



Control Number: 47275



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PUBLIC UTILITY COMMISSION OF TEXAS

CLASS B RATE/TARIFF CHANGE APPLICATION

Required Schedules for rate/tariff changes

WATER UTILITY NAME: The Commons Water Supply, Inc
CCN No. 12781

ADDRESS OF UTILITY: P.O. Box 691008
Street, P.O. Box and/or suite number
Houston, Texas 75751
City and Zip Code

PHONE NUMBER: (281) 355-1312
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Bret W Fenner, P.E.

PHONE: (512) 264-9124

EMAIL ADDRESS bretfenner@yahoo.com

PUC CLASS SIZE: ☒ B ☐ C (circle one)

INCREASE (DECREASE) 144,704 (From Sch. I-1, Line 33)
dollar amount

5% (From Sch. I-1, Line 34)
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY

Class B Investor Owned Utility

DATE OF LAST GENERAL RATE CASE FILING: 02/05/11

DATE OF LAST NON-GENERAL RATE CHANGE*: 02/01/17

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

2

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: The Commons Water Supply, Inc.
GENERAL WATER RATE/TARIFF CHANGE APPLICATION
SCHEDULES

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

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 12/31/2016
DATE SUBMITTED TO PUC: 30-Jun-17

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

<p>UTILITY NAME: <u>The Commons Water Supply, Inc.</u></p> <p>GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES</p> <p>TABLE OF CONTENTS (Page 2 of 2)</p>

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

INSTRUCTIONS REV REQUIREMENT

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION I - REVENUE REQUIREMENTS AND REVENUES

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

Instructions for Section I - Revenue Requirement and Revenues

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

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

Schedule I-2 reports historical revenues collected and Schedules I-3 and 1-4 report connection information. Use historical financial data and data from recent annual reports (PUC Rpt.) to complete the schedules.

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

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

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

UTILITY NAME: <u>The Commons Water Supply, Inc.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE I-1 REVENUE REQUIREMENT SUMMARY PUC Docket No. 47275 Test Year End: December 31, 2016						
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	52,238	0	52,238	Schedule II-4
3	618	Other volume related expenses	120,880	0	120,880	Schedule II-5
4		Total volume related exp.	173,118	0	173,118	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor	0	0	0	Schedule II-6, Line 1
6	620	Materials	53,785	0	53,785	Schedule II-7
7	631-636	Contract work	56,383	0	56,383	Schedule II-8
8	650	Transportation expenses	0	0	0	Schedule II-9
9	664	Other plant maintenance	0	0	0	Schedule II-10
10		Total non-volume related exp.	110,168	0	110,168	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries	60,000	0	60,000	Schedule II-6, line 2
12	601-3	Mgmt. salaries	90,000	0	90,000	Schedule II-6, line 3
13	604	Employee pensions & benefits	0	0	0	Schedule II-11
14	615	Purchased power-Office only	0	0	0	Schedule II-4
15	670	Bad debt expense	0	0	0	Schedule II-12
16	676	Office services & rentals	0	0	0	Schedule II-13
17	677	Office supplies & expenses	5,798	0	5,798	Schedule II-14
18	678	Professional services	13,357	0	13,357	Schedule II-15
19	684	Insurance	1,547	0	1,547	Schedule II-16
20	666	Regulatory (rate case) expense	0	8,000	8,000	Schedule II-17
21	667	Regulatory expense (other)	17,774	0	17,774	Schedule II-18
22	675	Miscellaneous expenses	0	0	0	Schedule II-19
23		Total admin. & general expense	188,476	8,000	196,476	Add Lines 11-22
24		Total operating Expenses	471,762	8,000	479,762	Lines 4 + 10 + 23
25	403	Depreciation	15,126	59,978	75,104	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	13,640	0	13,640	Sch IV(b), Line 8
27	409/10	Income Tax Expense	0	72,929	72,929	Schedule V, Line 7
28		TOTAL EXPENSES	500,528	140,907	641,435	
29		TOTAL HISTORIC REVENUE	677,170			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	176,642			Line 30 less Line 29
31		REQUESTED RETURN			180,436	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			821,871	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	144,701	Line 32 less Line 29
34		PERCENTAGE INCREASE			4.8173	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			124,793	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	697,078	Line 33 minus Line 35

UTILITY NAME: <u>The Commons Water Supply, Inc.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: <u>December 31, 2016</u> I-2 HISTORICAL REVENUE SUMMARY			
Line No.	NARUC A/C Description	Historical Test Year	
1.	461 Metered connections base rate revenue	397,884	From financial records
2.	461 Metered connection gallonage rate revenue	154,493	From financial records
3.	460 Unmetered (Flat rate) revenue	0	From financial records
4.	Total Metered & Flat Rate Revenue	552,377	
5.	Plus: Total Other Revenues	124,793	From II-3, Column B, line 7
6.	Total Historic Test Year Revenues per income statement and Annual Report*	677,170	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: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

I-3 METERED ACTIVE CONNECTIONS BY METER SIZE

FOR TEST YEAR ENDED: December 31, 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"	0	0	0		1.0	0
2.	3/4"	0	0	0	0	1.5	0
3.	1"	902	32	934	0	2.5	2,335
4.	1 1/2"	2	0	2	0	5.0	10
5.	2"	1	0	1	0	8.0	8
6.							
7.							
8.							
9.	Total	905	32	937			2,353
10	Average						

UTILITY NAME: <u>The Commons Water Supply, Inc.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS FOR TEST YEAR ENDED: <u>December 31, 2016</u>

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.					
2.					
3.					
4.					
5.	Total				N /A

INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION II - OPERATIONS AND MAINTENANCE

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

Instructions for Section II

Compile financial and source information to determine known and measurable changes to the test year expenses. Provide copies of source documents, such as increased utility bill notices, to verify the applicant's proposed known and measurable changes.

Show calculations and explanations for all known and measurable changes on all schedules, where applicable. Attach extra workpapers if needed.

Working through Schedules II-4 through II-19, complete each and transfer test year amounts to column G of Schedule I-1.

Depreciation expense, other taxes, FIT and return will be determined using later schedules. Wait until those schedules are complete, and then transfer the amounts to Schedule I-1.

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

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTIONFOR 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	127,372	0	127,372	PUC Annual Report
2	Total water purchased	0	0	0	PUC Annual Report
3	Total water produced	127,372	0	127,372	Line 1 + line 2
4	Total water sold	99,974		99,974	PUC Annual Report
5	Total accounted for non-revenue water*	11,688	0	11,688	
6	Total unaccounted for water	15,701	0	15,701	Lines 3 less 4 less 5
7	Percentage	12	0	12.33	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	N/A	PUC report Sch. D-1
2	Water Pumped (1,000 gallons)	N/A	N/A	N/A	PUC report Sch. D-1
3	Total production (1,000 gallons)	N/A	N/A	N/A	Lines 13 + 14

UTILITY NAME: The Commons Water Supply, Inc.

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 1,000 gal.) (e.g. 1,000 gal, AC - FT)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
1.	City of Houston GRP	127,372	1.05	133,741	120,880
2.					
3.					
4.	Total *	127,372		133,741	120,880

* 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*	15,446		-0-*
2.	Late Fees	3913		3913
3.	Meter Test Fees	0		0
4.	Reconnect Fees	0		0
5.	Purchased Water Fees	0		0
6.	Groundwater Conservation District Fees	120,880		120,880
7.	Other (attach detail**)	29,082		0
8.	Total Other Revenues			124,793

(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.

Line No. 7: Other (detail)

9,177,000 gallons at \$3.169 per 1,000 gallons were sold to the City of Houston for use in a neighboring subdivision in 2016. This purchase of water ended at the end of 2016.

Calculation of revenues: $9,177,000 / 1000 \text{ gallons} = 9,177 \times \$3.169 = \$29,081.91$

UTILITY NAME: The Commons Water Supply, Inc.
 II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE
PURCHASED POWER
 FOR 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
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
		\$
	2015	\$ 60,045.00
Test Year	2016	\$ 52,238.00
K & M Change		\$ 0.00 (to I-1, Column E, Line 2)
Adjusted Test year		\$ 52,238.00 (to I-1, Column F, Line 2)

Explanation and calculations of known and measurable change:

N/A

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
		\$ 0.00
		\$ 0.00
a. Test Year		\$ 0.00
b. K & M Change		\$ 0.00 (to I-1, Column E, Line 14)
c. Adjusted Test year (a. + b.)		\$ 0.00 (to I-1, Column F, Line 14)

Explanation and calculations of known and measurable change:

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-5 OTHER RELATED VOLUME EXPENSESFOR THE TEST YEAR ENDED: **December 31, 2016****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> </u>	\$ <u> </u>	
	<u> </u>	\$ <u> </u>	
a. Test Year	<u>2016</u>	\$ <u>120,880</u>	
b. K & M Change		\$ <u>(120,880)</u>	(to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b.)		\$ <u>0.00</u>	(to I-1, Column F, Line 3)

Explanation and calculations of known and measurable change:

Removed from Cost of service as this cost is for the City of Houston GRP fee which is recovered

UTILITY NAME The Commons Water Supply, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-6 ALLOCATION OF PAYROLL EXPENSES
 FOR THE ADJUSTED TEST YEAR December 31, 2016

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

II-6(a) PAYROLL COSTS:

Line No	Employee Name	A Test Year Payroll	B Capitalized Payroll	C Expensed Payroll	D 1st 7000 or new limit (FUTA max)	E 7,001 to 9000 or new limit (SUTA max)	F 9,001 to 118500 or new limit (or FICA max)	G over 118500 or new limit	H Total Payroll
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.	Total								
10.	Percentage Capitalized	Line 9, column F divided by line 9, column E=							

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

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

Line No	Acct. No.	Account Name	Test Yr Expense	
1.	601-1	Employee labor		to Schedule I-1, Line 5.
2.	601-2	Office salaries	60,000	to Schedule I-1, Line 11
3.	601-3	Management salaries	90,000	to Schedule I-1, Line 12
4.		Total Payroll Expenses	150,000	(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: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-7 MATERIALSFOR 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>2015</u>	\$ <u>168,222.00</u>
a. Test Year	<u>2016</u>	\$ <u>53,785.00</u>
b. K & M Change		\$ <u>0.00</u> (to I-1, Column E, Line 6)
c. Adjusted Test year (a. + b.)		\$ <u>53,785.00</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

UTILITY NAME: The Commons Water Supply, 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> </u>
	<u> </u>	\$ <u> </u>
	<u>2015</u>	\$ <u>37,000.00</u>
a. Test Year	<u>2016</u>	\$ <u>56,383.00</u>
b. K & M Change		\$ <u>0.00</u> (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)		\$ <u>56,383.00</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:

II-8(b) Large Items:

Description	Amount	Date in service

UTILITY NAME: <u>The Commons Water Supply, Inc.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-9 TRANSPORTATION 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> </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 8)
c. Adjusted Test year (a. + b.)	\$ <u>0.00</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

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

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-10 OTHER PLANT MAINTENANCEFOR 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>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 9)
c. Adjusted Test year (a. + b.)		\$ <u>0.00</u> (to I-1, Column F, Line 9)

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

Explanation and calculations of known and measurable change:

II-10(b) Large Items:

Description	Amount	Date in service

UTILITY NAME: **The Commons Water Supply, Inc.**
 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:

Year	\$ Total Amount	\$ Pensions	\$ Health	\$ Other	\$ Amount Capitalized*
Cost per Employee:	0.00				

2015 Year	\$ 0.00 Total Amount	\$ Pensions	\$ Health	\$ 0.00 Other	\$ 0.00 Amount Capitalized*
--------------	-------------------------	-------------	-----------	------------------	--------------------------------

Number of Employees covered: _____

Cost per Employee: 0.00

List types of Pensions & Benefits:

2016 Year	\$ 0.00 Total Amount	\$ Pensions	\$ Health	\$ 0.00 Other	\$ 0.00 Amount Capitalized*
--------------	-------------------------	-------------	-----------	------------------	--------------------------------

Number of Employees covered: _____

Cost per Employee: 0.00

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

UTILITY NAME The Commons Water Supply, Inc.
 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.

Line No.	Account No.	Account Name
15.	670	Bad Debts

II-12 Bad debts/Uncollectibles

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

	Year	Amount
		\$ 0.00
	2015	\$ 0.00
a. Test Year	2016	\$ 0.00
b. K & M Change		\$ 0.00 (to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		\$ 0.00 (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

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

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-13 OFFICE SERVICES AND RENTALSFOR 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>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 16)
c. Adjusted Test year (a. + b.)		\$	<u>0.00</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

UTILITY NAME: The Commons Water Supply, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-14 OFFICE SUPPLIES

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>
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>2015</u>	\$	<u>29,381.00</u>
a. Test Year	<u>2016</u>	\$	<u>5,798.00</u>
b. K & M Change		\$	<u>-</u> (to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		\$	<u>5,798.00</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

UTILITY NAME: The Commons Water Supply, Inc.
 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.

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

II-15(a) Professional services

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

	Year	Amount	
		\$	
	2015	\$	3,629.00
a. Test Year	2016	\$	13,357.00
b. K & M Change		\$	0.00
			(to I-1, Column E, Line 18)
c. Adjusted Test year (a. + b.)		-\$	31,357.00
			(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

UTILITY NAME: **Dogwood Estates Water Company**

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-16 INSURANCEFOR 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>	
		\$	
	2015	\$	849.00
a. Test Year	2016	\$	1,547.00
b. K & M Change		\$	0.00 (to I-1, Column E, Line 19)
c. Adjusted Test year (a. + b.)		\$	1,547.00 (to I-1, Column F, Line 19)

Types of insurance:

<u>2016</u>	<u>\$</u>	<u>1,547.00</u>	<u>Test Year</u>	<u>General Liability</u>	
<u>Year</u>	<u>Total amount</u>		<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
	\$		<u>Test Year</u>		
<u>Year</u>	<u>Total amount</u>		<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
	\$		<u>Test Year</u>	<u>Auto</u>	
<u>Year</u>	<u>Total amount</u>		<u>Period Covered</u>	<u>Type</u>	<u>Company</u>

Explanation and calculations of known and measurable change:

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-17 REGULATORY EXPENSEFOR 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>
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>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>8,000.00</u>	(to I-1, Column E, Line 20 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>8,000.00</u>	(to I-1, Column F, Line 20 - see instructions above)

Explanation and calculations of known and measurable change:**Cost to Prepay Water Rate/Tariff Change Application**

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

II-17(b) Large Items:

Description	Amount	Date in service

UTILITY NAME: The Commons Water Supply, Inc.
 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 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> </u>	
	<u>2015</u>	\$ <u>3,242.00</u>	
a. Test Year	<u>2016</u>	\$ <u>17,774.00</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>17,774.00</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: The Commons Water Supply, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-19 MISCELLANEOUS 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>
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> </u>	\$ <u> </u>
	2015	\$ 194,445.00
a. Test Year	2016	\$ 0.00
b. K & M Change		\$ 0.00 (to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ 0.00 (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: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION III RATE BASE INSTRUCTIONS

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

Instructions for Section III

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

UTILITY NAME: The Commons Water Supply, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE

III-1 REQUESTED RETURN

FOR THE TEST YEAR ENDED: December 31, 2016

RETURN ON RATE BASE: WATER

Line No		
1	Test year end rate base (from III-2, Line 16)	1,741,662
2	Requested ROR (Col G, Line 7 below)	10.39%
3	Return on rate base (Line 1 x Line 2)	180,436

Rate of Return:

A	B	C	D	E	F	G
Line No.	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			$G=(E \times F)$
4.	Equity (Rate base less Line 5, Column D)	1,576,245	0.905	11.0000%	Col E = Requested return on equity	9.9550%
5	Long Term Debt and Advances from associated companies from Schedule III-6	165,417	0.095	4.5000%	Col E = From Sch III-6, Column H, Line 9	0.43%
6	Total capitalization (Rate Base Sch III-2, Line 16)	1,741,662				
7	Return on rate base Col G, Line 6 rounded to nearest 0.01%)				Line 4 + Line 5	10.39%

To Line 2 above

* ROE = Return on Equity

UTILITY NAME: The Commons Water Supply, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-2 RATE BASE SUMMARY
 FOR THE TEST YEAR ENDED: December 31, 2016

Line No.	Description	Amount	Reference
1	Additions:		(From)
2.	Utility plant (Original Cost)	2,641,005	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)	49,161	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)	2,690,166	
	Deductions:		
9.	Reserve for depreciation (Accumulated)	948,504	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)	948,504	
16.	RATE BASE (Line 8, less Line 15)	1,741,662	

UTILITY NAME <u>The Commons Water Supply, Inc.</u>										Schedule III-3		
SCHEDULES - CLASS B RATE/TARIFF CHANGE										(Provide a schedule for each PWS system)		
III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION										Add schedules as needed, provide a summary also		
Line No	[A] Item	[B] Date of Installation	[C] Service Life (yrs) **	[D.1] Original Cost when installed \$	[D.2] Customer CIAC amount	[D] = [D.1] - [D.2] Adjusted Original Cost for Customer CIAC ¹	Time in Service			Depreciation		[G] = [D]-[F] Net Book Value (\$)
							Years in Service	Months	Days	[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$ (Reserve))	
1	303 Land and land rights											
2	307 Wells		50									
	Well Pumps:											
3	311 5 hp or less		5									
4	311 Greater than 5 hp		10									
	Booster Pumps:											
5	311 5 hp or less		5									
6	311 Greater than 5 hp		10									
7	320 Chlorinators		10									
	Structures:											
8	304 Wood		15									
9	304 Masonry		30									
10	305 Storage Tanks		50									
11	311 Pressure Tanks		50									
12	331 Distribution System (mains and lines)		50									
13	334 Meters and Service (taps not covered by fees)		20									
14	340 Office Equipment		10									
15	341 Vehicles		5									
16	343 Shop Tools		15									
17	345 Heavy Equipment		10									
18	348 Fencing		20									
	Other: (Please list)											
19												
20												
50	Total											

(See Attachment B)

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

Add detailed worksheets if necessary to support this Schedule

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

UTILITY NAME: The Commons Water Supply, Inc. SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE FOR TEST YEAR ENDED: December 31, 2016

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	
2.	Plant additions after previous rate case		
3.		\$ 0.00	
4.			
5.	See Attachment B		
6.			
7.			
8.			
9.			
10.			
11.	Total additions (add lines 3 through 10, Col C)		\$ 0.00
12.	Test year plant retirements after previous rate case:		
13.		\$ 0.00	
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.	Total retirements (add line 13 through 20, Col C)		\$ 0.00
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: The Commons Water Supply, Inc.

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

Typically zero, to Schedule III-2, Line 3

		Materials & Supplies inventory	Prepaid Expenses
6.	Sum of 12 test year month end balances	0	0
7.	One month prior to the test year, month end balance	0	0
8.	13 Month Average balance (line 6 plus line 7, divided by 13)	0	0

To III-2, Line 4.

To III-2, Line 6.

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

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES FOR CLASS B RATE/TARIFF CHANGE

III-5 WORKING CASH ALLOWANCE CALCULATIONSFOR 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	589,930			
2	Working Cash (Line 3 / Line 5)	49,161			
3	Divisor	12	12	8	8

From Sch I-1, line 25

To Sch III-2, line 5

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWERFOR 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	Properity Bank	6/3/2008	8/3/2019	550,000	165,417	4.5	4.5
3							
4							
5							
6							
7							
8							
9	Total			550,000	165,417	4.5	4.5

10 Sch III-1,
Column G,
Line 5

List short term debt, if any:

UTILITY NAME: <u>The Commons Water Supply, Inc.</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE FOR THE TEST YEAR ENDED: <u>December 31, 2016</u>
--

ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. 36897-R)	N/A
2	Ending balance per Sch III-3, Column F, Line 50	948,504
	Describe accounting adjustments made between the prior rate case and the current rate case:	

Must match previous rate case.

UTILITY NAME: The Commons Water Supply, Inc.
 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.	None						
2.							
3.							
4.							
5.							
6.	Total						

*Customer CIAC is entered directly on III-3

UTILITY NAME: The Commons Water Supply, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-9 DEFERRED INCOME TAXES AND
DEFERRED INVESTMENT TAX CREDITS
 FOR THE TEST YEAR ENDED: Decmber 31, 2016

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 The Commons Water Supply, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-10 OTHER DEFERRED ASSETS
 FOR THE TEST YEAR ENDED: Decmber 31, 2016

III-10(a) : Other Deferred Assets

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

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

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

SECTION IV OTHER TAX INSTRUCT

UTILITY NAME: The Commons Water Supply, Inc.

SCHEDULES - CLASS B RATE/TARIFF CHANGE

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

Instructions for Section IV

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

TILITY NAME: The Commons Water Supply, Inc.
 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		13,640	per property tax bills
2	Utility plant added in test year	0		Schedule III-3(a), Line 11
3	Utility plant retirements in test year	0		Schedule III-3(a), Line 21
4	Net additions	0		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		0	Line 4 times Line 5
7	Adjusted Test year property tax expense		13,640	Line 1 + Line 6
8	Known and measurable change	0		Line 7 minus Line 1

PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS):

A	B	C	D	E	F	G
Line No	Tax Type	Wage Level	Tax Rate	Taxable Wages	Reference	Tax
					SCHEDULE II-6	(D x E)
9	FICA	wages to _____	%		Column D+E+F Line 9	
10	Medicare	wages to _____	%		Column H Line 9	
11	Added Medicare (Affordable Care Act)	wages to _____	%			
12	Federal unemployment	wages to _____	%		Column D Line 9	
13	State unemployment	wages to _____	%		Column D+E Line 9	
14	Total (add Lines 11 through 14)					
15	Less: Capitalized	Use % on Sch II-6(a), line 10	%			0
16	Test year Payroll Tax Expense	Line 13 less 14				
17	Known and measurable change				(Line 13 minus Line 14)	0

OTHER TAXES:

A	I	J	K	L
Line No.	Description	Test year	K & M change	Adjusted Test Year
18	Other taxes & licenses	0	0	0
19				
20				
21	Total Other Taxes (Line 18 + Line 19 + Line 20)	0	0	0
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			13,640
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			0

13,640

0

UTILITY NAME: The Commons Water Supply, Inc.
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
IV(b) REVENUE RELATED TAXES AND EXPENSES
 FOR THE TEST YEAR ENDED: December 31, 2016

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	None	None	None	None	0.00
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: The Commons Water Supply, Inc.
 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	180,436	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	7,489	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	172,947	Line 1 minus Line 2
4	Income taxes at proposed rates	50,999	Line 17 below
5	Effective tax rate	30%	Line 4 divided by Line 3
6	Total gross up factor	1.43	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	72,929	Line 4 times line 6

To Sch I-1, Line 27

FEDERAL INCOME TAX CALCULATION:

Line No.	Tax Rate	Taxable Income	Tax Rate	Tax
		(Portion of Taxable Income in Level)		(C x D)
12	1st 50,000 of taxable income	50,000	15%	7,500
13	Next 25,000 of taxable income	25,000	25%	6,250
14	Next 25,000 of taxable income	25,000	34%	8,500
15	Next 235,000 of taxable income	235,000	39%	28,449
16	Over 335,000 of taxable income		34%	
17	Total before gross up		To Line 4	50,999

UTILITY NAME: <u>The Commons Water Supply, Inc.</u> VI RATE DESIGN INSTRUCTIONS SCHEDULES - CLASS B RATE/TARIFF CHANGE
--

Section VI is used for rate design.

Instructions for Section VI:

Sheet VI-1 designs rates based on the requested revenue requirement. Complete the schedule using the referenced lines from other schedules. The schedule is for a simple base (customer charge) rate and one gallonage rate per each 1,000 gallons. If a different rate structure is requested, all calculations supporting the proposed rates must be included. Rates and resulting revenues for each class of customer and each rate tier included in the proposed tariff must be specified. If a different fixed/variable expense split is proposed, attached explanations of why the split is appropriate, and include any calculations not included on Schedule VI.

[illegible]

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.

AFFIDAVIT
&
NOTICE OF RATE CHNAGE

AFFIDAVIT

STATE OF TEXAS

COUNTY OF Montgomery

I, Daniel K. Signorelli being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE**

President

as

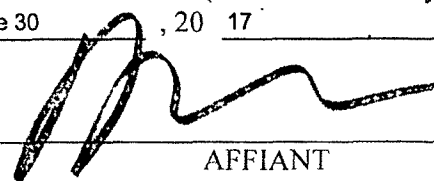
(indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are 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 June 30, 20 17



AFFIANT

(Utility's Authorized Representative)

Commons Water Supply

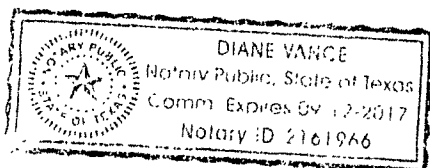
NAME OF UTILITY

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 5th day of June, 20 17, to certify which witness my hand and seal of office.

SEAL



NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS



PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 09/12/2017

P.U.C. DOCKET NO. 47275 *

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

The Commons Water Supply, Inc.

12781

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. 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 ⁹⁴ [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: 8/7/2017

(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:

Allow the utility to generate enough revenue to cover those expenses that are reasonable and necessary to provide service to the ratepayers and allow the utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful.

BILLING COMPARISON

Water

Existing	5,000 gallons:	\$ 35.50 /mo	Proposed	5,000 gallons:	\$ 27.46 /mo
Existing	10,000 gallons:	\$ 45.00 /mo	Proposed	10,000 gallons:	\$ 36.96 /mo
Existing	30,000 gallons:	\$ 83.00 /mo	Proposed	30,000 gallons:	\$ 74.96 /mo

The Commons of Lake Houston, The Commons Water Supply, Inc. (PWS #1012978)

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

P.O. Box 691008	Houston	TX	75751
Company Address	City	State	Zip

(281) 355-1312

Company Phone Number

144,701.00

Annual Revenue Increase

6/30/2017

Date Notice Delivered

2/5/2011

Date of Last Rate Change

The last week of the 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. 47275

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 5,000 gallons			Monthly base rate including 0 gallons		
Meter Size:			Meter Size:		
RESIDENTIAL			RESIDENTIAL		
5/8" or 3/4"	\$	35.50	5/8" or 3/4"	\$	17.96
1"	\$	35.50	1"	\$	44.90
1 1/2"	\$	35.50	1 1/2"	\$	89.80
2"	\$	35.50	2"	\$	143.68
3"	\$		3"	\$	269.40
Other:	\$		Other: 4"	\$	449.00
			6"	\$	898.00
GALLONAGE CHARGE:			GALLONAGE CHARGE:		
TIER	VOLUME	CHARGE per 1000 gals.	TIER	VOLUME	CHARGE per 1000 gals.
Tier 1	5,001 to 10,000 gals.	\$ 1.90 /1000 gals.	Tier 1	0 to 10,000 gals.	\$ 1.90 /1000 gals.
Tier 2	10,001 to 15,000 gals.	\$ 3.05 /1000 gals.	Tier 2	10,001 to 15,000 gals.	\$ 3.05 /1000 gals.
Tier 3	15,001 to Above gals.	\$ 3.95 /1000 gals.	Tier 3	15,001 to Above gals.	\$ 3.95 /1000 gals.
The City of Houston Groundwater Reduction Plan (GRP) Fee.....\$0.89 per each 1,000 gallons (Tariff Control No. 46842)			The City of Houston Groundwater Reduction Plan (GRP) Fee.....\$0.89 per each 1,000 gallons (Tariff Control No. 46842)		
MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	1,100.00	Tap Fee	\$	1,100.00
Reconnect fee: Non-payment	\$	25.00	Reconnect fee: Non-payment (Maximum - \$25.00)	\$	25.00
Customer's Request	\$	15.00	Customer's Request	\$	50.00
Transfer Fee	\$	15.00	Transfer Fee	\$	35.00
Late Charge	\$	10%	Late charge: (Indicate either \$5.00 or 10%)	\$	10%
Returned Check Charge	\$	25.00	Returned Check Charge	\$	30.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00
Meter test fee	\$	25.00	Meter test fee (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.

None

ATTACHMENT A

2016 Profit & Loss Statement

	Expense	Revenue	Profit / Loss
WTR PLT-Water Usage Income		(657,810.58)	(657,810.58)
WRT PLT-Tap Fees Income		(15,446.19)	(15,446.19)
INT INC-3rd Party		(0.21)	(0.21)
OTHR INC-Misc		(3,913.32)	(3,913.32)
COS-WATER PLANT	-		-
COS-Purchased Water	120,880.17		120,880.17
GEN-Loan Cost/Bank Fees	4,758.02		4,758.02
GEN-Office Supplies/Postage Exp	1,039.76		1,039.76
GEN-Depreciation Exp	15,126.00		15,126.00
GEN-Dues/Subscrib/License/Permits/Fines/	17,773.50		17,773.50
GEN-Management Fee	90,000.00		90,000.00
GEN-Water Plant Operations Exp	56,383.00		56,383.00
GEN-Water Plant Maintenance Exp	53,784.65		53,784.65
GEN-Misc General Exp	-		-
OFF-Utilities Exp	52,238.04		52,238.04
PS-Accounting Services Exp	1,814.53		1,814.53
PS-Legal Services Exp	11,542.08		11,542.08
INS-General Liability Exp	1,547.00		1,547.00
INT-3rd Party Exp	12,937.04		12,937.04
TAX-Property Exp	2,839.96		2,839.96
TAX-Franchise Exp	10,800.43		10,800.43
Accounting Fee	60,000.00		60,000.00
Profit / Loss	513,464.18	(677,170.30)	(163,706.12)

ATTACHMENT B

ATTACHMENT C

Attachment C - Alternative Water Rate Design

The Commons Water Supply, Inc.

Item	Cost	%	Fixed	%	Variable
Management Salaries	\$90,000	90	\$81,000	10	\$9,000
Contract Work	\$56,383	90	\$50,745	10	\$5,638
Office Salaries	\$60,000	90	\$54,000	10	\$6,000
Power Expense	\$52,238	0	\$0	100	\$52,238
Materials	\$53,785	50	\$26,893	50	\$26,893
Transportation	\$0	50	\$0	50	\$0
Other Plant Maintenance	\$0	50	\$0	50	\$0
Other Volume related expenses	\$120,880	0	\$0	100	\$120,880
Office services & rental	\$0	100	\$0	0	\$0
Office Supplies	\$5,798	50	\$2,899	50	\$2,899
Professional Services	\$13,357	100	\$13,357	0	\$0
Insurance	\$1,547	100	\$1,547	0	\$0
Rate Case Expense	\$8,000	100	\$8,000	0	\$0
Miscellaneous	\$0	50	\$0	50	\$0
Regulatory Expense	\$17,774	50	\$8,887	50	\$8,887
Sub-total (Less F.I.T. & Return)	\$479,762		\$247,327		\$232,435
% of Total (Fixed + Variable)			51.55%		48.45%
Depreciation	\$75,104	100	\$75,104	0	\$0
Taxes Other than Income	\$13,640	100	\$13,640	0	\$0
Income Taxes Expense	\$72,929	100	\$72,929	0	\$0
Return	\$180,436	100	\$180,436	0	\$0
Less other Revenues	-\$124,793	100	-\$124,793	0	\$0
TOTAL	\$697,078		\$464,644		\$232,435

Test Year Customer Equivalents = 2353
 Gallons Included in Minimum Bill = 0
 Total Test Year Gallons Billed = 99,974,000

Gallage Charge

Variable Costs / (Total Test Year Gallons Billed / 1,000 gallons) = \$2.32 per 1,000 gal

Minimum Bill

Fixed Costs / 12 months / Test Year Customer Equivalents = \$16.46 per month

	Proposed Rate
Using Gallage charge of \$	1.90 per 1,000 gallons
Yeilds a Minimum Bill of \$	17.96 per month

Minimum Bill = [Total Costs - (Gallage charge * Gallons Billed / 1000)] / 12 months / Customer Equivalents

	Minimum Bill	Gallage Rates:
5/8" x 3/4" (standard)	\$ 17.96	\$ 1.90 per 1000 gallons from 0 to 10,000 gallons
1" (multiply standard by 2.5)	\$ 44.90	\$ 3.05 per 1000 gal. from 10,001 to 15,000 gallons
1 1/2" (multiply standard by 5.0)	\$ 89.80	\$ 3.95 per 1000 gal. from 15,001 or more gallons
2" (multiply standard by 8.0)	\$ 143.68	
3" (multiply standard by 15.0)	\$ 269.40	
4" (multiply standard by 25.0)	\$ 449.00	
6" (multiply standard by 50.0)	\$ 898.00	

**CURRENT TARIFF
RATE PAGES**

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
¾" or ¾"	\$35.50 (includes 5,000 gallons)	\$1.90 per 1,000 gallons, 5,001-10,000 gallons
1"	\$35.50	\$3.05 per 1,000 gallons, 10,001-15,000 gallons
1½"	\$35.50	\$3.95 per 1,000 gallons, 15,001 gallons or more
2"	\$35.50	

The City of Houston Groundwater Reduction Plan (GRP) fee.....\$.89 per each 1,000 gallons
(Tariff Control No. 46842)

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

Cash X, Check X, Money Order X, Credit Card X

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%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$1,100.00
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 \$25.00.

Tariff Control No. 46842

SECTION 1.0 -- RATE SCHEDULE (Continued)

Pass Through Provision:

For Utilities subject to changes in costs imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

$$AG = G + B/(1-L)$$

Where:

AG = adjusted gallonage charge, rounded to nearest one cent

G = approved gallonage charge, per 1,000 gallons

B = changed in fee (per 1,000 gallons)

L = water or sewer line loss for preceding 12 months, not to exceed 0.15 (15%)