

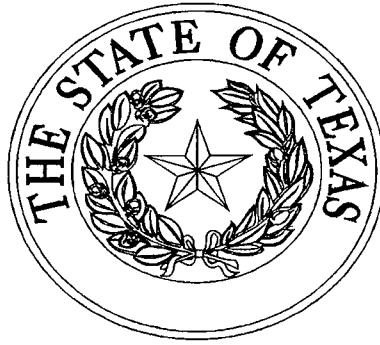


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**CLASS "C" WATER COMPANY  
PUC ANNUAL REPORT  
OF**

45185

CCN Number

12284

Official Company Name:

SWWC Utilities, Inc. dba SW Utility Company

D/B/A Name(s)

SW Utility Company

**TO THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS**

***For the Year Ended 2015***

217

**GENERAL INSTRUCTIONS - Class C 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. 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).  
If the utility cannot complete the electronic forms, it may submit a hard copy rather than a Microsoft Excel spreadsheet.
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).
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)

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**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. 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.
14. 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.

# Annual Report for Class C Water and/or Sewer Utilities

PUBLIC UTILITY COMMISSION OF TEXAS  
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326  
pursuant to TWC § 13.136

## **I. NAME OF UTILITY, OFFICE MAILING ADDRESS AND AREA SERVED**

1 Utility Name: SWWC Utilities, Inc. dba SW Utility Company

List all assumed name(s) or d/b/a names: SW Utility Company

2 Certificate of Convenience and Necessity No. 12284 Calendar Year Ending 2015

3 Street Address: 12535 Reed Road

4 City or Town: Sugar Land, TX CCN No.: 12284

5 Email Address: gfreitag@swwc.com

6 County: Fort Bend Zip Code: 77478

7 TCEQ PWS Number(s) 1010230

8 Water Quality Discharge Permit Number(s) \_\_\_\_\_

## **II. TYPE OF ORGANIZATION AND PRINCIPAL OFFICERS**

9 Type of Ownership:  
Corporation: \_\_\_\_\_ Partnership: \_\_\_\_\_ Individual: \_\_\_\_\_ Other: DBA

10 If a corporation, list names and titles of the officers. If an individual or partnership, list the name of the individual or each partner and provide the title for each. For partnerships, please provide the percentage of ownership for 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

11 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.

12 Date the utility was formed or incorporated: Merged into SWWC Utilities, Inc. 10/14/2008

13 Is the utility commonly owned or controlled by another corporation? Y  
If yes, by whom? SWWC Utilities, Inc.

## **III. PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS**

14 Name and Title: George Freitag, Regional Regulatory Manager

15 Address: 12535 Reed Road

16 City: Sugar Land, TX 77478

17 Telephone Number with Area Code: 281-207-5800

18 Cell Phone Number with Area Code: n/a

19 Fax Number with Area Code: 281-207-5940

20 e-mail address: gfreitag@swwc.com

21 If not an officer, owner or employee, give name of firm employed by:  
N/A

# 1. Balance Sheet

Name of Utility: SWWC Utilities, Inc. dba SW Utility Company

2015

| Line # |  | End of Year<br>12/31/2015 | End of Prior Year<br>12/31/2014 |
|--------|--|---------------------------|---------------------------------|
|        | <b><u>ASSETS</u></b>                                       |                           |                                 |
|        | <b><u>UTILITY PLANT</u></b>                                |                           |                                 |
| 1      | 101 Utility Plant in Service                               | \$ 110,823                | \$ 109,424                      |
| 2      | 105 Construction Work in Progress                          | 4,250                     | 4,583                           |
| 3      | <b>TOTAL UTILITY PLANT</b>                                 | \$ 115,073                | \$ 114,007                      |
| 4      | 108 Less: Accumulated Amortization                         | \$ 28,316                 | \$ 23,670                       |
| 5      | 110 Less: Accumulated Depreciation                         | \$ -                      | \$ -                            |
| 6      | <b>NET UTILITY PLANT</b>                                   | <b>\$ 86,757</b>          | <b>\$ 90,337</b>                |
| 7      | <b><u>CURRENT ASSETS</u></b>                               | <b>xxxx</b>               | <b>xxxx</b>                     |
| 8      | 131-135 Cash   | \$ 44,458                 | \$ 14,434                       |
| 9      | 141-143 Accounts Receivable                                | \$ 1,567                  | \$ (2,699)                      |
| 10     | 151 Plant Materials and Supplies (not previously expensed) |                           |                                 |
| 11     | 162 Prepayments  |                           | \$ 175                          |
| 12     | 190 Accumulated Deferred Income Taxes                      |                           |                                 |
| 13     | 171-174 Other Current Assets                               | \$ 10,309                 | \$ 5,708                        |
| 14     | <b>TOTAL CURRENT ASSETS</b>                                | <b>\$ 56,334</b>          | <b>\$ 17,618</b>                |
| 15     | <b><u>TOTAL ASSETS*</u></b>                                | <b>\$ 143,091</b>         | <b>\$ 107,955</b>               |
| 16     |  | -                         | -                               |
| 17     | <b><u>LIABILITIES &amp; EQUITY</u></b>                     |                           |                                 |
| 18     | <b><u>EQUITY</u></b>                                       |                           |                                 |
| 19     | 201 Common Stock   | \$ 100                    | \$ 100                          |
| 20     | 211 Other paid in capital                                  | \$ 15,520                 | \$ 15,520                       |
| 21     | 215 Retained Earnings                                      | \$ (130,033)              | \$ (121,490)                    |
| 22     | 218 Proprietary Capital                                    |                           |                                 |
| 23     | <b>TOTAL STOCKHOLDERS' EQUITY</b>                          | <b>\$ (114,413)</b>       | <b>\$ (105,870)</b>             |
| 24     | <b><u>LONG-TERM DEBT</u></b>                               | <b>xxxx</b>               | <b>xxxx</b>                     |
| 25     | 224 Long-term debt (more than 1 year)                      |                           |                                 |
| 26     |  | xxxx                      | xxxx                            |
| 27     | <b><u>CURRENT LIABILITIES (less than 1 year)</u></b>       | <b>xxxx</b>               | <b>xxxx</b>                     |
| 28     | 231 Accounts Payable                                       | \$ 274                    | \$ 1,518                        |
| 29     | 232 Notes Payable  |                           | \$ -                            |
| 30     | 233 Accounts Payable to Associated Companies               | \$ 248,551                | \$ 204,140                      |
| 31     | 235 Customer Deposits                                      | \$ 740                    | \$ 617                          |
| 32     | 236 Accrued Taxes  | \$ 66                     | \$ 112                          |
| 33     | 237 Accrued Interest                                       | \$ 3                      | \$ 3                            |
| 34     | 241.0 Other Current Liabilities                            | \$ 201                    | \$ 207                          |
| 35     | <b>TOTAL CURRENT LIABILITIES</b>                           | <b>\$ 249,835</b>         | <b>\$ 206,597</b>               |
| 36     |  | xxxx                      | xxxx                            |
| 37     | <b><u>OTHER LIABILITIES and DEFERRED CREDITS</u></b>       |                           |                                 |
| 38     | 253 Other Deferred Credits                                 | \$ 7,669                  | \$ 7,228                        |
| 39     | 271-272 Net Contributions in Aid of Construction           |                           |                                 |
| 40     | <b>TOTAL OTHER LIABILITIES and DEFERRED CREDITS</b>        | <b>\$ 7,669</b>           | <b>\$ 7,228</b>                 |
| 41     | <b><u>TOTAL LIABILITIES &amp; EQUITY*</u></b>              | <b>\$ 143,091</b>         | <b>\$ 107,955</b>               |
|        |  | -                         | -                               |

Add NARUC accounts as needed, and if not shown above.

## 2. Statements of Income

Name of Utility: **SWWC Utilities, Inc. dba SW Utility Company**

**2015**

Line #

Report Calendar Year **2015**

| Water<br>Report Year | Sewer<br>Report Year | Total<br>Report Year |
|----------------------|----------------------|----------------------|
|                      |                      |                      |
| A                    | B                    | C=A+B                |
| \$ 20,675            | \$ -                 | \$ 20,675            |

|    |   |            |      |            |
|----|---|------------|------|------------|
| 1  | <b>Total Revenue:</b>                   |            |      |            |
|    |   |            |      |            |
|    | <b>Operating Expenses:</b>              |            |      |            |
| 2  | 601 O & M Salaried Labor                | \$ 534     |      | \$ 534     |
| 3  | 604 Employee Benefits                   | -          |      | -          |
| 4  | 631, 636 O & M Contract labor           | 1,677      |      | 1,677      |
| 5  | 620 Operating/Maint Supplies            | 3,562      |      | 3,562      |
| 6  | 610 Purchased Water                     | -          |      | -          |
| 7  | 615 Purchased Power                     | 3,136      |      | 3,136      |
| 8  | 635 Testing Expense                     | 602        |      | 602        |
| 9  | 618 Chemicals                           | 169        |      | 169        |
| 10 | 656-659 Insurance                       | -          |      | -          |
| 11 | 601 General Office Salaries             |            |      | -          |
| 12 | 675 General Office Expenses             |            |      | -          |
| 13 | 632 Contract Accounting                 |            |      | -          |
| 14 | 633 Legal                               |            |      | -          |
| 15 | 634 Management                          |            |      | -          |
| 16 | 666 Amortization- Rate Case Expense     |            |      | -          |
| 17 | 403 Depreciation Expense                | 4,647      |      | 4,647      |
| 18 | 667-675 Other Misc. Expenses            | 18,598     |      | 18,598     |
|    | <b>Taxes:</b>                           | xxxx       | xxxx | xxxx       |
| 19 | 409 Federal Income Taxes                | \$ (4,601) |      | \$ (4,601) |
| 20 | 409.0 State Franchise Taxes/Reg Assess. | \$ -       |      | -          |
| 21 | 408 All Other Taxes                     | \$ 834     |      | 834        |
| 22 | <b>Total Expenses</b>                   | \$ 29,158  | \$ - | \$ 29,158  |
|    |   |            |      |            |
| 23 | <b>Net Operating Income</b>             | \$ (8,483) | \$ - | \$ (8,483) |
|    |   |            |      |            |
| 24 | 421, 433 Non-Operating Income           | \$ -       |      | -          |
|    | <b>Non-Operating Deductions:</b>        |            |      |            |
| 25 | 426 Other                               | \$ 60      |      | 60         |
| 26 | 427 Interest                            | \$ 1       |      | 1          |
| 27 | <b>Net Income</b>                       | \$ (8,544) | \$ - | \$ (8,544) |

### 3. Water Plant-in-Service - changes since the last Annual Report

**Name of Utility:** SWWC Utilities, Inc. dba SW Utility Company

**2015**

| Date Plant<br>Installed/Retired<br>mm/yyyy | Plant Additions                    |                | Plant Retirements         |            | Plant<br>Adjustments | Total Change<br>the Last<br>Annual Report |
|--|------------------------------------|----------------|---------------------------|------------|----------------------|---|
|  | List Major Items by Class          | Amounts        | List Major Items by Class | Amounts    |                      |   |
| 01/2015                                    | 304 Structures and<br>Improvements | \$ 1,400       |                           |            |                      | \$1,400                                   |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
|  |                                    |                |                           |            |                      | \$0                                       |
| <b>TOTALS</b>                              |                                    | <b>\$1,400</b> |                           | <b>\$0</b> | <b>\$0</b>           | <b>\$1,400</b>                            |



### 3-S. Sewer Plant-in-Service - Changes since the last Annual Report

**Name of Utility:** SWWC Utilities, Inc. dba SW Utility Company

[illegible]

#### 4. Other Operating Information

| <u>Connection information</u>   |                                      | End of Year<br><u>12/31/2015</u> | End of Prior Year<br><u>12/31/2014</u> | <u>Connection information</u>           |                                      | End of Year<br><u>12/31/2015</u> | End of Prior Year<br><u>12/31/2014</u> |
|---|--------------------------------------|----------------------------------|--|---|--------------------------------------|----------------------------------|--|
| <u>WATER</u>  |                                      |                                  |  | <u>SEWER</u>                            |                                      |                                  |  |
| 1   | Number of active water connections   |                                  |  |   | Number of active sewer connections   |                                  |  |
|   | 5/8" or 3/4"                         | 42                               | 44                                     |   | Residential                          |                                  |  |
|   | 3/4"                                 |                                  |  |   | Non-residential                      |                                  |  |
|   | 1"                                   |                                  |  |   |                                      |                                  |  |
|   | 1 1/2"                               | 1                                | 1                                      |   |                                      |                                  |  |
|   | 2"                                   |                                  |  |   |                                      |                                  |  |
|   | List all additional meter sizes:     |                                  |  |   | List all additional meter sizes:     |                                  |  |
|   | Unmetered water connections          |                                  |  |   | Unmetered water connections          |                                  |  |
|   |                                      |                                  |  |   |                                      |                                  |  |
| 2   | Number of inactive water connections |                                  |  |   | Number of inactive water connections |                                  |  |
|   | 5/8" or 3/4"                         |                                  |  |   |                                      |                                  |  |
|   | 3/4"                                 |                                  |  |   |                                      |                                  |  |
|   | 1"                                   |                                  |  |   |                                      |                                  |  |
|   | 1 1/2"                               |                                  |  |   |                                      |                                  |  |
|   | 2"                                   |                                  |  |   |                                      |                                  |  |
|   | List all additional meter sizes:     |                                  |  |   | List all additional meter sizes:     |                                  |  |
|   |                                      |                                  |  |   |                                      |                                  |  |
|   | Unmetered, inactive connections      |                                  |  |   | Unmetered, inactive connections      |                                  |  |
|   |                                      |                                  |  |   |                                      |                                  |  |
| 3   | Number of active water connections   | 43                               | 45                                     |   | Number of active sewer connections   |                                  |  |
| 4   | Number of inactive water connections |                                  |  |   | Number of inactive sewer connections |                                  |  |
|   |                                      |                                  |  |   |                                      |                                  |  |
| 5   | Total gallons purchased              |                                  |  |   |                                      |                                  |  |
| 6   | Total gallons pumped                 | 2,282,530                        |  |   |                                      |                                  |  |
|   | Total Water Produced                 | 2,282,530                        |  |   |                                      |                                  |  |
| 7   | Total gallons sold                   | 2,152,390                        |  |   |                                      |                                  |  |
| 8   | Gallons unaccounted for              | 130,140                          |  |   |                                      |                                  |  |
|   |                                      |                                  |  | Total amount of sewer treated (gallons) |                                      |                                  |  |
| <u>Management and Operations</u>  |                                      |                                  |  | <u>Yes or No</u>                        |                                      |                                  |  |
| 1. Do you have an Application form or formal process for new customers?   |                                      |                                  |  | Yes                                     |                                      |                                  |  |
| 2. Do you have a copy of your approved tariff and TCEQ approved drought contingency plan for customer review?                                     |                                      |                                  |  | Yes                                     |                                      |                                  |  |
| 3. Do you have written operating procedures for routine operations?   |                                      |                                  |  | Yes                                     |                                      |                                  |  |
| 4. Do you have a written emergency action plans?  |                                      |                                  |  | Yes                                     |                                      |                                  |  |
| 5. Do you have written personnel policies and procedures?   |                                      |                                  |  | Yes                                     |                                      |                                  |  |
| 6. Do you have risk management and safety procedures?   |                                      |                                  |  | Yes                                     |                                      |                                  |  |
| 7. Do you have customer service policies (including billing and collection)?  |                                      |                                  |  | Yes                                     |                                      |                                  |  |
| 8. Do you prepare an annual written budget for financial planning purposes?   |                                      |                                  |  | Yes                                     |                                      |                                  |  |
| 9. Provide a list of all affiliates and entities under Common Control (if any) <u>See Attachment 4a</u>   |                                      |                                  |  |   |                                      |                                  |  |
| 10. If you purchase wholesale water or sewer services, please list the name(s) of the wholesaler and describe the service(s) purchased from each. |                                      |                                  |  |   |                                      |                                  |  |
| 11. If you have a current capital improvement/replacement plan, please attach a copy. <u>See Attachment 4b</u>                                    |                                      |                                  |  |   |                                      |                                  |  |

**Name of Utility: SWWC Utilities, Inc. dba SW Utility Company**

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**Attachment 4a - Entities Under Common Control**

| Entity | Water<br>CCN | Sewer<br>CCN |
|--------|--------------|--------------|
|--------|--------------|--------------|

SouthWest Water Company

**Utilities:**

|                                    |       |       |
|------------------------------------|-------|-------|
| Monarch Utilities, Inc.            | 12983 | 20899 |
| Windermere Utility Company         | 11471 | 20542 |
| Diamond Water Company              | 12865 |       |
| Hornsby Bend Utility Company, Inc. | 11978 | 20650 |
| Water Services, Inc.               | 11106 |       |
| Mid-Tex Utilities, Inc.            | 12914 | 20865 |
| Huntington Utility Company, LLC    | 11971 |       |
| Inverness Utility Company, Inc.    | 11170 |       |
| SW Utility Company                 | 12284 |       |

**Oklahoma:**

Tenkiller Utility Company

**Non-Regulated:**

Metro-H2O, Utilities, Inc.

Name of Utility: SWWC Utilities, Inc. dba SW Utility Company

**Attachment 4b - Capital Improvement/Replacement Plan**

| Line # | PROJECTS/DESCRIPTION | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | FY 2018 |
|--------|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 1      | Annual Maintenance   | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 3,000   |
| 2      |                      |        |        |        |        |        |        |        |        |        |        |        |        | -       |
| 3      |                      |        |        |        |        |        |        |        |        |        |        |        |        | -       |
| 4      |                      |        |        |        |        |        |        |        |        |        |        |        |        | -       |
| 5      |                      |        |        |        |        |        |        |        |        |        |        |        |        | -       |
| 6      |                      |        |        |        |        |        |        |        |        |        |        |        |        | -       |
| 7      |                      |        |        |        |        |        |        |        |        |        |        |        |        | -       |
| 8      |                      |        |        |        |        |        |        |        |        |        |        |        |        | -       |
| 9      |                      |        |        |        |        |        |        |        |        |        |        |        |        | -       |
| 10     | TOTAL CAPEX          | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 250    | 3,000   |

Name: **SWWC Utilities, Inc. dba SW Utility Company**

Year End:

**2015****5. Affiliated Transactions****Charges by an Affiliate to the Reporting Utility**Name of Affiliated company: N/A

| NARUC Account and/or type of service |                                 | Total<br>Affiliated<br>Company | Total Texas             | Total for reporting<br>entity |
|--------------------------------------|---------------------------------|--------------------------------|-------------------------|-------------------------------|
| Account #                            | Account name or type of service | (Dollars<br>transacted)        | (Dollars<br>transacted) | (Dollars<br>transacted)       |
|                                      |                                 |                                |                         | \$ -                          |

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

| NARUC Account and/or type of service |  | Total<br>Affiliated<br>Company | Total Texas             | Total for reporting<br>entity |
|--------------------------------------|--|--------------------------------|-------------------------|-------------------------------|
| Account #                            | Account name or type of service  | (Dollars<br>transacted)        | (Dollars<br>transacted) | (Dollars<br>transacted)       |
|                                      | See Attachment 5a. Charges by an Affiliate<br>to the Reporting Utility |                                | \$ 17,745               | \$ 17,745                     |

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

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

**5a. Charges by an Affiliate to the Reporting Utility****Charges by an Affiliate to the Reporting Utility**

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                              | \$ 414               |
| 408                                       | Taxes Other than Income                           | 862                  |
| 414                                       | Gains/Losses from Disposition of Utility Property | 56                   |
| 601                                       | Salaries and Wages - Employees                    | 8,766                |
| 604                                       | Employee Pensions and Benefits                    | 2,440                |
| 615                                       | Purchased Power                                   | 50                   |
| 618                                       | Chemicals   | 25                   |
| 620                                       | Materials and Supplies                            | 1,095                |
| 632                                       | Contractual Services - Accounting                 | 2                    |
| 633                                       | Contractual Services - Legal                      | 69                   |
| 636                                       | Contractual Services - Other                      | 979                  |
| 641                                       | Rental of Building/Real Property                  | 672                  |
| 642                                       | Rental of Equipment                               | 177                  |
| 650                                       | Transportation Expense                            | 1,412                |
| 656                                       | Insurance - Vehicle                               | 68                   |
| 657                                       | Insurance - General Liability                     | 118                  |
| 658                                       | Insurance - Workman's Compensation                | 112                  |
| 659                                       | Insurance - Other                                 | 221                  |
| 660                                       | Advertising Expense                               | 50                   |
| 667                                       | Regulatory Commission Expense - Other             | 7                    |
| 670                                       | Bad Debt Expense                                  | 1                    |
| 675                                       | Miscellaneous Expenses                            | 149                  |
|   |   | <b>\$ 17,745</b>     |

## 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. Profilet, 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 SW Utility Company  
(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. Profilet, Jr.*

(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. Profilet, Jr.  
(Name of affiant)

Managing Director - Texas Utilities  
(Official title of affiant)

of SWWC Utilities, Inc. dba SW Utility Company

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

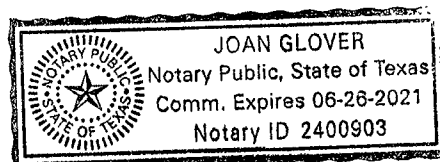
Subscribed and sworn to before me, a NOTARY

in and for the State and County above-named, this 20th day of NOV 2017

*Charles W. Profilet, Jr.*

(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 -**

|   | <b>2015</b>       | <b>2014</b>       |
|---|-------------------|-------------------|
| 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.