

SECTION V FEDERAL INCOME TAX

UTILITY NAME Nitsch & Son Utility Company, Inc.

**SCHEDULES - CLASS B RATE/TARIFF CHANGE**

Section V calculated federal income tax at present rates.

Instructions for Section V

Complete SCHEDULE V per instructions found in the reference column.

UTILITY NAME: Nitsch & Son Utility Company, Inc.  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

A	B	C	D
Line		Amount	Reference
1	Requested Return Water \$43,486; Sewer \$63,103	106,589	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	973	Sch. III-1, Col G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	105,616	Line 1 minus Line 2
4	Income taxes at proposed rates	24,440	Line 17 below
5	Effective tax rate	0.23140682	Line 4 divided by Line 3
6	Total gross up factor	1.301078420	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	31,798.74	Line 4 times line 6
<b>Allocated to Water</b>		12,973.14	To Sch I-1, Line 27
<b>Allocated to Sewer</b>		18,825.46	

**FEDERAL INCOME TAX CALCULATION:**

Line No.	Tax Rate	Taxable Income	Tax Rate	Tax
		(Portion of Taxable Income in Level)		(C x D)
12	1st 50,000 of taxable income	50,000	15%	7,500
13	Next 25,000 of taxable income	25,000	25%	6,250
14	Next 25,000 of taxable income	25,000	34%	8,500
15	Next 235,000 of taxable income	5,616	39%	2,190
16	Over 335,000 of taxable income		34%	
17	Total before gross up		To Line 4	24,440

UTILITY NAME: Nitsch & Son Utility Company, Inc. VI RATE DESIGN INSTRUCTIONS SCHEDULES - CLASS B RATE/TARIFF CHANGE
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Section VI is used for rate design.

**Instructions for Section VI:**

Sheet VI-1 designs rates based on the requested revenue requirement. Complete the schedule using the referenced lines from other schedules. The schedule is for a simple base (customer charge) rate and one gallonage rate per each 1,000 gallons. If a different rate structure is requested, all calculations supporting the proposed rates must be included. Rates and resulting revenues for each class of customer and each rate tier included in the proposed tariff must be specified. If a different fixed/variable expense split is proposed, attached explanations of why the split is appropriate, and include any calculations not included on Schedule VI.

UTILITY NAME: Nitsch & Son Utility Company, Inc.  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**Schedule VI-1 RATE DESIGN**  
 FOR THE TEST YEAR ENDED: 12/31/2015

Line No.	A	B	C
		Reference	
	<b>DETERMINATION OF FIXED COSTS</b>		
1.	Gross revenues to be recovered:	Sch I-1, Line 36	356,401
	Less variable costs:		
2.	Purchased water - Account 610	Sch I-1, Col. F, line 1	N/A
3.	Purchased power - Account 615	Sch I-1, Col. F, line 2	19,039
4.	Other volume related - Account 618	Sch I-1, Col. F, line 3	(0)
5.	Other volume related or allocated (attach schedule)		-
6.			-
7.			-
8.			-
9.			-
10.	<b>FIXED COSTS</b> (Line 1 minus Lines 2-9)		337,362.53
11.	<b>% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE</b>		31.20%
12.	<b>TO BE RECOVERED THROUGH BASE SERVICE CHARGE</b>		232,105
	<b>RECAP:</b>		
13.	RECOVERED THROUGH BASE SERVICE CHARGE	Line 10	232,105
14.	RECOVERED THROUGH VOLUMETRIC RATE	Line 1 - Line 10	124,296
	<b>TOTAL</b>	<b>Equals Line 1</b>	<b>356,401</b>
	<b>TO BE RECOVERED THROUGH BASE SERVICE CHARGE</b>		
15.	TOTAL METER EQUIVALENTS	Sch I-3, Col H, line 9	849
16.	CHARGE PER 5/8" X 3/4" METER	Line 13 / Line 15/12	22.78
	<b>TO BE RECOVERED THROUGH VOLUMETRIC RATE</b>		
17.	TOTAL WATER SALES IN 1,000 GALS	Sch II-1(a), Col C, line 4	62,034
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)	Line 14 / Line 17	2.00
	<b>PROPOSED RATES:</b>		
19.	FOR ALL WATER DELIVERED PER 1,000 gallons	Line 18 or attach calc	2.00
	<b>BASE SERVICE CHARGE (PER 5/8" X 3/4")</b>		
	Meter size	Line 16	Equivalency
20.	5/8 X 3/4"	22.78	X 1.0 = 1
21.	3/4"	22.78	X 1.5 = 1.5
22.	1"	22.78	X 2.5 = 2.5
23.	1 1/2"	22.78	X 5.0 = 5
24.	2"	22.78	X 8.0 = 8
25.	3"	22.78	X 15.0 = 15
26.	4"	22.78	X 25.0 = 25
	6"	22.78	X 30.0 = 30

If the utility is setting a tiered rate, calculations for all tiers must be provided with total collections for all tiers compared to the revenue requirement requested.

**NOTICE OF PROPOSED RATE CHANGE**  
**TO BE PROVIDED TO CUSTOMERS**  
**PURSUANT TO TEX. WATER CODE § 13.1871**

AFFIDAVIT

STATE OF TEXAS

COUNTY OF Harris

I, Colenz P. Nitsch being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as President (indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by U.S. Mail (method of delivery) to each customer or other affected party on or about 6-17-16 (date)

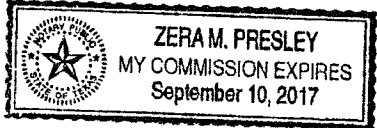
Colenz P. Nitsch  
AFFIANT  
(Utility's Authorized Representative)

Nitsch & Son Utility Co., Inc.  
NAME OF UTILITY

If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, this the 16<sup>th</sup> day of June 2016, to certify which witness my hand and seal of office.

SEAL



Zera M. Presley  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

Zera M. Presley  
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES September 10, 2017

**NOTICE OF PROPOSED RATE CHANGE  
PURSUANT TO TEX. WATER CODE § 13.1871**

<b>Nitsch &amp; Son Utility Company, Inc.</b>	Water-11124; Sewer-20446
Company Name	CCN Number(s)

has filed a rate change application with the Public Utility Commission of Texas (Commission or PUC). The application may be reviewed online at [interchange.puc.texas.gov](http://interchange.puc.texas.gov). You may also inspect a copy of the rate change application at your utility's office at the address below or at the Commission's office (1701 N. Congress Ave, Austin, TX 78701). The proposed rates will apply to service received after the effective date provided below, unless modified or suspended by the Commission. If the Commission receives a sufficient number of protests, separately or in a combined protest letter, from at least \_\_\_[number of] ratepayers (10 percent of the utility's customers over whose rates the Commission has original jurisdiction) or from any affected municipality before the 91st day after the proposed effective date, the matter will be set for hearing. **See Protest Form on the next page for instructions on how to protest.**

**EFFECTIVE DATE OF PROPOSED INCREASE:** July 27, 2016  
(must be at least 35 days after notice is provided to customers and 35 days after application is filed)

(Proposed rates requested by the utility are not final. The Commission may modify the rates and order a refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest.)

**Reason(s) for proposed Rate Change:**

Utility is not presently earning a return on investment and lacks about \$23,000 covering Depreciation

**BILLING COMPARISON:**

Meter Size	Water						Sewer			
	Charges at 5,000 Gallons		Charges at 10,000 Gallons		Charges at 30,000 Gallons		Charges at 5,000 Gallons		Charges at 10,000 Gallons	
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Existing	Proposed	Existing	Proposed
5/8" X 3/4"	\$28.35	\$32.78	\$38.35	\$42.78	\$78.35	\$82.78	\$43.00	\$51.44	\$60.00	\$68.44
3/4"	\$37.52	\$44.17	\$47.52	\$54.17	\$87.52	\$94.17	\$43.00	\$51.44	\$60.00	\$68.44
1"	\$55.87	\$66.96	\$65.87	\$76.96	\$105.87	\$116.96	\$43.00	\$51.44	\$60.00	\$68.44
1 1/2"	\$101.74	\$123.91	\$111.74	\$133.91	\$151.74	\$173.91	\$43.00	\$51.44	\$60.00	\$68.44
2"	\$156.78	\$192.26	\$166.78	\$202.26	\$206.78	\$242.26	\$43.00	\$51.44	\$60.00	\$68.44
3"	\$285.22	\$351.73	\$295.22	\$361.73	\$335.22	\$401.73	\$43.00	\$51.44	\$60.00	\$68.44
4"	\$468.70	\$579.56	\$478.70	\$589.56	\$518.70	\$629.56	\$43.00	\$51.44	\$60.00	\$68.44
6"	\$468.70	\$693.47	\$478.70	\$703.47	\$518.70	\$743.47	\$43.00	\$51.44	\$60.00	\$68.44

Bellmar, Bellmar Estates, Bellmar Terrace, Durkee Manor, Assumption Heights, Airline Village, Meadowland. PWS #1010145				
Subdivision(s) or System(s) Affected by Rate Change				
8131 Northline Drive	Houston	TX	77037	281-445-0337
Company Address	City	State	Zip	Phone Number
<b>Water - \$66,854; Sewer - \$64,040</b>		<b>June 17, 2016</b>		
Annual Revenue Increase		Date Notice Delivered		
<b>December 27, 2008</b>		<b>25th - 27th of Month</b>		
Date of Last Rate Change		Date Meters Typically Read		

\* Prior to providing notice, the utility shall file a request for the assignment of a docket number for the application.

P.U.C. DOCKET NO. \_\_\_\_\_

**RATEPAYER PROTEST**

If you wish to PROTEST the proposed rate change, you must submit this form and 10 copies to:

**Filing Clerk  
Public Utility Commission of Texas  
1701 North Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326**

Unless protests are received from at least 10% of ratepayers or from any affected municipality, or the Commission Staff requests a hearing, no hearing will be held and the rates will be effective as proposed.

CUSTOMER INFORMATION (to be completed by customers submitting protests)

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

Address, City, State: \_\_\_\_\_

Location where service is received: \_\_\_\_\_  
(if different from the mailing address)

Please fill out the following:

**I wish to PROTEST the following proposed rate action/s:**

Water Rate Change     Sewer Rate Change     Both Water and Sewer Rate Change

Other (please specify below)

\_\_\_\_\_

Signature of Protestant:

\_\_\_\_\_ Date: \_\_\_\_\_

**Si desea informacion en Espanol, puede llamar al  
1-888-782-8477**

**Hearing- and speech-impaired individuals with text telephones may contact the PUC's Customer Assistance  
Hotline at  
512-936-7136**



## NOTICE OF PROPOSED RATE CHANGE- WATER

CURRENT RATES			PROPOSED RATES		
Monthly Base rate including _____ 0 _____ gallons			Monthly base rate including _____ 0 _____ gallons		
Meter Size:			Meter size:		
<b>RESIDENTIAL</b>			<b>RESIDENTIAL</b>		
5/8" X 3/4"	\$	18.35	5/8" or 3/4"	\$	22.78
3/4"	\$	27.52	3/4"	\$	34.17
1"	\$	45.87	1"	\$	56.96
1 1/2"	\$	91.74	1 1/2"	\$	113.91
2"	\$	146.78	2"	\$	182.26
3"	\$	275.22	3"	\$	341.73
4"	\$	458.70	4"	\$	569.56
6"	\$	458.70	6"	\$	683.47
GALLONAGE CHARGE:			GALLONAGE CHARGE:		
TIER	VOLUME	CHARGE per 1,000	TIER	VOLUME	CHARGE per 1,000
Tier 1	All Gallons	\$ 2.00 /1000 gals.	Tier 1	All gallons	\$ 2.00 /1000 gals.
Tier 2	_____ to _____ gals.	\$ _____ /1000 gals.	Tier 2	_____ to _____ gals.	\$ _____ /1000 gals.
Tier 3	_____ to _____ gals.	\$ _____ /1000 gals.	Tier 3	_____ to _____ gals.	\$ _____ /1000 gals.
Tier 4	_____ to _____ gals.	\$ _____ /1000 gals.	Tier 4	_____ to _____ gals.	\$ _____ /1000 gals.
Tier 5	_____ to _____ gals.	\$ _____ /1000 gals.	Tier 5	_____ to _____ gals.	\$ _____ /1000 gals.
Miscellaneous Fees			Miscellaneous Fees		
Tap Fee:	\$	500.00	Tap fee:	\$	500.00
Tap Fee (unique costs)		Actual Costs	Tap Fee (unique costs)		Actual Costs
Reconnect fee:			Reconnect fee:		
Non payment (Maximum-\$25.00)	\$	25.00	Non payment (Maximum-\$25.00)	\$	25.00
Customer's request	\$	35.00	Customer's request	\$	35.00
Transfer fee	\$	20.00	Transfer fee	\$	20.00
Late Charge		10%	Late Charge (Indicate either \$5.00 or 10%)		10%
Returned check charge	\$	20.00	Returned check charge	\$	20.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00
Meter test fee	\$	25.00	Meter test fee (Maximum \$25.00)	\$	25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges. Additional fees and meter sizes may be shown on a separate page.

GRP Fee Surcharge \$1.04 per thousand gallons  
 Surcharge for Rate Case Expenses \$0.65 per customer per month for three years

If applicable, list any bill payment assistance programs to low income Ratepayers.

**NOTICE OF PROPOSED RATE CHANGE- WATER CONTINUED**

GRP Fee per 1,000 gallons usage by customers  
each month =  $(Q \times R \times P) / GS$

Q = quantity of groundwater pumped in  
billing month  
R = GRP fee from City per 1,000 gallons  
pumped  
P = Percent of total required by contract  
GS = Total gallons sold in billing period

GRP Fee per 1,000 gallons usage by customers  
each month =  $(Q \times R \times P) / GS$

Q = quantity of groundwater pumped in  
billing month  
R = GRP fee from City per 1,000 gallons  
pumped  
P = Percent of total required by contract  
GS = Total gallons sold in billing period

## NOTICE OF PROPOSED RATE CHANGE- SEWER

CURRENT RATES	PROPOSED RATES
Monthly Base rate including _____ 0 _____ gallons	Monthly base rate including _____ 0 _____ gallons
Meter Size: <b>RESIDENTIAL</b>	Meter size: <b>RESIDENTIAL</b>
5/8" X 3/4"           \$ 26.00	5/8" or 3/4"           \$ 34.44
3/4"                   \$ 26.00	3/4"                   \$ 34.44
1"                     \$ 26.00	1"                     \$ 34.44
1 1/2"                \$ 26.00	1 1/2"                \$ 34.44
2"                     \$ 26.00	2"                     \$ 34.44
3"                     \$ 26.00	3"                     \$ 34.44
4"                     \$ 26.00	4"                     \$ 34.44
6"                     \$ 26.00	6"                     \$ 34.44
<b>GALLONAGE OR FIXED CHARGE:</b>	<b>GALLONAGE OR FIXED CHARGE:</b>
<b>\$ 3.40</b>	<b>\$ 3.40</b>
<input type="checkbox"/> per month; OR	<input type="checkbox"/> per month; OR
<input checked="" type="checkbox"/> for each additional 1,000 gallons over the minimum	<input checked="" type="checkbox"/> for each additional 1,000 gallons over the minimum
Gallonage charges are determined based on average consumption for winter period which includes the following months. <u>Nov., Dec., and Jan.</u>	Gallonage charges are determined based on average consumption for winter period which includes the following months: <u>Nov., Dec., and Jan.</u>
<b>Commercial Charges based on actual monthly water use</b>	<b>Commercial Charges based on actual monthly water use</b>
<b>Miscellaneous Fees</b>	<b>Miscellaneous Fees</b>
Tap Fee:                               \$ 750.00	Tap fee:                               \$ 750.00
Tap Fee (unique costs)           Actual Costs	Tap Fee (unique costs)           Actual Costs
Reconnect fee: Non payment (Maximum-\$25.00)                   \$ 25.00	Reconnect fee: Non payment (Maximum-\$25.00)                   \$ 25.00
Customer's request                \$ 200.00	Customer's request                \$ 200.00
Transfer fee                         \$ 20.00	Transfer fee                         \$ 20.00
Late Charge                               10%	Late Charge ( <b>Indicate either \$5.00 or 10%</b> )                       10%
Returned check charge           \$ 20.00	Returned check charge           \$ 20.00
Deposit                                \$ 50.00	Deposit (Maximum \$50.00)       \$ 50.00

Regulatory Assessment of 1% is added to base rate and gallonage charges. Additional fees and meter sizes may be shown on a separate page.

Rate Case Surcharge \$0.65 per customer per month for three years

**If applicable, list any bill payment assistance programs to low income Ratepayers.**

**NONE**

**NOTICE OF PROPOSED RATE CHANGE- SEWER CONTINUED**

Excess BOD charge per 1000 gallons:  
In a month when a customer's BOD exceeds 200 mg/l,  
the volume charge will be calculated as a multiple of  
the BOD in mg/l divided by 200 multiplied by the  
volume charge.  $(AR = (E/200) \times VR)$

AR = Adjusted Volume Rate

E = BOD in effluent in mg/l

VR = current approved volume charge

Example: Customer's BOD in a month is 800 mg/l  
 $(800 / 200) \times \$3.40 = \$13.60$  per 1,000  
Gallons



## Franchise Tax Account Status

As of: 05/25/2016 12:23:56 PM

**This Page is Not Sufficient for Filings with the Secretary of State**

### NITSCH AND SON UTILITY COMPANY, INC.

Texas Taxpayer Number 17418674614  
Mailing Address 8131 NORTHLINE DR  
HOUSTON, TX 77037-3999  
Right to Transact ACTIVE  
Business in Texas  
State of Formation TX  
Effective SOS 10/24/1975  
Registration Date  
Texas SOS File Number 0036927100  
Registered Agent Name GLENN NITSCH  
Registered Office Street 8131 NORTHLINE DR.  
Address HOUSTON, TX 77037



Glenn Hegar Texas Comptroller of Public Accounts

[Taxable Entity Search Results](#)[Taxable Entity Search](#)

## Officers and Directors

NITSCH AND SON UTILITY COMPANY, INC.

Report Year: 2015

[Return to: Taxable Entity Search Results](#)

Officer and director information on this site is obtained from the most recent Public Information Report (PIR) processed by the Secretary of State (SOS). PIRs filed with annual franchise tax reports are forwarded to the SOS. After processing, the SOS sends the Comptroller an electronic copy of the information, which is displayed on this web site. The information will be updated as changes are received from the SOS.

You may order a copy of a Public Information Report from [open.records@cpa.state.tx.us](mailto:open.records@cpa.state.tx.us) or Comptroller of Public Accounts, Open Government Division, PO Box 13528, Austin, Texas 78711.

<b>Title</b>	<b>Name and Address</b>
<i>PRESIDENT</i>	<b>GLENN NITSCH</b> 17414 SPICEWOOD SPRING LN SPRING , TX 77379
<i>DIRECTOR</i>	<b>GLENN NITSCH</b> 17414 SPICEWOOD SPRING LN SPRING , TX 77379

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**NITSCH SON UTILITY COMPANY, INC.**

Balance Sheet

December 31, 2015

**ASSETS**

	December 31, 2015	Adjustments	As Adjusted
<b>Current Assets</b>			
Alliance Bank MM #2508836	51,052.20	-	51,052.20
Chase Operating #539025390	60,766.75	-	60,766.75
Capital One MM #3820594095	102,773.98	-	102,773.98
Chase CD #xxxx0191	50,220.05	-	50,220.05
<b>Total Current Assets</b>	<b>264,812.98</b>	<b>-</b>	<b>264,812.98</b>
<b>Property and Equipment</b>			
Water Plant - Wells	51,258.42	12,977.29	64,235.71
Water Treatment Plant	203,921.27	4,331.06	208,252.33
Water Plant Ground Storage	86,123.68	1,224.00	87,347.68
Transmission & Distribution	149,310.02	41,144.38	190,454.40
General Plant (Houses-Fences)	28,371.66	(6,128.70)	22,242.96
Surface Water Conversion	8,886.25	(4,232.95)	4,653.30
Collection Main Lines	385,850.36	150,089.42	535,939.78
Sewer System Pumping Plant LS	86,617.25	28,869.59	115,486.84
Treatment & Disposal Plant	164,324.64	(6,151.89)	158,172.75
2009 Sewer Plant Upgrade	113,759.23	3,236.80	116,996.03
General Plant	20,116.20	9,163.68	29,279.88
Land	44,052.27	(19,052.27)	25,000.00
Meadowland Subdivision	15,216.21	3,836.06	19,052.27
Office - Furniture & Fixtures	4,160.59	(2,458.70)	1,701.89
Office - Equipment	52,887.33	11,746.37	64,633.70
Office - Vehicles	43,394.93	(31,889.18)	11,505.75

Unaudited - For Management Purposes Only

5/25/2016 at 3:18 PM

**NITSCH SON UTILITY COMPANY, INC.**

Balance Sheet

December 31, 2015

	<b>December 31, 2015</b>	<b>Adjustments</b>	<b>As Adjusted</b>
Office - Building	76,159.81	(2,891.72)	73,268.09
Shop - Furniture and Fixtures	665.45	(117.66)	547.79
Shop-Instruments Water & Waste	8,463.48	(221.65)	8,241.83
Shop - Equipment	143,400.34	81,449.06	224,849.40
Shop - Vehicles	106,351.76	10,846.90	117,198.66
Shop - Building	4,361.22	33,606.40	37,967.62
Less Accumulated Depreciation	(1,182,086.68)	(16,574.18)	(1,198,660.86)

**Total Property and Equipment**

**615,565.69**      **302,802.11**      **918,367.80**

**Other Assets**

Federal Income Tax Receivable

4,461.00      -      4,461.00

**Total Other Assets**

**4,461.00**      -      **4,461.00**

**Total Assets**

**884,839.67**      **302,802.11**      **1,187,641.78**

**LIABILITIES AND SHAREHOLDER'S EQUITY**

**Current Liabilities**

Customer Deposits - W & S

16,222.19      -      16,222.19

Unemployment Taxes

395.74      -      395.74

**Total Current Liabilities**

**16,617.93**      -      **16,617.93**

**Long-Term Liabilities**

**Total Long-Term Liabilities**

-      -      -

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Unaudited - For Management Purposes Only



**NITSCH SON UTILITY COMPANY, INC.**

Balance Sheet

December 31, 2015

	<b>December 31, 2015</b>	<b>Adjustments</b>	<b>As Adjusted</b>
<b>Total Liabilities</b>	<b>16,617.93</b>	-	<b>16,617.93</b>
<b>Shareholder's Equity</b>			
Common Stock	61,890.00	-	61,890.00
Treasury Stock	(100,000.00)	-	(100,000.00)
Retained Earnings	909,267.21	302,802.11	1,212,069.32
Net Income (Loss)	(2,935.47)	-	(2,935.47)
<b>Total Shareholder's Equity</b>	<b>868,221.74</b>	<b>302,802.11</b>	<b>1,171,023.85</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>884,839.67</b>	<b>302,802.11</b>	<b>1,187,641.78</b>

**Note: Adjustments made to book numbers to agree with Depreciation Schedule of utility basis assets**

5/25/2016 at 3:18 PM

Unaudited - For Management Purposes Only

NITSCH SON UTILITY COMPANY, INC.

Income Statement

For the Twelve Months Ending December 31, 2015

	Year to Date	Adjustments	Water	Sewer
<b>Revenues</b>				
Revenue - Water & Sewer	673,364		289,546.00	383,817.78
Interest Income	542	(542)		
<b>Total Revenues</b>	<b>673,906</b>	<b>(542)</b>	<b>289,546.00</b>	<b>383,817.78</b>
<b>Cost of Sales</b>				
Chemicals & Treatments - Sewer	5,703		-	5,703.18
Sludge Haul	16,770			16,770.00
Maintenance - Water	16,246		16,245.85	
Maintenance - Sewer	35,413			35,413.35
Deposit Refunds	283		154.20	129.02
<b>Total Cost of Sales</b>	<b>74,416</b>	<b>-</b>	<b>16,400.05</b>	<b>58,015.55</b>
<b>Gross Profit</b>	<b>599,491</b>	<b>(542)</b>	<b>273,145.95</b>	<b>325,802.23</b>
<b>Expenses</b>				
Accounting and Legal Fees	47,038		23,519.16	23,519.16
Auto Truck Tractor Trailer	18,347		9,173.61	9,173.61
Bad Debt	606		330.09	276.21
Bank Service Charges	2,531		1,265.74	1,265.74
Contract Labor	6,065		3,032.50	3,032.50
Contributions	100		50.00	50.00
Dues & Subscriptions	3,724		1,862.00	1,862.00
Insurance & Employee Benefits	77,859		38,929.36	38,929.36

NITSCH SON UTILITY COMPANY, INC.

Income Statement

For the Twelve Months Ending December 31, 2015

	Year to Date	Adjustments	Water	Sewer
Licenses	233		116.50	116.50
Office Supplies & Postage	37,479		20,405.18	17,074.29
Office Expense	936		509.74	426.54
Repair and Maintenance	810		333.19	476.81
Salaries (50/50)	181,318		90,658.80	90,658.80
Shop Supplies	18,212		9,106.01	9,106.01
Taxes - Payroll	14,699		7,349.36	7,349.36
Taxes - Ad Valorem	21,462		8,828.39	12,633.85
Telephone	8,859		4,823.39	4,036.04
City of Houston GRP Fee	64,388		64,387.89	
Utilities - Water	17,982		17,981.92	
Utilities - Sewer	18,565			18,565.22
Depreciation	50,270	6,623	24,187.33	32,705.91
Taxes - Gross Receipts	1,416		608.84	807.06
Taxes - TCEQ	6,801	(6,801)		
Contract Services	2,724		1,362.23	1,362.23
<b>Total Expenses</b>	<b>602,426</b>	<b>(178)</b>	<b>328,821.22</b>	<b>273,427.18</b>
<b>Net Income</b>	<b>(2,935)</b>	<b>(364)</b>	<b>(55,675.26)</b>	<b>52,375.04</b>

	Number	Percent
Water Customers	729	54%
Sewer Customers	610	46%
<b>Total</b>	<b>1,339</b>	<b>100%</b>
Water Gross Plant	870,829	41%
Sewer Gross Plant	1,246,199	59%
<b>Total</b>	<b>2,117,029</b>	<b>100%</b>

2015 City of Houston GRP FEE

MONTH	COLLECTED FROM CUSTOMER	PAID TO CITY OF HOUSTON
JANUARY	\$ 3,395.40	\$ 4,889.80
FEBRUARY	\$ 3,698.63	\$ 4,342.68
MARCH	\$ 3,022.29	\$ 4,806.51
APRIL	\$ 3,362.34	\$ 4,870.90
MAY	\$ 3,359.88	\$ 5,032.05
JUNE	\$ 3,542.10	\$ 6,883.53
JULY	\$ 3,362.65	\$ 5,743.11
AUGUST	\$ 3,603.67	\$ 6,096.94
SEPTEMBER	\$ 4,562.71	\$ 5,273.33
OCTOBER	\$ 3,247.68	\$ 5,632.28
NOVEMBER	\$ 3,488.09	\$ 5,286.12
DECEMBER	\$ 4,077.41	\$ 5,440.44
TOTAL	\$ 42,722.85	\$ 64,297.69