



Control Number: 46553



Item Number: 17

Addendum StartPage: 0

Carroll Water Company, Inc. RECEIVED

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PUBLIC UTILITY COMMISSION
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Docket # 46553, Application of Carroll Water Company, Inc. for a Rate/Tariff Change

Response to Deficiencies

Page 30 Return on Rate Base has been completed.

Page 16 Materials Expense: After checking the receipts and Quickbooks I found that some expenses had been for items that were not a part of these systems. I also found a math error in the expenses for the test year. I have corrected the errors and made the changes to Schedule I-1.

Page 18 Transportation expenses. I have taken out the vehicle payments and rechecked the expenses using the receipts and Quickbooks.

Page 32 Depreciation Schedule. I have included the taps in the Depreciation Schedule for all systems. I am not sure which individual systems they were on so I did not put it on a particular systems' Depreciation Schedule.

Page 15 Payroll Expenses. I have revised the payroll expenses using my W-3 and the W-2s for 2015.

Page 42 Estimate of Taxes Other Than Income. The income taxes for the business income for Mr. Carroll have been removed.

Page 12 Other Revenues and Expenses Passed Through. The Groundwater Conservation Fees have been removed from this schedule.

Page 6 Revenue Requirement Summary. This schedule has been revised to reflect the new figures.

Page 47 Rate Design. I have revised this to reflect the new figures from schedule I-1.

CLASS B RATE/TARIFF CHANGE APPLICATION

Required Schedules for rate/tariff changes

Docket #
46553

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

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

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

These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information.

If the applicant does not use a schedule, it should be noted as "N/A", and an explanation provided.

UTILITY NAME: <u>Carroll Water Co. Inc</u> GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES Docket # 46553

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: 12-31-15
 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"/>

UTILITY NAME: Carroll Water Co. Inc.
 GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES
 TABLE OF CONTENTS (Page 2 of 2) Docket # 46553

	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 checked="" type="checkbox"/>
Materials and Supplies Inventory	III-4(b)	<input checked="" type="checkbox"/>
Working Cash	III-5	<input checked="" type="checkbox"/>
Notes Payable	III-6	<input checked="" type="checkbox"/>
Accumulated Depreciation	III-7	<input checked="" type="checkbox"/>
Advances for Construction	III-8(a)	<input checked="" type="checkbox"/>
Contributions in Aid of Construction	III-8(b)	<input checked="" type="checkbox"/>
Deferred Income Taxes	III-9(a)	<input checked="" type="checkbox"/>
Deferred Investment Tax Credits	III-9(b)	<input checked="" type="checkbox"/>
Deferred Assets	III-10(a)	<input checked="" type="checkbox"/>
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: Carroll Water Co., Inc.
SCHEDULES - CLASS B RATE/TARIFF CHANGE Docket # 46553
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 1-4 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: Carroll Water Co., Inc

SCHEDULES - CLASS B RATE/TARIFF CHANGE

I-1 REVENUE REQUIREMENT SUMMARY

PUC Docket No. 46553

Test Year End: 12-31-15

A	B	C	D	E	F=D+E	G
			Historical Test Year	K & M Changes	Adjusted Test Year	
Line No.	Acct. No.	Account Name				Reference/ Instructions
		Volume related expenses:				
1	610	Purchased water	0	0	0	Schedule II-3
2	615	Power Expense-production only	32,614	0	32,614	Schedule II-4
3	618	Other volume related expenses	7,823	0	7,823	Schedule II-5
4		Total volume related exp.	40,437	0	40,437	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor	74,200	2,600	76,800	Schedule II-6, Line 1
6	620	Materials	26,280	0	26,280	Schedule II-7
7	631-636	Contract work	0	0	0	Schedule II-8
8	650	Transportation expenses	5,108	0	5,108	Schedule II-9
9	664	Other plant maintenance	0	0	0	Schedule II-10
10		Total non-volume related exp.	105,588	2,600	108,188	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries	34,400	3,700	38,100	Schedule II-6, line 2
12	601-3	Mgmt. salaries	25,948	0	25,948	Schedule II-6, line 3
13	604	Employee pensions & benefits	0	0	0	Schedule II-11
14	615	Purchased power-Office only	0	0	0	Schedule II-4
15	670	Bad debt expense	0	0	0	Schedule II-12
16	676	Office services & rentals	0	0	0	Schedule II-13
17	677	Office supplies & expenses	6,268	0	6,268	Schedule II-14
18	678	Professional services	2,900	0	2,900	Schedule II-15
19	684	Insurance	5,213	0	5,213	Schedule II-16
20	666	Regulatory (rate case) expense	0	0	0	Schedule II-17
21	667	Regulatory expense (other)	0	0	0	Schedule II-18
22	675	Miscellaneous expenses	4,709	0	4,709	Schedule II-19
23		Total admin. & general expense	79,438	3,700	83,138	Add Lines 11-22
24		Total operating Expenses	225,463	6,300	231,763	Lines 4 + 10 + 23
25	403	Depreciation	31,826	0	31,826	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income payroll	18,988	482	19,470	Sch IV(b), Line 8
27	409/10	Income Tax Expense	7,240	0	7,240	Schedule V, Line 7
28		TOTAL EXPENSES	283,517	6,782	290,299	
29		TOTAL HISTORIC REVENUE	286,300			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	21,903			Line 30 less Line 29
31		REQUESTED RETURN			17,281	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			307,580	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	21,280	Line 32 less Line 29
34		PERCENTAGE INCREASE			1.000	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			11,995	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	295,585	Line 33 minus Line 35

UTILITY NAME: <u>Carroll Water Co., Inc.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: <u>12-31-15</u> I-2 HISTORICAL REVENUE SUMMARY <u>Docket # 46553</u>				
Line No.	NARUC A/C	Description	Historical Test Year	
1.	461	Metered connections base rate revenue	183,784	From financial records
2.	461	Metered connection gallonage rate revenue	90,521	From financial records
3.	460	Unmetered (Flat rate) revenue	00	From financial records
4.		Total Metered & Flat Rate Revenue	274,305	
5.		Plus: Total Other Revenues	11,995	From II-3, Column B, line 7
6.		Total Historic Test Year Revenues per income statement and Annual Report*	286,300	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: Carroll Water Co. Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
I-3 METERED ACTIVE CONNECTIONS BY METER SIZE
 FOR TEST YEAR ENDED: 12-31-15
Docket #46553

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"	454	12	466	460	1.0	459
2.	3/4"	0	0	0	0	1.5	0
3.	1"	2	0	2	2	2.5	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	454	12	468	461		464
10	Average	454	12	468	461		464

UTILITY NAME: Carroll Water Co., Inc
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS
 FOR TEST YEAR ENDED: 12-31-15

Docket # 46553

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	NA	(C + D)	(C + E) / 2
1.					
2.					
3.					
4.					
5.	Total				

We do not have any unmetered connections.

INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: Carroll Water Coy, Inc
SCHEDULES - CLASS B RATE/TARIFF CHANGE,
SECTION II - OPERATIONS AND MAINTENANCE Docket # 416553

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: Carroll Water Co., Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION Docket # 46553
 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	51,462,773	0	51,462,773	PUC Annual Report
2	Total water purchased	0	0	0	PUC Annual Report
3	Total water produced	51,462,773	0	51,462,773	Line 1 + line 2
4	Total water sold	31,770,400	0	31,770,400	PUC Annual Report
5	Total accounted for non-revenue water*	0	0	0	
6	Total unaccounted for water	19,692,373	0	19,692,373	Lines 3 less 4 less 5
7	Percentage	39%	0	39%	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)		NA		PUC report Sch. D-1
3	Total production (1,000 gallons)				Lines 13 + 14

We do not have any unmetered connections.

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-3 OTHER REVENUES & EXPENSES PASSED THROUGH FOR TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</u>
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II-3(a) Purchased Water or Other Pass Through Expenses

Line No.	A	B	C	D	D
	Purchased from:	Units purchased (in _____) (e.g. 1,000 gal, AC - FT)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
1.		0	0	0	0
2.		N/A			
3.					
4.	Total *				

We did not purchase any water during the test year.

* 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*	0		-0-
2.	Late Fees	7,995		7,995
3.	Meter Test Fees	0		0
4.	Reconnect Fees	4,000		4,000
5.	Purchased Water Fees	0		0
6.	Groundwater Conservation District Fees			
7.	Other (attach detail**)			
8.	Total Other Revenues	11,995		11,995

(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.

UTILITY NAME: <u>Carroll Water Co., Inc.</u> II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE PURCHASED POWER FOR TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

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	
	<u>2013</u>	\$ <u>29,895</u>	
	<u>2014</u>	\$ <u>33,091</u>	
Test Year	<u>2015</u>	\$ <u>32,614</u>	
K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 2)
Adjusted Test year		\$ <u>32,614</u>	(to I-1, Column F, Line 2)

Explanation and calculations of known and measurable change:

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

Line No.	Account No.	Account Name
14	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	
	<u>2013</u>	\$ <u>0</u>	
	<u>2014</u>	\$ <u>0</u>	
a. Test Year	<u>2015</u>	\$ <u>0</u>	
b. K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 14)
c. Adjusted Test year (a. + b.)		\$ <u>0</u>	(to I-1, Column F, Line 14)

Explanation and calculations of known and measurable change:

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-5 OTHER RELATED VOLUME EXPENSES FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</u>
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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. Samples and chlorine

	<u>Year</u>	<u>Amount</u>	
	<u>2013</u>	\$ <u>12,908</u>	
	<u>2014</u>	\$ <u>13,032</u>	
a. Test Year	<u>2015</u>	\$ <u>7,823</u>	
b. K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b.)		\$ <u>7,823</u>	(to I-1, Column F, Line 3)

Explanation and calculations of known and measurable change:

The amount of samples has been cut back from 2013 and 2014. The cost for 2016 was \$5,059 for samples.

UTILITY NAME Carroll Walter Co., Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-6 ALLOCATION OF PAYROLL EXPENSES
 FOR THE ADJUSTED TEST YEAR 12-31-15
 Docket # 46553

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 (PUTA 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.	Rickie Reeder	53,000		53,000	42	45	7,038		57,055
2	Deanna Carroll	21,200		21,200	42	45	1,749		23,722
3.	Branson Stewart	21,200		21,200	42	45	1,749		23,722
4.	Patty Hilton	13,200		13,200	42	45	1,188		14,897
5.	Walter Carroll	25,948		25,948					
6.									
7.									
8.									
9	Total	134,548		134,548	168	180	11,724		148,796
10.	Percentage Capitalized								65

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

Line 9 '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	74,200
2	601-2	Office salaries	34,400
3.	601-3	Management salaries	25,948
4		Total Payroll Expenses	134,548

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.

Carroll Water Co., Inc. Docket # 46553
Schedules – Class B Rate/Tariff Change
II-6 Allocation of Payroll Expenses

Each full time employee was given a raise in April 2016 of \$25.00 a week. This is an increase of \$2,600.00 in I-1 line 5 and an increase of \$3,700.00 in I-1 line 11. The one part time employee will be given a raise of \$200 a month after the rate case is finalized.

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-7 MATERIALS FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

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>21,919</u>
	<u>2014</u>	\$ <u>37,895</u>
a. Test Year	<u>2015</u>	\$ <u>26,280</u>
b. K & M Change		\$ <u>0</u> (to I-1, Column E, Line 6)
c. Adjusted Test year (a. + b.)		\$ <u>26,280</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:

All well & pump expenses have been put on the depreciation schedule.

II-7(b) Large Items:

Description	Amount	Date in service

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-8 CONTRACT WORK FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

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>2012</u>	\$ <u>0</u>
<u>2013</u>	\$ <u>0</u>
<u>2014</u>	\$ <u>0</u>
a. Test Year <u>2015</u>	\$ <u>0</u>
b. K & M Change	\$ <u>0</u> (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)	\$ <u>0</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:

II-8(b) Large Items:

Description	Amount	Date in service

UTILITY NAME: _____
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-9 TRANSPORTATION
FOR THE TEST YEAR ENDED: _____

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>12,532</u>
_____	\$ <u>9,950</u>
a. Test Year _____	\$ <u>5,108</u>
b. K & M Change	\$ <u>0</u> (to I-1, Column E, Line 8)
c. Adjusted Test year (a. + b.)	\$ <u>5,108</u> (to I-1, Column F, Line 8)

Explanation and calculations of known and measurable change:

Vehicle expense has gone down because some engine and maintenance repairs have been completed.

II-9(b) Large Items*:

Description	Amount	Date in service

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

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-10 OTHER PLANT MAINTENANCE FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

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>0</u>
	<u>2014</u>	\$ <u>0</u>
a. Test Year	<u>2015</u>	\$ <u>0</u>
b. K & M Change		\$ <u>0</u> (to I-1, Column E, Line 9)
c. Adjusted Test year (a. + b.)		\$ <u>0</u> (to I-1, Column F, Line 9)

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

Explanation and calculations of known and measurable change:

II-10(b) Large Items:

Description	Amount	Date in service

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-11 EMPLOYEE PENSIONS AND BENEFITS FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

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

NA

Employee pensions and benefits

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

List types of Pensions & Benefits:

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

Cost per Employee:

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

Number of Employees covered:

Cost per Employee:

List types of Pensions & Benefits:

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

Number of Employees covered:

Cost per Employee:

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

We are a company with only 4 employees and the owner. We do not offer pensions and benefits.

UTILITY NAME <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-12 BAD DEBTS FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

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
	<u>2013</u>	\$ <u>0</u>
	<u>2014</u>	\$ <u>0</u>
a. Test Year	<u>2015</u>	\$ <u>0</u>
b. K & M Change		\$ <u>0</u> (to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		\$ <u>0</u> (to I-1, Column F, Line 15)

Explanation and calculations of known and measurable change:

We did not have any bad debt during the test year.

II-12(b) Large Items*:

Description	Amount	Date in service

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

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-13 OFFICE SERVICES AND RENTALS FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

Line No.	Account No.	Account Name
16.	678	Office services & rentals

II-13(a) Office services and rentals

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

	Year	Amount	
	<u>2013</u>	\$ <u>0</u>	
	<u>2014</u>	\$ <u>0</u>	
a. Test Year	<u>2015</u>	\$ <u>0</u>	
b. K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 16)
c. Adjusted Test year (a. + b.)		\$ <u>0</u>	(to I-1, Column F, Line 16)

Explanation and calculations of known and measurable change:

At this time we do not rent office space.

* 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

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-14 OFFICE SUPPLIES FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

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>7,036</u>	
	<u>2014</u>	\$ <u>5,433</u>	
a. Test Year	<u>2015</u>	\$ <u>6,268</u>	
b. K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		\$ <u>6,268</u>	(to I-1, Column F, Line 17)

Explanation and calculations of known and measurable change:

We pay for updates on the billing software, postage, copy paper, printer ink, computers and office supplies. The cost varies from year to year depending on the price and our needs.

* 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

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-15 PROFESSIONAL SERVICES FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket# <u>46553</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.

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>8,252</u>	
	<u>2014</u>	\$ <u>3,455</u>	
a. Test Year	<u>2015</u>	\$ <u>2,900</u>	
b. K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 18)
c. Adjusted Test year (a. + b.)		\$ <u>2,900</u>	(to I-1, Column F, Line 18)

Explanation and calculations of known and measurable change:

The only professional services during the test year were to the CPA firm that does the tax preparation.

* 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

UTILITY NAME: Carroll Water Co, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE

Docket #
46553

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>3,832</u>	
	<u>2014</u>	\$ <u>2,921</u>	
a. Test Year	<u>2015</u>	\$ <u>5,213</u>	
b. K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 19)
c. Adjusted Test year (a. + b.)		\$ <u>5,213</u>	(to I-1, Column F, Line 19)

Types of insurance:

<u>2015</u>	\$ <u>1,168.08</u>	<u>2015</u>	<u>Key Man Life</u>	<u>State Mutual</u>
Year	Total amount	Period Covered	Type	Company
<u>2015</u>	\$ <u>370.00</u>	<u>2015</u>	<u>Keyman life</u>	<u>Washington National</u>
Year	Total amount	Period Covered	Type	Company
<u>2015</u>	\$ <u>3,675</u>	<u>2015</u>	<u>Auto</u>	<u>Farmers Ins.</u>
Year	Total amount	Period Covered	Type	Company

Explanation and calculations of known and measurable change:

The auto insurance went up during the test year.

UTILITY NAME <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-17 REGULATORY EXPENSE FOR THE TEST YEAR ENDED: <u>12-31-15</u> Docket # <u>46553</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
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	
	<u>2013</u>	\$ <u>0</u>	
	<u>2014</u>	\$ <u>0</u>	
a. Test Year	<u>2015</u>	\$ <u>0</u>	
b. K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 20 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>0</u>	(to I-1, Column F, Line 20 - see instructions above)

Explanation and calculations of known and measurable change:

We have not had any rate case expense in the three years of this rate application.

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

II-17(b) Large Items:

Description	Amount	Date in service

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-18 REGULATORY EXPENSE FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

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 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	
	<u>2013</u>	\$ <u>0</u>	
	<u>2014</u>	\$ <u>0</u>	
a. Test Year	<u>2015</u>	\$ <u>0</u>	
b. K & M Change		\$ <u>0</u>	(to I-1, Column E, Line 21 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>0</u>	(to I-1, Column F, Line 21 - see instructions above)

Explanation and calculations of known and measurable change:

The only regulatory expenses were the 1% passthrough to TCEQ and the passthrough to Prairieland Groundwater Conservation District.

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

II-18 (b) Large Items:

Description *	Amount	Date in service

UTILITY NAME: <u>Carroll Water Co., Inc</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-19 MISCELLANEOUS EXPENSE FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</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.

Line No.	Account No.	Account Name
22.	675	Miscellaneous

II-19 (a) Miscellaneous expense

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

	Year	Amount
	<u>2013</u>	\$ <u>3,832</u>
	<u>2014</u>	\$ <u>5,556</u>
a. Test Year	<u>2015</u>	\$ <u>4,709</u>
b. K & M Change	\$ <u>0</u>	(to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a. + b.)	\$ <u>4,709</u>	(to I-1, Column F, Line 22 - see instructions above)

Explanation and calculations of known and measurable change:

Miscellaneous expenses include drinks, food, and small items needed for the employees.

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

II-19 (b) Large Items:

Description	Amount	Date in service

SECTION III RATE BASE INSTRUCT

UTILITY NAME: Carroll Water Co., Inc Docket#
SCHEDULES - CLASS B RATE/TARIFF CHANGE 410553
SECTION III RATE BASE INSTRUCTIONS 12-31-15

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: Carroll Water Co., Inc
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-1 REQUESTED RETURN Docket # 46353
 FOR THE TEST YEAR ENDED: 12-31-15

RETURN ON RATE BASE:

Line No		
1	Test year end rate base (from III-2, Line 16)	187,537
2	Requested ROR (Col G, Line 7 below)	8.361%
3	Return on rate base (Line 1 x Line 2)	15,680

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			$G = D \times E$ $G = (E \times F)$
4	Equity (Rate base less Line 5, Column D)	141,775	.76	10%	Col E = Requested return on equity	7.56%
5	Long Term Debt and Advances from associated companies from Schedule III-6	45,752	.24	3.29%	Col E = From Sch III-6, Column H, Line 9	.80%
6	Total capitalization (Rate Base Sch III-2, Line 16)	187,537				
7	Return on rate base Col G, Line 6 rounded to nearest 0.01%				Line 4 + Line 5	8.361% To Line 2 above

* ROE = Return on Equity

UTILITY NAME: Carroll Water Co., Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-2 RATE BASE SUMMARY
 FOR THE TEST YEAR ENDED: 12-31-17

Docket #
46553

Line No.	Description	Amount	Reference (From)
1	Additions:		
2.	Utility plant (Original Cost)	426,688	Schedule III-3, Line 50, Col D
3.	Construction work in progress	0	Schedule III-4, Line 5
4.	Materials and supplies	0	Schedule III-4, Line 8
5.	Working cash (capital)	24,205	Schedule III-5, Line 2
6.	Prepayments	0	Schedule III-4, line 8
7.	Other Additions	0	Add schedule
8.	TOTAL ADDITIONS (Add Lines 2 through 6)	450,893	
	Deductions:		
9.	Reserve for depreciation (Accumulated)	263,356	Schedule III-3, Col F, Line 50
10.	Advances for construction	0	Schedule III-8(a), Col F, Line 6
11.	Developer Contributions in aid of construction	0	Schedule III-8(b), Col G, Line 6
12.	Accumulated deferred income taxes	0	Schedule III-9(a), Line 3
13.	Accumulated deferred investment tax credits	0	Schedule III-9(b), Line 3
14.	Other Deductions	0	Add schedule
15.	TOTAL DEDUCTIONS (Add lines 9 through 14)	263,356	
16.	RATE BASE (Line 8, less Line 15)	187,537	

Lakeview Ranchettes

UTILITY NAME: Carroll Water Co., Inc
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION
 Docket # 46553
 Schedule III-3
 (Provide a schedule for each PWS system)
 Add schedules as needed, provide a summary also

Line No	Item	Date of Installation	Service Life (yrs) **	Original Cost when installed \$	Customer CIAC amount	Adjusted Original Cost for Customer CIAC ¹	Time in Service			Depreciation		[G] = [D]-[F] Net Book Value (\$)
							Years in Service	Months	Days	[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)(Reserve)	
1	303 Land and land rights											
2	307 Wells	1970	50	1,500			46		30	1380	120	
Well Pumps:												
3	311 5 hp or less		5									
4	311 Greater than 5 hp	5-1-15	10	12,207			1		1,221	1,221	16,986	
Booster Pumps:												
5	311 5 hp or less		5									
6	311 Greater than 5 hp	5-28-15	10	1,281			1		128	128	1,153	
7	320 Chlorinators		10									
Structures:												
8	304 Wood	6-9-15	15	2,152			1		143	143	2,009	
9	304 Masonry		30									
10	305 Storage Tanks		50									
11	311 Pressure Tanks		50									
12	331 Distribution System (mains and lines)		50									
13	334 Meters and Service (taps not covered by fees)		20									
14	340 Office Equipment		10									
15	341 Vehicles	10-1-06	5	8,750			10		1,750	8,750	0	
16	342 Shop-Food Vehicles	11-7-11	7.5	11,948			5		2,390	11,948	0	
17	345 Heavy Equipment	4-23-08	10	8,462			8		846	6,768	1,694	
18	348 Fencing		20									
Other: (Please list)												
19	Lawn Mower	4-15-15	5	2,300			1		460	460	1,840	
20												
50	Total			46,448					6,968	30,798	17,802	

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

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.

Spanish Grant

UTILITY NAME Carroll Water Co., Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION
 0
 Docket # 46553
 Schedule III-3
 (Provide a schedule for each PWS system)
 Add schedules as needed, provide a summary also

Line No	Item	Date of Installation	Service Life (yrs) **	Original Cost when installed \$	Customer CIAC amount	Adjusted Original Cost for Customer CIAC ¹	Time in Service			Depreciation							
							Years in Service	Months	Days	[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$) (Reserve)	[G] = [D]-[F] Net Book Value (\$)					
1	303 Land and land rights																
2	307 Wells	9-1-99	50	7,000			17				140	2,380	4,620				
Well Pumps:																	
3	311 5 hp or less		5														
4	311 Greater than 5 hp	7-16-15	10	12,018			1				1,208	1,208	10,810				
Booster Pumps:																	
5	311 5 hp or less		5														
6	311 Greater than 5 hp		10														
7	320 Chlorinators	10-87	10	740			29				74	740	0				
Structures:																	
8	304 Wood	10-2000	15	6,000			16				400	1,000	0				
9	304 Masonry		30														
10	305 Storage Tanks	10-87	50	10,160			29				212	6,148	4,012				
11	311 Pressure Tanks		50														
12	331 Distribution System (mains and lines)	10-87	50	60,400			29				1,208	35,032	25,368				
13	334 Meters and Service (taps not covered by fees)		20														
14	340 Office Equipment		10														
15	341 Vehicles	10-1-06	5	8,750			10				1,750	8,750	0				
16	343 Shop-Tools Vehicle	11-7-11	15	11,948			5				2,390	11,948	0				
17	345 Heavy Equipment	4-23-08	10	8,462			8				846	6,768	1,694				
18	348 Fencing		20														
Other: (Please list)																	
19	Lowry Pitney	4-15-15	5	2,300			1				410	410	1,890				
20																	
50	Total			136,980							9,246	90,588	48,854				

Add detailed worksheets if necessary to support this Schedule

To Sch III-2, line 2

To Sch I-1, line 27

To Sch III-2, line 9

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: Carroll Water Co. 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 Docket # 46553

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	\$ 323,046
2.	Plant additions after previous rate case		
3.	Well Pump (Lakeview)	\$ 9,920	
4.	Well Pump (Spanish Grant)	12,078	
5.	Well Pump (Grande Casa)	17,245	
6.	15 hp booster pumps ⁽³⁾	3,843	
7.	Well house (rebuild)	2,152	
8.	Vehicle	36,967	
9.			
10.			
11.	Total additions (add lines 3 through 10, Col C)		\$ 82,205
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)		\$ 0
22.	Ending balance (line 1 + line 11 - line 21)	Equals as III-3, Column D, line 50	\$ 405,251

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

UTILITY NAME: <u>Carroll Water Co, 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>	Docket # <u>46553</u>
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***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 Line No.	B Description	C Test Year Amount
1.	Beginning balance	
2.	Test year costs added	
3.	Test year construction costs completed	
4.	Ending balance	
5.	Average balance - test year (line 1 plus line 4, divided by 2)	

We do not have any construction work underway at this time.

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: <u>Carroll Water Co., Inc</u> SCHEDULES FOR CLASS B RATE/TARIFF CHANGE III-5 WORKING CASH ALLOWANCE CALCULATIONS FOR THE TEST YEAR ENDED: <u>12-31-15</u>	Docket # <u>46553</u>
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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	—	—	31,826	0	From Sch I-1, line 25
2	Working Cash (Line 3 / Line 5)	—	—	24,205	0	To Sch III-2, line 5
3	Divisor	—	—	8	8	

UTILITY NAME: Carroll Water Co., Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-6 LONG TERM DEBT/ NOTES PAYABLE - WATER AND SEWER
 FOR THE YEAR ENDED: 12-31-15 Docket # 46553

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	Ally	11/7/11	2/7/18	47,790	12,197	4.49	27.9%
3	Inwood Natl BK	5/5/15	5/5/20	40,000	33,555	2.85	73.9%
4							
5							
6							
7							
8							
9	Total			87,790	45,752		

To Sch III-1,
Column G,
Line 5

List short term debt, if any.

UTILITY NAME: <u>Carroll Water Co, 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>	Docket # <u>46553</u>
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ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. <u>2010-0131-UCR</u>)	<u>323,046</u>
		Must match previous rate case.
2	Ending balance per Sch III-3, Column F, Line 50	<u>261,213</u>
	Describe accounting adjustments made between the prior rate case and the current rate case:	
	<u>well pump (Lakeview)</u>	<u>9,920</u>
	<u>well pump (Spanish Grant)</u>	<u>12,078</u>
	<u>well pump (Grande Casa)</u>	<u>17,245</u>
	<u>3-15 hp booster pumps</u>	<u>3,843</u>
	<u>well house rebuild</u>	<u>2,152</u>
	<u>Vehicle</u>	<u>36,967</u>

UTILITY NAME: <u>Carroll Water Co., 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>	Docket # <u>46553</u>
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III-8(a) ADVANCES FOR CONSTRUCTION:

Line No.	A Item	B Date of Installation	C Total Cost	D Amount of Advance	E Repayments made to developer	F (F)=(D)-(E) Rate base Value (to Sch III-2)	G Amount to be refunded in the future*
1.	Tap fees	2015	3,000	0	0	0	0
2.							
3.							
4.							
5.							
6.	Total		3,000	0	0	0	0

*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*: Not applicable.

Line No.	A Item	B Date of Installation or Contribution	C Total Cost	D Amount of Developer Contribution	E Annual amortization	F Accumulated Amortization	G (G)=(D) - (F) Rate Base Value (to Sch III-2)
1.							
2.							
3.							
4.							
5.							
6.	Total						

*Customer CIAC is entered directly on III-3

All of our systems are on existing developments that were completed 30-40+ years ago.

UTILITY NAME: Carroll Water Co., Inc
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-9 DEFERRED INCOME TAXES AND DEFERRED INVESTMENT TAX CREDITS Docket #
46553
 FOR THE TEST YEAR ENDED: 12-31-15

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

III-9(a) ACCUMULATED DEFERRED INCOME TAXES: None

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: Carroll Water Co., Inc
 SCHEDULES - CLASS B RATE/TARIFF CHANGE Docket #
III-10 OTHER DEFERRED ASSETS 46553
 FOR THE TEST YEAR ENDED: 12-31-15

III-10(a) : Other Deferred Assets None

Line No.	Description	Test Year Amount
1.		0
2.		0
3.		0

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

Line No.	Description	Test Year Amount	Total Accum Amort End of test year
1.		0	
2.		0	
3.		0	

SECTION IV OTHER TAX INSTRUCT

UTILITY NAME: Carroll Water Co., Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE Docket # 46553

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: Carroll Water Co., Inc
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 IV(a) ESTIMATE OF TAXES OTHER THAN INCOME Docket #46553
 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 test year		1,842	per property tax bills
2	Utility plant added in test year	82,205		Schedule III-3(a), Line 11
3	Utility plant retirements in test year	0		Schedule III-3(a), Line 21
4	Net additions	82,205		Line 2 minus line 3
5	Net Property tax rate	323.046		Line 1 / beginning of test year gross plant balance from III-3(a), Col D, Line 1
6	Test year property tax on additions		0	Line 4 times Line 5
7	Adjusted Test year property tax expense		1,842	Line 1 + Line 6
8	Known and measurable change	0		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 475,500	6.2 %	108,600	Column D+E+F Line 9	6,733
10	Medicare	wages to 475,500	1.45 %	108,600	Column H Line 9	1,575
11	Added Medicare (Affordable Care Act)	wages to _____	NA %	NA		NA
12	Federal unemployment	wages to 7,000	.6 %	28,000	Column D Line 9	168.00
13	State unemployment	wages to 4,000	.47 %	36,000	Column D+E Line 9	169.00
14	Total (add Lines 11 through 14)			281,200		8,645
15	Less Capitalized	Use % on Sch II-6(a), line 10				0
16	Test year Payroll Tax Expense	Line 13 less 14				8,645
17	Known and measurable change				(Line 13 minus Line 14)	8,645

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)	0	0	0
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			10,487
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			0

UTILITY NAME: <u>Carroll Water Co., 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>						
Docket # 46553.						
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	0	0	0	0	0	
2	0	0	0	264,397	264,397	
3				1	1	
4					(9,985)	
5					(9,985)	
6					(9,985)	

SECTION V FEDERAL INCOME TAX

Docket #46553

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: Carroll Water Co., Inc
 SCHEDULES - CLASS B RATE/TARIFF CHANGE Docket#
V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE 46553
 FOR THE TEST YEAR ENDED: 12-31-15

A	B	C	D
Line		Amount	Reference
1	Requested Return	Amount	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	Amount	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return		Line 1 minus Line 2
4	Income taxes at proposed rates	7,240	Line 17 below
5	Effective tax rate		Line 4 divided by Line 3
6	Total gross up factor		1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	7,240	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%	7,240
13	Next 25,000 of taxable income	25,000	25%	0
14	Next 25,000 of taxable income	25,000	34%	0
15	Next 235,000 of taxable income	235,000	39%	0
16	Over 335,000 of taxable income		34%	0
17	Total before gross up		To Line 4	7,240

UTILITY NAME: <u>Carroll Water Co., Inc</u>
VI RATE DESIGN INSTRUCTIONS
SCHEDULES - CLASS B RATE/TARIFF CHANGE
Docket # 46553

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.

Attachment to Schedule VI-1 Rate Design Docket #46553

Line 19 for all water delivered per 1,000 gallons

1-2,000	\$3.00
2,001-4,000	\$4.00
4,001-6,000	\$5.50
6,001-8,000	\$6.00
8,001-10,000	\$6.50
10,001 and up	\$7.00

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

AFFIDAVIT

State of Texas

County of Ellis

I, Walter Carroll being dully sworn file this **Notice of Proposed Rate Change** as Owner of Carroll Water Company, Inc., that in such capacity I am qualified and authorized to file and verify such NOTICE: and that all statements and matters set for herein are true and correct.

I further represent that a copy of the attached notice was provided by postal mail delivery to each customer or other affected parties on or about _____, 2016.

AFFIANT
(Utility's Authorized Representative)

Carroll Water Company, Inc.

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

SUBSCRIBED AND SWORN BEFORE ME

This the _____ day of _____, 2016, to certify which witness my hand and seal of office.

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES ON _____

P.U.C. DOCKET NO. 46553

**NOTICE OF PROPOSED RATE CHANGE
PURSUANT TO TEXAS CODE § 13.1871**

Carroll Water Company, Inc. CCN 11543

has filed a rate case with the Public Utility Commission of Texas (Commission or PUC). The application may be review online at interchange puc.texas.gov. You may also inspect a copy of the rate change application at the utility's office at the address below or at the Commission's office (1701 N. Congress Avenue, Austin, Texas 78701). The proposed rates will apply to service received after the effective date below, unless modified or suspended by the Commission. If the Commission receives a sufficient number of protests, separately or in a combined protest letter from at least 47 rate payers (10% of the utility's customers over whose rates the Commission has original jurisdiction) or from an affected municipality before the 91st day after the proposed effective date, the matter will be set for hearing. **See protest form on the next page for instructions on how to protest.**

EFFECTIVE DATE OF PROPOSED DATE: _____

(must be at least 35 days after the notice is provided to the customers and 35 days after the application is filed). (Proposed rate requests by the utility are not final. The Commission may modify the rates and order a refund or credit against future bills. All sums collected during the pendency of the rate proceedings in excess of the rate finally ordered plus interest.)

Reasons for Proposed Rate Change:

The company has hired two employees since the last rate case in 2011. Also, our expenses have increased and our revenues have remained virtually the same since the last increase.

Billing Comparison including the 1% fee:

Water:

Existing ___\$43.89___ 5,000 gals.	Proposed ___\$55.55___ 5,000 gals.
Existing ___\$57.90___ 10,000 gals.	Proposed ___\$86.36___ 10,000 gals.
Existing ___\$138.58___ 30,000 gals.	Proposed ___\$227.76___ 30,000 gals.

Grande Casa, Spanish Grant, Lakeview Ranchettes, Emerald Forest
Subdivisions or Systems Affected by the Rate Change

Carroll Water Company, Inc. 513 Winding Creek Trail, Red Oak, Texas 75154

\$21,280.00

Annual Revenue Increase

Date Notice Delivered

Date of the Last Rate Change - September 28, 2011 (pass through) July 12, 2009 (regular rate increase)

Date Meters Typically Read – 26th to the 28th of each month

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

P.U.C. DOCKET NO. 46553

RATE PAYER PROTEST

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

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

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

CUSTOMER INFORMATION (to be completed by the customers submitting protests):

First Name _____ Last Name _____

Phone Number _____ Fax Number _____

Address, city, and state _____

Location where service is received _____
(if different from the mailing address)

Please fill out the following:

I wish to PROTEST the following proposed rate actions:

- Water Rate Change.

Signature of Protestant:

_____ Date _____

Si desea información en Español, puede llamar al
1-800-782-8477

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

NOTICE OF PROPOSED RATE CHANGE – WATER

CURRENT RATES			PROPOSED RATES		
Monthly Base Rate including 0 gallons			Monthly Base Rate including 0 gallons		
Meter Size:			Meter Size:		
RESIDENTIAL:			RESIDENTIAL:		
5/8" and 3/4"	\$29.00		5/8" and 3/4"	\$35.50	
1"	\$29.00		1"	\$35.50	
1 1/2"			1 1/2"		
2"			2"		
3"			3"		
Other.			Other		
GALLONAGE CHARGE			GALLONAGE CHARGE		
TIER	VOLUME	CHARGE per 1,000 gal.	TIER	VOLUME	CHARGE per 1,000 gal.
1	1 to 10,000 gal.	\$2.89/1,000	1	1 to 2,000 gal.	\$3.00/1,000
2	10,001 to 15,000 gal.	\$3.14/1,000	2	2,001 to 4,000 gal.	\$4.00/1,000
3	15,001 and up	\$4.24/1,000	3	4,000 to 6,000 gal.	\$5.50/1,000
			4	6,001 to 8,000 gal.	\$6.00/1,000
			5	8,001 to 10,000 gal.	\$6.50/1,000
			6	10,001 and up	\$7.00/1,000
MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee:	\$2,000.00		Tap Fee:	\$2,000	
Reconnect Fee:	\$25.00		Reconnect Fee:	\$25.00	
Non-payment			Non-payment		
Customer Request:	None		Customer Request:	None	
Transfer Fee (same system):	\$20.00		Transfer Fee (same system):	\$25.00	
Late Charge:	\$5.00		Late Charge:	\$5.00	
Return Check Charge:	\$20.00		Return Check Charge:	\$25.00	
Deposit:	\$50.00		Deposit:	\$50.00	
Meter Test Fee:	None		Meter Test Fee:	\$25.00	

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