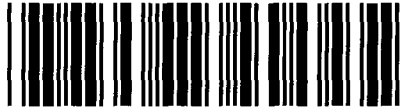


Control Number: 46256



Item Number: 2

Addendum StartPage: 0

**PUC DOCKET NO. 46256**

RECEIVED

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PUBLIC UTILITY COMMISSION  
FILING CLERK

**APPLICATION OF LIBERTY  
UTILITIES (WOODMARK SEWER)  
CORP. AND LIBERTY UTILITIES  
(TALL TIMBERS SEWER) CORP. TO  
CHANGE RATES FOR SEWER  
SERVICE IN SMITH COUNTY,  
TEXAS**

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**BEFORE THE PUBLIC UTILITY  
COMMISSION OF TEXAS**

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**PUC DOCKET NO. 46256**

<b>APPLICATION OF LIBERTY</b>	<b>§</b>	<b>BEFORE THE PUBLIC UTILITY</b>
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**PUC DOCKET NO. 46256**

<b>APPLICATION OF LIBERTY</b>	<b>§</b>	<b>BEFORE THE PUBLIC UTILITY</b>
<b>UTILITIES (WOODMARK SEWER)</b>	<b>§</b>	
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<b>CHANGE RATES FOR SEWER</b>	<b>§</b>	
<b>SERVICE IN SMITH COUNTY,</b>	<b>§</b>	
<b>TEXAS</b>	<b>§</b>	

**STATEMENT OF INTENT TO CHANGE RATES FOR SEWER SERVICE**

Comes now Liberty Utilities (Woodmark Sewer) Corp. ("Liberty Woodmark") and Liberty Utilities (Tall Timbers Sewer) Corp. ("Liberty Tall Timbers") (collectively, "Liberty Utilities" or "Applicants") and file this Statement of Intent to Change Rates for Sewer Service—Rate Application or Rate Filing Package ("RFP") in Smith County, Texas, and in support of this filing would respectfully show the following:

**I. STATEMENT OF JURISDICTION**

The Public Utility Commission of Texas ("Commission") has original jurisdiction over this Rate Application for Liberty Utilities customer connections located outside the City of Tyler, Texas, pursuant to TWC §§ 13.042 and 13.1871 and 16 Texas Administrative Code ("TAC") § 24.22. The City of Tyler has original jurisdiction over this Rate Application for customer connections located within its corporate limits pursuant to TWC §§ 13.042 and 13.1871. Pursuant to Texas Water Code §§ 13.002(4-b) and 16 TAC § 24.3(18), Liberty Utilities is a Class B Utility. The two Liberty Utilities sewer systems in Texas collectively provide retail sewer utility services to approximately 3,739 active customer connections in Smith County under CCN No. 20670 (Liberty Woodmark) and 20694 (Liberty Tall Timbers). Liberty Utilities has additional systems under Liberty Utilities (Silverleaf Water) LLC ("Liberty Silverleaf") that serve approximately 1,914 water and sewer customer connections in different Texas service areas that are physically distinct from the adjacent

service areas served by Liberty Woodmark and Liberty Tall Timbers. Collectively, the three utilities provide “retail water or sewer utility service to 500 or more taps or active connections but fewer than 10,000 taps or active connections” and do not provide combined retail water or sewer utility service in any one service area.<sup>1</sup> Here, Liberty Woodmark and Liberty Tall Timbers are the only Applicants and their connections numbers should be viewed individually to conclude they are each Class B Utilities. However, even if the Liberty Utilities combination of Liberty Woodmark, Liberty Tall Timbers, and Liberty Silverleaf are considered together, Liberty Utilities still qualifies as a Class B Utility in Texas. Thus, Applicants have prepared this RFP and statement of intent notices in accordance with Class B Utility requirements.

## **II. BACKGROUND STATEMENT**

The Applicants only provide sewer utility service in Smith County, Texas. The Applicants were acquired in separate stock purchase transactions that took place in 2002. As explained in supporting testimony, all Applicants’ service costs are allocated under a uniform policy. During the Liberty Utilities Co. tenure of owning these two companies, Applicants have applied for very few rate increases. The last Liberty Woodmark sewer rate change filing was approved in TCEQ Docket No. 2014-0064-UCR in an order dated August 5, 2014. The last Liberty Tall Timbers sewer rate change filing was approved in TCEQ Docket No. 2009-1381-UCR. Those rates, approved in an order dated April 21, 2011, were effective July 2010 only for the Liberty Tall Timbers sewer service area outside the City of Tyler corporate limits. Sewer rates for the Liberty Tall Timbers service area inside the City of Tyler have not changed since those rates were set in TCEQ Docket No. 2003-0153-UCR, which involved a rate filing based on a 2001 test year before Liberty Utilities Co. owned Liberty Tall Timbers.

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<sup>1</sup> P.U.C. SUBST. R. 24.3(18), (51), (72), and (73).

Since 2002, Liberty Utilities has invested millions of dollars to ensure these sewer systems are up to state and federal regulatory standards and to improve customer service. In this Rate Application, Liberty Utilities is requesting compensatory rates designed to recover its full cost of service in a two-phase rate increase. The second phase will be tied to completion of a Liberty Woodmark wastewater treatment plant expansion project and Liberty Tall Timbers line relocation/hydraulic improvement projects for the benefit of both systems and their service areas.

The Rate Application has been completed using the latest Class B Rate/Tariff Change Application form available from the Commission's web site. However, as explained in the Direct Testimony of Bruce H. Fairchild, some modifications were required since this is a sewer only case and the Commission forms were not designed for such rate/tariff change applications. The Rate Application is based on a test year ending December 31, 2015, and is supported by the schedules, workpapers, and testimonies of several witnesses, which are contained in the RFP. The testimonies, tariff, schedules, and workpapers are being filed contemporaneously with this Statement. An identical application is being filed with the City of Tyler ("City"). Customer notices are styled slightly differently for in-City versus out-of-City customers due to the different ratemaking procedures applicable within each jurisdiction. However, both customer notices are included in the combined RFP filed with the Commission and with the City.

### **III. REQUESTED RELIEF AND EFFECTIVE DATE**

Applicants have based their proposed sewer rates on a test year ending December 31, 2015, in line with the definition in '16 TAC § 24.3(71), adjusted for only a few known and measurable changes ("Test Year"). The operating costs in the Test Year are indicative of an ongoing level of costs to operate and maintain the facilities used and useful in providing wastewater service. Further, Applicants are seeking consolidated rates to correspond to the combined operations and

management for the two adjacent systems. Finally, Applicants seek a second-step Phase II sewer rate increase that will permit it to recover increased costs associated with a Liberty Woodmark wastewater treatment plant expansion project and Liberty Tall Timbers line relocation/hydraulic improvement projects for the benefit of both systems and their service areas. Applicants seek an overall Phase I increase in annual revenues of approximately \$1,038,363. Applicants seek an additional annual increase in revenue of \$964,151 for an overall Phase II increase in annual revenues of approximately \$2,002,514 based on estimated costs attributable to the Liberty Woodmark and Liberty Tall Timbers Phase II projects, but this Phase II increase amount will be reviewed prior to implementation in accordance with 16 TAC § 24.34(b)(4).

The proposed effective date of Phase I is November 1, 2016, which is the first day of Applicants' billing cycles and at least 35 days after required notice in compliance with Commission rules at 16 TAC § 24.22(d)(1). The effective date for the Phase II rates is estimated to be March 1, 2017, but that will depend on the status of the capital improvement projects upon which Phase II is based. In the event that the proposed rates are suspended, Applicants reserve the right to seek interim rates during the pendency of this proceeding.

Applicants seek a consolidated and consistent tariff, but seek very few other changes to their respective tariffs other than updating them for consistency with PUC regulation and rule references. Applicants are proposing that Liberty Tall Timbers and Liberty Woodmark have the same amounts for miscellaneous charges. Thus, Liberty Tall Timbers would have an increase of \$25 from \$25 to \$50 for a Transfer Fee and increase of \$10 from \$20 to \$30 for a "Returned Check Charge." The Liberty Woodmark "Reconnection Fee (Customer's Request)" would be reduced by \$525 from \$550 to \$25 which is the present charge at Liberty Tall Timbers. Applicants believe that the existing charge of \$550 for "Reconnection Fee (Customer's Request)" was approved in error. Applicants are

seeking to have the Commission determine their consolidated rate base amount during the review of this application.

#### **IV. PARTIES AFFECTED**

The Rate Application affects retail wastewater utility customers within the service territories of Liberty Woodmark and Liberty Tall Timbers in Smith County, Texas. Part of the Liberty Tall Timbers service area is within the corporate boundaries of the City of Tyler, Texas, which has original jurisdiction over retail wastewater rates therein pursuant to Texas Water Code (TWC) § 13.042.

#### **V. FILING OVERVIEW**

This Rate Application consists of the following:

1. Statement of Intent to Change Rates
2. Proposed Protective Order
3. Rate Filing Package on the Commission-approved form, including all required schedules
4. Proposed Notices
5. Proposed Tariffs
6. Affidavit attesting to the correctness of the Application
7. Excerpts from the 2015 Annual Report of Algonquin Power and Utilities Corporation  
(includes consolidated annual income statement, statement of cash flow, and balance sheets for Applicants and affiliates).
8. Pre-filed direct testimony, including supporting attachments
  - a. Matthew Garlick
  - b. Gerald Becker
  - c. Crystal Greene
  - d. William Killeen
  - e. Bruce Fairchild



## **VI. CONTACT INFORMATION AND AUTHORIZED REPRESENTATIVES**

Applicants' business address is: Liberty Utilities (Woodmark Sewer) Corp.  
Liberty Utilities (Tall Timbers Sewer) Corp.  
12725 W. Indian School Rd., Suite D 101  
Avondale, AZ 85392

Applicants' authorized representative for this Rate Application is:

Gerry Becker  
Utility Rates and Regulatory Manager  
Liberty Utilities  
12725 W. Indian School Rd., Suite D 101  
Avondale, AZ 85392  
Telephone: (623) 298-3769  
Facsimile: (623) 935-1020  
gerry.becker@libertyutilities.com

Liberty's authorized legal representative is:

Geoffrey P. Kirshbaum  
TERRILL & WALDROP  
810 West 10<sup>th</sup> Street  
Austin, Texas 78707  
(512) 474-9100  
(512) 474-9888 - fax  
gkirshbaum@terrillwaldrop.com

## **VII. MOTION TO SEVER RATE CASE EXPENSE RECOVERY ISSUES**

Pursuant to the Texas Water Code and 16 TAC § 24.33, Applicants seek to recover all reasonable and necessary rate case expenses that it incurs in connection with the Application. Applicants propose to recover reasonable and necessary rate case expenses through a surcharge over a period to be determined. However, without waiving same, Applicants respectfully request that all rate case expense issues be severed from this proceeding and considered in a separate docket/proceeding. No rate case expenses for this Rate Application were included in Applicants' requested cost of service. Such severance is consistent with Commission practice in other rate cases, will serve the interest of efficiency in setting Applicants' just and reasonable retail rates other than

a surcharge to recover rate case expenses, and will avoid the need to estimate and update rate case expenses before the expenses are finalized in this proceeding. Applicant hereby reserves the right to supplement the Application with a rate case expense recovery request and evidence supporting same if its severance request is denied.

#### **VIII. NOTICE**

Pursuant to 16 TAC § 24.22(d), Applicants are providing notice of this Rate Application to all customers of Applicants affected by the rate change, and to the Office of Public Utility Counsel. Notice will be mailed separately to each customer, or hand-delivered. Applicants will mail separate notice to each affected customer and the City of Tyler, Texas. Applicants are providing notice on the Commission-approved form, and will include instructions on how a ratepayer may file a protest. Applicants will provide proof of notice pursuant to Commission rules at 16 TAC § 24.22(b)(5) upon completing notice, which will consist of an affidavit attesting to notice completion.

#### **IX. MOTION FOR ENTRY OF A PROTECTIVE ORDER**

Applicants request that a Protective Order of the standard form used by the Commission be entered promptly in this case. The draft Protective Order is included in the RFP. Until a protective order is issued in this proceeding, Applicants will provide access to confidential materials only to parties that agree in writing to be bound by the proposed protective order as if it had been issued by the Commission.

#### **X. PRAYER**

WHEREFORE, PREMISES CONSIDERED, Liberty Utilities (Woodmark Sewer) Corp. and Liberty Utilities (Tall Timbers Sewer) Corp. respectfully request approval of their proposed rate and tariff changes contained in this Application to be effective November 1, 2016 for Phase I, and March 1, 2017 or as soon thereafter as the Phase II projects described in the RFP are complete and

compliance with P.U.C. SUBST. R. 24.34(b) is achieved. Additionally, Applicants request all other and further relief, general or special, at law or in equity, to which Applicants may show themselves to be justly entitled.

Respectfully submitted,

By: 

Geoffrey P. Kirshbaum  
State Bar No. 24029665  
TERRILL & WALDROP  
810 West 10<sup>th</sup> Street  
Austin, Texas 78701  
Tel: (512) 474-9100  
Fax: (512) 474-9888  
gkirshbaum@terrillwaldrop.com

**ATTORNEYS FOR LIBERTY UTILITIES  
(WOODMARK SEWER) CORP. AND LIBERTY  
UTILITIES (TALL TIMBERS SEWER) CORP.**

**PUC DOCKET NO. 46256**

<b>APPLICATION OF THE LIBERTY</b>	<b>§</b>	
<b>UTILITIES (WOODMARK SEWER)</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>CORP. AND LIBERTY UTILITIES</b>	<b>§</b>	
<b>(TALL TIMBERS SEWER) CORP. TO</b>	<b>§</b>	<b>OF TEXAS</b>
<b>CHANGE RATES FOR SEWER</b>	<b>§</b>	
<b>SERVICES IN SMITH COUNTY, TEXAS</b>	<b>§</b>	

**PROTECTIVE ORDER**

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials) by a party providing information to the Public Utility Commission of Texas (Commission), including information whose confidentiality is currently under dispute.

It is ORDERED that:

- 1: Designation of Protected Materials. Upon producing or filing a document, including, but not limited to, records stored or encoded on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 46256" or words to this effect and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include not only the documents so designated, but also the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. Materials Excluded from Protected Materials Designation. Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Texas Public Information Act. Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in a proceeding, is or was public

knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. Reviewing Party. For the purposes of this Protective Order, a Reviewing Party is a party to this docket.
4. Procedures for Designation of Protected Materials. On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (1) any and all exemptions to the Public Information Act, Tex. Gov't Code Ann., Chapter 552, claimed to be applicable to the alleged Protected Materials; (2) the reasons supporting the providing party's claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (3) that counsel for the providing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. Persons Permitted Access to Protected Materials. Except as otherwise provided in this Protective Order, a Reviewing Party shall be permitted access to Protected Materials only through its Reviewing Representatives who have signed the Protective Order Certification Form. Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in these proceedings. At the request of the Commissioners or their staff, copies of Protected Materials may be produced by the Commission Staff (Staff) or the Commission's Docket Management and Commission Advising (CADM) to the Commissioners. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.
6. Highly Sensitive Protected Material Described. The term Highly Sensitive Protected Materials is a subset of Protected Materials and refers to documents or information which a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the

Reviewing Party (except as set forth herein) would expose a producing party to unreasonable risk of harm, including but not limited to: (1) customer-specific information protected by Tex. Util. Code Ann. § 32.101(c); (2) contractual information pertaining to contracts that specify that their terms are confidential or which are confidential pursuant to an order entered in litigation to which the producing party is a party; (3) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (4) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation "HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 46256" or words to this effect and shall be consecutively Bates Stamped in accordance with the provisions of this Protective Order. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. Restrictions on Copying and Inspection of Highly Sensitive Protected Material. Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made in order to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. A record of any copies that are made of Highly Sensitive Protected Material shall be kept and a copy of the record shall be sent to the producing party at the time the copy or copies are made. The record shall include information on the location and the person in possession of the copy. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as provided by Paragraphs 9 and 13. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. Restricting Persons Who May Have Access to Highly Sensitive Protected Material. With the exception of Commission Staff and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are: (1) outside counsel for the Reviewing Party; (2) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel; or (3) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review each Highly Sensitive Protected document to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff and OPC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.
9. Copies Provided of Highly Sensitive Protected Material. A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8, and be either outside counsel or an outside consultant. Other representatives of the reviewing party who are authorized to view Highly Sensitive Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Each reviewing party may make two additional copies of Highly Sensitive Protected Materials for outside consultants and/or Reviewing Party's employees whose business offices are located outside of Travis County. The additional copies may be maintained at the outside consultant's offices outside Travis County. All restrictions on Highly Sensitive documents in this Order shall apply to additional copies maintained outside the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected documents provided to a

Reviewing Party may not be copied except as provided in Paragraph 7 and shall be returned along with any copies made pursuant to Paragraph 7 to the producing party within two weeks after the close of the evidence in this proceeding. The restrictions contained herein do not apply to Commission Staff, OPC, and the Office of the Attorney General (OAG) when the OAG is a representing a party to the proceeding.

10. Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict. The procedures set forth in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.
11. Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC, and the OAG. When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures set forth herein.
12. Delivery of the Copy of Highly Sensitive Protected Material to Staff and Outside Consultants. The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification provided in Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC, and the OAG (if the OAG is



representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification attached hereto.

13. Restriction on Copying by Commission Staff, OPC, and the OAG. Except as allowed by Paragraphs 7, Commission Staff, OPC, and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the Presiding Officer directs otherwise. Limited notes may be made by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) of Highly Sensitive Protected Materials furnished to them and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken. Commission Staff, OPC (if OPC is a party), and the OAG (if OAG is a representing party) may make two additional copies of Highly Sensitive documents for outside consultants whose business offices are located outside Travis County. All restrictions on Highly Sensitive documents in this Order shall apply to additional copies maintained in the outside consultant's offices.
14. Public Information Requests. In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.
15. Required Certification. Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification set forth in the attachment to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to

anyone other than in accordance with the Protective Order and unless I am an employee of Commission Staff or OPC shall be used only for the purpose of the proceeding in Docket No. 46256. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply:

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification set forth in the Attachment to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

A copy of each signed certification shall be provided by the reviewing party to counsel for the producing party and served upon all parties of record.

16. Disclosures Between Reviewing Representatives and Continuation of Disclosure Restrictions After a Person is no Longer Engaged in the Proceeding. Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be

bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials. Except for Highly Sensitive Protected Materials which shall be provided to the Reviewing Parties pursuant to Paragraph 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.
18. Procedures Regarding Voluminous Protected Materials. Production of voluminous Protected Materials will be governed by 16 Tex. Admin. Code § 22.144(h). Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.
19. Reviewing Period Defined. The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. Procedures for Making Copies of Voluminous Protected Materials. Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical, or electronic copies of the Protected Materials, subject to the conditions hereof; provided, however, that before photographic, mechanical, or electronic copies can be made, the Reviewing Party seeking photographic,

mechanical, or electronic copies must complete a written receipt for copies on the attached form identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.

21. Protected Materials to be Used Solely for the Purposes of These Proceedings. All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (1) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (2) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.
22. Procedures for Confidential Treatment of Protected Materials and Information Derived from those Materials. Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.
23. Procedures for Submission of Protected Materials. If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion, or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents

shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the Presiding Officer and served under seal to the counsel of record for the Reviewing Parties. The Presiding Officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (1) shall notify the party which provided the information within sufficient time so that the providing party may seek a temporary sealing order; and (2) shall otherwise follow the procedures set forth in Tex. R. Civ. P. 76a.

24. Maintenance of Protected Status of Materials During Pendency of Appeal of Order Holding Materials are not Protected Materials. In the event that the Presiding Officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the Presiding Officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a Presiding Officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.
25. Notice of Intent to Use Protected Materials or Change Materials Designation. Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 46256 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of

certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. Procedures to Contest Disclosure or Change in Designation. In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate Presiding Officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or alternatively that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.
27. Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation. If the party asserting confidentiality files an objection, the appropriate Presiding Officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or reviewing party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the Presiding Officer determines that such proposed disclosure or change in designation should be

made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such Presiding Officer's ruling.

28. Maintenance of Protected Status During Periods Specified for Challenging Various Orders. Any party electing to challenge, in the courts of this state, a Commission or Presiding Officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (1) the date of an unfavorable Commission order; or (2) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this Paragraph. For purposes of this Paragraph, a favorable ruling of a state district court, state appeals court, supreme court or other appellate court includes any order extending the deadlines set forth in this Paragraph.
29. Other Grounds for Objection to Use of Protected Materials Remain Applicable. Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless and until such additional disclosure is order by the Commission or a court, all parties will abide by the restrictions imposed by the Protective Order.
30. Protection of Materials from Unauthorized Disclosure. All notices, applications, responses, or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.

31. Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials. Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit, or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.
32. Applicability of Other Law. This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act, and any other applicable law, provided that parties subject to those acts will give the party asserting confidentiality notice, if possible under those acts, prior to disclosure pursuant to those acts.
33. Procedures for Release of Information Under Order. If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (1) the



Reviewing Party shall notify the party asserting confidentiality of such order at least five (5) calendar days in advance of the release of the information in order for the party asserting confidentiality to contest any release of the confidential information; (2) the Reviewing Party shall notify the producing party that there is a request for such information within five (5) calendar days of the date the Reviewing Party is notified of the request for information; and (3) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein.

34. Best Efforts Defined. The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body or written opinion of the Texas Attorney General which was sought in compliance with the Public Information Act. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of Tex. Gov’t Code Ann. § 552.301, or intends to comply with the final governmental or court order.
35. Notify Defined. Notify, for purposes of Paragraphs 32, 33, and 34, shall mean written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. Requests for Non-Disclosure. If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Order, the producing party shall tender the information for in camera review to the presiding officers within 10 calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-

disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information. Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the commission.

37. Sanctions Available for Abuse of Designation. If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 Tex. Admin. Code § 22.161.
38. Modification of Protective Order. Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. Breach of Protective Order. In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

SIGNED AT AUSTIN, TEXAS as of the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_



### **Protective Order Certification**

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of Commission Staff or OPC shall be used only for the purpose of the proceeding in Docket No. 46256. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

DOCKET NO. 46256

I request to view/copy the following documents:

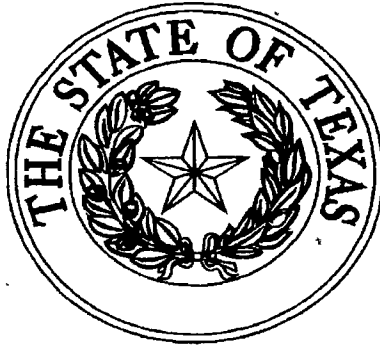
Document requested	# of Copies	Non-Confidential	Confidential &/or H.S.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date



**PUBLIC UTILITY COMMISSION OF TEXAS**

**CLASS B RATE/TARIFF CHANGE APPLICATION**

***Required Schedules for rate/tariff changes***

WATER UTILITY NAME: Liberty Utilities (Woodmark Sewer) Corp and Liberty Utilities (Tall Timbers Sewer) Corp  
CCN No. WM 20679; TT 20694

ADDRESS OF UTILITY: 12725 W Indian School Rd, Suite D 101  
Street, P.O. Box and/or suite number  
Avondale, AZ 85391  
City and Zip Code

PHONE NUMBER: ( 623 ) 298-3769  
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Gerry Becker - Utility Rates and Regulatory Manager

PHONE: (623) 298-3769

EMAIL ADDRESS Gerry.Becker@LibertyUtilities.com

PUC CLASS SIZE: ☒ B ☐ C (circle one)

	Step 1	Step 2	
INCREASE (DECREASE)	<u>1,038,363</u>	<u>2,002,514</u>	(From Sch. I-1, Line 33)
	dollar amount		
	<u>37.51%</u>	<u>72.34%</u>	(From Sch. I-1, Line 34)
	percent above (below) current revenue requirement		

DESCRIBE OWNERSHIP OF COMPANY.

Liberty Utilities (Woodmark Sewer) Corp and Liberty Utilities (Tall Timbers Sewer) Corp

DATE OF LAST GENERAL RATE CASE FILING Woodmark filed June 18, 2013,  
Tall Timber filed April 1, 2009

DATE OF LAST NON-GENERAL RATE CHANGE\*. N/A

\* (e.g. pass through rate change or temporary water rate provision).

## **CLASS B RATE/TARIFF CHANGE APPLICATION**

### ***Required Schedules for rate/tariff changes***

***\*\*Please read the "Class B Investor-Owned Utilities water and/or sewer Instructions for Rate/Tariff Change Application" completing these schedules. \*\****

**These schedules are organized in a manner whereby the user can work through each section to:**

- 1st Record historical test year data on Schedule I-1, Column D.  
Enter your test year end on the table of contents.**
- 2nd Provide historical revenue information on Schedule 1-2.**
- 3rd Calculate operating expenses and make adjustments (Section II).**
- 4th Calculate return for rate making purposes (Section III).**
- 5th Calculate adjusted taxes other than income (Section IV).**
- 6th Calculate federal income taxes (Section V).**
- 8th Determine revenue requirements (Schedule I).**
- 9th Design proposed rates (Section VI).**

**These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information. If the applicant does not use a schedule, it should be noted as "N/A", and an explanation provided.**

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

GENERAL WATER RATE/TARIFF CHANGE APPLICATION  
SCHEDULES

**Complete all of the following schedules for your Class A or B utility  
(if the schedule does not apply, include it marked "N/A")**

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 12/31/2015  
DATE SUBMITTED TO PUC: September 2, 2016

	<u>Attachment Schedule</u>	<u>Items Checked</u>
SECTION I		
<u>REVENUES AND REVENUE REQUIREMENT</u>		
Revenue Requirement Summary	I-1	<input checked="" type="checkbox"/>
Historical Revenue Summary	I-2	<input checked="" type="checkbox"/>
<u>Include the appropriate schedules:</u>		
Metered Active Connections by Meter Size	I-3	<input type="checkbox"/> N/A
Unmetered Active (Flat Rate) Customers	I-4	<input checked="" type="checkbox"/>
SECTION II		
<u>OPERATIONS AND EXPENSES</u>		
Water Production (no unmetered rates)	II-1(a)	<input type="checkbox"/> N/A
Water Production (with unmetered rates)	II-1(b)	<input type="checkbox"/> N/A
Other Revenues & Expenses passed through	II-3	<input checked="" type="checkbox"/>
Purchased Power	II-4	<input checked="" type="checkbox"/>
Other Volume Related Expenses	II-5	<input checked="" type="checkbox"/>
Payroll Cost Allocation	II-6	<input checked="" type="checkbox"/>
Materials	II-7	<input checked="" type="checkbox"/>
Contract Work	II-8	<input checked="" type="checkbox"/>
Transportation Expenses	II-9	<input checked="" type="checkbox"/>
Other Plant Maintenance	II-10	<input checked="" type="checkbox"/>
Employee Pensions/Benefits	II-11	<input type="checkbox"/> N/A
Bad Debts/uncollectables	II-12	<input checked="" type="checkbox"/>
Office Services and Rentals	II-13	<input checked="" type="checkbox"/>
Office Supplies and Expense	II-14	<input type="checkbox"/> N/A
Professional Services	II-15	<input type="checkbox"/> N/A
Insurance	II-16	<input checked="" type="checkbox"/>
Rate Case Expense	II-17	<input type="checkbox"/> N/A
Regulatory Commission Expense	II-18	<input checked="" type="checkbox"/>
Miscellaneous Expense	II-19	<input checked="" type="checkbox"/>



<p>UTILITY NAME: <u>Liberty Utilities - Woodmark and Tall Timbers</u></p> <p>GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES</p> <p>TABLE OF CONTENTS (Page 2 of 2)</p>
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	<u>Attachment Schedule</u>	<u>Items Checked</u>
SECTION III <u>RETURN AND RATE BASE</u>		
Requested Return	III-1	<input checked="" type="checkbox"/>
Rate Base	III-2	<input checked="" type="checkbox"/>
Utility Plant	III-3	<input checked="" type="checkbox"/>
Utility Plant reconciled to previous filing	III-3(a)	<input checked="" type="checkbox"/>
Developer Construction work in progress	III-4(a)	N/A
Materials and Supplies Inventory	III-4(b)	<input checked="" type="checkbox"/>
Working Cash	III-5	<input checked="" type="checkbox"/>
Notes Payable	III-6	<input checked="" type="checkbox"/>
Accumulated Depreciation	III-7	<input checked="" type="checkbox"/>
Advances for Construction	III-8(a)	<input checked="" type="checkbox"/>
Contributions in Aid of Construction	III-8(b)	<input checked="" type="checkbox"/>
Deferred Income Taxes	III-9(a)	<input checked="" type="checkbox"/>
Deferred Investment		
Tax Credits	III-9(b)	<u>N/A</u>
Deferred Assets	III-10(a)	<u>N/A</u>
SECTION IV <u>TAXES OTHER THAN INCOME</u>		
Property, Payroll and Other Taxes	IV(a)	<input checked="" type="checkbox"/>
Revenue Related Taxes	IV(b)	<input checked="" type="checkbox"/>
SECTION V <u>FEDERAL INCOME TAXES (FIT)</u>		
Income Taxes at Present Rates-effective rate	V	<input checked="" type="checkbox"/>
SECTION VI <u>RATE DESIGN</u>		
Rate Design Worksheet	VI	<input checked="" type="checkbox"/>

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION I - REVENUE REQUIREMENTS AND REVENUES

The purpose of Section I is to summarize the revenue requirement and provide revenues and meter information for the test year.

Instructions for Section I - Revenue Requirement and Revenues

Carefully complete the label for each worksheet. Your application docket number should be included on each page.

Schedule I-1 is a **SUMMARY**. Complete column D, historical test year information first using financial records, then work through the remainder of the sections and schedules other than the rate design, Schedule VI, to calculate the utility's changes to its historical test year in Column E. Column G provides the worksheet source for amounts in Columns E & F.

Schedule I-2 reports historical revenues collected and Schedules I-3 and I-4 report connection information. Use historical financial data and data from recent annual reports (PUC Rpt.) to complete the schedules.

**Please complete Schedule II-3 prior to I-2.**

Insert and reference additional worksheets as necessary. For example, you may wish to add schedules that apply to unique situations in your utility.

The schedules are based on NARUC chart of accounts and include sub-accounts as necessary for detail needed to determine reasonable and necessary expenditures.

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**I-1 REVENUE REQUIREMENT SUMMARY**

PUC Docket No.                      Test Year End: **12/31/2015**

A	B	C	D	E	F=D+E	G
			Historical Test Year	K & M Changes	Adjusted Test Year	
Line No.	Acct. No.	Account Name				Reference/ Instructions
		Volume related expenses:				
1	710	Purchased Wastewater Treatment	59,960	-	59,960	Schedule II-3
2	711	Sludge Removal Expense	102,652	-	102,652	Schedule II-3
3	715-716	Power Expense-production only	156,021	-	156,021	Schedule II-4
4	718	Chemicals	38,825	-	38,825	Schedule II-5
5		Total volume related exp.	357,457		357,457	Add Lines 1-3
		Non-volume related expenses:				
6	701	Salaries and wages	629,578	-	629,578	Schedule II-6, Line 1
7	720	Materials and supplies	53,107	-	53,107	Schedule II-7
8	731-736	Contract work	734,708	-	734,708	Schedule II-8
9	750	Transportation expenses	36,643	-	36,643	Schedule II-9
10	742	Rental of equipment	25,241	-	25,241	Schedule II-10
11		Total non-volume related exp.	1,479,278		1,479,278	Add Lines 5-9
		Admin. & general expenses:				
12	701	Office salaries	-	-	-	Schedule II-6, line 2
13	701	Mgmt. salaries	-	-	-	Schedule II-6, line 3
14	704	Employee pensions & benefits	-	-	-	Schedule II-11
15	715	Purchased power-Office only	-	-	-	Schedule II-4
16	770	Bad debt expense	25,766	9,303	35,069	Schedule II-12
17	776	Rental of Building/real Property	7,887	-	7,887	Schedule II-13
18	777	Office supplies & expenses	-	-	-	Schedule II-14
19	778	Professional services	-	-	-	Schedule II-15
20	784	Insurance	13,861	-	13,861	Schedule II-16
21	766	Regulatory (rate case) expense	-	-	-	Schedule II-17
22	767	Regulatory expense (other)	6,670	(6,670)	-	Schedule II-18
22	775	Miscellaneous expenses	90,295	-	90,295	Schedule II-19
23		Total admin. & general expense	144,479		147,112	Add Lines 11-22
24		Total operating Expenses	1,981,213		1,983,846	Lines 4 + 10 + 23
25	403	Depreciation	735,146	-	735,146	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	172,327	35,746	208,073	Sch IV(b), Line 8
27	409/10	Income Tax Expense	-	270,993	270,993	Schedule V, Line 7
28		TOTAL EXPENSES	2,888,687		3,198,058	
29		TOTAL HISTORIC REVENUE	2,768,051			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(120,636)			Line 30 less Line 29
31		REQUESTED RETURN			608,356	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			3,806,414	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	1,038,363	Line 32 less Line 29
34		PERCENTAGE INCREASE			37.5%	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			(86,668)	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	3,719,747	Line 32 minus Line 35

UTILITY NAME: <u>Liberty Utilities - Woodmark and Tall Timbers</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: <u>12/31/2015</u> <b>I-2 HISTORICAL REVENUE SUMMARY</b>				
Line No.	NARUC A/C	Description	Historical Test Year	
1.	461	Metered connections base rate revenue	-	From financial records
2.	461	Metered connection gallonage rate revenue	-	From financial records
3.	521-522	Unmetered (Flat rate) revenue	2,709,954	From financial records
4.		Total Metered & Flat Rate Revenue	2,709,954	
5.		Plus: Total Other Revenues	58,097	From II-3, Column B, line 7
6.		Total Historic Test Year Revenues per income statement and Annual Report*	2,768,051	Line 4 plus line 5

(to I-1, Column D, line 29)

\*Provide all calculations and explanations for any differences between the applicant's annual report and this schedule.

\* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number.

521.1 -- Residential Revenues	2,209,040
521.2 -- Commercial Revenues	273,351
522.1 -- Residential Revenues	204,339
522.2 -- Commercial Revenues	23,224
Total	<u>2,709,954</u>

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**I-3 METERED ACTIVE CONNECTIONS BY METER SIZE**

FOR TEST YEAR ENDED: 12/31/2015

A	B	C	D	E	F		G	H
		Number of Connections						
Line No.	Meter Size	End of Prior Year	Test Year Additions	End of Test Year	Average		Meter Ratios	Meter Equivalencies End of TY
		PUC report Sch. 9		(C+D)	(C + E) / 2			(E x G)
1.	5/8" x 3/4"	N/A					1.0	
2.	3/4"						1.5	
3.	1"						2.5	
4.	1 1/2"						5.0	
5.	2"						8.0	
6.								
7.								
8.								
9.	Total							
10	Average							

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS**  
 FOR TEST YEAR ENDED: 12/31/2015

A	B	C	D	E	F
		Number of Basic Equivalent Rates (BER)			
Line No.	Flat Rate Unit	End of Prior Year	Test Year Additions	End of Year	Average
		PUC report Sch. 9		(C + D)	(C + E) / 2
1.					
2.					
3.					
4.					
5.	Total				48,600

## INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION II - OPERATIONS AND MAINTENANCE

The purpose of Section II is to report expense information and allow for the known and measurable changes to operating expenses to determine the revenue requirement in Schedule I-1.

### Instructions for Section II

Compile financial and source information to determine known and measurable changes to the test year expenses. Provide copies of source documents, such as increased utility bill notices, to verify the applicant's proposed known and measurable changes. Show calculations and explanations for all known and measurable changes on all schedules, where applicable. Attach extra workpapers if needed.

Working through Schedules II-4 through II-19, complete each and transfer test year amounts to column G of Schedule I-1. Depreciation expense, other taxes, FIT and return will be determined using later schedules. Wait until those schedules are complete, and then transfer the amounts to Schedule I-1.

Insert and reference additional workpapers as necessary. For example, the applicant may use additional schedules that address unique aspects of the utility.

UTILITY NAME: <u>Liberty Utilities - Woodmark and Tall Timbers</u>					
SCHEDULES - CLASS B RATE/TARIFF CHANGE					
<b>II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION</b>					
FOR TEST YEAR ENDED: 12/31/2015					

**SCHEDULE II-1(a): WATER PRODUCTION:  
(COMPANIES WITH METERED RATE CUSTOMERS)**

Line No.	Water Production (1,000 Gallons)	A	B	C= A+B	D
		Test Year	K & M Changes	Adjusted Test Year	Reference
1	Total water pumped	N/A			PUC Annual Report
2	Total water purchased				PUC Annual Report
3	Total water produced				Line 1 + line 2
4	Total water sold				PUC Annual Report
5	Total accounted for non-revenue water*				
6	Total unaccounted for water				Lines 3 less 4 less 5
7	Percentage				Line 6 divided by Line 3

\* Describe the tracking technique for calculating line 5 and provide the records reflecting the calculation.

Known and measurable calculations and explanations:

**SCHEDULE II-1(b) WATER PRODUCTION  
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)**

Line No.	Description	A	B	C=A+B	D
		Test Year	K & M Change	Adjusted Test Year	Reference
1	Water Purchased (1,000 gallons)				PUC report Sch. D-1
2	Water Pumped (1,000 gallons)				PUC report Sch. D-1
3	Total production (1,000 gallons)				Lines 13 + 14



UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-3 OTHER REVENUES & EXPENSES PASSED THROUGH**  
 FOR TEST YEAR ENDED: 12/31/2015

## II-3(a) Purchased Water or Other Pass Through Expenses

Line No.	A	B	C	D	D
	Purchased from:	Units purchased (in _____) (e.g. 1,000 gal, AC - FT)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
1.	Account 710 (Purchased Treatment)				59,960
2.	Account 711 (Sludge Removal)				102,652
3.					
4.	Total *				<b>162,612</b>

\* Must agree with Schedule II-1(a), Line 2, column A, or provide a reconciliation.

## II-3(b) Other revenues collected from customers

Line No.	A	B		D
	Item passed thru or type of other revenue	Test year historical revenues collected		Test year revenues netted against COS
1.	Tap Fees*			
2.	Late Fees	28,571		
3.	Meter Test Fees			
4.	Reconnect Fees			
5.	Purchased Water Fees			
6.	Groundwater Conservation District Fees			
7.	Other (attach detail**)	58,097		
8.	Total Other Revenues	86,668		

(to Sch. I-2, line 5)

(to Sch. I-1, line 35)

\* Tap fees should be reported on Sch. III-8-CIAC, Line 1.

\*\* If the utility provides other than residential retail service (wholesale, industrial, etc),  
 provide a work paper with the detail of this account by NARUC sub account number.

Establishment Fees	24,725
Service Charges	33,400
Miscellaneous	(28)
Total Other	58,097

UTILITY NAME:	Liberty Utilities - Woodmark and Tall Timbers
II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE	
PURCHASED POWER	
FOR TEST YEAR ENDED:	12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

Line No.	Account No.	Account Name
2.	715-716	Purchased Power and Fuel

**II-4(a) Volume related expenses (Electric used for production of water/sewer)**

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

	Year	Amount	
	2013	\$ 186,404	
	2014	\$ 170,069	
Test Year	2015	\$ 156,021	
K & M Change		\$ -	(to I-1, Column E, Line 2)
Adjusted Test year		\$ 156,021	(to I-1, Column F, Line 2)

Explanation and calculations of known and measurable change:

**II-4(b) Office related expenses (Electric used for production of water/sewer)**

Line No.	Account No.	Account Name
14		

**Volume related expenses**

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

	Year	Amount	
a. Test Year			
b. K & M Change		\$ -	(to I-1, Column E, Line 14)
c. Adjusted Test year (a. + b.)		\$ -	(to I-1, Column F, Line 14)

Explanation and calculations of known and measurable change:

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-5 OTHER RELATED VOLUME EXPENSES**

FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
3.	718	Chemicals

**Other volume related expenses**

List the amount spent on other volume related expenses for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

	<u>Year</u>	<u>Amount</u>	
	<u>2013</u>	\$ <u>43,300</u>	
	<u>2014</u>	\$ <u>37,184</u>	
<b>a. Test Year</b>	<u>2015</u>	\$ <u>38,825</u>	
<b>b. K &amp; M Change</b>		\$ <u>-</u>	(to I-1, Column E, Line 3)
<b>c. Adjusted Test year (a.+b.)</b>		\$ <u>38,825</u>	(to I-1, Column F, Line 3)

**Explanation and calculations of known and measurable change:**

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-6 ALLOCATION OF PAYROLL EXPENSES</b> FOR THE ADJUSTED TEST YEAR <span style="float: right;">12/31/2015</span>
---

**SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERVICE**

**II-6(a) PAYROLL COSTS:**

Line No.	A	B	C	D	E	F	G	H
	Test Year Payroll	Capitalized Payroll	Expensed Payroll	1st 7000 or new limit (FUTA max)	7,001 to 9000 or new limit (SUTA max)	9,001 to 118500 or new limit (or FICA max)	over 118500 or new limit	Total Payroll
1.	The utilities have no employees. All labor costs are incurred by Liberty Utilities Service Corp., with labor and benefits costs being charged to the utilities on cost-causal bases.							
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.	Total							
10.	Percentage Capitalized <span style="float: right;">Line 9, column F divided by line 9, column E=</span>							

**II-6(b) ALLOCATION OF PAYROLL TO EXPENSE:**

Line 'Total Payroll Expenses' should equal the total from 'Expensed Payroll' (Column C, Line 9) above

Line No.	Acct. No.	Account Name	Test Yr Expense
1.	701	Salaries and Wages	629,578
2.		Office salaries	
3.		Management salaries	
4.		Total Payroll Expenses	629,578

\* Attach a brief summary of the utility's capitalization policy and explain any changes in capitalization rates of more the 5% per year.

\*\* Attach an explanation and calculation for K&M salary changes from test year.

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-7 MATERIALS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
6.	720	Materials and Supplies

**II-7(a) Materials**

List the amount spent on materials for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items in the list below. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	<u>2013</u>	\$ <u>42,545</u>
	<u>2014</u>	\$ <u>48,342</u>
a. Test Year	<u>2015</u>	\$ <u>53,107</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 6)
c. Adjusted Test year (a. + b.)		\$ <u>53,107</u> (to I-1, Column F, Line 6)

\* A large item is more than 10% of the test year account balance and more than \$1,000.00

Expensed materials may not be included in rate base in materials and supplies inventories.

Explanation and calculations of known and measurable change:

**II-7(b) Large Items:**

Description	Amount	Date in service
N/A		

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-8 CONTRACT WORK**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
7.	731-736	Contract work (non-capitalized engineering, testing, other)

**II-7(a) Contract work**

List the amount spent on contract work for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years; indicate the reason for the anticipated increase.

Year	Amount
_____	\$ _____
2013	\$ 545,601
2014	\$ 1,050,827
a. Test Year 2015	\$ 734,708
b. K & M Change	\$ - (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)	\$ 734,708 (to I-1, Column F, Line 7)

\* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change:

**II-8(b) Large Items:**

Description	Amount	Date in service
N/A		

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-9 TRANSPORTATION**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
8.	750	Transportation expense

**II-9(a) Transportation expense**

List the type of vehicles used by the utility and allocate the percent used for business purposes. For example, is there one vehicle used solely for the utility, or is it used for non-business activities too? Is there a vehicle involved that is part of the Company's Plant in Service and thus is already depreciated?

Vehicle expenses reported using a cost per unit (say 34 cents per mile) have the depreciation factor included. A vehicle which is part of the Plant in Service should show only actual operating and maintenance expenses (oil, gas, repairs, maintenance) excluding insurance. The purpose of this supplemental page is to ensure that vehicle expense will be recorded properly and that vehicle depreciation is not listed twice or totally omitted.

	Year	Amount	
	<u>2013</u>	\$ <u>34,790</u>	
	<u>2014</u>	\$ <u>45,667</u>	
a. Test Year	<u>2015</u>	\$ <u>36,643</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 8)
c. Adjusted Test year (a. + b.)		\$ <u>36,643</u>	(to I-1, Column F, Line 8)

**Explanation and calculations of known and measurable change:**

**II-9(b) Large Items\*:**

Description	Amount	Date in service
N/A		

\* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-10 OTHER PLANT MAINTENANCE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
9.	742	Rental of equipment

**II-10(a) Other plant maintenance**

List the amount spent on other plant maintenance for the last two record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	<u>Year</u>	<u>Amount</u>	
	<u>2013</u>	\$ <u>95,878</u>	
	<u>2014</u>	\$ <u>114,546</u>	
a. Test Year	<u>2015</u>	\$ <u>25,241</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 9)
c. Adjusted Test year (a. + b.)		\$ <u>25,241</u>	(to I-1, Column F, Line 9)

\* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change:

**II-10(b) Large Items:**

Description	Amount	Date in service



UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-11 EMPLOYEE PENSIONS AND BENEFITS**

FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.****References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
13.	604	Employee pensions and benefits

**Employee pensions and benefits**

List the amount spent on Employee's pensions and benefits for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all items by category. For example, Pensions includes such items as ESOPs and IRAs. The "Other" column includes such items as dental, vision, life insurance, etc. Also include the number of employees covered and charged to account 674 and indicate the cost per employee. As applicable, provide information on any qualified pensions offered to employees and documentation, such as actuarial studies, discussing net pension costs as well as current funding status of the utility's projected benefit obligation. If the Test Year amount is higher than previous years, indicate the reason for the anticipated change:

**List types of Pensions & Benefits:**

Year	\$ Total Amount	\$ Pensions	\$ Health	\$ Other	\$ Amount Capitalized*
------	-----------------	-------------	-----------	----------	------------------------

**Cost per Employee:**

Year	\$ Total Amount	\$ Pensions	\$ Health	\$ Other	\$ Amount Capitalized*
------	-----------------	-------------	-----------	----------	------------------------

**Number of Employees covered:****Cost per Employee:****List types of Pensions & Benefits:**

Year	\$ Total Amount	\$ Pensions	\$ Health	\$ Other	\$ Amount Capitalized*
------	-----------------	-------------	-----------	----------	------------------------

**Number of Employees covered:****Cost per Employee:**

\*(use % on Sch 11-6(a), line 10)

The utilities have no employees. All labor costs are incurred by Liberty Utilities Service Corp., with labor and benefits costs being charged to the utilities on cost-causal bases.

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES : CLASS B RATE/TARIFF CHANGE

**II-12 BAD DEBTS**

FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
References below refer to Schedule I-1.

Line No.	Account No.	Account Name
15.	770	Bad Debts

**II-12 Bad debts/Uncollectibles**

List the recorded amount the company was unable to collect for the last two years, and estimate the uncollectible amount for the Test Year. If the the Test Year is higher than previous years, indicate the reason for the anticipated increase.

	Year	Amount
	2013	\$ 4,991
	2014	\$ 13,702
a. Test Year	2015	\$ 25,766
b. K & M Change		\$ 9,303 (to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		\$ 35,069 (to I-1, Column F, Line 15)

Explanation and calculations of known and measurable change:

Adjusted to correspond to requested rates.

**II-12(b) Large Items\*:**

Description	Amount	Date in service
N/A		

\* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-13 OFFICE SERVICES AND RENTALS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
16.	741	Rental of Building/Real Property

**II-13(a) Office services and rentals**

List the amount spent on office services and rentals for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount	
	2013	\$ 6,303	
	2014	\$ 6,825	
a. Test Year	2015	\$ 7,887	
b. K & M Change		\$ -	(to I-1, Column E, Line 16)
c. Adjusted Test year (a. + b.)		\$ 7,887	(to I-1, Column F, Line 16)

**Explanation and calculations of known and measurable change:**

\* A large item is more than 10% of the test year account balance and more than \$1,000.

**II-13(b) Large Items:**

Description	Amount	Date in service
N/A		

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-14 OFFICE SUPPLIES**FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
References below refer to Schedule I-1.

Line No.	Account No.	Account Name
17.	681	Office supplies & expenses

**II-14(a) Office supplies & expenses**

List the amount spent on office supplies and expenses for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount	
	_____	\$ _____	
	_____	\$ _____	
a. Test Year	_____	\$ N/A	
b. K & M Change		\$ -	(to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		\$ -	(to I-1, Column F, Line 17)

Explanation and calculations of known and measurable change:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

**II-14(b) Large Items:**

Description	Amount	Date in service
N/A		

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-15 PROFESSIONAL SERVICES**

FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
References below refer to Schedule I-1.

Line No.	Account No.	Account Name
18.	682	Professional services

**II-15(a) Professional services**

List the amount spent on professional services for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items\*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount	
	_____	\$ _____	
	_____	\$ _____	
a. Test Year	_____	\$ N/A	
b. K & M Change		\$ -	(to I-1, Column E, Line 18)
c. Adjusted Test year (a. + b.)		\$ -	(to I-1, Column F, Line 18)

Explanation and calculations of known and measurable change:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

**II-15(b) Large Items:**

Description	Amount	Date in service
N/A		

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-16 INSURANCE**

FOR THE TEST YEAR ENDED: 12/31/2015

**This page is supplemental information. It is required to complete Schedule I-1.  
References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
19.	756-757	Insurance

**Insurance**

List the amount spent on insurance for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items\*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	<u>Year</u>	<u>Amount</u>	
	<u>2013</u>	\$ <u>21,859</u>	
	<u>2014</u>	\$ <u>16,084</u>	
<b>a. Test Year</b>	<u>2015</u>	\$ <u>13,861</u>	
<b>b. K &amp; M Change</b>		\$ <u>-</u>	(to I-1, Column E, Line 19)
<b>c. Adjusted Test year (a. + b.)</b>		\$ <u>13,861</u>	(to I-1, Column F, Line 19)

**Types of insurance:**

<u>Year</u>	<u>\$</u> <u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
<u>Year</u>	<u>\$</u> <u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
<u>Year</u>	<u>\$</u> <u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>

**Explanation and calculations of known and measurable change:**

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-17 REGULATORY EXPENSE**

FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
References below refer to Schedule I-1.

Line No.	Account No.	Account Name
20.	666	Regulatory (Rate Case) Expense

**II-17(a) Regulatory commission expense**

List the amount spent on rate case expense for the last two years and for the Test Year. Typically, the commission separates rate case expense from the revenue requirement and allows recovery through a surcharge. The known and measurable adjustment would decrease this expense to zero in this case. In any event, if the applicant does not file every year, the expense must be amortized over the time between filings and only one year's worth should be charged to customers. Record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount	
	_____	\$ _____	
	_____	\$ _____	
a. Test Year	_____	\$ _____	
b. K & M Change		\$ _____ -	(to I-1, Column E, Line 20 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ _____ -	(to I-1, Column F, Line 20 - see instructions above)

Explanation and calculations of known and measurable change:

\* A large item is more than 10% of the test year account balance and more than \$1,000 .

**II-17(b) Large Items:**

Description	Amount	Date in service

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-18 REGULATORY EXPENSE</b> FOR THE TEST YEAR ENDED: 12/31/2015
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This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.

Line No.	Account No.	Account Name
21.	766-767	Regulatory commission expense

**II-18(a) Regulatory commission expense**

List the amount spent on regulatory commission expense for the two record periods and for the Test Year. Include TCEQ inspection fees or permit fees, and other regulatory expense. Do not include the regulatory assessment; this is a pass through expense. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	2013	\$ -
	2014	\$ -
a. Test Year	2015	\$ 6,670
b. K & M Change		\$ (6,670)
c. Adjusted Test year (a. + b.)		\$ -

(to I-1, Column E, Line 21 - see instructions above)

(to I-1, Column F, Line 21 - see instructions above)

Explanation and calculations of known and measurable change:

\* A large item is more than 10% of the test year account balance and more than \$1,000.

**II-18 (b) Large Items:**

Description	Amount	Date in service



UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-19 MISCELLANEOUS EXPENSE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

This page is supplemental information. It is required to complete Schedule I-1.  
 References below refer to Schedule I-1.

Line No.	Account No.	Account Name
22.	775	Miscellaneous

**II-19 (a) Miscellaneous expense**

List the amount spent on general miscellaneous for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount
	2013	\$ 80,487
	2014	\$ 124,676
a. Test Year	2015	\$ 90,295
b. K & M Change		\$ - (to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ 90,295 (to I-1, Column F, Line 22 - see instructions above)

Explanation and calculations of known and measurable change:

\* A large item is more than 10% of the test year account balance.

**II-19 (b) Large Items:**

Description	Amount	Date in service
N/A		

### III Rate Base

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

#### SECTION III RATE BASE INSTRUCTIONS

**Section III provides working tables to allow the calculation of rate base and return on rate base.**

#### **Instructions for Section III**

- 1 Complete Schedules III-3 through III-9 as they apply to your company.**
- 2 Transfer resulting year end balances (last line of each table) to Schedule III-2.**
- 3 Complete Schedule III-1**

UTILITY NAME: <u>Liberty Utilities - Woodmark and Tall Timbers</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-1 REQUESTED RETURN</b> FOR THE TEST YEAR ENDED: <u>12/31/2015</u>
---

**RETURN ON RATE BASE:**

Line No.	Description	Amount	
1	Test year end rate base (from III-2, Line 16)	7,076,376	6125700
2	Requested ROR ( Col G, Line 7 below)	8.60%	0.0901
3	Return on rate base (Line 1 x Line 2)	608,356	551,926

**Rate of Return:**

A	B	C	D	E	F	G
Line No.	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			G=(E x F)
4.	Equity (Rate base less Line 5, Column D)	4,770,248	70.00%	10.160%	Col E = Requested return on equity	7.11%
5.	Long Term Debt and Advances from associated companies from Schedule III-6	-	30.00%	4.95%	Col E = From Sch III-6, Column H, Line 9	1.49%
6.	Total capitalization (Rate Base Sch III-2, Line 16)	4,770,248				
7.	Return on rate base Col G, Line 6 rounded to nearest 0.01%)				Line 4 + Line 5	8.60%

7.1120000%

To Line 2 above

\* ROE = Return on Equity

Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-2 RATE BASE SUMMARY**  
 FOR THE TEST YEAR ENDED: 12/31/2015

Line No.	Description	Amount	Reference
1	<b>Additions:</b>		(From)
2.	Utility plant (Original Cost)	15,075,600	Schedule III-3, Line 50, Col D
3.	Construction work in progress	-	Schedule III-4, Line 5
4.	Materials and supplies	-	Schedule III-4, Line 8
5.	Working cash (capital)	165,321	Schedule III-5, Line 2
6.	Prepayments	2,937	Schedule III-4, line 8
7.	Other Additions	-	Add schedule
8.	TOTAL ADDITIONS (Add Lines 2 through 6)	15,243,858	
	<b>Deductions:</b>		
9.	Reserve for depreciation (Accumulated)	(4,516,396)	Schedule III-3, Col F, Line 50
10.	Advances for construction	-	Schedule III- 8(a), Col F, Line 6
11.	Developer Contributions in aid of construction	(2,588,981)	Schedule III- 8(b), Col G, Line 6
12.	Accumulated deferred income taxes	(1,032,894)	Schedule III- 9(a), Line 3
13.	Accumulated deferred investment tax credits	-	Schedule III- 9(b), Line 3
14.	Other Deductions	(29,212)	Customer Deposits
15.	TOTAL DEDUCTIONS (Add lines 9 through 14)	(8,167,483)	
16.	RATE BASE (Line 8, less Line 15)	7,076,376	

## SCHEDULES - CLASS B RATE/TARIFF CHANGE

## III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION

(Provide a schedule for each PWS system)

Add schedules as needed, provide a summary also

Line No.	[A] Item	[B] Date of Installation	[C] Service Life (yrs) **	[D.1] Original Cost when installed \$	[D.2] Customer CIAC amount	[D]-[D.1] - [D.2]	Depreciation					[F] Accumulated (\$)(Reserve)	[G] = [D]-[F] Net Book Value (\$)
							Time in Service			[E] = [D]/[C] Annual (\$)			
							Years in Service	Months	Days				
1	353: Land and Land Rights	Various		189,003	N/A	N/A	N/A	N/A	N/A	-	-	189,003	
2	354: Structures and Improvements	Various	30	5,842,924	N/A	N/A	N/A	N/A	N/A	191,127	(2,316,481)	3,526,443	
3	355: Power Generation Equipment	Various	20	2,200	N/A	N/A	N/A	N/A	N/A	(568)	(1,008)	1,192	
4	360: Collection Sewers -- Force	Various	50	665,780	N/A	N/A	N/A	N/A	N/A	13,316	(66,281)	599,499	
5	361: Collection Sewers -- Gravity	Various	50	1,223,692	N/A	N/A	N/A	N/A	N/A	24,474	(245,630)	978,063	
6	363: Services to Customers	Various	20	342,098	N/A	N/A	N/A	N/A	N/A	16,811	(141,331)	200,767	
7	364: Flow Measuring Devices	Various	20	2,582	N/A	N/A	N/A	N/A	N/A	-	(2,582)	-	
8	370: Receiving Wells	Various	30	84,881	N/A	N/A	N/A	N/A	N/A	2,829	(4,480)	80,401	
9	371: Pumping Equipment	Various	5	2,578,593	N/A	N/A	N/A	N/A	N/A	440,756	(1,048,907)	1,529,686	
10	380: Treatment & Disposal Equip.	Various	25	2,786,635	N/A	N/A	N/A	N/A	N/A	111,497	(323,758)	2,462,878	
11	381: Plant Sewers	Various	40	761,699	N/A	N/A	N/A	N/A	N/A	24,041	(37,569)	724,130	
12	389: Other Plant & Misc. Equip	Various	20	120,800	N/A	N/A	N/A	N/A	N/A	5,299	(53,275)	67,525	
13	390: Office Furniture	Various	10	140,833	N/A	N/A	N/A	N/A	N/A	9,811	(77,018)	63,815	
14	390 1: Computer & Software	Various	5	10,235	N/A	N/A	N/A	N/A	N/A	2,047	(1,809)	8,426	
15	391: Transportation Equipment	Various	5	114,469	N/A	N/A	N/A	N/A	N/A	4,169	(99,805)	14,664	
16	393: Tools, Shop & Garage Equip.	Various	5	166,590	N/A	N/A	N/A	N/A	N/A	32,511	(76,483)	90,106	
17	394: Laboratory Equipment	Various	10	15,791	N/A	N/A	N/A	N/A	N/A	(8,461)	(18,553)	(2,762)	
18	395: Power Operated Equipment	Various	20	7,770	N/A	N/A	N/A	N/A	N/A	259	(259)	7,511	
19	396: Communications Equipment	Various	15	19,025	N/A	N/A	N/A	N/A	N/A	1,268	(1,167)	17,858	
20													
21	Sub-Total -- Plant in Service	Various		15,075,600						871,187	(4,516,396)	10,559,204	
22													
23	Contributions in Aid of Const	Various		(3,776,938)	N/A	N/A	N/A	N/A	N/A	(136,041)	1,187,957	(2,588,981)	
24	Total			11,298,662						735,146	(3,328,439)	7,970,223	

To Sch III-2, line 27

To Sch III-2, line 29

To Sch III-2,  
line 2To Sch I-1,  
line 27

9

Add detailed worksheets if necessary to support this Schedule.

<sup>1</sup> Any amount paid for an item that was not incurred by the utility, such as by a customer, is deducted from the original cost. The adjusted original cost amount here, Column D-2, labeled "Adjusted Original Cost for Customer CIAC". Column D-2 will then be depreciated and the net book value will be calculated (ColumnG). For an item with the entire amount of its original cost paid for by customer(s), Columns D-2, E, F and G would be zero. See Schedule III-8 for developer CIAC.

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE**  
 FOR TEST YEAR ENDED: 12/31/2015

## ORIGINAL COST DATA

A	B	C	D
Line No.	Description	Amount	Amount
1.	Beginning Gross Plant balance - (from previous rate case)	Must match previous rate case	\$ 8,722,667.97
2.	Plant additions after previous rate case		
	354	\$ 2,254,503.46	
	360	\$ 497,251.63	
	361	\$ 471,438.96	
	363	\$ 48,751.60	
	370	\$ 84,881.22	
	371	\$ 1,733,532.84	
	380	\$ (174,171.18)	
	381	\$ 688,293.47	
	389	\$ 125,711.02	
	390	\$ 39,107.69	
	3901	\$ 5,609.40	
	391	\$ 42,131.86	
	393	\$ 42,539.65	
	395	\$ 7,770.13	
	396	\$ 12,185.53	
3	Total additions (add line 11 through 25, Col C)		\$ 5,879,537.28
4	Test year plant retirements after previous rate case:		
	354	\$ 76,040.37	
	360	\$ -	
	361	\$ 30,657.20	

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS,  
 MATERIALS AND SUPPLIES INVENTORY & PREPAYMENTS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

\*\*\*DO NOT include construction work in progress in rate base, unless the utility meets the requirements of PUC Subst. Rule 24.31C(4).

**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS:**

A	B	C
Line No.	Description	Test Year Amount
1.	Beginning balance	N/A
2.	Test year costs added	
3.	Test year construction costs completed	
4.	Ending balance	
5.	Average balance - test year (line 1 plus line 4, divided by 2)	

Typically zero, to Schedule III-2, Line 3

		Materials & Supplies inventory	Prepaid Expenses
6.	Sum of 12 test year month end balances	-	34,192
7.	One month prior to the test year, month end balance	-	3,996
8.	13 Month Average balance (line 6 plus line 7, divided by 13)	-	2,937

To III-2, Line 4.

To III-2, Line 6.

\*\*\*DO NOT include construction work in progress in rate base, unless the utility meets the requirements of PUC Subst. Rule 24.31C(4).

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES FOR CLASS B RATE/TARIFF CHANGE  
**III-5 WORKING CASH ALLOWANCE CALCULATIONS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

1. No working cash allowance is permitted when a utility bills its customers in advance and provides service to flat rate customers only. Sewer connections count for the purposes of this schedule.
2. A utility which has all metered customers and bills monthly shall divide its annual Operating and Maintenance (O&M) expenses (excluding all taxes and depreciation) by 12 if it is a Class B utility, or by 8 if it is a Class C utility filing a Class B package to calculate working cash allowance. An example follows:

	Class B	Class C
1. Annual Expenses	\$70,000	\$70,000
2. Taxes and depreciation	(10,000)	(10,000)
3. Net Expenses (Line 1 - Line 2)	60,000	60,000
4. Working Cash (Line 3 / line 5)	\$5,000	\$7,500
5. Divisor	12	8

A Line No	B Description	Class B		Class C	
		Water	Sewer	Water	Sewer
1	Annual O & M Expenses		1,983,846		
2	Working Cash (Line 3 / Line 5)		165,321		
3	Divisor	12	12	8	8

From Sch I-1, line 25

To Sch III-2, line 5



UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWER**

FOR THE YEAR ENDED: 12/31/2015

List the following information concerning debt and equity of the utility and attach copies of notes payable used. Round all percentages to two (2) decimal places.

If debt from affiliated interests is allocated to the utility, provide workpapers demonstrating and justifying the allocation.

	(A) Long Term Debt Name of Bank/Lender	(B) Date of Issue	(C) Date of Maturity	(D) Original Amount of Loan	(E) Outstanding or Unpaid Balance- End of Test Year	(F) Interest Rate	(G)=Col. E, Line 20 x Col F, Line 20 Weighted Average
1	Part 1 - Debt						
2	Senior Unsecured Debt (AZ and TX)				50,000,000	5.60%	2.80%
3	Liberty Utilities Company General Debt				50,000,000	4.30%	2.15%
4							
5							
6							
7							
8							
9	Total				100,000,000		4.95%

10 Sch. III-1,  
Column G,  
Line 5

List short term debt, if any:

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE**  
 FOR THE TEST YEAR ENDED: 12/31/2015

## ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. _____)	2,917,034.56
2	Ending balance per Sch III-3, Column F, Line 50	4,516,396.31
	Describe accounting adjustments made between the prior rate case and the current rate case:	N/A

Must match previous rate case.

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-8 ADVANCES FOR CONSTRUCTION AND  
 CONTRIBUTIONS IN AID OF CONSTRUCTION**  
 FOR THE TEST YEAR ENDED: 12/31/2015

## III-8(a) ADVANCES FOR CONSTRUCTION:

	A	B	C	D	E	F	G
Line No.	Item	Date of Installation	Total Cost	Amount of Advance	Repayments made to developer	(F)=(D)-(E) Rate base Value (to Sch III-2)	Amount to be refunded in the future*
1.	Advances for Construction	Various	Various	30,000	-	-	30,000
2.							
3.							
4.							
5.							
6.	Total		-	30,000	-	-	30,000

\*If any advances or CIAC from developers or customers are refundable, please provide the potential date of refunding, if known

## III-8(b) DEVELOPER CONTRIBUTIONS IN AID OF CONSTRUCTION\*:

	A	B	C	D	E	F	G
Line No.	Item	Date of Installation or Contribution	Total Cost	Amount of Developer Contribution	Annual amortization	Accumulated Amortization	(G)=(D) - (F) Rate Base Value (to Sch III-2)
1.	Contributions in Aid of Construction	Various	Unknown	3,776,938	136,041	(1,187,957)	2,588,981
2.							
3.							
4.							
5.							
6.	Total		-	3,776,938	136,041	(1,187,957)	2,588,981

\*Customer CIAC is entered directly on III-3

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-9 DEFERRED INCOME TAXES AND  
 DEFERRED INVESTMENT TAX CREDITS**  
 FOR THE TEST YEAR ENDED: 12/31/2015

To the extent that new line items have been included within the calculation of ADIT since the last rate filing, provide a complete description of the underlying issues that give rise to the new category of ADIT.

**III-9(a) ACCUMULATED DEFERRED INCOME TAXES:**

Line No.	Description	Test Year Amount
1.	Beginning balance	N/A
2.	Test year amount	
3.	Ending balance	1,032,894

**III-9(b) ACCUMULATED DEFERRED INVESTMENT TAX CREDITS:**

Line No.	Description	Test Year Amount
1.	Beginning balance	-
2.	Test year amortization	-
3.	Ending balance	-

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-10 OTHER DEFERRED ASSETS**  
FOR THE TEST YEAR ENDED: 12/31/2015

III-10(a) : Other Deferred Assets

Line No.	Description	Test Year Amount
1.	N/A	-
2.		-
3.		-

III-10(b) ACCUMULATED AMORTIZATION ON OTHER DEFERRED ASSETS

Line No.	Description	Test Year Amount	Total Accum Amort End of test year
1.			-
2.			-
3.			-

## IV Other Tax

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers

### SCHEDULES - CLASS B RATE/TARIFF CHANGE

Section IV is used to report taxes other than income for proposed revenues.

#### **Instructions for Section IV-**

Follow the instructions included with individual schedules under the heading reference.

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**IV(a) ESTIMATE OF TAXES OTHER THAN INCOME**  
 FOR THE TEST YEAR ENDED: 12/31/2015

**PROPERTY TAXES:**

A	B	C	D	E
Line No.	Description	Amount	Amount	Reference
1	Property taxes paid in test year		163,327	per property tax bills
2	Utility plant added in test year			Schedule III-3(a), Line 11
3	Utility plant retirements in test year			Schedule III-3(a), Line 21
4	Net additions		952,750	Line 2 minus line 3
5	Net Property tax rate		1.70%	Line 1 / beginning of test year gross plant balance from III-3 (a), Col. D, Line 1
6	Test year property tax on additions		16,198	Line 4 times Line 5
7	Adjusted Test year property tax expense		179,525	Line 1 + Line 6
8	Known and measurable change		16,198	Line 7 minus Line 1

**PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS):**

A	B	C	D	E	F	G
Line No.	Tax Type	Wage Level	Tax Rate	Taxable Wages	Reference	Tax
					SCHEDULE II-6	(D x E)
9	FICA	wages to _____	%		Column D+E+F Line 9	
10	Medicare	wages to _____	%		Column H Line 9	
11	Added Medicare (Affordable Care Act)	wages to _____	%			
12	Federal unemployment	wages to _____	%		Column D Line 9	
13	State unemployment	wages to _____	%		Column D+E Line 9	
14	Total (add Lines 11 through 14)					
15	Less: Capitalized	Use % on Sch II-6(a), line 10	%			
16	Test year Payroll Tax Expense	Line 13 less 14				
17	Known and measurable change				(Line 13 minus Line 14)	-

**OTHER TAXES:**

A	I	J	K	L
Line No.	Description	Test year	K & M change	Adjusted Test Year
18	Other taxes & licenses			
19				
20	Texas Franchise Tax	9,000	19,548	28,548
21	Total Other Taxes (Line 18 + Line 19 + Line 20)			208,073
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			208,073
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			35,746

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>IV(b) REVENUE RELATED TAXES AND EXPENSES</b> FOR THE TEST YEAR ENDED: 12/31/2015						
A		B	C	D	E	F=B+C+D+E
Line		Texas Margins Tax	City Franchise Taxes	Bad Debt Expense	Other Revenue Related	Totals
1	Test year expense	9,000				9,000
2	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)					-
3	Gross up factor (1.0 divided by (1.0 minus Line (example below))					
4	Change in revenue requirement (Sch I-1, line 33)					
5	Adjusted revenue requirement (Line 3 x Line 4)					
6	Adjusted expense (Line 3 times Line 4)					35,746



V Inc Taxes

**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: Liberty Utilities - Woodmark and Tall Timbers  
 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	608,356	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	(105,084)	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	503,272	Line 1 minus Line 2
4	Income taxes at proposed rates	270,993	Line 17 below
5	Effective tax rate	35.00%	Line 4 divided by Line 3
6	Total gross up factor	1.000000	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	270,993	Line 4 times line 6

To Sch I-1, Line 27

**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%	
13	Next 25,000 of taxable income	25,000	25%	
14	Next 25,000 of taxable income	25,000	34%	
15	Next 235,000 of taxable income	235,000	39%	
16	Over 335,000 of taxable income		34%	
17	Total before gross up		To Line 4	

UTILITY NAME: Liberty Utilities - Woodmark and Tall Timbers VI RATE DESIGN INSTRUCTIONS SCHEDULES - CLASS B RATE/TARIFF CHANGE
--

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: Liberty Utilities - Woodmark and Tall Timbers SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>Schedule VI-1 RATE DESIGN</b> FOR THE TEST YEAR ENDED: 12/31/2015			
Line No.	A	B	C
		Reference	
1	DETERMINATION OF FIXED COSTS		
1.	Gross revenues to be recovered:	Sch I-1, Line 36	3,719,747
	Less variable costs:		
2.	Purchased water - Account 610	Sch I-1, Col. F, line 1	-
3.	Purchased power - Account 615	Sch I-1, Col. F, line 2	-
4.	Other volume related - Account 618	Sch I-1, Col. F, line 3	-
5.	Other volume related or allocated (attach schedule)		
6.			
7.			
8.			
9.			
10.	FIXED COSTS (Line 1 minus Lines 2-9)		3,719,747
11.	% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE		0.00%
12.	TO BE RECOVERED THROUGH BASE SERVICE CHARGE		100.00%
	RECAP:		
13.	RECOVERED THROUGH BASE SERVICE CHARGE	Line 10	3,719,747
14.	RECOVERED THROUGH VOLUMETRIC RATE	Line 1 - Line 10	-
	TOTAL	Equals Line 1	3,719,747
	TO BE RECOVERED THROUGH BASE SERVICE CHARGE		
15.	TOTAL BASIC EQUIVALENT RATE (BERs)	Sch I-3, Col H, line 9	48,600
16.	BASIC EQUIVALENT RATE	Line 13 / Line 15	\$ 76.54
	TO BE RECOVERED THROUGH VOLUMETRIC RATE		
17.	TOTAL WATER SALES IN 1,000 GALS	Sch II-1(a), Col C, line 4	-
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)	Line 14 / Line 17	-
	PROPOSED RATES:		
19.	FOR ALL WATER DELIVERED PER 1,000 gallons	Line 18 or attach calc.	-
	BASIC EQUIVALENT RATE		\$ 76.54
	Meter size	Line 16	Equivalency Base Rate/size
20.	Please refer to proposed rate schedule		
21.			
22.			
23.			
24.			
25.			
26.			

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.

**2015 TRIAL BALANCES**

<b>NARUC</b>	<b>Description</b>	<b>Woodmark</b>	<b>Tall Timbers</b>	<b>Combined</b>
101	Utility Plant in Service	-	-	-
351	Organization	-	-	-
352	Franchises	431,640	-	431,640
353	Land and Land Rights	25,000	164,003	189,003
354	Structures and Improvements	3,384,080	2,360,791	5,744,871
355	Power Generation Equipment	2,200	-	2,200
360	Collection Sewers - Force	46,402	619,378	665,780
361	Collection Sewers - Gravity	643,162	567,272	1,210,434
362	Special Collecting Structures	-	-	-
363	Services to Customers	218,960	111,909	330,869
364	Flow Measuring Devices	2,582	-	2,582
365	Flow Measuring Installations	-	-	-
366	Reuse Services	-	-	-
367	Reuse Meters and Meter Installations	-	-	-
370	Receiving Wells	84,881	-	84,881
371	Pumping Equipment	1,047,618	1,122,876	2,170,493
374	Reuse Distribution Reservoirs	-	-	-
375	Reuse Transmission and Distribution System	-	-	-
380	Treatment and Disposal Equipment	1,836,113	625,338	2,461,451
381	Plant Sewers	490,008	198,286	688,293
382	Outfall Sewer Lines	-	-	-
389	Other Plant and Miscellaneous Equipment	37,315	83,485	120,800
390	Office Furniture and Equipment	91,225	49,607	140,833
390.1	Computer & Softwear	1,487	4,122	5,609
391	Transportation Equipment	82,240	32,229	114,469
392	Stores Equipment	-	-	-
393	Tools, Shop and Garage Equipment	118,327	42,540	160,867
394	Laboratory Equipment	9,459	-	9,459
395	Power Operated Equipment	-	7,770	7,770
396	Communication Equipment	4,632	7,554	12,186
397	Miscellaneous Equipment	-	-	-
398	Other Tangible Plant	-	-	-

**Accumulated Depreciation**

108	Accumulated Depreciation			
108	Accumulated Depreciation	-	-	-
351	Organization	-	-	-
351	Organization	-	-	-
352	Franchises	(107,466)		(107,466)
354	Structures and Improvements	(1,298,386)	(1,040,715)	(2,339,100)
354	Structures and Improvements	19,815	2,804	22,619
355	Power Generation Equipment	(1,008)	-	(1,008)
355	Power Generation Equipment	-	-	-
360	Collection Sewers - Force	(1,397)	(64,884)	(66,281)
360	Collection Sewers - Force	-	-	-
361	Collection Sewers - Gravity	(158,850)	(96,361)	(255,211)
361	Collection Sewers - Gravity	647	8,934	9,582
362	Special Collecting Structures	-	-	-
362	Special Collecting Structures	-	-	-
363	Services to Customers	(103,617)	(37,715)	(141,331)
363	Services to Customers	-	-	-
364	Flow Measuring Devices	(2,582)	-	(2,582)
364	Flow Measuring Devices	-	-	-

**2015 TRIAL BALANCES**

<b>NARUC</b>	<b>Description</b>	<b>Woodmark</b>	<b>Tall Timbers</b>	<b>Combined</b>
365	Flow Measuring Installations	-	-	-
365	Flow Measuring Installations	-	-	-
366	Reuse Services	-	-	-
366	Reuse Services	-	-	-
367	Reuse Meters and Meter Installations	-	-	-
367	Reuse Meters and Meter Installations	-	-	-
370	Receiving Wells	(4,480)	-	(4,480)
370	Receiving Wells	-	-	-
371	Pumping Equipment	(570,395)	(478,512)	(1,048,907)
371	Pumping Equipment	-	-	-
374	Reuse Distribution Reservoirs	-	-	-
374	Reuse Distribution Reservoirs	-	-	-
375	Reuse Transmission and Distribution System	-	-	-
375	Reuse Transmission and Distribution System	-	-	-
380	Treatment and Disposal Equipment	(287,235)	(37,091)	(324,326)
380	Treatment and Disposal Equipment	568	-	568
381	Plant Sewers	(25,176)	(12,393)	(37,569)
381	Plant Sewers	-	-	-
382	Outfall Sewer Lines	-	-	-
382	Outfall Sewer Lines	-	-	-
389	Other Plant and Miscellaneous Equipment	(22,955)	(30,319)	(53,275)
389	Other Plant and Miscellaneous Equipment	-	-	-
390	Office Furniture and Equipment	(53,455)	(23,563)	(77,018)
390	Office Furniture and Equipment	-	-	-
390	Office Furniture and Equipment	(489)	(962)	(1,451)
390	Office Furniture and Equipment	-	(358)	(358)
391	Transportation Equipment	(69,586)	(30,219)	(99,805)
391	Transportation Equipment	-	-	-
392	Stores Equipment	-	-	-
392	Stores Equipment	-	-	-
393	Tools, Shop and Garage Equipment	(55,551)	(20,971)	(76,522)
393	Tools, Shop and Garage Equipment	38	-	38
394	Laboratory Equipment	(18,553)	-	(18,553)
394	Laboratory Equipment	-	-	-
395	Power Operated Equipment	-	(259)	(259)
395	Power Operated Equipment	-	-	-
396	Communication Equipment	(462)	(704)	(1,167)
396	Communication Equipment	-	-	-
397	Miscellaneous Equipment	-	-	-
397	Miscellaneous Equipment	-	-	-
398	Other Tangible Plant	-	-	-
398	Other Tangible Plant	-	-	-

**2014 TRIAL BALANCES**

NARUC	Description	Woodmark	Tall Timbers	Combined
<b>Plant in Service</b>				
101	Utility Plant in Service	37,315	63,232	100,547
351	Organization	-	7,299	7,299
352	Franchises	431,640	-	431,640
353	Land and Land Rights	25,000	164,003	189,003
354	Structures and Improvements	2,947,055	1,423,037	4,370,092
355	Power Generation Equipment	2,200	594,253	596,453
360	Collection Sewers - Force	9,678	527,846	537,524
361	Collection Sewers - Gravity	632,102	35,005	667,107
362	Special Collecting Structures	-	111,909	111,909
363	Services to Customers	218,960	-	218,960
364	Flow Measuring Devices	2,582	-	2,582
365	Flow Measuring Installations	-	-	-
366	Reuse Services	-	-	-
367	Reuse Meters and Meter Installations	-	-	-
370	Receiving Wells	84,881	-	84,881
371	Pumping Equipment	865,590	587,251	1,452,841
374	Reuse Distribution Reservoirs	-	-	-
375	Reuse Transmission and Distribution System	-	-	-
380	Treatment and Disposal Equipment	1,805,462	72,927	1,878,388
381	Plant Sewers	329,824	-	329,824
382	Outfall Sewer Lines	-	-	-
389	Other Plant and Miscellaneous Equipment	118,327	-	118,327
390	Office Furniture and Equipment	91,225	49,607	140,833
390.1	Computer & Software	1,487	4,122	5,609
391	Transportation Equipment	75,104	-	75,104
392	Stores Equipment	-	-	-
393	Tools, Shop and Garage Equipment	-	39,304	39,304
394	Laboratory Equipment	10,300	-	10,300
395	Power Operated Equipment	-	-	-
396	Communication Equipment	3,858	-	3,858
397	Miscellaneous Equipment	-	-	-
398	Other Tangible Plant	-	-	-
<b>Accumulated Depreciation</b>				
108	Accumulated Depreciation	(4,688)	(39,275)	(43,963)
108	Accumulated Depreciation	-	-	-
351	Organization	-	-	-
351	Organization	-	-	-
352	Franchises	(96,675)	-	(96,675)
354	Structures and Improvements	(1,198,220)	(962,574)	(2,160,793)
354	Structures and Improvements	10,699	2,696	13,395
355	Power Generation Equipment	(898)	-	(898)
355	Power Generation Equipment	-	-	-
360	Collection Sewers - Force	(469)	(52,496)	(52,965)
360	Collection Sewers - Force	-	-	-
361	Collection Sewers - Gravity	(146,796)	(85,275)	(232,071)
361	Collection Sewers - Gravity	-	8,858	8,858
362	Special Collecting Structures	-	-	-
362	Special Collecting Structures	-	-	-
363	Services to Customers	(92,669)	(32,413)	(125,081)
363	Services to Customers	-	-	-
364	Flow Measuring Devices	(2,582)	-	(2,582)
364	Flow Measuring Devices	-	-	-
365	Flow Measuring Installations	-	-	-
365	Flow Measuring Installations	-	-	-
366	Reuse Services	-	-	-
366	Reuse Services	-	-	-
367	Reuse Meters and Meter Installations	-	-	-
367	Reuse Meters and Meter Installations	-	-	-

**2014 TRIAL BALANCES**

NARUC	Description	Woodmark	Tall Timbers	Combined
370	Receiving Wells	(1,650)	-	(1,650)
370	Receiving Wells	-	-	-
371	Pumping Equipment	(423,054)	(288,855)	(711,909)
371	Pumping Equipment	-	-	-
374	Reuse Distribution Reservoirs	-	-	-
374	Reuse Distribution Reservoirs	-	-	-
375	Reuse Transmission and Distribution System	-	-	-
375	Reuse Transmission and Distribution System	-	-	-
380	Treatment and Disposal Equipment	(214,736)	(6,548)	(221,284)
380	Treatment and Disposal Equipment	-	-	-
381	Plant Sewers	(12,259)	-	(12,259)
381	Plant Sewers	-	-	-
382	Outfall Sewer Lines	-	-	-
382	Outfall Sewer Lines	-	-	-
389	Other Plant and Miscellaneous Equipment	(21,089)	(26,886)	(47,976)
389	Other Plant and Miscellaneous Equipment	-	-	-
390	Office Furniture and Equipment	(47,238)	(19,969)	(67,207)
390	Office Furniture and Equipment	-	-	-
390	Office Furniture and Equipment	(192)	(137)	(329)
390	Office Furniture and Equipment	-	(358)	(358)
391	Transportation Equipment	(65,971)	(29,488)	(95,460)
391	Transportation Equipment	-	-	-
392	Stores Equipment	-	-	-
392	Stores Equipment	-	-	-
393	Tools, Shop and Garage Equipment	(32,260)	(12,895)	(45,155)
393	Tools, Shop and Garage Equipment	38	-	38
394	Laboratory Equipment	(10,300)	-	(10,300)
394	Laboratory Equipment	-	-	-
395	Power Operated Equipment	-	-	-
395	Power Operated Equipment	-	-	-
396	Communication Equipment	(154)	(201)	(355)
396	Communication Equipment	-	-	-
397	Miscellaneous Equipment	-	-	-
397	Miscellaneous Equipment	-	-	-
398	Other Tangible Plant	-	-	-
398	Other Tangible Plant	-	-	-

**Current Assets**

103	Property Held for Future Use	-	-	-
105	Construction Work in Progress	718,651	2,435,805	3,154,457
105	Construction Work in Progress	104,563	69,472	174,035
114	Utility Plant Acquisition	1,000	-	1,000
131.1	Cash on Hand	14,890	3,037	17,928
131.2	Cash in Bank	-	-	-
131.2	Cash in Bank	300	1,050	1,350
132	Special Deposits	-	-	-
132	Special Deposits	-	-	-
132	Special Deposits	-	-	-
132	Special Deposits	-	-	-
141	Customer Accounts Receivable	64,155	43,564	107,719
142	Other Accounts Receivable	-	-	-
143	Accumulated Provision for Uncollectible Accounts	(12,987)	(11,213)	(24,200)
145	Accounts Receivable from Associated Companies	-	-	-
162	Prepayments	-	-	-
162	Prepayments	1,786	2,210	3,996
162	Prepayments	-	-	-
173	Accrued Utility Revenues	123,706	104,166	227,873
173	Accrued Utility Revenues	-	-	-
184	Clearing Accounts	-	-	-
186	Miscellaneous Deferred Debits	-	-	-
186	Miscellaneous Deferred Debits	-	-	-
186	Miscellaneous Deferred Debits	-	(950)	(950)



## 2014 TRIAL BALANCES

NARUC	Description	Woodmark	Tall Timbers	Combined	
186	Miscellaneous Deferred Debits	-	2,638	2,638	
186	Miscellaneous Deferred Debits	9,573	-	9,573	
186	Miscellaneous Deferred Debits	-	-	-	
<b>Current Liabilities</b>					
231	Accounts Payable	-	-	-	
233	Accounts Payable to Associated Companies	-	-	-	
233	Accounts Payable to Associated Companies	1,109,373	1,415,929	2,525,303	
233	Accounts Payable to Associated Companies	(3,486,487)	(2,295,318)	(5,781,805)	
235	Customer Deposits	(17,326)	(12,213)	(29,538)	
235	Customer Deposits	-	-	-	
236	Accrued Taxes	-	-	-	
236	Accrued Taxes	8,008	(11,210)	(3,202)	
237	Accrued Interest	(1,756)	(1,591)	(3,347)	
241	Miscellaneous Current and Accrued Liabilities	(117,117)	(95,024)	(212,141)	
241	Miscellaneous Current and Accrued Liabilities	(27,298)	3,847	(23,450)	
241	Miscellaneous Current and Accrued Liabilities	(519)	2,532	2,014	
241	Miscellaneous Current and Accrued Liabilities	(13,006)	(11,271)	(24,277)	
242	Miscellaneous Current and Accrued Liabilities	(12,688)	(7,083)	(19,771)	
252	Advances for Construction	(7,500)	(7,500)	(15,000)	
283	Accum Deferred Income Tax	-	-	-	
<b>Non-Investor Supplied Capital</b>					
271	Contributions in Aid of Construction	(2,333,088)	(1,443,850)	(3,776,938)	
271	Contributions in Aid of Construction	-	(60,340)	(60,340)	
272	Accumulated Amortization of Contributions in Aid c	753,092	298,825	1,051,916	
<b>Capital</b>					
201	Common Stock Issued	(483,040)	(1,100)	(484,140)	
211	Other Paid-In Capital	(499,946)	(510,308)	(1,010,254)	
211	Other Paid-In Capital	-	(250)	(250)	
211	Other Paid-In Capital	-	164,353	164,353	
211	Other Paid-In Capital	407,489	358,924	766,413	
214	Appropriated Retained Earnings	-	-	-	
216	Reacquired Capital Stock	(1,608,494)	(2,449,181)	(4,057,676)	
<b>Operating Revenues</b>					
521.1	Residential Revenues	(1,352,082)	(1,015,627)	(2,367,709)	
521.2	Commercial Revenues	(57,315)	(210,861)	(268,177)	
521.3	Industrial Revenues	-	-	-	
522.1	Residential Revenues	-	-	-	
522.2	Commercial Revenues	-	-	-	
522.3	Industrial Revenues	-	-	-	
536	Other WasteWater Revenues	-	-	-	
536	Other WasteWater Revenues	(3,300)	(10,825)	(14,125)	
536	Other WasteWater Revenues	(19,350)	(6,675)	(26,025)	
536	Other WasteWater Revenues	-	-	-	
536	Other WasteWater Revenues	(14,845)	(8,813)	(23,658)	
536	Other WasteWater Revenues	-	-	-	
544	Reuse Revenues from Other Systems	-	-	-	
<b>Operating Expenses</b>					
701	Salaries and Wages - Employees	-	-	-	
701	Salaries and Wages - Employees	32,516	25,797	58,313	58,313
710	Purchased WasteWater Treatment	22,814	15,658	38,472	531,884

**2014 TRIAL BALANCES**

NARUC	Description	Woodmark	Tall Timbers	Combined	
711	Sludge Removal Expense	141,668	144,492	286,160	
711	Sludge Removal Expense	-	-	-	
715	Purchased Power	44,817	47,491	92,309	
715	Purchased Power	-	-	-	
715	Purchased Power	42,455	35,305	77,760	
715	Purchased Power	-	-	-	
715	Purchased Power	-	-	-	
715	Purchased Power	-	-	-	
715	Purchased Power	-	-	-	
716	Fuel for Power Production	-	-	-	
716	Fuel for Power Production	-	-	-	
716	Fuel for Power Production	-	-	-	
716	Fuel for Power Production	-	-	-	
716	Fuel for Power Production	-	-	-	
718	Chemicals	-	-	-	
718	Chemicals	48	-	48	
718	Chemicals	26,290	10,846	37,136	
718	Chemicals	-	-	-	
718	Chemicals	-	-	-	
718	Chemicals	-	-	-	
718	Chemicals	-	-	-	
718	Chemicals	-	-	-	
718	Chemicals	-	-	-	
718	Chemicals	-	-	-	
720	Materials and Supplies	2,609	1,275	3,884	48,342
720	Materials and Supplies	-	58	58	
720	Materials and Supplies	6,763	6,388	13,151	
720	Materials and Supplies	-	-	-	
720	Materials and Supplies	-	-	-	
720	Materials and Supplies	445	860	1,305	
720	Materials and Supplies	150	1,786	1,936	
720	Materials and Supplies	2,229	3,623	5,852	
720	Materials and Supplies	-	-	-	
720	Materials and Supplies	-	-	-	
720	Materials and Supplies	9,232	12,925	22,157	
731	Contractual Services - Engineering	-	-	-	1,050,827
731	Contractual Services - Engineering	-	-	-	
732	Contractual Services - Accounting	150	(4,156)	(4,006)	
733	Contractual Services - Legal	7,411	886	8,296	
734	Contractual Services - Management Fees	-	-	-	
734	Contractual Services - Management Fees	-	-	-	
734	Contractual Services - Management Fees	5,614	7,032	12,646	
734	Contractual Services - Management Fees	-	-	-	
734	Contractual Services - Management Fees	-	-	-	
734	Contractual Services - Management Fees	-	-	-	
734	Contractual Services - Management Fees	11,799	12,817	24,616	
734	Contractual Services - Management Fees	51,179	65,967	117,146	
734	Contractual Services - Management Fees	26,972	27,281	54,253	
734	Contractual Services - Management Fees	-	-	-	
734	Contractual Services - Management Fees	40,301	50,475	90,776	
734	Contractual Services - Management Fees	5,775	6,015	11,790	
734	Contractual Services - Management Fees	4,661	5,840	10,501	
734	Contractual Services - Management Fees	7,766	8,438	16,204	
734	Contractual Services - Management Fees	3,836	4,805	8,641	
734	Contractual Services - Management Fees	7,818	7,933	15,751	
734	Contractual Services - Management Fees	-	-	-	
734	Contractual Services - Management Fees	-	-	-	
735	Contractual Services - Testing	-	-	-	
735	Contractual Services - Testing	19,163	12,973	32,136	
735	Contractual Services - Testing	425	565	990	
735	Contractual Services - Testing	-	-	-	
736	Contractual Services - Other	39,922	51,299	91,221	
736	Contractual Services - Other	184,450	189,209	373,659	
736	Contractual Services - Other	10,725	840	11,565	

**2014 TRIAL BALANCES**

NARUC	Description	Woodmark	Tall Timbers	Combined	
736	Contractual Services - Other	135	6,922	7,057	
736	Contractual Services - Other	36,006	22,303	58,309	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	911	2,886	3,797	
736	Contractual Services - Other	-	415	415	
736	Contractual Services - Other	8,031	788	8,819	
736	Contractual Services - Other	630	-	630	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	78,990	16,623	95,614	
741	Rental of Building/Real Property	3,274	3,551	6,825	
742	Rental of Equipment	68	68	135	114,546
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	12,474	94,652	107,127	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	1,630	2,128	3,758	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	535	2,992	3,527	
750	Transportation Expenses	19,794	14,285	34,079	
750	Transportation Expenses	7,310	4,278	11,588	
756	Insurance - Vehicle	2,236	2,236	4,472	
757	Insurance - General Liability	7,282	4,330	11,612	
766	Regulatory Commission Expenses - Amortization c	-	-	-	
767	Regulatory Commission Expenses - Other	-	-	-	
767	Regulatory Commission Expenses - Other	-	-	-	
770	Bad Debt Expense	10,322	3,379	13,702	
775	Miscellaneous Expenses	1,838	1,293	3,131	
775	Miscellaneous Expenses	34,007	2,670	36,676	
775	Miscellaneous Expenses	2,387	287	2,673	
775	Miscellaneous Expenses	12,338	17,583	29,921	
775	Miscellaneous Expenses	27,236	25,039	52,274	
<b>Depreciation and Amortization Expense</b>					
272	Amortization of CIAC	(77,687)	(58,271)	(135,958)	
403	Depreciation Expenses	10,791	197,561	208,352	
403	Depreciation Expenses	354,910	1,066	355,976	
403	Depreciation Expenses	6,225	3,066	9,291	
403	Depreciation Expenses	5,671	-	5,671	
407	Amortization Expense	-	7,058	7,058	
407	Amortization Expense	5,546	6,026	11,572	
<b>Taxes Other than Income</b>					
408	Taxes Other than Income	92,175	63,046	155,221	
408	Taxes Other than Income	-	-	-	
<b>Income taxes</b>					
409	Income Taxes				
409	Income Taxes				
<b>Non-Operating Income and Expenses</b>					
414	Gains (Losses) from Disposition of Utility Property				
419	Interest and Dividend Income				

**2014 TRIAL BALANCES**

<b>NARUC</b>	<b>Description</b>	<b>Woodmark</b>	<b>Tall Timbers</b>	<b>Combined</b>
419	Interest and Dividend Income	-	-	-
420	Allowance for Funds Used During Construction	(5,980)	(72,852)	(78,832)
420	Allowance for Funds Used During Construction	-	-	-
427	Interest Expense	1,039	744	1,783
427	Interest Expense	-	-	-
427	Interest Expense	-	-	-
428	Amortization of Debt Discount and Expense	-	-	-
	<b>Total</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>

**2013 TRIAL BALANCES**

NARUC	Description	Woodmark	Tall Timbers	Combined	Summary
<b>Plant in Service</b>					
101	Utility Plant in Service	37,315	63,232	100,547	10,885,969
351	Organization	-	-	-	
352	Franchises	431,640	-	431,640	
353	Land and Land Rights	25,000	164,003	189,003	
354	Structures and Improvements	2,914,504	1,411,758	4,326,262	
355	Power Generation Equipment	2,200	-	2,200	
360	Collection Sewers - Force	2,521	594,253	596,773	
361	Collection Sewers - Gravity	513,682	526,495	1,040,177	
362	Special Collecting Structures	-	-	-	
363	Services to Customers	218,960	111,909	330,869	
364	Flow Measuring Devices	2,582	-	2,582	
365	Flow Measuring Installations	-	-	-	
366	Reuse Services	-	-	-	
367	Reuse Meters and Meter Installations	-	-	-	
370	Receiving Wells	-	-	-	
371	Pumping Equipment	809,180	514,880	1,324,060	
374	Reuse Distribution Reservoirs	-	-	-	
375	Reuse Transmission and Distribution System	-	-	-	
380	Treatment and Disposal Equipment	1,797,529	51,810	1,849,339	
381	Plant Sewers	329,824	-	329,824	
382	Outfall Sewer Lines	-	-	-	
389	Other Plant and Miscellaneous Equipment	107,824	(24,044)	83,780	
390	Office Furniture and Equipment	90,964	47,929	138,893	
390.1	Computer & Software	-	-	-	
391	Transportation Equipment	69,747	29,488	99,235	
392	Stores Equipment	-	-	-	
393	Tools, Shop and Garage Equipment	-	30,484	30,484	
394	Laboratory Equipment	10,300	-	10,300	
395	Power Operated Equipment	-	-	-	
396	Communication Equipment	-	-	-	
397	Miscellaneous Equipment	-	-	-	
398	Other Tangible Plant	-	-	-	
<b>Accumulated Depreciation</b>					
108	Accumulated Depreciation	-	-	-	(3,503,088)
108	Accumulated Depreciation	-	-	-	
351	Organization	-	-	-	
351	Organization	-	-	-	
352	Franchises	(85,884)	-	(85,884)	
354	Structures and Improvements	(1,113,458)	(931,187)	(2,044,645)	
354	Structures and Improvements	-	1,005	1,005	
355	Power Generation Equipment	(788)	-	(788)	
355	Power Generation Equipment	-	-	-	
360	Collection Sewers - Force	(361)	(40,611)	(40,972)	
360	Collection Sewers - Force	-	-	-	
361	Collection Sewers - Gravity	(134,224)	(74,314)	(208,539)	
361	Collection Sewers - Gravity	-	8,840	8,840	
362	Special Collecting Structures	-	-	-	
362	Special Collecting Structures	-	-	-	
363	Services to Customers	(81,721)	(27,111)	(108,831)	
363	Services to Customers	-	-	-	
364	Flow Measuring Devices	(2,432)	-	(2,432)	
364	Flow Measuring Devices	-	-	-	
365	Flow Measuring Installations	-	-	-	
365	Flow Measuring Installations	-	-	-	
366	Reuse Services	-	-	-	
366	Reuse Services	-	-	-	
367	Reuse Meters and Meter Installations	-	-	-	

**2013 TRIAL BALANCES**

NARUC	Description	Woodmark	Tall Timbers	Combined	Summary
367	Reuse Meters and Meter Installations	-	-	-	
370	Receiving Wells	-	-	-	
370	Receiving Wells	-	-	-	
371	Pumping Equipment	(377,635)	(302,697)	(680,332)	
371	Pumping Equipment	-	-	-	
374	Reuse Distribution Reservoirs	-	-	-	
374	Reuse Distribution Reservoirs	-	-	-	
375	Reuse Transmission and Distribution System	-	-	-	
375	Reuse Transmission and Distribution System	-	-	-	
380	Treatment and Disposal Equipment	(142,686)	(3,958)	(146,644)	
380	Treatment and Disposal Equipment	-	-	-	
381	Plant Sewers	(4,013)	-	(4,013)	
381	Plant Sewers	-	-	-	
382	Outfall Sewer Lines	-	-	-	
382	Outfall Sewer Lines	-	-	-	
389	Other Plant and Miscellaneous Equipment	(17,355)	-	(17,355)	
389	Other Plant and Miscellaneous Equipment	-	-	-	
390	Office Furniture and Equipment	(40,519)	(16,293)	(56,811)	
390	Office Furniture and Equipment	-	-	-	
390	Office Furniture and Equipment	-	-	-	
390	Office Furniture and Equipment	-	-	-	
391	Transportation Equipment	(59,381)	(28,423)	(87,804)	
391	Transportation Equipment	-	-	-	
392	Stores Equipment	-	-	-	
392	Stores Equipment	-	-	-	
393	Tools, Shop and Garage Equipment	(11,809)	(5,772)	(17,582)	
393	Tools, Shop and Garage Equipment	-	-	-	
394	Laboratory Equipment	(10,300)	-	(10,300)	
394	Laboratory Equipment	-	-	-	
395	Power Operated Equipment	-	-	-	
395	Power Operated Equipment	-	-	-	
396	Communication Equipment	-	-	-	
396	Communication Equipment	-	-	-	
397	Miscellaneous Equipment	-	-	-	
397	Miscellaneous Equipment	-	-	-	
398	Other Tangible Plant	-	-	-	
398	Other Tangible Plant	-	-	-	
<b>Current Assets</b>					
103	Property Held for Future Use	-	-	-	
105	Construction Work in Progress	51,790	411,551	463,341	
105	Construction Work in Progress	12,470	18,420	30,890	
114	Utility Plant Acquisition	1,000	134,249	135,249	
131.1	Cash on Hand	8,186	14,506	22,692	
131.2	Cash in Bank	-	-	-	
131.2	Cash in Bank	300	1,050	1,350	
132	Special Deposits	-	-	-	
132	Special Deposits	-	-	-	
132	Special Deposits	-	-	-	
132	Special Deposits	-	-	-	
141	Customer Accounts Receivable	54,045	32,649	86,695	
142	Other Accounts Receivable	-	-	-	
143	Accumulated Provision for Uncollectible Accounts	(11,139)	(10,349)	(21,488)	
145	Accounts Receivable from Associated Companies	-	-	-	
162	Prepayments	-	-	-	2,933
162	Prepayments	1,304	1,629	2,933	
162	Prepayments	-	-	-	
173	Accrued Utility Revenues	115,286	100,517	215,804	
173	Accrued Utility Revenues	-	-	-	
184	Clearing Accounts	-	-	-	
186	Miscellaneous Deferred Debits	-	-	-	
186	Miscellaneous Deferred Debits	-	-	-	

**2013 TRIAL BALANCES**

NARUC	Description	Woodmark	Tall Timbers	Combined	Summary
186	Miscellaneous Deferred Debits	-	8,745	8,745	
186	Miscellaneous Deferred Debits	9,573	-	9,573	
186	Miscellaneous Deferred Debits	-	-	-	
186	Miscellaneous Deferred Debits	-	-	-	
<b>Current Liabilities</b>					
231	Accounts Payable	(9,657)	(10,872)	(20,529)	
233	Accounts Payable to Associated Companies	-	-	-	
233	Accounts Payable to Associated Companies	1,109,373	1,395,929	2,505,303	
233	Accounts Payable to Associated Companies	(2,827,939)	(359,068)	(3,187,007)	
235	Customer Deposits	300	300	600	(25,833)
235	Customer Deposits	(15,559)	(10,874)	(26,433)	
236	Accrued Taxes	-	-	-	
236	Accrued Taxes	8,008	(11,210)	(3,202)	
237	Accrued Interest	(1,870)	(1,702)	(3,572)	
241	Miscellaneous Current and Accrued Liabilities	(25,899)	(149,821)	(175,720)	
241	Miscellaneous Current and Accrued Liabilities	0	(3,251)	(3,251)	
241	Miscellaneous Current and Accrued Liabilities	-	-	-	
241	Miscellaneous Current and Accrued Liabilities	-	-	-	
242	Miscellaneous Current and Accrued Liabilities	(11,582)	(9,716)	(21,299)	
252	Advances for Construction	(2,500)	(2,500)	(5,000)	
283	Accum Deferred Income Tax				
<b>Non-Investor Supplied Capital</b>					
271	Contributions in Aid of Construction	(2,223,608)	(1,443,850)	(3,667,458)	(2,777,000)
271	Contributions in Aid of Construction	(14,500)	(11,000)	(25,500)	
272	Accumulated Amortization of Contributions in Aid c	675,405	240,554	915,959	
<b>Capital</b>					
201	Common Stock Issued	(483,040)	(1,100)	(484,140)	(4,238,803)
211	Other Paid-In Capital	(499,946)	(510,308)	(1,010,254)	
211	Other Paid-In Capital	-	(250)	(250)	
211	Other Paid-In Capital	-	164,353	164,353	
211	Other Paid-In Capital	407,489	358,924	766,413	
214	Appropriated Retained Earnings	-	-	-	
216	Reacquired Capital Stock	(1,525,155)	(2,149,770)	(3,674,924)	
<b>Operating Revenues</b>					
521.1	Residential Revenues	(1,028,600)	(979,218)	(2,007,818)	
521.2	Commercial Revenues	(51,338)	(206,591)	(257,930)	
521.3	Industrial Revenues	-	-	-	
522.1	Residential Revenues	-	-	-	
522.2	Commercial Revenues	-	-	-	
522.3	Industrial Revenues	-	-	-	
536	Other WasteWater Revenues	(5,500)	-	(5,500)	
536	Other WasteWater Revenues	(19,575)	(6,850)	(26,425)	
536	Other WasteWater Revenues	(1,320)	-	(1,320)	
536	Other WasteWater Revenues	(11,985)	(380)	(12,365)	
536	Other WasteWater Revenues	(85)	(7,435)	(7,520)	
536	Other WasteWater Revenues	-	(7,300)	(7,300)	
536	Other WasteWater Revenues	-	(82)	(82)	
544	Reuse Revenues from Other Systems	-	-	-	
<b>Operating Expenses</b>					

## 2013 TRIAL BALANCES

[illegible]

LU 000085



**2013 TRIAL BALANCES**

<b>NARUC</b>	<b>Description</b>	<b>Woodmark</b>	<b>Tall Timbers</b>	<b>Combined</b>	<b>Summary</b>
735	Contractual Services - Testing	-	-	-	
735	Contractual Services - Testing	-	-	-	
736	Contractual Services - Other	45,398	26,118	71,516	
736	Contractual Services - Other	11,446	4,050	15,496	
736	Contractual Services - Other	2,258	1,388	3,645	
736	Contractual Services - Other	1,214	1,850	3,064	
736	Contractual Services - Other	51,760	37,166	88,926	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	-	-	-	
736	Contractual Services - Other	-	-	-	
741	Rental of Building/Real Property	3,151	3,152	6,303	
742	Rental of Equipment	65	65	130	95,878
742	Rental of Equipment	17,831	67,323	85,155	
742	Rental of Equipment	5,069	568	5,637	
742	Rental of Equipment	2,334	2,623	4,957	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
742	Rental of Equipment	-	-	-	
750	Transportation Expenses	14,417	12,933	27,350	34,790
750	Transportation Expenses	3,855	3,585	7,440	
756	Insurance - Vehicle	2,050	1,925	3,975	
757	Insurance - General Liability	9,765	8,119	17,884	
766	Regulatory Commission Expenses - Amortization c	-	-	-	
767	Regulatory Commission Expenses - Other	-	-	-	
767	Regulatory Commission Expenses - Other	-	-	-	
770	Bad Debt Expense	3,476	1,516	4,991	
775	Miscellaneous Expenses	1,850	878	2,728	
775	Miscellaneous Expenses	1,817	2,829	4,646	
775	Miscellaneous Expenses	290	290	581	
775	Miscellaneous Expenses	10,308	18,379	28,687	
775	Miscellaneous Expenses	21,581	22,264	43,845	
<b>Depreciation and Amortization Expense</b>					
272	Amortization of CIAC	(73,337)	(58,271)	(131,609)	
403	Depreciation Expenses	10,791	115,877	126,668	
403	Depreciation Expenses	-	4,264	4,264	
403	Depreciation Expenses	10,010	938	10,948	
403	Depreciation Expenses	7,006	-	7,006	
407	Amortization Expense	236,710	7,965	244,676	
407	Amortization Expense	(10)	(11)	(21)	
<b>Taxes Other than Income</b>					
408	Taxes Other than Income	49,572	57,633	107,204	
408	Taxes Other than Income	-	-	-	
<b>Income taxes</b>					
409	Income Taxes				
409	Income Taxes				

**2013 TRIAL BALANCES**

<b>NARUC</b>	<b>Description</b>	<b>Woodmark</b>	<b>Tall Timbers</b>	<b>Combined</b>	<b>Summary</b>
<b>Non-Operating Income and Expenses</b>					
414	Gains (Losses) from Disposition of Utility Property	-	-	-	
419	Interest and Dividend Income	-	-	-	
419	Interest and Dividend Income	-	-	-	
420	Allowance for Funds Used During Construction	(32,791)	(26,783)	(59,574)	
420	Allowance for Funds Used During Construction	-	-	-	
427	Interest Expense	1,278	894	2,172	
427	Interest Expense	-	-	-	
427	Interest Expense	-	-	-	
428	Amortization of Debt Discount and Expense	-	-	-	
	<b>Total</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	

**2015 DEPRECIATION EXPENSE**

<b>NARUC</b>	<b>Woodmark</b>	<b>Tall Timbers</b>	<b>Combined</b>
352	10,791		10,791
354	114,420	73,439	187,859
355	(568)		(568)
360	928	12,388	13,316
361	12,863	11,345	24,209
363	10,948	5,302	16,250
370	2,829		2,829
371	171,223	194,428	365,651
380	73,475	25,014	98,489
381	12,292	9,914	22,206
389	1,866	3,433	5,299
390	6,217	3,594	9,811
390.1	297	824	1,122
391	3,615	554	4,169
393	23,290	8,077	31,367
394	(9,094)		(9,094)
395		259	259
396	309	504	812
Book	435,701	349,076	784,777
Correct	429,186	349,076	778,262
272	77,770	58,271	136,041

2015 DEFERRED INCOME TAXES

NARUC	Description	Woodmark	Tall Timbers	Combined
190	Accumulated Deferred Income Taxes (NOL CF)	597,191	75,498	672,689
281	ADIT -- Accelerated Depreciation of Property	(736,667)	(899,631)	(1,636,298)
282	ADIT -- Other Property	(71,289)	-	(71,289)
283	ADIT -- Other (Bad Debts)	578	1,427	2,005
		(210,188)	(822,706)	(1,032,894)

2015 PREPAYMENTS

NARUC	Month	Year	Woodmark	Tall Timbers	Combined	Description
162	12	2014	1,786	2,210	3,996	Prepaid Licences Fees & Permits
162	1	2015	1,725	2,132	3,857	Prepaid Licences Fees & Permits
162	2	2015	1,725	2,132	3,857	Prepaid Licences Fees & Permits
162	3	2015	1,569	1,938	3,507	Prepaid Licences Fees & Permits
162	4	2015	1,412	1,744	3,156	Prepaid Licences Fees & Permits
162	5	2015	1,255	1,551	2,805	Prepaid Licences Fees & Permits
162	6	2015	1,098	1,357	2,455	Prepaid Licences Fees & Permits
162	7	2015	941	1,163	2,104	Prepaid Licences Fees & Permits
162	8	2015	784	969	1,753	Prepaid Licences Fees & Permits
162	9	2015	471	775	1,246	Prepaid Licences Fees & Permits
162	10	2015	314	581	895	Prepaid Licences Fees & Permits
162	11	2015	1,983	2,644	4,627	Prepaid Licences Fees & Permits
162	12	2015	1,877	2,051	3,929	Prepaid Licences Fees & Permits
Total					38,187	
Average					2,937	

**2015 BILLING UNITS      (Base Equivalent Rate Units)**

<b>Month</b>	<b>Year</b>	<b>Woodmark</b>	<b>Tall Timbers</b>	<b>Combined</b>
January	2015	1,876	2,135	4,011
February	2015	1,783	2,307	4,089
March	2015	1,760	2,184	3,944
April	2015	1,763	2,214	3,977
May	2015	1,781	2,212	3,993
June	2015	1,794	2,231	4,025
July	2015	1,781	2,516	4,297
August	2015	1,798	2,241	4,038
September	2015	1,783	2,266	4,048
October	2015	1,785	2,273	4,058
November	2015	1,791	2,267	4,058
December	2015	1,794	2,267	4,061
<b>Total</b>		<b>21,488</b>	<b>27,112</b>	<b>48,600</b>

**P.U.C. DOCKET NO. 46256**

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

Liberty Utilities (Woodmark Sewer) Corp. CCN No. 20679  
and Liberty Utilities (Tall Timbers Sewer) Corp. CCN No. 20694  
("Liberty Utilities")

Company Name

CCN Number(s)

have 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 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 the Protest Form on the last page of this notice for instructions on how to protest.**

Liberty Utilities is proposing to increase revenues in two Phases based on combined revenue requirements for the two affected systems. The first Phase increase for wastewater service (\$1,038,363) would be implemented after the effective date shown below for Phase 1. Phase 2 (\$2,002,514) would be implemented on March 1, 2017 or thereafter subject to Phase 2 project completions, determination of actual project costs, and additional notice per 16 TAC §24.34(b).

**EFFECTIVE DATE OF PROPOSED REVENUE INCREASES**

Phase 1	\$1,038,363	Effective Date: November 1, 2016
Phase 2	\$2,002,514	Effective Date: March 1, 2017 (Estimated)

Please see attached "Notice of Current and Proposed Rates" following Protest Form for complete schedule of current and proposed Phase 1 rates, Phase 2 rates, and Miscellaneous Fees. Please refer to filed rate change application for other proposed service policy updates/revisions for tariff.

(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.)

Liberty Utilities' address is 12725 W. Indian School Rd., Ste. D101, Avondale, Arizona 85392. Our telephone number is (800)525-9547.

Total Annual Revenue Increase requested: \$3,040,877 (Phases 1 and 2 Combined)

Date Customer Notice mailed: September 6, 2016

Dates Meter Typically Read: Not applicable; billing period ends last day of month.

This rate increase affects the following systems which are both located in Smith County, Texas:

Liberty Tall Timbers (TPDES Permit No. 13000-001); Date of Last Rate Change: June 1, 2010

Liberty Woodmark (TPDES Permit No. 13168-001); Date of Last Rate Change: September 16, 2013

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

Operating expenses have increased, and Applicants have made significant capital improvements to provide more reliable service to customers necessitating the requested Phase I rate increase. Additional capital improvement projects will necessitate the Phase II rate increase requested to take effect after completion.

LU 000092

## Notice of Current and Proposed Rates

Rate Description	Tall Timbers Current Rate (Effective as of 7/1/10)	Woodmark Current Rate (Effective as of 9/16/2013)	Proposed Rate Phase 1	Proposed Rate Phase 2
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### Monthly Service Charge Residential\*

Single Family Residential	\$54.93	\$66.92	\$76.54	\$96.38
Base Equivalent Rate (BER)	\$56.18		\$76.54	\$96.38
Duplex (per unit)	\$34.85	\$66.92	\$76.54	\$96.38
Commercial*		\$153.92	\$176.04	\$221.67
OK Trailer Park*		\$347.98	\$397.99	\$501.15
Donald Donnelly's RV Park		\$700.00	\$800.61	\$1,008.12

\*Note these are average rates per class. Actual rates will be determined by rate matrix below.

### Other Residential – The monthly rate equals the BER multiplied by the following factors:

Triplexes and Quadplexes	0.68 per unit		0.68 per unit	0.68 per unit
Apartments and condos with 5 or more units	0.52 per unit		0.55 per unit	0.55 per unit
Mobile home park	0.68 per space	0.68 per space	0.68 per space	0.68 per space
Transient mobile home park	0.52 per space	0.55 per space	0.55 per space	0.55 per space

### Institutional – The monthly rate equals the BER multiplied by the following factors:

Schools with Showers	1.00 per 12 attendees	1.00 per 12 attendees	1.00 per 12 attendees	1.00 per 12 attendees
Schools without Showers	1.00 per 15 attendees	1.00 per 15 attendees	1.00 per 15 attendees	1.00 per 15 attendees
Hospital	0.89 per bed	0.89 per bed	0.89 per bed	0.89 per bed
Nursing home	0.45 per bed	0.45 per bed	0.45 per bed	0.45 per bed

### Commercial – Monthly rate equals the larger of: 1) 80 percent of the actual water meter usage as supplied by the water utility or 2) the BER multiplied by the following factors:

Restaurant (fast food &/or disposal)	1.12 per table	1.12 per table	1.12 per table	1.12 per table
Restaurant (sit down &/or dishwashers)	0.45 per table	0.45 per table	0.45 per table	0.45 per table
Motel without restaurant	0.50 per unit	0.50 per unit	0.50 per unit	0.50 per unit
Motel with restaurant	0.50 per unit plus 0.45 per table	0.50 per unit plus 0.45 per table	0.50 per unit plus 0.45 per table	0.50 per unit plus 0.45 per table
Laundromat	2.00 per washer	2.00 per washer	2.00 per washer	2.00 per washer
Commercial laundry	3.00 per washer	3.00 per washer	3.00 per washer	3.00 per washer
Retail Space	1.50 per space	1.50 per space	1.50 per space	1.50 per space
*Service station without bays	1.50 per facility	1.50 per facility	1.50 per facility	1.50 per facility



**Commercial** – Monthly rate equals the larger of: 1) 80 percent of the actual water meter usage as supplied by the water utility or 2) the BER multiplied by the following factors:

*Service station with bays	1.50 per facility plus 6.96 per service bay	1.50 per facility plus 6.96 per service bay	1.50 per facility plus 6.96 per service bay	1.50 per facility plus 6.96 per service bay
Grocery without butcher	1.50 per facility	1.50 per facility	1.50 per facility	1.50 per facility
Grocery with butcher	2.00 per facility plus 4.18 per facility	2.00 per facility plus 4.18 per facility	2.00 per facility plus 4.18 per facility	2.00 per facility plus 4.18 per facility
Carwash self-service	1.50 per bay	1.50 per bay	1.50 per bay	1.50 per bay
Churches	1.50 per 200 persons capacity in the main sanctuary or meeting room	1.50 per 200 persons capacity in the main sanctuary or meeting room	1.50 per 200 persons capacity in the main sanctuary or meeting room	1.50 per 200 persons capacity in the main sanctuary or meeting room
Golf course with showers	1.0 per 30 potential golfers during the normal day of 8:00AM to 1:00 with foursomes being dispatched every 10 minutes (120 per day)	1.0 per 30 potential golfers during the normal day of 8:00AM to 1:00 with foursomes being dispatched every 10 minutes (120 per day)	1.0 per 30 potential golfers during the normal day of 8:00AM to 1:00 with foursomes being dispatched every 10 minutes (120 per day)	1.0 per 30 potential golfers during the normal day of 8:00AM to 1:00 with foursomes being dispatched every 10 minutes (120 per day)
Golf course without showers	1.0 per 50 potential golfers during the normal day of 8:00AM to 1:00 with foursomes being dispatched every 10 minutes (120 per day)	1.0 per 50 potential golfers during the normal day of 8:00AM to 1:00 with foursomes being dispatched every 10 minutes (120 per day)	1.0 per 50 potential golfers during the normal day of 8:00AM to 1:00 with foursomes being dispatched every 10 minutes (120 per day)	1.0 per 50 potential golfers during the normal day of 8:00AM to 1:00 with foursomes being dispatched every 10 minutes (120 per day)

\* If service station also prepares and serves food, it will pay the highest rate applicable to it.

If there is no water meter data and the commercial enterprise is not expected to generate waterborne waste greater than a normal single-family residence, i.e., a common office not operating a retail sales business with multiple restrooms open to the public, the business will be imputed a service demand factor of 1.0 for every 1 to 19 on-premises employees. This factor will increase to 2.0 on-premises employees 20 to 39.

Industrial or large commercial other than shown – The monthly rate will be individually negotiated based upon quantity and strength of effluent. The lowest rate to be charged these customers will be the retail rate of 1.5.

All Other RV Parks - The single family residential rate multiplied by a factor of 0.55 per average annual occupied space/pad. Average annual occupancy rate to be recalculated annually from information provided by the customer. For the first year of the rate there will be an inputter occupancy rate of 80% to be used until an historic average can be calculated.

Description	Tall Timbers Current Rate (Effective as of 7/1/10)	Woodmark Current Rate (Effective as of 9/16/2013)	Proposed Rate Phase 1	Proposed Rate Phase 2
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### Miscellaneous Fees

Tap Fee	\$1,100.00	\$1,100.00	\$1,100.00	\$1,100.00
Tap Fee (Large Connection Tap)	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Reconnection Fee (Non-payment of Bill)	\$25.00	\$25.00	\$25.00	\$25.00
Reconnection Fee (Customer's request)	\$25.00	\$550.00	\$25.00	\$25.00
Service Relocation Fee	Actual Cost*	Actual Cost*	Actual Cost*	Actual Cost*
Seasonal Reconnection Fee	Base rate times number of months off system**	Base rate times number of months off system**	Base rate times number of months off system**	Base rate times number of months off system**
Transfer Fee	\$25.00	\$50.00	\$50.00	\$50.00
Return Check Charge	\$20.00	\$30.00	\$30.00	\$30.00
Late Charge	\$5.00	\$5.00	\$5.00	\$5.00
Customer Deposit Residential (Maximum \$50)	\$50.00	\$50.00	\$50.00	\$50.00
Commercial and Non-residential Deposit	1/6 estimated annual bill	1/6 estimated annual bill	1/6 estimated annual bill	1/6 estimated annual bill

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

\*Actual cost to relocate that service connection this fee may be charged if a customer requests relocation of an existing service connection.

\*\*Not to exceed six months when leave and return within a twelve month period.

Line Extension and Construction Charges: Refer to section 2.20 Specific Utility Service rules and Section 3.20 Utility Specific Extension Policy for terms, conditions, and charges.

Governmental Testing, Inspection and Costs Surcharge Clause: Increases in inspection fees and water testing costs imposed by state or federal law may be passed through as an adjustment to the monthly base rate charge under the terms and conditions of 16 T.A.C. 24.21 (k) (2) after notice to customers and upon written approval by the TX PUC.

**If applicable, list any bill payment assistance programs to low income Ratepayers. Not applicable.**

**P.U.C. DOCKET NO. 46256**

**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 Protester:

\_\_\_\_\_ 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 PURSUANT TO TEX. WATER CODE § 13.1871

Liberty Utilities (Tall Timbers Sewer) Corp.  
("Liberty Tall Timbers")

CCN No. 20694

Company Name

CCN Number

has filed a rate change application with the City of Tyler, Texas. You may also inspect a copy of the rate change application at your utility's office at the address below or at the City of Tyler address provided below. The proposed rates will apply to service received after the effective date provided below, unless modified or suspended by the City of Tyler. If the City of Tyler receives a sufficient number of protests, separately or in a combined protest letter, from at least 10 percent of the utility's customers (over whose rates the City of Tyler has original jurisdiction) before the 91st day after the proposed effective date, the matter will be set for hearing. **See Protest Form on the last page of this notice for instructions on how to protest.** If you are located within the City of Tyler, please send your protest to Edward Broussard, City Manager- City of Tyler, 212 N. Bonner Ave., Tyler, Texas, 75702. You may also wish to contact the City of Tyler at (903)531-1250.

Liberty Tall Timbers is proposing to increase revenues in two Phases based on combined revenue requirements for Liberty Tall Timbers and Liberty Utilities (Woodmark Sewer) Corp. ("Liberty Woodmark"). The first Phase increase for wastewater service (\$1,038,363) would be implemented after the effective date shown below for Phase 1. Phase 2 (\$2,002,514) would be implemented on March 1, 2017 or thereafter subject to Phase 2 project completions, determination of actual project costs, and additional notice per 16 TAC §24.34(b).

### EFFECTIVE DATE OF PROPOSED REVENUE INCREASES

Phase 1	\$1,038,363	Effective Date: November 1, 2016
Phase 2	\$2,002,514	Effective Date: March 1, 2017 (Estimated)

Please see attached "Notice of Current and Proposed Rates" following Protest Form for complete schedule of current and proposed Phase 1 rates, Phase 2 rates, and Miscellaneous Fees. Please refer to filed rate change application for other proposed service policy updates/revisions for tariff.

(Proposed rates requested by the utility are not final. The City of Tyler 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, subject to appeal to the Public Utility Commission of Texas which may take similar actions.)

Liberty Tall Timbers' address is 12725 W. Indian School Rd., Ste. D101, Avondale, Arizona 85392. Our telephone number is (800)525-9547.

Total Annual Revenue Increase requested: \$3,040,877 (Phases 1 and 2 Combined)

Date Customer Notice mailed: September 6, 2016

Dates Meter Typically Read: Not applicable; billing period ends last day of month.

This rate increase affects the following system which is located in Smith County, Texas:

Liberty Tall Timbers (TPDES Permit No. 13000-001)

Date of Last Rate Change: November 1, 2002 (inside City of Tyler rates only)

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

Operating expenses have increased, and significant capital improvements have been made to provide more reliable service to customers necessitating the requested Phase I rate increase. Additional capital improvement projects will necessitate the Phase II rate increase requested to take effect after completion.