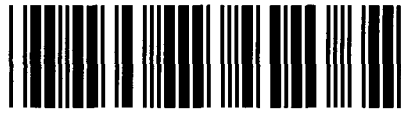




Control Number: 46333



Item Number: 3

Addendum StartPage: 0



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Austin, Texas 78701
Telephone: (512) 322-5800
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www.lglawfirm.com

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

PUBLIC UTILITY COMMISSION
FILING CLERK

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,



Georgia M. 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)

	Phase I	Phase II	Phase III	
INCREASE (DECREASE)	\$ 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: PK-RE DEVELOPMENT COMPANY, INC.
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: _____

	<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 checked="" 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 checked="" 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 checked="" type="checkbox"/>
Materials	II-7	<input checked="" type="checkbox"/>
Contract Work	II-8	<input checked="" type="checkbox"/>
Transportation Expenses	II-9	<input checked="" type="checkbox"/>
Other Plant Maintenance	II-10	<input checked="" type="checkbox"/>
Employee Pensions/Benefits	II-11	<input checked="" type="checkbox"/>
Bad Debts/uncollectables	II-12	<input checked="" type="checkbox"/>
Office Services and Rentals	II-13	<input checked="" type="checkbox"/>
Office Supplies and Expense	II-14	<input 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"/>

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

	Attachment Schedule	Items Checked
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.

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> 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: PK-RE DEVELOPMENT, INC. 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-I, 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: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE I-1 REVENUE REQUIREMENT SUMMARY PHASE III 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	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</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.

UTILITY NAME: <u>PK-RE DEVELOPMENT COMPANY, INC.</u> 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						

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: 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	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 Test Year	B K & M Change	C=A+B Adjusted Test Year	D 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:

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 - F1)	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		12,750.00
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>

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.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
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.

	<u>Year</u>	<u>Amount</u>	
	<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.	Employee Name	A Test Year Payroll	B Capitalized Payroll	C Expensed Payroll	D 1st 7000 or new limit (FUTA max)	E 7,001 to 9000 or new limit (SUTA max)	F 9,001 to 118500 or new limit (or FICA max)	G over 118500 or new limit	H 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		

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	\$ <u>49,959.45</u>
	2014	\$ <u>38,855.92</u>
a. Test Year	2015	\$ <u>57,912.89</u>
b. K & M Change		\$ <u>0.00</u> (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)		\$ <u>57,912.89</u> (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: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-9 TRANSPORTATION FOR THE TEST YEAR ENDED: <u>12/31/15</u>
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This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
8.	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.

UTILITY NAME: PK-RE DEVELOPMENT, INC.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-10 OTHER PLANT MAINTENANCEFOR 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)

UTILITY NAME PK-RE DEVELOPMENT, INC.

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.

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		

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	
	<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		\$ <u>-</u>	(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

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>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		\$ <u>-</u>	(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	\$	6,101.26	2015	General Liability	ALTERIS INSURANCE SERV. INC.
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 NAME PK-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: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-18 REGULATORY 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
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 fees, and other regulatory expense. Do not include the regulatory assessment; this is a pass through expense. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

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

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-19 MISCELLANEOUS 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
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
	2013	\$ 5,103.33
	2014	\$ 5,091.96
a. Test Year	2015	\$ 7,269.59
b. K & M Change		\$ - (to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ 7,269.59 (to I-1, Column F, Line 22 - see instructions above)

Explanation and calculations of known and measurable change:

Note: Test year exopenses have increased due to the increrase 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

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-1 REQUESTED RETURN
FOR THE TEST YEAR ENDED: <u>12/31/15</u>

RETURN ON RATE BASE:

Line No.		
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	B	C	D	E	F	G
Line No.	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			G=(E x F)
4.	Equity (Rate base less Line 5, Column D)	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%

To Line 2 above

* ROE = Return on Equity

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>										Schedule III-3			
SCHEDULES - CLASS B RATE/TARIFF CHANGE										(Provide a schedule for each PWS system)			
III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION										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	12/31/2008	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 2To Sch I-1,
line 27 To Sch III-2,
line 9

Add detailed workpapers if necessary to support this Schedule.

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

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 III-3, 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).

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

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

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.

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

III-8(a) ADVANCES FOR CONSTRUCTION:

	A	B	C	D	E	F	G
Line No.	Item	Date of Installation	Total Cost	Amount of Advance	Repayments made to developer	(F)=(D)-(E) Rate base Value (to Sch III-2)	Amount to be refunded in the future*
1.							
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*:

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

*Customer CIAC is entered directly on III-3

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

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

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.

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 FTL (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.

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

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: <u>PK-RE DEVELOPMENT, INC</u> 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
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

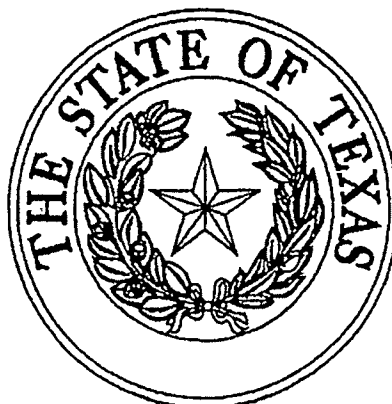
If the utility is setting a tiered rate, calculations for all tiers must be provided with total collections for all tiers compared to the revenue requirement requested.

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	A		B		C
No.			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	A		B		C
No.			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		Base Rate/size
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@undinellc.com

PUC CLASS SIZE:

B C (circle one)

INCREASE (DECREASE)

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

UTILITY NAME: PK-RE DEVELOPMENT COMPANY, INC.
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)

	Attachment Schedule	Items Checked
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.

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.	205,539	-	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		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 I)	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-I, 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	631-634	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 gallorage 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.

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						

<p>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</p>

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 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:

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

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		33,500.00
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 Deposits	300
TCEQ Fees	2926.22

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

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
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.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
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.

	<u>Year</u>	<u>Amount</u>	
	<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.	Employee Name	A Test Year Payroll	B Capitalized Payroll	C Expensed Payroll	D 1st 7000 or new limit (FUTA max)	E 7,001 to 9000 or new limit (SUTA max)	F 9,001 to 118500 or new limit (or FICA max)	G over 118500 or new limit	H 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		

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
<u> </u>	\$ <u> </u>
<u> </u> 2013	\$ <u> 29,616.43 </u>
<u> </u> 2014	\$ <u> 23,267.02 </u>
a. Test Year <u> </u> 2015	\$ <u> 34,678.37 </u>
b. K & M Change	\$ <u> 0.00 </u> (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)	\$ <u> 34,678.37 </u> (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

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-9 TRANSPORTATION
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
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.

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.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
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:

	<u>Year</u>	<u>Amount</u>
	<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 PK-RE DEVELOPMENT, INC.
 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>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.

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		

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-14 OFFICE SUPPLIES
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
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	
	<u>2013</u>	\$ <u>1,907.19</u>	
	<u>2014</u>	\$ <u>1,871.13</u>	
a. Test Year	<u>2015</u>	\$ <u>2,365.50</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		\$ <u>2,365.50</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	
	2013	\$ 10,614.19	
	2014	\$ 2,205.06	
a. Test Year	2015	\$ 2,029.96	
b. K & M Change		\$ -	(to I-1, Column E, Line 18)
c. Adjusted Test year (a. + b.)		\$ 2,029.96	(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

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:

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

UTILITY NAME PK-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: <u>PK-RE DEVELOPMENT, INC.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-18 REGULATORY 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
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 fees, and other regulatory expense. Do not include the regulatory assessment; this is a pass through expense. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

	Year	Amount	
	2013	\$ 2,049.43	
	2014	\$ 3,414.55	
a. Test Year	2015	\$ 5,258.13	
b. K & M Change		\$	(to I-1, Column E, Line 21 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ 5,258.13	(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 ncrease.

* 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	\$ 2,926.22	1/1/15 - 12/31/15
Other	\$ 2,331.91	1/1/15 - 12/31/15

UTILITY NAME: PK-RE DEVELOPMENT, INC.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-19 MISCELLANEOUS 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
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
	2013	\$ 3,056.25
	2014	\$ 3,049.08
a. Test Year	2015	\$ 4,353.05
b. K & M Change		\$ - (to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ 4,353.05 (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	\$ 77.00	1/1/15 - 12/31/15
Telephone	\$ 3,876.77	1/1/15 - 12/31/15
Waste Removal	\$ 306.87	1/1/15 - 12/31/15
Natural gas	\$ 92.41	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**

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.		
1	Test year end rate base (from III-2, Line 16)	1,708,037
2	Requested ROR (Col G, Line 7 below)	3.32%
3	Return on rate base (Line 1 x Line 2)	56,707

Rate of Return:

A	B	C	D	E	F	G
Line No.	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			$G=(E \times F)$
4.	Equity (Rate base less Line 5, Column D)	912,604.31	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	795,432.96	46.5700%	7.1300%	Col E = From Sch. III-6, Column H, Line 9	3.3200%
6.	Total capitalization (Rate Base Sch III-2, Line 16)	1,708,037.27				
7.	Return on rate base Col G, Line 6 rounded to nearest 0.01%				Line 4 + Line 5	3.32%

To Line 2 above

* ROE = Return on Equity

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)	3,089,187.16	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)	45,613.67	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)	3,134,800.83	
	Deductions:		
9.	Reserve for depreciation (Accumulated)	1,426,763.56	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)	1,426,763.56	
16.	RATE BASE (Line 8, less Line 15)	1,708,037.27	

UTILITY NAME: PK-RE DEVELOPMENT, INC. 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]	[B]	[C]	[D.1]	[D.2]	[D] = [D.1] - [D.2]	Depreciation			[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$) (Reserve)	[G] = [D][F] Net Book Value (\$)	
	Item	Date of Installation	Service Life (yrs) **	Original Cost when installed \$	Customer CIAC amount	Adjusted Original Cost for Customer CIAC ¹	Time in Service Years in Service Months Days						
1	Collection System												
2	360 Collection System - Force	3/31/2004	50	267,876.57		267,876.57	12	8	0	5,357.53	67,862.06	200,014.51	
3		6/21/2005	50	95,466.80		95,466.80	11	6	9	1,909.34	22,004.44	73,462.36	
4	361 Collection System	5/23/2006	50	148,909.69		148,909.69	10	7	8	2,978.19	31,584.49	117,325.20	
5		6/30/2007	50	404,326.11		404,326.11	9	6	0	8,086.52	76,821.96	327,504.15	
6	366 Pressure Services	3/31/2004	20	63,800.00		63,800.00	12	8	0	3,190.00	40,406.67	23,393.33	
7		6/21/2005	20	33,000.00		33,000.00	11	6	9	1,650.00	19,015.68	13,984.32	
8	Pumping Equipment												
9	371 Grinder Pumps	12/31/2004	10	42,695.00		42,695.00	12	0	0	4,269.50	51,234.00	(8,539.00)	
10		5/31/2005	10	5,000.00		5,000.00	11	7	0	500.00	5,791.67	(791.67)	
11		11/30/2005	10	115,350.00		115,350.00	11	1	0	11,535.00	127,846.25	(12,496.25)	
12		12/31/2006	10	153,000.00		153,000.00	10	0	0	15,300.00	153,000.00	-	
13		6/30/2007	10	79,000.00		79,000.00	9	6	0	7,900.00	75,050.00	3,950.00	
14		3/29/2012	10	3,166.32		3,166.32	4	9	2	316.63	1,505.74	1,660.58	
15		3/30/2012	10	2,478.93		2,478.93	4	9	1	247.89	1,178.17	1,300.76	
16		4/30/2012	10	3,166.32		3,166.32	4	8	0	316.63	1,477.62	1,688.70	
17		6/19/2012	10	3,166.32		3,166.32	4	6	11	316.63	1,434.39	1,731.93	
18		10/8/2012	10	3,166.32		3,166.32	4	2	23	316.63	1,339.25	1,827.07	
19		10/17/2012	10	3,166.32		3,166.32	4	2	14	316.63	1,331.44	1,834.88	
20		2/1/2013	10	2,925.00		2,925.00	3	10	27	292.50	1,142.89	1,782.11	
21		2/21/2013	10	3,572.25		3,572.25	3	10	7	357.23	1,376.21	2,196.04	
22		12/31/2014	10	18,491.33		18,491.33	2	0	0	1,849.13	3,698.27	14,793.06	
		1/31/2015	10	2,250.00	(2,250.00)	-				-	-	-	
		2/28/2015	10	8,500.00	(8,500.00)	-				-	-	-	
		4/30/2015	10	3,750.00	(3,750.00)	-				-	-	-	
		5/31/2015	10	5,750.00	(5,750.00)	-				-	-	-	
		7/31/2015	10	500.00	(500.00)	-				-	-	-	
		8/31/2015	10	4,750.00	(4,750.00)	-				-	-	-	
		9/30/2015	10	3,750.00	(3,750.00)	-				-	-	-	
		10/31/2015	10	3,750.00	(3,750.00)	-				-	-	-	
23		11/9/2015	10	1,948.50		1,948.50	1	1	21	194.85	222.30	1,726.20	
		12/31/2015	10	500.00	(500.00)	-				-	-	-	
24	Treatment and Disposal Plant												
25	380 Wastewater Treatment Plant	10/22/2004	25	450,370.74		450,370.74	12	2	9	18,014.83	219,624.63	230,746.11	
26		3/14/2005	25	491,789.94		491,789.94	11	8	17	19,671.60	230,418.18	261,371.76	
27	389 Discharge Irrigation System	3/17/2005	25	316,578.01		316,578.01	11	8	14	12,663.12	148,222.11	168,355.90	
28		6/30/2007	25	376,776.69		376,776.69	9	6	0	15,071.07	143,175.14	233,601.55	
29													
####													
####													
####	Total			3,122,687.16	(33,500.00)	3,089,187.16				132,621.45	1,426,763.56	1,662,423.60	

To Sch III-2,
line 2To Sch I-1,
line 27To Sch III-2,
line 9

Add detailed worksheets if necessary to support this Schedule.

¹ Any amount paid for an item that was not incurred by the utility, such as by a customer, is deducted from the original cost. The adjusted original cost amount here, Column D-2, labeled "Adjusted Original Cost for Customer CIAC". Column D-2 will then be depreciated and the net book value will be calculated (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-8 for developer CIAC.

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: 12/31/2015

ORIGINAL COST DATA

A	B	C	D
Line No.	Description	Amount	Amount
1.	Beginning Gross Plant balance - (from previous rate case)	Must match previous rate case	3,043,939.55
2.	Plant additions after previous rate case		
3.	371 Grinder Pumps - 2012	\$ 18,310.53	
4.	371 Grinder Pumps - 2013	\$ 6,497.25	
5.	371 Grinder Pumps - 2014	\$ 18,491.33	
6.	371 Grinder Pumps - 2015	\$ 1,948.50	
7.			
8.			
9.			
10.			
11.	Total additions (add lines 3 through 10, Col C)		\$ 45,247.61
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 III-3, Column D, line 50	\$ 3,089,187.16

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

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

***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	0	0
7.	One month prior to the test year, month end balance	0	0
8.	13 Month Average balance (line 6 plus line 7, divided by 13)	0	0

To III-2, Line 4.

To III-2, Line 6.

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

UTILITY NAME: <u>PK-RE DEVELOPMENT, INC.</u> 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	B	Water	Sewer	Water	Sewer
Line No	Description	Class B		Class C	
1	Annual O & M Expenses				364,909
2	Working Cash (Line 3 / Line 5)				45,614
3	Divisor	12	12	8	8

From Sch I-1, line 25

To Sch III-2, line 5

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 I - 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							
7							
8							
9	Total			2,104,598.90	1,852,529.14	7.13%	132,106.41

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

List short term debt, if any: None

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

ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No.) 2013-0509-UCR	1,181,498.76
2	Ending balance per Sch III-3, Column F, Line 50	1,426,763.56
	Describe accounting adjustments made between the prior rate case and the current rate case:	
	None	

Must match previous rate case.

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

III-8(a) ADVANCES FOR CONSTRUCTION:

	A	B	C	D	E	F	G
Line No.	Item	Date of Installation	Total Cost	Amount of Advance	Repayments made to developer	(F)-(D)-(E) Rate base Value (to Sch III-2)	Amount to be refunded in the future*
1.							
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*:

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

*Customer CIAC is entered directly on III-3

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

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.

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	0.1700%		Line 1 / beginning of test year gross plant balance from III-3 (a), Col. D, Line 1
6	Test year property tax on additions		199.54	Line 4 times Line 5
7	Adjusted Test year property tax expense		5,634.53	Line 1 + Line 6
8	Known and measurable change	200		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)			200

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			2,257.37	2,926.22	5,183.59
2	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)			332,883.70	332,883.70	332,883.70
3	Gross up factor (1.0 divided by (1.0 minus Line (example below)			1.0068	1.0089	1.0158
4	Change in revenue requirement (Sch I-1, line 33)					221,307.40
5	Adjusted revenue requirement (Line 3 x Line 4)					224,808.06
6	Adjusted expense (Line 3 times Line 4)					3,500.66
7	Add Schedule IV(a), Line 20					
8	Total taxes other than FIT (to Sch I-1, Col F, Line 26)					3,500.66

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 debts¹¹ 1,524.48
 RAF 1,976.18