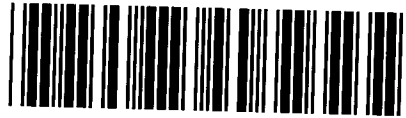


Control Number: 44236



Item Number: 77

Addendum StartPage: 0

RECEIVED

SOAH DOCKET NO. 473-15-4944.WS
PUC DOCKET NO. 44236

2015 OCT 12 AM 10:02

PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF § BEFORE THE STATE OFFICE
CUSTOM WATER COMPANY, LLC § OF
FOR A WATER RATE/TARIFF CHANGE § ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY
OF
JERRY D. WALKER, INTERVENOR

ON BEHALF OF THE
PROTESTERS TO THE RATE/TARIFF INCREASE

OCTOBER 9, 2015

77

1 SOAH DOCKET NO. 473-15-4944.WS
2 PUC DOCKET NO. 44236

3
4 OCTOBER 9, 2015

5 DIRECT TESTIMONY
6 OF
7 JERRY D. WALKER, INTERVENOR

8 TABLE OF CONTENTS

9
10 I. INTRODUCTION AND SCOPE OF TESTIMONY..... 3
11 II. SUMMARY OF RECOMMENDATIONS.....9
12 III. EXHIBITS.....12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

1 SOAH DOCKET NO. 473-15-4944.WS
2 PUC DOCKET NO. 44236

3 APPLICATION OF § BEFORE THE STATE OFFICE
4 CUSTOM WATER COMPANY, LLC § OF
5 FOR A WATER RATE/TARIFF CHANGE § ADMINISTRATIVE HEARINGS

6 DIRECT TESTIMONY OF
7 JERRY D. WALKER, INTERVENOR

8
9 I. INTRODUCTION AND SCOPE OF TESTIMONY

10 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

11 A. My name is Jerry D. Walker. My business address is 2 Red Bluff, Wichita Falls, Texas
12 76308.

13 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

14 A. I retired with 41 years of total accounting background and am a retired employee of the
15 U. S. Treasury Department, Division of the Internal Revenue Service as a Revenue
16 Agent Examiner.

17
18 Q. PLEASE DESCRIBE YOUR EDUCATION BACKGROUND.

19 A. In 1975, I graduated from the Midwestern University of Wichita Falls with a Bachelor
20 of Business Administration Degree Majoring in Accounting and Minor in
21 Economics. I completed the required Revenue Agent Examiner Training that included
22 Phases I, II, III, IV and V as administered by the Internal Revenue Service. I retired as
23 a 28-year employee with Grade 13, Step 10 ranking, which is the highest rank an agent
24 can achieve within this career plan.
25
26
27

1 **Q. HOW IS A CERTIFICATE IN ACCOUNTING RELEVANT TO RATE**
2 **REGULATION?**

3 **A.** The 41-year career I have competed in Accounting and Economics included the
4 analytical review of in-numeral reviews of books and records, accounting data, tax
5 computations, cost allocations, and financial statement presentations.
6

7 **Q. PLEASE DESCRIBED YOUR PROFESSIONAL BACKGROUND?**

8 **A.** I began working in Public Accounting for a CPA firm in 1974 upon graduation from
9 Midwestern University. After working in the private accounting market for 13 years as
10 a staff accountant, general accounting supervisor, cost accounting supervisor, controller
11 and chief accounting officer, I completed a 28-year career with the Internal Revenue
12 Service as a Tax Examiner culminating in July, 2015.
13

14 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE ANY**
15 **REGULATORY AUTHORITY?**

16 **A.** No, I have not.

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 **A.** The purpose of my testimony is to provide recommendations on the appropriateness of
19 the information and calculations contained in Custom Water Company, LLC's (CWC)
20 application for a Water Rate/Tariff Change in Docket NO. 44236. Therefore, I have
21 carefully reviewed CWC's application, testimony, and inputs to the formula to ensure
22 that CWC has followed the requirements of the rules, the application instructions, and
23 forms provided by the Commission to ensure that the WATER RATE/TARIFF
24 CHANGE (WRTC) is correctly calculated.
25
26
27

1 **Q. PLEASE DESCRIBE THE GENERAL STEPS IN YOUR REVIEW OF CWC'S**
2 **WATER RATE/TARIFF CHANGE APPLICATION.**

3 **A.** I reviewed the individual components used in the WRTC formula to determine if the
4 components were used correctly in calculating the increase in revenue requirement
5 requested by CWC. I reviewed the costs used by CWC in determining the rate that was
6 requested in this filing and found numerous problems existed with the cost proposed.
7 See Recommendations Section for the details of these problems.
8

9 **Q. DID YOU MAKE ANY DETERMINATION AS TO THE PRUDENCE,**
10 **REASONABLENESS, OR NECESSITY OF CWC'S DISTRIBUTION**
11 **INVESTED CAPITAL?**

12 **A.** No, I have not made any determination as to the prudence, reasonableness, or necessity
13 of the distribution invested capital requested by CWC.
14

15 **Q. HAVE YOU PROVIDED SUPPORTING DOCUMENTATION AS PART OF**
16 **YOUR TESTIMONY?**

17 **A.** Yes. With the exception of references to the Company's pre-filed testimony and
18 publicly available information, I have included documents, or their pertinent parts,
19 identified in the footnotes to this testimony as exhibits to this testimony.
20

21 **Q. CONCERNING ISSUES FOR WHICH YOU HAVE MADE NO**
22 **RECOMMENDATIONS IN YOUR TESTIMONY, SHOULD THE**
23 **COMMISSION PRESUME YOUR CONCURRENCE WITH THE COMPANY'S**
24 **REQUESTS OR METHODOLOGY?**

Customer: later Co, LLC
General Ledger
As of December 31, 2013

Type	Date	Num	Name	Memo	Split	Amount	Balance
Assets - Purchased - Other							
Total Assets - Purchased - Other							
Total Assets - Purchased							
CHEMICALS							
Bill	10/02/2013	17208	Eagle Labs			3,724.91	3,724.91
Total CHEMICALS							
CONTRACT LABOR							
Archer				Accounts Paya..		149.00	255.85
Total Archer							
Cesar Cervantes							
Total Cesar Cervantes							
Double D							
Total Double D							
Eddie Fenoglio							
Check	09/10/2013	paid out	Cash to Eddie			700.00	9,497.50
Check	09/12/2013	paid out	Cash to Eddie			200.00	10,197.50
Check	09/13/2013	paid out	Cash to Eddie			250.00	10,397.50
Check	09/16/2013	paid out	Cash to Eddie			100.00	10,647.50
Check	09/27/2013	paid out	Cash to Eddie			300.00	10,747.50
Check	10/09/2013	paid out	Cash to Eddie			700.00	11,047.50
Check	10/11/2013	paid out	Cash to Eddie			1,100.00	11,747.50
Check	10/17/2013	paid out	Cash to Eddie			350.00	12,847.50
Check	10/24/2013	paid out	Cash to Eddie			200.00	13,197.50
Check	11/01/2013	paid out	Cash to Eddie			200.00	13,397.50
Check	11/13/2013	paid out	Cash to Eddie			400.00	13,497.50
Check	11/21/2013	paid out	Cash to Eddie			100.00	13,897.50
Check	11/22/2013	paid out	Cash to Eddie			300.00	13,997.50
Check	11/25/2013	paid out	Cash to Eddie			100.00	14,297.50
Check	11/28/2013	paid out	Cash to Eddie			150.00	14,397.50
Check	12/02/2013	paid out	Cash to Eddie			100.00	14,547.50
Check	12/03/2013	paid out	Cash to Eddie			100.00	14,647.50
Check	12/16/2013	paid out	Cash to Eddie			100.00	14,747.50
Check	12/20/2013	paid out	Cash to Eddie			100.00	14,847.50
Check	12/31/2013	paid out	Cash to Eddie			100.00	14,947.50
Total Eddie Fenoglio							
Enviro-Log							
Total Enviro-Log							
Express							
Total Express							
5,750.00							
15,247.50							
6,000.00							
6,000.00							
0.00							
0.00							

1 A true lack of internal controls, or even the perception of such, causes a trained user of
2 such records to question whether the Owner of such records intends to deceive the user
3 by presenting false or altered records and representations. The lack of internal controls
4 causes the scope of the examination of such records to be expanded. It brings every
5 transaction into question as to whether Owner has properly reported all income;
6 properly reported all expenses; allocated expenses between personal expenses and
7 business expenses; allocated expenses and costs between various other non-related
8 business interests; and properly reflected the results of specific operations in question.
9

10 **Q. WHAT DO THE PAYMENTS TO EDDIE FENOGLIO, OWNER, THAT ARE**
11 **CHARGED AS "CONTRACT LABOR" REPRESENT? IN CONJUNCTION**
12 **WITH THIS CONCERN, WHY ARE ALL THESE CHARGES ALL POSTED AS**
13 **"PAID OUTS" FROM "CASH BAG"?**
14

15 **A.** Owner has charged \$15,247.50 as Contract Labor per General Ledger Account dated
16 12/31/2013 (See Exhibit 5). Owner has charged \$12,425.00 as Contract Labor per
17 General Ledger Account dated 9/1/2014 (See Exhibit 6). Owner has charged
18 \$19,302.12 as Contract Labor per General Ledger Account dated 12/31/2014 (See
19 Exhibit 7). Owner has charged \$7,713.00 as Contract Labor per General Ledger
20 Account dated 4/15/2015 (See Exhibit 8). What are these payments to the Owner for?
21 These payments are described as "Cash to Eddie". Are these truly payments for
22 services rendered as evidenced by a Form 1099-MISC? What services were performed?
23 Are there invoices and receipts to support these payments to the owner? These
24 transactions are stated to have been paid from "Cash Bag". What is a "Cash Bag" and
25
26
27

1 what funds go into the "Cash Bag" from which these payments are made? Does Owner
2 have a Petty Cash Fund and, if so, does the bookkeeper properly account for the
3 transactions coming into and out of the "Cash Bag"? These questions also point to
4 potential problems with Internal Controls as presented with the previous question.
5

6 **Q. UNDER COST OF UTILITIES, AN EXPENSE COMPONENT OF THE PROFIT**
7 **AND LOSS STATEMENT FOR EACH PERIOD IN QUESTION, THERE IS A**
8 **COST OR EXPENSE REFLECTED FOR "584088-6 VERETTO ROAD (WELL).**
9 **IS THIS NOT THE PERSONAL UTILITY COST OF OWNER EDDIE**
10 **FENOGLIO WHO RESIDES ON VERETTO ROAD? WHAT WOULD THIS**
11 **COST HAVE TO DO WITH THE OPERATION OF CWS?**
12

13 **A.** Owner has charged \$1,172.22 as Utilities per General Ledger Account dated 9/1/2014
14 (See Exhibit 9). Owner has charged \$1,585.70 as Utilities per General Ledger Account
15 dated 12/31/2014 (See Exhibit 10). Owner has charged \$229.47 as Utilities per General
16 Ledger Account dated 4/15/2015 (See Exhibit 11). These charges were traced from the
17 General Ledger for each applicable date to the corresponding Profit and Loss Statement
18 for each applicable date in question. Owner Eddie Fenoglio resides at Veretto Road. Is
19 the electricity used to operate this water well on Veretto Road a business or personal
20 expense for his own residential use? This is just one of many examples of the questions
21 that arise with this set of books and records as to whether these books reflect the proper
22 cost of operations for CWS for the test period in question. We would conclude that
23 these books and records lack the internal controls required to rely upon them. We
24 would also conclude that Owner Eddie Fenoglio personally controls what goes in and
25
26
27

1 comes out of the business bank accounts; whether cash is deposited; whether cash is
2 included into the income of the books; whether cash is taken from the "Cash Bag" for
3 his use or otherwise; and many other such inconsistencies that cause these books to be
4 deemed unreliable for use when determining the correct amount of revenue and cost
5 associated with the business operations of Custom Water Company, LLC.
6

7 **II. SUMMARY OF RECOMMENDATIONS**
8

9 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

10 **A.** I recommend the following adjustment to expenses as previously proposed by PUC
11 Staff.
12

- 13 1. Remove \$4,130 in Fines and Penalties paid to TCEQ as disqualified
14 expenses not deductible by law for this computation or for tax purposes;
- 15 2. Remove \$42,012 of Loan Payments improperly included into the Cost of
16 Services. Note that loan payments duplicate asset costs and
17 depreciation;
- 18 3. Remove \$681 in unsupported Miscellaneous Expenses that are
19 Questionable;
- 20 4. Remove \$12,061 in Unsupported Known and Measurable Adjustments;
- 21 5. Remove \$15,000 of Rate Case Expense included in Applicant's Cost of
22 service;
- 23 6. Adjust Salaries and Wages by \$7,833 for reallocation to owner's
24 unaffiliated other business operations; and
25
26
27

- 1 7. Adjust Office Expenses by \$7,610 for disallowed veterinary expenses,
2 uniform expenses, and excessive cell phone and land line expenses.
3
4 8. All of the above proposed adjustments coincide with the Staff's findings
5 of Cost of Services improperly included into the Applicant's rate
6 proposal.
7
8 9. Given the testimony provided in Section I and the previous
9 recommendations included herein this Section II, Intervener can only
10 conclude that Applicant's proposal for a rate/tariff increase should be
11 denied in full. Applicant has failed to provide sufficient and reliable
12 documentation to support his claims. Applicant has failed to provide any
13 Direct Case Testimony to support his initially filed application absent the
14 letter from CPA Cris Lemon which Staff has proposed to strike in its
15 entirety. It appears that Applicant filed this petition with hopes that it
16 would not be protested. Now that the Protests have been properly filed
17 and the Staff and Interveners have filed all previous Responses along
18 with this Direct Case Testimony, Applicant has failed to provide any
19 creditable response to the ALJ's Determination to Grant Motion for
20 Interim Rates (to revert rates back to previously established) or to any
21 other legitimate concerns presented to this case. We move that the
22 Application should be denied in full.
23

24 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

25
26 **A.** Yes, at this time.
27

1

2

3

4

5

6

7

8

9

10

11

EXHIBITS

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

2:53 PM

04/16/15

Accrual Basis

Custom Water Co, LLC
Balance Sheet
 As of August 31, 2013

	Aug 31, 13
ASSETS	
Current Assets	
Checking/Savings	
Cash Bag	389.71
Cash Receipts - Betsy	-14,177.26
Cash Receipts - Eddie	-41,929.11
Fruit Stand	7,800.00
Operating	-603.85
Pump	3,949.11
Savings	14,715.23
Sewer	5,977.67
Total Checking/Savings	-23,878.50
Accounts Receivable	
Accounts Receivable	14,361.26
Total Accounts Receivable	14,361.26
Other Current Assets	
Undeposited Funds	98,897.89
Total Other Current Assets	98,897.89
Total Current Assets	89,380.65
TOTAL ASSETS	89,380.65
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	18,083.15
Total Accounts Payable	18,083.15
Total Current Liabilities	18,083.15
Long Term Liabilities	
Notes Payable to Ed	
Personal Cash In	6,554.25
Total Notes Payable to Ed	6,554.25
Total Long Term Liabilities	6,554.25
Total Liabilities	24,637.40
Equity	
Members Equity	3,097.15
Opening Balance Equity	33,124.66
Net Income	28,521.44
Total Equity	64,743.25
TOTAL LIABILITIES & EQUITY	89,380.65

2:55 PM

04/16/15

Accrual Basis

Custom Water Co, LLC

Balance Sheet

As of September 1, 2013

	Sep 1, 13
ASSETS	
Current Assets	
Checking/Savings	
Cash Bag	389.71
Cash Receipts - Betsy	-14,177.26
Cash Receipts - Eddle	-41,929.11
Fruit Stand	7,800.00
Operating Pump	-603.85
Savings	3,949.11
Sewer	12,899.46
	5,977.67
Total Checking/Savings	-25,694.27
Accounts Receivable	
Accounts Receivable	14,361.26
Total Accounts Receivable	14,361.26
Other Current Assets	
Undeposited Funds	98,897.89
Total Other Current Assets	98,897.89
Total Current Assets	87,564.88
TOTAL ASSETS	87,564.88
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	18,083.15
Total Accounts Payable	18,083.15
Total Current Liabilities	18,083.15
Long Term Liabilities	
Notes Payable to Ed	
Personal Cash In	6,554.25
Total Notes Payable to Ed	6,554.25
Total Long Term Liabilities	6,554.25
Total Liabilities	24,637.40
Equity	
Members Equity	3,097.15
Opening Balance Equity	33,124.66
Net Income	26,705.67
Total Equity	62,927.48
TOTAL LIABILITIES & EQUITY	87,564.88

2:54 PM

04/16/15

Accrual Basis

Custom Water Co, LLC
Balance Sheet
 As of August 31, 2014

	Aug 31, 14
ASSETS	
Current Assets	
Checking/Savings	
Cash Bag	-111.80
Cash Receipts - Betsy	-14,177.26
Cash Receipts - Eddie	-39,388.09
Fruit Stand	10,200.00
Operating	9,459.15
Pump	1,672.04
Savings	5,655.03
Sewer	14,426.05
Total Checking/Savings	-12,264.88
Accounts Receivable	
Accounts Receivable	51,038.02
Total Accounts Receivable	51,038.02
Other Current Assets	
Undeposited Funds	98,897.89
Total Other Current Assets	98,897.89
Total Current Assets	137,671.03
TOTAL ASSETS	137,671.03
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	25,112.11
Total Accounts Payable	25,112.11
Total Current Liabilities	25,112.11
Long Term Liabilities	
Notes Payable to Ed	
Personal Cash In	6,554.25
Notes Payable to Ed - Other	23,425.96
Total Notes Payable to Ed	29,980.21
Total Long Term Liabilities	29,980.21
Total Liabilities	55,092.32
Equity	
Members Equity	11,590.91
Opening Balance Equity	33,124.66
Net Income	37,863.14
Total Equity	82,578.71
TOTAL LIABILITIES & EQUITY	137,671.03

2:55 PM

04/16/15

Accrual Basis

Custom Water Co, LLC

Balance Sheet

As of September 1, 2014

	Sep 1, 14
ASSETS	
Current Assets	
Checking/Savings	
Cash Bag	-111.80
Cash Receipts - Betsy	-14,177.26
Cash Receipts - Eddle	-39,388.09
Fruit Stand	10,200.00
Operating	8,902.48
Pump	1,672.04
Savings	3,839.26
Sewer	14,426.05
Total Checking/Savings	-14,637.32
Accounts Receivable	
Accounts Receivable	51,038.02
Total Accounts Receivable	51,038.02
Other Current Assets	
Undeposited Funds	98,897.89
Total Other Current Assets	98,897.89
Total Current Assets	135,298.59
TOTAL ASSETS	135,298.59
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	25,112.11
Total Accounts Payable	25,112.11
Total Current Liabilities	25,112.11
Long Term Liabilities	
Notes Payable to Ed	
Personal Cash In	6,554.25
Notes Payable to Ed - Other	23,425.96
Total Notes Payable to Ed	29,980.21
Total Long Term Liabilities	29,980.21
Total Liabilities	55,092.32
Equity	
Members Equity	11,580.91
Opening Balance Equity	33,124.66
Net Income	35,490.70
Total Equity	80,206.27
TOTAL LIABILITIES & EQUITY	135,298.59

Customer: later Co, LLC
General Ledger
As of December 31, 2013

Type	Date	Num	Name	Memo	Split	Amount	Balance
Assets - Purchased - Other							
Total Assets - Purchased - Other							
Total Assets - Purchased							
CHEMICALS							
Bill	10/02/2013	17208	Eagle Labs			3,724.91	3,724.91
Total CHEMICALS							
CONTRACT LABOR							
Archer				Accounts Paya..		149.00	255.85
Total Archer							
Cesar Cervantes							
Total Cesar Cervantes							
Double D							
Total Double D							
Eddie Fenoglio							
Check	09/10/2013	paid out	Cash to Eddie			700.00	9,497.50
Check	09/12/2013	paid out	Cash to Eddie			200.00	10,197.50
Check	09/13/2013	paid out	Cash to Eddie			250.00	10,397.50
Check	09/16/2013	paid out	Cash to Eddie			100.00	10,647.50
Check	09/27/2013	paid out	Cash to Eddie			300.00	10,747.50
Check	10/09/2013	paid out	Cash to Eddie			700.00	11,047.50
Check	10/11/2013	paid out	Cash to Eddie			1,100.00	11,747.50
Check	10/17/2013	paid out	Cash to Eddie			350.00	12,847.50
Check	10/24/2013	paid out	Cash to Eddie			200.00	13,197.50
Check	11/01/2013	paid out	Cash to Eddie			200.00	13,397.50
Check	11/13/2013	paid out	Cash to Eddie			400.00	13,497.50
Check	11/21/2013	paid out	Cash to Eddie			100.00	13,897.50
Check	11/22/2013	paid out	Cash to Eddie			300.00	13,997.50
Check	11/25/2013	paid out	Cash to Eddie			100.00	14,297.50
Check	11/28/2013	paid out	Cash to Eddie			150.00	14,397.50
Check	12/02/2013	paid out	Cash to Eddie			100.00	14,547.50
Check	12/03/2013	paid out	Cash to Eddie			100.00	14,647.50
Check	12/16/2013	paid out	Cash to Eddie			100.00	14,747.50
Check	12/20/2013	paid out	Cash to Eddie			100.00	14,847.50
Check	12/31/2013	paid out	Cash to Eddie			100.00	14,947.50
Total Eddie Fenoglio							
Enviro-Log							
Total Enviro-Log							
Express							
Total Express							
5,750.00							
15,247.50							
6,000.00							
6,000.00							
0.00							
0.00							

Custr 'ater Co, LLC
General Ledger
As of September 1, 2014

Type	Date	Num	Name	Memo	Split	Amount	Balance
CHEMICALS							
Check	01/22/2014	7858	Univar				0.00
Bill	03/06/2014	17786	Eagle Labs	oak shores	Operating	212.43	212.43
Bill	04/18/2014	17939	Eagle Labs		Accounts Paya...	977.85	1,190.28
Bill	06/24/2014	18229	Eagle Labs		Accounts Paya...	856.34	2,045.62
Bill	08/15/2014	18418	Eagle Labs		Accounts Paya...	935.34	2,980.96
					Accounts Paya...	935.34	3,916.30
Total CHEMICALS						3,916.30	3,916.30
CONTRACT LABOR							
Archer							
Total Archer							0.00
							0.00
							0.00
Cesar Cervantes							
Total Cesar Cervantes							0.00
							0.00
Double D							
Bill	01/22/2014	760	Double D Drilling Flu...		Accounts Paya..	382.50	0.00
Total Double D						382.50	382.50
Eddie Fenoglio							
Check	01/09/2014	paid out	Cash to Eddie		Cash Bag	400.00	0.00
Check	01/09/2014	paid out	Cash to Eddie		Cash Bag	400.00	400.00
Check	01/10/2014	paid out	Cash to Eddie		Cash Bag	100.00	500.00
Check	01/24/2014	paid out	Cash to Eddie		Cash Bag	350.00	850.00
Check	01/31/2014	paid out	Cash to Eddie		Cash Bag	250.00	1,100.00
Check	02/04/2014	paid out	Cash to Eddie		Cash Bag	400.00	1,500.00
Check	02/14/2014	paid out	Cash to Eddie		Cash Bag	150.00	1,650.00
Check	02/21/2014	paid out	Cash to Eddie		Cash Bag	300.00	1,950.00
Check	02/27/2014	paid out	Cash to Eddie		Cash Bag	450.00	2,400.00
Check	03/03/2014	paid out	Cash to Eddie		Cash Bag	250.00	2,650.00
Check	03/06/2014	paid out	Cash to Eddie		Cash Bag	325.00	2,975.00
Check	03/06/2014	PAID	Cash to Eddie		Cash Bag	200.00	3,175.00
Check	03/10/2014	paid out	Cash to Eddie		Cash Bag	150.00	3,325.00
Check	03/14/2014	paid out	Cash to Eddie		Cash Bag	350.00	3,425.00
Check	03/26/2014	paid out	Cash to Eddie		Cash Bag	300.00	3,775.00
Check	03/28/2014	paid out	Cash to Eddie		Cash Bag	250.00	4,075.00
Check	04/04/2014	paid out	Cash to Eddie		Cash Bag	300.00	4,325.00
Check	04/08/2014	paid out	Cash to Eddie		Cash Bag	300.00	4,625.00
Check	04/15/2014	paid out	Cash to Eddie		Cash Bag	400.00	5,025.00
Check	04/16/2014	paid out	Cash to Eddie		Cash Bag	100.00	5,125.00
Check	04/18/2014	paid out	Cash to Eddie		Cash Bag	150.00	5,275.00
Check	04/25/2014	paid out	Cash to Eddie		Cash Bag	900.00	6,175.00
Check	05/07/2014	paid out	Cash to Eddie		Cash Bag	500.00	6,675.00
Check	05/10/2014	paid out	Cash to Eddie		Cash Bag	150.00	6,825.00
Check	05/14/2014	paid out	Cash to Eddie		Cash Bag	200.00	7,025.00
Check	05/19/2014	paid out	Cash to Eddie		Cash Bag	200.00	7,225.00
Check	05/21/2014	paid out	Cash to Eddie		Cash Bag	250.00	7,475.00
Check	05/30/2014	paid out	Cash to Eddie		Cash Bag	200.00	7,675.00
					Cash Bag	200.00	7,875.00

Customer: Inter Co, LLC
General Ledger
As of December 31, 2014

EXHIBIT 7

Type	Date	Num	Name	Memo	Split	Amount	Balance
CHEMICALS							
Check	09/15/2014	EFT	Univar				3,916.30
Bill	10/16/2014	18715	Eagle Labs	oak shores	Operating	337.84	4,254.14
Bill	12/12/2014	18922	Eagle Labs		Accounts Paya	828.68	5,082.82
					Accounts Paya	908.66	5,991.48
Total CHEMICALS						2,075.18	5,991.48
CONTRACT LABOR							
Archer							65,865.50
Total Archer							0.00
Cesar Cervantes							0.00
Total Cesar Cervantes							0.00
Double D							382.50
Total Double D							382.50
Eddie Fenoglio							
Check	09/02/2014	paid out	Cash to Eddie		Cash Bag	250.00	12,425.00
Check	09/03/2014	paid out	Cash to Eddie		Cash Bag	250.00	12,675.00
Check	09/03/2014	paid out	Cash to Eddie		Cash Bag	250.00	12,925.00
Check	09/08/2014	paid out	Cash to Eddie		Cash Bag	1,000.00	13,925.00
Check	09/12/2014	paid out	Cash to Eddie		Cash Bag	450.00	14,375.00
Check	10/09/2014	paid out	Cash to Eddie		Cash Bag	252.00	14,627.00
Check	10/10/2014	paid out	Cash to Eddie		Cash Bag	350.00	14,977.00
Check	10/10/2014	paid out	Cash to Eddie		Cash Bag	120.00	15,097.00
Check	10/15/2014	paid out	Cash to Eddie		Cash Bag	200.00	15,297.00
Check	10/20/2014	paid out	Cash to Eddie		Cash Bag	100.00	15,397.00
Check	10/24/2014	paid out	Cash to Eddie		Cash Bag	300.00	15,697.00
Check	11/07/2014	paid out	Cash to Eddie		Cash Bag	300.00	15,997.00
Check	11/07/2014	paid out	Cash to Eddie		Cash Bag	250.00	16,247.00
Check	11/10/2014	paid out	Cash to Eddie		Cash Bag	100.00	16,347.00
Check	11/12/2014	paid out	Cash to Eddie		Cash Bag	300.00	16,647.00
Check	11/21/2014	paid out	Cash to Eddie		Cash Bag	100.00	16,747.00
Check	11/25/2014	paid out	Cash to Eddie		Cash Bag	200.00	16,947.00
Check	11/25/2014	paid out	Cash to Eddie		Cash Bag	100.00	17,047.00
Check	11/28/2014	paid out	Cash to Eddie		Cash Bag	250.00	17,297.00
Check	12/01/2014	paid out	Cash to Eddie		Cash Bag	200.00	17,497.00
Check	12/03/2014	paid out	Cash to Eddie		Cash Bag	100.00	17,597.00
Check	12/05/2014	paid out	Cash to Eddie		Cash Bag	150.00	17,747.00
Check	12/15/2014	paid out	Cash to Eddie		Cash Bag	350.00	18,097.00
Check	12/22/2014	paid out	Cash to Eddie		Cash Bag	455.12	18,552.12
Check	12/24/2014	paid out	Cash to Eddie		Cash Bag	250.00	18,802.12
Check	12/24/2014	paid out	Cash to Eddie		Cash Bag	300.00	19,102.12
Check	12/29/2014	paid out	Cash to Eddie		Cash Bag	200.00	19,302.12
Total Eddie Fenoglio						6,877.12	19,302.12
Enviro-Log							
Total Enviro-Log							5,470.00
							5,470.00

Custer Water Co, LLC
General Ledger
As of April 15, 2015

04/16/15
Accrual Basis

Type	Date	Num	Name	Memo	Split	Amount	Balance
CONTRACT LABOR							
Archer							0.00
Total Archer							0.00
Cesar Cervantes							0.00
Total Cesar Cervantes							0.00
Double D							0.00
Total Double D							0.00
Eddie Fenoglio							
Check	01/05/2015	paid out	Cash to Eddie				0.00
Check	01/09/2015	paid out	Cash to Eddie			300.00	300.00
Check	01/14/2015	paid out	Cash to Eddie			450.00	750.00
Check	01/29/2015	paid out	Cash to Eddie			100.00	850.00
Check	01/30/2015	paid out	Cash to Eddie			400.00	1,250.00
Check	02/12/2015	paid out	Cash to Eddie			1,000.00	2,250.00
Check	02/17/2015	paid out	Cash to Eddie			200.00	2,450.00
Check	02/26/2015	paid out	Cash to Eddie			150.00	2,600.00
Check	03/02/2015	paid out	Cash to Eddie			200.00	2,800.00
Check	03/10/2015	paid out	Cash to Eddie			100.00	2,900.00
Check	03/12/2015	paid out	Cash to Eddie			75.00	2,975.00
Check	04/03/2015	paid out	Cash to Eddie			900.00	3,875.00
Check	04/06/2015	paid out	Cash to Eddie			200.00	4,075.00
Check	04/10/2015	paid out	Cash to Eddie			250.00	4,325.00
Check	04/13/2015	paid out	Cash to Eddie			100.00	4,425.00
Check	04/15/2015	paid out	Cash to Eddie			2,988.00	7,413.00
Total Eddie Fenoglio						300.00	7,713.00
Enviro-Log						7,713.00	7,713.00
Total Enviro-Log							0.00
Express							0.00
Total Express							0.00
Fusion HDD							0.00
Total Fusion HDD							0.00
Hurd Oilfield							0.00
Total Hurd Oilfield							0.00
HWH Drilling							0.00
Total HWH Drilling							0.00

EXHIBIT 8

Customer Co, LLC
General Ledger
As of September 1, 2014

Type	Date	Num	Name	Memo	Split	Amount	Balance
UTILITIES							
Custom Water							
584088-6 Veretto Rd (Well)							
Check		EFT	Cirro Energy				0.00
Bill	03/04/2014		Cirro Energy				0.00
Bill	03/14/2014		Cirro Energy			450.00	0.00
Bill	04/16/2014		Cirro Energy		Operating	84.53	450.00
Bill	05/16/2014		Cirro Energy		Accounts Paya...	13.72	534.53
Bill	06/13/2014		Cirro Energy		Accounts Paya...	241.23	548.25
Bill	07/14/2014		Cirro Energy		Accounts Paya...	183.55	789.48
Bill	08/15/2014		Cirro Energy		Accounts Paya...	170.57	973.03
					Accounts Paya...	28.62	1,143.60
							1,172.22
Total 584088-6 Veretto Rd (Well)							
						1,172.22	1,172.22
613978-3 522 Star Rt Rd (Well)							
Bill	01/06/2014	conf #...	Direct Energy				0.00
Bill	01/16/2014		Direct Energy		Accounts Paya...	711.89	711.89
Bill	02/16/2014		Direct Energy		Accounts Paya...	581.84	1,293.73
Bill	03/20/2014		Direct Energy		Accounts Paya...	239.01	1,532.74
Bill	04/23/2014		Direct Energy		Accounts Paya...	189.61	1,722.35
Bill	06/04/2014		Direct Energy		Accounts Paya...	235.60	1,957.95
Bill	06/23/2014		Direct Energy		Accounts Paya...	94.79	2,052.74
Bill	07/14/2014		Direct Energy		Accounts Paya...	235.25	2,287.99
Check	08/08/2014	eft	Direct Energy		Accounts Paya...	227.94	2,515.93
Bill	08/22/2014		Direct Energy		Operating	87.10	2,603.03
					Accounts Paya...	224.70	2,827.73
						2,827.73	2,827.73
Total 613978-3 522 Star Rt Rd (Well)							
						2,827.73	2,827.73
614004-7 633 S Grand (Well)							
Bill	01/06/2014	conf #...	Direct Energy				0.00
Bill	01/16/2014		Direct Energy		Accounts Paya...	189.70	189.70
Bill	02/16/2014		Direct Energy		Accounts Paya...	226.92	416.62
Bill	03/20/2014		Direct Energy		Accounts Paya...	222.94	639.56
Bill	04/18/2014		Direct Energy		Accounts Paya...	208.73	848.29
Bill	05/14/2014		Direct Energy		Accounts Paya...	205.61	1,053.90
Bill	06/13/2014		Direct Energy		Accounts Paya...	185.70	1,239.60
Bill	07/14/2014		Direct Energy		Accounts Paya...	210.18	1,449.78
Bill	08/15/2014		Direct Energy		Accounts Paya...	191.45	1,641.23
					Accounts Paya...	210.26	1,851.49
						1,851.49	1,851.49
Total 614004-7 633 S Grand (Well)							
						1,851.49	1,851.49

EXHIBIT 9

Customer Co, LLC
General Ledger
As of December 31, 2014

04/16/15
 Accrual Basis

Type	Date	Num	Name	Memo	Split	Amount	Balance
Taxes							
Property Tax							
Custom Water	10/06/2014		Montague CAD				0.00
Bill	10/06/2014		Montague CAD				0.00
Bill	10/06/2014		Montague CAD			260.99	260.99
Bill	10/06/2014		Montague CAD			46.22	307.21
Bill	10/08/2014		Montague County			1,789.52	2,096.73
Bill	10/08/2014		Montague County			553.68	2,650.41
Bill	10/08/2014		Montague County			113.27	2,763.68
Bill	10/08/2014		Montague County			14.30	2,777.98
Bill	10/08/2014		Montague County			18.46	2,796.44
Total Custom Water						2,796.44	2,796.44
Custom Water & Edward Jr							0.00
Total Custom Water & Edward Jr						0.00	0.00
Custom Water (Personal Property							0.00
Total Custom Water (Personal Property							0.00
Montague Water System							0.00
Total Montague Water System							0.00
Property Tax - Other							0.00
Total Property Tax - Other							0.00
Total Property Tax						2,796.44	2,796.44
Taxes - Other							0.00
Total Taxes - Other						0.00	0.00
Total Taxes						2,796.44	2,796.44
UTILITIES							
Custom Water							
584088-6 Veretto Rd (Well)	09/12/2014		Cirro Energy				8,356.54
Bill	10/15/2014		Cirro Energy				8,356.54
Bill	11/12/2014		Cirro Energy			1,172.22	1,172.22
Bill	12/15/2014		Cirro Energy			1,340.30	1,340.30
Total 584088-6 Veretto Rd (Well)						168.08	1,528.42
613978-3 522 Star Rt Rd (Well)	09/05/2014		Cirro Energy			28.62	1,557.04
Bill	10/14/2014		Cirro Energy			28.66	1,585.70
Bill	11/12/2014		Cirro Energy			413.48	1,585.70
Bill	12/15/2014		Cirro Energy			140.67	2,827.73
Total 613978-3 522 Star Rt Rd (Well)						253.14	2,988.40
Direct Energy						257.26	3,221.54
Direct Energy						770.93	3,478.80
Direct Energy						1,422.00	4,249.73
Total 613978-3 522 Star Rt Rd (Well)						1,422.00	4,249.73

Direct Testimony of Jerry D Walker
 SOAH Docket No 473-15-4944, WS
 PUC Docket No 44236

Custom Water Co, LLC
General Ledger
As of April 15, 2015

04/16/15
Accrual Basis

Type	Date	Num	Name	Memo	Split	Amount	Balance
Taxes							
Property Tax							0.00
Custom Water							0.00
Total Custom Water							0.00
Custom Water & Edward Jr							0.00
Total Custom Water & Edward Jr							0.00
Custom Water (Personal Property							0.00
Total Custom Water (Personal Property							0.00
Montague Water System							0.00
Total Montague Water System							0.00
Property Tax - Other							0.00
Total Property Tax - Other							0.00
Total Property Tax							0.00
Taxes - Other							0.00
Total Taxes - Other							0.00
Total Taxes							0.00
UTILITIES							
Custom Water							0.00
584088-6 Veretto Rd (Well)							0.00
Bill	01/12/2015		Cirro Energy				0.00
Bill	02/19/2015		Cirro Energy			172.27	172.27
Bill	03/19/2015		Cirro Energy			28.60	200.87
Total 584088-6 Veretto Rd (Well)						229.47	229.47
613978-3 522 Star Rt Rd (Well)						229.47	229.47
Bill	01/23/2015		Cirro Energy				0.00
Bill	02/11/2015		Cirro Energy			376.68	376.68
Bill	03/10/2015		Cirro Energy			731.13	1,107.81
Bill	03/16/2015		Cirro Energy			652.59	1,760.40
Total 613978-3 522 Star Rt Rd (Well)						512.22	2,272.62
614004-7 633 S Grand (Well)						2,272.62	2,272.62
Bill	01/12/2015		Cirro Energy				0.00
Bill	02/11/2015		Cirro Energy			195.50	195.50
Bill	03/10/2015		Cirro Energy			238.24	433.74
Bill	03/11/2015		Cirro Energy			186.15	619.89
Total 614004-7 633 S Grand (Well)						207.11	827.00
						827.00	827.00

Direct Testimony of Jerry D Walker
SOAH Docket No 473-15-4944, WS
PUC Docket No. 44236