



Control Number: 46150



Item Number: 112

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PUBLIC UTILITY COMMISSION  
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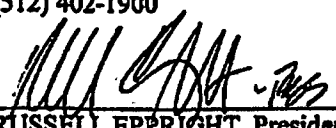
APPLICATION OF PK-RE	§	BEFORE THE STATE OFFICE
DEVELOPMENT COMPANY, INC.	§	
d/b/a OAK SHORES WATER SYSTEM	§	
AND UNDINE DEVELOPMENT LLC	§	OF
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN TRAVIS COUNTY	§	ADMINISTRATIVE HEARINGS

**PK-RE DEVELOPMENT COMPANY'S  
RESPONSE TO COMMISSION STAFF'S FIRST  
REQUEST FOR INFORMATION**

PK-RE Development Company d/b/a Oak Shores Water System ("PK-RE") files this Response to the First Request for Information ("RFI") filed by Public Utility Commission ("Commission") Staff. The discovery request was received by PK-RE on January 18, 2017, and parties reached an agreement to extend the due date to February 9, 2017. Therefore, these responses are timely filed. Pursuant to 16 Tex. Admin. Code § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

Respectfully submitted,

PK-RE Development Company, Inc. dba  
Oak Shores Water System  
500 N. Capital Hwy., Bldg. 1, Suite 125  
Austin, Texas 78746  
(512) 402-1900

  
\_\_\_\_\_  
RUSSELL EPPRIGHT, President  
Hill County Galleria, Bldg. B  
13301 Galleria Circle, Suite B175  
Bee Cave, Texas 78738  
(512) 347-1530

**CERTIFICATE OF SERVICE**

I hereby certify that on February 9, 2017, true and correct copy of the foregoing document has been served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.

  
\_\_\_\_\_  
GEORGIA N. CRUMP

**PK-RE Development Company's Response to  
Commission Staff's First RFI**

**Staff 1-1.** Please provide copies of audited financial statements (balance sheets, cash flow, and income statements) for PK-RE Development Company, Inc., for years ended December 31, 2014, 2015, and 2016, (hard copy and electronic file, if available). If the audited 2016 financial statements are unavailable, then please provide copies of the internally prepared unaudited financial statements.

**Response**

**See Attachment 1-1.**

Financial Statements for 2016 are in the process of being developed, and are not currently available. PK-RE will supplement this response when the documents become available.

**Prepared by: Russell Eppright  
Sponsored by: Russell Eppright**

PK-RE Development Company, Inc.  
dba Greenshores Utilities Services  
Financial Statements  
December 31, 2014  
(Unaudited-See Accountant's Compilation Report)

Kenneth C. Gorence, P.C.  
Certified Public Accountant  
P.O. Box 28279  
Austin, Texas 78755  
(512) 342-8081

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Shareholders  
PK-RE Development Company, Inc., dba Greenshores Utility Services  
P.O. Box 163265  
Austin, TX 78716

I have compiled the accompanying statement of assets, liabilities, and equity – income tax basis of PK-RE Development Company, Inc. (a corporation) as of December 31, 2014 and the related statement of revenues and expenses – income tax basis for the five and twelve months then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Kenneth C. Gorence, P.C.

August 4, 2015  
Austin, Texas

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Accrual Basis

## PK-RE Development Company

## Balance Sheet

As of December 31, 2014

PUC Docket No. 46150

PK-RE Response to Staff RFI 1-1

Attachment 1-1

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	Dec 31, 14
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Cash in Bank-Omni Bank	48,627.23
Total Checking/Savings	48,627.23
Accounts Receivable	
Accounts Receivable	53,508.13
Total Accounts Receivable	53,508.13
Other Current Assets	
CD-Omni Bank #8886	160,299.36
A/R-PK-RE, Ltd.	4,507.04
Accr.Int.Rec.-Omni Bank CD	61.26
Total Other Current Assets	164,867.66
Total Current Assets	266,903.02
Fixed Assets	
Clarifier Building	127,984.00
Clarifier Equipment	143,882.00
Fencing/Landscaping	53,924.00
Grinder Pumps & Installation	199,737.16
Intake Equipment	539,209.07
WTP Building	335,858.80
Water Treatment Unit	1,390,926.00
Accumulated Depreciation	-1,784,928.40
Total Fixed Assets	1,006,792.63
Other Assets	
Loan Costs-SBA Loan	16,270.00
Accum.Amort-Loan Cost-SBA Loan	-4,070.00
Loan Costs-Omni Bank (1st Lien)	64,204.83
Accum.Amort-Loan cost-Omni Bk#1	-33,033.00
Loan Costs-Omni Bank (2nd Lien)	8,217.30
Accum.Amort-Loan Cost-Omni Bk#2	-8,217.30
Total Other Assets	43,371.83
<b>TOTAL ASSETS</b>	<b>1,317,067.48</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	95,112.72
Total Accounts Payable	95,112.72
Other Current Liabilities	
A/P-Customer Deposits	15,800.00
A/P-Customer Overpayments	1,484.91
A/P-Keystone Construction	30,000.00
A/P-PK-RE, Ltd	801,486.47
N/P-Russell Eppright	500,600.97
N/P-Rusty Parker	262,550.97
Accr.Int.Pay-Russell Eppright	152,903.21
Accr.Int.Pay-Rusty Parker	121,384.89
Accr.Int.Pay-Omni Bank	1,860.35
Accr.Int.Pay-SBA Loan (CSC)	2,759.63
S/T Portion-N/P-SBA Loan (CSC)	35,398.46
S/T Portion-N/P-Omni Bk-1st Lien	28,263.98
A/P-Woods of Greeshores, Ltd.	173,181.82
Total Other Current Liabilities	2,125,665.64
Total Current Liabilities	2,220,778.36
Long Term Liabilities	

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**PK-RE Development Company**  
**Balance Sheet**  
**As of December 31, 2014**

PUC Docket No. 46150  
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	<u>Dec 31, 14</u>
N/P-SBA Loan (CSA)	665,030.37
N/P-Omni Bank (1st Lien)	<u>1,249,492.76</u>
Total Long Term Liabilities	<u>1,914,523.13</u>
Total Liabilities	4,135,301.49
Equity	
Common Stock	1,000.00
Retained Earnings	-2,682,143.14
Net Income	<u>-137,090.87</u>
Total Equity	<u>-2,818,234.01</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,317,067.48</u></u>



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Accrual Basis

**PK-RE Development Company**  
**Profit & Loss YTD Comparison**  
**August through December 2014**

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	<u>Aug - Dec 14</u>	<u>Jan - Dec 14</u>
Ordinary Income/Expense		
Income		
Revenue		
Miscellaneous	0.00	0.00
Wastewater Revenue	162,014.43	344,380.20
Water Revenue	181,885.16	343,790.60
Total Revenue	<u>323,899.59</u>	<u>688,170.80</u>
Total Income	<u>323,899.59</u>	<u>688,170.80</u>
Gross Profit	323,899.59	688,170.80
Expense		
Amort. Exp-SBA Loan Costs	2,885.00	6,397.00
Bank Service Charge	85.45	462.04
CDC Fees	3,512.50	8,430.00
CSA Fees	351.25	843.00
Depreciation Expense	34,588.00	67,478.00
Interest Expense - Omni Bank	42,724.62	98,290.71
Interest Exp-Russell Eppright	18,885.69	42,730.12
Interest Exp-Rusty Parker	9,605.01	23,629.69
Interest Expense-SBA Loan	13,185.94	32,220.23
Lease Exp-Util.Sys-(PK-RE,WOG)	50,000.00	120,000.00
Miscellaneous Expense	0.00	0.00
Professional Fees		
CPA	1,292.50	5,187.50
Professional Fees - Other	700.00	700.00
Total Professional Fees	<u>1,992.50</u>	<u>5,887.50</u>
Reconciliation Discrepancies	0.00	0.00
Taxes		
Property	0.00	0.00
Total Taxes	<u>0.00</u>	<u>0.00</u>
Utility Expense		
Contract Operations - AWR	6,708.24	20,124.72
Additional Contract Operations	3,517.80	12,152.40
Administrative Fees	2,722.50	8,167.50
Chemicals	3,473.76	7,897.40
Insurance	4,890.58	9,509.05
Laboratory W & WW	4,414.03	13,072.70
Office Expense - Copies etc.	2,685.64	4,995.91
Raw Water Purchase	11,075.25	26,059.79
Repairs/Maint - General - AWR	2,070.00	6,382.50
Repairs/Maint - Grinder Pumps	-2,373.82	29,726.77
Repairs/Maint - Wastewater	17,720.43	50,917.25
Repairs/Maint - Water	29,916.01	128,099.38
Sludge Hauling	61,605.00	117,735.00
TCEQ Fees Expense	846.35	9,116.84
Telephone	3,635.50	6,017.84
Texas Disposal	433.03	1,194.37
Texas Gas Company	213.35	465.79
Utilities - City of Austin	8,731.03	26,953.42
Utility Billing-AWR Services	2,892.00	8,605.62
Total Utility Expense	<u>185,076.89</u>	<u>485,195.23</u>
Total Expense	<u>342,972.85</u>	<u>891,564.42</u>
Net Ordinary Income	-19,273.26	-203,393.62
Other Income/Expense		
Other Income		
Other Income	66,125.00	66,125.00
Interest Inc-Omni Bank CD#8986	162.21	360.62
Interest Inc-Omni Bank CD#8915	0.00	127.12

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**PK-RE Development Company**  
**Profit & Loss YTD Comparison**  
August through December 2014

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	<u>Aug - Dec 14</u>	<u>Jan - Dec 14</u>
Total Other Income	66,287.21	66,612.74
Other Expense		
Nondeductible Expense	0.00	309.99
Total Other Expense	0.00	309.99
Net Other Income	66,287.21	66,302.75
Net Income	<u>47,013.95</u>	<u>-137,090.87</u>

PK-RE Development Company, Inc.  
dba Greenshores Utilities Services  
Financial Statements  
December 31, 2015  
(Unaudited-See Accountant's Compilation Report)

Kenneth C. Gorence, P.C.  
Certified Public Accountant  
P.O. Box 28279  
Austin, Texas 78755  
(512) 342-8081

To the Shareholders  
PK-RE Development Company, Inc., dba Greenshores Utility Services  
13301 Galleria Circle Ste B175  
Bee Cave, TX 78738-6434

Management is responsible for the accompanying financial statements of PK-RE Development Company, Inc., dba Greenshores Utility Services, (a corporation), which comprise the statement of assets, liabilities, and equity – tax basis as of December 31, 2015, and the related statement of revenues and expenses– tax basis for the twelve months then ended, and for determining that the tax basis of accounting is an acceptable financial reporting framework. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.



Kenneth C. Gorence, P.C.

June 1, 2016  
Austin, Texas

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06/01/16

Accrual Basis

**PK-RE Development Company**  
**Balance Sheet**  
 As of December 31, 2015

PUC Docket No. 46150  
 PK-RE Response to Staff RFI 1-1  
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	Dec 31, 15
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Cash in Bank-Compass Lockbox	25,650.74
Cash in Bank-Bank of Ozarks	33,834.28
<b>Total Checking/Savings</b>	<b>59,485.02</b>
Accounts Receivable	
Accounts Receivable	55,427.19
<b>Total Accounts Receivable</b>	<b>55,427.19</b>
Other Current Assets	
CD-Omni Bank #8986	160,676.28
A/R-PK-RE, Ltd.	4,507.04
Accr.Int.Rec.-Omni Bank CD	67.13
<b>Total Other Current Assets</b>	<b>165,250.45</b>
<b>Total Current Assets</b>	<b>280,162.66</b>
<b>Fixed Assets</b>	
Clarifier Building	127,984.00
Clarifier Equipment	143,982.00
Fencing/Landscaping	53,924.00
Grinder Pumps & Installation	226,935.01
Intake Equipment	539,209.07
WTP Building	335,958.80
Water Treatment Unit	1,390,926.00
Accumulated Depreciation	-1,858,097.40
<b>Total Fixed Assets</b>	<b>960,821.48</b>
<b>Other Assets</b>	
Loan Costs-SBA Loan	16,270.00
Accum.Amort-Loan Cost-SBA Loan	-4,884.00
Loan Costs-Omni Bank (1st Lien)	64,204.83
Accum.Amort-Loan cost-Omni Bk#1	-38,616.00
Loan Costs-Omni Bank (2nd Lien)	8,217.30
Accum.Amort-Loan Cost-Omni Bk#2	-8,217.30
<b>Total Other Assets</b>	<b>36,974.83</b>
<b>TOTAL ASSETS</b>	<b>1,277,958.97</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	109,705.72
<b>Total Accounts Payable</b>	<b>109,705.72</b>
Other Current Liabilities	
A/P-Customer Deposits	18,100.00
A/P-PK-RE, Ltd	894,606.47
N/P-Russell Eppright	600,600.97
N/P-Rusty Parker	292,550.97
Accr.Int.Pay-Russell Eppright	200,324.41
Accr.Int.Pay-Rusty Parker	145,884.89
Accr.Int.Pay-Omni Bank	1,796.88
Accr.Int.Pay-SBA Loan (CSC)	2,428.05
S/T Portion-N/P-SBA Loan (CSC)	35,388.58
S/T Portion-N/P-Omni Bk-1stLien	30,000.00
A/P-Woods of Greeshores, Ltd.	200,081.82
<b>Total Other Current Liabilities</b>	<b>2,421,743.04</b>
<b>Total Current Liabilities</b>	<b>2,531,448.76</b>

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**PK-RE Development Company**

**Balance Sheet**

**As of December 31, 2015**

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Attachment 1-1

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	<u>Dec 31, 15</u>
Long Term Liabilities	
N/P-SBA Loan (CSA)	629,527.08
N/P-Omnif Bank (1st Lien)	<u>1,219,256.02</u>
Total Long Term Liabilities	<u>1,848,783.10</u>
Total Liabilities	<u>4,380,231.86</u>
Equity	
Common Stock	1,000.00
Retained Earnings	-2,819,234.01
Net Income	<u>-284,038.88</u>
Total Equity	<u>-3,102,272.89</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,277,958.97</u></u>

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08/01/16

Accrual Basis

PUC Docket No. 46150

PK-RE Response to Staff RFI 1-1

Attachment 1-1

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**PK-RE Development Company**  
**Statement of Revenues and Expenses - Income Tax Basis**  
 January through December 2015

	Jan - Dec 15
Ordinary Income/Expense	
Income	
Revenue	
Miscellaneous	0.00
Wastewater Revenue	362,515.66
Water Revenue	362,440.48
Total Revenue	724,956.14
Total Income	724,956.14
Gross Profit	724,956.14
Expense	
Amort.Exp-Omnibank(1st Lien)	5,583.00
Amort.Exp-SBA Loan Costs	814.00
Bank Service Charge	205.59
CDC Fees	7,088.44
CSA Fees	708.75
Depreciation Expense	73,189.00
Interest Expense - Omni Bank	96,025.59
Interest Exp-Russell Eppright	47,421.20
Interest Exp-Rusty Parker	24,500.00
Interest Expense-SBA Loan	30,054.66
Lease Exp-Util.Sys-(PK-RE,WOG)	120,000.00
Miscellaneous Expense	-2.92
Professional Fees	
CPA	3,995.00
Legal Fees	675.00
Professional Fees - Other	750.00
Total Professional Fees	5,420.00
Taxes	
Property	8,689.48
Total Taxes	8,689.48
Utility Expense	
Contract Operations - AWR	40,279.20
Additional Contract Operations	15,061.22
Administrative Fees	10,028.25
Chemicals	8,663.27
Insurance	9,754.71
Laboratory W & WW	12,366.00
Office Expense - Copies etc.	6,315.89
Raw Water Purchase	29,967.38
Repairs/Maint - General - AWR	10,217.43
Repairs/Maint - Grinder Pumps	16,694.40
Repairs/Maint - Wastewater	53,295.19
Repairs/Maint - Water	120,924.58
Sludge Hauling	176,230.45
TCEQ Fees Expense	14,039.22
Telephone	10,350.97
Texas Disposal	819.35
Texas Gas Company	246.73
Utilities - City of Austin	69,590.19
Utility Billing-AWR Services	14,858.59
Total Utility Expense	619,701.02
Total Expense	1,039,377.81
Net Ordinary Income	-314,421.67
Other Income/Expense	
Other Income	
Other Income	30,000.00

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Accrual Basis

**PK-RE Development Company**

**Statement of Revenues and Expenses - Income Tax Basis**  
January through December 2015

PUC Docket No. 46150

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Attachment 1-1

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	Jan - Dec 15
Interest Inc-Omnibank CD#8986	382.79
Total Other Income	30,382.79
Net Other Income	30,382.79
Net Income	-284,038.88



**PK-RE Development Company's Response to  
Commission Staff's First RFI**

**Staff 1-2.** Please provide the accounting journal entries in the seller's (PK-RE's) books to record the sale transaction. The accounting journal entries should show the acquisition adjustment amount and associated account number and name.

**Response**

Any proceeds received in the sale transaction will go to pay the approximately \$2.22 million loans from OmniBank, N.A. The current balance on that note is approximately \$1.85 million. See Response to Greenhores RFP to PK-RE No. 1-16.

Any additional proceeds will first pay accounts payable, which is approximately \$100,000. If there are any additional remaining proceeds, it will go toward paying off additional debt owed to Russell Eppright.

Prepared by: Russell Eppright  
Sponsored by: Russell Eppright