

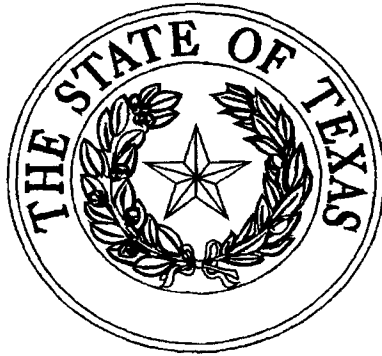


Control Number: 47161



Item Number: 2

Addendum StartPage: 0



47161  
RECEIVED  
2017 JUL -3 AM 11:14  
PUBLIC UTILITY COMMISSION  
FILING CLERK

**PUBLIC UTILITY COMMISSION OF TEXAS**

**CLASS B RATE/TARIFF CHANGE APPLICATION**

*Required Schedules for rate/tariff changes*

WATER UTILITY NAME: Kerr County Water Systems, LLC (DBA - Bumble Bee Hills Water Systems)  
CCN No. 13166

ADDRESS OF UTILITY: PO Box 555  
Street, P O Box and/or suite number  
Hunt 78025  
City and Zip Code

PHONE NUMBER: 830-238-3619  
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING

NAME: Suprina Espallargas  
PHONE CELL (830) 739-1019  
EMAIL ADDRESS suprina@stablewoodSprings.com

PUC CLASS SIZE B ☒ C (circle one)

INCREASE (DECREASE) \$38,521.05 increase (From Sch. I-1, Line 33)  
dollar amount

73.01% above (From Sch. I-1, Line 34)  
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY The Water Utility is owned by the LLC

INDIVIDUAL \_\_\_\_\_  
\_\_\_\_\_

DATE OF LAST GENERAL RATE CASE FILING 02/15/05

DATE OF LAST NON-GENERAL RATE CHANGE\* unknown

\* (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: Kerr County Water Systems LLC  
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: 12/31/2016  
DATE SUBMITTED TO PUC: \_\_\_\_\_

	<u>Attachment Schedule</u>	<u>Items Checked</u>
SECTION I	<u>REVENUES AND REVENUE REQUIREMENT</u>	
	Revenue Requirement Summary	<input type="checkbox"/>
	Historical Revenue Summary	<input type="checkbox"/>
	<u>Include the appropriate schedules:</u>	
	Metered Active Connections by Meter Size	<input type="checkbox"/>
	Unmetered Active (Flat Rate) Customers	<input type="checkbox"/>
SECTION II	<u>OPERATIONS AND EXPENSES</u>	
	Water Production (no unmetered rates)	<input type="checkbox"/>
	Water Production (with unmetered rates)	<input type="checkbox"/>
	Other Revenues & Expenses passed through	<input type="checkbox"/>
	Purchased Power	<input type="checkbox"/>
	Other Volume Related Expenses	<input type="checkbox"/>
	Payroll Cost Allocation	<input type="checkbox"/>
	Materials	<input type="checkbox"/>
	Contract Work	<input type="checkbox"/>
	Transportation Expenses	<input type="checkbox"/>
	Other Plant Maintenance	<input type="checkbox"/>
	Employee Pensions/Benefits	<input type="checkbox"/>
	Bad Debts/uncollectables	<input type="checkbox"/>
	Office Services and Rentals	<input type="checkbox"/>
	Office Supplies and Expense	<input type="checkbox"/>
	Professional Services	<input type="checkbox"/>
	Insurance	<input type="checkbox"/>
	Rate Case Expense	<input type="checkbox"/>
	Regulatory Commission Expense	<input type="checkbox"/>
	Miscellaneous Expense	<input type="checkbox"/>

<p>UTILITY NAME: <u>Kerr County Water Systems LLC</u></p> <p>GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES</p> <p>TABLE OF CONTENTS (Page 2 of 2)</p>
--

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

## INSTRUCTIONS REV REQUIREMENT

UTILITY NAME: Kerr County Water Systems LLC

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>Kerr County Water Systems LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>I-1 REVENUE REQUIREMENT SUMMARY</b> PUC Docket No. _____ Test Year End: <b>DECEMBER 31, 2016</b>						
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	5,315	-	5,315	Schedule II-4
3	618	Other volume related expenses	-	-	-	Schedule II-5
4		Total volume related exp.	5,315	-	5,315	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor	-	-	-	Schedule II-6, Line 1
6	620	Materials	7,645	-	7,645	Schedule II-7
7	631-636	Contract work	29,827	-	29,827	Schedule II-8
8	650	Transportation expenses	-	-	-	Schedule II-9
9	664	Other plant maintenance	-	-	-	Schedule II-10
10		Total non-volume related exp.	37,472	-	37,472	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	-	-	-	Schedule II-12
16	676	Office services & rentals	-	-	-	Schedule II-13
17	677	Office supplies & expenses	2,488	-	2,488	Schedule II-14
18	678	Professional services	-	-	-	Schedule II-15
19	684	Insurance	8,990	-	8,990	Schedule II-16
20	666	Regulatory (rate case) expense	-	-	-	Schedule II-17
21	667	Regulatory expense (other)	-	-	-	Schedule II-18
22	675	Miscellaneous expenses	2,916	-	2,916	Schedule II-19
23		Total admin. & general expense	14,394	-	14,394	Add Lines 11-22
24		Total operating Expenses	57,181	-	57,181	Lines 4 + 10 + 23
25	403	Depreciation	5,896	-	5,896	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	-	-	-	Sch IV(b), Line 8
27	409/10	Income Tax Expense	24,690	-	24,690	Schedule V, Line 7
28		TOTAL EXPENSES	87,767	-	87,767	
29		TOTAL HISTORIC REVENUE	52,764			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(35,003)			Line 29 less Line 28
31		REQUESTED RETURN			3,518	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			91,285	Line 28 plus Line 31
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	38,521	Line 32 less Line 29
34		PERCENTAGE INCREASE			73%	Line 33 divided by Line 29
35		LESS: OTHER REVENUES			940	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	90,345	Line 32 minus Line 35

UTILITY NAME: <u>Kerr County Water Systems, LLC</u>				
SCHEDULES - CLASS B RATE/TARIFF CHANGE				
FOR TEST YEAR ENDED: <u>DECEMBER 31, 2016</u>				
<b>I-2 HISTORICAL REVENUE SUMMARY</b>				
Line No.	NARUC A/C	Description	Historical Test Year	
1.	461	Metered connections base rate revenue	26,925	From financial records
2.	461	Metered connection gallonage rate revenue	24,899	From financial records
3.	460	Unmetered (Flat rate) revenue	0	From financial records
4.	Total Metered & Flat Rate Revenue		51,824	Add lines 1-3
5.	Plus: Total Other Revenues		940	From II-3, Column B, line 7
6.	Total Historic Test Year Revenues per income statement and Annual Report		52,764	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>Kerr County Water Systems, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>I-3 METERED ACTIVE CONNECTIONS BY METER SIZE</b> FOR TEST YEAR ENDED: 2016							
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"	66	0	66	33	1.0	66
2.	3/4"	5	0	5	2.5	1.5	7.5
3.	1"	11	0	11	5.5	2.5	27.5
4.	1 1/2"	0	0	0	0	5.0	0
5.	2"	6	0	6	3	8.0	48
6.							
7.							
8.							
9.	Total	88	0	88	44		149
10	Average	22	0	22	11		37.25

UTILITY NAME: Kerr County Water systems, LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS**

FOR TEST YEAR ENDED: 2016

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	0	0	0	0
2.					
3.					
4.					
5.	Total	0	0	0	0

UTILITY NAME: Kerr County Water Systems LLC  
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: Kerr County Water Systems, LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION**

FOR TEST YEAR ENDED: DECEMBER 31, 2016

**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	10,125,430	0	10,125,430	PUC Annual Report
2	Total water purchased	0	0	0	PUC Annual Report
3	Total water produced	10,125,430	0	10125430	Line 1 + line 2
4	Total water sold	10,051,370	0	10051370	PUC Annual Report
5	Total accounted for non-revenue water*	0	0	0	
6	Total unaccounted for water	74,060	0	74060	Lines 3 less 4 less 5
7	Percentage	1%	0	1%	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 Test Year	B K & M Change	C=A+B Adjusted Test Year	D Reference
1	Water Purchased (1,000 gallons)	N/A		N/A	PUC report Sch. D-1
2	Water Pumped (1,000 gallons)	N/A		N/A	PUC report Sch. D-1
3	Total production (1,000 gallons)	N/A		N/A	Lines 13 + 14

UTILITY NAME: Kerr County Water systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-3 OTHER REVENUES & EXPENSES PASSED THROUGH**  
 FOR TEST YEAR ENDED: DECEMBER 31, 2016

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

Line No.	A	B	C	D	D
	Purchased from:	Units purchased (in 1000 gal ) (e.g. 1,000 gal, AC - FT)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
1.	NONE				
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*	0		-0-
2.	Late Fees	940		0
3.	Meter Test Fees	0		0
4.	Reconnect Fees	0		0
5.	Purchased Water Fees	0		0
6.	Groundwater Conservation District Fees	0		0
7.	Other (attach detail**)	0		0
8.	Total Other Revenues	940		940

(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>Kerr County Water Systems LLC</u> II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>PURCHASED POWER</b> FOR TEST YEAR ENDED <u>DECEMBER 31, 2016</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
2014	\$ 5,584.00
2015	\$ 4,715.00
Test Year 2016	\$ 5,315.00
K & M Change	\$ - (to I-1, Column E, Line 2)
Adjusted Test year	\$ 5,315.00 (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
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:

UTILITY NAME: Kerr County Water Systems, LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-5 OTHER RELATED VOLUME EXPENSES**FOR THE TEST YEAR ENDED: DECEMBER 31, 2015**This page is supplemental information. It is required to complete Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
3.	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>2014</u>	\$ <u>0.00</u>	
	<u>2015</u>	\$ <u>0.00</u>	
a. Test Year	<u>2016</u>	\$ <u>0.00</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b.)		\$ <u>-</u>	(to I-1, Column F, Line 3)

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

N/A

UTILITY NAME <u>Kerr County Water Systems, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-6 ALLOCATION OF PAYROLL EXPENSES</b> FOR THE ADJUSTED TEST YEAR <u>12/31/2016</u>
--

**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	No Employees	0	0	0	0				0
2									
3									
4									
5									
6									
7									
8									
9	Total	0	0	0					
10.	Percentage Capitalized			Line 9, column F divided by line 9, column E=					
									0

**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: Kerr County Water Systems, LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-7 MATERIALS**FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

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

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
6.	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:

	<u>Year</u>	<u>Amount</u>
	<u>2014</u>	\$ <u>2,286.00</u>
	<u>2015</u>	\$ <u>2,273.00</u>
a. Test Year	<u>2016</u>	\$ <u>7,645.00</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 6)
c. Adjusted Test year (a. + b.)		\$ <u>7,645.00</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: Kerr County Water Systems, Inc.  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-8 CONTRACT WORK**  
 FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

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

References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
7.	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.

	<u>Year</u>	<u>Amount</u>
		\$ <u>                    </u>
	<u>2014</u>	\$ <u>26,753.00</u>
	<u>2015</u>	\$ <u>30,209.00</u>
a. Test Year	<u>2016</u>	\$ <u>29,827.00</u>
b. K & M Change		\$ <u>0.00</u> (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)		\$ <u>29,827.00</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:

Owner & spouse of company do not draw a salary from company but pay self-employment tax through IRS Sched C. We perform all field duties and all billing, accounts receivables, accounts payable, record keeping and preparing and filing all state required reports.

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

Description	Amount	Date in service
None		

UTILITY NAME <u>Kerr County Water Systems, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-9 TRANSPORTATION</b> FOR THE TEST YEAR ENDED <u>DECEMBER 31, 2016</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>2014</u>	\$ <u>-</u>
<u>2015</u>	\$ <u>-</u>
a. Test Year <u>2016</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: Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-10 OTHER PLANT MAINTENANCE**

FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

**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>2014</u>	\$ <u>-</u>	
	<u>2015</u>	\$ <u>-</u>	
a. Test Year	<u>2016</u>	\$ <u>0</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 9)
c. Adjusted Test year (a. + b.)		\$ <u>-</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
None		

UTILITY NAME: Kerr County Water Systems, LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-11 EMPLOYEE PENSIONS AND BENEFITS**FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

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

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

**Employee pensions and benefits**

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

List types of Pensions & Benefits: NONE

<u>N/A</u>	\$ -	\$ -	\$ -	\$ -	\$ -
Year	Total Amount	Pensions	Health	Other	Amount Capitalized*

Cost per Employee: N/A

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

Number of Employees covered: NONECost per Employee: NONE

List types of Pensions &amp; Benefits:

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

Number of Employees covered: NONECost per Employee: NONE

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

UTILITY NAME Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-12 BAD DEBTS**

FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

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>
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.

	<u>Year</u>	<u>Amount</u>
	<u>2014</u>	\$ <u>-</u>
	<u>2015</u>	\$ <u>-</u>
a. Test Year	<u>2016</u>	\$ <u>-</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		\$ <u>-</u> (to I-1, Column F, Line 15)

Explanation and calculations of known and measurable change:

**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: Kerr County Water Systems, LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-13 OFFICE SERVICES AND RENTALS**FOR THE TEST YEAR ENDED: DECEMBER 31, 2016**This page is supplemental information. It is required to complete Schedule I-1.****References below refer to Schedule I-1.**

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
16.	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:

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>-</u>	
	<u>2015</u>	\$ <u>-</u>	
a. Test Year	<u>2016</u>	\$ <u>-</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 16)
c. Adjusted Test year (a. + b.)		\$ <u>-</u>	(to I-1, Column F, Line 16)

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

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

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

Description	Amount	Date in service
None		

UTILITY NAME: SUPERIOR MANAGEMENT  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-14 OFFICE SUPPLIES**

FOR THE TEST YEAR ENDED: DECEMBER 31, 2015

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

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
17.	681	Office supplies & expenses

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

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

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>2,622.00</u>	
	<u>2015</u>	\$ <u>4,085.00</u>	
a. Test Year	<u>2016</u>	\$ <u>2,488.00</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		\$ <u>2,488.00</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
None		



UTILITY NAME: Kerr County Water Systems, LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-15 PROFESSIONAL SERVICES**FOR THE TEST YEAR ENDED: DECEMBER 31,2016

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>
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:

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>-</u>	
	<u>2015</u>	\$ <u>-</u>	
a. Test Year	<u>2016</u>	\$ <u>-</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 18)
c. Adjusted Test year (a. + b.)		\$ <u>0.00</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
Legal	\$ 877.00	2015
Accounting	\$ 3,707.00	2015

UTILITY NAME: Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-16 INSURANCE**

FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

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

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
19.	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:

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>2,873.00</u>	
	<u>2015</u>	\$ <u>3,855.00</u>	
a. Test Year	<u>2016</u>	\$ <u>8,990.00</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 19)
c. Adjusted Test year (a. + b.)		\$ <u>8,990.00</u>	(to I-1, Column F, Line 19)

**Types of insurance:**

<u>2016</u> Year	\$ <u>1,729.00</u> Total amount	<u>03/13/16-03/13/17</u> Period Covered	<u>General Liability</u> Type	<u>Garret Insurance Company</u> Company
<u>2016</u> Year	\$ <u>2,690.00</u> Total amount	<u>03/13/16-03/13/17</u> Period Covered	<u>Equipment</u> Type	<u>Garret Insurance Company</u> Company
<u>2016</u> Year	\$ <u>6,300.00</u> Total amount	<u>03/13/16-03/13/17</u> Period Covered	<u>Health</u> Type	<u>Garret Insurance Company</u> Company

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

UTILITY NAME Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-17 REGULATORY EXPENSE**  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2016

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>
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:

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>0.00</u>	
	<u>2015</u>	\$ <u>0.00</u>	
a. Test Year	<u>2016</u>	\$ <u>0.00</u>	
b. K & M Change		\$ <u>0.00</u>	(to I-1, Column E, Line 20 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>0.00</u>	(to I-1, Column F, Line 20 - see instructions above)

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

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

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

Description	Amount	Date in service
None		

UTILITY NAME: Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE

**II-18 REGULATORY EXPENSE**

FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

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

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
21.	667	Regulatory commission expense

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

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

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>-</u>	
	<u>2015</u>	\$ <u>-</u>	
a. Test Year	<u>2016</u>	\$ <u>-</u>	
b. K & M Change		\$ <u>0.00</u>	(to I-1, Column E, Line 21 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>0.00</u>	(to I-1, Column F, Line 21 - see instructions above)

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

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

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

Description	Amount	Date in service

UTILITY NAME: <u>Kerr County Water Systems, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-19 MISCELLANEOUS EXPENSE</b> FOR THE TEST YEAR ENDED: <u>DECEMBER 31, 2016</u>
--

**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>
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>2014</u>	\$ <u>1,241.00</u>
	<u>2015</u>	\$ <u>1,078.00</u>
a. Test Year	<u>2016</u>	\$ <u>2,916.00</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>2,916.00</u> (to I-1, Column F, Line 22 - see instructions above)

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

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

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

Description	Amount	Date in service

## SECTION III RATE BASE INSTRUCT

UTILITY NAME: Kerr County Water Systems LLC

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>Kerr County Water Systems LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-1 REQUESTED RETURN</b> FOR THE TEST YEAR ENDED <u>DECEMBER 31, 2016</u>
--

**RETURN ON RATE BASE:**

Line No	Description	Amount
1	Test year end rate base (from III-2, Line 16)	30,377
2	Requested ROR ( Col G, Line 7 below)	0.12
3	Return on rate base (Line 1 x Line 2)	3,518

**Baa Bond 2/17      Risk Premium****4.58                      7****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 D)
4	Equity (Rate base less Line 5, Column D)	30,377.17	1	11.58	Col E = Requested return on equity	11.58
5	Long Term Debt and Advances from associated companies from Schedule III-6	0	0%	0%	Col E = From Sch III-6, Column H, Line 9	0
6	Total capitalization (Rate Base Sch III-2, Line 16)	30,377.17				
7	Return on rate base Col G, Line 6 rounded to nearest 0.01%				Line 4 + Line 5	11.5800%

**BAA = 4.58 (02/17)**

To Line 2 above

\* ROE = Return on Equity

UTILITY NAME: Kerr County Water Systems LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE

**III-2 RATE BASE SUMMARY**

FOR THE TEST YEAR ENDED: 12/31/16

Line No.	Description	Amount	Reference
1	<b>Additions:</b>		(From)
2.	Utility plant (Original Cost)	38,815.00	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)	7147.625	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)	45,962.63	
	<b>Deductions:</b>		
9.	Reserve for depreciation (Accumulated)	15,585.46	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)	15,585.46	
16.	RATE BASE (Line 8, less Line 15)	30,377.17	



UTILITY NAME <u>Kerr County Water Systems LLC</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]	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	1/1/2008	1				0					-
2	307 Wells		50									-
	<b>Well Pumps:</b>											
3	311 Greater than 5 hp	9/26/2011	5	10,171.00	-	10,171.00	6			1,017.10	6,102.60	4,068.40
4	311 Greater than 5 hp	8/12/2010	10	4,000.00	-	4,000.00	7			400.00	2,800.00	1,200.00
	<b>Booster Pumps:</b>											
5	311 5 hp or less											
6	311 Greater than 5 hp	4/4/2013	5	1,594.00		1,594.00	4			318.80	1,275.20	318.80
7	320 Chlorinators	10/18/2013	10	1,318.00		1,318.00	4			263.60	1,054.40	263.60
	<b>Structures:</b>											
8	304 Wood		15									-
9	305 Storage	3/31/2008	30	2,659.00		2,659.00	9			88.63	797.70	1,861.30
10	305 Storage Tanks	5/31/2012	50	4,000.00		4,000.00	5			80.00	400.00	3,600.00
11	311 Pressure Tanks	12/31/2015	50	12,414.00		12,414.00	2			248.28	496.56	11,917.44
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	311 Water Pump	1/1/2009	5	2,659.00		2,659.00	5			531.80	2,659.00	-
16	343 Shop Tools		15									-
17	345 Heavy Equipment		10									-
18	348 Fencing		20									-
	<b>Other: (Please list)</b>											
19	331 Distribution Mains & Lines		50							2,948.11		
20	331 Distribution Mains & Lines		50							5,896.32		
50	Total			38,815.00							15,585.46	23,229.54

To Sch III-2, line 2  
To Sch I-1, line 25  
To Sch III-2, line 9

Add detailed worksheets if necessary to support this Schedule

\* 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: <u>Kerr County Water Systems, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE</b> FOR TEST YEAR ENDED: <u>DECEMBER 31, 2016</u>
---

## 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	NONE
2.	Plant additions after previous rate case		
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.	Total additions (add lines 3 through 10, Col C)		\$
12.	Test year plant retirements after previous rate case:		
13.	N/A	\$	
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	

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

UTILITY NAME: Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS,  
 MATERIALS AND SUPPLIES INVENTORY & PREPAYMENTS**  
 FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

\*\*\*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	<b>NONE</b>
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: Kerr County Water Systems, LLC  
 SCHEDULES FOR CLASS B RATE/TARIFF CHANGE  
**III-5 WORKING CASH ALLOWANCE CALCULATIONS**  
 FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

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			57181	
2	Working Cash (Line 3 / Line 5)			7147 625	
3	Divisor	12	12	8	8

From Sch I-1, line 25

To Sch III-2, line 5

UTILITY NAME: Kerr County Water Systems LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

**III-6 LONG TERM DEBT/NOTES PAYABLE – WATER AND SEWER**FOR THE YEAR ENDED: **DECEMBER 31, 2016**

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	None						
3							
4							
5							
6							
7							
8							
9	Total	N/A	N/A	N/A	N/A	N/A	0

To Sch III-1,  
Column G,  
Line 5

List short term debt, if any

N/A

UTILITY NAME: <u>Kerr County Water Systems, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE</b> FOR THE TEST YEAR ENDED: <u>DECEMBER 31, 2016</u>
--

## ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. _____)	NONE
2	Ending balance per Sch III-3, Column F, Line 50	15,585.46
	Describe accounting adjustments made between the prior rate case and the current rate case:	

Must match previous rate case

UTILITY NAME: Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-8 ADVANCES FOR CONSTRUCTION AND**  
**CONTRIBUTIONS IN AID OF CONSTRUCTION**  
 FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

## 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.	NONE						
2.							
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.	N/A						
2.							
3.							
4.							
5.							
6.	Total		N/A				N/A

\*Customer CIAC is entered directly on III-3

UTILITY NAME: <u>Kerr County Water Systems, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-9 DEFERRED INCOME TAXES AND</b> <b>DEFERRED INVESTMENT TAX CREDITS</b> FOR THE TEST YEAR ENDED: <u>DECEMBER 31, 2016</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: Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-10 OTHER DEFERRED ASSETS**  
 FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

III-10(a) : Other Deferred Assets

Line No.	Description	Test Year Amount
1.	<b>NONE</b>	N/A
2.		
3.		

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

Line No.	Description	Test Year Amount	Total Accum Amort End of test year
1.	<b>NONE</b>	N/A	
2.			
3.			

## SECTION IV OTHER TAX INSTRUCT

UTILITY NAME: Kerr County Water Systems, LLC

### 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: Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**IV(a) ESTIMATE OF TAXES OTHER THAN INCOME**  
 FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

**PROPERTY TAXES:**

A	B	C	D	E
Line No	Description	Amount	Amount	Reference
1	Property taxes paid in in test year		5,269	per property tax bills
2	Utility plant added in test year	-		Schedule III-3(a), Line 11
3	Utility plant retirements in test year	-		Schedule III-3(a), Line 21
4	Net additions			Line 2 minus line 3
5	Net Property tax rate			Line 1 / beginning of test year gross plant balance from III-3 (a), Col D, Line 1
6	Test year property tax on additions		-	Line 4 times Line 5
7	Adjusted Test year property tax expense		5,269	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	N/A
10	Medicare	wages to _____	%		Column H Line 9	N/A
11	Added Medicare (Affordable Care Act)	wages to _____	%			N/A
12	Federal unemployment	wages to _____	%		Column D Line 9	N/A
13	State unemployment	wages to _____	%		Column D+E Line 9	N/A
14	Total (add Lines 11 through 14)					N/A
15	Less Capitalized	Use % on Sch II-6(a), line 10	%			N/A
16	Test year Payroll Tax Expense	Line 13 less 14				N/A
17	Known and measurable change				(Line 13 minus Line 14)	N/A

**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)			
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			

UTILITY NAME: <u>Kerr County Water Systems, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>IV(b) REVENUE RELATED TAXES AND EXPENSES</b> FOR THE TEST YEAR ENDED: <u>DECEMBER 31, 2016</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	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)					
3	Gross up factor (1.0 divided by (1.0 minus Line (example below))					
4	Change in revenue requirement (Sch I-1, line 33)					
5	Adjusted revenue requirement (Line 3 x Line 4)					
6	Adjusted expense (Line 3 times Line 4)					

## 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: Kerr County Water Systems, LLC  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE**  
 FOR THE TEST YEAR ENDED: DECEMBER 31, 2016

A	B	C	D
Line		Amount	Reference
1	Requested Return	3,518	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	-	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	3,518	Line 1 minus Line 2
4	Income taxes at proposed rates	3,079	Line 17 below
5	Effective tax rate	0.88	Line 4 divided by Line 3
6	Total gross up factor	8.02	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	24,690	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%	3,079
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	3,079

UTILITY NAME: <u>Kerr County Water Systems, LLC</u> VI RATE DESIGN INSTRUCTIONS SCHEDULES - CLASS B RATE/TARIFF CHANGE
--

Section VI is used for rate design.

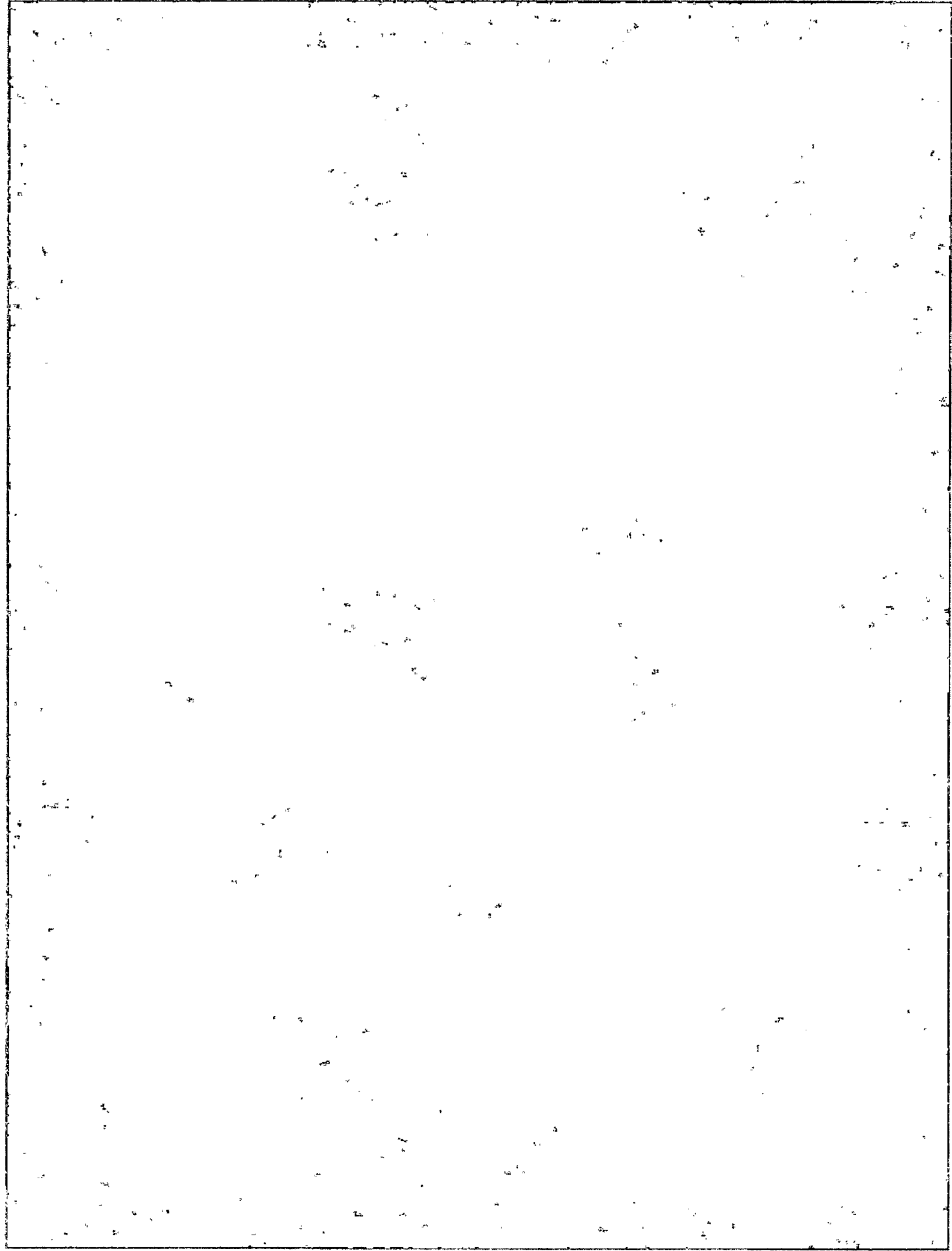
**Instructions for Section VI:**

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: <u>Kerr County Water Systems, LLC</u>					
SCHEDULES - CLASS B RATE/TARIFF CHANGE					
Schedule VI-1 RATE DESIGN					
FOR THE TEST YEAR ENDED: DECEMBER 31, 2016					
Line	A		B		C
No.			Reference		
	DETERMINATION OF FIXED COSTS				
1.	Gross revenues to be recovered:		Sch I-1, Line 36		90,345.05
	Less variable costs:				
2.	Purchased water - Account 610		Sch I-1, Col. F, line 1		0
3.	Purchased power - Account 615		Sch I-1, Col. F, line 2		5315
4.	Other volume related - Account 618		Sch I-1, Col. F, line 3		0
5.	Other volume related or allocated (attach schedule)				
6.					
7.					
8.					
9.			TOTAL		5,315
10.	FIXED COSTS (Line 1 minus Lines 2-9)				85,030.05
11.	% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE				0.71%
12.	TO BE RECOVERED THROUGH BASE SERVICE CHARGE				59,946.18
	RECAP:				
13.	RECOVERED THROUGH BASE SERVICE CHARGE		Line 10		59,946.18
14.	RECOVERED THROUGH VOLUMETRIC RATE		Line 1 - Line 10		30,398.86
	TOTAL		Equals Line 1		90,345.05
	TO BE RECOVERED THROUGH BASE SERVICE CHARGE				
15.	TOTAL METER EQUIVALENTS		Sch I-3, Col H, line 9		149
16.	CHARGE PER 5/8" X 3/4" METER		Line 13 / Line 15/ 12		33.53
	TO BE RECOVERED THROUGH VOLUMETRIC RATE				
17.	TOTAL WATER SALES IN 1,000 GALS		Sch II-1(a), Col C, line 4		10051
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)		Line 14 / Line 17		3.02
	PROPOSED RATES:				
19.	FOR ALL WATER DELIVERED PER 1,000 gallons		Line 18 or attach calc		3.02
	BASE SERVICE CHARGE (PER 5/8" X 3/4")				
	Meter size	Line 16	Equivalency	Base Rate/size	
20.	5/8 X 3/4"	33.53	X 1.0 =	66	33.53
21.	3/4"	33.53	X 1.5 =	5	50.29
22.	1"	33.53	X 2.5 =	11	83.82
23.	1 1/2"	33.53	X 5.0 =	0	167.63
24.	2"	33.53	X 8.0 =	6	268.22
25.	3"	33.53	X 15.0 =	0	502.90
26.	4"	33.53	X 25.0 =	0	838.17

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.





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

# AFFIDAVIT

STATE OF TEXAS

COUNTY OF

Kerr

I, Suprina Espallargas being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as Manager

(indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by

Mail

(method of delivery)

to each customer or other affected party on or about

July 1

, 20

17

[Signature]  
AFFIANT  
(Utility's Authorized Representative)

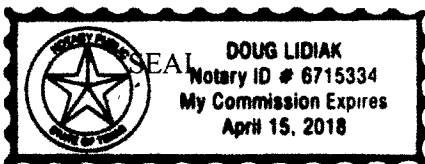
Kerr County Water Systems, LLC

NAME OF UTILITY

If the Affiant to this form is any person 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 TO BEFORE ME,

this the 21<sup>st</sup> day of June, 20 17, to certify which witness my hand and seal of office.



[Signature]  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

Doug Lidiak  
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

April 15, 2018

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

Kerr County Water Systems, LLC

13166

Company Name

CCN Number(s)

has filed a rate change application with the Public Utility Commission of Texas (Commission or PUC). The application may be reviewed online at [interchange.puc.texas.gov](http://interchange.puc.texas.gov). You may also inspect a copy of the rate change application at your utility's office at the address below or at the Commission's office (1701 N. Congress Ave, Austin, TX 78701). The proposed rates will apply to service received after the effective date provided below, unless modified or suspended by the Commission. If the Commission receives a sufficient number of protests, separately or in a combined protest letter, from at least <sup>8</sup> [number of] ratepayers (10 percent of the utility's customers over whose rates the Commission has original jurisdiction) or from any affected municipality before the 91st day after the proposed effective date, the matter will be set for hearing. **See Protest Form on the next page for instructions on how to protest.**

**EFFECTIVE DATE OF PROPOSED INCREASE:**

8/1/2017

(must be at least 35 days after notice is provided to customers and 35 days after application is filed)

(Proposed rates requested by the utility are not final. The Commission may modify the rates and order a refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest.)

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

To cover the twelve years of increase in cost directly related to the normal and usual cost of operating the water utility. The proposed increase will allow the water utility to continue to provide uninterrupted water service.

**BILLING COMPARISON****Water**

Existing	5,000 gallons:	\$ 27.75 /mo	Proposed	5,000 gallons:	\$ 48.63 /mo
Existing	10,000 gallons:	\$ 42.75 /mo	Proposed	10,000 gallons:	\$ 63.72 /mo
Existing	30,000 gallons:	\$ 102.75 /mo	Proposed	30,000 gallons:	\$ 124.13 /mo

**Sewer**

Existing	5,000 gallons:	\$ 0.00 /mo	Proposed	5,000 gallons:	\$ 0.00 /mo
Existing	10,000 gallons:	\$ 0.00 /mo	Proposed	10,000 gallons:	\$ 0.00 /mo

Bumblebee Hills, (PWS ID# 1330092)

Subdivision(s) or System(s) Affected by Rate Change

P.O. Box 555

Hunt

Texas

78025

Company Address

City

State

Zip

(830) 238-3619

Company Phone Number

38,606.00

Annual Revenue Increase

6/26/2017

Date Notice Delivered

2/15/2005

Date of Last Rate Change

End of Month

Date Meters Typically Read

\* 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.** 47161

**RATEPAYER PROTEST**

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

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

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

**CUSTOMER INFORMATION** (to be completed by customers submitting protests)

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

Address, City, State: \_\_\_\_\_

Location where service is received: \_\_\_\_\_

(if different from the mailing address)

Please fill out the following:

**I wish to PROTEST the following proposed rate action/s:**

☐ Water Rate Change ☐ Sewer Rate Change ☐ Both Water and Sewer Rate Change

☐ Other (please specify below)

\_\_\_\_\_  
Signature of Protestant:

\_\_\_\_\_  
Date:

**Si desea informacion en Espanol, puede llamar al  
1-888-782-8477**

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

## NOTICE OF PROPOSED RATE CHANGE –WATER

CURRENT RATES			PROPOSED RATES		
Monthly base rate including 3,000 gallons			Monthly base rate including 3,000 gallons		
Meter Size:			Meter Size:		
<b>RESIDENTIAL</b>			<b>RESIDENTIAL</b>		
5/8" or 3/4"	\$	21.75	5/8" or 3/4"	\$	33.53
1"	\$	45.38	1"	\$	83.82
1 1/2"	\$	84.75	1 1/2"	\$	167.63
2"	\$	132.00	2"	\$	268.22
3"	\$	242.25	3"	\$	502.90
Other:	\$		Other:	\$	
GALLONAGE CHARGE:			GALLONAGE CHARGE:		
TIER	VOLUME	CHARGE per 1000 gals.	TIER	VOLUME	CHARGE per 1000 gals.
Tier 1	4,000 to 100,000 gals.	\$ 3.00 /1000 gals.	Tier 1	4,000 to 100,000 gals.	\$ 3.02 /1000 gals.
Tier 2	to gals.	\$ /1000 gals.	Tier 2	to gals.	\$ /1000 gals.
Tier 3	to gals.	\$ /1000 gals.	Tier 3	to gals.	\$ /1000 gals.
Tier 4	to gals.	\$ /1000 gals.	Tier 4	to gals.	\$ /1000 gals.
Tier 5	to gals.	\$ /1000 gals.	Tier 5	to gals.	\$ /1000 gals.
MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	500.00	Tap Fee	\$	500.00
Reconnect fee:			Reconnect fee:		
Non-payment	\$	25.00	Non-payment	\$	25.00
			(Maximum - \$25.00)	\$	25.00
Customer's Request	\$	25.00	Customer's Request	\$	25.00
Transfer Fee	\$	25.00	Transfer Fee	\$	25.00
Late Charge	\$	5.00	Late charge: (Indicate either \$5.00 or 10%)	\$	5.00
Returned Check Charge	\$	25.00	Returned Check Charge	\$	25.00
Deposit	\$	50.00	Deposit	\$	50.00
			(Maximum \$50.00)	\$	50.00
Meter test fee	\$	25.00	Meter test fee	\$	25.00
			(Maximum - \$25.00)	\$	25.00

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

**If applicable, list any bill payment assistance programs to low income Ratepayers.**

--

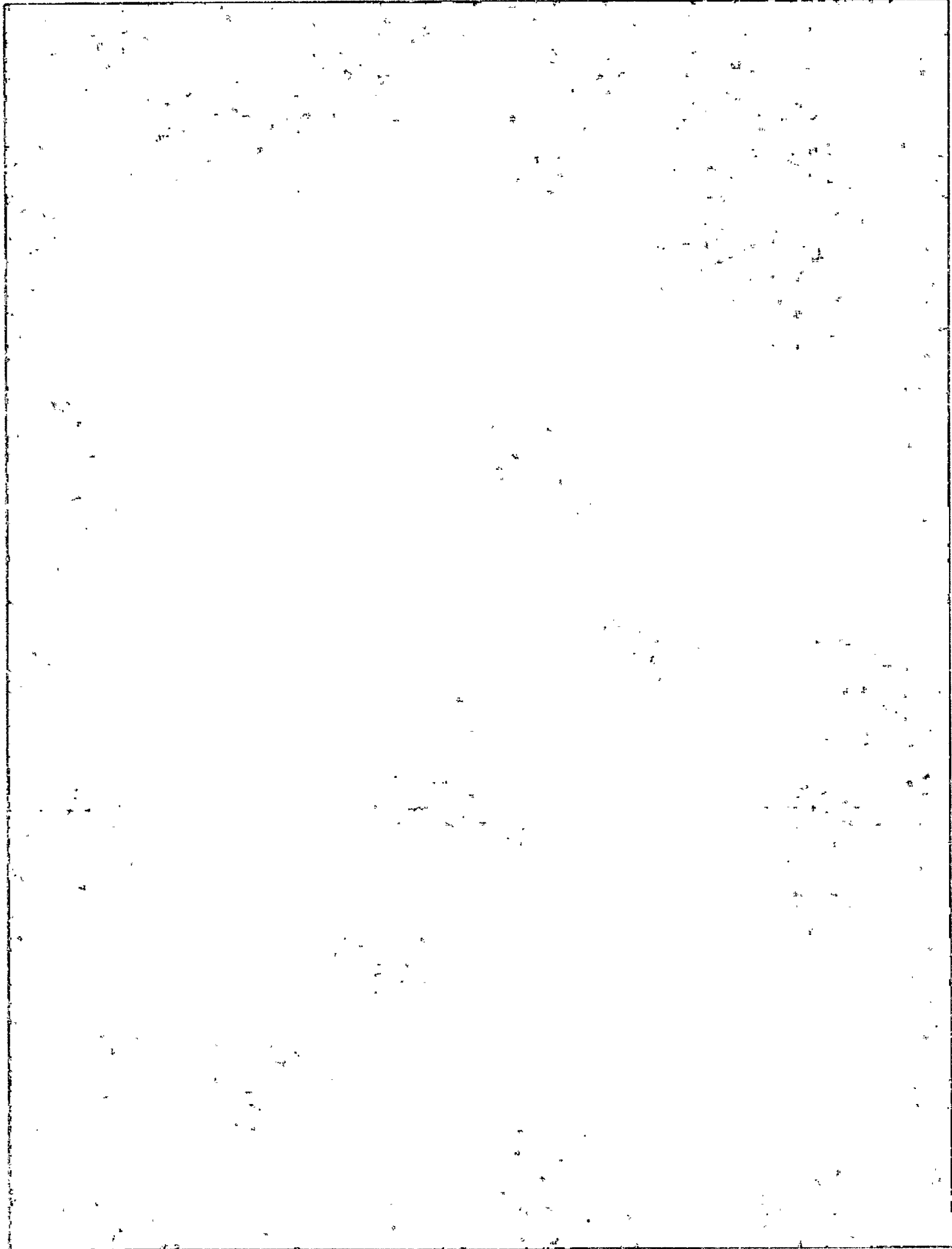
## NOTICE OF PROPOSED RATE CHANGE –SEWER

<b>CURRENT RATES</b>	<b>PROPOSED RATES</b>
Monthly base rate including _____ gallons Meter Size: <b>RESIDENTIAL</b>	Monthly base rate including _____ gallons Meter Size: <b>RESIDENTIAL</b>
5/8" or 3/4" \$ _____	5/8" or 3/4" \$ _____
1" \$ _____	1" \$ _____
1 1/2" \$ _____	1 1/2" \$ _____
2" \$ _____	2" \$ _____
3" \$ _____	3" \$ _____
Other: \$ _____	Other: \$ _____
<b>GALLONAGE OR FIXED CHARGE:</b>	
\$ _____ <input type="checkbox"/> per month; OR <input type="checkbox"/> for each additional 1,000 gallons over the minimum. Gallage charges are determined based on average consumption for winter period which includes the following months: _____	\$ _____ <input type="checkbox"/> per month; OR <input type="checkbox"/> for each additional 1,000 gallons over the minimum. Gallage charges are determined based on average consumption for winter period which includes the following months: _____
<b>MISCELLANEOUS FEES</b>	
Tap Fee \$ _____	Tap Fee \$ _____
Reconnect fee: Non-payment \$ _____	Reconnect fee: Non-payment (Maximum - \$25.00) \$ _____
Customer's Request \$ _____	Customer's Request \$ _____
Transfer Fee \$ _____	Transfer Fee \$ _____
Late Charge \$ _____	Late charge: (Indicate either \$5.00 or 10%) \$ _____
Returned Check Charge \$ _____	Returned Check Charge \$ _____
Deposit \$ _____	Deposit (Maximum \$50.00) \$ _____
Meter test fee \$ _____	Meter test fee (Maximum - \$25.00) \$ _____

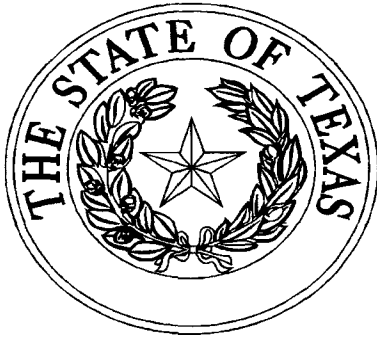
Regulatory Assessment of 1% is added to base rate and gallage charges. Additional fees and meter sizes may be shown on a separate page.

**If applicable, list any bill payment assistance programs to low income Ratepayers.**

NA - SEWER SERVICE IS NOT PROVIDED







**CLASS "C" WATER COMPANY  
PUC ANNUAL REPORT  
OF**

CCN Number

13166

Official Company Name:

Kerr County Water Systems, LLC

D/B/A Name(s)

Bumble Bee Hills Water Systems

**TO THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS**

*For the Year Ended* \_\_\_\_\_

*2016*

**GENERAL INSTRUCTIONS - Class C Utilities Only**

1. This annual report (earnings report) is required by 16 TAC §24.73 and is used to monitor utility earnings and compile annual financial information to monitor financial conditions of Texas investor owned utilities. Each utility shall submit its report to the Commission in the form and manner prescribed herein. The reported information should reflect the 12-month period ending December 31. The report shall be filed not later than June 1 of the following year. Only one report needs to be completed for each Certificate of Convenience and Necessity (CCN) Number regardless of the number of Public Water Systems and/or number of Sewer Systems affiliated with each CCN. However, if you have multiple water CCNs or multiple sewer CCNs, a separate report must be submitted for each CCN, along with a summary report for all Texas water and sewer operations for affiliated entities. The summary should be submitted along with all the affiliated reports. If the utility possesses a water and sewer CCN (not multiples), then the utility may combine the water and sewer operations into one report, although water and sewer operations must be separately reported within that report.
2. Four copies of this report shall be prepared by each utility. Three copies should be mailed or delivered to the Filing Clerk of Central Records at the Commission's offices in Austin, TX by June 1 of the year following the calendar year. The other copy should be retained by the utility for reference. All water and sewer utilities are required by statute to complete and file this annual report. Note, if a utility has a water and sewer CCN and provides both water and sewer service, the utility shall file one annual report which contains information for both the water and sewer utility service.  
Each sheet of the Excel file is pre-formatted to calculate certain items based on company specific inputs. Any supporting documents or workpapers filed in PDF format should be searchable. For specific instructions regarding the electronic filing of the report, please visit the Commission's website at: <http://www.puc.state.tx.us/industry/filings/FilingProceed.aspx>, and 16 TAC §22.72(g).  
If the utility cannot complete the electronic forms, it may submit a hard copy rather than a Microsoft Excel spreadsheet.
3. Pencil entries will not be permitted on hard copy.
4. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable NARUC Uniform System of Accounts prescribed by this Commission, as set forth in 16 TAC §24.72 with detailed sub accounts listed in the form. The Texas Water Code defines Class B utility as a public utility providing retail water or sewer utility service to at least 500 but less than 10,000 taps or connections. Class B utilities must use the NARUC system of accounts for NARUC Class B utilities.
5. Standard accounting procedures shall apply in determining the nature of any entry (e.g. entries of a reverse or contrary character shall be indicated by a parentheses around the number).
6. The report shall be filed consisting of data relative to a calendar year basis (December 31 year end).
7. If this report is made for a period less than the calendar year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where the period covered is shown. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes). Provide a full explanation.
8. All instructions shall be followed and each question shall be answered fully and accurately. Sufficient answers shall appear to show that no question or schedule has been overlooked. The expression "none" or "not applicable" shall be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. Where information called for herein is not given, state fully the reason for its omission.

(Company Name)

## **GENERAL INSTRUCTIONS**

**(Continued)**

9. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year or an appropriate explanation given why different figures were used.
10. If an audit is performed on the books and records of the utility by a certified public accountant, please submit a copy with this form. If the utility is a member of a controlled group, both parent and subsidiary's annual report should be submitted.
11. Throughout this report money items will be rounded off to the nearest dollar.
12. In the space provided at the top of each page insert the name of the utility and the year to which this report relates.
13. IF YOU ARE UNDER COMMON CONTROL with other water or sewer utilities operating in Texas, you must file a consolidated income statement and balance sheet including all entities under common control in Texas. These statements should be in addition to the attached schedules for the reporting utility.
14. Unless otherwise indicated, the information required in this report shall be taken from the reporting entity's financial statements, accounts and other records. Any deviation from records must be explained.

### **EXCERPT FROM TEXAS WATER CODE**

#### **CHAPTER 13.136(b)**

(b) The utility commission by rule shall require each utility to annually file a service, financial, and normalized earnings report in a form and at times specified by utility commission rule. The report must include information sufficient to enable the utility commission to properly monitor utilities in this state. The utility commission shall make available to the public information in the report the utility does not file as confidential.

# Annual Report for Class C Water and/or Sewer Utilities

PUBLIC UTILITY COMMISSION OF TEXAS  
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326  
pursuant to TWC § 13.136

## I. NAME OF UTILITY, OFFICE MAILING ADDRESS AND AREA SERVED

1 Utility Name: Kerr County Water Systems, LLC

List all assumed name(s) or d/b/a names: Bumble Bee Hills Water Systems

2 Certificate of Convenience and Necessity No. ??????? Calendar Year Ending 2016

3 Street Address: P.O. Box 555

4 City or Town: Hunt CCN No.: 13166

5 Email Address suprina@stablewoodsprings.com or bbhwater@gmail.com

6 County: Kerr Zip Code: 78025

7 TCEQ PWS Number(s) 1330092

8 Water Quality Discharge Permit Number(s) \_\_\_\_\_

## II. TYPE OF ORGANIZATION AND PRINCIPAL OFFICERS

9 Type of Ownership:  
Corporation: \_\_\_\_\_ Partnership: \_\_\_\_\_ Individual: \_\_\_\_\_ Other: LLC

10 If a corporation, list names and titles of the officers. If an individual or partnership, list the name of the individual or each partner and provide the title for each. For partnerships, please provide the percentage of ownership for each partner.  
\_\_\_\_\_  
\_\_\_\_\_

11 If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.  
\_\_\_\_\_

12 Date the utility was formed or incorporated: \_\_\_\_\_

13 Is the utility under common ownership or control by another corporation? Y N If yes, by whom? No

## III. PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

14 Name and Title: Suprina Espallargas, Manager

15 Address: P.O. Box 555

16 City: Hunt, TX 78025

17 Telephone Number with Area Code: 830-238-3619

18 Cell Phone Number with Area Code: 830-739-1019

19 Fax Number with Area Code: \_\_\_\_\_

20 e-mail address: suprina@stablewoodsprings.com

21 If not an officer, owner or employee, give name of firm employed by: \_\_\_\_\_

# 1. Balance Sheet

Name of Utility:

Line #	ASSETS	End of Year 12/31/2016	End of Prior Year 12/31/2015
	<u>UTILITY PLANT</u>		
1	101 Utility Plant in Service	\$ 332,155	\$ 332,155
2	TOTAL UTILITY PLANT	\$ 332,155	\$ 332,155
3	108 Less: Accumulated Amortization	\$ -	\$ -
4	110 Less: Accumulated Depreciation	\$ (89,734)	\$ (89,734)
5	NET UTILITY PLANT	\$ 242,421	\$ 242,421
6	<u>CURRENT ASSETS</u>	xxxx	xxxx
7	131-135 Cash	\$ 133,918	\$ 77,524
8	141-143 Accounts Receivable	\$ 4,386	\$ 3,893
9	151 Plant Materials and Supplies (not previously expensed)	\$ -	\$ -
10	171-174 Other Current Assets	\$ -	\$ -
11	TOTAL CURRENT ASSETS	\$ 138,303	\$ 81,418
12	<u>TOTAL ASSETS*</u>	\$ 380,724	\$ 323,838
	<u>LIABILITIES &amp; EQUITY</u>		
	<u>EQUITY</u>		
13	201 Common Stock	\$ -	\$ -
14	211 Other paid in capital	\$ -	\$ -
15	215 Retained Earnings	\$ 315,838	\$ 277,500
16	218 Proprietary Capital	\$ 56,886	\$ 38,338
17	TOTAL STOCKHOLDERS' EQUITY	\$ 372,724	\$ 315,838
	<u>LONG-TERM DEBT</u>	xxxx	xxxx
18	224 Long-term debt (more than 1 year)		
	<u>CURRENT LIABILITIES (less than 1 year)</u>	xxxx	xxxx
19	231 Accounts Payable	\$ 8,000	\$ 8,000
20	232 Notes Payable		
21	241.0 Other Current Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 8,000	\$ 8,000
	<u>OTHER LIABILITIES and DEFERRED CREDITS</u>	xxxx	xxxx
22	253 Other Deferred Credits		
23	271-272 Net Contributions in Aid of Construction		
24	TOTAL OTHER LIABILITIES and DEFERRED CREDITS		
25	<u>TOTAL LIABILITIES &amp; EQUITY*</u>	\$ 380,724	\$ 323,838

Add NARUC accounts as needed, and if not shown above.

## 2. Statements of Income

Name of Utility:

Line #

Report Calendar Year 2016

Water Report Year	Sewer Report Year	Total Report Year
A	B	C=A+B
\$ 51,824	\$ -	\$ 51,824

1	<b>Total Revenue:</b>			
	<b>Operating Expenses:</b>			
2	601 O & M Salaried Labor	\$ 12,000	\$ -	\$ 12,000
3	604 Employee Benefits	\$ -	\$ -	\$ -
4	631, 635, 636 O & M Contract labor	\$ 7,520	\$ -	\$ 7,520
5	620 Operating/Maint Supplies	\$ 7,645	\$ -	\$ 7,645
6	610 Purchased Water	\$ -	\$ -	\$ -
7	615 Purchased Power	\$ 5,315	\$ -	\$ 5,315
8	635 Testing Expense	\$ 1,644	\$ -	\$ 1,644
9	618 Chemicals	\$ 1,272	\$ -	\$ 1,272
10	656-659 Insurance	\$ 8,990	\$ -	\$ 8,990
11	601 General Office Salaries	\$ -	\$ -	\$ -
12	675 General Office Expenses	\$ 2,488	\$ -	\$ 2,488
13	632 Contract Accounting	\$ 3,707	\$ -	\$ 3,707
14	633 Legal	\$ 877	\$ -	\$ 877
15	634 Management	\$ 6,000	\$ -	\$ 6,000
16	666 Amortization- Rate Case Expense	\$ -	\$ -	\$ -
17	403 Depreciation Expense	\$ -	\$ -	\$ -
18	667-675 Other Misc. Expenses	\$ -	\$ -	\$ -
	<b>Taxes:</b>	xxxx	xxxx	xxxx
19	409 Federal Income Taxes			
20	409.0 State Franchise Taxes/Reg Assess.	\$ -	\$ -	\$ -
21	408 All Other Taxes	\$ 5,269	\$ -	\$ 5,269
22	<b>Total Expenses</b>	\$ 62,727	\$ -	\$ 62,727
23	<b>Net Operating Income</b>	\$ (10,903)	\$ -	\$ (10,903)
24	421, 433 Non-Operating Income	\$ 67,789	\$ -	\$ 67,789
	<b>Non-Operating Deductions:</b>			
25	426 Other	\$ -	\$ -	\$ -
26	427 Interest	\$ -	\$ -	\$ -
27	<b>Net Income</b>	\$ 56,886	\$ -	\$ 56,886

### 3. Water Plant-in-Service - changes since the last Annual Report

Name of Utility:

Date Plant Installed/Retired mm/yyyy	Plant Additions		Plant Retirements		Plant Adjustments	Total Change - the Last Annual Report
	List Major Items by Class	Amounts	List Major Items by Class	Amounts		
3/31/2008	Purchased Water System	\$ 300,000				\$300,000
3/31/2008	900 gallon holding tank	\$ 2,659				\$2,659
9/30/2011	30hp Submersible Pump	\$ 10,171				\$10,171
4/30/2013	Booster Pump	\$ 2,912				\$2,912
5/31/2012	1200 gallon Pressure Tank	\$ 4,000				\$4,000
12/31/2015	1200 gallon Pressure Tank	\$ 12,414				\$12,414
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
TOTALS		\$332,155		\$0	\$0	\$332,155

Name of Utility:**4. Other Operating Information**

<u>Connection information</u>		End of Year 12/31/2016	End of Prior Year mm/dd/yyyy	<u>Connection information</u>		End of Year mm/dd/yyyy	End of Prior Year
<b>WATER:</b>				<b>SEWER:</b>			
1 Number of active water connections				Number of active sewer connections		N/A	
5/8" or 3/4"		66		Residential		N/A	
3/4"		5		Non-residential		N/A	
1"		11				N/A	
1 1/2"		0				N/A	
2"		6				N/A	
List all additional meter sizes:				List all additional meter sizes:		N/A	
Unmetered water connections		0		Unmetered water connections		N/A	
						N/A	
2 Number of inactive water connections				Number of inactive water connections		N/A	
5/8" or 3/4"		4				N/A	
3/4"		2				N/A	
1"		1				N/A	
1 1/2"		0				N/A	
2"		0				N/A	
List all additional meter sizes:				List all additional meter sizes:		N/A	
						N/A	
Unmetered, inactive connections		0		Unmetered, inactive connections		N/A	
						N/A	
3 Number of active sewer connections		N/A		Number of active sewer connections		N/A	
4 Number of inactive sewer connections		N/A		Number of inactive sewer connections		N/A	
						N/A	
5 Total gallons purchased		N/A				N/A	
6 Total gallons pumped		10125430				N/A	
Total Water Produced		10125430				N/A	
7 Total gallons sold		10051370				N/A	
8 Gallons unaccounted for		74060				N/A	
				Total amount of sewer treated (gallons)		N/A	
<b><u>Management and Operations</u></b>				<b>Yes or No</b>			
1. Do you have an Application form or formal process for new customers?				Yes			
2. Do you have a copy of your approved tariff and TCEQ approved drought contingency plan for customer review?				NO			
3. Do you have written operating procedures for routine operations?				Yes			
4. Do you have a written emergency action plans?				Yes			
5. Do you have written personnel policies and procedures?				No			
6. Do you have risk management and safety procedures?				No			
7. Do you have customer service policies (including billing and collection)?				No			
8. Do you prepare an annual written budget for financial planning purposes?				No			
9. Provide a list of all affiliates and entities under Common Control (if any).							
10. If you purchase wholesale water or sewer services, please list the name(s) of the wholesaler and describe the service(s) purchased from each.							
11. If you have a current capital improvement/replacement plan, please attach a copy.							



**Name of Utility:** \_\_\_\_\_

## **5. Affiliated Transactions**

### **Charges by an Affiliate to the Reporting Utility**

Name of Affiliated company: \_\_\_\_\_

NARUC Account and/or type of service		Total Affiliated Company	Total Texas	Total for reporting entity
Account #	Account name or type of service	(Dollars transacted)	(Dollars transacted)	(Dollars transacted)

### **Charges by an Reporting Utility to Affiliates**

Name of Affiliated company: \_\_\_\_\_

NARUC Account and/or type of service		Total Affiliated Company	Total Texas	Total for reporting entity
Account #	Account name or type of service	(Dollars transacted)	(Dollars transacted)	(Dollars transacted)

(Company Name)

**VERIFICATION****OATH**

(To be made by the officer having control of the accounting of the respondent)

State of \_\_\_\_\_ as

County of \_\_\_\_\_

\_\_\_\_\_ makes oath and says that he/she is \_\_\_\_\_  
(Name of affiant) (Official title of affiant)of \_\_\_\_\_  
(Exact legal title or name of the respondent)

The signed officer has reviewed the report

Based on the officer's knowledge, the report does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading

Based on such officer's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer as of, and for, the periods presented in the report

He/she swears that all other statements contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including \_\_\_\_\_ to and including \_\_\_\_\_

Subscribed and sworn to and before me, a \_\_\_\_\_  
in and for the State and County above-named, this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_  
(Signature of affiant)My commission expires \_\_\_\_\_  
(Signature of officer authorized to administer oaths)**SUPPLEMENTAL OATH**

(By the president or other chief officer of the respondent)

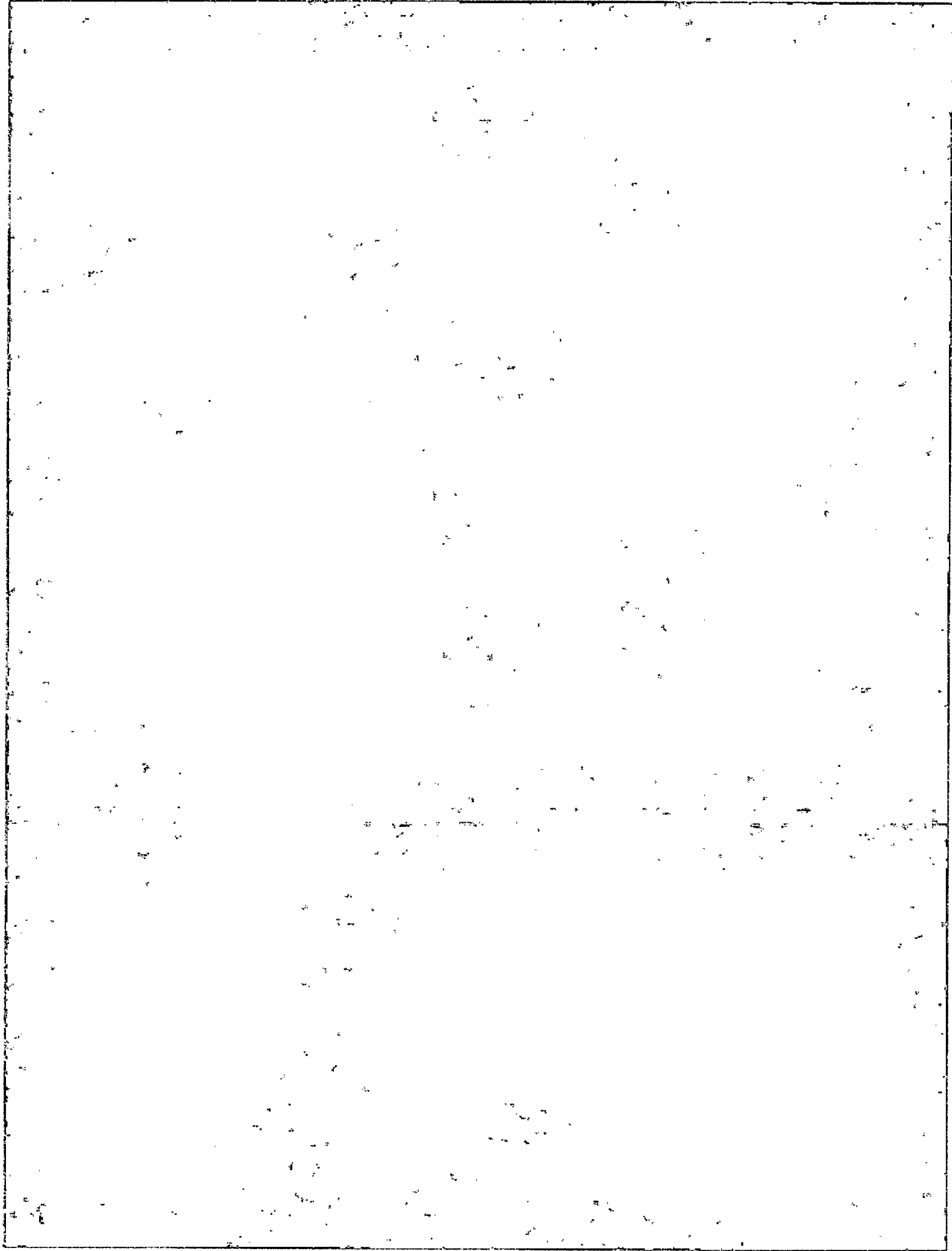
State of \_\_\_\_\_ as.

County of \_\_\_\_\_

\_\_\_\_\_ mal \_\_\_\_\_  
(Name of affiant) (Official title of affiant)of \_\_\_\_\_  
(Exact legal title or name of the respondent)

that he/she has carefully examined the foregoing report, that he/she swears that all statements of fact contained in the said report are true, and that the said report is a statement of the business and affairs of the above named respondent during the period of time from and including \_\_\_\_\_ to and including \_\_\_\_\_

Subscribed and sworn to before me, a \_\_\_\_\_  
in and for the State and County above-named, this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_  
(Signature of affiant)My commission expires \_\_\_\_\_  
(Signature of officer authorized to administer oaths)



Bryan W. Shaw, Ph.D., *Chairman*  
Buddy Garcia, *Commissioner*  
Carlos Rubinstein, *Commissioner*  
Mark R. Vickery, P.G., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*  
January 8, 2010

Robert Renbarger  
Fritz, Byrne, Head & Harrison  
98 San Jacinto Boulevard, Suite 2000  
Austin, Texas 78701

William E. Vlasek  
Shalako Estates and Canyon Springs Water Systems  
P.O. Box 326  
Hunt, Texas 78024

RE: Kerr County Water Systems, LLC  
Certificate of Convenience and Necessity Nos. 12685 and 13166

This letter is your notice that the Texas Commission on Environmental Quality (TCEQ) executive director (ED) has issued final approval of the above-named application. According to 30 Texas Administrative Code (TAC) Section 50.135 the approval became effective on the date the ED signed the permit or other approval. A copy of the final approval is enclosed and cites the effective date.

You may file a **motion to overturn** with the chief clerk. A motion to overturn is a request for the commission to review the TCEQ executive director's approval of the application. Any motion must explain why the commission should review the TCEQ executive director's action. According to 30 TAC Section 50.139 an action by the ED is not affected by a motion to overturn filed under this section unless expressly ordered by the commission.

A motion to overturn must be received by the chief clerk within 23 days after the date of this letter. An original and 7 copies of a motion must be filed with the chief clerk in person or by mail. The Chief Clerk's mailing address is Office of the Chief Clerk (MC 105), TCEQ, P.O. Box 13087, Austin, Texas 78711-3087. On the same day the motion is transmitted to the chief clerk, please provide copies to Robert Martinez, Environmental Law Division Director (MC 173), and Blas Coy, Public Interest Counsel (MC 103), both at the same TCEQ address listed above. If a motion is not acted on by the commission within 45 days after the date of this letter, then the motion shall be deemed overruled.

You may also request **judicial review** of the ED's approval. According to Texas Water Code Section 5.351 a person affected by the ED's approval must file a petition appealing the ED's approval in Travis County district court within 30 days after the effective date of the approval. Even if you request judicial review, you still must exhaust your administrative remedies, which includes filing a motion to overturn in accordance with the previous paragraphs.

Individual members of the public may seek further information by calling the TCEQ Office of Public Assistance, toll free, at 1-800-687-4040.

Sincerely,

A handwritten signature in black ink, appearing to read "LaDonna Castañuela".

LaDonna Castañuela  
Chief Clerk

LDC/ms

cc: Blas Coy, TCEQ Public Interest Counsel (MC 103)

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS  
COUNTY OF TRAVIS  
I hereby certify that this is a true and correct copy of a  
Texas Commission on Environmental Quality document,  
which is filed in the permanent records of the Commission.  
Given under my hand and the seal of office on

*Ladonna Castanuela* JAN 08 2010

APPLICATION NO. 36128-S

Ladonna Castanuela, Chief Clerk  
Texas Commission on Environmental Quality

IN THE MATTER OF THE §  
APPLICATION OF KERR COUNTY §  
WATER SYSTEMS, LLC, TO §  
PURCHASE FACILITIES AND §  
TRANSFER A PORTION OF §  
CERTIFICATE OF CONVENIENCE §  
AND NECESSITY NO. 12685 FROM §  
WILLIAM E. VLASEK DBA §  
SHALAKO ESTATES AND CANYON §  
SPRINGS WATER SYSTEMS, AND §  
TO OBTAIN AND AMEND A §  
CERTIFICATE OF CONVENIENCE §  
AND NECESSITY IN KERR COUNTY, §  
TEXAS §

BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY

On JAN 04 2010, the Executive Director of the Texas Commission on Environmental Quality pursuant to Chapters 5 and 13 of the Texas Water Code considered the application of Kerr County Water Systems, LLC, to purchase facilities and transfer a portion of Certificate of Convenience and Necessity No. 12685 from William E. Vlasek dba Shalako Estates and Canyon Springs Water Systems, and to obtain and amend a CCN in Kerr County, Texas. The area being transferred is the Bumblebee Hills System.

No person has requested a public hearing on the application;

Notice of the application was given to all affected and interested parties;

The criteria set forth in *Texas Water Code* Sections 13.246(c), 13.254, and 13.301 have been considered; and

The certificate transfer and amendments requested in this application are necessary for the service, accommodation, convenience, and safety of the public.

Now, therefore, be it ordered by the Texas Commission on Environmental Quality that the application is granted and Certificate of Convenience and Necessity No. 12685 be amended and Certificate of Convenience and Necessity Nos. 13166 be issued and amended in accordance with the terms and conditions set forth herein and in the certificate.

IT IS FURTHER ORDERED that Kerr County Water Systems, LLC, shall serve every customer and applicant for service within the area certified under Certificate of Convenience and Necessity No. 13166 and that such service shall be continuous and adequate.



# **Texas Commission On Environmental Quality**

**By These Presents Be It Known To All That**

**William E. Vlasek dba Shalako Estates and  
Canyon Springs Water Systems**

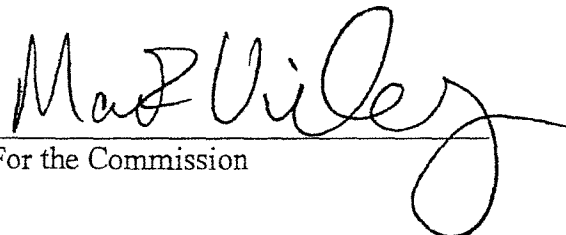
having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

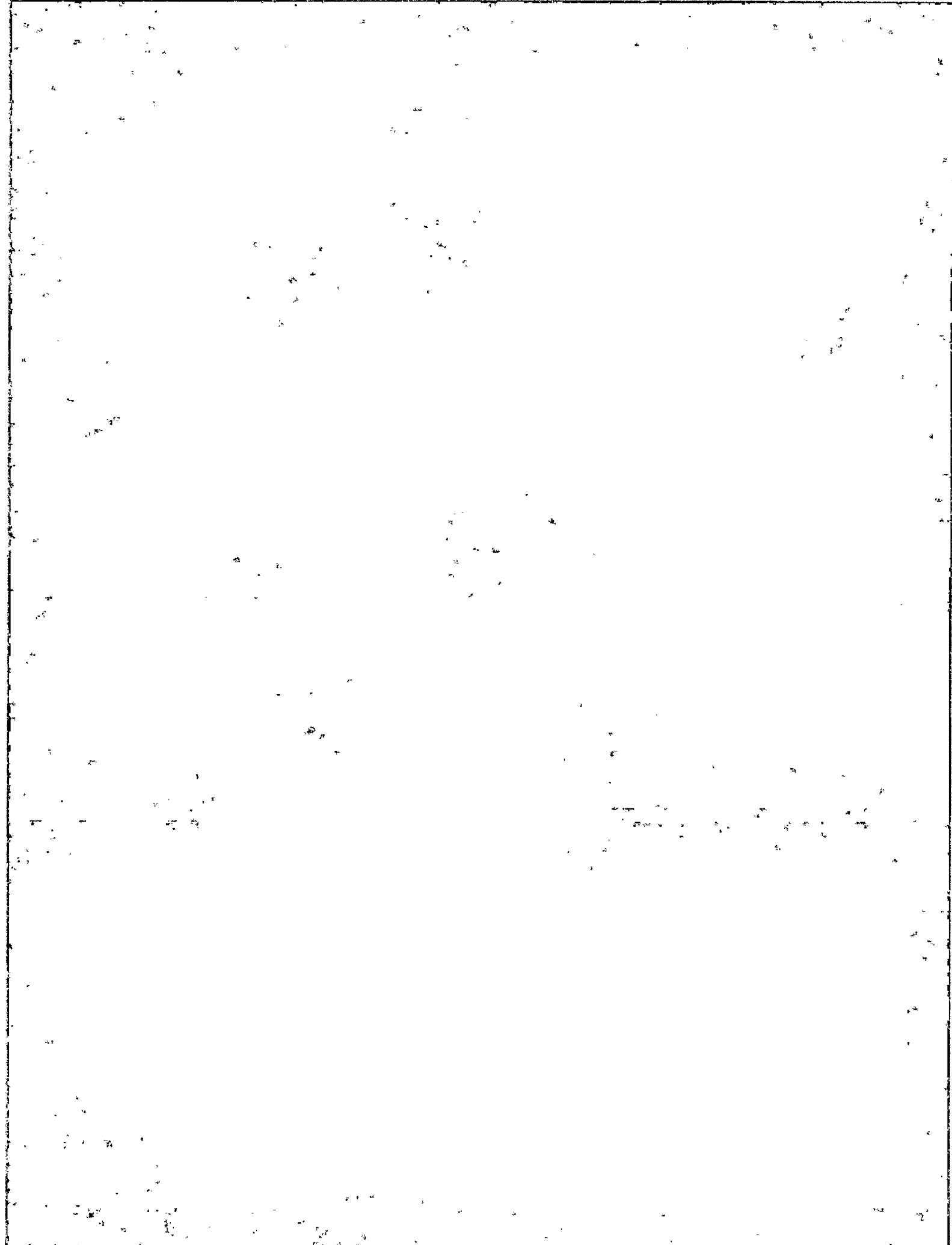
## **Certificate of Convenience and Necessity No. 12685**

to provide continuous and adequate sewer utility service to that service area or those service areas in Kerr County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36128-S are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the William E. Vlasek dba Shalako Estates and Canyon Springs Water Systems to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this

**JAN 04 2010**

  
For the Commission



**WATER UTILITY TARIFF  
FOR**

W.E. Vlasek dba  
Shalako Estates and Canyon Springs Water Systems  
(Utility Name)

P.O. Box 326  
(Business Address)

Hunt, Texas 78024  
(City, State, Zip Code)

830/238-4877  
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

12685

This tariff is effective in the following county:

Kerr

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions and public water systems:

Bumblebee Hills (PWS ID#1330092), Canyon Springs (PWS ID#1330006), Shalako Estates (PWS ID#1330119)

**TABLE OF CONTENTS**

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION 1.0 -- RATE SCHEDULE .....	.....2
SECTION 2.0 -- SERVICE RULES AND POLICIES ....	.....4
SECTION 3.0 -- EXTENSION POLICY .....	.....11
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN ....	.....16
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

TEXAS COMM. ON ENVIRONMENTAL QUALITY

345849 CCN 12605 FEB 15 '05

APPROVED TARIFF BY SP/DJS



SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$21.75</u> (Includes <u>3,000</u> gallons) 21.97	<u>\$3.00</u> per 1000 gallons
1"	<u>\$45.38</u>	
1½"	<u>\$84.75</u>	
2"	<u>\$132.00</u>	
3"	<u>\$242.25</u>	

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, Check X, Money Order X, Credit Card     , Other (specify)     

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT ..... 1.0%  
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$500.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) ..... Actual Cost  
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter) ..... Actual Cost  
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE ..... Actual Relocation Cost, Not to Exceed Tap Fee  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE ..... \$25.00  
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RATES LISTED ARE EFFECTIVE ONLY  
IF THIS PAGE HAS TCEQ APPROVAL STAMP

TEXAS COMM. ON ENVIRONMENTAL QUALITY

345842 CCN 12685 FEB 15 '06

APPROVED TARIFF BY SP/RJS

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$25.00

TRANSFER FEE ..... \$25.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ..... \$5.00

TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE ..... \$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) ..... \$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT ..... 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE ..... N/A

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

TEXAS COMM. ON ENVIRONMENTAL QUALITY

RATES LISTED ARE EFFECTIVE ONLY  
IF THIS PAGE HAS TCEQ APPROVAL STAMP

345848 CON 12605 FEB 15 '05

APPROVED TARIFF BY SP/JS

## SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Texas Commission on Environmental Quality Rules, Chapter 291, Water Utility Regulation, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

### Section 2.01 - Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

### Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the TCEQ Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

### Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

#### (A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with TCEQ Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has paid 18 consecutive billings without being delinquent.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 30 T. A. C. 291.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems, Section 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in Section 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible,

TEXAS COMM. ON ENVIRONMENTAL QUALITY

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the TCEQ Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills - If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the TCEQ Rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the TCEQ Rules.

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.



SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the Texas Commission on Environmental Quality complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

TEXAS COMM. ON ENVIRONMENTAL QUALITY

3458-48 CON 12665 FEB 15 '05

APPROVED TARIFF BY SP/DJS

### SECTION 3.0 -- EXTENSION POLICY

#### Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TCEQ rules and policies, and upon extension of the Utility's certified service area boundaries by the TCEQ.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The Utility is not required to extend service to any applicant outside of its certificated service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TCEQ rules and policies, and upon extension of the Utility's certificated service area boundaries by the TCEQ.

#### Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the TCEQ's Executive Director, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Exceptions may be granted by the TCEQ Executive Director if

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with Texas Commission on Environmental Quality minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Commission on Environmental Quality minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the Texas Commission on Environmental Quality minimum design criteria. As provided by 30 T.A.C. 291.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
  - if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utility's approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, TCEQ rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the TCEQ for resolution.

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, TCEQ rules and/or TCEQ order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The Utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by TCEQ rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The TCEQ service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by TCEQ rules.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by TCEQ rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

TEXAS COMM. ON ENVIRONMENTAL QUALITY

3458-LR CON 12005 FEB 15 '05

APPROVED TARIFF BY SP/DJS

SECTION 4.0 -- DROUGHT CONTINGENCY PLAN  
(Utility must attach copy of TCEQ approved Drought Contingency Plan)