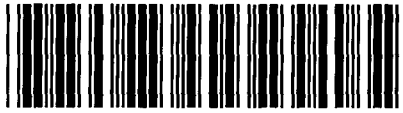


Control Number: 45185



Item Number: 186

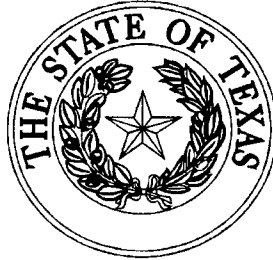
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PUBLIC UTILITY COMMISSION
FILING CLERK



**CLASS "B" WATER COMPANY
PUC ANNUAL REPORT
OF**

CCN Number
12998

Official Company Name:

HILCO United Services, Inc.

D/B/A Name(s)

HILCO H2O

**TO THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

For the Year Ended *December 31, 2015*

186

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Annual Report for Class B Water and/or Sewer Systems
Pursuant to TWC § 13.136 and Title 16 Texas Administrative Code (TAC) Chapter 24

I. UTILITY INFORMATION

- A. Utility Name: HILCO United Services, Inc.
List all assumed name(s) or d/b/a names: dba HILCO H2O
- B. Street Address, City or Town & Zip code: 115 E. Main, Itasca, TX 76055
County: Hill CCN No.: 12998
- C. List All PWS System names and numbers: Cedar Creek 1090012, Live Oak 1090037, Oak Hill 1090043
Arrowhead 1090038, Lake Shore 1090008, Steele Creek 0180028, Murray Hill 1090014, Rocky Creek 0180015,
Lakeview 0700059, M&H 1090061
- D. List All WQ Permitted system names and numbers: _____
- E. Type of Ownership:
Corporation: _____ ☒ Partnership: _____ Individual: _____ Other: _____
- F. If a corporation list names of the officers. If an individual or partnership list the name of the individual or each partner. Debra Cole - President
- g. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner. _____
- H. Date the utility was formed or incorporated: _____ 2001
- I. Is the utility commonly owned or controlled by another corporation? Y N
If yes, by whom? HILCO Eléctric Cooperative, Inc.

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

- A. Name and Title: Debra Cole
- B. Street Address, city, zip code: 115 E. Main, Itasca, TX 76055
- C. Telephone Number with Area Code: 254-687-2331
Cell Phone Number with Area Code: _____
Fax Number with Area Code: 254-687-2551
e-mail address: dcole@hilco.coop
- D. If not an officer, owner or employee, give name of firm employed by: _____
- E. List all entities under common control or ownership with this utility by entity name, CCN No(s)., Public Water System (PWS) No(s). and name(s) of water system(s) owned and Water Quality (WQ) Discharge Permit No(s). and name(s) of wastewater systems owned, and contact information.
Murray Hill, Lakeshore, Oak Hill, Steele Creek, Rocky Creek, Cedar Creek, Live Oak, M&H Glenn Estates, Lakeview, Arrowhead-Woodland Hills, Lake Whitney RV P
- F. List all affiliates of the utility by entity name(s), CCN No(s). if any, PWS No. for each system owned and WQ Discharge Permit No. for each wastewater systems owned, including contact information.

- G. If the utility owner owns multiple CCN's, please list all CCN numbers owned: _____

Name of Utility: HILCO United Services, Inc. Year End: 2015

2. BALANCE SHEETS

<u>ASSETS</u>	End of Year 12/31/2015	End of Prior Year 12/31/2014
<u>UTILITY PLANT</u>		
101 Utility Plant in Service	\$ 8,650,346	\$ 7,566,429
103 Property held for Future Use		
105 Construction Work In Progress	\$ 375,288	\$ 1,298,015
114, 115 Net Utility Plant Acquisition Adjustment		
TOTAL UTILITY PLANT	\$ 9,025,634	\$ 8,864,444
108 Less: Accumulated Depreciation	\$ 3,108,341	\$ 2,681,490
110 Less: Accumulated Amortization		
NET UTILITY PLANT	\$ 5,917,293	\$ 6,182,954
<u>CURRENT ASSETS</u>		
131-135 Cash	\$ 631,760	\$ 467,809
141-143 Accounts Receivable	\$ 150,900	\$ 148,415
144 Notes Receivable		
144-145 Accounts Receivable-Affiliates/Common Ownership	\$ (2,124)	\$ (2,203)
151 Plant Materials and Supplies	\$ 74,516	\$ 62,657
162 Prepayments	\$ 31,054	\$ 25,211
171-174 Other Current Assets		
TOTAL CURRENT ASSETS	\$ 886,106	\$ 701,889
<u>OTHER ASSETS and DEFERRED CHARGES</u>		
181 Deferred Debt Expense		
182-186 Deferred Charges/Debits	\$ 104,948	\$ 119,940
190 Accum. Deferred Income Taxes		
TOTAL OTHER ASSETS and DEFERRED CHARGES	\$ 104,948	\$ 119,940
<u>TOTAL ASSETS</u>	<u>\$ 6,908,347</u>	<u>\$ 7,004,783</u>
<u>LIABILITIES & EQUITY</u>	End of Year 12/31/2015	End of Prior Year 12/31/2014
<u>STOCKHOLDERS' EQUITY</u>		
201 Common Stock		
211 Other paid in capital		
215 Retained Earnings	\$ (24,082)	\$ 8,410
TOTAL STOCKHOLDERS' EQUITY	\$ (24,082)	\$ 8,410
<u>LONG-TERM DEBT</u>		
224 Long-term debt, excluding current portion	\$ 6,741,098	\$ 6,821,766
<u>CURRENT LIABILITIES</u>		
Current Portion of Long-term Debt		
231 Accounts Payable	\$ 3,322	\$ 3,427
232 Notes Payable		
233, 234 Payables to Affiliates/Common Ownership	\$ 99,340	\$ 91,940
236 Accrued Taxes	\$ 87,532	\$ 79,269
237 Accrued Interest		
241.0 Other Current Liabilities	\$ 603	
TOTAL CURRENT LIABILITIES	\$ 190,797	\$ 174,636
<u>OTHER LIABILITIES and DEFERRED CREDITS</u>		
252 Advances for Construction		
253 Other Deferred Credits	\$ 534	\$ (29)
255 Deferred Investment Tax Credits		
271-272 Net Contributions in Aid of Construction		
281-283 Accumulated Deferred Inc. Taxes		
TOTAL OTHER LIABILITIES and DEFERRED CREDITS	\$ 534	\$ (29)
<u>TOTAL LIABILITIES & EQUITY</u>	<u>\$ 6,908,347</u>	<u>\$ 7,004,783</u>

Add National Association of Regulatory Utility Commissioners (NARUC) accounts as needed, and if not shown above.
PUC Water Annual Report

3. STATEMENT OF REVENUES

(Actual Revenues for the report year)

Water CUSTOMER CLASS	Prior Year Reported 2014 (A)	Current Reporting Year 2015 (B)	Earnings Report adjustments (C)	Totals For Earnings Report Adjustments (D=B+C)
Metered Sales:				
5/8" or 3/4"				\$ -
3/4"				\$ -
1"				\$ -
1 1/2"				
2"				
List all additional meter sizes	\$ 1,900,661	\$ 1,953,413		
				\$ -
SUB-TOTAL	\$ 1,900,661	\$ 1,953,413	\$ -	\$ 1,953,413

Unmetered Sales:

				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
List and explain if any rates are set				\$ -
on a basis other than meter size				\$ -
				\$ -
				\$ -
	\$ -	\$ -	\$ -	\$ -

470.0 Late fees - Water

\$ 37,775

\$ 39,460

\$ 39,460

471-474 Other Revenue

\$ 32,188

\$ 28,630

\$ 28,630

TOTAL WATER REVENUE**\$ 1,970,624****\$ 2,021,503****\$ -****\$ 2,021,503**

To Statement of Income

Sewer CUSTOMER CLASS	Prior Year Reported 2014 (A)	Current Reporting Year 2015 (B)	Earnings Report adjustments (C)	Totals For Earnings Report Adjustments (D=B+C)
Metered (measured) Sales (if any):				
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
SUB-TOTAL	\$ -	\$ -	\$ -	\$ -

Unmetered (flat rate) Sales:

\$ 24,410

\$ 24,788

\$ 24,788

\$ -

\$ -

\$ -

\$ 24,410

\$ 24,788

\$ -

\$ 24,788

SUB-TOTAL

470.0 Late fees - Sewer

\$ -

536 Other Revenue

\$ -

TOTAL SEWER REVENUE**\$ 24,410****\$ 24,788****\$ -****\$ 24,788****TOTAL REVENUE****\$ 1,995,034****\$ 2,046,291****\$ -****\$ 2,046,291**

To Statement of Income

4. Statements of Income

	Water Test Year 2015	Sewer Test Year 2015	Total - Water and Sewer	Earnings Report adjustments	Adjusted for Earnings Report
	(a)	(b)	(c)	(d)	(e)=(c)+(d)
1 Total Revenue: 1	\$ 2,021,503	\$ 24,788	\$ 2,046,291	\$ -	\$ 2,046,291
	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX
Operating Expenses:					
2 601.1/701.1 O & M Salaried Labor	\$ 357,898		\$ 357,898		\$ 357,898
3 604/704 Employee Benefits			\$ -		\$ -
4 6/731, 6/735, 6/736 O & M Contract labor	\$ 37,101	\$ 43,653	\$ 80,754		\$ 80,754
5 620/720 Operating/Maint Supplies	\$ 55,749		\$ 55,749		\$ 55,749
6 610/710 Purchased Water	\$ 5,545		\$ 5,545		\$ 5,545
7 615/715 Purchased Power	\$ 214,581		\$ 214,581		\$ 214,581
8 635/735 Testing Expense	\$ 10,618		\$ 10,618		\$ 10,618
9 618/718 Chemicals	\$ 18,459		\$ 18,459		\$ 18,459
10 656-659/756-759 Insurance	\$ 53,488		\$ 53,488		\$ 53,488
11 601.2/701.2 General Office Salaries			\$ -		\$ -
12 650/750 Transportation	\$ 90,138		\$ 90,138		\$ 90,138
13 675 General Office Expenses	\$ 61,625		\$ 61,625		\$ 61,625
14 632, 633, 634 Contract Acctg, legal, Mgmt	\$ 169,573		\$ 169,573		\$ 169,573
15 666 Amortization- Rate Case Expense			\$ -		\$ -
16 403 Depreciation Expense	\$ 400,323	\$ 2,362	\$ 402,685		\$ 402,685
17 667-675 Other Misc. Expenses	\$ 13,637		\$ 13,637		\$ 13,637
Taxes:			XXXX	XXXX	XXXX
18 409 Federal Income Taxes			\$ -		\$ -
19 409 State Franchise Taxes/Reg Assess.	\$ 34,283		\$ 34,283		\$ 34,283
20 408 All Other Taxes	\$ 66,773		\$ 66,773		\$ 66,773
21 Total Expenses	\$ 1,589,791	\$ 46,015	\$ 1,635,806	\$ -	\$ 1,635,806
			XXXX	XXXX	XXXX
22 Net Operating Income	\$ 431,712	\$ (21,227)	\$ 410,485	\$ -	\$ 410,485
			XXXX	XXXX	XXXX
23 421, 433 Non-Operating Income	\$ 23,779		\$ 23,779		\$ 23,779
24 Non-Operating Deductions:			XXXX	XXXX	XXXX
25 426 Other					\$ -
26 427 Interest	\$ 471,758				\$ -
27 Net Income	\$ (16,267)	\$ (21,227)	\$ (37,494)	\$ -	\$ (37,494)

1. Carried over from Statements of Revenues

6(a). Capital Structure

Year Ended 12/31/2015

	Per Books	Adjustments for Earnings Report	Per Books Post Adjustment	Ratio
232.00 Short-Term Debt	\$ -	\$ -	\$ -	0.00%
224.0 Long-Term Debt	\$ 6,741,099		\$ 6,741,099	100.36%
Common Equity				
201.0 Common Stock	\$ -	\$ -	\$ -	
218.0 Proprietary Capital	\$ -	\$ -	\$ -	
211.0 Misc Paid-in-Capital	\$ -	\$ -	\$ -	
215.0 Retained Earnings	\$ (24,082)	\$ -	\$ (24,082)	
216.0 Reacquired Stock	\$ -	\$ -	\$ -	
Total Equity	\$ (24,082)	\$ -	\$ (24,082)	-0.36%
Total Capital	\$ 6,717,017	\$ -	\$ 6,717,017	100.00%

Debt Detail

Type	Principal Amount	Cost Rates	Interest Expense
232.0 Short Term Debt:			
(Lender name A)	\$ -	0.00%	\$ -
(Lender name B)	\$ -	0.00%	\$ -
(Lender name C)	\$ -	0.00%	\$ -
Total Short-Term Debt	\$ -	0.00%	\$ -
224.0 Long-Term Debt:			
HILCO Loan 2008-01	\$ 2,870,942	7.00%	\$ 200,966
HILCO Loan 2008-02	\$ 2,448,579	7.00%	\$ 171,401
HILCO Loan 2008-03	\$ 471,449	7.00%	\$ 33,001
HILCO Loan 2014-01	\$ 944,673	6.90%	\$ 65,182
Ford Motor Credit 44-14	\$ 2,728	3.89%	\$ 106
Ford Motor Credit 45-14	\$ 2,728	3.89%	\$ 106
Total Long-Term Debt	\$ 6,741,099	6.98%	\$ 470,763

6(b). RATE BASE AND EARNINGS CALCULATION

RATE BASE SUMMARY

Description	Water (a)	Sewer (b)	Total (c) = (a) + (b)	Reference (schedule)
1 Additions	xxxx	xxxx	xxxx	
2 Utility plant	8,590,256	60,090	8,650,346	5(a) & 5(b)
3 Materials and supplies	74,516		74,516	2
4 Working cash (capital) (attach schedule) *	102,760		102,760	
5 Prepayments	31,054		31,054	2
6 Other (attach schedule or itemize)			-	
7 TOTAL ADDITIONS (Add Lines 2 through 6)	8,798,586	60,090	8,858,676	
8 Deductions:	xxxx	xxxx	xxxx	
9 Reserve for depreciation (Accumulated)	3,108,341		3,108,341	2
10 Advances for construction				2
11 Contributions in aid of construction				2
12 Accumulated deferred income taxes				2
13 Accumulated deferred investment tax credits				2
14 Other (attach schedule or itemize)				2
15 TOTAL DEDUCTIONS (Add lines 9 through 14)	3,108,341	-	3,108,341	
16 RATE BASE (Line 7, less Line 15)	5,690,245	60,090	5,750,335	

*(\$1,635,806 Operating Expenses less \$402,685 Depreciation)/12 = \$102,760

EARNINGS CALCULATION

17 Return (Note 1) ~	(37,494)
18 Rate of Return (Line 17/Line 16)	-0.65%
19 Earned Return on Ending Equity (Notes 2, 3)	2137.08%

Note 1 Schedule 4 Statements of Income, line 26 plus line 27

Note 2 Based on reported capital structure in Schedule 6 Capital Structure Earnings

Note 3 Line 19 (above) will automatically calculate correctly only after Schedule 4 Statements of Income, Schedule 7 Rate of Return, and the above portions of this schedule (tab) have been completed

Name of Utility: HILCO United Services, Inc. Year End: 2015

7. Rate of Return

Year Ended 12/31/2015

	Balance	Capital Structure %	Cost Rates	Weighted Cost of Capital
	(a)	(b)	(c)	(c)=(a) x (b)
224.0 Long-Term Debt	6,741,099	100.36%	6.98%	7.01%
Common Equity*	(24,082)	-0.36%	3.75%	-0.01%
Total		100.00%		7.00%

*If the company currently has an authorized return on equity (ROE), enter that ROE in column (c) and provide the docket number in which that ROE was granted here ==>> **TCEQ rate appl 2014**
 If the company does not currently have an authorized ROE, enter in column (c) the ROE Moody's BAA Bond rating plus 6 percentage points. Utilities may obtain the current Moody's BAA Bond rating by emailing the PUC at water@puc.state.tx.us (this will in virtually every circumstance be different from the ROE that is actually earned) and place an "X" here==>>

Name of Utility: HILCO United Services, Inc. Year End: 2015

8. Connection Count

METERED CUSTOMERS BY METER SIZE

Number of Customers						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line	Meter	End of	Additions	End of	Meter	Meter
No.	size/ description	Prior Year	or change	Report Year	Ratios	Equivalencies
Water				(C + D)		(E x F)
1	5/8" x 3/4"	3492		3527	1	3527
2	3/4"	0		0	1.5	0
3	1"	20		20	2.5	50
4	1 1/2"	3		3	5	15
5	2"	7		7	8	56
6	Other	4		4		0
7	Unmetered					
8		3526	35	3561		3648
Sewer						
9						
10						
11						
12						
13		0	0	0		0

Total Water

Total Sewer

9. VOLUMETRIC INFORMATION

	(Report in 1,000 gallons)	Report Year
	Description	
1.	Water Pumped	327,181,000
2.	Purchased Water	1,035,200
3.	Total Water Produced (1. + 2.)	328,216,200
4.	Total Water Sold	212,026,680
5.	Water Lost (3 - 4)	116,189,520

Name: **HILCO United Services, Inc.**

Year End:

2015

10. Affiliated Transactions

Charges by an Affiliate to the Reporting Utility

Name of Affiliated company: _____

NARUC Account and/or type of service		Total Affiliated Company	Total Texas	Total for reporting entity
Account # Account name or type of service		(Dollars transacted)	(Dollars transacted)	(Dollars transacted)

Charges by an Reporting Utility to Affiliates

Name of Affiliated company: _____

NARUC Account and/or type of service		Total Affiliated Company	Total Texas	Total for reporting entity
Account # Account name or type of service		(Dollars transacted)	(Dollars transacted)	(Dollars transacted)

VERIFICATION

OATH

(To be made by the officer having control of the accounting of the respondent)

State of Texas

County of Hill

as:

Paula Farquhar
(Name of affiant)

makes oath and says that he/she is

Secretary

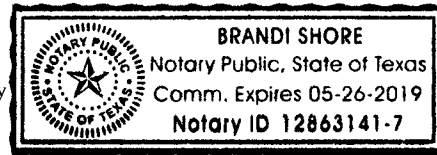
(Official title of affiant)

of HILCO United Services, Inc.
(Exact legal title or name of the respondent)

The signed officer has reviewed the report.

Based on the officer's knowledge, the report does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Based on such officer's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer as of, and for, the periods presented in the report.



He/she swears that all other statements contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including January 1, 2015 to and including December 31, 2015

Subscribed and sworn to and before me, a

Notary Public

in and for the State and County above-named, this

2nd

day of

February, 2017

Paula Farquhar
(Signature of affiant)

My commission expires

Brandi Shore 05/26/2019

(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

(By the president or other chief officer of the respondent)

State of Texas

County of Hill

as:

Debra A. Cole
(Name of affiant)

mak

President

(Official title of affiant)

of HILCO United Services, Inc.
(Exact legal title or name of the respondent)

that he/she has carefully examined the foregoing report; that he/she swears that all statements of fact contained in the said report are true, and that the said report is a statement of the business and affairs of the above named respondent during the period of time from and including January 1, 2015 to and including December 31, 2015

Subscribed and sworn to before me, a

Notary Public

in and for the State and County above-named, this

2nd

day of

February, 2017

Debra A. Cole
(Signature of affiant)

My commission expires

Brandi Shore 05/26/2019

(Signature of officer authorized to administer oaths)

