

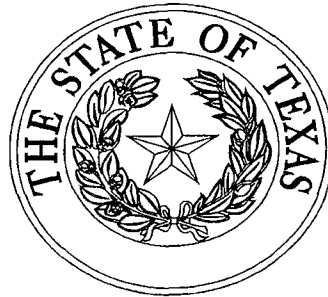


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PUBLIC UTILITY COMMISSION  
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**CLASS "B" WATER COMPANY  
PUC ANNUAL REPORT  
OF**

CCN Number  
11106

Official Company Name:

SWWC Utilities, Inc. dba Water Services, Inc.

D/B/A Name(s)

Water Services, Inc.

**TO THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS**

***For the Year Ended*** **2015**

214

**GENERAL INSTRUCTIONS-Class B Utilities Only**

1. This annual report (earnings report) is required by 16 TAC §24.73 and is used to monitor utility earnings and compile annual financial information to monitor financial conditions of Texas investor owned utilities. Each utility shall submit its report to the Commission in the form and manner prescribed herein. The reported information should reflect the 12-month period ending December 31. The report shall be filed not later than June 1 of the following year. Only one report needs to be completed for each Certificate of Convenience and Necessity (CCN) Number regardless of the number of Public Water Systems and/or number of Sewer Systems affiliated with each CCN. However, if you have multiple water CCNs or multiple sewer CCNs, a separate report must be submitted for each CCN, along with a summary report for all Texas water and sewer operations for affiliated entities. The summary should be submitted along with all the affiliated reports. If the utility possesses a water and sewer CCN (not multiples), then the utility may combine the water and sewer operations into one report, although water and sewer operations must be separately reported within that report.
2. Four copies of this report shall be prepared by each utility. Three copies should be mailed or delivered to the Filing Clerk of Central Records at the Commission's offices in Austin, TX by June 1 of the year following the calendar year. The other copy should be retained by the utility for reference. Additionally, the utility shall file an unaltered electronic version (i.e. in native Microsoft Excel format) with all cell references, formulas, links and other electronic information intact) of the information contained in the required schedules and report along with the hard copies. All water and sewer utilities are required by statute to complete and file this annual report. Note, if a utility has a water and sewer CCN and provides both water and sewer service, the utility shall file one annual report which contains information for both the water and sewer utility service. Each sheet of the Excel file is pre-formatted to calculate certain items based on company specific inputs. Any supporting documents or workpapers filed in PDF format should be searchable. For specific instructions regarding the electronic filing of the report, please visit the Commission's website at: <http://www.puc.state.tx.us/industry/filings/FilingProceed.aspx>, and 16 TAC §22.72(g).
3. Pencil entries will not be permitted on hard copy.
4. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable NARUC Uniform System of Accounts prescribed by this Commission, as set forth in 16 TAC §24.72 with detailed sub accounts listed in the form. The Texas Water Code defines Class B utility as a public utility providing retail water or sewer utility service to at least 500 but less than 10,000 taps or connections. Class B utilities must use the NARUC system of accounts for NARUC Class B utilities.
5. Standard accounting procedures shall apply in determining the nature of any entry (e.g. entries of a reverse or contrary character shall be indicated by a parentheses around the number).
6. The report shall be filed consisting of data relative to a calendar year basis (December 31 year end. Revenues and expenses shall include a column for normalization adjustments to produce a normalized net income. All normalization adjustments must be explained with all assumptions defined and rational/best practices referenced.
7. If this report is made for a period less than the calendar year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where the period covered is shown. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes). Provide a full explanation.
8. All instructions shall be followed and each question shall be answered fully and accurately. Sufficient answers shall appear to show that no question or schedule has been overlooked. The expression "none" or "not applicable" shall be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. Where information called for herein is not given, state fully the reason for its omission.

(Company Name)

## GENERAL INSTRUCTIONS

(Continued)

9. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year or an appropriate explanation given why different figures were used.
10. If an audit is performed on the books and records of the utility by a certified public accountant, please submit a copy with this form. If the utility is a member of a controlled group, both parent and subsidiary's annual report should be submitted.
11. Throughout this report money items will be rounded off to the nearest dollar.
12. In the space provided at the top of each page insert the name of the utility and the year to which this report relates.
13. On Schedule 3, column (c), the reporting entity is required to make adjustments to normalize income and expenses for the purpose of determining positive differences between the annual revenues and costs of each utility. Adjusting normalization entries should include adjustments to
  - (1) avoid double counting in affiliates or entities under common control,
  - (2) to record depreciation at the commission's approved rates, amortization at the amount approved in the utility's last rate proceeding in which deferred costs and the amortization of deferred costs are established,
  - (3) to remove any expenses not allowed by the Texas Water Code, or disallowed in previous dockets.
  - (4) other normalization adjustments must be accompanied by all best practice references and an explanation.
14. IF YOU ARE UNDER COMMON CONTROL with other water or sewer utilities operating in Texas, you must file a consolidated income statement and balance sheet including all entities under common control in Texas. These statements should be in addition to the attached schedules for the reporting utility.
15. Unless otherwise indicated, the information required in this report shall be taken from the reporting entity's financial statements, accounts and other records. Any deviation from records must be explained.

### EXCERPT FROM TEXAS WATER CODE

#### CHAPTER 13.136(b)

(b) The utility commission by rule shall require each utility to annually file a service, financial, and normalized earnings report in a form and at times specified by utility commission rule. The report must include information sufficient to enable the utility commission to properly monitor utilities in this state. The utility commission shall make available to the public information in the report the utility does not file as confidential.

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: SWWC Utilities, Inc. dba Water Services, Inc.  
List all assumed name(s) or d/b/a names: Water Services, Inc.
- B. Street Address, City or Town & Zip code: 12535 Reed Road  
County: Fort Bend CCN No.: 11106
- C. List All PWS System names and numbers: See tab "E.entities under common control"
- D. List All WQ Permitted system names and numbers: \_\_\_\_\_
- E. Type of Ownership: \_\_\_\_\_  
Corporation: \_\_\_\_\_ Partnership: \_\_\_\_\_ Individual: \_\_\_\_\_ Other: \_\_\_\_\_ DBA \_\_\_\_\_
- F. If a corporation list names of the officers. If an individual or partnership list the name of the individual or each partner.  
SWWC Utilities, Inc. Officers: President, Michael O. Quinn; CFO and Treasurer, Kirk Michael; Vice President & Managing Director, Charles Profilet; V.P. General Counsel & Secretary, William K. Dix
- 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.  
n/a
- H. Date the utility was formed or incorporated: Merged into SWWC Utilities, Inc. 10/14/2008
- I. Is the utility commonly owned or controlled by another corporation? Y  
If yes, by whom? SWWC Utilities, Inc.

**PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS**

- A. Name and Title: George Freitag, Regional Regulatory Manager
- B. Street Address, city, zip code: 12535 Reed Road Sugar Land, Texas 77478
- C. Telephone Number with Area Code: 281-207-5800  
Cell Phone Number with Area Code: n/a  
Fax Number with Area Code: 281-207-5940  
e-mail address: gfreitag@swwc.com
- 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. \_\_\_\_\_  
See tab "E.entities under common control"
- 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. \_\_\_\_\_  
See tab "E.entities under common control"
- G. If the utility owner owns multiple CCN's, please list all CCN numbers owned: \_\_\_\_\_

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

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

Entity	Water CCN	Sewer CCN	PWS Numbers	County	Water Systems Owned	WQ Discharge Permit Numbers	Waste Water Systems Owned	Contact Information
SouthWest Water Company								
Monarch Utilities I LP	12983	20899	see tab "Monarch PWS ID"		see tab "Monarch PWS ID"	see tab"Monarch Discharge Permits"	see tab"Monarch Discharge Permits"	SWWC, 281-207-5800
SWWC Utilities, Inc dba Windermere Utility Company Inc				Travis	WINDERMERE COMMUNITY	TX0074853-001A/TPDES11931-001	WINDERMERE	SWWC, 281-207-5800
	11471	20542	2270161			TX0118265-001B/TPDES 13866-001	FOREST CREEK	
SWWC Utilities, Inc dba Diamond Water Company	12865	N/A	100039 860107 460211 100042 460221	Bandera Gillespie Comal Bandera Comal	ENCHANTED RIVER ESTATES OAKVIEW WATER SYSTEM RIM ROCK RANCH RIVER BEND ESTATES WINDMILL RANCH SUBDIVISION			SWWC, 281-207-5800
SWWC Utilities, Inc dba Hornsby Bend Utility Company, Inc	11978	20650	2270255			TX0098612-001A/TPDES 13138-001 (TCEQ Permit Numbers)	AUSTIN'S COLONY WASTEWATER TREATMENT PLANT	SWWC, 281-207-5800
SWWC Utilities, Inc dba Water Services, Inc	11106		0150046 0150096 0150135 0150235 0150421 0460037 0940030 1300005	Bexar Bexar Bexar Bexar Bexar Comal Guadalupe Kendall	COOLCREST WATER SYSTEM STAGE COACH HILLS OAKS NORTH MOBILE HOME ESTATES BAVARIAN HILLS COUNTRY SPRINGS WATER CO OAK VILLAGE NORTH GARDEN OAKS CASCADE MOBILE HOME PARK			George Freitag, 281-207-5800
SWWC Utilities, Inc dba Mid-Tex Utilities, Inc	12914	20865	1050157	Hays	MID-TEX UTILITIES	Wastewater goes to the City of Austin for treatment	Collection only	George Freitag, 281-207-5800
SWWC Utilities, Inc dba Huntington Utility Company, LLC	11971		1050124	Hays	HUNTINGTON ESTATES			George Freitag, 281-207-5800
SWWC Utilities, Inc dba Inverness Utility Company, Inc	11170		2270102	Travis	INVERNESS POINT WATER SYSTEM			George Freitag, 281-207-5800
SWWC Utilities, Inc dba Mid-Tex Utilities, Inc	12284		1010230	Harris	WESTERN TRAILS SUBDIVISION			George Freitag, 281-207-5800

Oklahoma,  
SWWC Utilities, Inc dba Tenkiller Utility Company

Non-Regulated:  
Metro-H2O, Utilities, Inc

**Name of Utility:** SWWC Utilities, Inc dba Water 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>			
1	101 Utility Plant in Service	\$ 8,914,870	\$ 8,759,470
2	103 Property held for Future Use		
3	105 Construction Work In Progress	\$ 330,564	\$ 108,403
4	114, 115 Net Utility Plant Acquisition Adjustment		
5	TOTAL UTILITY PLANT	\$ 9,245,434	\$ 8,867,873
6	108 Less Accumulated Depreciation	\$ 3,689,882	\$ 3,461,609
7	110 Less: Accumulated Amortization		
	NET UTILITY PLANT	\$ 5,555,552	\$ 5,406,264
<u>CURRENT ASSETS</u>			
8	131-135 Cash	\$ 379,366	\$ 63,360
9	141-143 Accounts Receivable	\$ 121,889	\$ 134,675
10	144 Notes Receivable		
11	144-145 Accounts Receivable-Affiliates/Common Ownership		
12	151 Plant Materials and Supplies		
13	162 Prepayments	\$ 3,972	\$ 3,972
14	171-174 Other Current Assets	\$ 88,126	\$ 27,933
15	TOTAL CURRENT ASSETS	\$ 593,353	\$ 229,940
<u>OTHER ASSETS and DEFERRED CHARGES</u>			
16	181 Deferred Debt Expense		
17	182-186 Deferred Charges/Debits	\$ 16,165	\$ 16,165
18	190 Accum Deferred Income Taxes		
19	TOTAL OTHER ASSETS and DEFERRED CHARGES	\$ 16,165	\$ 16,165
20	<b>TOTAL ASSETS</b>	<b>6,165,070</b>	<b>5,652,369</b>
<u>LIABILITIES &amp; EQUITY</u>			
<u>STOCKHOLDERS' EQUITY</u>			
21	201 Common Stock	(512,791)	\$ (512,790)
22	211 Other paid in capital	2,947,703	\$ 2,947,703
23	215 Retained Earnings	(490,954)	\$ (379,167)
24	TOTAL STOCKHOLDERS' EQUITY	1,943,958	\$ 2,055,746
<u>LONG-TERM DEBT</u>			
25	224 Long-term debt, excluding current portion	-	\$ -
<u>CURRENT LIABILITIES</u>			
Current Portion of Long-term Debt			
26	231 Accounts Payable	41,009	\$ 27,471
27	232 Notes Payable	-	\$ -
28	233, 234 Payables to Affiliates/Common Ownership	3,770,670	\$ 3,196,387
29	235 Customer Deposits	32,272	\$ 27,179
30	236 Accrued Taxes	79,192	\$ 47,448
31	237 Accrued Interest	149	\$ 56
32	241.0 Other Current Liabilities	31,635	\$ 31,812
	TOTAL CURRENT LIABILITIES	3,954,927	\$ 3,330,353
<u>OTHER LIABILITIES and DEFERRED CREDITS</u>			
33	252 Advances for Construction		
34	253 Other Deferred Credits	154,790	\$ 142,632
35	255 Deferred Investment Tax Credits		
36	271-272 Net Contributions in Aid of Construction	111,395	\$ 123,638
37	281-283 Accumulated Deferred Inc Taxes		
38	TOTAL OTHER LIABILITIES and DEFERRED CREDITS	266,185	\$ 266,270
39	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,165,070</b>	<b>5,652,369</b>

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

Name of Utility:

SWWC Utilities, Inc. dba Water Services, Inc

Year End:

2015

**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"	\$ 1,513,856	\$ 1,497,986		\$ 1,497,986
3/4"	\$ 5,891	\$ 10,380		\$ 10,380
1"	\$ 17,198	\$ 16,865		\$ 16,865
1 1/2"	\$ 12,806	\$ 12,667		
2"	\$ 6,741	\$ 4,970		
List all additional meter sizes				
				\$ -
SUB-TOTAL	\$ 1,556,492	\$ 1,542,868	\$ -	\$ 1,542,868

Unmetered Sales:

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

470 0 Late fees - Water

\$ 33,204

\$ 32,999

\$ 32,999

471-474 Other Revenue

\$ 19,033

\$ 26,753

\$ 26,753

**TOTAL WATER REVENUE****\$ 1,608,729****\$ 1,602,620****\$ -****\$ 1,602,620**

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:

				\$ -
				\$ -
				\$ -
				\$ -
SUB-TOTAL	\$ -	\$ -	\$ -	\$ -

470.0 Late fees - Sewer

\$ -

\$ -

\$ -

536 Other Revenue

\$ -

\$ -

\$ -

**TOTAL SEWER REVENUE****\$ -****\$ -****\$ -****\$ -****TOTAL REVENUE****\$ 1,608,729****\$ 1,602,620****\$ -****\$ 1,602,620**

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 <b>Total Revenue: 1</b>	1,602,620	-	1,602,620	-	1,602,620
	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX
<b>Operating Expenses:</b>					
2 601.1/701 I O & M Salaried Labor	8,897		8,897		8,897
3 604/704 Employee Benefits	-		-		-
4 6/731, 6/736 O & M Contract labor	35,663		35,663		35,663
5 620/720 Operating/Maint Supplies	169,406		169,406		169,406
6 610/710 Purchased Water	159,300		159,300		159,300
7 615/715 Purchased Power	121,812		121,812		121,812
8 635/735 Testing Expense	21,499		21,499		21,499
9 618/718 Chemicals	18,785		18,785		18,785
10 641,642 Rentals	274		274		274
11 656-659/756-759 Insurance			-		-
12 601 2/701.2 General Office Salaries			-		-
13 650/750 Transportation			-		-
14 675 General Office Expenses			-		-
15 632, 633, 634 Contract Acctg, legal, Mgmt			-		-
16 666 Amortization- Rate Case Expense			-		-
17 403 Depreciation Expense	248,198		248,198		248,198
18 407 Amortization Expenses	(12,243)		(12,243)		(12,243)
19 667-675 Other Misc. Expenses	920,501		920,501		920,501
<b>Taxes:</b>			XXXX	XXXX	XXXX
19 409 Federal Income Taxes	(60,193)		(60,193)		(60,193)
20 409 State Franchise Taxes/Reg Assess			-		-
21 408 All Other Taxes	84,357		84,357		84,357
22 <b>Total Expenses</b>	1,716,256	-	1,716,256	-	1,716,256
			XXXX	XXXX	XXXX
23 <b>Net Operating Income</b>	(113,636)	-	(113,636)	-	(113,636)
			XXXX	XXXX	XXXX
24 419, 421, 433 Non-Operating Income	788		788		788
25 <b>Non-Operating Deductions:</b>			XXXX	XXXX	XXXX
26 426 Other	510		510		510
27 427 Interest	(1,570)		(1,570)		(1,570)
28 Net Income	(111,788)	-	(111,788)	-	(111,788)

1 Carried over from Statements of Revenues

Name of Utility: SWWC Utilities, Inc. dba Water Services, Inc. Year End: December 31, 2015

### 5(a). Water Plant In Service - Changes Since the Previous Annual Report

A	B	C	D	E	F	G=D-E+F	H=C+G
Date Plant Installed/Retired mm/yyyy	List Major Items by account number and Class	Report Year Beginning Balance	Plant Additions Amounts	Plant Retirements Amounts	Plant Adjustments (plus or minus)	Total change during report year	Report year Ending Balance
Various	303 - Land and Land Rights	\$ 319,832				\$0	\$319,832 00
Various	304 - Structures and Improvements	\$ 649,587				\$0	\$649,587 00
Various	307 - Wells and Springs	\$ 2,395,951	\$ 2,957	\$ 1,746		\$1,211	\$2,397,162 00
Various	309 - Supply Mains	\$ 494,321	\$ 8,460			\$8,460	\$502,781 00
Various	310 - Power Generation Equipment	\$ 452,820				\$0	\$452,820 00
Various	311 - Pumping Equipment	\$ 949,079	\$ 1,816			\$1,816	\$950,895 00
Various	320 - Water Treatment Equipment	\$ 118,377				\$0	\$118,377 00
Various	330 - Distribution Reservoirs and Standpipes	\$ 1,654,042	\$ 2,440	\$ 1,868		\$572	\$1,654,614 00
Various	331 - Transmission and Distribution Mains	\$ 198,701	\$ 143,564	\$ 7,824		\$135,740	\$334,441 00
Various	333 - Services	\$ 556,235	\$ 2,002			\$2,002	\$558,237 00
Various	334 - Meters and Meter Installations	\$ 783,952	\$ 4,570			\$4,570	\$788,522 00
Various	335 - Hydrants	\$ 13,874	\$ 9,515	\$ 8,486		\$1,029	\$14,903 00
Various	340 - Office Furniture and Equipment	\$ 1,012				\$0	\$1,012 00
08/2010	344 - Laboratory Equipment	\$ 1,582				\$0	\$1,582 00
Various	346 - Communication Equipment	\$ 96,728				\$0	\$96,728 00
Various	347 - Miscellaneous Equipment	\$ 1,791				\$0	\$1,791 00
Various	999 - ARO and Other Assets Adjustments	\$ 71,586				\$0	\$71,586 00
Various						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
						\$0	\$0 00
TOTALS		\$8,759,470	\$175,324	\$19,924	\$0	\$155,400	\$8,914,870

**Year End:** \_\_\_\_\_

Name of Utility:

SWWC Utilities, Inc dba Water Services, Inc

Year End:

2015

**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	\$ -		\$ -	0.00%
Common Equity				
201 0 Common Stock	\$ (512,791)	\$ -	\$ (512,791)	
218 0 Proprietary Capital			\$ -	
211 0 Misc Paid-in-Capital	\$ 2,947,703		\$ 2,947,703	
215 0 Retained Earnings	\$ (490,954)	\$ -	\$ (490,954)	
216 0 Recquired Stock	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
Total Equity	\$ 1,943,958	\$ -	\$ 1,943,958	100.00%
Total Capital	\$ 1,943,958	\$ -	\$ 1,943,958	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			
(Lender name D)		0.00%	\$ -
(Lender name E)		0.00%	\$ -
(Lender name F)		0.00%	\$ -
Total Long-Term Debt	\$ -	0.00%	\$ -

**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	\$ 8,914,870		\$ 8,914,870	5(a) & 5(b)
3 Materials and supplies	\$ -		\$ -	2
4 Working cash (capital) (attach schedule)	106,014		\$ 106,014	
5 Prepayments	\$ 3,972		\$ 3,972	2
6 Other (attach schedule or itemize)			\$ -	
7 TOTAL ADDITIONS (Add Lines 2 through 6)	\$ 9,024,856	\$ -	\$ 9,024,856	
8 Deductions	xxxx	xxxx	xxxx	
9 Reserve for depreciation (Accumulated)	\$ 3,689,882		\$ 3,689,882	2
10 Advances for construction			\$ -	2
11 Contributions in aid of construction	\$ 111,395		\$ 111,395	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)	\$ 3,801,277		\$ 3,801,277	
16 RATE BASE (Line 7, less Line 15)	\$ 5,223,579		\$ 5,223,579	

**EARNINGS CALCULATION**

17 Return (Note 1)	(113,358)
18 Rate of Return (Line 17/Line 16)	-2.17%
19 Earned Return on Ending Equity (Notes 2, 3)	-2.17%

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

**Working Capital Calculation 2015**  
**SWWC Utilities, Inc. dba Water Services, Inc.**

	Water
O&M Expense	\$ 1,692,092
<u>Less:</u>	
Materials & Supplies	(169,406)
Purchased Water Pass-Thru	(308)
Prepayments Expensed	(2,007)
Depreciation & Amortization	(248,198)
	<u>\$ 1,272,173</u>
1/12	<u><u>\$ 106,014</u></u>

Name of Utility: SWWC Utilities, Inc. dba Water 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	-	0.00%	0.00%	0.00%
Common Equity*	1,943,958	100.00%	11.50%	11.50%
Total		100.00%		11.50%

\*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 ==>>

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](mailto: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: SWWC Utilities, Inc. dba Water 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	
<b>Water</b>				(C + D)		(E x F)	
1	5/8" x 3/4"	1,917	19	1,936	1	1936	
2	3/4"	10	0	10	1.5	15	
3	1"	11	0	11	2.5	27.5	
4	1 1/2"	4	0	4	5	20	
5	2"	1	0	1	8	8	
6	List all Additional meter sizes						
7	Unmetered						
8		1943	19	1962		2006.5	Total Water
<b>Sewer</b>							
9							
10							
11							
12							
13		0	0	0		0	Total Sewer

## 9. VOLUMETRIC INFORMATION

	(Report in 1,000 gallons)	Report Year
	Description	
1.	Water Pumped	211,783
2.	Purchased Water	9,213
3.	Total Water Produced (1. + 2.)	220,996
4.	Total Water Flushed	69,275
5.	Total Water Sold	145,012
6.	Total Water Sold and Flushed	214,287
7.	Water Lost (3 - 6)	6,709

Name: **SWWC Utilities, Inc. dba Water Services, Inc.**

Year End:

2015

**10. Affiliated Transactions****Charges by an Affiliate to the Reporting Utility**Name of Affiliated company: SouthWest Water 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)
675/775	Miscellaneous Expenses	\$ 190,426		\$ 190,426

**Charges by an Affiliate to the Reporting Utility**Name of Affiliated company: SWWC Utilities, Inc.

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)
See Attachment 10a. Charges by an Affiliate to the Reporting Utility			\$ 709,000	\$ 709,000

**Charges by a Reporting Utility to Affiliates**Name of Affiliated company: N/A

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)

**10a. Charges by an Affiliate to the Reporting Utility****Charges by an Affiliate to the Reporting Utility**Name of Affiliated company: Southwest Water Company

NARUC Account and/or type of service		Total Texas
Account # Account name or type of service		(Dollars transacted)
	Administrative & Pass Thru Costs	0
	Employee Costs	130,886
	General & Administrative - Other	27,005
	Insurance Expense	1,869
	Lease Expense	4,843
	Materials & Supplies	0
	Other Operating Expenses	1,561
	Production & Treatment	-
	Professional Fees	16,211
	Repairs & Maintenance	3,646
	Taxes - Other	1,168
	Travel & Entertainment	2,958
	Vehicle Expense	(789)
	Depreciation and Amortization	1,067
		<b>\$ 190,426</b>

Name of Affiliated company: SWWC Utilities, Inc.

NARUC Account and/or type of service		Total Texas
Account # Account name or type of service		(Dollars transacted)
403	Depreciation Expense	\$ 31,794
408	Taxes Other than Income	36,331
414	Gains/Losses from Disposition of Utility Property	1,047
601	Salaries and Wages - Employees	373,709
604	Employee Pensions and Benefits	99,663
615	Purchased Power	113
620	Materials and Supplies	35,367
632	Contractual Services - Accounting	67
633	Contractual Services - Legal	(2,071)
636	Contractual Services - Other	42,519
641	Rental of Building/Real Property	17,137
642	Rental of Equipment	2,685
650	Transportation Expense	43,150
656	Insurance - Vehicle	2,382
657	Insurance - General Liability	5,014
658	Insurance - Workman's Compensation	4,756
659	Insurance - Other	9,978
660	Advertising Expense	2,070
667	Regulatory Commission Expense - Other	279
670	Bad Debt Expense	27
675	Miscellaneous Expenses	2,983
		<b>\$ 709,000</b>

SWWC Utilities, Inc. dba Water Services, Inc.

(Company Name)

VERIFICATION

OATH

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

State of Texas

as:

County of Fort Bend

Charles W. Proffitt, Jr. makes oath and says that he/she is  
(Name of affiant)

Managing Director - Texas Utilities  
(Official title of affiant)

of SWWC Utilities, Inc. dba Water 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  
in and for the State and County above-named, this 20th day of NOV 2017

Charles W. Proffitt

(Signature of affiant)

My commission expires Joan Glover  
(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

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

State of Texas

as

County of Fort Bend

Charles W. Proffitt, Jr. makes oath and says that he/she is  
(Name of affiant)  
of SWWC Utilities, Inc. dba Water Services, Inc.  
(Exact legal title or name of the respondent)

Managing Director - Texas Utilities  
(Official title of affiant)

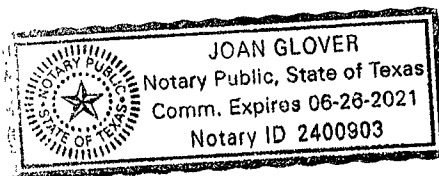
that he/she has carefully examined the foregoing report; that he/she swears that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above named respondent during the period of time from and including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

Subscribed and sworn to before me, a NOTARY  
in and for the State and County above-named, this 20th day of NOV 2017

Charles W. Proffitt

(Signature of affiant)

My commission expires Joan Glover  
(Signature of officer authorized to administer oaths)



SouthWest Water Company  
Balance Sheet for Texas Utility Operations  
at December 31, 2015  
- UNAUDITED -

	2015	2014
<b>ASSETS:</b>		
Current Assets		
Cash and Cash Equivalents	329,915	93,831
Accounts Receivable - Net	4,801,871	4,819,544
Prepaid Expenses & Other Current Assets -Inventory	929,125	786,757
Total Current Assets	<u>6,060,911</u>	<u>5,700,132</u>
Property, Plant and Equipment		
PP&E Cost	238,277,390	232,522,838
Construction Work in Progress	4,319,666	5,064,231
Total Plant and Equipment	<u>242,597,056</u>	<u>237,587,069</u>
PP&E Accumulated Depreciation	(91,843,330)	(87,552,246)
Total Property, Plant and Equipment, net	<u>150,753,726</u>	<u>150,034,823</u>
Other Non-Current Assets		
Goodwill	-	-
Intangible Assets	20,774,405	18,359,019
Other Assets	2,152,532	1,886,727
Total Other Non-Current Assets	<u>22,926,937</u>	<u>20,245,746</u>
<b>TOTAL ASSETS:</b>	<u><b>179,741,574</b></u>	<u><b>175,980,701</b></u>
<b>LIABILITIES AND EQUITY:</b>		
Current Liabilities		
Accounts Payable	1,307,558	1,092,255
Long Term Debt, Current Portion	1,213,606	1,128,598
Accrued Interest Payable	140,483	146,893
Accrued Taxes	1,446,357	1,118,701
Deposit Liabilities - ST	1,417,231	1,333,629
Other Short Term Liabilities	1,186,321	970,115
Payroll & Related Payable	910,471	820,039
	<u>7,622,027</u>	<u>6,610,230</u>
Non-Current Liabilities:		
Contributions in Aid of Construction (CIAC)	33,672,580	30,617,895
Deferred Income Taxes	5,410,354	5,410,354
Long Term Debt, Less Current Portion	25,335,782	26,015,478
Deposit Liabilities - Non-Current	728,743	1,708,523
Other Liabilities and Deferred Credits	11,096,481	21,932,952
Total Non-Current Liabilities	<u>76,243,940</u>	<u>85,685,202</u>
Total Liabilities	<u>83,865,967</u>	<u>92,295,432</u>
Equity		
Additional Paid in Capital	78,576,902	78,576,902
Retained Earnings (Accumulated Deficit)	5,108,368	(389,802)
Profit/Loss Current Year	12,190,337	5,498,169
Total Equity	<u>95,875,607</u>	<u>83,685,269</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>179,741,574</b></u>	<u><b>175,980,701</b></u>

NOTE These financial statements are presented in accordance with generally accepted accounting principles, i.e. per book. They have not been prepared according to the NARUC chart of accounts and no adjustments have been made to the amounts presented

SouthWest Water Company  
Statement of Operations  
for the Year Ended December 31, 2015  
- UNAUDITED -

	2015	2014
Operating Revenue	48,651,893	46,539,730
Operations and Maintenance		
Employee Costs - Salaries & Wages	7,792,707	7,639,968.00
Employee Costs - Payroll Taxes	611,015	584,456.00
Employee Costs - Employee Benefits	1,791,518	1,789,248.00
Employee Costs - Other Employee Costs	498,140	475,929.00
Repairs & Maintenance	1,478,693	1,449,188.00
Vehicle Expense	428,000	774,261.00
Subcontract	317,453	357,520.00
Materials & Supplies	1,160,536	1,130,581.00
Production & Treatment	8,652,956	8,238,029.00
Travel & Entertainment	81,617	152,267.00
Insurance Expense	509,448	449,513.00
Lease Expense	651,098	733,714.00
Professional Fees	521,179	630,686.00
Taxes - Other	1,593,191	1,472,750.00
General & Administrative - Other	(2,559,543)	2,137,612.00
Administrative & Pass Thru Costs	33,522	3,964.00
Other Operating Expenses	554,910	509,046.00
Allocated Expenses	5,538,212	5,877,491.00
<b>Total Operations and Maintenance</b>	<b>29,654,652</b>	<b>34,406,223</b>
<b>Depreciation and Amortization</b>	<b>5,375,255</b>	<b>5,296,524</b>
Other Income/Expense		
Interest Income	(788)	(4,846)
Interest Expense	1,283,287	1,320,660
Other, Net	-	(38,000)
<b>Total Other Income/Expense, net</b>	<b>1,282,499</b>	<b>1,277,814</b>
Provision/(Benefit) From Income Taxes	149,150	61,000
<b>Net Income/Expense</b>	<b>12,190,337</b>	<b>5,498,169</b>

NOTE: These financial statements are presented in accordance with generally accepted accounting principles, i.e. per book. They have not been prepared according to the NARUC chart of accounts and no adjustments have been made to the amounts presented.