



Control Number: 46333



Item Number: 143

Addendum StartPage: 0

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

APPLICATION OF PK-RE
DEVELOPMENT COMPANY, INC.
D/B/A GREENSHORES UTILITY
SERVICES AND D/B/A OAK SHORES
WATER SYSTEM FOR AUTHORITY
TO CHANGE RATES AND TARIFFS
IN TRAVIS COUNTY.

§
§
§
§
§
§
§

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY

OF

RUSSELL EPPRIGHT

ON BEHALF OF

PK-RE DEVELOPMENT COMPANY, INC. D/B/A
GREENSHORES UTILITY SERVICES AND D/B/A
OAK SHORES WATER SYSTEM

RECEIVED
2017 MAY -9 PM 1:43
PUBLIC UTILITY COMMISSION
FILING CLERK

MAY 9, 2017

**DIRECT TESTIMONY OF
RUSSELL EPPRIGHT**

TABLE OF CONTENTS

	Page
I. INTRODUCTION	3
II. DESCRIPTION OF PK-RE	4
III. REASON FOR RATE INCREASE	8
IV. REVENUE REQUIREMENT	12
A. Water	12
B. Sewer	14
V. RATE BASE	16
VI. CONCLUSION	18

ATTACHMENTS

- A Rate Application as filed on October 12, 2016
- B First Errata to Rate Application as filed on November 30, 2016

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

APPLICATION OF PK-RE
DEVELOPMENT COMPANY, INC.
D/B/A GREENSHORES UTILITY
SERVICES AND D/B/A OAK SHORES
WATER SYSTEM FOR AUTHORITY
TO CHANGE RATES AND TARIFFS
IN TRAVIS COUNTY

§
§
§
§
§
§
§

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY OF
RUSSELL EPPRIGHT

I. INTRODUCTION

1
2 Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

3 A. My name is Russell Eppright. I am the President of PK-RE Development Company,
4 Inc., doing business as Greenshores Utility Services and Oak Shores Water System,
5 the applicant in this proceeding ("PK-RE"). My business address is 13301 Galleria
6 Circle, Suite B175, Bee Cave, Texas 78738.

7 Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL
8 BACKGROUND?

9 A. I have a Bachelor's of Science in Construction Science from Texas A&M University.
10 I've been in homebuilding for 25 years and was President of Russell Eppright Homes
11 for 19 years. Additionally, I have been involved in several small single family lot
12 development projects.

13 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

14 A. I am testifying on behalf of PK-RE in support of its application to change rates for the
15 water and sewer utilities it owns in Travis County, Texas. I am attaching the
16 Application and First Errata to my testimony as Attachments A and B.

1 Q. HAVE YOU PREVIOUSLY TESTIFIED IN A COMMISSION
2 PROCEEDING?

3 A. No.

4 II. DESCRIPTION OF PK-RE

5 Q. PLEASE DESCRIBE PK-RE.

6 A. PK-RE is a utility serving three subdivisions. These subdivisions were developed at
7 various times, and include Oak Shores, Greenshores on Lake Austin, and Woods of
8 Greenshores. PK-RE, Ltd. is a development company that was started by myself,
9 Russell Parker, and James Kerby. Due to disputes with Parker and Kerby, I now own
10 their shares, which is 89% interest in that entity. PK-RE, Ltd. developed Greenshores
11 on Lake Austin ("Greenshores"). PK-RE was formed in 2000 and was the corporate
12 general partner of PK-RE, Ltd. PK-RE GP, LLC, is now the General Partner of
13 PK-RE, Ltd.

14 Greenshores on Lake Austin was originally intended to be set up as a
15 Municipal Utility District ("MUD") to pay for all the water and wastewater
16 infrastructure to serve the subdivision. After several of the lots were sold and most of
17 the lots were under contract to sell, the City of Austin blocked the formation of a
18 MUD. Once the MUD was blocked, the only way to recover the costs of the required
19 infrastructure was through water and sewer rates. Subsequently, Russell Parker and I
20 acquired the land for the Woods of Greenshores Development and formed a
21 partnership with the landowner, wherein she provided the land and we provided the
22 funds for the development, called Woods of Greenshores, Ltd. Russell Parker and I
23 each owned 34% of that entity and the landowner owned 30%. Again due to

1 disputes, I have taken over Mr. Parker's share and now own 68% of that entity, as
2 well as 100% of R2 Development, Inc., which owns 2% of Woods of Greenshores
3 Ltd.

4 It became apparent that the best way to develop the Woods of Greenshores.
5 was to take it in to the water and wastewater certificates of convenience and necessity
6 ("CCN"), which would increase efficiencies in the systems. In 2007, PK-RE was
7 replaced as corporate general partner of PK-RE Ltd. by PK-RE GP, LLC, of which
8 I now own 89%. Also in 2007, PK-RE, Ltd. and Woods of Greenshores, Ltd. entered
9 into a Joint Development and Reimbursement Agreement in order consolidate their
10 efforts and share certain expenses in providing existing water and wastewater
11 facilities to the residents of both neighborhoods. In this Joint Development and
12 Reimbursement Agreement, PK-RE, Ltd. and Woods of Greenshores, Ltd. agreed to
13 lease their property to PK-RE so that it could operate and control the utility property.

14 Around that same time frame it became apparent that the water wells in
15 Greenshores on Lake Austin were having trouble keeping up with the high demands
16 of these homes. PK-RE decided that instead of drilling more water wells in the
17 Woods of Greenshores, which was the original plan, it needed to invest in a surface
18 water treatment plant to help meet the projected demand. Since this facility was
19 common to both subdivisions, it was financed and paid for through PK-RE.

20 When PK-RE took over the original CCNs encompassing the Greenshores and
21 Oakshores areas, it also took over approximately 50 existing customers in the Oak
22 Shores neighborhood. In 2005, PK-RE built a wastewater system for customers in
23 Greenshores on Lake Austin with the intent of building a separate plant for Woods of

1 Greenshores. However, the City of Austin strongly recommended that PK-RE forego
2 building a separate wastewater facility and instead tie Woods of Greenshores
3 customers in with Greenshores on Lake Austin customers. In order to tie-in with the
4 Greenshores on Lake Austin customers, a force main is needed to pump the
5 wastewater from the lift station at Woods of Greenshores to the wastewater treatment
6 plant. However, PK-RE has been unable to construct the force main because of legal
7 issues involving the easement for the force main. As a result, PK-RE has been using
8 pump-and-haul service for Woods of Greenshores customers, with a truck pumping
9 wastewater from the lift station and hauling it off-site to a third-party treatment plant.
10 PK-RE continues its efforts to secure legal access to the easements required for tying
11 the systems together.

12 **Q. DOES PK-RE HAVE ANY AFFILIATES, AS DEFINED BY TEXAS WATER**
13 **CODE § 13.002(2)?**

14 A. As I understand this provision of the Water Code, I have identified the following
15 person and entities that would be considered to be "affiliated interests" or "affiliates"
16 with PK-RE. As an individual, I own 89% of PK-RE Development Company, Inc.
17 (the utility), and I also own 100% of another entity known as R2 Development, Inc.
18 R2 Development, Inc. is corporate general partner for Woods of Greenshores, Inc.

19 The other owner of PK-RE Development Company, Inc. is a limited liability
20 partnership known as Boxcar Partners, L.L.P. This entity owns 11% of PK-RE.
21 Boxcar Partners, L.L.P. does not provide any services or transactions with PK-RE.

22 As discussed above, PK-RE, Ltd. and Woods of Greenshores, Ltd. invested in
23 the infrastructure for Greenshores on Lake Austin and Woods of Greenshores. I own

1 89% interest in PK-RE, Ltd. and 68% of Woods of Greenshores, Ltd. PK-RE GP,
2 LLC is the General Partner of PK-RE, Ltd.

3 **Q. DOES PK-RE HAVE ANY TRANSACTIONS WITH ANY OF THESE**
4 **AFFILIATES?**

5 A. No. They are corporate and partnership entities that share in ownership of PK-RE
6 and other companies, but they don't provide any services, property, or other items to
7 the utility.

8 **Q. DOES THE RATE APPLICATION INCLUDE ANY PAYMENTS TO ANY OF**
9 **THESE AFFILIATED INTERESTS BY PK-RE?**

10 A. No.

11 **Q. PLEASE DESCRIBE PK-RE'S FINANCIAL RESOURCES. WHERE DOES**
12 **PK-RE RECEIVE ITS CAPITAL?**

13 A. From me. I took out a loan from Omni Bank for \$1.26 million in 2009. I also took
14 out a loan from SBA Loan for \$843,000 in 2009. All additional working capital has
15 been contributed by me personally. As of this filing, I am owed \$1,139,152, plus
16 interest, by PK-RE. This amount includes \$292,551 that was due to Russell Parker,
17 and that I assumed when I took over his interest in PK-RE.

18 **Q. DOES PK-RE HAVE ANY EMPLOYEES?**

19 A. No. PK-RE contracts with Crossroads Utility Services, a company located in Round
20 Rock, Texas, to perform all the operational and maintenance activities for the water,
21 and sewer utilities. Crossroads provides general management services, administrative
22 services, a local customer service center, meter-reading, billing and collections,
23 certified operations, field services including emergency response, excavation crews,

1 and construction. Crossroads has provided these services since approximately
2 November 2015. These are all services necessary for the operation and upkeep of the
3 utility systems.

4 **Q. HOW IS CROSSROADS UTILITY SERVICES COMPENSATED FOR THE**
5 **SERVICES PROVIDED TO PK-RE?**

6 A. The amount paid to Crossroads in the test year was \$57,913 (Schedule I-1, line 7).
7 PK-RE has a contract with Crossroads to provide the above-described services for a
8 base rate and is invoiced monthly. The invoiced amount usually exceeds the base
9 rate, due to the increase in the amount of work required to keep the system
10 maintained. These costs are reasonable and necessary.

11 **III. REASON FOR RATE INCREASE**

12 **Q. PLEASE DESCRIBE THE APPLICATION FILED BY PK-RE.**

13 A. PK-RE has not had a rate increase for these systems since 2012, when the last rate
14 increase was approved through a settlement by the parties. The parties to that rate
15 application were Greenshores on Lake Austin Property Owners Association, The
16 Woods Property Owners Association, and Oak Shores Customers, along with the
17 Texas Commission on Environmental Quality ("TCEQ") Executive Director and the
18 TCEQ Public Interest Counsel. In that settlement agreement, PK-RE agreed to not
19 file for any rate increases for at least two years from the settlement date. PK-RE also
20 agreed that for five years after the settlement date, it would limit any rate increases in
21 subsequent applications to no more than 5% increases to annual utility revenues
22 annually. The agreement also provided that the 5% annual increases could be
23 cumulative, meaning that at the end of Year 4, PK-RE could seek a 20% increase.

1 The rates requested in this application are phased-in, with the first phase to reflect a
2 20% increase in revenues. This complies with these guidelines, as the first phase is
3 cumulative of the first four years of that settlement agreement.

4 As shown in the schedules prepared by Mr. Don Clayton using information
5 from me and my accountant, the water and sewer systems are not receiving enough
6 revenues at current rates to recover the cost of providing the services. At various
7 times I have had to inject significant amounts of my own personal capital into the
8 systems in order to meet operation and maintenance expenses. As shown on
9 Schedule III-6 for both water and sewer, at the end of the test year the utility owed me
10 over \$600,000 and Russell Parker \$292,551 in outstanding loans made to the utilities.
11 These loans are in addition to the bank loans totaling over \$1.8 million.

12 Since filing this rate application, I have had to invest additional significant
13 sums of my personal capital into the system. Operating the pump-and-haul service is
14 expensive, but even without the pump-and-haul service, I would still be required to
15 invest personal capital into the system. PK-RE is working to repair older parts of the
16 system, mainly located in the Oak Shores neighborhood, and these repairs are
17 expensive.

18 The systems are currently earning negative returns. In the test year, the water
19 utility had a deficit of (\$6,964) in covering its revenue requirement, and the sewer
20 utility had a deficit of (\$158,810). Clearly, that's not sustainable for any business.
21 The rate of return requested in Phase 1 of this application is only 3.27%, which is also
22 very low, and much lower than going concerns usually earn on their investments. A
23 regulated utility is afforded an opportunity to earn a reasonable rate of return. As I

1 have noted, even in the absence of the expenses associated with the pump-and-haul
2 service, the water and wastewater revenues received from customers are still not
3 enough to allow PK-RE to recover a reasonable rate of return. Simply put, PK-RE
4 cannot continue to make the required improvements to the system without adequate
5 cash flow, and that cash flow can only come from increased rates.

6 The capital structure that yields that 3.27% return is 53.43% equity and
7 46.57% debt, as shown on Schedule III-1. I am not proposing any changes to the
8 depreciation rates; the schedules use the Commission's recommended rates:

9 **Q. WHAT IS DRIVING THE NEED FOR THE REQUESTED RATE**
10 **INCREASE?**

11 A. As is evident from the application, the utility is not self-supporting. As the owner of
12 PK-RE, I have had to invest my personal funds in order to provide operating and
13 maintenance funds, as discussed earlier.

14 Even after the test year, PK-RE and Crossroads have spent significant
15 amounts of money to update and maintain the system. In the older Oak Shores
16 neighborhood, which PK-RE, Ltd. and Woods of Greenshores, Ltd. did not build, the
17 piping is prone to leaks. PK-RE and Crossroads have repaired multiple leaks in the
18 Oak Shores system since filing this application. Since PK-RE hired Crossroads in
19 2015, there have been a lot more repairs to the system in order to fix the lost water
20 and leak problems. The wastewater plant has also been excessively expensive to
21 maintain. As a matter of fact, we just received an inspection report from the TCEQ to
22 make further improvements to the drip irrigation system. These repairs and the need

1 to bring the Oak Shores system up-to-date cost a lot of money, which the current rates
2 do not support.

3 **Q. WHY HAVE YOU NOT ASKED FOR RATE RELIEF PRIOR TO THIS**
4 **APPLICATION?**

5 A. PK-RE did not seek a rate increase prior to this application because the cost of
6 preparing and litigating a rate case is too significant to do more than once every few
7 years.

8 **Q. PK-RE HAS ALSO FILED AN APPLICATION FOR THE COMMISSION TO**
9 **APPROVE A SALE OF THE UTILITY ASSETS TO UNDINE**
10 **DEVELOPMENT, LLC ("UNDINE"), AND UNDINE HAS INTERVENED IN**
11 **THIS RATE APPLICATION. WHAT IS UNDINE'S INTEREST IN THIS**
12 **APPLICATION?**

13 A. Yes, I hope to sell the water and wastewater utilities to Undine when the Commission
14 approves the Sale, Transfer, Merger, ("STM") Application currently pending in
15 Docket No. 46150. Undine wants to have the new rates in place before the purchase
16 closes, and I understand that is the Commission's requirement, as well. I started this
17 rate case even though it is being sold because I did not want to go through the long
18 STM process and then still have low rates in case the sale did not close. Undine has
19 helped PK-RE file this Rate Application, and has also been assisting PK-RE with the
20 processing of the Application.

21 **Q. WHO PREPARED THE RATE APPLICATION?**

22 A. It was a joint effort between me and Donald Clayton.

1 Q. **WHAT IS THE TEST YEAR USED FOR THE APPLICATIONS?**

2 A. The test year is calendar year ending December 31, 2015.

3 Q. **ARE THE PROPOSED RATES JUST AND REASONABLE?**

4 A. Yes. The current rates are not enough to fund operating and maintaining the system.
5 With the current rates, PK-RE cannot maintain adequate service without receiving
6 additional working capital from me personally. The proposed rates will yield a very
7 small return, but will nonetheless ease the deficit situation and provide needed
8 revenues to undertake system repairs.

9 Q. **DO THE CURRENT RATES THREATEN THE FINANCIAL INTEGRITY OF
10 THE UTILITY?**

11 A. Yes. As discussed, currently, PK-RE cannot continue to support safe and adequate
12 service with the current rates without continued infusions of capital from me.

13 **IV. REVENUE REQUIREMENT**

14 **A. Water**

15 Q. **HOW MANY WATER CUSTOMERS DOES PK-RE HAVE?**

16 A. Schedule I-3 shows the number of metered connections by meter size. As you can
17 see, most of the metered connections are 5/8" or 3/4" meters (79 and 110 connections,
18 respectively, at the end of the test year). The total number of connections at the end
19 of the test year was 218. There are no unmetered connections.

20 Q. **WHERE DOES PK-RE OBTAIN ITS WATER SUPPLY?**

21 A. PK-RE has a water purchase agreement with the Lower Colorado River Authority
22 ("LCRA"). In the test year, PK-RE purchased 37,522,000 gallons from the LCRA,

1 for a total cost of \$29,967.38. PK-RE also has a well from which it pumped
2 9,294,000 gallons in the test year, for a total water production available to the water
3 utility of 46,816,000 gallons. During the test year, PK-RE had unaccounted for water
4 in the amount of 16,022,000 gallons, or 34.22% of the total production.

5 **Q. WHAT IS THE REASON FOR THIS HIGH PERCENTAGE OF**
6 **UNACCOUNTED FOR WATER, AND WHAT DOES PK-RE PLAN TO DO**
7 **TO REDUCE THIS NUMBER?**

8 A. The unaccounted for water is largely a result from leaks in the aging Oak Shores
9 system. In 2016 and to date, PK-RE and Crossroads have been focused on repairing
10 leaks in the old system and have repaired a number of leaks in Oak Shores. We are
11 consistently working on repairing leaks in this old system, along with addressing any
12 other leaks in other locations that may occur. These costs are significant and
13 highlight the need for rate increases.

14 **Q. WHAT REVENUES DOES PK-RE RECEIVE BESIDES WATER SALES**
15 **REVENUES?**

16 A. Other revenues are as shown on Schedule II-3(b), consisting of tap fees, late fees,
17 meter test fees, transfers and deposits, and TCEQ fees.

18 **Q. WHAT OTHER EXPENSES DOES PK-RE HAVE?**

19 A. PK-RE incurs most all of the usual operating and maintenance expenses, as shown on
20 the Schedules included in the application: electricity (Sch. II-4), other volume-related
21 expenses (including chemicals for water treatment (Sch. II-5), the previously-
22 described contract work with Crossroads Utility Services (Sch. II-8), plant repair and
23 maintenance, (Sch. II-10), bad debts (Sch. II-12), office supplies and expenses,

1 (Sch. II-14), professional services (Sch. II-15), insurance (Sch. II-16), regulatory –
2 rate case expense (Sch. II-17), regulatory – commission expenses (Sch. II-18), and
3 miscellaneous expenses (Sch. II-19). The amounts shown in all of these schedules
4 are taken directly from the books and records of PK-RE. These expenses are all
5 reasonable and necessary for the operation of the utility and the provision of the water
6 utility services.

7 **Q. HAVE YOU INCLUDED ANY EXPENSES FOR LEGISLATIVE**
8 **ADVOCACY?**

9 A. No. I do not participate in any legislative advocacy activities.

10 **B. Sewer,**

11 **Q. HOW MANY SEWER CUSTOMERS DOES PK-RE HAVE?**

12 A. Schedule I-3 shows the number of sewer connections by water meter size. At the end
13 of the test year, there were 142.87 sewer connections.

14 **Q. HOW DOES PK-RE TREAT THE WASTEWATER?**

15 A. PK-RE has a wastewater treatment plant located in Greenshore's on Lake Austin.
16 PK-RE uses an effluent disposal system with drip irrigation fields. From the plant,
17 the treated wastewater is piped in plastic lines with holes in them to a drip irrigation
18 field. These plastic lines are covered by cedar mulch, as required by the TCEQ.

19 **Q. WHAT REVENUES DOES PK-RE RECEIVE BESIDES SEWER**
20 **VOLUMETRIC RATES?**

21 A. Other revenues are as shown on Schedule II-3(b), consisting of tap fees, late fees,
22 transfers and deposits, and TCEQ fees.

1 **Q. WHAT OTHER EXPENSES DOES PK-RE HAVE?**

2 A. PK-RE incurs most all of the usual operating and maintenance expenses, as shown on
3 the Schedules included in the application: electricity (Sch. II-4), other volume-related
4 expenses (including chemicals to treat wastewater and to haul sludge treatment
5 (Sch. II-5), the previously-described contract work with Crossroads Utility Services
6 (Sch. II-8), plant repair and maintenance (Sch. II-10), bad debts (Sch. II-12), office
7 supplies and expenses (Sch. II-14), professional services (Sch. II-15), insurance
8 (Sch. II-16), regulatory – rate case expense (Sch. II-17), regulatory – commission
9 expenses (Sch. II-18), and miscellaneous expenses (Sch. II-19). The amounts shown
10 in all of these schedules are taken directly from the books and records of PK-RE.
11 These expenses are all reasonable and necessary for the operation of the utility and
12 the provision of the water utility services.

13 **Q. HAVE YOU INCLUDED ANY EXPENSES FOR LEGISLATIVE**
14 **ADVOCACY?**

15 A. No. I do not participate in any legislative advocacy activities.

16 **Q. ARE THERE PUMP-AND-HAUL EXPENSES FOR THE SEWER UTILITY?**

17 A. Yes, these expenses are included in the amounts shown on Schedule II-5. These
18 pump-and-haul expenses include the pump-and-haul service from Woods of
19 Greenshores and also include normal expenses for cleaning out the sludge tanks at the
20 water and wastewater plants.

21 **Q. PLEASE EXPLAIN WHY THESE EXPENSES ARE INCURRED?**

22 A. The majority of pump-and-haul expenses are due to the lack of a wastewater plant in
23 Woods of Greenshores. The City of Austin strongly recommended that PK-RE not

1 build a wastewater treatment plant for Woods of Greenshores and instead tie Woods
2 of Greenshores into the existing Greenshores on Lake Austin wastewater plant.
3 PK-RE is, and has been, trying to build a force main to connect these two systems.
4 However, PK-RE must obtain an easement through the property owned by the
5 Greenshores on Lake Austin Home Owners Association to build the force main.
6 Currently, PK-RE is working on the engineering to build the force main and ensuring
7 that it has the legal right to run the force main.

8 **Q. WHAT DOES PK-RE INTEND TO DO TO ELIMINATE THESE EXPENSES**
9 **GOING FORWARD?**

10 A. PK-RE intends to build the force main as soon as the easement issues are resolved
11 and the City of Austin approves it.

12 **V. RATE BASE**

13 **Q. DOES PK-RE MAINTAIN ACCURATE BOOKS AND RECORDS TO**
14 **ESTABLISH THE ORIGINAL COST OF THE RATE BASE ITEMS**
15 **INCLUDED ON SCHEDULE III-3?**

16 A. Yes. PK-RE's invoices and records supporting these original cost numbers are kept
17 in the regular course of business. In response to discovery from Commission Staff,
18 PK-RE offered to make all the invoices available for Staff's inspection at PK-RE's
19 offices.

20 **Q. ARE THE PLANT ITEMS SHOWN IN SCHEDULE III-3 ALL USED AND**
21 **USEFUL TO PK-RE IN THE PROVISION OF WATER AND WASTEWATER**
22 **UTILITY SERVICES?**

23 A. Yes.

1 Q. ARE YOU AWARE THAT IT IS COMMON PRACTICE FOR A UTILITY TO
2 REQUIRE DEVELOPERS AND/OR CUSTOMERS TO PAY THE UTILITY
3 FOR THE EXTENSION OF SERVICES BEYOND STANDARD
4 EXTENSIONS?

5 A. Yes, I am aware of that common practice. However, as discussed above, Greenshores
6 on Lake Austin was originally intended to be set up as a MUD to pay for all the water
7 and wastewater infrastructure to serve the subdivision. After several of the lots were
8 sold and most of the lots were under contract to sell, the City of Austin blocked the
9 formation of a MUD. Once the MUD was blocked, the only way to recover the costs
10 of the required infrastructure was through water and sewer rates.

11 Q. DO YOU HAVE AN ACCOUNTANT KEEP YOUR BOOKS?

12 A. Yes. And based on advice of my accountant and attorney, I have adhered to the Joint
13 Development Agreement described above for all accounting.

14 Q. ARE YOU SEEKING RATE CASE EXPENSES IN THIS APPLICATION?

15 A. Yes. Pursuant to an agreement with Undine, Undine will pay PK-RE's rate case
16 expenses unless the STM does not close. If the STM does not close, I will be
17 responsible for paying rate case expenses and will carry forward with the rate case if
18 it has not concluded. Therefore, Undine retained attorneys to represent it in both the
19 STM and the rate case, and those attorneys will attest to the reasonableness of the rate
20 case expenses. Undine also retained the services of Mr. Don Clayton to assist me and
21 my accountant in the preparation of the rate filing package. Mr. Clayton provides
22 testimony on the reasonableness of his expenses.

1 VI. CONCLUSION

2 Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

3 A. Yes it does.



816 Congress Avenue, Suite 1900
Austin, Texas 78701
Telephone: (512) 322-5800
Facsimile: (512) 472-0532

www.lglawfirm.com

Ms. Crump's Direct Line: (512) 322-5832
Email: gcrump@lglawfirm.com

October 12, 2016

Filing Clerk
Public Utility Commission of Texas
1701 N. Congress Avenue, Suite 8-100
P.O. Box 13326
Austin, Texas 78711-3326

RE: Docket No. 46333; Application of PK-RE Development Company, Inc. d/b/a Greenshores Utility Services, and d/b/a Oak Shores Water System, for Authority to Change Rates and Tariffs Under CCN Nos. 12407 and 20948 in Travis County.

Dear Filing Clerk:

PK-RE Development Company, Inc. d/b/a Greenshores Utility Services, and d/b/a Oak Shores Water System ("PK-RE") files the following documents:

- Class B Rate/Tariff Change Application for Water CCN No. 12407 and all schedules;
- Class B Rate/Tariff Change Application for Sewer CCN No. 20948 and all schedules;
- Affidavit/Certification of Application;
- Notice of Proposed Water and Sewer Rate Increases sent to customers; and
- Annual Report filed on October 12, 2016.

Thank you for your assistance. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Georgia N. Crump".

Georgia N. Crump

GNC/jmc
7198806.1



PUBLIC UTILITY COMMISSION OF TEXAS

CLASS B RATE/TARIFF CHANGE APPLICATION

Required Schedules for rate/tariff changes

WATER UTILITY NAME: PK-RE DEVELOPMENT COMPANY, INC. (D.B.A. GREENSHORES UTILITY SERVICES)
CCN No. 12407

ADDRESS OF UTILITY: 500 n. Capital of Texas Highway, Bldg. 1, Suite 125
Street, P.O. Box and/or suite number
Austin, TX 78746
City and Zip Code

PHONE NUMBER: (512) - 451-6689
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Jeff Goebel

PHONE: 713-724-9321

EMAIL ADDRESS: jgoebel@undinellc.com

PUC CLASS SIZE: B C (circle one)

INCREASE (DECREASE)

Phase I	Phase II	Phase III	
\$ 80,422	\$ 20,107	\$ 52,678	(From Sch. I-1, Line 33)
dollar amount			

20.00%	5.00%	13.10%	
(From Sch. I-1, Line 34)			
percent above (below) current revenue requirement			

DESCRIBE OWNERSHIP OF COMPANY:

The Company is owned by Russell Eppright

DATE OF LAST GENERAL RATE CASE FILING: 09/21/12

DATE OF LAST NON-GENERAL RATE CHANGE*: None

* (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: <u>PK-RE DEVELOPMENT COMPANY, INC.</u> 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: _____

	Attachment Schedule	Items Checked
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 checked="" type="checkbox"/>
Unmetered Active (Flat Rate) Customers	I-4	<input type="checkbox"/>
SECTION II		
<u>OPERATIONS AND EXPENSES</u>		
Water Production (no unmetered rates)	II-1(a)	<input checked="" type="checkbox"/>
Water Production (with unmetered rates)	II-1(b)	<input type="checkbox"/>
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 type="checkbox"/>
Materials	II-7	<input type="checkbox"/>
Contract Work	II-8	<input checked="" type="checkbox"/>
Transportation Expenses	II-9	<input type="checkbox"/>
Other Plant Maintenance	II-10	<input checked="" type="checkbox"/>
Employee Pensions/Benefits	II-11	<input type="checkbox"/>
Bad Debts/uncollectables	II-12	<input checked="" type="checkbox"/>
Office Services and Rentals	II-13	<input type="checkbox"/>
Office Supplies and Expense	II-14	<input checked="" type="checkbox"/>
Professional Services	II-15	<input checked="" type="checkbox"/>
Insurance	II-16	<input checked="" type="checkbox"/>
Rate Case Expense	II-17	<input checked="" type="checkbox"/>
Regulatory Commission Expense	II-18	<input checked="" type="checkbox"/>
Miscellaneous Expense	II-19	<input checked="" type="checkbox"/>

UTILITY NAME: <u>PK-RE DEVELOPMENT CO., INC.</u> GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES TABLE OF CONTENTS (Page 2 of 2)

	<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)	<input type="checkbox"/> NA
Materials and Supplies Inventory	III-4(b)	<input type="checkbox"/> NA
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 type="checkbox"/> NA
Contributions in Aid of Construction	III-8(b)	<input type="checkbox"/> NA
Deferred Income Taxes	III-9(a)	<input type="checkbox"/> NA
Deferred Investment Tax Credits	III-9(b)	<input type="checkbox"/> NA
Deferred Assets	III-10(a)	<input type="checkbox"/> NA
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"/>

INSTRUCTIONS REV REQUIREMENT

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>
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 workpaper. 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 workpaper 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 workpapers 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: PK-RE DEVELOPMENT, INC.						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
I-1 REVENUE REQUIREMENT SUMMARY - PHASE I						
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	610	Purchased water	29,967		29,967	Schedule II-3
2	615	Power Expense-production only	43,526		43,526	Schedule II-4
3	618	Other volume related expenses	5,419		5,419	Schedule II-5
4		Total volume related exp.	78,912	-	78,912	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor				Schedule II-6, Line 1
6	620	Materials				Schedule II-7
7	631-636	Contract work	57,913		57,913	Schedule II-8
8	650	Transportation expenses				Schedule II-9
9	664	Other plant maintenance	127,315		127,315	Schedule II-10
10		Total non-volume related exp.	185,228	-	185,228	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries			-	Schedule II-6, line 2
12	601-3	Mgmt. salaries			-	Schedule II-6, line 3
13	604	Employee pensions & benefits			-	Schedule II-11
14	615	Purchased power-Office only			-	Schedule II-4
15	670	Bad debt expense		2,308	2,308	Schedule II-12
16	676	Office services & rentals			-	Schedule II-13
17	677	Office supplies & expenses	3,950		3,950	Schedule II-14
18	678	Professional services	3,390		3,390	Schedule II-15
19	684	Insurance	6,101		6,101	Schedule II-16
20	666	Regulatory (rate case) expense		3,333	3,333	Schedule II-17
21	667	Regulatory expense (other)	8,781	1,430	10,211	Schedule II-18
22	675	Miscellaneous expenses	7,270		7,270	Schedule II-19
23		Total admin. & general expense	29,492	7,072	36,564	Add Lines 11-22
24		Total operating Expenses	293,633	7,072	300,705	Lines 4 + 10 + 23
25	403	Depreciation	110,010		110,010	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	5,435	2,114	7,549	Sch IV(b), Line 8
27	409/10	Income Tax Expense			-	Schedule V, Line 7
28		TOTAL EXPENSES	409,078		418,264	
29		TOTAL HISTORIC REVENUE	402,114			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(6,964)			Line 30 less Line 29
31		REQUESTED RETURN			64,272	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			482,536	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	80,422	Line 32 less Line 29
34		PERCENTAGE INCREASE			20.00%	Line 36 divided by Line
35		LESS: OTHER REVENUES			10,000	Line 8
36		Revenue for Rate Design		(to VI, line 1)	472,536	Line 33 minus Line 35

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
I-1 REVENUE REQUIREMENT SUMMARY - PHASE II						
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	610	Purchased water	29,967		29,967	Schedule II-3
2	615	Power Expense-production only	43,526		43,526	Schedule II-4
3	618	Other volume related expenses	5,419		5,419	Schedule II-5
4		Total volume related exp.	78,912	-	78,912	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor				Schedule II-6, Line 1
6	620	Materials				Schedule II-7
7	631-636	Contract work	57,913		57,913	Schedule II-8
8	650	Transportation expenses				Schedule II-9
9	664	Other plant maintenance	127,315		127,315	Schedule II-10
10		Total non-volume related exp.	185,228	-	185,228	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries			-	Schedule II-6, line 2
12	601-3	Mgmt. salaries			-	Schedule II-6, line 3
13	604	Employee pensions & benefits			-	Schedule II-11
14	615	Purchased power-Office only			-	Schedule II-4
15	670	Bad debt expense		2,308	2,308	Schedule II-12
16	676	Office services & rentals			-	Schedule II-13
17	677	Office supplies & expenses	3,950		3,950	Schedule II-14
18	678	Professional services	3,390		3,390	Schedule II-15
19	684	Insurance	6,101		6,101	Schedule II-16
20	666	Regulatory (rate case) expense		3,333	3,333	Schedule II-17
21	667	Regulatory expense (other)	8,781	1,430	10,211	Schedule II-18
22	675	Miscellaneous expenses	7,270		7,270	Schedule II-19
23		Total admin. & general expense	29,492	7,072	36,564	Add Lines 11-22
24		Total operating Expenses	293,633	7,072	300,705	Lines 4 + 10 + 23
25	403	Depreciation	110,010		110,010	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	5,435	2,114	7,549	Sch IV(b), Line 8
27	409/10	Income Tax Expense			-	Schedule V, Line 7
28		TOTAL EXPENSES	409,078		418,264	
29		TOTAL HISTORIC REVENUE	402,114			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(6,964)			Line 30 less Line 29
31		REQUESTED RETURN			84,379	Schedule III-1, Line 3
32		REQUIREMENT			502,643	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	100,529	Line 32 less Line 29
34		PERCENTAGE INCREASE			25.00%	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			10,000	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	492,642	Line 33 minus Line 35

UTILITY NAME: PK-RE DEVELOPMENT, INC.						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
I-1 REVENUE REQUIREMENT SUMMARY PHASE III						
PUC Docket No.		Test Year End: 12/31/15				
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	610	Purchased water	29,967		29,967	Schedule II-3
2	615	Power Expense-production only	43,526		43,526	Schedule II-4
3	618	Other volume related expenses	5,419		5,419	Schedule II-5
4		Total volume related exp.	78,912		78,912	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor				Schedule II-6, Line 1
6	620	Materials				Schedule II-7
7	631-636	Contract work	57,913		57,913	Schedule II-8
8	650	Transportation expenses				Schedule II-9
9	664	Other plant maintenance	127,315		127,315	Schedule II-10
10		Total non-volume related exp.	185,228		185,228	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries				Schedule II-6, line 2
12	601-3	Mgmt. salaries				Schedule II-6, line 3
13	604	Employee pensions & benefits				Schedule II-11
14	615	Purchased power-Office only				Schedule II-4
15	670	Bad debt expense		2,308	2,308	Schedule II-12
16	676	Office services & rentals				Schedule II-13
17	677	Office supplies & expenses	3,950		3,950	Schedule II-14
18	678	Professional services	3,390		3,390	Schedule II-15
19	684	Insurance	6,101		6,101	Schedule II-16
20	666	Regulatory (rate case) expense		3,333	3,333	Schedule II-17
21	667	Regulatory expense (other)	8,781	1,430	10,211	Schedule II-18
22	675	Miscellaneous expenses	7,270		7,270	Schedule II-19
23		Total admin. & general expense	29,492	7,072	36,564	Add Lines 11-22
24		Total operating Expenses	293,633	7,072	300,705	Lines 4 + 10 + 23
25	403	Depreciation	110,010		110,010	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	5,435	2,114	7,549	Sch IV(b), Line 8
27	409/10	Income Tax Expense				Schedule V, Line 7
28		TOTAL EXPENSES	409,078		418,264	
29		TOTAL HISTORIC REVENUE	402,114			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(6,964)			Line 30 less Line 29
31		REQUESTED RETURN			137,057	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			555,321	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	153,207	Line 32 less Line 29
34		PERCENTAGE INCREASE			38.10%	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			10,000	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	545,320	Line 33 minus Line 35

SCHEDULE I-2 REVENUES

UTILITY NAME: <u>PK-RE DEVELOPMENT COMPANY, INC.</u>				
SCHEDULES - CLASS B RATE/TARIFF CHANGE				
FOR TEST YEAR ENDED: <u>12/31/15</u>				
I-2 HISTORICAL REVENUE SUMMARY				
Line No.	NARUC A/C	Description	Historical Test Year	
1.	461	Metered connections base rate revenue	148,362.66	From financial records
2.	461	Metered connection gallonage rate revenue	231,001.00	From financial records
3.	460	Unmetered (Flat rate) revenue	0.00	From financial records
4.		Total Metered & Flat Rate Revenue	379,363.66	
5.		Plus: Total Other Revenues	22,750.48	From II-3, Column B, line 7
6.		Total Historic Test Year Revenues per income statement and Annual Report	402,114.14	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.

SCHEDULE I-3 METERED CON

UTILITY NAME: PK-RE DEVELOPMENT COMPANY, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 I-3 METERED ACTIVE CONNECTIONS BY METER SIZE
 FOR TEST YEAR ENDED: December 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"	77	2	79	78	1.0	79
2.	3/4"	90	20	110	100	1.5	165
3.	1"	33	-4	29	31	2.5	72.5
4.	1 1/2"	0	0	0	0	5.0	0
5.	2"	0	0	0	0	8.0	0
6.							
7.							
8.							
9.	Total	200	18	218	209		316.5
10.	Average						

SCHEDULE I-4 CONNECTIONS

UTILITY NAME: PK-RE DEVELOPMENT COMPANY,
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS
 FOR TEST YEAR ENDED: 12/31/15

A	B	C	D	E	F
		Number of Active Connections			
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.	NONE				
2.					
3.					
4.					
5.	Total				

INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: <u>PK-RE DEVELOPMENT COMPANY, INC.</u> 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: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION
 FOR TEST YEAR ENDED: 12/31/15

**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	9,294	0	9,294	PUC Annual Report
2	Total water purchased	37,522	0	37,522	PUC Annual Report
3	Total water produced	46,816	0	46,816	Line 1 + line 2
4	Total water sold	30,750	0	30,750	PUC Annual Report
5	Total accounted for non-revenue water*	44.3	0	44.3	
6	Total unaccounted for water	16,022	0	16,022	Lines 3 less 4 less 5
7	Percentage	34.22%		34.22%	Line 6 divided by Line 3

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

* Loss and unaccounted for water is based on monthly engineering estimates.

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

Known and measurable calculations and explanations:

SCHEDULE II-3 OTHER REV

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-3 OTHER REVENUES & EXPENSES PASSED THROUGH
FOR TEST YEAR ENDED: <u>12/31/15</u>

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

Line No.	A	B	C	D	D
	Purchased from:	Units purchased (in <u>1,000</u>) (e.g. 1,000 gal. AC - FT)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
1.	LCRA	37,522	0.7987	29,968.82	29,967.38
2.				0	
3.				0	
4.	Total *	37,522.00	0.7987	29,968.82	29,967.38

* 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	C	D
	Item passed thru or type of other revenue	Test year historical revenues collected		Test year revenues netted against COS
1.	Tap Fees*	12,750.00		-0*
2.	Late Fees	4,507.82		4,507.82
3.	Meter Test Fees	1,494.00		1,494.00
4.	Reconnect Fees	0		0.00
5.	Purchased Water Fees	0		0.00
6.	Groundwater Conservation District Fees	0		0.00
7.	Other (attach detail**)	3,998.66		3,998.66
8.	Total Other Revenues	22,750.48		10,000.48

(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.

PK-RE DEVELOPMENT, INC.

Test year ended 12/31/15

Other Revenue

Transfers and Deposits	205.00
TCEQ Fees	<u>3,793.66</u>
Total Other Revenues	<u>3,998.66</u>

SCHEDULE II-4 PURCHASED POWER

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE PURCHASED POWER FOR TEST YEAR ENDED: <u>13/31/15</u>
--

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.	615.1	Purchased Power (electric) -production

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	\$ 28,708.54
	2014	\$ 26,953.42
Test Year	2015	\$ 43,526.45
K & M Change		\$ - (to I-1, Column E, Line 2)
Adjusted Test year		\$ 43,526.45 (to I-1, Column F, Line 2)

Explanation and calculations of known and measurable change:

Note: Increase in electricity costs is the result of an increase in water usage and addition of new customers.

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

Line No.	Account No.	Account Name
14	615.2	Purchased Power (electric) Expense for office

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
	2013	\$ -
	2014	\$ -
a. Test Year	2015	\$ -
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:

Note: The company does not have an electricity bill for an office.

UTILITY NAME: PK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-5 OTHER RELATED VOLUME EXPENSES
FOR THE TEST YEAR ENDED: 12/31/15

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

Line No.	Account No.	Account Name
3.	618	Other volume related expenses

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.

	Year	Amount	
	<u>2013</u>	\$ <u>3,280.14</u>	
	<u>2014</u>	\$ <u>4,939.57</u>	
a. Test Year	<u>2015</u>	\$ <u>5,418.60</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b.)		\$ <u>5,418.60</u>	(to I-1, Column F, Line 3)

Explanation and calculations of known and measurable change:

Note: This account includes chemicals used to treat water. The test year amount is higher than the previous two years due to increases in the number of customers served.

UTILITY NAME PK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-6 ALLOCATION OF PAYROLL EXPENSES
FOR THE ADJUSTED TEST YEAR 12/31/15

SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERVICE
II-6(a) PAYROLL COSTS:

Line No.	A Employee Name	B Test Year Payroll	C Capitalized Payroll	D Expensed Payroll	E 1st 7000 or new limit (FUTA max)	F 7,001 to 9000 or new limit (SUTA max)	G 9,001 to 118500 or new limit (or FICA max)	H over 118500 or new limit	Total Payroll
1.									
2.	NONE								
3.									
4.									
5.									
6.									
7.									
8.									
9.	Total								
10.	Percentage Capitalized	Line 9, column F divided by line 9, column E=							

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.	601-1	Employee labor	
2.	601-2	Office salaries	
3.	601-3	Management salaries	
4.		Total Payroll Expenses	0

to Schedule I-1, Line 5.
to Schedule I-1, Line 11.
to Schedule I-1, Line 12.
(should equal II-6(a), Column C, Line 9.)

*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: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-7 MATERIALS
 FOR THE TEST YEAR ENDED: 12/31/15

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
6.	620	Materials

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> -</u>	
	<u>2014</u>	\$ <u> -</u>	
a. Test Year	<u>2015</u>	\$ <u> -</u>	
b. K & M Change		\$ <u> -</u>	(to I-1, Column E, Line 6)
c. Adjusted Test year (a. + b.)		\$ <u> -</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
None		

SCHEDULE II-8 CONTRACT WORK

UTILITY NAME: **PK-RE DEVELOPMENT, INC.**
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-8 CONTRACT WORK
 FOR THE TEST YEAR ENDED: **12/31/15**

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
7.	631, 635, 636	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	\$ 49,959.45
2014	\$ 38,855.92
a. Test Year 2015	\$ 57,912.89
b. K & M Change	\$ 0.00 (to I-1, Column E, Line 7)
c: Adjusted Test year (a. + b.)	\$ 57,912.89 (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:

Note: Contract services have increased to to the increases in the number of customers served.

II-8(b) Large Items:

Description	Amount	Date in service
Contract operations	\$ 34,613.67	1/1/15 - 12/31/15
Testing	\$ 7,734.54	1/1/15 - 12/31/15
Administrative Fees	\$ 6,271.10	1/1/15 - 12/31/15
Customer billing	\$ 9,293.58	1/1/15 - 12/31/15

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-9 TRANSPORTATION
 FOR THE TEST YEAR ENDED: 12/31/15

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
8.	650	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> -</u>
<u>2014</u>	\$ <u> -</u>
a. Test Year <u>2015</u>	\$ <u> -</u>
b. K & M Change	\$ <u> -</u> (to I-1, Column E, Line 8)
c. Adjusted Test year (a. + b.)	\$ <u> -</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
None		

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

SCHEDULE II-10 OTHER MAINT

UTILITY NAME: PK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-10 OTHER PLANT MAINTENANCE
FOR THE TEST YEAR ENDED: 12/31/15

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
9.	664	Other plant maintenance

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:

	Year		Amount
	<u>2013</u>		\$ <u>149,214.12</u>
	<u>2014</u>		\$ <u>130,091.41</u>
a. Test Year	<u>2015</u>		\$ <u>127,315.26</u>
b. K & M Change			\$ <u> </u> (to I-1, Column E, Line 9)
c. Adjusted Test year (a. + b.)			\$ <u>127,315.26</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
R&M General AWR	\$ 6,390.68	1/1/15 to 12/31/15
R&M - Water	\$ 120,924.58	1/1/15 to 12/31/15

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-11 EMPLOYEE PENSIONS AND BENEFITS
 FOR THE TEST YEAR ENDED: 12/31/15

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 NONE

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)

SCHEDULE II-12 BAD DEBTS

UTILITY NAME <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-12 BAD DEBTS FOR THE TEST YEAR ENDED: 12/31/15
--

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.	670	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
	_____	\$ _____
	_____	\$ _____
a. Test Year	_____	\$ _____
b. K & M Change		\$ <u>1,678.89</u> (to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		\$ <u>1,678.89</u> (to I-1, Column F, Line 15)

Explanation and calculations of known and measurable change:

The bad debts amount was determined by writing off customer balances more than 120 days old.

II-12(b) Large Items*:

Description	Amount	Date in service
NONE		

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

SCHEDULE II-13 OFFICE RENTALS

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-13 OFFICE SERVICES AND RENTALS
 FOR THE TEST YEAR ENDED: 12/31/15

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
16.	678	Office services & rentals

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	\$ -	
	2014	\$ -	
a. Test Year	2015	\$ -	
b. K & M Change		\$ -	(to I-1, Column E, Line 16)
c. Adjusted Test year (a. + b.)		\$ -	(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
NONE		

SCHEDULE II-14 OFFICE SUPPLIES

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-14 OFFICE SUPPLIES
 FOR THE TEST YEAR ENDED: 12/31/15

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>
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:

	<u>Year</u>	<u>Amount</u>	
	<u>2013</u>	<u>\$ 3,185.00</u>	
	<u>2014</u>	<u>\$ 3,124.78</u>	
a. Test Year	<u>2015</u>	<u>\$ 3,950.39</u>	
b. K & M Change		<u>\$</u>	(to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		<u>\$ 3,950.39</u>	(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
Misc. Office Expenses	\$ 3,950.39	1/1/15 to 12/31/15

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-15 PROFESSIONAL SERVICES
 FOR THE TEST YEAR ENDED: 12/31/15

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	
	<u>2013</u>	\$	<u>17,725.70</u>	
	<u>2014</u>	\$	<u>3,682.44</u>	
a. Test Year	<u>2015</u>	\$	<u>3,390.04</u>	
b. K & M Change		\$	_____	(to I-1, Column E, Line 18)
c. Adjusted Test year (a: + b.)		\$	<u>3,390.04</u>	(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
Accounting	\$ 2,498.75	1/1/15 - 12/31/15
Legal	\$ 422.19	1/1/15 - 12/31/15
Other	\$ 469.10	1/1/15 - 12/31/15

SCHEDULE II-16 INSURANCE

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-16 INSURANCE FOR THE TEST YEAR ENDED: <u>12/31/15</u>

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
19.	684	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:

Year	Amount
<u>2013</u>	\$ <u>5,711.16</u>
<u>2014</u>	\$ <u>5,947.61</u>
a. Test Year <u>2015</u>	\$ <u>6,101.26</u>
b. K & M Change	\$ _____ (to I-1, Column E, Line 19)
c. Adjusted Test year (a. + b.)	\$ <u>6,101.26</u> (to I-1, Column F, Line 19)

Types of insurance:

2015	\$	2015	General Liability	ALTERIS INSURANCE SERV. INC.
Year	Total amount	Period Covered	Type	Company
<u>2015</u>	<u>6,101.26</u>	_____	_____	_____
Year	Total amount	Period Covered	Type	Company
\$	_____	_____	_____	_____
Year	Total amount	Period Covered	Type	Company
\$	_____	_____	_____	_____
Year	Total amount	Period Covered	Type	Company

Explanation and calculations of known and measurable change:

UTILITY NAMEPK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-17 REGULATORY EXPENSE
FOR THE TEST YEAR ENDED: 12/31/15

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	
	2013	\$	
	2014	\$	
a. Test Year	2015	\$	
b. K & M Change		\$	3,333.33 (to I-1, Column E, Line 20 - see instructions above)
c. Adjusted Test year (a. + b.)		\$	3,333.33 (to I-1, Column F, Line 20 - see instructions above)

Explanation and calculations of known and measurable change:

To reflect 1/3 of rate case expnse in test year expenses

* 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
1/3 Rate Case preparation	\$ 3,333.33	Apr. and May '16

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-18 REGULATORY EXPENSE
 FOR THE TEST YEAR ENDED: 12/31/15

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>
21.	667	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 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:

	<u>Year</u>	<u>Amount</u>	
	<u>2013</u>	<u>\$ 3,422.56</u>	
	<u>2014</u>	<u>\$ 5,702.29</u>	
a. Test Year	<u>2015</u>	<u>\$ 8,781.09</u>	
b. K & M Change	<u>\$</u>	<u>1,493.84</u>	(to I-1, Column E, Line 21 - see instructions above)
c. Adjusted Test year (a. + b.)	<u>\$</u>	<u>10,274.93</u>	(to I-1, Column F, Line 21 - see instructions above)

Explanation and calculations of known and measurable change:

Note: K & M change equals increase in regulatory assessment fees related to rate increase.

* 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
Franchise fees at 1% of revenue	\$ 3,793.66	1/1/15 - 12/31/15
Other	\$ 4,987.43	1/1/15 - 12/31/15

SCHEDULE II-19 MISCELLANEOUS

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-19 MISCELLANEOUS EXPENSE FOR THE TEST YEAR ENDED: <u>12/31/15</u>

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:	675	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
	<u>2013</u>	\$ <u>5,103.33</u>
	<u>2014</u>	\$ <u>5,091.96</u>
a. Test Year	<u>2015</u>	\$ <u>7,269.59</u>
b. K & M Change		\$ <u> -</u> (to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>7,269.59</u> (to I-1, Column F, Line 22 - see instructions above)

Explanation and calculations of known and measurable change:

Note: Test year expenses have increased due to the increase in number of customers served.

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

II-19 (b) Large Items:

Description	Amount	Date in service
Bank fees	\$ 128.59	1/1/15 - 12/31/15
Telephone	\$ 6,474.20	1/1/15 - 12/31/15
Waste Removal	\$ 512.48	1/1/15 - 12/31/15
Natural gas	\$ 154.32	1/1/15 - 12/31/15

SECTION III RATE BASE INSTRUCT

UTILITY NAME: PK-RE DEVELOPMENT, INC.

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**

SCHEDULE III-I RETURN

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE III-I REQUESTED RETURN FOR THE TEST YEAR ENDED: <u>12/31/15</u>
--

RETURN ON RATE BASE:

Line No.	Description	Amount
1	Test year end rate base (from III-2, Line 16)	4,188,020
2	Requested ROR (Col G, Line 7 below)	3.27%
3	Return on rate base (Line 1 x Line 2)	137,057

Rate of Return:

A Line No.	B Description	C Amount	D Percentage	E Rate	F Reference	G Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			$G=(E \times F)$
4.	Equity (Rate base less Line 5, Column D)	2,237,659.01	53.4300%	0.0000%	Col E = Requested return on equity	0.0000%
5.	Long Term Debt and Advances from associated companies from Schedule III-6	1,950,360.84	46.5700%	7.0300%	Col E = From Sch. III-6, Column H, Line 9	3.2700%
6.	Total capitalization (Rate Base Sch III-2, Line 16)	4,188,019.85				
7.	Return on rate base Col G, Line 6 rounded to nearest 0.01%				Line 4 + Line 5	3.27%

* ROE = Return on Equity

SCHEDULE III-2 RATE BASE SUMM

UTILITY NAME: PK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-2 RATE BASE SUMMARY
FOR THE TEST YEAR ENDED: 12/31/15

Line No.	Description	Amount	Reference (From)
1	Additions:		
2.	Utility plant (Original Cost)	5,071,936.96	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)	37,588.11	Schedule III-5, Line 2
6.	Prepayments	-	Schedule III-4, line 8
7.	Other Additions	-	Add schedule
8.	TOTAL ADDITIONS (Add Lines 2 through 6)	5,109,525.07	
	Deductions:		
9.	Reserve for depreciation (Accumulated)	921,505.22	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	-	Schedule III-8(b), Col G, Line 6
12.	Accumulated deferred income taxes	-	Schedule III-9(a), Line 3
13.	Accumulated deferred investment tax credits	-	Schedule III-9(b), Line 3
14.	Other Deductions	-	Add schedule
15.	TOTAL DEDUCTIONS (Add lines 9 through 14)	921,505.22	
16.	RATE BASE (Line 8, less Line 15)	4,188,019.85	

UTILITY NAME <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION										Schedule III-3 (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] Adjusted Original Cost for Customer CIAC ¹	Depreciation			[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$) (Reserve)	[G] = [D]-[F] Net Book Value (\$)
							Time in Service					
							Years in Service	Months	Days			
1	303. Land and land rights											
2	307. Wells	10/31/2005	50	162,696.48		162,696.48	10	2	0	3,253.93	33,081.62	129,614.86
	Well Pumps:											
3	311 5 hp or less		5									
4	311 Greater than 5 hp		10									
	Booster Pumps:											
5	311 5 hp or less		5									
6	311 Greater than 5 hp		10									
7	320 Chlorinators		10									
	Structures:											
8	304 Wood		15									
9	304 Masonry	12/31/2009	30	421,834.00		421,834.00	6	0	0	14,061.13	84,366.80	337,467.20
		12/31/2010	30	90,000.00		90,000.00	5	0	0	3,000.00	15,000.00	75,000.00
		3/31/2011	30	16,809.00		16,809.00	4	9	0	560.30	2,661.43	14,147.58
		12/31/2011	30	10,566.07		10,566.07	4	0	0	352.20	1,408.81	9,157.26
10	305 Storage Tanks	12/10/2004	50	567,101.51		567,101.51	11	0	21	11,342.03	125,414.89	441,686.62
		6/30/2006	50	112,278.97		112,278.97	10	6	0	2,245.58	23,578.58	88,700.39
		6/30/2007	50	421,338.95		421,338.95	9	6	0	8,426.78	80,054.40	341,284.55
11	311 Pressure Tanks		50									
12	331 Distribution System (mains and lines)	3/31/2004	50	655,515.90		655,515.90	12	9	0	13,110.32	167,156.55	488,359.35
		12/31/2004	50	2,885.00		2,885.00	12	0	0	57.70	692.40	2,192.60
		12/31/2005	50	38,070.00		38,070.00	11	0	0	761.40	8,375.40	29,694.60
		6/21/2005	50	163,544.35		163,544.35	11	6	9	3,270.89	37,695.85	125,848.50
		5/26/2006	50	213,394.92		213,394.92	10	7	5	4,267.90	45,227.06	168,167.86
		6/30/2007	50	34,412.01		34,412.01	9	6	0	688.24	6,538.28	27,873.73
13	334 Meters and Service (taps not covered by fees)	3/31/2004	20	37,115.00		37,115.00	12	9	0	1,855.75	23,660.81	13,454.19
		1/31/2015	20	1,500.00	(1,500.00)	-				-	-	-
		2/28/2015	20	3,000.00	(3,000.00)	-				-	-	-
		4/30/2015	20	750.00	(750.00)	-				-	-	-
		5/31/2015	20	3,750.00	(3,750.00)	-				-	-	-
		7/31/2015	20	750.00	(750.00)	-				-	-	-
		8/31/2015	20	2,250.00	(2,250.00)	-				-	-	-
		12/31/2015	20	750.00	(750.00)	-				-	-	-
		6/21/2005	20	17,450.00		17,450.00	11	6	9	872.50	10,055.26	7,394.74
14	340 Office Equipment		10									
15	341 Vehicles		5									
16	343 Shop Tools		15									
17	345 Heavy Equipment		10									
18	348 Fencing		20									
	Others (Please list)											
19	Fire Hydrants	3/31/2004	50	27,000.00		27,000.00	12	9	0	540.00	6,885.00	20,115.00
	Fire Hydrants	6/21/2005	50	14,400.00		14,400.00	11	6	9	288.00	3,319.10	11,080.90
20	Treatment Plant	12/31/2009	50	2,052,774.80		2,052,774.80	6	0	0	41,055.50	246,332.98	1,806,441.82
50	Total			5,071,936.96	(12,750.00)	5,059,186.96				110,010.14	921,505.22	4,137,681.74

To Sch III-2,
line 2

To Sch I-1,
line 27

To Sch III-2,
line 9

Add detailed workpapers if necessary to support this Schedule.

¹Any 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 (Column G). 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-4 for developer CIAC.

SCHEDULE III-3(a) RB RECONCIL

UTILITY NAME: **PK-RE DEVELOPMENT, INC.**
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE
 FOR TEST YEAR ENDED: **12/31/15**

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	4,941,811.89
2.	Plant additions after previous rate case		
3.	12/31/10 Acct. 306 Intake Structures	\$ 90,000.00	
4.	3/31/11 Acct. 306 Intake Structures	\$ 16,809.00	
5.	12/31/11 Acct. 306 Intake Structures	\$ 10,566.07	
6.			
7.			
8.			
9.			
10.			
11.	Total additions (add lines 3 through 10, Col C)		\$ 117,375.07
12.	Test year plant retirements after previous rate case:		
13.		\$	
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.	Total retirements (add line 13 through 20, Col C)		\$
22.	Ending balance (line 1 + line 11 - line 21)	Equals as of Column D, line 50	\$ 5,059,186.96

Please provide a full explanation of any adjustments to accounts from the prior period.

UTILITY NAME: PK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS,
MATERIALS AND SUPPLIES INVENTORY & PREPAYMENTS**
FOR THE TEST YEAR ENDED: 12/31/15

***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	0
2.	Test year costs added	0
3.	Test year construction costs completed	0
4.	Ending balance	0
5.	Average balance - test year (line 1 plus line 4, divided by 2)	0

Typically zero, to Schedule III-2, Line 3

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

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).

SCHEDULE III-5 WORKING CASH

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES FOR CLASS B RATE/TARIFF CHANGE
 III-5 WORKING CASH ALLOWANCE CALCULATIONS
 FOR THE TEST YEAR ENDED:

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			300,705	
2	Working Cash (Line 3 / Line 5)			37,588	
3	Divisor	12	12	8	8

From Sch I-1, line 25

To Sch III-2, line 5

SCHEDULE III-6 NOTES PAYABLE

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-6 LONG TERM DEBT/ NOTES PAYABLE - WATER AND SEWER
 FOR THE YEAR ENDED: 12/31/15

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	SBA Loan	6/30/2010		843,000.00	629,527.08	5.89%	37,079.15
3	Omni Bank	8/31/2009		1,261,598.90	1,223,002.06	7.77%	95,027.26
4	N/P Russel Epright	Various	None	Various	600,600.97	8.00%	48,048.08
5	N/P Rusty Parker	Various	None	Various	292,550.97	8.00%	23,404.08
6	Adjustment to reduce Revenue Requirement.						-10612.34
7							
8							
9	Total				2,745,681.08	7.03%	192,946.23

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

List short term debt, if any: None

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE
 FOR THE TEST YEAR ENDED: 12/31/15

ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No.) 2013-0509-UCR	866,612.45
2	Ending balance per Sch III-3, Column F, Line 50	921,505.22
	Describe accounting adjustments made between the prior rate case and the current rate case:	
	None	

Must match previous rate case.

SCHEDULES III-8 ADVANCES CIAC

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-8 ADVANCES FOR CONSTRUCTION AND CONTRIBUTIONS IN AID OF CONSTRUCTION
 FOR THE TEST YEAR ENDED: 12/31/15

III-8(a) ADVANCES FOR CONSTRUCTION:

Line No.	A Item	B Date of Installation	C Total Cost	D Amount of Advance	E Repayments made to developer	F (F)=(D)-(E) Rate base Value (to Sch III-2)	G Amount to be refunded in the future*
1.							
2.	NONE						
3.							
4.							
5.							
6.	Total						

*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*:

Line No.	A Item	B Date of Installation or Contribution	C Total Cost	D Amount of Developer Contribution	E Annual amortization	F Accumulated Amortization	G (G)=(D)-(F) Rate Base Value (to Sch III-2)
1.							
2.	NONE						
3.							
4.							
5.							
6.	Total						

*Customer CIAC is entered directly on III-3

SCHEDULES III-9 ADIT_ITC

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
**III-9 DEFERRED INCOME TAXES AND
 DEFERRED INVESTMENT TAX CREDITS**
 FOR THE TEST YEAR ENDED: 12/31/15

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	0
2.	Test year amount	0
3.	Ending balance	0

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

Line No.	Description	Test Year Amount
1.	Beginning balance	0
2.	Test year amortization	0
3.	Ending balance	0

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-10 OTHER DEFERRED ASSETS
 FOR THE TEST YEAR ENDED: 12/31/15

III-10(a) : Other Deferred Assets

Line No.	Description	Test Year Amount
1.	NONE	
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.	NONE		
2.			
3.			

SECTION IV OTHER TAX INSTRUCT.

UTILITY NAME: PK-RE DEVELOPMENT, INC.

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.

SCHEDULE IV(a) PAYROLL_PROP

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 IV(a) ESTIMATE OF TAXES OTHER THAN INCOME
 FOR THE TEST YEAR ENDED: 12/31/15

PROPERTY TAXES:

A	B	C	D	E
Line No.	Description	Amount	Amount	Reference
1	Property taxes paid in in test year		5,435	per property tax bills
2	Utility plant added in test year	117,375		Schedule III-3(a), Line 11
3	Utility plant retirements in test year			Schedule III-3(a), Line 21
4	Net additions	117,375		Line 2 minus line 3
5	Net Property tax rate	0.1100%		Line 1 / beginning of test year gross plant balance from III-3 (a), Col. D, Line 1
6	Test year property tax on additions		129.11	Line 4 times Line 5
7	Adjusted Test year property tax expense		5,564.10	Line 1 + Line 6
8	Known and measurable change			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				
21	Total Other Taxes (Line 18 + Line 19 + Line 20)			
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			5,564
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			129

5,564

129

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
IV(b) REVENUE RELATED TAXES AND EXPENSES						
FOR THE TEST YEAR ENDED: <u>12/31/15</u>						
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			1,678.89	3,793.66	5,472.55
2	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)			402,114.14	402,114.14	402,114.14
3	Gross up factor (1.0 divided by (1.0 minus Line (example below)			1.0042	1.0095	1.0138
4	Change in revenue requirement (Sch I-1, line 33)					153,206.72
5	Adjusted revenue requirement (Line 3 x Line 4)					155,320.55
6	Adjusted expense (Line 3 times Line 4)					2,113.83
7	Add Schedule IV(a), Line 20					
8	Total taxes other than F11 (to Sch I-1, Col F, Line 26)					2,113.83

Example: Test Year Franchise tax \$ 100
 Test Year revenues: \$ 2,000
 Percentage (100/2000): 0.050
 Gross up factor (1/(1-0.05)) 1.052631579

K&M
 Bad debts 629.56
 RAF 1430.17

SECTION V FEDERAL INCOME TAX

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.

SCH V FEDERAL INCOME TAX

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE
 FOR THE TEST YEAR ENDED: 12/31/15

A	B	C	D
Line		Amount	Reference
1	Requested Return	137,057	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	136,948	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	109	Line 1 minus Line 2
4	Income taxes at proposed rates	-	Line 17 below
5	Effective tax rate	0	Line 4 divided by Line 3
6	Total gross up factor	1	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax		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: PK-RE DEVELOPMENT, INC
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: PK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
Schedule VI-1 RATE DESIGN PHASE I
FOR THE TEST YEAR ENDED: 12/31/2015

Line No.	A	B	C		
		Reference			
	DETERMINATION OF FIXED COSTS				
1.	Gross revenues to be recovered:	Sch I-1, Line 36	472,536		
	Less variable costs:				
2.	Purchased water - Account 610	Sch I-1, Col. F, line 1	29,967		
3.	Purchased power - Account 615	Sch I-1, Col. F, line 2	43,526		
4.	Other volume related - Account 618	Sch I-1, Col. F, line 3	5,419		
5.	Other volume related or allocated (attach schedule)				
6.					
7.					
8.					
9.					
10.	FIXED COSTS (Line 1 minus Lines 2-9)		393,623		
11.	% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE		50%		
12.	TO BE RECOVERED THROUGH BASE SERVICE CHARGE		196,812		
	RECAP:				
13.	RECOVERED THROUGH BASE SERVICE CHARGE	Line 10	196,812		
14.	RECOVERED THROUGH VOLUMETRIC RATE	Line 1 - Line 10	275,724		
	TOTAL	Equals Line 1	472,536		
	TO BE RECOVERED THROUGH BASE SERVICE CHARGE				
15.	TOTAL METER EQUIVALENTS	Sch I-3, Col H, line 9	316.5		
16.	CHARGE PER 5/8" X 3/4" METER	Line 13 / Line 15	51.82		
	TO BE RECOVERED THROUGH VOLUMETRIC RATE				
17.	TOTAL WATER SALES IN 1,000 GALS	Sch II-1(a), Col C, line 4	30,750		
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)	Line 14 / Line 17	8.97		
	PROPOSED RATES:				
19.	FOR ALL WATER DELIVERED PER 1,000 gallons	Line 18, or attach calc.	8.97		
	BASE SERVICE CHARGE (PER 5/8" X 3/4")		51.82		
	Meter size	Line 16	Equivalency	Base Rate/size	
20.	5/8 X 3/4"	51.82	X 1.0 =	1	51.82
21.	3/4"	51.82	X 1.5 =	1.5	77.73
22.	1"	51.82	X 2.5 =	2.5	129.55
23.	1 1/2"	51.82	X 5.0 =	5	259.1
24.	2"	51.82	X 8.0 =	8	414.56
25.	3"	51.82	X 15.0 =	15	777.3
26.	4"	51.82	X 25.0 =	25	1295.5

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.

UTILITY NAME: PK-RE DEVELOPMENT, INC				
SCHEDULES - CLASS B RATE/TARIFF CHANGE				
Schedule VI-1 RATE DESIGN - PHASE II				
FOR THE TEST YEAR ENDED: 12/31/2015				
Line No.	A	B	C	
		Reference		
DETERMINATION OF FIXED COSTS				
1.	Gross revenues to be recovered:	Sch I-1, Line 36	492,642	
	Less: variable costs:			
2.	Purchased water - Account 610	Sch I-1, Col. F, line 1	29,967	
3.	Purchased power - Account 615	Sch I-1, Col. F, line 2	43,526	
4.	Other volume related - Account 618	Sch I-1, Col. F, line 3	5,419	
5.	Other volume related or allocated (attach schedule)			
6.				
7.				
8.				
9.				
10.	FIXED COSTS (Line 1 minus Lines 2-9)		413,730	
11.	% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE		50%	
12.	TO BE RECOVERED THROUGH BASE SERVICE CHARGE		206,865	
RECAP:				
13.	RECOVERED THROUGH BASE SERVICE CHARGE	Line 10	206,865	
14.	RECOVERED THROUGH VOLUMETRIC RATE	Line 1 - Line 10	285,777	
	TOTAL	Equals Line 1	492,642	
TO BE RECOVERED THROUGH BASE SERVICE CHARGE				
15.	TOTAL METER EQUIVALENTS	Sch I-3, Col H, line 9	316.5	
16.	CHARGE PER 5/8" X 3/4" METER	Line 13 / Line 15	54.47	
TO BE RECOVERED THROUGH VOLUMETRIC RATE				
17.	TOTAL WATER SALES IN 1,000 GALS	Sch II-1(a), Col C, line 4	30,750	
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)	Line 14 / Line 17	9.29	
PROPOSED RATES:				
19.	FOR ALL WATER DELIVERED PER 1,000 gallons	Line 18 or attach calc	9.29	
	BASE SERVICE CHARGE (PER 5/8" X 3/4")		54.47	
	Meter size	Line 16	Equivalency	Base Rate/size
20.	5/8 X 3/4"	54.47	X 1.0 =	1 54.47
21.	3/4"	54.47	X 1.5 =	1.5 81.71
22.	1"	54.47	X 2.5 =	2.5 136.18
23.	1 1/2"	54.47	X 5.0 =	5 272.35
24.	2"	54.47	X 8.0 =	8 435.76
25.	3"	54.47	X 15.0 =	15 817.05
26.	4"	54.47	X 25.0 =	25 1361.75

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.

UTILITY NAME: PK-RE DEVELOPMENT, INC.			
SCHEDULES - CLASS B RATE/TARIFF CHANGE			
Schedule VI-1 RATE DESIGN - PHASE III			
FOR THE TEST YEAR ENDED: 12/31/15			
Line No.	A	B	C
		Reference	
DETERMINATION OF FIXED COSTS.			
1.	Gross revenues to be recovered:	Sch I-1, Line 36	545,320
Less variable costs:			
2.	Purchased water - Account 610	Sch I-1, Col. F, line 1	29,967
3.	Purchased power - Account 615	Sch I-1, Col. F, line 2	43,526
4.	Other volume related - Account 618	Sch I-1, Col. F, line 3	5,419
5.	Other volume related or allocated (attach schedule)		
6.			
7.			
8.			
9.			
10.	FIXED COSTS (Line 1 minus Lines 2-9)		466,408
11.	% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE.		50%
12.	TO BE RECOVERED THROUGH BASE SERVICE CHARGE		233,204
RECAP:			
13.	RECOVERED THROUGH BASE SERVICE CHARGE	Line 10	233,204
14.	RECOVERED THROUGH VOLUMETRIC RATE	Line 1 - Line 10	312,116
TOTAL		Equals Line 1	545,320
TO BE RECOVERED THROUGH BASE SERVICE CHARGE:			
15.	TOTAL METER EQUIVALENTS	Sch I-3, Col H, line 9.	316.5
16.	CHARGE PER 5/8" X 3/4" METER	Line 13 / Line 15	61.4
TO BE RECOVERED THROUGH VOLUMETRIC RATE:			
17.	TOTAL WATER SALES IN 1,000 GALS	Sch II-1(a), Col C, line 4	30,750
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)	Line 14 / Line 17	10.15
PROPOSED RATES:			
19.	FOR ALL WATER DELIVERED PER 1,000 gallons	Line 18 or attach calc.	10.15
BASE SERVICE CHARGE (PER 5/8" X 3/4")			61.4
	Meter size	Line 16	Equivalency
20.	5/8 X 3/4"	61.4 X 1.0 =	1 61.4
21.	3/4"	61.4 X 1.5 =	1.5 92.1
22.	1"	61.4 X 2.5 =	2.5 153.5
23.	1 1/2"	61.4 X 5.0 =	5 307
24.	2"	61.4 X 8.0 =	8 491.2
25.	3"	61.4 X 15.0 =	15 921
26.	4"	61.4 X 25.0 =	25 1535

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.



PUBLIC UTILITY COMMISSION OF TEXAS

CLASS B RATE/TARIFF CHANGE APPLICATION

Required Schedules for rate/tariff changes

WATER UTILITY NAME:
CCN No.

PK-RE DEVELOPMENT COMPANY, INC. (D.B.A. GREENSHORES UTILITY SERVICES)
20948

ADDRESS OF UTILITY:

500 n. Capital of Texas Highway, Bldg. 1, Suite 125
Street, P.O. Box and/or suite number
Austin, TX 78746
City and Zip Code

PHONE NUMBER:

(512) - 451-6689
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Jeff Goebel
PHONE: 713-724-9321
EMAIL ADDRESS: jgoebel@undinelle.com

PUC CLASS SIZE:

B **C** (circle one)

INCREASE (DECREASE)

	Phase I	Phase II	Phase III	
\$	66,577	\$ 16,644	\$ 141,587	(From Sch. 1-1, Line 33)
	dollar amount	dollar amount		
	Phase I	Phase II	Phase III	(From Sch. 1-1, Line 34)
	20.00%	5.00%	42.53%	
	percent above (below) current revenue requirement			

DESCRIBE OWNERSHIP OF COMPANY:

The Company is owned by Russell Epright

DATE OF LAST GENERAL RATE CASE FILING:

09/21/12

DATE OF LAST NON-GENERAL RATE CHANGE*:

None

* (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.

<p>UTILITY NAME: <u>PK-RE DEVELOPMENT COMPANY, INC.</u> GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES</p>
--

**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: _____

	<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 checked="" type="checkbox"/>
Unmetered Active (Flat Rate) Customers	I-4	<input type="checkbox"/> NA
SECTION II		
<u>OPERATIONS AND EXPENSES</u>		
Water Production (no unmetered rates)	II-1(a)	<input checked="" type="checkbox"/>
Water Production (with unmetered rates)	II-1(b)	<input type="checkbox"/> NA
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 type="checkbox"/> NA
Materials	II-7	<input type="checkbox"/> NA
Contract Work	II-8	<input checked="" type="checkbox"/>
Transportation Expenses	II-9	<input type="checkbox"/> NA
Other Plant Maintenance	II-10	<input checked="" type="checkbox"/>
Employee Pensions/Benefits	II-11	<input type="checkbox"/> NA
Bad Debts/uncollectables	II-12	<input checked="" type="checkbox"/>
Office Services and Rentals	II-13	<input type="checkbox"/> NA
Office Supplies and Expense	II-14	<input checked="" type="checkbox"/>
Professional Services	II-15	<input checked="" type="checkbox"/>
Insurance	II-16	<input checked="" type="checkbox"/>
Rate Case Expense	II-17	<input checked="" type="checkbox"/>
Regulatory Commission Expense	II-18	<input checked="" type="checkbox"/>
Miscellaneous Expense	II-19	<input checked="" type="checkbox"/>

UTILITY NAME: PK-RE DEVELOPMENT CO., INC.
GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES
TABLE OF CONTENTS (Page 2 of 2)

	<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)	<input type="checkbox"/> NA
Materials and Supplies Inventory	III-4(b)	<input type="checkbox"/> NA
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 type="checkbox"/> NA
Contributions in Aid of Construction	III-8(b)	<input type="checkbox"/> NA
Deferred Income Taxes	III-9(a)	<input type="checkbox"/> NA
Deferred Investment		
Tax Credits	III-9(b)	<input type="checkbox"/> NA
Deferred Assets	III-10(a)	<input type="checkbox"/> NA
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"/>

INSTRUCTIONS REV REQUIREMENT

UTILITY NAME: PK-RE DEVELOPMENT, INC.

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 workpaper. 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 workpaper 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 workpapers 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.

SCHEDULE I-1 REVENUE REQUIREMENTS

PAGE 1 OF 3

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
I-1 REVENUE REQUIREMENT SUMMARY						
PUC Docket No.		Test Year End: <u>12/31/15</u>				
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	610	Purchased water			-	Schedule II-3
2	615	Power Expense-production only	26,064		26,064	Schedule II-4
3	618	Other volume related expenses	179,475		179,475	Schedule II-5
4		Total volume related exp.	205,339		205,339	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor				Schedule II-6, Line 1
6	620	Materials				Schedule II-7
7	631-636	Contract work	34,678		34,678	Schedule II-8
8	650	Transportation expenses				Schedule II-9
9	664	Other plant maintenance	97,941		97,941	Schedule II-10
10		Total non-volume related exp.	132,619		132,619	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries			-	Schedule II-6, line 2
12	601-3	Mgmt. salaries			-	Schedule II-6, line 3
13	604	Employee pensions & benefits			-	Schedule II-11
14	615	Purchased power-Office only			-	Schedule II-4
15	670	Bad debt expense		3,782	3,782	Schedule II-12
16	676	Office services & rentals			-	Schedule II-13
17	677	Office supplies & expenses	2,366		2,366	Schedule II-14
18	678	Professional services	2,030		2,030	Schedule II-15
19	684	Insurance	3,653		3,653	Schedule II-16
20	666	Regulatory (rate case) expense		3,333	3,333	Schedule II-17
21	667	Regulatory expense (other)	5,258	1,976	7,234	Schedule II-18
22	675	Miscellaneous expenses	4,353		4,353	Schedule II-19
23		Total admin. & general expense	17,660	9,091	26,751	Add Lines 11-22
24		Total operating Expenses	355,818	9,091	364,909	Lines 4 + 10 + 23
25	403	Depreciation	132,621		132,621	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	3,254	200	3,454	Sch IV(b), Line 8
27	409/10	Income Tax Expense				Schedule V, Line 7
28		TOTAL EXPENSES	491,694		500,985	
29		TOTAL HISTORIC REVENUE	332,884			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(158,810)			Line 30 less Line 29
31		REQUESTED RETURN			(101,524)	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			399,461	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	66,577	Line 32 less Line 29
34		PERCENTAGE INCREASE			20.00%	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			6,767	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	392,694	Line 33 minus Line 35

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>						
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	610	Purchased water	-	-	-	Schedule II-3
2	615	Power Expense-production only	26,064		26,064	Schedule II-4
3	618	Other volume related expenses	179,475		179,475	Schedule II-5
4		Total volume related exp.	205,539	-	205,539	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor				Schedule II-6, Line 1
6	620	Materials				Schedule II-7
7	631-636	Contract work	34,678		34,678	Schedule II-8
8	650	Transportation expenses				Schedule II-9
9	664	Other plant maintenance	97,941		97,941	Schedule II-10
10		Total non-volume related exp.	132,619	-	132,619	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries			-	Schedule II-6, line 2
12	601-3	Mgmt. salaries			-	Schedule II-6, line 3
13	604	Employee pensions & benefits			-	Schedule II-11
14	615	Purchased power-Office only			-	Schedule II-4
15	670	Bad debt expense	-	3,782	3,782	Schedule II-12
16	676	Office services & rentals			-	Schedule II-13
17	677	Office supplies & expenses	2,366		2,366	Schedule II-14
18	678	Professional services	2,030		2,030	Schedule II-15
19	684	Insurance	3,653		3,653	Schedule II-16
20	666	Regulatory (rate case) expense		3,333	3,333	Schedule II-17
21	667	Regulatory expense (other)	5,258	1,976	7,234	Schedule II-18
22	675	Miscellaneous expenses	4,353		4,353	Schedule II-19
23		Total admin. & general expense	17,660	9,091	26,751	Add Lines 11-22
24		Total operating Expenses	355,818	9,091	364,909	Lines 4 + 10 + 23
25	403	Depreciation	132,621		132,621	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	3,254	200	3,454	Sch IV(b), Line 8
27	409/10	Income Tax Expense	-	-	-	Schedule V, Line 7
28		TOTAL EXPENSES	491,694		500,985	
29		TOTAL HISTORIC REVENUE	332,884			Sch I-2, Line 6
30		RETURN	(158,810)			Line 30 less Line 29
31		REQUESTED RETURN			(84,880)	Schedule III-1, Line 3
32		REQUIREMENT			416,105	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	83,221	Line 32 less Line 29
34		PERCENTAGE INCREASE			25.00%	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			6,767	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	409,338	Line 33 minus Line 35

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>						
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	610	Purchased water	-	-	-	Schedule II-3
2	615	Power Expense-production only	26,064	-	26,064	Schedule II-4
3	618	Other volume related expenses	179,475	-	179,475	Schedule II-5
4		Total volume related exp.	205,539	-	205,539	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor				Schedule II-6, Line 1
6	620	Materials				Schedule II-7
7	631-636	Contract work	34,678	-	34,678	Schedule II-8
8	650	Transportation expenses				Schedule II-9
9	664	Other plant maintenance	97,941	-	97,941	Schedule II-10
10		Total non-volume related exp.	132,619	-	132,619	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries			-	Schedule II-6, line 2
12	601-3	Mgmt. salaries			-	Schedule II-6, line 3
13	604	Employee pensions & benefits			-	Schedule II-11
14	615	Purchased power-Office only			-	Schedule II-4
15	670	Bad debt expense		3,782	3,782	Schedule II-12
16	676	Office services & rentals			-	Schedule II-13
17	677	Office supplies & expenses	2,366	-	2,366	Schedule II-14
18	678	Professional services	2,030	-	2,030	Schedule II-15
19	684	Insurance	3,653	-	3,653	Schedule II-16
20	666	Regulatory (rate case) expense		3,333	3,333	Schedule II-17
21	667	Regulatory expense (other)	5,258	1,976	7,234	Schedule II-18
22	675	Miscellaneous expenses	4,353	-	4,353	Schedule II-19
23		Total admin. & general expense	17,660	9,091	26,751	Add Lines 11-22
24		Total operating Expenses	355,818	9,091	364,909	Lines 4 + 10 + 23
25	403	Depreciation	132,621	-	132,621	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	3,254	200	3,454	Sch IV(b), Line 8
27	409/1	Income Tax Expense			-	Schedule V, Line 7
28		TOTAL EXPENSES	491,694		500,985	
29		TOTAL HISTORIC REVENUE	332,884			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(158,810)			Line 30 less Line 29
31		REQUESTED RETURN			56,707	Schedule III-1, Line 3
32		REQUIREMENT			557,692	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	224,808	Line 32 less Line 29
34		PERCENTAGE INCREASE			67.53%	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			6,767	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	550,925	Line 33 minus Line 35

SCHEDULE I-2 REVENUES

UTILITY NAME: <u>PK-RE DEVELOPMENT COMPANY, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: <u>12/31/15</u> I-2 HISTORICAL REVENUE SUMMARY				
Line No.	NARUC A/C	Description	Historical Test Year	
1.	461	Metered connections base rate revenue	183,134.08	From financial records
2.	461	Metered connection gallonage rate revenue	109,482.50	From financial records
3.	460	Unmetered (Flat rate) revenue	0.00	From financial records
4.		Total Metered & Flat Rate Revenue	292,616.58	
5.		Plus: Total Other Revenues	40,267.12	From II-3, Column B, line 7
6.		Total Historic Test Year Revenues per income statement and Annual Report*	332,883.70	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.

SCHEDULE I-3 METERED CON

UTILITY NAME: PK-RE DEVELOPMENT COMPANY, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 I-3 METERED ACTIVE CONNECTIONS BY METER SIZE
 FOR TEST YEAR ENDED: December 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"	26	3.6	29.6	27.8	1.0	29.6
2.	3/4"	82.17	12.53	94.7	88.435	1.5	142.05
3.	1"	26.13	-7.56	18.57	22.35	2.5	46.425
4.	1 1/2"	0	0	0	0	5.0	0
5.	2"	0	0	0	0	8.0	0
6.							
7.							
8.							
9.	Total	134.3	8.57	142.87	138.585		218.075
10	Average						

SCHEDULE I-4 CONNECTIONS

UTILITY NAME: PK-RE DEVELOPMENT COMPANY,
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS
 FOR TEST YEAR ENDED: 12/31/15

A	B	C	D	E	F
		Number of Active Connections			
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.	NONE				
2.					
3.					
4.					
5.	Total				

INSTRUCTIONS - OPERATIONS AND MAINTENANCEUTILITY NAME: PK-RE DEVELOPMENT COMPANY, INC.

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: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION
 FOR TEST YEAR ENDED: 12/31/15

**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				PUC Annual Report
2	Total water purchased				PUC Annual Report
3	Total water produced				Line 1 + line 2
4	Total water sold	8,815	0	8,815	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

Known and measurable calculations and explanations:

SCHEDULE II-3 OTHER REV

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-3 OTHER REVENUES & EXPENSES PASSED THROUGH FOR TEST YEAR ENDED: <u>12/31/15</u>
--

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

Line No.	A	B	C	D	D
	Purchased from:	Units purchased (in <u>1,000</u>) (e.g. 1,000 gal. AC - FT)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
1.					
2.					
3.					
4.	Total	*			

* 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	C	D
	Item passed thru or type of other revenue	Test year historical revenues collected		Test year revenues netted against COS
1.	Tap Fees*	33,500.00		-0-
2.	Late Fees	3,540.90		3,540.90
3.	Meter Test Fees	0		0.00
4.	Reconnect Fees	0		0.00
5.	Purchased Water Fees	0		0.00
6.	Groundwater Conservation District Fees	0		0.00
7.	Other (attach detail**)	3,226.22		3,226.22
8.	Total Other Revenues	40,267.12		6,767.12

(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.

PK-RE DEVELOPMENT, INC.

Test year ended 12/31/15

Other Revenue	
Transfers and Deposit	300
TCEQ Fees	2926.22

SCHEDULE II-4 PURCHASED POWER

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE PURCHASED POWER FOR TEST YEAR ENDED: <u>13/31/15</u>
--

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.	615.1	Purchased Power (electric) -production

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	\$ 17,190.75
	2014	\$ 10,094.91
Test Year	2015	\$ 26,063.74
K & M Change		\$ - (to I-1, Column E, Line 2)
Adjusted Test year		\$ 26,063.74 (to I-1, Column F, Line 2)

Explanation and calculations of known and measurable change:

Note: Increase in electricity costs is the result of an increase in rates and increases in usage due to the addition of new customers.

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

Line No.	Account No.	Account Name
14	615.2	Purchased Power (electric) Expense for office

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
	2013	\$ -
	2014	\$ -
a. Test Year	2015	\$ -
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:

Note: The company does not break out the cost of electricity for office use..

UTILITY NAME: PK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-5 OTHER RELATED VOLUME EXPENSES
FOR THE TEST YEAR ENDED: 12/31/15

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

Line No.	Account No.	Account Name
3.	618	Other volume related expenses

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.

	Year	Amount	
	<u>2013</u>	\$ <u>153,088.66</u>	
	<u>2014</u>	\$ <u>120,692.83</u>	
a. Test Year	<u>2015</u>	\$ <u>179,475.12</u>	
b. K & M Change		\$ <u> </u>	(to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b.)		\$ <u>179,475.12</u>	(to I-1, Column F, Line 3)

Explanation and calculations of known and measurable change:

Note: This account includes chemicals used to treat wastewater and sludge hauling. The test year amount is higher than the previous two years due to increases in the number of customers served.

UTILITY NAME PK-RE DEVELOPMENT, INC.
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-6 ALLOCATION OF PAYROLL EXPENSES
FOR THE ADJUSTED TEST YEAR 12/31/15

SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERVICE
II-6(a) PAYROLL COSTS:

Line No.	A Employee Name	B Test Year Payroll	C Capitalized Payroll	D Expensed Payroll	E 1st 7000 or new limit (FUTA max)	F 7,001 to 9000 or new limit (SUTA max)	G 9,001 to 118500 or new limit (or FICA max)	H over 118500 or new limit	Total Payroll
1.									
2.	NONE								
3.									
4.									
5.									
6.									
7.									
8.									
9.	Total								
10.	Percentage Capitalized	Line 9, column F divided by line 9, column E=							

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.	601-1	Employee labor	
2.	601-2	Office salaries	
3.	601-3	Management salaries	
4.		Total Payroll Expenses	0

to Schedule I-1, Line 5.
to Schedule I-1, Line 11.
to Schedule I-1, Line 12.
(should equal II-6(a), Column C, Line 9.)

* 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.

SCHEDULE II-7 MATERIALS

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-7 MATERIALS
 FOR THE TEST YEAR ENDED: 12/31/15

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
6.	620	Materials

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> </u>
	<u>2014</u>	\$ <u> </u>
a. Test Year	<u>2015</u>	\$ <u> </u>
b. K & M Change		\$ <u> </u> (to I-1, Column E, Line 6)
c. Adjusted Test year (a. + b.)		\$ <u> </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
None		

SCHEDULE II-8 CONTRACT WORK

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES: CLASS B RATE/TARIFF CHANGE
II-8 CONTRACT WORK
 FOR THE TEST YEAR ENDED: 12/31/15

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
7.	631, 635, 636	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	\$ 29,616.43
	2014	\$ 23,267.02
a. Test Year	2015	\$ 34,678.37
b. K & M Change		\$ 0.00 (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)		\$ 34,678.37 (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:

Note: Contract services have increased to to the increases in the number of customers served.

II-8(b) Large Items:

Description	Amount	Date in service
Contract operations	\$ 20,726.75	1/1/15 - 12/31/15
Testing	\$ 4,631.46	1/1/15 - 12/31/15
Administrative Fees	\$ 3,755.15	1/1/15 - 12/31/15
Customer billing	\$ 5,565.01	1/1/15 - 12/31/15

SCHEDULE II-9 TRANSPORTATION

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-9 TRANSPORTATION
 FOR THE TEST YEAR ENDED: 12/31/15

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
8.	650	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
	2013	\$ -
	2014	\$ -
a. Test Year	2015	\$ -
b. K & M Change		\$ - (to I-1, Column E, Line 8)
c. Adjusted Test year (a. + b.)		\$ - (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
None		

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

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-10 OTHER PLANT MAINTENANCE
 FOR THE TEST YEAR ENDED: 12/31/15

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
9.	664	Other plant maintenance

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:

	Year		Amount
	<u>2013</u>		\$ <u>132,264.48</u>
	<u>2014</u>		\$ <u>83,034.47</u>
a. Test Year	<u>2015</u>		\$ <u>97,940.69</u>
b. K & M Change			\$ <u> -</u> (to I-1, Column E, Line 9)
c. Adjusted Test year (a. + b.)			\$ <u>97,940.69</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
R&M General AWR	\$ 3,826.75	1/1/15 to 12/31/15
R&M Wastewater	\$ 52,170.19	1/1/15 to 12/31/15
R&M - Grinder Pumps	\$ 41,943.75	1/1/15 to 12/31/15

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-11 EMPLOYEE PENSIONS AND BENEFITS
 FOR THE TEST YEAR ENDED: 12/31/15

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 NONE

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)

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - <u>CLASS B RATE/TARIFF CHANGE</u> II-12 BAD DEBTS FOR THE TEST YEAR ENDED: <u>12/31/15</u>
--

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.	670.	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
	_____	\$ _____
	_____	\$ _____
a. Test Year	_____	\$ _____
b. K & M Change		\$ <u>2,257.37</u> (to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		\$ <u>2,257.37</u> (to I-1, Column F, Line 15)

Explanation and calculations of known and measurable change:

The bad debts amount was determined by writing off customer balances over 120 days old.

II-12(b) Large Items*:

Description	Amount	Date in service
NONE		

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

SCHEDULE II-13 OFFICE RENTALS

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-13 OFFICE SERVICES AND RENTALS FOR THE TEST YEAR ENDED: <u>12/31/15</u>

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
16.	678	Office services & rentals

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	
	<u>2013</u>	\$ <u> -</u>	
	<u>2014</u>	\$ <u> -</u>	
a. Test Year	<u>2015</u>	\$ <u> -</u>	
b. K & M Change		\$ <u> -</u>	(to I-1, Column E, Line 16)
c. Adjusted Test year (a. + b.)		\$ <u> -</u>	(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
NONE		

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-14 OFFICE SUPPLIES
 FOR THE TEST YEAR ENDED: 12/31/15

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	
	2013	\$ 1,907.19	
	2014	\$ 1,871.13	
a. Test Year	2015	\$ 2,365.50	
b. K & M Change		\$	(to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		\$ 2,365.50	(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
Misc. Office Expenses	\$ 3,950.39	1/1/15 to 12/31/15

SCHEDULE II-15 PROF SERVICES

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-15 PROFESSIONAL SERVICES
 FOR THE TEST YEAR ENDED: 12/31/15

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	
<u>2013</u>	\$ <u>10,614.19</u>	
<u>2014</u>	\$ <u>2,205.06</u>	
a. Test Year <u>2015</u>	\$ <u>2,029.96</u>	
b. K & M Change	\$ <u>-</u>	(to I-1, Column E, Line 18)
c. Adjusted Test year (a. + b.)	\$ <u>2,029.96</u>	(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
Accounting	\$ 2,498.75	1/1/15 - 12/31/15
Legal	\$ 422.19	1/1/15 - 12/31/15
Other	\$ 469.10	1/1/15 - 12/31/15

SCHEDULE II-16 INSURANCE

UTILITY NAME: PK-RE Development, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-16 INSURANCE
 FOR THE TEST YEAR ENDED: 12-31-15

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
19.	684	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:

	Year	Amount	
	<u>2013</u>	\$ <u>3,419.85</u>	
	<u>2014</u>	\$ <u>3,561.44</u>	
a. Test Year	<u>2015</u>	\$ <u>3,653.45</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 19)
c. Adjusted Test year (a. + b.)		\$ <u>3,653.45</u>	(to I-1, Column F, Line 19)

Types of insurance:

Year	Total amount	Period Covered	Type	Company
<u>2015</u>	\$ <u>3,653.45</u>	<u>2015</u>	<u>General Liability</u>	<u>ALTERIS INSURANCE SERV., INC.</u>
<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>

Explanation and calculations of known and measurable change: