Income [E] x 35% Incremental Rate x Gross Up Factor.

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section VI - Utility Income and Expense Information

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".

Table VI. A.

Test Year 12/30/2012	Line	12 Month "Test Year" per books	K&M Changes	Revenue Requirement for Next Yr		Fixed Expenses	Variable Expenses
Item		a	b	c		d	e
Salaries and Wages	[A]	\$ 107,813	\$ 61,730	\$ 169,543	50	\$ 84,771	\$ 84,771
Contract Labor	[B]	\$ 27,922	\$ -	\$ 27,922	90	\$ 25,130	\$ 2,792
Purchased Water	[C]	\$ 87,624	\$ -	\$ 87,624	0	\$ -	\$ 87,624
Chemicals and Treatment	[D]	\$ 13,619	\$ -	\$ 13,619	0	\$ -	\$ 13,619
Utilities	[E]	\$ 104,046	\$ -	\$ 104,046	0	\$ -	\$ 104,046
Repairs/Maintenance/Supplies	[F]	\$ 157,236	\$ -	\$ 157,236	50	\$ 78,618	\$ 78,618
Office Expenses	[G]	\$ 1,145	\$ -	\$ 1,145	50	\$ 572	\$ 572
Accounting and Legal Fees	[H]	\$ -	\$ -	\$ -	100	\$ -	\$ -
Insurance	[I]	\$ 500	\$ -	\$ 500	100	\$ 500	\$ -
Rate Case Expense	[J]	\$ -	\$ 31,804	\$ 31,804	100	\$ 31,804	\$ -
Miscellaneous	[K]	\$ 744,633	\$ (399,505)	\$ 345,128	50	\$ 172,564	\$ 172,564
Subtotal - [A] thru [K]	[L]	\$ 1,244,538	\$ (305,971)	\$ 938,567		\$ 393,960	\$ 544,607
Payroll Taxes	[M]	\$ -	\$ 11,480	\$ 11,480	50	\$ 5,740.14	\$ 5,740
Property and Other Taxes	[N]	\$ 58,327	\$ (633)	\$ 57,694	100	\$ 57,694	\$ -
Annual Dep & Amort from Table III	[O]	\$ 256,746	\$ (4,089)	\$ 252,657	100	\$ 252,657	\$ -
Income Taxes from Table V	[P]		\$ 316,001	\$ 316,001	100	\$ 316,001	\$ -
Return from Table IV.E	[Q]		\$ 586,859	\$ 586,859	100	\$ 586,859	\$ -
Subtotal - [L] thru [Q]	[R]	\$ 1,559,611	\$ 603,646	\$ 2,163,257		\$ 1,612,910	\$ 550,347
Other Revenues	[S]	\$ 23,003	\$ -	\$ 23,003	100	\$ 23,003	\$ -
Revenue Held In Abeyance	[T]			\$ 414,024			
Total Cost = [R] - [S] - [T]	[U]	\$ 1,536,608	\$ 189,622	\$ 1,726,230		\$ 1,282,346	\$ 443,884

See Appendix 10 for Calculation of Revenue Requirement
and
Known and Measurable Changes

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section VI - Utility Income and Expense Information (Cont.)

B. Known and Measurable Changes

If you listed anything in Table VI. A. above as a 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

Category	Pro Forma Adjustments	Workpaper Reference	Explanation
Payroll	\$ 61,730	Appendix 10.II.B	Reflects adjustments and known and measurable increase in payroll and benefits.
Rate Case Expense	\$ 31,804	Appendix 10.VI.	Expenses for preparing the rate increase application.
Miscellaneous			
Loss/Gain - Operatin	\$ (30,799)	Appendix 10.II.B	Remove loss/gains for asset sales to normalize expenses for rate making.
Dividend Income	\$ 3,355	Appendix 10.II.B	Remove dividend income to normalize income for rate making.
Cost of Removal	\$ (299)	Appendix 10.II.B	Reflects adjustments for known and measurable increases
Corporate Allocations	\$ (200,865)	Appendix 11.I.	Normalize Corporate allocations.
Texas Utilities Allocations	\$ (178,820)	Appendix 11.I.	Normalize Texas Utilities Group allocations.
Bad Debt Expense	\$ 7,924	Appendix 10.I.	To normalize Test Year Bad Debt Expense
Payroll Taxes	\$ 11,480	Appendix 10.VII.	Normalize payroll taxes to payroll known and measurable increases.
Property and Other Taxes	\$ (633)	Appendix 10.I.	Reflects adjustments for known and measurable increases.
Depreciation	\$ (4,089)	Appendix 9.I.	Annualize depreciation expense to reflect test year plant balances.
Total Pro Forma Adjustments	\$ (299,213)		

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section VII - Customer Information

A. 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 (a)	End of Period (b)	Equivalency Factor (c)	Meter Equivalents (d) = (b) * (c)
Non-Metered Connections:					
Residential	[A]	-	-	1.0	-
Commercial	[B]	-	-	1.0	-
Standby	[C]	-	-	1.0	-
Metered Connections:					
5/8"	[D]	1,901	1,908	1.0	1,908
3/4"	[E]	-	-	1.5	-
1"	[F]	13	12	2.5	30
1 1/2"	[G]	2	4	5.0	20
2"	[H]	1	1	8.0	8
3"	[I]	-	-	15.0	-
4"	[J]	-	-	25.0	-
6"	[K]	-	-	50.0	-
8"	[L]	-	-	80.0	-
Single Family Wholesale	[M]	-	-	1.0	-
Total	[N]	1,917	1,925		① 1,966

① To Table IX. B. and Table X.A

Application for a Rate/Tariff Change - Water Services, Inc. Water

Section VIII - Production and Consumption Information

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

Table VIII

Number of gallons pumped <i>(total master meter reading for the year)</i>	[A]	*	gallons
Total number of gallons purchased from another source for sale to customers	[B]	*	gallons
Total number of gallons used for flushing	[C]	*	gallons
Total number of gallons provided to customers	[D]	*	gallons
Total number of gallons billed to customers (total customer consumption)	[E]	177,947,000	gallons
System losses $((C-D)/C)*100 = [E]$	[F]	*	
Sources of Purchased Water:	Green Valley SUD		

* See Appendix 12 for Pumped, Provided and Billed Information

Application for a Rate/Tariff Change - Water Services, Inc. Water

Alternative Section IX and X - Rate Design Calculations and Rate Design

Table Alt X. A. - Revenue Requirement

		Test Year (a)	Revenue Requirement (b)
Annualized Water Revenue	[A]	\$ 1,540,563	\$ 2,140,255
Less: Revenue held in Abeyance	[B]		\$ 414,024
Revenue to be Recovered	[C]		\$ 1,726,230

Table Alt X. B. - Commodity Sales Revenue

Usage Tier		Sales (gal x 1,000) (a)	Requested Rates (\$/kgal) (b)	Gallorage Revenues (c)
0 to 2,000 Gallons	[A]	41,987	\$ 2.50	\$ 104,968
2,000 to 10,000 Gallons	[B]	89,013	\$ 4.15	\$ 369,404
10,000 to 20,000 Gallons	[C]	28,292	\$ 5.00	\$ 141,460
over 20,000 Gallons	[D]	18,655	\$ 8.00	\$ 149,240
Total:	[E]	177,947		\$ 765,071

Table Alt X. C. - Base Rates Revenue

Meter Size		Test Year Bills (a)	Requested Rates (per bill) (b)	Base Rate Revenues (c)
5/8"	[A]	22,803	\$ 40.95	\$ 933,783
3/4"	[B]	-	\$ 61.43	\$ -
1"	[C]	147	\$ 102.38	\$ 15,050
1 1/2"	[D]	41	\$ 204.75	\$ 8,395
2"	[E]	12	\$ 327.60	\$ 3,931
3"	[F]	-	\$ 614.25	\$ -
4"	[G]	-	\$ 1,023.75	\$ -
6"	[H]	-	\$ 2,047.50	\$ -
8"	[I]	-	\$ 3,276.00	\$ -
10"	[J]	-	\$ 4,709.25	\$ -
12"	[K]	-	\$ 10,237.50	\$ -
Wholesale	[L]	-	\$ -	\$ -
Total:	[M]	23,003		\$ 961,159

Table Alt X. D. - Total Revenue

Requested Commodity Revenues - Table Alt X. B. [E] (c)	[A]	\$ 765,071
Requested Base Rate Revenues - Table Alt X. C. [M] (c)	[B]	\$ 961,159
Total Requested Revenues - [A] + [B]	[C]	\$ 1,726,230
Test Year Annualized Revenues - Table Appendix 14.I.A	[D]	\$ 1,540,563
Requested Revenue Increase - [C] - [D]	[E]	\$ 185,668

Information Required
for a
Water Rate / Tariff Change

Hornsby Bend Utility Company

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section III - Water Plant & Equipment Information

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)
No Customer Contributions				
Total:				① \$ -

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

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section III - Water Plant & Equipment Information (Cont.)

Table III.B.

Item [A]	Date Installed [B]	Service Life (Yrs)		Original Cost when Installed (\$) [D]	Depreciation			Net Book Value (\$) [H]
		a	b		Yrs in Service Y M D [E]	[E] = [D]/[C]	Accumulated (\$) [G]	
		[C]				Annual (\$) [F]		
Land								
Wells		50						
Water Treatment Plant								
Well Pumps:								
5hp or less		5						
greater than 5 hp		10						
Booster Pumps:								
5hp or less		5						
Chlor Struc	See Next Page for Table III.B. Supplemental for Cost & Depreciation Summary							
Masonry		30						
Storage Tanks		50						
Pressure Tanks		50						
Distribution System		50						
Meters and Services		20						
Office Equipment		10						
Vehicles		5						
Shop Tools		15						
Heavy Equipment		10						
Fencing		20						
Other: (please list)								
Adj. for Early Retirement								
					①	②	③	

a - TCEQ Suggested Life b - Other Service Life

- ① Enter this number in Table VI. A., Line [O], Column C
- ② If [F] is greater than [D], enter total for [D]
- ③ Enter this number in Table IV. E., Line [A]

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section III - Water Plant & Equipment Information (Cont.)

Table III.B. Supplemental - See Appendix 9.I.

Hornsby Bend Utility Company - Water								
SWWC Account	Account Description	Gross Plant	Book Depreciation	Net Plant	Life in Years	Annual Depreciation	Effective Depr. Rate	
303.5	Land and Land Rights	\$ 311,957	\$ -	\$ 311,957		\$ -	0.00%	
304.2	Pumping Structures & Improvements	\$ 604,552	\$ 197,183	\$ 407,369		\$ 21,242	3.51%	
304.3	WT Structures & Improvements	\$ 565,064	\$ 131,783	\$ 433,281		\$ 20,247	3.58%	
304.5	Adm & Gen Structures & Improvements	\$ -	\$ -	\$ -		\$ -	0.00%	
307.2	Structures & Improvements - Fencing	\$ 1,446,634	\$ 316,965	\$ 1,129,669		\$ 32,371	2.24%	
309.2	Wells & Springs	\$ -	\$ -	\$ -		\$ -	0.00%	
310.2	Electric Pumping Eq	\$ 124,571	\$ 27,273	\$ 97,298		\$ 4,256	3.42%	
311.2	Electrical Equipment	\$ 1,022,494	\$ 266,200	\$ 756,294		\$ 34,135	3.34%	
320.3	Treatment Equipment	\$ 31,753	\$ 26,220	\$ 5,533		\$ 3,175	10.00%	
330.4	Distr. Reservoirs & Standpipes	\$ 4,008,839	\$ 610,470	\$ 3,398,369	Various - See Appendix 9.II.B	\$ 80,500	2.01%	
331.4	Mains	\$ 13,282,272	\$ 1,713,482	\$ 11,568,789		\$ 268,007	2.02%	
333.4	Services	\$ 1,165,362	\$ 558,673	\$ 606,689		\$ 52,613	4.51%	
334.4	Meters	\$ 395,812	\$ 40,779	\$ 355,033		\$ 19,860	5.02%	
335.4	Hydrants	\$ 435,454	\$ 91,474	\$ 343,981		\$ 8,709	2.00%	
340.5	Office Furniture & Equipment (Appendix 9.I.C)	\$ 4,401	\$ 3,026	\$ 1,375		\$ 880	20.00%	
341.5	Tools, Shop & Garage Equipment (Appendix 9.I.D)	\$ 5,220	\$ 556	\$ 4,664		\$ 1,191	22.80%	
344.5	Laboratory Equipment	\$ -	\$ -	\$ -		\$ -	\$ -	0.00%
345.5	Power Operated Equipment	\$ -	\$ -	\$ -		\$ -	\$ -	0.00%
346.5	Communication Equipment	\$ 238,889	\$ 153,623	\$ 85,266		\$ 26,415	11.06%	
347.5	Misc. Equipment	\$ 65,373	\$ 6,918	\$ 58,455		\$ 3,831	5.86%	
999.4	Contracts - Int. (Blue Water)	\$ 2,860,000	\$ 33,367	\$ 2,826,633		\$ 57,200	2.00%	
Hornsby Bend Utility Company Water Total		\$ 26,568,647	\$ 4,177,991	\$ 22,390,655			\$ 634,631	2.39%

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section III - Water Plant & Equipment Information

C. Developer Contributions

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

Table III.C

Item (A)	Date of Installation (B)	Total Cost (C)	Amount of Developer Contribution (D)	Net Book Value (E) = (C) - (D)
See Appendix 8.I.A for Calculation of Net Book Value of Developer Contributions				
Total:				① \$ 4,215,958

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

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section IV - Long Term Debt & Equity Information

A. Equity

How much equity of total capital does the company have in the utility? \$ 24,466,695
 Enter also in Table IV. D. Below

B. Rate of Return

What rate of return (profit) on investment in plant (equity) is expected? 11.25%
 (See Appendix 2 for discussion of return on equity analysis)

C. Bankruptcy

Has the utility or utility owner filed for bankruptcy within the last seven years? No
 If yes, explain the status of the applicant at this time: N/A

D. Notes Payable

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

Table IV. D.

Name of Bank/Lender	Date of Issue	Date of Maturity	Original Amount of Loan	Outstanding Balance	Interest Rate	Weighted Average
Part 1 - Debt						
Total				\$ -		0.00%
Part 2 - Investment (Equity)				\$ 24,466,695	11.25%	11.25%
Total Debt & Equity				\$ 24,466,695		
					Rate of Return:	11.25%

Equity in utility from Section IV. A.
 Total weighted average of debt - to Table V Line C

Return on Equity from Section IV. B.
 Rate of return - to Table IV.E [G]

E. Invested Capital & Return

Table IV. E.

Net Book Value (Table III. B.) Box ③	[A]	\$	22,390,655
Working Cash Allowance (Table VI. A. Line L, Column a, Box ⑦ / 8)	[B]	\$	210,646
Prepaid & Materials & Supplies inventory - See Appendix 13	[C]	\$	3,939
Subtotal - Sum [A] thru [C]	[D]	\$	22,605,240
Developer Contributions - From Table III.C, Box ①	[E]	\$	4,215,958
Total Invested Capital [E] - [F]	[F]	\$	18,389,283
Rate of Return (Table IV.D.)	[G]		11.25%
Return/Interest ([F] * [G]) Enter in Table V. and Table VI. A.	[H]	\$	2,068,794

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section V - Income Tax Calculation

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.	[A]	\$	2,068,794
Interest Calculation			
Total Invested Capital	[B]	\$	18,389,283
Weighted Cost of Debt Capital - Percentage from Table IV.D.	[C]		0.00%
Interest Expense [B] * [C]	[D]	\$	-
Taxable Income [A] - [D]	[E]	\$	2,068,794
Gross Up Factor Calculation*			
Federal Income Tax Rate	[F]		0.3500
Federal Income Tax Divided by 1-Federal Income Tax (.35/(1-.35))	[G]		0.5385
Gross Up Factor 1 + [y]	[H]		1.5385
Income Tax	[J]	\$	1,113,966

* Reflects the statutory tax rate of 35% in accordance with TWC § 13.185(f). Federal Income Tax reflects Taxable Income [E] x 35% Incremental Rate x Gross Up Factor.

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section VI - Utility Income and Expense Information

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".

Table VI. A.

Test Year 12/30/2012		12 Month "Test Year" per books	K&M Changes	Revenue Requirement for Next Yr		Fixed Expenses	Variable Expenses
Item	Line	a	b	c		d	e
Salaries and Wages	[A]	\$ 73,787	\$ 8,594	\$ 82,381	50	\$ 41,191	\$ 41,191
Contract Labor	[B]	\$ 9,670	\$ -	\$ 9,670	90	\$ 8,703	\$ 967
Purchased Water	[C]	\$ 1,059,634	\$ 15,520	\$ 1,075,154	0	\$ -	\$ 1,075,154
Chemicals and Treatment	[D]	\$ 3,184	\$ -	\$ 3,184	0	\$ -	\$ 3,184
Utilities	[E]	\$ 30,854	\$ -	\$ 30,854	0	\$ -	\$ 30,854
Repairs/Maintenance/Supplies	[F]	\$ 35,186	\$ -	\$ 35,186	50	\$ 17,593	\$ 17,593
Office Expenses	[G]	\$ 8	\$ -	\$ 8	50	\$ 4	\$ 4
Accounting and Legal Fees	[H]	\$ 70,974	\$ (70,374)	\$ 600	100	\$ 600	\$ -
Insurance	[I]	\$ 642	\$ -	\$ 642	100	\$ 642	\$ -
Rate Case Expense	[J]	\$ -	\$ 31,629	\$ 31,629	100	\$ 31,629	\$ -
Miscellaneous	[K]	\$ 599,121	\$ (183,260)	\$ 415,860	50	\$ 207,930	\$ 207,930
Subtotal - [A] thru [K]	[L]	\$ 1,883,059	\$ (197,891)	\$ 1,685,168		\$ 308,292	\$ 1,376,876
Payroll Taxes	[M]	\$ -	\$ 5,572	\$ 5,572	50	\$ 2,786.10	\$ 2,786
Property and Other Taxes	[N]	\$ 60,728	\$ 31,918	\$ 92,646	100	\$ 92,646	\$ -
Annual Dep & Amort from Table III	[O]	\$ 453,375	\$ 181,256	\$ 634,631	100	\$ 634,631	\$ -
Income Taxes from Table V	[P]		\$ 1,113,966	\$ 1,113,966	100	\$ 1,113,966	\$ -
Return from Table IV.E	[Q]		\$ 2,068,794	\$ 2,068,794	100	\$ 2,068,794	\$ -
Subtotal - [L] thru [Q]	[R]	\$ 2,397,162	\$ 3,203,616	\$ 5,600,778		\$ 4,221,115	\$ 1,379,662
Other Revenues	[S]	\$ 78,713	\$ -	\$ 78,713	100	\$ 78,713	\$ -
Revenue Held In Abeyance	[T]			\$ 3,472,810			
Total Cost = [R] - [S] - [T] *	[U]	\$ 2,318,449	\$ (269,194)	\$ 2,049,255		\$ 1,537,258	\$ 511,997

* The revenue requirement presented on line [U] will be collected through two phase-in rate increases. Please refer to Section AIX & X for details of the proposed Phase I and Phase II rate increases.

See Appendix 10 for Calculation of Revenue Requirement
and
Known and Measurable Changes

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section VI - Utility Income and Expense Information (Cont.)

B. Known and Measurable Changes

If you listed anything in Table VI. A. above as a 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

Category	Pro Forma Adjustments	Workpaper Reference	Explanation
Payroll	\$ 8,594	Appendix 10.II.A	Reflects adjustments for known and measurable increases in payroll and benefits.
Purchase Water	\$ 15,520	Appendix 10.II.A	Reflects adjustments for known and measurable increases.
Accounting and Legal Fees	\$ (70,374)	Appendix 10.II.A	Adjust to reflect Accounting and Legal Fees.
Rate Case Expenses	\$ 31,629	Appendix 10.VI.	Expenses for preparing the rate increase application.
Miscellaneous			
Loss/Gain - Operatin	\$ 879	Appendix 10.II.A	Remove loss/gains for asset sales to normalize expenses for rate making.
Bad Debt Expense	\$ 7,782	Appendix 10.I.	To normalize Test Year Bad Debt Expense.
Corporate Allocations	\$ (141,422)	Appendix 11.I.	Normalize Corporate allocation.
Texas Utilities Allocation	\$ (50,499)	Appendix 11.I.	Normalize Texas Utilities Group allocations.
Payroll Taxes	\$ 5,572	Appendix 10.VII.	Adjust to reflect normalized payroll.
Property and Other Taxes	\$ 31,918	Appendix 10.I.	Reflects adjustments for known and measurable increases.
Depreciation	\$ 181,256	Appendix 9.I.	Annualize depreciation expense to reflect test year plant balances.
Total Pro Forma Adjustments	\$ 20,855		

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section VII - Customer Information

A. 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 (a)	End of Period (b)	Equivalency Factor (c)	Meter Equivalents (d) = (b) * (c)
Non-Metered Connections:					
Residential	[A]	-	-	1.0	-
Commercial	[B]	-	-	1.0	-
Standby	[C]	-	-	1.0	-
Metered Connections:					
5/8"	[D]	1,896	1,919	1.0	1,919
3/4"	[E]	-	-	1.5	-
1"	[F]	4	4	2.5	10
1 1/2"	[G]	1	1	5.0	5
2"	[H]	4	3	8.0	24
3"	[I]	2	3	15.0	45
4"	[J]	-	-	25.0	-
6"	[K]	-	-	50.0	-
8"	[L]	-	-	80.0	-
10"	[M]	-	-	115.0	-
12"	[N]	-	-	120.0	-
Total	[P]	1,907	1,930		① 2,003

① To Table IX. B. and Table X.A

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section VIII - Production and Consumption Information

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

Table VIII

Total number of gallons pumped <i>(total master meter reading for the year)</i>	[A]	*	gallons
Total number of gallons purchased from another source for sale to customers <i>(if any)</i>	[B]	*	gallons
Total number of gallons used for flushing	[C]	*	gallons
Total number of gallons provided to customers	[D]	*	gallons
Total number of gallons billed to customers <i>(total customer consumption)</i>	[E]	131,684,000	gallons
System losses $((C-D)/C)*100=$ [E]	[F]	*	
Sources of Purchased Water:	Blue Water Systems		

* See Appendix 12 for Pumped, Provided and Billed Information

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Alternative Section IX and X - Rate Design Calculations and Rate Design - Phase I

Table Alt X. A. - Phase I Revenue Requirement

		Test Year (a)	Revenue Requirement (b)
Annualized Water Revenue	[A]	\$ 1,784,098	\$ 5,522,065
Less: Revenue held in Abeyance	[B]		\$ 3,561,275
Revenue to be Recovered	[C]		\$ 1,960,790

Table Alt X. B. - Phase I Commodity Sales Revenue

Usage Tier		Sales (gal x 1,000) (a)	Requested Rates (\$/kgal) (b)	Gallorage Revenues (c)
All Gallons	[A]	129,885	\$ 6.87	\$ 892,310
Total:	[C]	129,885		\$ 892,310

Note: Includes 85% of wholesale volumes sold to Kennedy Ridge. Kennedy Ridge wholesale rate is 85% of retail rate.

Table Alt X. C. - Phase I Base Rates Revenue

Meter Size		Test Year Bills (a)	Requested Rates (per bill) (b)	Base Rate Revenues (c)
5/8"	[A]	22,743	\$ 45.00	\$ 1,023,435
3/4"	[B]	-	\$ 67.50	\$ -
1"	[C]	46	\$ 112.50	\$ 5,175
1 1/2"	[D]	16	\$ 225.00	\$ 3,600
2"	[E]	37	\$ 360.00	\$ 13,320
3"	[F]	22	\$ 675.00	\$ 14,850
4"	[G]	-	\$ 1,125.00	\$ -
6"	[H]	-	\$ 2,250.00	\$ -
8"	[I]	-	\$ 3,600.00	\$ -
10"	[J]	-	\$ 5,175.00	\$ -
12"	[K]	-	\$ 11,250.00	\$ -
Wholesale	[L]	12	\$ 675.00	\$ 8,100
Total:	[M]	22,876		\$ 1,068,480

Table Alt X. D. - Phase I Total Revenue

Requested Commodity Revenues - Table Alt X. B. [C] (c)	[A]	\$ 892,310
Requested Base Rate Revenues - Table Alt X. C. [M] (c)	[B]	\$ 1,068,480
Total Requested Revenues - [A] + [B]	[C]	\$ 1,960,790
Test Year Annualized Revenues - Table Appendix 14.I.A	[D]	\$ 1,784,098
Requested Revenue Increase - [C] - [D]	[E]	\$ 176,692