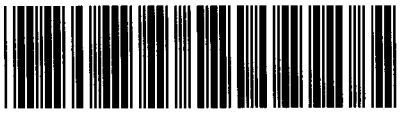


Control Number: 45283

Item Number: 34

Addendum StartPage: 0

Pre-filed Testimony of Ms. Barbara Horn

SOAH Docket No. 473-16-18334.WS

PUCT Docket No. 45283

Question: Could you please state your name and address:
Answer: Barbara Horn, 7255 Country Road 124, San Saba, Texas 76877

Question: Are you a customer of the North San Saba Water Supply Corporation?
Answer: Yes, I own property in the Shaw bend community.

Question: How are you employed?
Answer: I am retired.

TOPIC ONE: Rate Increase

I do not believe the water rate increase passed by the North San Saba Water Supply Corporation (NSSWSC) on August 11, 2015, is just and reasonable.

I begin my testimony with an examination of the information in a letter **(Horn Exhibit 1)** from the NSSWSC dated July 17, 2015, signed by Board President Katherine Gage and sent to all utility members. At the bottom of the first page can be found the proposed rate changes. These rates are imposing a burden on those with fixed or limited income while providing the more affluent customers with inexpensive water.

I will now refer you to **Horn Exhibit 2** which shows the water bills an elderly widow received from the first six months of 2015. The following will illustrate the consequences of the new rate structure.

For this elderly widow, the average usage on the six bills is 692 gallons per month.

Using the rates in effect at that time, she was billed at a rate of $104.38 per 1000 gallons.

Using the new rates, she would be billed at a rate of $121.80 per 1000 gallons.

But, using the new rates, a customer using 22,000 gallons would be billed at a rate of $9.92 per 1000 gallons.

We know that water purchased from the City of San Saba by NSSWSC will cost $1.93 per 1000 gallons, but when it is sold to the elderly widow at rate of $121.80 per 1000 gallons and to the rancher at less than $10.00 per 1000, the unfairness is plain.

Under the new rate structure, those customers that can least afford it are paying the most for their water while the more affluent customers get their water at bargain prices. When you can purchase water in large amounts at less than $10.00 per 1000 gallons, there is little incentive to conserve water.

According to a publication by the Texas Rural Water Association (TRWA) (**Horn Exhibit 3**), the rate schedule in question is described as a **Declining Rate Structure** in which units of water cost less as more water is used. It goes on to say that the **Declining Rate Structure** "actually discourages conservation and may not be considered fair to small users who end up paying more per unit of water."

Additionally, the following can be found in the TRWA publication mentioned above:

"3. Rates should be **Fair and Equitable**

a. Customers using more capacity should pay more of the cost.

b. Impact should be considered."

The NSSWSC pays dues to the TRWA but seems to ignore the material they publish for their members.

The ENVIRONMENTAL FINANCE CENTER and the SIERRA CLUB jointly published a guide (**Horn Exhibit 4**) to rate structure design in Texas titled Designing Water Rate Structures for Conservation & Revenue Stability. This guide was published in February of 2014.

This publication refers to the rate structure used by the NSSWSC as a "decreasing block rate structure". In paragraph 7 of page 25, an evaluation of this rate structure is given as follows:

> **"7. Do not charge residential customers (or usage below 20,000 gallons/month) using decreasing block rate structures.** A "decreasing block rate structure" is one where the volumetric price for water ($1,000 gallons or $/ccf) decreases for higher levels of consumption, thereby reducing the conservation signal for the most discretionary water uses. Some utilities with one price structure for all customers will use a decreasing block rate structure for usage at high levels to incentivize commercial and industrial customers."

If the NSSWSC has an understanding of equitable rate design, I find it difficult to understand why they would select a declining rate structure.

On page one of **Horn Exhibit 1**, the last sentence of paragraph three reads as follows:

> "A feature of the proposed new rate plan is to encourage voluntary conservation by members."

Yet, as shown above, the proposed rate schedule will discourage customers considering conservation if they are aware of the actual water costs.

TOPIC TWO: Error made by TCEQ

The next topic I will cover has to do with an error made during the administrative procedure following the rate appeal filed against the NSSWSC on September 18, 2008 (SOAH DOCKET

NO. 582-09-0660, TCEQ DOCKET NO. 2008-1481-UCR). I believe this matter should be considered by the Public Utility Commission of Texas (PUCT) because of the impact this error had on the water rates charged by the NSSWSC.

Included in the pre-filed testimony (**Horn Exhibit 5**) prepared by the Texas Commission on Environmental Quality (TCEQ) staff Engineer assigned to this case are calculations performed to establish a rate structure that met the requirement of "just and reasonable". On page 6, line 19, of the testimony filed by the Engineer, you will see a reference to "220 connections". The number that should have been used to make the calculations is 303. An examination of **Horn Exhibit 6**, which is a rate design by Mr. Phillip Givens, shows the number of connections to be 303. Note that this document was **Exhibit WSC 12 (NSSWSC)** in the 2008 rate appeal mentioned above and was therefore available to the Engineer. **Horn Exhibit 7** is a copy the INVITATION FOR BIDS for the operator's contract that was awarded in April of 2010. This document indicates that the number of meters was approximately 303. **Horn Exhibit 8** is part of Mr. Hunter Hibler's testimony given in the above mentioned rate appeal of 2008. Mr. Hibler was asked about the number of members for the NSSWSC. Mr. Hibler's answer was "approximately 303". The number of 303 was almost certainly the number of connections, not members. This document was also available to the Engineer. **Horn Exhibit 9** is a study prepared for TCEQ concerning the NSSWSC and published in 2010. In the Executive Summary you will find mention of "303 active connections".

The number 220, along with the Fixed Cost Total was used by the Engineer to calculate the minimum bill (also known as base or fixed bill) as shown on **Horn Exhibit 10**. The Usage Rate was calculated using the Variable Cost and Test Year Gallons in 1000 gallon units.

I will now present the consequences of the Engineer's miscalculation. To aid in the process, please refer to **Horn Exhibit 11. Calc 1** shows the calculations done to determine the Revenue Generated by the Applicants Requested Rates. The Revenue Generated is $232,803, which exceeds the Revenue Requirement of $190,749 as calculated by the TCEQ Auditor. The overcharge at the proposed rates would be $42,054. Therefore, TCEQ Staff recommended reduced rates and refunds to customers.

Calc 2 uses the correct number of 303 connections to determine what the Revenue Generated should be. This corrected number is $292,314, which would result in an overcharge of $101,565 per year.

Calc 3 shows the Usage Rate calculated using the Variable Cost of $85,895 and the Annual Usage of 27,801,000 gallons. The result of this operation is $3.09 per 1000.

In **Calc 4**, the Engineer uses the incorrect connection number of 220 and the Fixed Cost of $104,763 to calculate a Fixed Rate of $39.68.

If the correct connection number of 303 is used, **Calc 5** shows that the Fixed Rate will be $28.81 or $10.87 less.

At this point, the Engineer chooses to recalculate the Fixed Rate using a Usage Rate of $2.70 with a resulting Fixed Rate of $43.82 per month as shown in **Calc 6.**

Had this calculation been performed using 303 as the number of connections, the result would have been $31.82 or a difference of $12.00 as shown in **Calc 7.**

At the NSSWSC Directors Meeting held on December 8, 2009 (**Horn Exhibit 12**), another rate increase was discussed. The Board voted to increase the Fixed Rate to $70.00 but there is no mention of the Usage Rates in the minutes of that meeting.

Calculations using 303 meters, $70.00 Fixed Rate, Usage Gallons of 27,801,000 and a Usage Rate of $2.70 will show the Revenue Generated to be $329,583. This exceeds the Revenue Requirement of $190,749 by $138,834. Over a six- year period, this rate structure would overcharge by $833,000 based on the Revenue Requirement of $190,749 as determined by the TCEQ Auditor.

Certainly, the Revenue Requirement of $190,749 used in the above calculations might not be the applicable number for calculations done at this time, however, it is the last such number determined by a State agency for use in a rate calculation for the NSSWSC.

For a graphic illustration of the consequences the rate structure for the years of 2010 and 2011, please refer to **Horn Exhibit 13.** This graph shows the amount in the NSSWSC'S checking account for the time period of February 2010 to January 2012. Notice that this graph covers the period in which TCEQ required that the rates be rolled back and a refund be given to the customers for the excess paid during this period.

From February 2010 to July 2011, the checking account increased by $114,737 or $6,374 per month. This was a ten-fold increase even though during approximately one-half of this period, the rate rollback and refund were in effect. The very noticeable drop in the account value was due to two payments totaling $75,000. A payment of $50,000 was made on the FmHA loan in addition to the regular monthly payment. A payment of $25,000 was made to a local bank to pay off a loan. At the end of 2012, the account had a balance of $127,122 **(Horn Exhibit 14)** and at the end of 2013 the balance was $204,737 **(Horn Exhibit 15)**. Had the two payments totaling $75,000 not been made, the account would have had a balance of $202,122 at the end of 2012 and a balance of $279,737 at the end of 2013.

TOPIC THREE: NSSWSC letter of July 17, 2015

I will now refer you to **Horn Exhibit 16,** which is modeled after the table found on the second page of **Horn Exhibit 1.** The value in cell H-9 has been corrected from what was shown in the table in **Horn Exhibit 1.** A column has been added to show the unit water cost for each of the examples shown. If you look at the data shown in the column labeled "Monthly Bill", you might think that those using the most water are buying the most expensive water. However, when you examine the data in the column labeled "Unit Cost" you see that those customers using the most water are getting a lower rate than those

customers using less water.

TOPIC FOUR: Monthly Water Report

At this point, I would like to address the monthly Water Report (**Horn Exhibit 17**). To begin with, in the bottom row under "YEARLY RUNNING TOTAL", six of those numbers (circled) are incorrect and by large amounts. The April meter readings for the well show the "previous" and "current" meter readings to be the same yet it shows the well to have produced 280,000 gallons. This document appears to be a spreadsheet but with results like this, I am not sure. The number in the far right column is a strange number for a so-called YEARLY RUNNING TOTAL. This Water Report was produced by the Operator paid $90,000 per year.

In **Horn Exhibit 18**, you will find the correct values for the cells in **Horn Exhibit 17** that are in error. You will also see a column labeled "New" TOTAL WATER with values obtained by subtracting "Known Water Loss/Flush" from TOTAL WATER. The values in the column Water Sold are then subtracted from the "New" TOTAL WATER to get the "Unknown Water Loss".

The "Known Water Loss/Flush" is an unmetered amount of water with a cost that must be absorbed by the customers. The "Unknown Water Loss" is an unmetered amount of water with a cost that must also be absorbed by the customers. There is no real difference between the two losses as far as customers are concerned. However, by increasing the values in the "Known Water Loss/Flush" column, the values in the Water Loss column decrease making it look like the Operator is doing a good job. The Water Loss numbers shown could be very misleading to the member/owners that have a right to know what the water loss actually is because they have to pay for it.

TOPIC FIVE: NSSWSC Cost Projection

The next document for review is a Cash Flow Projection (**Horn Exhibit 19**) passed out to customers in August of 2015. To begin, I will direct you to the Water Sales line. The first seven values are metered numbers and the last five values are projections. Using the monthly sales projection of $30,422 for the last five months of 2015, the yearly total comes to $337,652. The actual metered sales of $363,177 (**Horn Exhibit 20**) as totaled at the end of 2015, shows that this rate schedule generates $25,251 more in revenue than was projected. At this rate, the 2016 water sales will generate $60,602 more than projected.

Continuing the review of this document, I will direct you to the section **CASH PAID OUT.** The third line down contains the item "Truck & Equipment Allowance" and shows a payment of $2000 being made from May through the rest of the year. I pointed out to Board President Katherine Gage that this payment is not in accordance with the Agreement (**Horn Exhibit 21**) between NSSWSC and the Contractor (Operator). An Addendum to Contractor Agreement (**Horn Exhibit 22**) is provided at this point. On the Profit &Loss for December 2015 (**Horn Exhibit 23**), the item "Truck & Equipment Allowance" appears on the document

but this item does not appear on the Profit & Loss for January 2016 **(Horn Exhibit 24).** The $2000 payment was added to the $5,500 shown as the item "Contract labor-Will Broyles" bringing his monthly compensation to $7,500 per month or $90,000 per year. President Gage may have been confused about what the Agreement contains.

Keeping with the same document and eight lines down from the last item reviewed, is the item "Penalty - TCEQ (last payment 10-27-2015). Even though the last payment was made on September of 2015 (**Horn Exhibit 25**), this document (**Horn Exhibit 19**) shows the payments being made for the entire year.

TOPIC SIX: TCEQ Penalty

The "penalty" referred to in the above-mentioned item can be found in **Horn Exhibit 26.** This document has to do with the assessing of administrative penalties by TCEQ against the NSSWSC for violations of the Texas Water Code and the Texas Health and Safety Code. Most of the violations listed were due to the failure of the Operator to carry out his duties. This is the same Operator that is compensated at the rate of $90,000 per year.

TOPIC SEVEN: Mr. Roger Whatley's response to Mrs. Barbara Horn's request (**Horn Exhibit 27**) for information under the Texas Public Information Act.

In Mr. Whatley's letter of April 6, 2016, **(Horn Exhibit 28),** he lectured me saying "The specific question that you ask has been answered before, by Will Broyles, in a regular monthly NSSWSC Meeting, perhaps in the past 6 months." Mr. Whatley then admits that he could not explain in any detail the answer to my question. Mr. Whatley's admission is as follows: "However, and to be as accurate as I could be in this reply, I have taken time to go to town and meet with Will, and get specific answers so that I could refresh my own memory be sure of my reply." I also wanted to refresh my memory and that is why I requested the information in question.

I will now go over the procedure for estimating the "Known Water Loss/Flush", which was one of the requests in my letter April 4,2016, by examining several statements in the procedure.

The first statements are as follows: "... he essentially excavates down to the leaking pipe and uses a 5 gallon bucket to catch the leaking water. By measuring the time it takes to fill the bucket, he can calculate the leak rate = (5gallons)/(time measured)."

This requires that the bucket be full. Excavating "down to the leaking pipe" will not allow the Operator to "catch" water, much less to fill the bucket. To further complicate this

procedure a "metered observation" is very misleading. Metered flow is normally measured using an instrument (meter) manufactured for the purpose measuring and recording.

The next statement to be examined is as follows: "Then he estimates the length of time that the pipe has been leaking." Estimating the time a leak is flowing will produce a number with the lowest degree of certainty. Furthermore, since the "5 gallon bucket" procedure does not work, estimating the time the leak has been flowing, is pointless.

I do want to address the use of automated meter technology (i.e. SCADA) to estimate leak time. Mr. Whatley makes a claim to this effect but provides no supporting information. According to the Texas Water Development (TWDB), Report 367(**Horn Exhibit 29**), page 15, "Although this effort will not pinpoint leaks, it will aid utilities in locating high loss sections so they can begin leak detection surveys with more accuracy". Nothing is said here about using this technology to measure leak times.

TOPIC EIGHT: Operator Position

The contract with the current Operator was signed in April of 2010 with compensation set at $49,500 per year. Since then the compensation has been raised to $90,000, an increase of $40,500 per year. Since the contract was signed in 2010, the NSSWSC has not published an Invitation for Bids. As long the NSSWSC does not publish an Invitation for Bids, they can keep the current Operator and continue to raise his compensation.

An example of the compensation of employees in Maintenance and Operations in a nearby water supply corporation is shown in **Horn Exhibit 30**. This information is from the Millersview-Doole Water Supply Corporation. The compensation of the foreman, based on a 168 hour month, is $29,333 per year. This employee heads a crew of seven. Four of the employees are compensated at the rate of $21,168 per year.

I believe that it is time for the NSSWSC to get in line with what other water utilities are doing. The Board of the NSSWSC needs to study what other utilities are and learn from them.

NORTH SAN SABA WATER SUPPLY CORPORATION
P.O. Box 598
San Saba, Texas 76877
325-372-5348

Date: July 17, 2015

Subject: Proposed Rate Increase

Dear Member,

In the time frame since our last water rates increase, over 5 years ago (December 2009), your North San Saba Water Supply Corporation (NSSWSC) Board has pursued a program of capital improvements for our water system in an effort to improve your water service reliability and quality, compliance with relevant State of Texas regulations, and overall value to our members. Approximately 35 miles of new 3 inch pipe has been laid to distribute water to members, replacing old, deteriorating and very often leaking pipes. In addition, about 8 miles of new 10 inch pipe has been laid along FM500. There has also been important facility improvements at both the Stingy Lane and FM500 stations with new pumps and automated control equipment installed, along with new water storage at both stations. Our Operator, who is normally repairing pipe leaks as soon as possible, has also replaced many older, worn, and leaky valves in the system. He has also moved meters to the nearest appropriate County Road and replaced worn out meters. Hopefully many of you as members have experienced a noticeable improvement in reliability and service as a result of these efforts and improvements.

These system improvements were financed thru a combination of loans and grants totaling about $3million. The NSSWSC now services 3 loans totaling approximately $6900 per month in loan payments. In addition, inflationary price increases on supplies and repairs, etc, to upkeep and maintain the water system are exacting a toll on our finances. In a recent accounting of our financial outlook, expenses are currently exceeding revenues by a significant margin and we have no choice but to consider a rate increase.

One additional side-note: the State of Texas is still experiencing effects of the recent drought and consequently there are very good general reasons to conserve water everywhere. A feature of the proposed new rate plan is to encourage voluntary water conservation by members.

Proposed Rate Increases:

Increase residential base rate by $12.00 to $82/mo. ($0.40 per day increase).
0 to 4,000 gallons - No Change, $2.70 per thousand gallons
4,001 to 8,000 gallons – increase from $3.38 to $5.07 per thousand gallons
8,001 to 20,000 gallons – increase from $4.05 to $7.09 per thousand gallons
20,001 plus gallons – increase from $4.73 to $9.46 per thousand gallons

Horn Exhibit 1

The commercial base rate will increase from $200 to $400.

Here are some example water bills calculated under the new rates for various monthly metered residential water consumptions:

Metered Water	Base Rate	0-4000 gal	4001-8000gal	8001-20,000gal	20,000 plus gal	State Tax	Monthly Bill
2,000gal	$82	$5.40				$ .44	$87.84
6,000gal	$82	$10.80	$10.14			$ .51	$103.46
10,000gal	$82	$10.80	$20.28	$14.18		$ .64	$127.90
22,000gal	$82	$10.80	$20.28	$85.08	$18.92	$ .85	$218.17
40,000gal	$82	$10.80	$20.28	$85.08	$189.20	$1.94	$389.30

The Board plans to approve a new rate plan at the next regular public meeting, August 11, 2015, Tuesday, beginning at 5:30pm in the Arrowhead Bank Conference Room. In the meantime we solicit comment and feedback from members regarding the above proposed new rates and, as always, members are welcome to attend the meeting and to speak to the Board.

Sincerely,
The Board of Directors,

Kathy Gage, President

Kim Sprouse, Vice President

Brad Everett, Secretary-Treasurer

Jim Brozo

Diane Wood

Mike Moorehead

Roger Whatley

3-3-2015
72.98

April 1
72.52

Jan15

METER READINGS		WATER
Previous	Current	Gallons
168510	169230	720

Old Bal.	Tax	Late Fee	Water
0.00	0.36	0.00	71.94

Debt	Credit	TOTAL
0.00	0.00	$72.30

Payment is due in the office by Feb 15
Next meeting date is February 10, 2015
Report all leaks to 372-5348 Thank you!

Feb15

METER READINGS		WATER
Previous	Current	Gallons
169230	170200	970

Old Bal.	Tax	Late Fee	Water
0.00	0.36	0.00	72.12

Debt	Credit	TOTAL
0.00	0.00	$72.48

Payment is due in office by March 15
Next Board meeting is March 10, 2015
Report all leaks to 372-5348 Thank you!

Mar15

METER READINGS		WATER
Previous	Current	Gallons
170200	171000	800

Old Bal.	Tax	Late Fee	Water
0.00	0.36	0.00	72.16

Debt	Credit	TOTAL
0.00	0.00	$72.52

Payment is due in office by April 15
Next meeting date is April 8
Report all leaks to 372-5348. Thank you!

6-1-2015
71.95

7-5-2015

Apr15

METER READINGS		WATER
Previous	Current	Gallons
171000	171540	540

Old Bal.	Tax	Late Fee	Water
0.00	0.36	0.00	71.46

Debt	Credit	TOTAL
0.00	0.00	$71.82

Payment is due in the office by May 15
Next meeting date is May 12
Report all leaks to 372-5348.Thank you!

May15

METER READINGS		WATER
Previous	Current	Gallons
171540	172130	590

Old Bal.	Tax	Late Fee	Water
0.00	0.36	0.00	71.59

Debt	Credit	TOTAL
0.00	0.00	$71.95

Payment is due in the office by June 15
Next meeting date is June 9
Report all leaks to 372-5348.Thank you!

Jun15

METER READINGS		WATER
Previous	Current	Gallons
172130	172660	530

Old Bal.	Tax	Late Fee	Water
0.00	0.36	0.00	71.43

Debt	Credit	TOTAL
0.00	0.00	$71.79

Payment is due in office by July 15
2014 CONSUMER CONFIDENCE REPORT IS AVAILABLE UPON REQUEST!!!!!!!!!!

Horn Exhibit 2

TRWA RATE ANALYSIS CALCULATION

EPA SPONSORED WATER WORKSHOPS

Setting Proper Rates is an important part of maintaining a healthy and viable water system.

There are **FIVE** Basic Principles to setting rates.

1. Revenues should cover costs.

   a. Be conservative when estimating revenues.
   b. Include ALL anticipated costs, including contingencies

2. Rates should be based on the needs of **YOUR** system.

   a. Not based on rates of near-by systems.
   b. Remember each system is unique.

3. Rates should be **Fair and Equitable.** ←

   a. Customers using more capacity should pay more of the costs.
   b. Impact should be considered.

4. Rate Structure should be **Easy to Understand.**

5. Small and Regular Rate increases are better than large overdue Increases.

Types of Rates

There are **FOUR** primary types of Rates Structures.

1. **Blanket** rate or One charge rates.
2. **Declining Block** Rate.
3. **Uniform** Rate.
4. **Increasing Block** Rate.

Horn Exhibit 3

Blanket Rates are the simplest form of rate structure. All customers are charged the same rate per month no matter how much water they use. This rate structure rates poorly in **income vs. expenses, conservation, and customer fairness.**

In **Declining Rate Structures** units of water cost less as more water is used. This rate structure while being surprisingly common is becoming less popular in drought-common areas of the country. While this structure is better than the blanket rate in *income vs. expenses* it may not provide enough income to cover unexpected demands. This rate structure actually discourages conservation and may not be considered fair to small users who end up paying more per unit of water.

Uniform Rate Structures are common and the easiest metered rate structure to calculate. If set properly, this structure should allow the system to keep up with customer demands and expenses providing a good *income vs. expense* ratio. Conservation is good and waste is not rewarded. The Uniform rate structure is probably the most fair structure to all categories of customers.

Uniform Rates can be structured so each category of customer pays a different rate. An example is residents pay $2.00 per thousand gallons, while industrial customers pay $3.00 per thousand gallons. This difference in customer costs may be based on size of the meter.

Inclining Rates are structured in a manner where cost per unit of water increases as the usage increases. Inclining rates are an excellent way to increase income as expenses increase due to higher demand. Conservation is promoted better than by any other rate structure. Inclining rates may be considered unfair and unreasonable by large users. This Rate is favored by the Texas Water Development Board to reduce waste.

Designing Water Rate Structures for Conservation & Revenue Stability

Mary Tiger
Jeff Hughes
Shadi Eskaf
February 2014

UNC Environmental Finance Center
Sierra Club Founded 1892

Horn Exhibit 4

Part I. Considerations for Strategic Pricing for Water Utilities in Texas

First and foremost, water utilities set rates to balance budgets.

Revenue sufficiency is the primary financial objective for most water utilities that operate as enterprises. They must be financially self-sufficient, recovering not only the cost of daily operations but also funding capital improvements to fulfill their central public health mission. They strive to design rate structures and set rate levels in a manner that equitably charges a customer based on the cost-of-service. However, rates and rate structures can go well beyond these main objectives and provide an excellent avenue to help a utility achieve some of its goals and policies.

Some of the more prevalent secondary objectives of water pricing are:

- ***Conservation Promotion***: The amount that customers pay for water service acts as a price signal, often encouraging the customers to decrease consumption. A utility charging high rates typically discourages large volume use among many residential customers. In fact, many utilities in Texas have adopted increasing block rate structures (where the rate increases with increasing block rates of usage). The rationale behind conservation-oriented rates is that customers using a lot of water or those with large seasonal variations in consumption should pay their fair share, since distribution networks are sized to meet peak demands.

- ***Affordability:*** Ensuring that water is affordable to a community for basic services is a priority of many utilities and their governing boards. A "lifeline" rate as part of an increasing block rate structure, as well as low base charges, is a method employed by utilities to meet this objective. Maintaining "affordable" rates should almost never take precedence over charging rates that are necessary to recover the full costs of service. Artificially maintaining low rates will lead to deferring maintenance, rehabilitation and replacement, deteriorating infrastructure and creating public health hazards in the future, as well as masking the true cost (and value) of water. There are financial tools that can be used to maintain affordability for basic water needs while meeting the full cost of service.

- ***Economic Development:*** Utilities may strive to attract new or maintain existing commercial customers through water rates to foster greater community benefit. Historically, water utilities have done this with low rates targeted at very high levels of consumption that no household or average commercial customer would use.

- ***Short-Term Revenue Stability***: Year to year, most water utilities in Texas rely on revenue from water consumption charges to cover the predominantly fixed costs of the utility. Yet water consumption can vary and is on the decline for many utilities, undermining water utility revenue stability – which some are calling the "new normal."

Other objectives, such as ease of customer understanding, are explored in further detail in the "Recommended Reading" section of this report.

Consumption Allowance with Base Charge

In order to offset some of the burden of high base charges on their customers, utilities sometimes include a minimum consumption allowance with the base charge such that any use within the consumption allowance is "already paid for" by the base charge. As with base charges, the higher the amount included in the consumption allowance, the less sensitive the total bill will be to water use reductions, and the less conservation-oriented the rate structure will be.

Unlike with base charges however, the utility has no revenue stability incentive to include higher amounts of water in the consumption allowance. In fact, the more water is included in the consumption allowance, the less revenue the utility can expect to collect from the majority of its customers if the base charge is not adjusted similarly.

Volumetric Rate Structure

Water utilities use a variety of volumetric rate structure types. Volumetric rates are those charged based on a customer's water use. The most common are uniform rates (often called flat rates), increasing block rates and decreasing block rates.

Uniform rate structures charge the same rate, no matter what level of consumption. They are relatively simple to implement and communicate. Increasing block rate structures are volumetric rates that increase with increasing block rates of consumption; decreasing block rate structures are volumetric rates that decrease with increasing block rates of consumption. Water utilities should avoid using decreasing block rate structures for residential consumption.

Additionally, some utilities adopt different volumetric rate structures for summer months than in the rest of the year. This discourages residents from increasing use significantly during the summer months when the majority of irrigation occurs. Seasonal rates are also appropriate for seasonal communities where demand for water is high in certain months and very low in others. The utility manager should select the type of rate structure that best fits the primary rate setting objectives.

SOAH DOCKET NO. 582-09-0660
TCEQ DOCKET NO. 2008-1481-UCR

APPLICATION OF NORTH SAN SABA WATER SUPPLY CORPORATION TO CHANGE ITS WATER RATES UNDER CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 11227 IN SAN SABA COUNTY	§	**BEFORE THE STATE OFFICE**
	§	
	§	**OF**
	§	
	§	**ADMINISTRATIVE HEARINGS**

THE EXECUTIVE DIRECTOR'S DIRECT TESTIMONY OF

HEIDI GRAHAM TCEQ Engineer
UTILITIES & DISTRICTS SECTION
WATER SUPPLY DIVISION

Horn Exhibit 5

and 2008 and the revenue requirement provided to me by Ms. Perryman. (attached and labeled as Exhibit ED-HG-1; Attachment 9, Exhibit ED-HG-1; Attachment 2).

Q. What revenue requirement did you use in your rate analysis?

A. I used an annual revenue requirement of $190,749, as calculated by Ms. Perryman.

Q. Has the WSC provided any water consumption information?

A. Yes. However, portions of the information were incomplete, inconsistent and appeared to be inaccurate. I used the monthly meter reading totals for the test year production and the monthly gallons billed totals for the test year gallons billed. I have attached a copy of the water consumption report provided by the WSC (attached and labeled as Exhibit ED-HG-1; Attachment 9).

Q. What additional information do you need to analyze and recommend a water rate?

A. I need the total number of water connections, gallons purchased or pumped and gallons billed. Ms. Perryman could then verify the revenue requirements of the WSC with the supporting documentation. I could then determine whether the amount of revenue generated by the WSC's connections exceeds the verified annual revenue amount. If the revenue generated from the set rate does not exceed the annual revenue requirement, the set rate is just and reasonable.

Q. Does the revenue generated from your analysis exceed the utility's annual revenue requirement as recommended by Ms. Perryman?

A. Yes. For 220 connections and using the base rate of $59.75 per month for water including zero gallons and the first tier of the gallonage rate for water of $2.70 per 1,000 gallons, the revenue generated is $232,803 which exceeds the revenue requirement of $190,749 calculated by Ms.

Perryman. Due to the water consumption data inconsistencies, I used the test year gallons billed, to calculate the revenue generated. (attached and labeled as Exhibit ED-HG-1; Attachment 10)

Q. Did you calculate a rate based on Ms. Perryman's revenue requirement?

A. Yes. Based on the revenue requirement of $190,749 and 220 connections and assuming total gallons billed of 27,801,000, I calculated a base rate of $43.82 including zero gallons and $2.70 per 1,000 gallons gallonage rate.

Q. Do you have a recommendation regarding North San Saba's proposed rate?

A. Yes. Based on the information provided, North San Saba WSC cannot justify their rate increase. Therefore, I recommend that the rate increase be denied at this time. I also recommend that the North San Saba WSC be required to refund any money collected for the water rate increase. The refunds should be applied as a credit on each customer's bill over the same time period that the rates were collected.

Q. Does this conclude your direct, prefiled testimony?

A. Yes, but I reserve the right to supplement this testimony during the course of the proceeding as new evidence is presented.

EXHIBIT WSC 12

2009 WATER REVENUE REQUIREMENT & RATE DESIGN

North San Saba WSC

REVENUE REQUIREMENT BUDGET/COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
Advertising	193	100	193	0	0
Flield Work , Contract - Total	71,412	100	71,412	0	0
Fees - Total	3,588	100	3,588	0	0
Insurance	5,000	100	5,000	0	0
Office Supplies& expense	4,801	90	4,321	10	480
Office Employee pay	10,200	100	10,200	0	0
Postage	2,244	90	2,020	10	224
Professional Services - Total	13,770	75	10,328	25	3,443
Repairs - Total	21,974	75	16,481	25	5,494
Field Supplies - Total	12,037	75	9,028	25	3,009
Utilities - Total	10,950	75	8,213	25	2,736
Water Purchased	54,619	100	54,619	0	0
Water Testing	3,149	100	3,149	0	0
Install Flow Meters	7,500	100	7,500	0	0
Depreciation Expense	44,506	100	44,506	0	0
SUB-TOTAL (LESS FIT & RETURN)	265,943		250,555		15,387
% OF TOTAL (FIXED + VARIABLE)		0.92		0.06	
PRINC. & INTEREST - WATER	40,488		37,249		3,239
Meet TCEQ Requirements(Pressure)	20,000				
Meet TCEQ Requirements(Mix Water)	49,950				
Replace leaky pipe(5 mi/yr)($80,000/yr)	80,000				
MAINTENANCE & CIP RESERVE	0		0.00		0.00
LESS OTHER REVENUE	-$255		-234.60		-20.40
TOTAL	$456,126		$287,570		$18,606

RATE CALCULATION							
GALLONAGE CHARGE							PROPOSED RATE
Variable Cost/Test Year Gallons/1,000 ==========>	0.70	/TH.GAL.			USE ->	$2.70	/TH.GAL.
MINIMUM BILL							
Fixed Cost/12/Customer Equivalents ==========>	79.09	/MO.			YIELDS ->	$105.65	/MO.
Avg. Test-Yr Customer Equivalents = 303	79.09	/MO. incl. min. gallons				105.65	/MO. Incl. m
Gallons Included in Minimum Bill = 0							
Test Year Gallons Billed (x 1,000) = 26,661							
REVENUES GENERATED:							

Connection Size	# of Connections	Min. Bill	Minimum Bill Including Gals	Rev./Month	Rev./Year
5/8", 3/4"	303	$105.65	$105.65	$32,012	$384,141
1"	0	$ 264.12	$ 264.12	$0	$0

Horn Exhibit 6

1-1/2"			0		$ 528.25	$ 528.25	$0		$0			
2"			0		$ 845.19	$ 845.19	$0		$0			
2-1/2"			0		$ 1,267.79	$ 1,267.79	$0		$0			
3"			0		$ 1,690.39	$ 1,690.39	$0		$0			
4"			0		$ 2,641.23	$ 2,641.23	$0		$0			
6"			0		$ 5,282.46	$ 5,282.46	$0		$0			
	GALLONAGE CHARGES=>				TOTAL MINIMUM CHARGES=>				$384,141			
			TOTAL REVENUE GENERATED=>		26,661	@	$2.70	/1,000 GAL	71,985			
									$456,126			
NOTES:												

2

The following will be published in the San Saba News and a Newspaper with general circulation in the state for 3 consecutive weeks before the date that the bids are opened. It should also be published in at least 1 Trades Journal and listed on a web site.

INVITATION FOR BIDS

The North San Saba Water Supply Corporation (NSSWSC) is taking competitive bids for the management, operation, and maintenance of their system. NSSWSC is an equal opportunity employer.

The bids will be received starting at 9:00 am on the ___ day of ___, 2010 and closing on the ___ day of ___, 2010 at 4:00 pm at the Agro Fuel office in San Saba, Texas. Immediately after the bid closing time the bids will be publicly opened and read aloud. It is intended that a contract be awarded at the next regularly scheduled NSSWSC board of directors meeting.

Following is a brief description of the system and the job. For any contractor who is interested in this job, a bidder's packet can be picked up at the Agro Fuel's office located 1.5 miles East of San Saba, Texas on US 190. See Cindy Whitney, Phone Number 325-372-5348.

Name and mailing address: North San Saba Water Supply Corporation.
P O Box 598
San Saba, Texas 76877
Location: the system serves North Central and Northeast San Saba County.
Number of meters: Approximately 303 active meters.
Number of miles of pipe: Approximately 70 miles.
Water sources: 2 wells plus the city of San Saba.
System Equipment: 3 towers, 2 well pumps, a pressure pump, a pump station, chemical treatment equipment and a SCADA (Supervisory Control and Data Acquisition System) system. Also a computer and various peripherals.

Brief Job Description:

Manage the water system operations and maintenance including but not limited to; well operations, water treatment operations, and the distribution system, to ensure a safe reliable system.
Monitor the system performance and perform or oversee record-keeping to ensure the NSSWSC is in compliance with all state and federal regulations.
Be onsite during major repairs to the NSSWSC wells, towers and pump stations.
Perform necessary/various repairs to the NSSWSC distribution system.
Ensure water tight (no leaks) plants---wells, pump station, pressure pump, chemical treatment equipment, etc.

Horn Exhibit

general farm use and domestic purposes to individuals residing in those rural communities situated in the northern portion of San Saba County, Texas.

Question: Can we have an understanding Mr. Hibler that when I refer to "North San Saba", that I am referring to North San Saba Water Supply Corporation?

Answer: Yes.

Question: Is North San Saba a for-profit corporation?

Answer: No, it is a non-profit corporation.

Question: Mr. Hibler, I am now handing you what has been marked as WSC Exhibit 1, and I ask you if you can identify the document for the record?

Answer: Yes, it is a certified copy of the articles of incorporation for North San Saba.

Offer: At this time Your Honor, WSC offers WSC Exhibit 1 into evidence.

Question: Has North San Saba been in continuous operation since it was formed?

Answer: Yes.

Questions: You understand we are here today because Mr. Charles Terry and Ms. Susan Rios have appealed the water rates set by the Board of Directors for North San Saba on August 5, 2008?

Answer: Yes.

Question: Are Mr. Terry and Ms. Rios both members of North San Saba?

Answer: Yes.

Question: In August of 2008, how many members did North San Saba have?

Answer: Approximately 303.

Question: Who were the officers for North San Saba as of August 5, 2008?

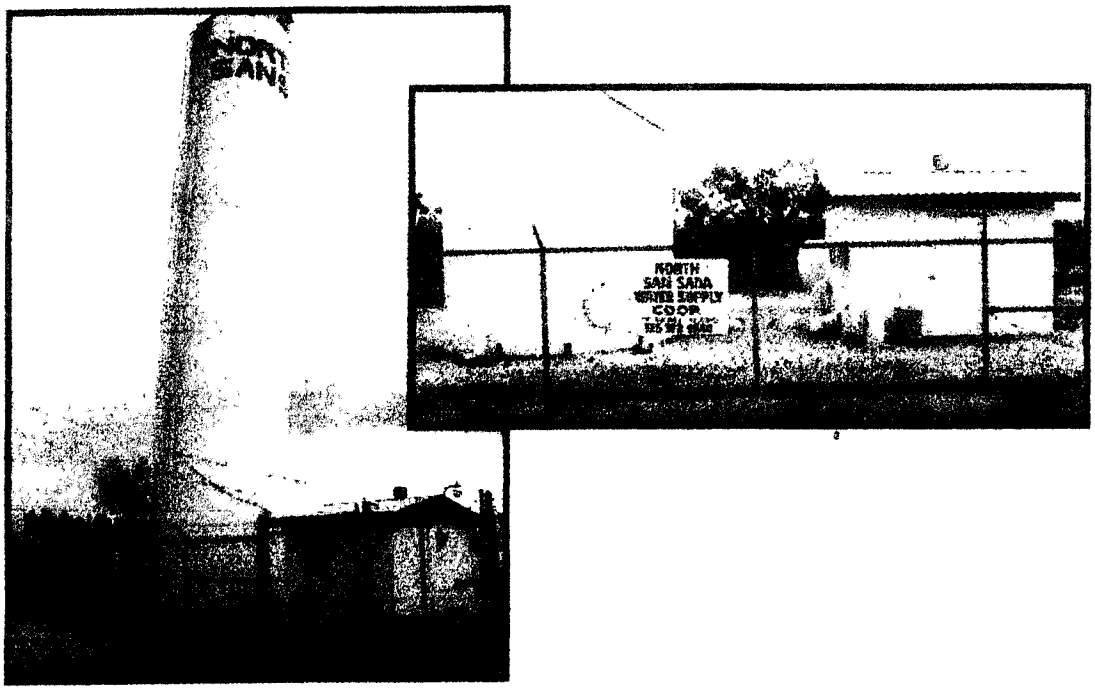
Horn Exhibit 8

DRAFT FEASIBILITY REPORT
FEASIBILITY ANALYSIS OF WATER SUPPLY FOR SMALL PUBLIC WATER SYSTEMS

NORTH SAN SABA
PWS ID# 2060003, CCN# 11227

Prepared for:

THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



Prepared by:

THE UNIVERSITY OF TEXAS BUREAU OF ECONOMIC GEOLOGY

AND

PARSONS

Preparation of this report was financed by the Texas Commission on Environmental Quality through the Drinking Water State Revolving Fund Small Systems Assistance Program

AUGUST 2010

Horn Exhibit 9

EXECUTIVE SUMMARY

INTRODUCTION

The University of Texas Bureau of Economic Geology (BEG) and its subcontractor, Parsons Transportation Group Inc. (Parsons), was contracted by the Texas Commission on Environmental Quality (TCEQ) to conduct a project to assist with identifying and analyzing alternatives for use by Public Water Systems (PWS) to meet and maintain Texas drinking water standards

The overall goal of this project was to promote compliance using sound engineering and financial methods and data for PWSs with recently recorded sample results exceeding maximum contaminant levels (MCL). The primary objectives of this project were to provide feasibility studies for PWSs and the TCEQ Water Supply Division, which evaluates water supply compliance options, and to suggest a list of compliance alternatives that may be further investigated by the subject PWS for future implementation.

This feasibility report provides an evaluation of water supply alternatives for the North San Saba Water Supply Corporation; PWS ID# 2060003 and Certificate of Convenience and Necessity #11227). The North San Saba Water Supply Corporation is located approximately 8 miles northwest of Lampasas, Texas in San Saba County. The North San Saba PWS is a community water system serving a population of 909 with 303 active connections. The water source for the North San Saba PWS comes from two groundwater wells completed in the Hickory aquifer, Well #1 (G2060003A) and Well #2 (G2060003B), to depths of 3488 and 3518 feet, respectively. Well 1 is rated at 70 gallons per minute (gpm) and Well 2 is capable of 10 gpm. Recently, Well #1 was acidified which increase the capacity from approximately 15 gpm to 70 gpm. This allowed Well #2 to be taken off line since the well has high levels of combined radium and gross alpha. It is unknown how much this affected the concentrations of combined radium gross alpha particle activity (gross alpha). Nevertheless, two water samples collected from Well #1 on May 20, 2008 were compliant with the gross alpha and combined radium MCLs. Additional laboratory tests are needed to verify that Well #1 has compliant water.

During the period of July 1998 to December 2008, the North San Saba PWS recorded gross alpha (minus uranium and radon) values between 15 picocuries per liter (pCi/L) and 389.5 pCi/L and combined radium (226 and 228) values were 2.7 pCi/L to 163.5 pCi/L. These values are at or above the 15 pCi/L MCL for gross alpha and 5 pCi/L MCL for combined radium (USEPA 2010a; TCEQ 2008a). Total dissolved solids (TDS) have also been detected in concentrations of 454 mg/l to 1409 mg/l, between January 2000 and December 2008, exceeding the secondary MCL of 500 milligram per liter (mg/L) (USEPA 2010a; TCEQ 2008b). Therefore, it is likely the North San Saba PWS faces potential compliance issues under the standards.

Basic system information for the North San Saba PWS is shown in Table ES.1.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

DOCKET # 36160-A UTILITY: North San Saba WSC

Printed on: 10-Dec-09 time: 1:37 PM *version: 20070403*

REVENUE REQUIREMENT

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES	$0.00	50	$0.00	50	$0.00
CONTRACT SERVICES	$23,526.67	90	$21,174.00	10	$2,352.67
PURCHASED SERVICE	$31,691.33	0	$0.00	100	$31,691.33
CHEMICALS AND TREATMENT	$1,761.84	0	$0.00	100	$1,761.84
UTILITIES	$15,183.66	0	$0.00	100	$15,183.66
REPAIRS AND MAINTENANCE	$62,092.42	50	$31,046.21	50	$31,046.21
OFFICE EXPENSE	$6,286.58	50	$3,143.29	50	$3,143.29
ACCOUNTING & LEGAL	$5,796.50	100	$5,796.50	0	$0.00
INSURANCE	$5,799.17	100	$5,799.17	0	$0.00
RATE CASE EXPENSE	$0.00	100	$0.00	0	$0.00
MISCELLANEOUS	$1,612.75	50	$806.38	50	$806.38
DEPRECIATION/CASH RESERVE	$36,997.71	100	$36,997.71	0	$0.00
TAXES OTHER THAN INCOME	$0.00	100	$0.00	0	$0.00
			$0.00	100	$0.00
			$0.00	100	$0.00
SUB-TOTAL (LESS FIT & RETURN)	190,749		$104,763		$85,985
% OF TOTAL (FIXED + VARIABLE)		0.55		0.45	
FEDERAL INCOME TAXES	0		0		0
RETURN	0		0		0
LESS OTHER REVENUES	0		0		0
TOTAL	$190,749		$104,763		$85,985

APPLICANT'S REQUESTED RATES		
Minimum bill:		
(includes	0 gallons)	
	5/8 x 3/4"	$59.75
	3/4"	
	1"	
	1-1/2"	
	2"	
	3"	
	4"	
	6"	
Gallonage rate:		
	$2.70 /1,000 gallons	
Rev. Reqes'd:		
Rev. Gen'd :		$232,803

RATE CALCULATION

Calculating a flat rate? N

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 ==========> $3.09 /TH.GAL.

MINIMUM BILL

Fixed Cost/12/Connection Equivalents ==========> $39.68 /MO.

220

$39.68 /MO. incl. min. gallons

STAFF'S PROPOSED RATE		
USE ->	$2.70	/TH.GAL.
YIELDS ->	$43.82 /MO.	
	43.82 /MO. incl. min. gallons	
ANNUAL REVENUE GENERATED:		$190,749

REVENUE GENERATED SUMMARY:

		Minimum Bill			
Connection Size	# of Connections	Min. Bill	Including Gals	Rev./Month	Rev./Year
5/8x3/4"	220	43.82	$43.82	$9,640	$115,686
3/4"	0	65.73	65.73	0	0
1"	0	109.55	109.55	0	0
1-1/2"	0	219.10	219.10	0	0
2"	0	350.56	350.56	0	0
3"	0	657.31	657.31	0	0
4"	0	1095.51	1095.51	0	0
6"	0	2191.02	2191.02	0	0

TOTAL MINIMUM CHARGES=>			$115,686
GALLONAGE CHARGES=>	27,801 @	$2.70 /1,000 GAL	75,063
TOTAL REVENUE GENERATED=>			$190,749

Attachment 10

Horn Exhibit 10

3-10-2016

Calc.

1

Fixed Cost		Variable Cost			
Meters	**Fixed Rate**	**Gallons** (1000 gal Units)	**Usage Rate**	Total	
220	$ 59.75	27,801	$ 2.70	$ 232,803	Revenue Generated
				$ 190,749	Revenue Requirment
				$ 42,054	per year overcharge

Hence - Reduce rates

2

303	$ 59.75	27,801	$ 2.70	$ 292,314	Revenue Generated
				$ 101,565	per year overcharge

3

Variable Cost	Annual usage	Usage Rate	
$ 85,985	27,801	$ 3.09	per 1000 gal

4

Meters	Fixed Cost	Fixed Rate	
220	$104,763	$ 39.68	per meter

5

303	$ 104,763	$ 28.81	per meter
		$ 10.87	Difference

For the Revenue Requirement of $190,749			$ Per Meter	
6 220	$ 27,801	$ 2.70	$ 43.82	per month

7

303	$ 27,801	$ 2.70	$ 31.82	per month
			$ 12.00	Diff.

Meters	Fixed Rate	Usage Gallons	Usage Rate		
8 303	$ 70.00	27,801	$2.70	$ 329,583	Revenue Generated
				$ 190,749	Revenue Requiredment
				$ 138,834	per year overcharge

9

$ 833,002 over 6 years

$ 2,749 per meter

Exhibit 11

North San Saba Water Supply Corp.

Directors Meeting
December 8, 2009
7:000 p.m.
Rylander Library

The Board of Directors of the North San Saba Water Supply Corp. met in a Directors meeting Tuesday, October 6, 2009 at 7:00 p.m. at Rylander Library.

Directors Present:

Mark Martin – President
Wayne Blaylock – Vice President
John (Buddie) Oliver – Secretary/ Treasurer
Jan Huffstetler
Reagan Maxcey
Don Van Gorp
Regan Kirk

Meeting was called to order by Mark Martin.

Minutes of the Director's meeting on November 3, 2009 were read by Cindy Whitney. Minutes were approved.

Motion was made by Don Van Gorp to accept and pay bills, seconded by Regan Kirk with the exception of the contribution fees on TWRA bill. Motion passed. It was also requested to get a breakdown of the costs on the Leonard Water Services bill.

Buddie Oliver gave the Treasures report. Report approved.

Phillip Givens from TCEQ addressed the meeting on the rate study. He explained that he had come down and met with Buddie Oliver and Wayne Blaylock in Mark's office and gathered all the information needed to produce this rate calculation study and show how the different various rates would work and how the rate increase would reflect in the NSSWSC revenue.

Darrell Spinks addressed the meeting giving an update on the lawsuit. He explained why his bill was so high this month. He has been busy drafting on pre-filed testimony, conference calls with members of TCEQ, Protestants of the case also drafting responses on the interrogatories. The pre-hearing has been set for Dec. 21, 2009 in Austin. Darrell also stated that he had been in contact with the Protestants in this case and asked about mediation and they would not agree to this. Susan Rios addressed Darrell and asked why this was being called a lawsuit instead of a hearing, and Darrell explained it was the same thing.

Horn Exhibit 12

Mark Martin opened the floor for discussion on the rate increase. Mark made the motion to increase the water rates to $70.00, with the increase starting on December 25th, 2009 which would reflect in the January 2010 billing. Don Van Gorp made the motion to approve, seconded by Reagan Maxcey. Unanimous vote, none opposed with all Directors present.

Based on our attorney's advice a motion was made to refund a percentage of the customer's bills beginning August 2008 to the present due to the rate increase that was implemented in August 2008. Then an assessment will be made to the customers to off-set this refund. Wayne Blaylock moved to accept, Buddie Oliver seconded. Unanimous vote, none opposed with all Directors present.

Mark requested a short recess.

Wayne Blaylock put meeting back to order.

Deana Sealy was asked to give an update on the grants. She informed the directors that she needed volunteers to go to Austin to the TWRA meeting, December 14, 2009. Buddie Oliver, Wayne Blaylock, Jan Huffstetler and Don Van Gorp volunteered to go and represent the NSSWSC.

Deana also updated the NSSWSC Drought Contingency Plan and Water Conservation Plan. Motion was made by Buddie Oliver to accept, seconded by Jan Huffstetler. Motion passed.

Buddie Oliver was asked to check and get estimates on having the NSSWSC income taxes filed.

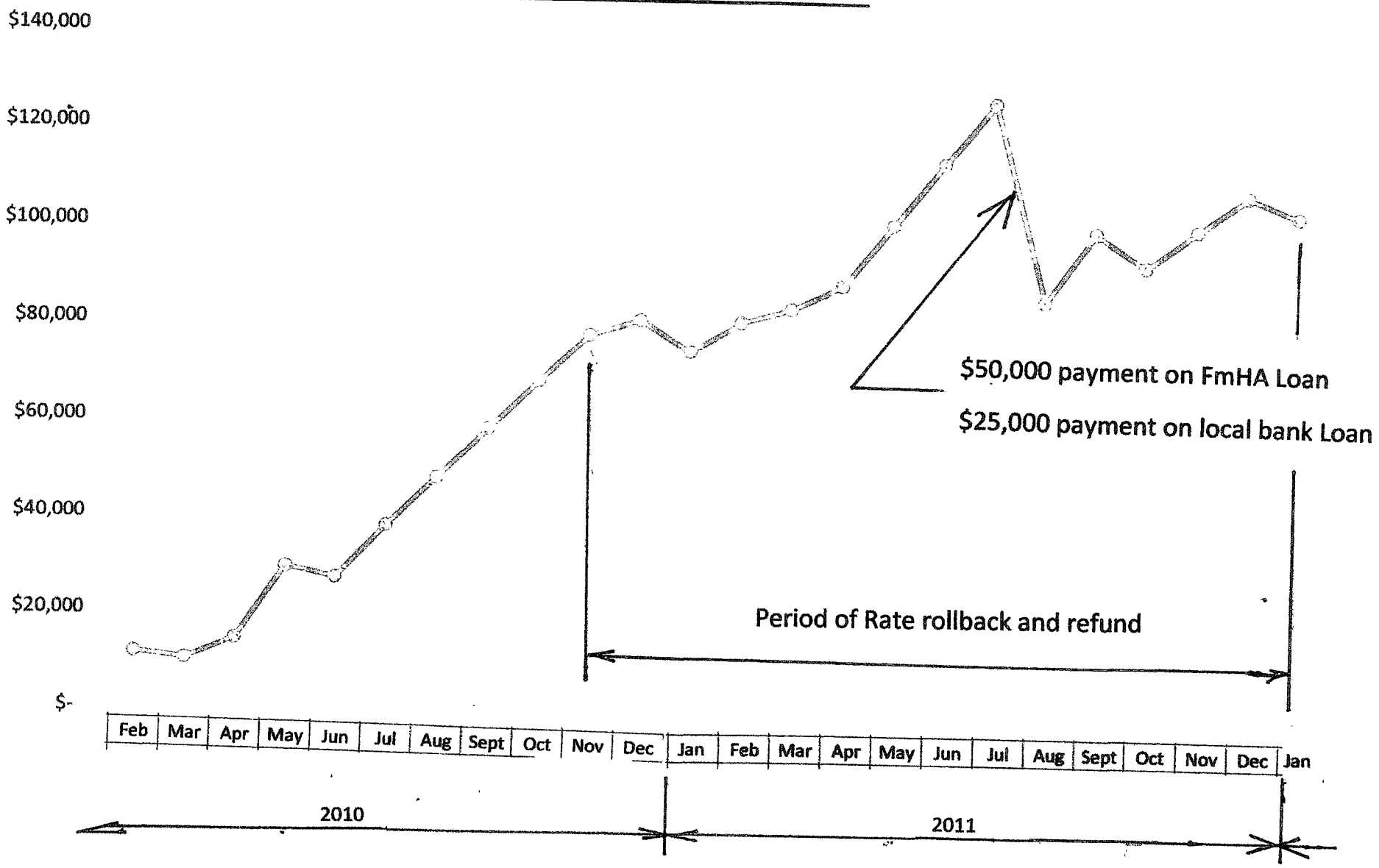
Ross Cox addressed the board about a leak and his bill. He showed the board the pipe that had to be taken out to get the leak fixed. Asked about getting part of his bill credited to his account due to the fact he did not believe the leak was totally his fault. Ross thanked the board for listening and said he was leaving to let them discuss this matter. The board decided they did not find that the water usage was valid and he would pay the bill.

The motion was made by Reagan Maxcey to approve a pay raise for Cindy Whitney from $600.00 a month to $850.00 beginning in January 2010. Motion was seconded by Buddie Oliver. Motion passed.

Jerilyn McKinney gave her managers report and requested that she be able to order about 20 meter boxes. Board approved.

Motion was made Wayne Blaylock to adjourn, seconded by Regan Kirk. Meeting adjourned.

NSSWSC Checking Account



Horn Exhibit 13

9:37 AM
03/03/10
Accrual Basis

North San Saba Water Supply Corp.
Balance Sheet
As of February 28, 2010

	Feb 28, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	11,419.66
Total Checking/Savings	11,419.66
Other Current Assets	
Reserve Savings	39,497.06
Total Other Current Assets	39,497.06
Total Current Assets	50,916.72
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	**1,759,100.72**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	11,016.72
Payroll Liabilities	821.00
Total Other Current Liabilities	816,393.72
Total Current Liabilities	816,393.72
Long Term Liabilities	
FMHA LOAN	467,264.00
Total Long Term Liabilities	467,264.00
Total Liabilities	1,283,657.72
Equity	
Opening Bal Equity	433,084.06
Unrestricted Net Assets	39,529.17
Net Income	2,829.77
Total Equity	475,443.00
TOTAL LIABILITIES & EQUITY	**1,759,100.72**

04/07/10
Accrual Basis

Balance Sheet
As of March 31, 2010

	Mar 31, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	10,069.35
Total Checking/Savings	10,069.35
Other Current Assets	
Reserve Savings	39,500.41
Total Other Current Assets	39,500.41
Total Current Assets	49,569.76
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	**1,757,753.76**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	10,129.13
Payroll Liabilities	747.41
Total Other Current Liabilities	815,432.54
Total Current Liabilities	815,432.54
Long Term Liabilities	
FMHA LOAN	465,916.25
Total Long Term Liabilities	465,916.25
Total Liabilities	1,281,348.79
Equity	
Opening Bal Equity	433,084.06
Unrestricted Net Assets	39,529.17
Net Income	3,791.74
Total Equity	476,404.97
TOTAL LIABILITIES & EQUITY	**1,757,753.76**

North San Saba Water Supply Corp.
Balance Sheet
As of April 30, 2010

	Apr 30, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	14,310.89
Total Checking/Savings	14,310.89
Other Current Assets	
Reserve Savings	39,500.41
Total Other Current Assets	39,500.41
Total Current Assets	53,811.30
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	**1,761,995.30**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	10,129.13
Payroll Liabilities	979.20
Total Other Current Liabilities	815,664.33
Total Current Liabilities	815,664.33
Long Term Liabilities	
FMHA LOAN	464,754.80
Total Long Term Liabilities	464,754.80
Total Liabilities	1,280,419.13
Equity	
Opening Bal Equity	433,084.06
Unrestricted Net Assets	39,529.17
Net Income	8,962.94
Total Equity	481,576.17
TOTAL LIABILITIES & EQUITY	**1,761,995.30**

Balance Sheet
As of May 31, 2010

	May 31, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	29,062.20
Total Checking/Savings	29,062.20
Other Current Assets	
Reserve Savings	39,507.01
Total Other Current Assets	39,507.01
Total Current Assets	68,569.21
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	1,776,753.21
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	10,129.13
Payroll Liabilities	678.85
Total Other Current Liabilities	815,363.98
Total Current Liabilities	815,363.98
Long Term Liabilities	
FMHA LOAN	463,524.74
Total Long Term Liabilities	463,524.74
Total Liabilities	1,278,888.72
Equity	
Opening Bal Equity	433,084.06
Unrestricted Net Assets	39,529.17
Net Income	25,251.26
Total Equity	497,864.49
TOTAL LIABILITIES & EQUITY	1,776,753.21

06/07/10
Accrual Basis

Balance Sheet
As of May 31, 2010

	May 31, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	29,062.20
Total Checking/Savings	29,062.20
Other Current Assets	
Reserve Savings	39,507.01
Total Other Current Assets	39,507.01
Total Current Assets	68,569.21
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	1,776,753.21
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	10,129.13
Payroll Liabilities	678.85
Total Other Current Liabilities	815,363.98
Total Current Liabilities	815,363.98
Long Term Liabilities	
FMHA LOAN	463,524.74
Total Long Term Liabilities	463,524.74
Total Liabilities	1,278,888.72
Equity	
Opening Bal Equity	433,084.06
Unrestricted Net Assets	39,529.17
Net Income	25,251.26
Total Equity	497,864.49
TOTAL LIABILITIES & EQUITY	1,776,753.21

07/12/10
Accrual Basis

Balance Sheet
As of June 30, 2010

	Jun 30, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	26,915 51
Total Checking/Savings	26,915 51
Other Current Assets	
Reserve Savings	39,507 01
Total Other Current Assets	39,507 01
Total Current Assets	66,422 52
Fixed Assets	
Buildings	1,021.00
Land	6,637 00
Office equipment	13 168.00
Pipeline system	717,121.00
Stand piprs	427,319 00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	1,774,606.52
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	8,832.81
Payroll Liabilities	910.64
Total Other Current Liabilities	814,299 45
Total Current Liabilities	814,299.45
Long Term Liabilities	
FMHA LOAN	462,353 14
Total Long Term Liabilities	462,353.14
Total Liabilities	1,276 652 59
Equity	
Opening Bal Equity	433,581 99
Unrestricted Net Assets	39 438 50
Net Income	24,933.44
Total Equity	497,953 93
TOTAL LIABILITIES & EQUITY	1,774,606.52

07/12/10
Accrual Basis

Balance Sheet
As of June 30, 2010

	Jun 30, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	26,915 51
Total Checking/Savings	26,915 51
Other Current Assets	
Reserve Savings	39,507.01
Total Other Current Assets	39,507.01
Total Current Assets	66,422.52
Fixed Assets	
Buildings	1,021 00
Land	6,637 00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	1,774,606.52
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	8,832 81
Payroll Liabilities	910.64
Total Other Current Liabilities	814,299.45
Total Current Liabilities	814,299 45
Long Term Liabilities	
FMHA LOAN	462 353 14
Total Long Term Liabilities	462,353.14
Total Liabilities	1,276,652 59
Equity	
Opening Bal Equity	433,581 99
Unrestricted Net Assets	39,438.50
Net Income	24,933.44
Total Equity	497,953 93
TOTAL LIABILITIES & EQUITY	1,774,606.52

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North San Saba Water Supply Corp.
Balance Sheet
As of July 31, 2010

	Jul 31, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	37 766.43
Total Checking/Savings	37,766.43
Other Current Assets	
Reserve Savings	39,512 38
Total Other Current Assets	39,512.38
Total Current Assets	77,278 81
Fixed Assets	
Buildings	1 021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121 00
Stand piprs	427,319 00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	1,785,462.81
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	8,832.81
Payroll Liabilities	1.142.45
Total Other Current Liabilities	814,531.26
Total Current Liabilities	814,531 26
Long Term Liabilities	
FMHA LOAN	461.113.23
Total Long Term Liabilities	461,113.23
Total Liabilities	1,275,644.49
Equity	
Opening Bal Equity	433,581 99
Unrestricted Net Assets	39.438.50
Net Income	36,797.83
Total Equity	509,818.32
TOTAL LIABILITIES & EQUITY	1,785,462.81

2:25 PM
09/08/10
Accrual Basis

North San Saba Water Supply Corp.
Balance Sheet
As of August 31, 2010

	Aug 31, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	53,057 16
Total Checking/Savings	53,057.16
Other Current Assets	
Reserve Savings	39,512.38
Total Other Current Assets	39,512.38
Total Current Assets	92 569 54
Fixed Assets	
Buildings	1 021 00
Land	6 637 00
Office equipment	13,168 00
Pipeline system	717,121.00
Stand piprs	427 319.00
Wells and pumps	542 918 00
Total Fixed Assets	1,708,184 00
TOTAL ASSETS	**1,800,753.54**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804.556 00
CNB note	6,888.42
Payroll Liabilities	768 10
Total Other Current Liabilities	812,212 52
Total Current Liabilities	812,212.52
Long Term Liabilities	
FMHA LOAN	459,931.38
Total Long Term Liabilities	459,931 38
Total Liabilities	1,272,143.90
Equity	
Opening Bal Equity	433,581 99
Unrestricted Net Assets	39,438 50
Net Income	55,589.15
Total Equity	528,609.64
TOTAL LIABILITIES & EQUITY	**1,800,753.54**

North San Saba Water Supply Corp.
Balance Sheet
As of September 30, 2010

	Sep 30, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	57,972.66
Total Checking/Savings	57,972.66
Other Current Assets	
Reserve Savings	39,512.38
Total Other Current Assets	39,512.38
Total Current Assets	97,485.04
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184 00
TOTAL ASSETS	**1,805,669.04**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	-11.31
Payroll Liabilities	1,219.70
Total Other Current Liabilities	805,764.39
Total Current Liabilities	805,764.39
Long Term Liabilities	
FMHA LOAN	458,744.52
Total Long Term Liabilities	458,744.52
Total Liabilities	1,264,508.91
Equity	
Opening Bal Equity	433,581.99
Unrestricted Net Assets	39,438.50
Net Income	68,139.64
Total Equity	541,160.13
TOTAL LIABILITIES & EQUITY	**1,805,669.04**

3:22 PM
11/05/10
Accrual Basis

North San Saba Water Supply Corp.
Balance Sheet
As of October 31, 2010

	Oct 31, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	67,913.98
Total Checking/Savings	67,913.98
Other Current Assets	
Reserve Savings	39,519.35
Total Other Current Assets	39,519.35
Total Current Assets	107,433.33
Fixed Assets	
Buildings	1,021.00
Land	6,637 00
Office equipment	13,168 00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918 00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	**1,815,617.33**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	-11.31
Payroll Liabilities	1,435.26
Total Other Current Liabilities	805,979.95
Total Current Liabilities	805,979.95
Long Term Liabilities	
FMHA LOAN	457,489.77
Total Long Term Liabilities	457,489 77
Total Liabilities	1,263,469.72
Equity	
Opening Bal Equity	433,581.99
Unrestricted Net Assets	39,438.50
Net Income	79,127.12
Total Equity	552,147.61
TOTAL LIABILITIES & EQUITY	**1,815,617.33**

Balance Sheet
As of November 30, 2010

	Nov 30, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	77,540.57
Total Checking/Savings	77,540.57
Other Current Assets	
Reserve Savings	39,519.35
Total Other Current Assets	39,519.35
Total Current Assets	117,059.92
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	**1,825,243.92**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	-11.31
Payroll Liabilities	1,637.30
Total Other Current Liabilities	806,181.99
Total Current Liabilities	806,181.99
Long Term Liabilities	
FMHA LOAN	456,292.53
Total Long Term Liabilities	456,292.53
Total Liabilities	1,262,474.52
Equity	
Opening Bal Equity	433,581.99
Unrestricted Net Assets	39,438.50
Net Income	89,748.91
Total Equity	562,769.40
TOTAL LIABILITIES & EQUITY	**1,825,243.92**

North San Saba Water Supply Corp.
Balance Sheet
As of December 31, 2010

	Dec 31, 10
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	80,820 42
Total Checking/Savings	80,820 42
Other Current Assets	
Reserve Savings	39,519 35
Total Other Current Assets	39,519 35
Total Current Assets	120 339 77
Fixed Assets	
Buildings	1,021 00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121 00
Stand piprs	427,319 00
Wells and pumps	542,918 00
Total Fixed Assets	1 708,184 00
TOTAL ASSETS	**1,828,523.77**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556 00
CNB note	-11 31
Payroll Liabilities	1,839.36
TCEQ Member Refund	~~97,444 24~~
Total Other Current Liabilities	903,828 29
Total Current Liabilities	903 828 29
Long Term Liabilities	
FMHA LOAN	454,417 36
Total Long Term Liabilities	454,417 36
Total Liabilities	1,358,245 65
Equity	
Opening Bal Equity	329,603 35
Unrestricted Net Assets	39,438 50
Net Income	101,236.27
Total Equity	470,278 12
TOTAL LIABILITIES & EQUITY	**1,828,523.77**

North San Saba Water Supply Corp.
Balance Sheet
As of January 31, 2011

	Jan 31, 11
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	74,305.50
Total Checking/Savings	74,305.50
Other Current Assets	
Reserve Savings	39,519.35
Total Other Current Assets	39,519.35
Total Current Assets	113,824.85
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	**1,822,008.85**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	-11.31
Payroll Liabilities	1,444.01
TCEQ Member Refund	85,278.82
Total Other Current Liabilities	891,267.52
Total Current Liabilities	891,267.52
Long Term Liabilities	
FMHA LOAN	453,209.67
Total Long Term Liabilities	453,209.67
Total Liabilities	1,344,477.19
Equity	
Opening Bal Equity	329,603.35
Unrestricted Net Assets	146,324.75
Net Income	1,603.56
Total Equity	477,531.66
TOTAL LIABILITIES & EQUITY	**1,822,008.85**

North San Saba Water Supply Corp.
Balance Sheet
As of February 28, 2011

	Feb 28, 11
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	80,506.58
Total Checking/Savings	80,506.58
Other Current Assets	
Reserve Savings	39 519 35
Total Other Current Assets	39,519.35
Total Current Assets	120,025 93
Fixed Assets	
Buildings	1,021 00
Land	6,637.00
Office equipment	13 168.00
Pipeline system	717.121.00
Stand piprs	427,319 00
Wells and pumps	542,918 00
Total Fixed Assets	1 708 184.00
TOTAL ASSETS	**1,828,209.93**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556 00
CNB note	-11 31
Payroll Liabilities	1,654 80
TCEQ Member Refund	79,077.35
Total Other Current Liabilities	885,276.84
Total Current Liabilities	885,276 84
Long Term Liabilities	
FMHA LOAN	451,996 85
Total Long Term Liabilities	451,996.85
Total Liabilities	1,337,273.69
Equity	
Opening Bal Equity	329,603.35
Unrestricted Net Assets	146,324 75
Net Income	15,008.14
Total Equity	490,936.24
TOTAL LIABILITIES & EQUITY	**1,828,209.93**

North San Saba Water Supply Corp.
Balance Sheet
As of March 31, 2011

	Mar 31, 11
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	83,393.73
Total Checking/Savings	83,393.73
Other Current Assets	
Reserve Savings	39,518.79
Total Other Current Assets	39,518.79
Total Current Assets	122,912.52
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	**1,831,096.52**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	-11.31
Payroll Liabilities	1,865.61
TCEQ Member Refund	72,744.44
Total Other Current Liabilities	879,154.74
Total Current Liabilities	879,154.74
Long Term Liabilities	
FMHA LOAN	450,592.88
Total Long Term Liabilities	450,592.88
Total Liabilities	1,329,747.62
Equity	
Opening Bal Equity	329,603.35
Unrestricted Net Assets	146,317.37
Net Income	25,428.18
Total Equity	501,348.90
TOTAL LIABILITIES & EQUITY	**1,831,096.52**

North San Saba Water Supply Corp.
Balance Sheet
As of April 30, 2011

	Apr 30, 11
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	88,201.48
Total Checking/Savings	88,201.48
Other Current Assets	
Reserve Savings	39,518 79
Total Other Current Assets	39 518.79
Total Current Assets	127.720 27
Fixed Assets	
Buildings	1,021 00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121 00
Stand piprs	427,319 00
Wells and pumps	542,918 00
Total Fixed Assets	1 708,184 00
TOTAL ASSETS	**1,835,904.27**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556 00
CNB note	-11 31
Payroll Liabilities	2,101.68
TCEQ Member Refund	66,893 96
Total Other Current Liabilities	873,540.33
Total Current Liabilities	873 540 33
Long Term Liabilities	
FMHA LOAN	449,368 96
Total Long Term Liabilities	449,368 96
Total Liabilities	1 322,909 29
Equity	
Opening Bal Equity	329,603 35
Unrestricted Net Assets	146,317 37
Net Income	37,074 26
Total Equity	512,994.98
TOTAL LIABILITIES & EQUITY	**1,835,904.27**

09/13/11
Accrual Basis

Balance Sheet
As of August 31, 2011

	Aug 31, 11
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	85,651.34
Total Checking/Savings	85,651.34
Other Current Assets	
Reserve Savings	39,528.03
Total Other Current Assets	39,528.03
Total Current Assets	125,179.37
Fixed Assets	
Buildings	1,021.00
Land	6,637 00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	1,833,363.37
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	-11.31
Payroll Liabilities	3,040 91
TCEQ Member Refund	42,755 20
Total Other Current Liabilities	850,340.80
Total Current Liabilities	850,340.80
Long Term Liabilities	
FMHA LOAN	394,297.05
Total Long Term Liabilities	394,297.05
Total Liabilities	1,244,637.85
Equity	
Opening Bal Equity	329,603.35
Unrestricted Net Assets	146,317.37
Net Income	112,804.80
Total Equity	588,725.52
TOTAL LIABILITIES & EQUITY	1,833,363.37

Basis

Balance Sheet
As of September 30, 2011

	Sep 30, 11
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	100,015.05
Total Checking/Savings	100,015.05
Other Current Assets	
Reserve Savings	39,531.81
Total Other Current Assets	39,531.81
Total Current Assets	139,546.86
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	13,168.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,708,184.00
TOTAL ASSETS	**1,847,730.86**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	-11.31
Payroll Liabilities	3,269.51
TCEQ Member Refund	37,557.72
Total Other Current Liabilities	845,371.92
Total Current Liabilities	845,371.92
Long Term Liabilities	
FMHA LOAN	392,807.45
Total Long Term Liabilities	392,807.45
Total Liabilities	1,238,179.37
Equity	
Opening Bal Equity	329,603.35
Unrestricted Net Assets	146,317.37
Net Income	133,630.77
Total Equity	609,551.49
TOTAL LIABILITIES & EQUITY	**1,847,730.86**

2:51 PM
11/07/11
Accrual Basis

North San Saba Water Supply Corp.
Balance Sheet
As of October 31, 2011

	Oct 31, 11
ASSETS	
Current Assets	
Checking/Savings	
Arrowhead Bank	92,998.55
Total Checking/Savings	92,998.55
Other Current Assets	
Reserve Savings	39,533.49
Total Other Current Assets	39,533.49
Total Current Assets	132,532.04
Fixed Assets	
Buildings	1,021.00
Land	6,637.00
Office equipment	36,809.00
Pipeline system	717,121.00
Stand piprs	427,319.00
Wells and pumps	542,918.00
Total Fixed Assets	1,731,825.00
TOTAL ASSETS	**1,864,357.04**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acccumulated depreciation	804,556.00
CNB note	-11.31
Payroll Liabilities	2,885.49
TCEQ Member Refund	31,732.00
Total Other Current Liabilities	839,162.18
Total Current Liabilities	839,162.18
Long Term Liabilities	
FMHA LOAN	391,284.24
Total Long Term Liabilities	391,284.24
Total Liabilities	1,230,446.42
Equity	
Opening Bal Equity	329,603.35
Unrestricted Net Assets	146,317.37
Net Income	157,989.90
Total Equity	633,910.62
TOTAL LIABILITIES & EQUITY	**1,864,357.04**