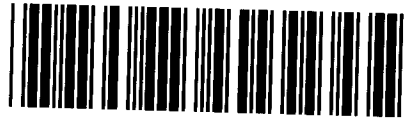


Control Number: 44236



Item Number: 81

Addendum StartPage: 0

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FILING CLERK

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

**WRITTEN RESPONSE TO COMMISSION STAFF'S MOTION TO STRIKE
AND REQUEST TO RESCHEDULE**

COMES NOW, Michael Ratliff, as counsel for Custom Water Company, LLC and files this Written Response to Commission's Staff Motion To Strike the letter of Chris A. Lemon, CPA previously submitted as Custom Water's direct case.

1. APPLICATION HISTORY

In Order No. 1, the SOHA administrative law judge (ALJ) set a deadline of September 24, 2015 for Custom Water to file its case. On that date, Custom Water submitted the letter of Chris A. Lemon, C.P.A. as its direct case. On October 6, 2015 the Commission Staff filed a Motion to Strike and objections to the letter submitted by Chris A. Lemon, C.P.A. which was received by counsel for Custom Water Company, LLC on October 13, 2015. Counsel for Custom Water Company, LLC now serves this, his written response to the Commission Staff's Motion to Strike and objections.

II. EVIDENTIARY OBJECTIONS

1. Qualification of an Expert:

The Commission Staff in supporting their argument that Mr. Lemon's letter should be stricken due to Mr. Lemon or Mr. Fenoglio failing to qualify as experts appears to rely upon a decision reached in the *Bohannon* case, a commitment case which merely reflects the basic elements of TRE 702 that an expert must be qualified by knowledge, skill, experience, training, or education. While the *Bohannon* decision supports Custom Water Company accountant's letter, a more comprehensive and

illustrative case in applying the rules governing expert testimony is found in the case of *Vela v. State*, 209 S.W.3d 128, 130 (Tex. Crim. App. 2006). The Court in *Vela* "set out three separate conditions regarding admissibility of expert testimony. At 131: The rules require a trial judge to make three separate inquiries, which all must be met before admitting expert testimony: (1) the witness qualifies as an expert by reason of his knowledge, skill, experience, training, or education; (2) the subject matter of the testimony is an appropriate one for expert testimony; and (3) admitting the expert testimony will assist the fact-finder in deciding the case. These conditions are commonly referred to as (1) qualification, (2) reliability, and (3) relevance." An appellate court should consider three criteria when determining whether a trial court abused its discretion in evaluating a witness's qualifications as an expert: (1) is the field of expertise complex? ; (2) how conclusive is the expert's opinion? ; (3) how central is the area of expertise to the resolution of the lawsuit?

Further the *Rodgers* court found in *Rodgers v. State*, 205 S.W.3d 525, 526 (Tex. Crim. App. 2006) that "we hold that a motion to strike an expert witness's testimony based on his lack of qualifications, which is made after the witness has testified, can serve as a renewed objection to the trial court's earlier ruling that the witness was qualified. In these circumstances, an appellate court reviews the trial court's ruling based upon all of the evidence before the court at the time of the motion to strike."

Mr. Fenoglio clearly possesses all of the qualifications as required by these courts and by the Texas Rules of Evidence when taken comprehensively in their entirety supported by the rulings of the highest courts in our state. I have attached the following exhibits to allow the Court to examine the qualifications of Mr. Fenoglio as an expert in the field of water wells, water well drilling, water system operations and cost savings in operations of a water company. Webster's College Edition dictionary defines a "*Master*" as *someone who's teachings or doctrines are accepted by followers, A person of great learning- a scholar, A workman qualified to teach apprentices and to carry on his craft independently, An Expert, Highly Skilled, an expert*. In the instant case, Mr. William H. Kuntz, Jr. the executive director of the Texas Department of Licensing and Regulation recognizes Mr. Edward A. Fenoglio

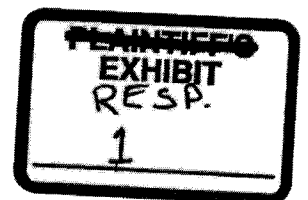
STATE OF TEXAS
EDWARD A FENOGLIO



MASTER PUMP INSTALLER AND
WELL DRILLER

LICENSE NUMBER 2817 C M W I
EXPIRES 08/29/2016

TEXAS DEPARTMENT OF LICENSING AND REGULATION



The person named on this card may perform
the duties within the scope of work
authorized by applicable law through the
expiration date shown on the front of the card.



A handwritten signature in cursive script, appearing to read "William H. Kuntz, Jr.".

William H. Kuntz, Jr.
Executive Director
Texas Department of Licensing and Regulation

www.license.state.tx.us



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Be it known that

EDWARD ARNOLD FENOGLIO

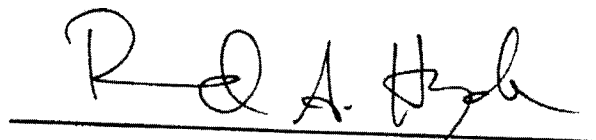
*has fulfilled the requirements in accordance with the
laws of the State of Texas for*

CLASS C GROUND WATER TREATMENT OPERATOR

License Number: **WG0004743**

Issue Date: **04/08/2015**

Expiration Date: **06/11/2018**



*Executive Director
Texas Commission on Environmental Quality*

**EXHIBIT
RESP.**

2

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Be it known that

EDWARD ARNOLD FENOGLIO

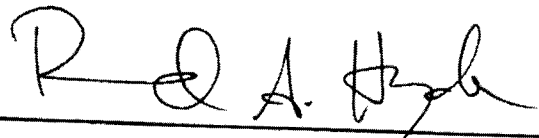
*has fulfilled the requirements in accordance with the
laws of the State of Texas for*

OSSF SITE EVALUATOR

License Number: OS0010955

Issue Date: 07/12/2014

Expiration Date: 08/31/2017



Executive Director

Texas Commission on Environmental Quality

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Be it known that

EDWARD ARNOLD FENOGLIO

*has fulfilled the requirements in accordance with the
laws of the State of Texas for*

OSSF DESIGNATED REPRESENTATIVE

License Number: OS0006858

Issue Date: 05/19/2014

Expiration Date: 06/30/2017



Executive Director

Texas Commission on Environmental Quality

**EXHIBIT
RESP.
3**



TRWA Professional Development & Training Department

Name Kevin D. Egan Date: SEP 21, 2015

SS# 000-00-0000 Last 000000 First 000000 MI 00

Employer: 00000000000000000000 TCEQ License # 0000000000 Email 00000000000000000000

Employer's Address: 00000000000000000000 City: 000000

State: TX Zip: 00000 Employer's Phone: 000-000-0000

Course Name: 00000000000000000000 Instructor: 00000000000000000000

Course Location: 00000000000000000000

PAYMENT INFORMATION: Payment Amount \$ 0000000000

Payment Type: ☒ Prepaid Registration

☐ Credit Card ☐ Cash ☐ Check # 0000000000

Cardholder's Name: 00000000000000000000 ☐ Money Order ☐ TSW Coupon

Credit Card Billing Address: 00000000000000000000 Signature: 00000000000000000000 Expiration: 00/00/00-00/00/00

For Office Use Only	Check Date	Initials
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Texas Rural Water Association

*Education and Training Department
Approved Provider No. 205*

Edward Fenoglio

WG0004743

has successfully completed

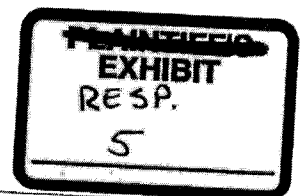
20 hours

**Technology Based Training:
Basic Water Works Operation**

Course No. 1426

On

March 9, 2015



Professional Development and Training Director, TRWA	Executive Director, TRWA

TOWA CONTINUING EDUCATION FORM

Waco, Texas March 10 and 11, 2015 TCEQ Provider code: 408

I, EDWARD P. F. MENDOZA, hold the following license (s): (Check all apply)
(Please print your name)

☒ On-site Sewage Facility (OSSF) License, (Course Code 1316 up to 10 hours CEU Credit)

Required TCEQ License number:

0	5	0	0	1	0	7	5	5
---	---	---	---	---	---	---	---	---

 **
Example: OS0001234

(Complete all spaces)

☒ Professional Sanitarian or Professional Engineer License

R.S. and/or P.E. License number 2855

****Forms submitted without the correct license number will not be reported for CEU Credit****
Stop by the TCEQ booth (Booth 517) for verification.

Check and complete the following:



- ☒ I attended the entire TOWA 2015 Conference and seek 10 CEU hours.
- ☐ I attended the TOWA 2015 Conference from 8:00am – 12:00 pm on March 10, 2015 and seek 3.0 hours
- ☐ I attended the TOWA 2015 Conference from 8:00am – 5:00 pm on March 10, 2015 and seek 6.0 hours.
- ☐ I attended the TOWA 2015 Conference from 8:00am – 12:30 pm on March 11, 2015 and seek 4.0 hours.

I certify that I have attended the 23rd Annual Texas On-Site Wastewater Association Conference from 8:00 am to Noon and 1:00pm to 5:00pm on March 10, 2015 and from 8:00 am to 12:30 pm on March 12, 2015, or attended portions of the event as indicated above. **I understand that making a false report of training may be cause for revocation of my license.**

Edward P. F. Mendoza
Signature

MARCH 11, 2015
Date

If you have any questions on how to fill out this form or about the Texas On-site Wastewater Association, please visit the registration desk. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any error in their information corrected. To review such information, contact us at 281-738-3355. Turn in the signed original (white copy) upon completion of the conference at 12:30 pm, on March 11, 2015 to obtain full credit. For partial credit, submit this form for validation when you leave. **You will not receive full or partial credit if you do not turn in the original signed form before you leave the conference. You must personally hand in your record.** Retain the yellow copy for your records.

Attendance Verification (To be completed by the individual)
Registration Stamp, Date, Time
Received by: Registration Staff

White Copy Turn in for Continuing Education Credits

Yellow Copy - Is for your records

CERTIFICATION

Course Name: TRWA Basic Water Works Operations

Course Number: 1426

Student Name: Edward Fenoglio

Email Address: edfenoti@aol.com

Day Time phone: 940-894-3172

Address: 146 Alamo Road

City, State, Zip: Montague TX 76251

Water License # : WG00004743

Water License Class : C

Distribution License #:

Distribution License Class :

Wastewater License # :

Wastewater Class :

License this course is to apply to (must be filled out) : Class C Groundwater Operator
WG00004743

Social Security Number : 5492





Texas Rural Water Association

*Professional Development and Training Department
Approved Provider No. 205*

Edward A. Fenoglio
WG0004743

has successfully completed

**20 hours of a 20 hour course
Training Course 396**

Valve & Hydrant Maintenance

On

1/20-22/2015

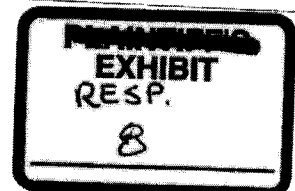
Professional Development and Training Director, TRWA

Executive Director, TRWA

Instructor

Springtown

Location



ONLINE LEARNING COURSE RECEIPT

Page 1 of 1

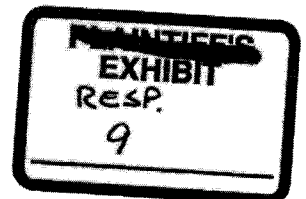
From: Suncoast Learning <contact@suncoastlearning.com>
To: noconamx <noconamx@aol.com>
Subject: ONLINE LEARNING COURSE RECEIPT
Date: Thu, Mar 5, 2015 10:49 am

ONLINE LEARNING COURSE RECEIPT

Course Provider: Texas Rural Water Association
Address: 1616 Rio Grand Street, Austin, Texas 78701
Student Name: Edward Fenoglio
Course Name: TRWA Basic Water Works Operations
Price: \$ 235
Purchase Date: 2015/03/04
Please Note: Your credit card statement will show merchant as
SunCoast Learning Systems Inc.

Your business is sincerely appreciated!
SunCoast Learning Systems, Inc.
800-269-1181

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3/5/2015



Texas Environmental Health Association 60th Annual Educational Conference

October 12th-16th, 2015
Double Tree Hotel-Austin

6505 N. I-35
Austin, Texas

CONFERENCE REGISTRATION		Member Before October 1, 2015	Member After October 1, 2015	Non-Member Before October 1, 2015	Non-Member After October 1, 2015
	Pre-Conference Training TFER 101 Monday, October 12 th , 2015 8:30am-5:00pm				
	Pre-Conference Training Sushi Parasite Destruction Tuesday, October 13 th , 2015 8:30-5:00 pm	\$35	\$50	\$85	\$100
	Full Conference Wednesday Opening Session, Awards Luncheon Casino Night Thursday All day Session and Thursday Awards Reception	\$35	\$50	\$85	\$100
	One Day Only <u>Circle</u> Day of Attendance Wednesday (All Day Opening Session) Thursday (Breakout Sessions)	\$300	\$325	\$350	\$375
	Retired registration	\$255	\$280	\$305	\$330
	Student - Full Time	\$100	\$125	\$120	\$145
EXTRAS		\$25	\$40	\$25	\$40
	Extra Awards Luncheon	\$50	\$50	\$50	\$50
	Extra Casino Night or Awards Reception	\$40	\$40	\$40	\$40
	Fellow Membership Renewal	\$10	\$10	\$10	\$10
Total Enclosed _____ Check _____ PO _____ Credit Card					\$ 340.00

Name Edward A. Fornoglio

Agency/Employer Montague County

Preferred Mailing Address 146 ALAMO ROAD

City/State/Zip MONTAGUE, TX 76251

Daytime Ph (940) 894-3172 Email edfornot@aol.com

TEHA
P.O. Box 889
Wolfforth, Texas
79382

Make check payable to:
TEHA

Refund Policy.

No refund on registration will be allowed after Monday, October 1, 2015. Registration fees may be used by another person from the same agency or employer for the event for which pre-registration fees were already received. Credit card payment (Visa/Mastercard) will be accepted online at www.myteha.org for registration information contact

Purchase order or other payment vouchers may be emailed to jodie.halter@myteha.org. Early registration rates will be honored if registration form(s) and purchase order information are received on or before October 1, 2015.

If your agency is not able to pay until after October 1 due to budget year changes: Please forward the registration on or before October 1, 2015, in order to receive the "early bird special."

The Annual Education Conference Fee does not include membership fees.

Jodie Halter - Executive Director
806-855-4277
Email: jodie.halter@myteha.org

Please note that reservations are on a "First come, first serve" basis. Registration On a "Space Available Basis" only and the Association reserves the right to limit participants. Please register early. We reserve the right to change speakers and topics.

EXHIBIT
RESP.

10

eAcademy

Online Education Made Simple!

Certificate of Completion

Name: Edward Fenoglio

License #: 2817

License Type:

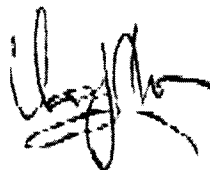
Course Title: 4 HRS Water Well Drillers and Pump Installers CE Pkg

Course #: 13304

Course Hours: 4.00

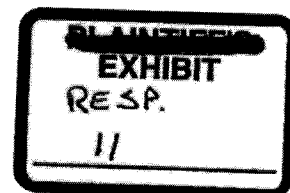
Completion Date: 8/18/2015

Provider #: 1625



Van Joseph
Director of eAcademy

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APPLICATION OF §
CUSTOM WATER COMPANY, LLC §
FOR A WATER RATE/TARIFF CHANGE §

BEFORE THE STATE OFFICE
PUBLIC UTILITY COMMISSION
OF FILING CLERK
ADMINISTRATIVE HEARINGS

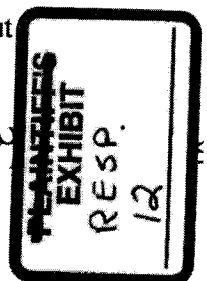
WRITTEN OBJECTIONS TO
CUSTOM WATER'S DIRECT CASE TESTIMONY

Cris Lemon, CPA, presented Direct Case Submission for his client, Custom Water Company, LLC and its sole member, Edward A. Fenoglio.

Mr. Lemon failed to address most, if not all, of the issues previously listed by the PUC and Interveners. Mr. Lemon failed to produce any case evidence to my knowledge and used only conjecture and oral arguments on behalf of Mr. Fenoglio in his brief letter to the Court. Mr. Lemon failed to present his direct case submission in the proper question and answer format required. Mr. Lemon is considered an expert in accounting matters. However, Mr. Lemon is not an expert on drilling or drilling costs. As stated above, Mr. Lemon uses the figure of \$700,000 for the cost of drilling two shallow wells but submits no evidence of such estimate. Mr. Lemon also attempted to compare the cost of drilling wells thru an outside contractor and Mr. Fenoglio acting as his own contractor as a cost savings to the water company customers as if this was real "cash basis" savings. The cost is actual cost expended and not anticipated cost. Mr. Fenoglio is the owner-operator of these water systems and it saves him money to reduce the cost of operations and any improvements made to the systems just as much or more so than it does to the customers. Mr. Lemon, as a CPA, should be discussing the "actual cost" and leave the estimates of savings for the experts who would know what it actually cost to drill a well or replace a tank.

In other remarks in his submission, Mr. Lemon suggests a misrepresentation. Oak Shores did not have both of its storage tanks replaced. Mr. Fenoglio replaced only one tank in order to comply with TCEQ requirements. He was not in compliance with TCEQ regulations in regards to the water tank and was being fined for such non-compliance. Mr. Fenoglio did not do anything to improve the "quality" of water to its Oak Shores customers and has admitted so in prior settlement negotiations between Intervener Walker and Edward Fenoglio.

Additionally, Mr. Lemon states that Mr. Fenoglio is a customer himself of the Montague Water System. Mr. Fenoglio resides in that water district and thus enjoys the improvements made to the "quality" of water made to all customers of that system. However, nothing is discussed about Mr. Fenoglio being a customer of Oak Shores Water System and for good reason. Mr. Fenoglio has admitted to Intervener that the water is both unfit to drink and is currently out of compliance with TCEQ standards. Yet, Mr. Fenoglio sees it fit to do nothing about this non-compliance while at the same time proposing to increase the water rates by 172% over a three year period. During this period, no "water quality" issues have been addressed. This points directly to the fact that the Montague Water System is operated at a different level of quality control than the

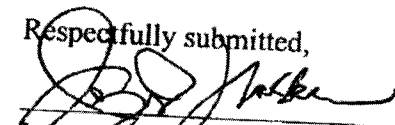


Oak Shores Water System. Yet, Mr. Fenoglio has no problem charging both sets of customers the same exorbitant rates. We will address this issue further in our own Direct Testimony.

As Intervener, I would state to the Court and to the PUC that Custom Water Company LLC has failed to address the real issues of presenting legitimate "cost analysis" of its operation to the Court in a manner sufficient to support the proposed Rate Tariff Increase that has been requested. I propose that their request be summarily denied in full.

Furthermore, a Motion before the Court has been made by the PUC Staff to reverse the current charged rates back to the previously approved rates. No interim rates should be allowed to continue to be charged. We respectfully request the Court to so rule in this manner.

Respectfully submitted,



Jerry Walker, Intervener

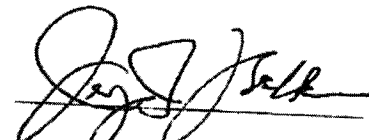
(940) 782-2527

2 Red Bluff

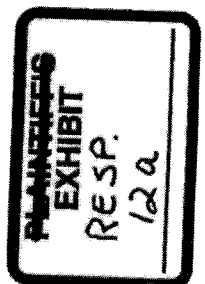
Wichita Falls, TX 76255

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 5, 2015 in accordance with 16 TAC § 22.74.



Jerry Walker



as a Master Pump Installer and Well Driller and the State of Texas issued License Number 2817 CMW1 to evidence Mr. Fenoglio as such. *See Exhibit 1 - 1!*

Mr. Fenoglio clearly possesses all three elements set forth by the *Bohannon* and *Vela* court decisions to be an expert in his field. Mr. Fenoglio's knowledge, experience and training is recognized by the State of Texas and his peers in the drilling industry, Mr. Fenoglio's expertise is proven, he successfully used his expert knowledge to bring in new wells saving the customers of Custom Water Company hundreds of thousands of dollars and his expert knowledge is highly relevant to the instant case and helpful to the Commission in arriving at a proper rate for Custom Water Company.

Mr. Lemon is a certified public accountant currently representing Custom Water Company, LLC. in any matter regarding accounting, tax accounting, cost analysis and profit/loss as it relates to regulatory reporting to the appropriate governmental agencies. Mr. Lemon is an expert in accounting and represents many local business and individuals before the Internal Revenue Service and other Judicial or Governmental proceedings. In carrying out these representative duties Mr. Lemon interacts with many career professionals in the various branches of the government. Many of these career professionals consider Mr. Lemon an expert in his field, as does Mr. Jerry Walker, a party in this proceeding, is a former Internal Revenue Service Revenue Agent. *See Exhibit 12 - 12 A*

Mr. Lemon's curriculum vitae are attached as *Exhibit 14*.

2. Hearsay Objections

The Commission Staff in supporting their argument that Mr. Lemon's letter should be stricken due to Mr. Lemon adopting statements made to him as Mr. Fenoglio's agent as hearsay clearly do not comport with the Texas Rules of Evidence 801(e). In *Saavedra v. State*, 297 S.W.3d 342, 349 (Tex.Crim.App. 2009), if the proponent of an out of court translation of an out of court statement of a party can demonstrate to the satisfaction of the trial court that the party authorized the interpreter to speak for him on the particular occasion, or otherwise adopted the interpreter as his agent for purposes of translating the particular statement, then the out of court interpretation may be properly

admitted under TRE 801(e)(2)(C) or (D). Any statement made by Mr. Lemon concerning this matter within the scope of the agency or employment, during the existence of a contractual relationship between Mr. Fenoglio as President of Custom Water Company and Mr. Lemon as a certified C.P.A. employed by Custom Water Company is clearly not hearsay under Texas Rules of Evidence (e).

Staff further objects to Mr. Lemon's statements in his direct testimony as not relevant and does not fall within the scope of lay opinion on pages 3,4 and 5. The objections to these paragraphs in Staff's Motion to Strike on pages 3,4, and 5 are not supported by the Texas Rules of Evidence § 704, 801(e), 803(3)(6). More specifically Staff in their objection on page 5 states " *Mr. Lemon's statement regarding what Mr. Fenoglio's intent was in filing this application is hearsay*". The Texas Rules of Evidence 803(3) clearly states that the following are not excluded by the hearsay rule, even though the declarant is available as a witness...*(3) Then existing mental, emotional, or physical condition. A statement of the declarant's then existing state of mind, emotion, sensation, or physical condition (such as intent, plan, motive, design...)*

Texas Rules of Evidence 704 states "*Testimony in the form of an opinion or inference otherwise admissible is not objectionable because it embraces an ultimate issue of fact*". Mr. Fenoglio's expert opinion is admissible and the presiding officer will decide the facts of this case.

Texas Rules of Evidence 801(e) states "*Statements which are not hearsay if: (C) a statement by a person authorized to make a statement on concerning the subject; (D) a statement by the party's agent or servant concerning a matter within the scope of the agency or employment, made during the existence of the relationship*".

Mr. Lemon was and is authorized to speak for Custom Water Company and it's President Mr. Fenoglio. The issues in Staff's objections on pages 3,4 and 5 were the required upgrades due to an order from TECQ and the cost analysis of Custom Water Company owning a backhoe and associated costs of operation of such equipment in the maintenance and upgrading activities of the company. Both of these areas are areas of accounting practice in which Mr. Lemon by way of education, experience, training and an advanced certification in the form of being a CPA is an expert. Further these areas are those in which CPA's such as Mr. Lemon routinely confer and advise corporate clients in

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

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

RESPONSE TO ITEM NUMBER 62
COMMISSION STAFF'S LIST OF ISSUES
RESPONSE BY: CRIS A. LEMON, CPA

The responses to the items below were prepared by myself, Cris A. Lemon, using the documentation presented during the case process by Custom Water Company, LLC and the PUC Commission Staff. The responses were ascertained from the aforementioned documentation, where applicable, and from direct knowledge of Edward A. Fenoglio's tax filings prepared by my office. We reserve the right to amend the figures presented in the following statements pending a full review of the application and its supporting documentation.

1. What are the just and reasonable rates for Custom Water that are sufficient, equitable, and consistent in application to each customer class and that are not unreasonably preferential, prejudicial, or discriminatory as required by Tex. Water Code Ann. (TWC) § 13.182?

Question #1 Response:

In determining a "just and reasonable" rate, the rate calculation in the application was compared to other water systems having a like number of customers. It was impossible to find a truly "like-kind" system with a similar situation (new wells and associated debt) but we feel the rate calculated was reasonable.

2. What revenue requirement will give Custom Water a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses while preserving the financial integrity of the utility pursuant to TWC § 13.183(a) and 16 Tex. Admin Code (TAC) § 24.32(a)?

Question #2 Response:

At a current invested capital of \$442,868, the increase of \$67,849 in revenue would provide an adequate return. An acceptable rate of return would be 7% to 10%.

3. What is the reasonable and necessary cost of providing water service calculated in accordance with 16 TAC § 24.31?

Question #3 Response:

The total cost of providing water to customers is approximately \$285,000.

SOAH Docket No. 473-15-4944 WS
PUC Docket Number 44236
Page 1 of 8



4. What adjustments, if any, should be made to Custom Water's proposed test-year data pursuant to TWC § 13.185(d)(1) and 16 TAC § 24.31(b)?

Question #4 Response:

Referring to Item Number 69, Memorandum from Leila Guererro, Regulatory Accountant/Auditor, Water Utilities Division dated September 9, 2015, Table 1-Costs improperly included in Applicant's cost of service.

Table 1 - Costs improperly included in Applicant's cost of service

Fines/Penalties paid to TCEQ	\$ 4,130
Loan payments for 2014 Chevy truck	1,860
Loan payments for 2014 Kubota	1,525
Loan payments for new wells	19,425
Loan payments for 2000 Ford truck	10,372
Loan payments for 2013 GMC truck (principal + interest)	6,841
Unsupported miscellaneous expenses	681
Unsupported known & measurable adjustments	12,061
Total disallowed Miscellaneous Expenses	\$ 58,895
Rate Case Expense disallowed (allowed \$3,000 out of \$18,000)	15,000
Adjustment on Salaries & Wages	2,873
Adjustment - Office Expenses (veterinary exp. \$639; uniform exp. \$1,015)	1,654
Adjustment - Office Expenses (cell phones & land lines)	5,956
Total disallowed Cost of Service	\$ 89,339

Table 1 - Line 1

The fines need to be removed as they are not allowable expenses.

Table 1 - Lines 2-6

The loan payments need to be removed as they are not allowable expenses. However, it should be noted the 2013 GMC was traded for the 2014 Chevrolet to resolve the confusion of the statement made that Custom Water owns three service vehicles.

Table 1 - Line 7

Unsupported miscellaneous expenses is as yet unidentified. Please submit detailed documentation of this calculation.

Table 1 - Line 8

Unsupported known & measurable adjustments. The amount stated needs to be removed. These were future loan payment amounts and are not allowable expenses.

Table 1-Line 9

Rate Case Expense disallowed (allowed \$3,000 out of \$18,000) needs to be adjusted to reflect proof of the expense which was submitted to TCEQ prior to the ruling. See attached documents from Linda Ross and Stephen Fenoglio for charges directly related to the rate case hearing. The attorney bill is \$9,100.70 and the highlighted charges on Linda Ross' bills total \$3,592.50 bringing the total proven amount to \$12,693.20. The verbal agreement cannot be proven but the invoices clearly show the charges directly related to the rate increase hearing and preparation. See Exhibit A.

Table 1 - Line 10

Adjustment on Salaries & Wages - salaries and wages were calculated using ½ of each employee's salary for the test year. The calculation on the rate increase needs to be corrected. The deduction is correct.



Table 1 – Line 11

Adjustment – Office Expenses (veterinary exp. \$639; uniform exp \$1,015) – We agree to remove the vet expense. There is some argument regarding the uniform expense as Eddie does perform his duties at all times with a uniform which identifies the company name as well as his. In the application per the P&L the heading under Uniform Expense – Custom Water is the actual cost of Eddie's uniforms purchased from Aramark each year which totals \$712.68 the remaining \$302.28 is the expense for cleaning the uniforms.

Table 1 – Line 12

Adjustment – Office Expense (cell phones & land lines) – The amount reduced of \$5956 is not correct. The amounts shown on the P&L were \$2352.13 (cell) and \$6581.18 (land) but only 1/3 of those amounts were applied to the application which would total \$2977.77. The deduction exceeds the amount that was used.

In addition, Known and Measurable Expenses for Salaries and Wages should be increased to reflect a salary for Mr. Fenoglio. The agreed upon amount, per Mr. Fenoglio, is a monthly net amount of \$3500.00. The grossed up total amount for the annual salary would also increase the Known and Measurable Expenses for Payroll Taxes.

Annual Gross Pay	\$51,438.36
Annual FICA	\$ 5,503.32
Annual Soc Sec	\$ 3,189.24
Annual Medicare	\$ 745.80

By adjusting the revised application numbers, this amount would offset adjustment made to arrive at a similar rate.

5. What is the appropriate debt-to-equity capital structure of Custom Water?

Question #5 Response:

It is recognized that the debt-to-equity ratios are normally higher in a water utility. With the new wells, the debt-to-equity ratio is high, representing \$8.55 of debt for every \$1 of equity. Being a small utility, this is not uncommon.

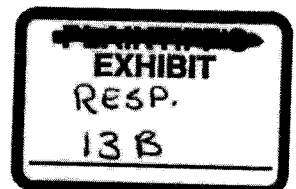
6. What is the appropriate overall rate of return, return on equity, and cost of debt of Custom Water pursuant to 16 TAC 24.31(c)(1)?

Question #6 Response:

It would be reasonable to project a rate of return of 7% to 10% based on a small utility to maintain adequate capital funding to continue operations.

7. What are the reasonable and necessary components of Custom Water's invested capital pursuant to 16 TAC 24.31(c)(2)?

Question #7 Response:



The utility has incurred the major cost of drilling and completing new wells and storage equipment. By far, the major of the invested capital is in these new assets. These expenditures are required and necessary to provide water to customers.

8. What is the original cost of the property used and useful in providing water service to the public at the time the property was dedicated to public use pursuant to TWC 13.185(b) and 16 TAC 24.31(c)(2)(A) and (B)?

Question #8 Response:

The original cost of the wells and distribution system in 1984 was approximately \$148,215.

9. Does Custom Water have any water or sewer property that was acquired from an affiliate or a developer before September 1, 1976 that is included in rate base? If so, has such property been included in all ratemaking formulas at the actual cost of the property rather than the price set between the entities? TWC § 13.185(i)

Question #9 Response:

No to above question.

10. Has Custom Water acquired any water or sewer property from an affiliate? If so, how much?

Question #10 Response:

No to above question.

11. Has Custom Water financed any of its plant with developer contributions? If so, how much?

Question #11 Response:

No to above question.

12. Has Custom Water included any customer contributions or donations in invested capital? If so, how much?

Question #12 Response:

There have been no customer contributions or donations in invested capital.

13. What is the proper amount, if any, of accumulated depreciation on the Custom Water's water and sewer property?

Question #13 Response:

The amount of accumulated depreciation on the property is approximately \$149,070.



14. Is Custom Water seeking inclusion of construction work in progress? If so, what is the amount sought and for what facilities? Additionally, has Custom Water proven that the inclusion is necessary to its financial integrity and that major projects under construction have been efficiently and prudently planned and managed? TWC 13.185(b) and 16 TAC § 24.31(c)(3)(B).

Question #14 Response:

No, all construction has been completed per Mr. Fenoglio.

15. What is the reasonable and necessary working capital allowance for Custom Water pursuant to 16 TAC 24.31(c)(2)(C)?

Question #15 Response:

Average monthly expenditures would be approximately \$23,000. An adequate working capital amount for a small utility would be \$17,000 to \$18,000 of cash on hand.

16. Does Custom Water have any debt, and, if so, what is the cost of that debt?

Question #16 Response:

The utility has debt in the amount of \$339,566 currently. The current federal tax bracket of the utility is 15% to 20%. The average interest rate being paid on the debt is approximately 3.75%. The wells and storage assets are financed at approximately 5.25% to 6.5%. This would yield a debt cost of 3.0% overall to 5.2% on wells and storage assets.

17. What are Custom Water's reasonable and necessary operations and maintenance expenses pursuant to 16 TAC 24.31(b)(1)(A)?

Question #17 Response:

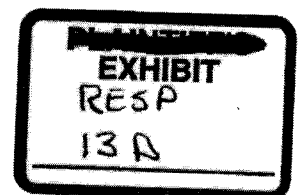
Operations and maintenance expenses run on average approximately 85% of total expenses.

18. Were any payments made to an affiliate for expenses? If so, do those payments meet the requirements of TWC 13.185(e)?

Question #18 Response:

In the general course of business, there will be joint expenses between Custom Water Company LLC and Carrington Associates Inc. Mr. Fenoglio is the sole shareholder of Carrington. Prior to and hereafter, great care has been taken to properly record and repay any joint expenses. Both entities maintain separate bank accounts and payroll tax filing accounts. We feel that Custom Water's staff has greatly improved the accounting system and accounting controls to properly account for these joint expenses.

19. What are Custom Water's reasonable and necessary administrative and general expenses?



Question #19 Response:

General and admin expenses run on average approximately 15% of total expenses.

20. What is the reasonable and necessary depreciation expense? For each class of property, what are the proper and adequate depreciation rates (including service lives and salvage values) and methods for depreciation? TWC 13.185(j) and 16 TAC 24.31(b)(1)(B).

Question #20 Response:

Depreciation expense is approximately \$24,000 based on straight-line methods.

21. What is the reasonable and necessary amount for assessment and taxes, other than federal income taxes? 16 TAC 24.31(b)(1)(C).

Question #21 Response:

There are no other assessments or taxes other than income tax. Custom Water is below the franchise tax threshold.

22. What is the reasonable and necessary amount for Custom Water's federal income tax expense? 16 TAC 24.31(b)(1)(D) and, if applicable, TWC 13.185(f):

Question #22 Response:

Based on it's own net income, the utility would pay approximately 15% on net income of approximately \$20,000. This would result in taxes of \$3,000.

- a. Is Custom Water a member of an affiliated group that is eligible to file a consolidated income tax return? TWC 13.185(f).

Question 22a Response:

No to above question.

- b. If so, have income taxes been computed as though a consolidated return had been filed and Custom Water realized its fair share of the savings resulting from the consolidated return? TWC 13.185(f).

Question #22b Response:

No to above question.

- c. If not, has Custom Water demonstrated it was reasonable not to consolidate returns? TWC 13.185(f).

Question #22c Response:



No to above question.

23. Is Custom Water seeking rates for both water and sewer service? If so, is the revenue requirement properly allocated between water and sewer services?

Question #23 Response:

No to above question.

24. What is the appropriate allocation of revenue requirement among rate classes?

Question #24 Response:

To be determined on a future date.

25. What is the appropriate rate design for each rate class?

Question #25 Response:

To be determined on a future date.

26. What are Custom Water's reasonable and necessary expenses incurred in this rate proceeding?

Question #26 Response:

The estimate of expenses would be approximately \$10,000.

27. If a refund or surcharge results from this proceeding, how and over what period of time should that be made? TWC 13.187.

Question #27 Response:

If a refund would were made, it would have to be structured over a period of time as to not adversely affect the cash flow of the Company. We would estimate this to be 12 months.

28. Has any party met the requirements for a request for interim relief in the form of interim rates? If so, what are the appropriate levels of interim rates? 16 TAC 24.29.

Question #28 Response:

Please provide further clarification.

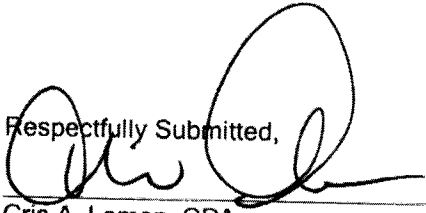
29. What is the appropriate effective date of the rates fixed by the Commission in this proceeding pursuant to TWC 13.187?



Question #29 Response:

To be determined on a future date.

Respectfully Submitted,

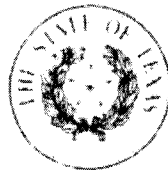


Cris A. Lemon, CPA
940-825-3113 Office
940-825-3713 Fax
P.O. Box 148
201 Clay Street
Nocona, Texas 76251

SOAH Docket No. 473-15-4944 WS
PUC Docket Number 44236
Page 8 of 8



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

November 20, 2014

Mr. Edward A. Fenoglio, Owner
Custom Water Co., L.L.C.
146 Alamo Road
Montague, Texas 76251-1118

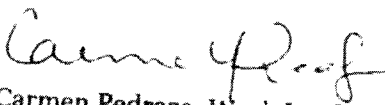
Re: Notice of Compliance with Agreed Order
Custom Water Co., L.L.C. dba Oakshores Community; RN104210885
Docket No. 2012-0919-PWS-E; Enforcement Case No. 44079

Dear Mr. Fenoglio:

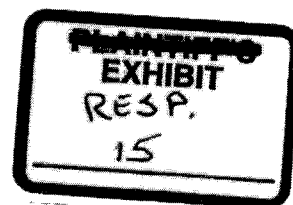
This letter is to inform you that a review of Texas Commission on Environmental Quality (TCEQ) records concerning the above-referenced enforcement matter indicates that Custom Water Co., L.L.C. dba Oakshores Community has fulfilled the requirements of the Agreed Order effective on October 26, 2012. Specifically, Custom Water Co., L.L.C. dba Oakshores Community has fulfilled the technical requirements and has paid the administrative penalty assessed in the Agreed Order. Based upon this, we conclude that your response has been satisfactory and no further action is necessary at this time with respect to this enforcement matter. The Order will terminate on October 26, 2017, provided Custom Water Co., L.L.C. dba Oakshores Community maintains compliance with all terms and conditions of the Order.

We appreciate your cooperation, and if we can be of any further assistance, please contact Ms. Anne Ruthstrom at (512)239-0855.

Sincerely,


Carmen Pedraza, Work Leader
Enforcement Division

cc: Ms. Cindy Meeks, Office Manager, Custom Water Co., L.L.C., 146 Alamo Road,
Montague, Texas 76251-1118



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

August 6, 2014

Mr. Eddie Fenoglio, Owner
Custom Water Company, LLC.
146 Alamo Rd
Montague, Texas 76251-1118

Re: Notice of Compliance with Notice of Violation (NOV) dated January 22, 2014:
Montague Water Company, 146 Alamo Rd., Montague (Montague County), Texas
Regulated Entity No.: 101260115, TCEQ ID No.: 1690004

Dear Mr. Fenoglio:

This letter is to inform you that Texas Commission on Environmental Quality (TCEQ) Abilene Region Office has received adequate compliance documentation on July 30, 2014, to resolve the alleged violation documented during the investigation of the above-referenced regulated entity conducted on December 17, 2013. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Ms. Jennelle Crane at the Abilene Region Office at (325) 698-9674.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cliff Moore".

Cliff Moore
Water Section Work Leader
Abilene Region Office

CM/JC

ATTACHEMNTS: Summary of Investigation Findings



Bryan W. Shaw, Ph.D., Chairman
Toby Baker, Commissioner
Zak Covar, Executive Director



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

January 21, 2014

Mr. Edward A. Fenoglio, Owner
Custom Water Company, L.L.C.
146 Alamo Road
Montague, Texas 76251


Re: Notice of Compliance with Default Order
Custom Water Company, L.L.C.; RN101260115
Docket No. 2009-0312-PWS-E; Enforcement Case No. 37235

Dear Mr. Fenoglio:

This letter is to inform you that a review of Texas Commission on Environmental Quality (TCEQ) records concerning the above-referenced enforcement matter indicates that Custom Water Company, L.L.C. has fulfilled the requirements of the Default Order effective on January 7, 2010. Specifically, Custom Water Company, L.L.C. has fulfilled the technical requirements and has paid the administrative penalty assessed in the Default Order. Based upon this, we conclude that your response has been satisfactory and no further action is necessary at this time with respect to this enforcement matter. The Order will terminate on January 7, 2015, provided Custom Water Company, L.L.C. maintains compliance with all terms and conditions of the Order.

We appreciate your cooperation, and if we can be of any further assistance, please contact Ms. Anne Ruthstrom at (512) 239-0855.

Sincerely,


Carmen Pedraza, Work Leader
Enforcement Division

cc: Manager, Water Section, Abilene Regional Office, TCEQ



Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 23, 2012

Edward Fenoglio, Owner
Oak Shores PWS
146 Alamo Road
Montague, TX 76251

Re: Comprehensive Compliance Investigation at:
Oak Shores Public Water Supply, 301 HWY 59, Nocona (Montague County), Texas
Regulated Entity No.: RN104210885, TCEQ ID No.: 1690011

Dear Mr. Fenoglio:

On January 10, 2012, Ms. Jennelle Crane of the Texas Commission on Environmental Quality (TCEQ) Abilene Region Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply. No violations are being alleged as a result of the investigation. Other violations associated to enforcement cases are still subject to enforcement, including penalties, upon review by the Enforcement Division.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Jennelle Crane in the Abilene Region Office at 325-698-6117.

Sincerely,

A handwritten signature in black ink, appearing to read "Cliff Moore".

Cliff Moore
Water Section Work Leader
Abilene Region Office

CM/JEC



TCEQ Region 3 • 1977 Industrial Blvd. • Abilene, Texas 79602-7833 • 325-698-9674 • Fax 325-692-5869

Austin Headquarters: 512-239-1000 • www.tceq.texas.gov • How is our customer service? www.tceq.texas.gov/goto/customersurvey

printed on recycled paper using vegetable based ink

From: noconamx <noconamx@aol.com>

To: cris <cris@noconacpa.com>; reece <[REDACTED]>; Edfenoti <[REDACTED]>;
<[REDACTED]>; consumer.law <consumer.law@hotmail.com>

Subject: Fwd: Price list attached

Date: Wed, Oct 7, 2015 2:44 pm

Attachments: PriceSheets.xls (357K)

Attached are the price lists I requested from KW Utility Construction. They specialize in our type of business so this should cover the issue on the backhoe paragraph, I hope.

-----Original Message-----

From: Cindy Meeks <custom.water.co@gmail.com>

To: noconamx <noconamx@aol.com>

Sent: Wed, Oct 7, 2015 2:42 pm

Subject: Fwd: Price list attached

----- Forwarded message -----

From: **KW Construction** <kwoffice@kwconstructioninc.net>

Date: Wed, Oct 7, 2015 at 12:50 PM

Subject: Price list attached

To: custom.water.co@gmail.com

Cindy,

I have attached our price sheet. Please note that the minimum hours are based more for the oil field and Keary Williams, KW owner, will work with you and usually only charge the actual hours work per job. Do not hesitate to call me on any questions or concerns in regards.

Also, Keary said to mention to you that he used to maintain the water system at Pioneer Valley. Please keep that in mind as well.

Look forward to doing business with you.

Thank you,

Kristie Walton

Kristie Walton

Office Manager

KW Utility Construction, Inc.

903-564-5771

kwoffice@kwconstructioninc.net



1. The first part of the document is a list of names and addresses of the members of the committee.

2. The second part of the document is a list of names and addresses of the members of the committee.

3. The third part of the document is a list of names and addresses of the members of the committee.

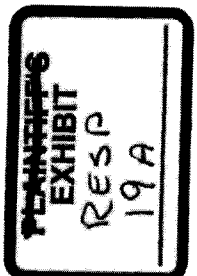


Effective---July 29, 2015

LABOR		
	Hourly Charge	Minimums
One Man with Service Truck	60.00 per hour	3 hour
One Man w/Service Truck and Power Threaders	100.00 per hour	3 hour
Two Men Crew with Service Truck	90.00 per hour	3 hour
Two Men w/Service Truck and Power Threaders	115.00 per hour	3 hour
Three Men Crew with Service Truck	100.00 per hour	3 hour
Three Men Crew with Service Truck and Power Threaders	130.00 per hour	3 hour
One Man with Welding Truck	75.00 per hour	3 hour
Two Men with Welding Truck	95.00 per hour	3 hour
One Man Helper	25.00 per hour	3 hour
EQUIPMENT WITH OPERATOR OR DRIVER		
4x4 Caterpillar Backhoe with Extendahoe	85.00 per hour	3 hour
320 Caterpillar Trackhoe	100.00 per hour	4 hour
D5 Caterpillar Dozer	95.00 per hour	4 hour
D-6R Caterpillar Dozer	135.00 per hour	4 hour
D-6T Caterpillar Dozer	135.00 per hour	4 hour
140G Caterpillar Motor Grader	100.00 per hour	4 hour
246 Caterpillar Skidsteer with Attachments	70.00 per hour	3 hour
246 Caterpillar Skidsteer with Concrete Breaker	85.00 per hour	3 hour
Water Truck-2000 gallons	85.00 per hour	3 hour
Ditchwitch Trencher	70.00 per hour	3 hour
Vermeer Brush Chipper	50.00 per hour	3 hour
Auger/Anchor Truck	125.00 per hour	3 hour
8' Anchors	275.00 each	
*Anchor Markers	20.00 each	
*Anchor Testing:		
12 Yard Tandem Dump Truck	**Priced Per Job**	
25 Ton Belly Dump Truck	75.00 per hour	3 hour
5-Ton Haul Truck with Float	100.00 per hour	3 hour
1-Ton Winch Truck	100.00 per hour	3 hour
Tractor with Mower or Auger	80.00 per hour	3 hour
Tractor with Side Boom Brush Cutter/with 2 man Crew	75.00 per hour	3 hour
Steel Drum Roller	125.00 per hour	4 hour
MISCELLANEOUS EQUIPMENT		
Cutting Torch Rig	85.00 per hour	4 hour
Spray Paint Rig w/ Operator	20.00 per hour	2 hour
Pipe Trailer	100.00 per hour	2 hour
16 Ft Trailer	100.00 per day	1 day
18 Ft Utility Trailer	100.00 per day	1 day
30 Ft Flat Bed Trailer	150.00 per day	1 day
Trash Trailer-Enclosed	150.00 per day	1 day
Manuel Poly Reel Trailer	100.00 per day	1 day
Automatic Powered Poly Reel Trailer	100.00 per day	1 day
Man Lift w/ Operator	100.00 per hour	2 hour
Mobile Powerwasher w/Operator & Chemicals	65.00 per hour	5 hour
55 KW Generator	75.00 per hour	2 Hour
225 KW Generator	125.00 per day	1 day
Portable Welder	200.00 per day	1 day
Air Compressor	35.00 per hour	2 hour
Utility Boat w/ Operator	150.00 per day	1 day
Chainsaw	75.00 an hour	3 hour
Cut Off Saw w/ 1 blade	35.00 per day	1 day
Electric Pipe Threader w/generator	75.00 per day	1 day
Four Wheeler	125.00 per day	1 day
Generator	100.00 per day	1 day
Hammer Drill	75.00 per day	1 day
Light Tower (a day)	50.00 per day	1 day
2" to 4" Polywelder with Generator	140.00 per day	1 day
6" to 8" Polywelder with Generator	125.00 per day	1 day
Push Mower	175.00 per day	1 day
Riding Mower	50.00 per day	1 day
Zero-Turn Mower	125.00 per day	1 day
2 HP Submersible Pump w/ Generator	50.00 an hour	3 hour
2" Trash Pump w/hoses	200.00 per day	1 day
3" Trash Pump w/hoses	75.00 per day	1 day
Weedeater	100.00 per day	1 day
Push Weedeater	50.00 per day	1 day
CONTRACT WELDERS		
Hourly charge of welder	75.00 per day	1 day
If KW Carries Insurance	Plus 20%	
	Plus 40%	

****ALL ABOVE IS FULLY INSURED****

Travel Time: Travel time will be charged both ways between job locations and yard, or previous job location
Lunch Breaks: Lunch break will be 30 minutes and no charge will be made for that time
Safety Meeting: There will be a Monthly Safety Meeting the 1st Monday Morning of Every Month starting at 7:00 am.

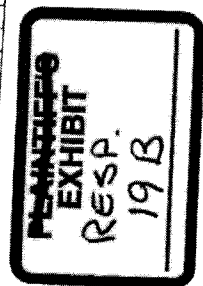




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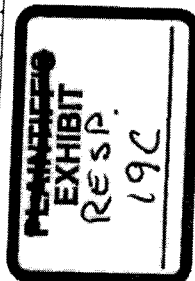




Effective---July 29, 2015

LABOR		Hourly Charge	Minimums
One Man with Service Truck		60.00 per hour	3 hour
One Man w/Service Truck and Power Threaders		100.00 per hour	3 hour
Two Men Crew with Service Truck		90.00 per hour	3 hour
Two Man w/Service Truck and Power Threaders		115.00 per hour	3 hour
Three Men Crew with Service Truck		100.00 per hour	3 hour
Three Men Crew with Service Truck and Power Threaders		130.00 per hour	3 hour
One Man with Welding Truck		75.00 per hour	3 hour
Two Men with Welding Truck		95.00 per hour	3 hour
One Man Helper		25.00 per hour	3 hour
EQUIPMENT WITH OPERATOR OR DRIVER			
4x4 Caterpillar Backhoe with Extendahoe		85.00 per hour	3 hour
320 Caterpillar Trackhoe		100.00 per hour	4 hour
D5 Caterpillar Dozer		95.00 per hour	4 hour
D-6R Caterpillar Dozer		135.00 per hour	4 hour
D-6T Caterpillar Dozer		135.00 per hour	4 hour
140G Caterpillar Motor Grader		100.00 per hour	4 hour
246 Caterpillar Skidsteer with Attachments		70.00 per hour	3 hour
246 Caterpillar Skidsteer with Concrete Breaker		85.00 per hour	3 hour
Water Truck-2000 gallons		85.00 per hour	3 hour
Ditchwitch Trencher		70.00 per hour	3 hour
Vermeer Brush Chipper		50.00 per hour	3 hour
Auger/Anchor Truck		125.00 per hour	3 hour
8' Anchors		275.00 each	
*Anchor Markers		20.00 each	
*Anchor Testing:			
12 Yard Tandem Dump Truck		**Priced Per Job**	
25 Ton Belly Dump Truck		75.00 per hour	3 hour
5-Ton Haul Truck with Float		100.00 per hour	3 hour
1-Ton Winch Truck		100.00 per hour	3 hour
Tractor with Mower or Auger		80.00 per hour	3 hour
Tractor with Side Boom Brush Cutter/with 2 man Crew		75.00 per hour	3 hour
Steel Drum Roller		125.00 per hour	4 hour
85.00 per hour			4 hour
MISCELLANEOUS EQUIPMENT			
Cutting Torch Rig		20.00 per hour	2 hour
Spray Paint Rig w/ Operator		100.00 per hour	2 hour
Pipe Trailer		100.00 per day	1 day
16 Ft Trailer		100.00 per day	1 day
18 Ft Utility Trailer		150.00 per day	1 day
30 Ft Flat Bed Trailer		150.00 per day	1 day
Trash Trailer-Enclosed		100.00 per day	1 day
Manuel Poly Reel Trailer		100.00 per day	1 day
Automatic Powered Poly Reel Trailer		100.00 per day	1 day
Man Lift w/ Operator		100.00 per hour	2 hour
Mobile Powerwasher w/Operator & Chemicals		65.00 per hour	5 hour
55 KW Generator		75.00 per hour	2 Hour
225 KW Generator		125.00 per day	1 day
Portable Welder		200.00 per day	1 day
Air Compressor		35.00 per hour	2 hour
Utility Boat w/ Operator		150.00 per day	1 day
Chainsaw		75.00 an hour	3 hour
Cut Off Saw w/ 1 blade		35.00 per day	1 day
Electric Pipe Threader w/generator		75.00 per day	1 day
Four Wheeler		125.00 per day	1 day
Generator		100.00 per day	1 day
Hammer Drill		75.00 per day	1 day
Light Tower (a day)		50.00 per day	1 day
2" to 4" Polywelder with Generator		140.00 per day	1 day
6" to 8" Polywelder with Generator		125.00 per day	1 day
Push Mower		175.00 per day	1 day
Riding Mower		50.00 per day	1 day
Zero-Turn Mower		125.00 per day	1 day
2 HP Submersible Pump w/ Generator		50.00 an hour	3 hour
2" Trash Pump w/hoses		200.00 per day	1 day
3" Trash Pump w/hoses		75.00 per day	1 day
Weedeater		100.00 per day	1 day
Push Weedeater		50.00 per day	1 day
CONTRACT WELDERS			
Hourly charge of welder		75.00 per day	1 day
If KW Carries Insurance		Plus 20%	
		Plus 40%	
ALL ABOVE IS FULLY INSURED			

Travel Time: Travel time will be charged both ways between job locations and yard, or previous job location
Lunch Breaks: Lunch break will be 30 minutes and no charge will be made for that time
Safety Meeting: There will be a Monthly Safety Meeting the 1st Monday Morning of Every Month starting at 7:00 am.



STEPHEN FENOGLIO
ATTORNEY AND COUNSELOR AT LAW
508 W. 12TH STREET
AUSTIN, TEXAS 78701-1810

(512) 347-9944
FAX: (512) 482-8095
Email: sfenoglio@fenogliolaw.com

PAID
Oct 10 50
4/12/12

March 30, 2012

Mr. Edward A. Fenoglio
Custom Water Company, LLC
146 Alamo Road
Montague, Texas 76251

Via E-mail

Re: SOAH Docket No. 582-12-3194 and TCEQ Docket No. 2011-1864-UCR;
Application of Montague Water Systems to Change Its Water Rates and Tariff for
Its Service Area Located in Montague County, Texas; Certificate of Convenience
and Necessity No. 11779

Dear Mr. Fenoglio

Enclosed is my statement for legal services rendered and expenses incurred during the months of January, February, and March, 2012. Legal fees are \$8,570.00 and expenses are \$630.70, for a total balance due of **\$9,100.70**. (Please note I am writing off \$1,400.00 in legal fees.) Your prompt payment will be greatly appreciated. Should you have questions, please contact me.

Sincerely,



Darla D. Milam
Legal Assistant to
STEPHEN FENOGLIO

ddm
Enc

Post Fenoglio Eddie Invoices Inv Cover Ltr 03.30.12



BOSS BOOKKEEPING & TAX

679 Alamo Road
Montague, TX 76251

Statement

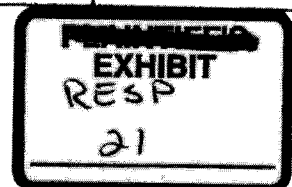
Date

2/29/2012

To:

Custom Water Co, LLC
Eddie A Fenoglio
146 Alamo Road
Montague, TX 76251

		Amount Due	Amount Enc.		
		\$3,762.50			
Date	Transaction	Amount	Balance		
12/31/2011	PMT #6580 ✓				
01/07/2012	Week ending 1/7/12	-720.00	2,645.00		
	--- Accounting Se, 1 @ \$720.00 = 720.00	720.00	3,365.00		
01/07/2012	PMT 1637				
01/10/2012	Sales tax Qtr 4-11	-720.00	2,645.00		
	--- Accounting Se, 1 @ \$15.00 = 15.00	15.00	2,660.00		
01/11/2012	Sales Tax Qtr 4-11	15.00	2,675.00		
	--- Accounting Se, 1 @ \$15.00 = 15.00				
01/13/2012	Form 941 Qtr 4-11	15.00	2,690.00		
	--- Accounting Se, 1 @ \$15.00 = 15.00				
01/13/2012	TWC report Qtr 4-11	15.00	2,705.00		
	--- Accounting Se, 1 @ \$15.00 = 15.00				
01/14/2012	Week ending 1/14/12	720.00	3,425.00		
	--- Accounting Se, 1 @ \$720.00 = 720.00				
01/14/2012	PMT #6936 ✓				
01/15/2012	Gather and match documentation	-720.00	2,705.00		
	--- Accounting Se, 3 @ \$15.00 = 45.00	45.00	2,750.00		
01/16/2012	Documentation	67.50	2,817.50		
	--- Accounting Se, 4.5 @ \$15.00 = 67.50				
01/17/2012	Documentation	45.00	2,862.50		
	--- Accounting Se, 3 @ \$15.00 = 45.00				
01/18/2012	Documentation	90.00	2,952.50		
	--- Accounting Se, 6 @ \$15.00 = 90.00				
CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due
1,162.50	0.00	0.00	0.00	2,600.00	\$3,762.50



ROSS BOOKKEEPING & TAX

679 Alamo Road
Montague, TX 76251

Statement

Date
9/29/2011

To
Custom Water Co, LLC Eddie A Lenoglio 116 Alamo Road Montague, TX 76251

		Amount Due	Amount Enc			
		\$5,200.00				
Date	Transaction	Amount	Balance			
08/31/2011	Balance forward		0.00			
09/03/2011	Week end 9/3/11	720.00	720.00			
	--- Accounting Se. 1 a \$720.00 720.00					
09/04/2011	PMI #6483					
09/06/2011	PMI #6492	-720.00	0.00			
09/10/2011		-720.00	-720.00			
	Week end 9/10/11	720.00	0.00			
	--- Accounting Se. 1 a \$720.00 720.00					
09/12/2011	PMI #6751					
09/17/2011		-720.00	-720.00			
	Week end 9/17/11	720.00	0.00			
	Accounting Se. 1 a \$720.00 720.00					
09/24/2011						
	Week end 9/24	720.00	720.00			
	--- Accounting Se. 1 a \$720.00 720.00					
09/24/2011	PMI #6766					
09/28/2011		720.00	0.00			
	week end 10/1/11	720.00	720.00			
	--- Accounting Se. 1 a \$720.00 720.00					
09/29/2011	PMI #6519					
09/29/2011		-720.00	0.00			
	Completed Rate Increase 214 Hrs	3,200.00	3,200.00			
	-- Accounting Se. 1 a \$3,200.00 3,200.00					
09/29/2011						
	Completed S/M Form 133 Hrs	2,000.00	5,200.00			
	--- Accounting Se. 1 a \$2,000.00 2,000.00					
CURRENT		1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due
5,200.00		0.00	0.00	0.00	0.00	5,200.00



ROSS BOOKKEEPING & TAX

679 Alamo Road
Montague, TX 76251

Statement

Date

3/25/2012

To

Custom Water Co LLC
Liddie A Fenoglio
679 Alamo Road
Montague, TX 76251

					Amount Due	Amount Enc.
					\$502.50	
Date	Transaction				Amount	Balance
02/25/2012	Balance forward					
03/03/2012	week ending 3/3/12				720.00	2,997.50
	- Accounting Se. 1 a \$720.00 - 720.00					3,717.50
03/03/2012	PMI #6998					
03/08/2012	ICIQ Hearing				720.00	2,997.50
	--- Accounting Se. 7 a \$15.00 - 105.00				105.00	3,102.50
03/08/2012	Parking Fees					
	- Accounting Se. 1 a \$10.00 - 10.00				10.00	3,112.50
03/08/2012	PMI #1671					
03/10/2012	week ending 3/10/12				-2,610.00	502.50
	- Accounting Se. 1 a \$720.00 - 720.00				720.00	1,222.50
03/10/2012	PMI #7013					
03/17/2012	Week Ending 03/17/2012				-720.00	502.50
	- Accounting Se. 1 a \$720.00 - 720.00				720.00	1,222.50
03/17/2012	PMI #7017					
03/24/2012	Week Ending 03/24/2012				720.00	502.50
	- Accounting Se. 1 a \$720.00 - 720.00				720.00	1,222.50
03/24/2012	PMI #6616					
					-720.00	502.50
CURRENT		1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due
0.00		502.50	0.00	0.00	0.00	\$502.50

PERMANENT
EXHIBIT
RESP.
23

ROSS BOOKKEEPING & TAX

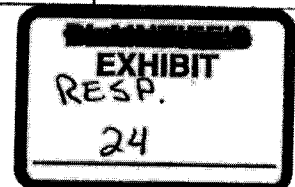
679 Alamo Road
Montague, TX 76251

Statement

Date
1/31/2012

To
Custom Water Co. LLC Eddie A Lenoglio 146 Alamo Road Montague, TX 76251

		Amount Due	Amount Enc
		\$2,982.50	
Date	Transaction	Amount	Balance
01/21/2012	Week ending 1/21/12	720.00	3,657.50
01/21/2012	--- Accounting Sc. 1 a \$720.00 - 720.00		
01/22/2012	PMI #6949	720.00	2,937.50
	Meeting at office with attorney	30.00	2,967.50
	- Accounting Sc. 2 a \$15.00 - 30.00		
01/25/2012	Form 940 CY 11	15.00	2,982.50
	- Accounting Sc. 1 a \$15.00 - 15.00		
01/28/2012	Week ending 1/28/12	720.00	3,702.50
	Accounting Sc. 1 a \$720.00 - 720.00		
01/28/2012	PMI #1642	720.00	2,982.50



regards to tax implications, profit and loss and depreciation. Examples of the documents related to these discussions are attached as *Exhibits* 15-18, 19-19C, 20-24

3. Form Objections

Mr. Lemon's letter is in the form of narrative testimony; this form was discussed and approved by Ms. Katherine Lengieza Gross during a conference with counsel for Custom Water Company prior to its submission. Custom Water Company at this time would respectfully request a two-week extension to resubmit its direct case in the format suggested by Staff. Custom Water Company joins Staff in requesting the remaining dates in the procedural schedule be modified as well.

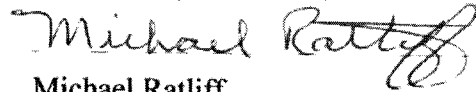
Staff points to comments in the letter, indicating that the company could revise its application. Custom Water Company has taken note of several issues raised by Staff and documentation submitted by Staff, which in some we do not dispute Staff's conclusions, such as the TECQ items, however other issues and documents submitted by Staff either are mischaracterized or could be simple calculation errors, for example company work uniforms, telephone expense, security and assets on hand, specifically service trucks. In either case Custom Water Company reserves the right under §22.76(a)(2) to amend its pleadings with leave of the presiding officer to insure that we are presenting the Commission with data that is current and complete. *Exhibit* 13 - 13 G.

The rate change process requires accurate information to allow the Commission to make an informed decision in the best interest of all the parties.

III. CONCLUSION

Custom Water Company objects to the letter from Mr. Lemon being stricken from the record and agrees with Staff that an extension of two weeks will allow the letter to be put in the proper format. Custom Water Company respectfully requests the Court to review the admissibility of the direct case information and the applicability of the Texas Rules Of Evidence to the testimony and the cited exemptions or statutory rules cited within. Custom Water Company agrees with Staff that the remaining dates in the procedural schedule be modified and is committed to working with all parties to allow all the information and data to be presented to the Commission in the interest of a proper decision.

Respectfully submitted,



Michael Ratliff
Law Office of Michael Ratliff
TX SBN: 24088276
5145 Upper Montague Road
Bowie, Texas 76230
Telephone: (940) 531-0709
Consumer.law@hotmail.com
Attorney for Custom Water
Company, LLC

CERTIFICATE OF SERVICE

I certify that a true copy of the above was served upon the Public Utility Commission of Texas and parties, by fax and /or electronic means on October 16, 2015.

/s/ Michael Ratliff
MICHAEL RATLIFF