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APPLICATION OF FOREST GLEN           §  
  §  
UTILITY COMPANY FOR                   §  
  §  
AUTHORITY TO CHANGE RATES       §       BEFORE THE  
  §       STATE OFFICE OF  
  §       ADMINISTRATIVE HEARINGS

PREFILED DIRECT TESTIMONY  
AND  
EXHIBITS  
ON BEHALF OF  
FOREST GLEN UTILITY COMPANY  
JULY 18, 2018

205

**SOAH DOCKET NO. 473-18-3008.WS**  
**PUC DOCKET NO. 47897**

*Application of Forest Glen Utility Company for Authority to Change Sewer Rates*

<b>SOAH HEARING EXHIBIT NO.</b>	<b>FOREST GLEN UTILITY COMPANY (FGU) EXHIBIT NO.</b>	<b>DESCRIPTION</b>
	<b>FGU-1</b>	<b>Direct Testimony of Steven Greenberg</b>
	SAG-1	Resume of Steven Greenberg
	SAG-2	First Statement of Intent/Notice of Proposed Rate Change (12-27-17)
	SAG-3	Revised Application for Sewer Rate Increase (2-23-18)
	SAG-4	Second Statement of Intent/Notice of Proposed Rate Change (6-1-18)
	<b>FGU-2</b>	<b>Direct Testimony of Jimmy Alan Hall</b>
	JAH-1	Resume of Jimmy Alan Hall
	JAH-2	Rate Case Expenses (Invoices)

**SOAH DOCKET NO. 473-18-3008.WS  
PUC DOCKET NO. 47897**

**APPLICATION OF FOREST GLEN § BEFORE THE  
UTILITY COMPANY FOR § STATE OFFICE OF  
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS**

**DIRECT TESTIMONY  
OF  
STEVEN GREENBERG  
ON BEHALF OF  
FOREST GLEN UTILITY COMPANY  
JULY 18, 2018**

**DIRECT TESTIMONY AND EXHIBITS OF STEVEN GREENBERG**

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**EXHIBITS**

Exhibit SAG-1	Resume
Exhibit SAG-2	First Statement of Intent/Notice of Proposed Rate Change (12-27-18)
Exhibit SAG-3	Revised Application for Sewer Rate Increase (2-23-18)
Exhibit SAG-4	Second Statement of Intent/Notice of Proposed Rate Change (6-1-18)

1

**I. INTRODUCTION**2 **Q. PLEASE STATE YOUR NAME.**

3 A. My name is Steven Greenberg.

4 **Q. PLEASE STATE YOUR OCCUPATION AND PLACE OF**  
5 **EMPLOYMENT.**6 A. My official title at Forest Glen Utility Company (“Forest Glen” or “FGU”) is Chief  
7 Executive Officer (“CEO”). I am responsible for the overall performance  
8 functions of the utility. I am also the managing director of Bridge View Resources,  
9 LLC (Bridge View), which is the general partner of BVRT, LP (BVRT). BVRT  
10 owns one third of FGU and 100% of its subsidiary, BVRT Utility Holding  
11 Company (“Holdco”).12 **Q. PLEASE OUTLINE YOUR EDUCATIONAL AND PROFESSIONAL**  
13 **BACKGROUND.**14 A. I received a bachelor’s degree in business management from California  
15 Polytechnic University, San Luis Obispo. My experience covers more than 33  
16 years in the utility business in various positions. I have served as CEO for Forest  
17 Glen since 2015. Prior to Forest Glen, I served as general partner of BVRT, LP  
18 as described above. In addition, as a founder and managing director of Bridge  
19 View, I have provided consulting and engineering services for numerous water,  
20 wastewater, and electric utilities and related companies throughout the United  
21 States. A copy of my professional resume is attached as Exhibit SAG-1.22 **Q. PLEASE DESCRIBE YOUR JOB RESPONSIBILITIES FOR FOREST**  
23 **GLEN.**24 A. Forest Glen is a Public Utility Commission of Texas (“Commission”) and Texas  
25 Commission on Environmental Quality (“TCEQ”) regulated wastewater company  
26 and a TCEQ-regulated reuse water utility. I oversee the general business

1 operations, long range capital planning, and regulatory compliance of the  
2 company. My duties include the preparation of TCEQ filings and reports,  
3 forecasting and financial information for Certificate of Convenience and Necessity  
4 (“CCN”) applications, annual reports, and rate and tariff change applications  
5 before the Commission. I am responsible for the overall operation of the utility. I  
6 also prepared the application for rate increase and tariff change in this case, which  
7 is for wastewater only.

8 **II. PURPOSE OF TESTIMONY**

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
10 **PROCEEDING?**

11 A. My testimony will support Forest Glen’s proposed revenue requirement or cost of  
12 service to provide wastewater service. In addition, I will address the proposed  
13 known and measurable adjustments to the test-year data as well as other issues that  
14 affect the revenue requirements used for developing rates, FGU’s capital structure,  
15 rate of return, affiliate expenses, and rate design.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE STATE OFFICE**  
17 **OF ADMINISTRATIVE HEARINGS, THE COMMISSION, OR THE**  
18 **TCEQ?**

19 A. No.

20 **Q. WHAT EXHIBITS HAVE YOU PREPARED IN SUPPORT OF YOUR**  
21 **TESTIMONY?**

22 A. I prepared my direct testimony and testimony exhibits, which include Exhibits  
23 SAG-1 through SAG-4. These exhibits were prepared by me or under my  
24 direction, supervision, or control and are true and correct to the best of my  
25 knowledge.

1

**III. GENERAL BACKGROUND**

2 **Q. PLEASE PROVIDE SOME BACKGROUND ON FOREST GLEN AND THE**  
3 **COMMUNITY IT SERVES.**

4 A. Forest Glen was created in 1972. In 2012, the company was bought by two  
5 shareholders, Hausman Holdings, LLC and Earl Holdings, LLC to serve the  
6 Potranco Ranch Subdivision. At that time, FGU had no assets. FGU obtained a  
7 CCN, discharge permit, and a TCEQ Chapter 210 authorization to reclaim treated  
8 wastewater for beneficial reuse from TCEQ. In 2015, BVRT purchased a one-third  
9 ownership interest in FGU and, at that time, I became the CEO of FGU. FGU has  
10 provided wastewater service and reclaimed water service to Potranco Ranch  
11 continuously since 2013. In 2017, FGU applied to expand its CCN and amend its  
12 discharge permit to provide service to an adjacent 85-acre tract of land.

13 **Q. YOU MENTIONED A CH. 210 REUSE AUTHORIZATION, CAN YOU**  
14 **PLEASE EXPLAIN FGU'S REUSE SYSTEM?**

15 A. Yes. After obtaining a Texas Pollutant Discharge Elimination System ("TPDES")  
16 discharge permit (WQ No. 1503-0001) from the TCEQ in October 2012 (and the  
17 associated CCN for the Potranco Ranch Subdivision area), FGU sought and TCEQ  
18 granted a Chapter 210 reuse authorization. Instead of irrigating with potable water,  
19 Potranco Ranch residents are able to water their lawns and community green space  
20 with a combination of treated effluent and well water. Using reclaimed water for  
21 irrigation not only furthers water conservation goals, but as a lower cost alternative  
22 to using potable water, it saves the ratepayers money.

23 **Q. HOW DOES THE SYSTEM WORK?**

24 A. After receiving secondary treatment in the WWTP, treated effluent is sent to storage  
25 tanks which are not part of the WWTP or sewer system. The water is either stored  
26 for distribution throughout the Potranco Ranch subdivision for irrigation via a  
27 purple pipe reuse system or discharged into a tributary of the Medina River in the

1 San Antonio River Basin (TCEQ Segment No. 1903) in accordance with the  
 2 TPDES permit. Potranco Ranch residents and HOA members who purchase  
 3 reclaimed water to irrigate have separate reuse meters. The third-party potable  
 4 water provider, Yancey Water Supply Corporation, bills customers on behalf of  
 5 FGU. The reclaimed water is provided at a substantial discount (approximately  
 6 27%) from potable water otherwise sold by Yancey.

7 **Q. DOES FGU KEEP REVENUE FROM REUSE SALES SEPARATE FROM**  
 8 **ITS WASTEWATER SERVICES?**

9 A. Yes. All expenses and revenues are separated by class when entered into the  
 10 accounting system. In other words, expenses and revenues for the wastewater  
 11 treatment and collection system (“WWTP”) are separated from any costs associated  
 12 with the reclaimed water system (“Reuse”). In the unusual circumstance when  
 13 costs cannot be separated between class, the incurred costs are allocated based on  
 14 a ratio of total fixed asset undepreciated book value for each class. For instance, in  
 15 2017, the total book value of FGU’s fixed assets was \$4,037,065. The book value  
 16 of the WWTP system was \$3,094,393 and the book value of the Reuse was  
 17 \$942,671. With an asset ratio of 77% WWTP and 23% Reuse, any combined  
 18 expenses are allocated 77% to WWTP and 23% to Reuse.

19 **Q. COMMISSION STAFF HAD SEVERAL QUESTIONS ABOUT FGU’S**  
 20 **REUSE SYSTEM, WHY?**

21 A. Although the reuse and wastewater systems are separate, stand-alone services, both  
 22 utilities belong to FGU. And because FGU files one tax return, which does not  
 23 differentiate between wastewater and reuse, it can be confusing. Staff has also  
 24 requested multiple ledgers showing both the asset classes (WWTP and Reuse). The  
 25 simple answer is that the reuse and wastewater systems are separate utilities. Reuse  
 26 systems are unregulated utilities in Texas, while the Commission regulates the rates  
 27 for wastewater systems. FGU does not recover any of the reuse costs through the  
 28 wastewater rates. We have explained that if expenses are shared, those expenses

1 are allocated based on the same methodology as all other shared costs, which is a  
2 ratio of the infrastructure costs for the wastewater system versus the infrastructure  
3 costs for the reuse system. Shared expenses make up approximately 10% of the  
4 total costs that the wastewater utility incurs. None of the reuse system assets are  
5 allocated to the wastewater utility shown on Exhibit SAG-3, Schedule III-3,  
6 because all of the assets shown are related solely to the wastewater utility and not  
7 the reuse utility.

8 **Q. FGU IS IN THE POTRANCO RANCH PUBLIC IMPROVEMENT**  
9 **DISTRICT – WHAT IS THE RELEVANCE OF THAT?**

10 A. The Medina County Commissioners Court created the Potranco Ranch PID on  
11 February 11, 2013, to fund certain improvements (and their maintenance) that exist  
12 in the County's streets and right of ways. All improvements that the PID funded  
13 are owned by the PID or the PID dedicated to another governmental entity. No  
14 investments, revenues, or costs related to the PID are included in FGU's current  
15 rates or its application to change the rates. The PID does not reimburse FGU for  
16 any costs.

17 **Q. IS FOREST GLEN IN GOOD STANDING WITH TCEQ AND THE**  
18 **MEDINA COUNTY HEALTH DEPARTMENT (THE COUNTY)?**

19 A. Yes. Forest Glen does not have any outstanding enforcement issues with either the  
20 TCEQ or the County. All of the inspections from the County have been successfully  
21 passed. Forest Glen passed the most recent TCEQ inspection without any  
22 compliance issues or corrections required.

23 **Q. DID YOU RECEIVE ASSISTANCE IN PREPARING FOREST GLEN'S**  
24 **WASTEWATER RATE APPLICATION?**

25 A. Yes, in addition to FGU's staff, FGU's outside accountants, attorneys and  
26 consultants provided assistance.

1 **Q. WHEN DID YOU FILE THE SEWER RATE APPLICATION WITH THE**  
2 **COMMISSION?**

3 A. Forest Glen originally filed the Sewer Rate Application on December 21, 2017 and  
4 issued a Statement of Intent or Notice of Proposed Rate Change shortly thereafter  
5 on December 27, 2017. This First Statement of Intent or Notice is attached as SAG-  
6 2.

7 **Q. HAVE YOU INCLUDED FOREST GLEN'S SEWER RATE APPLICATION**  
8 **IN THIS PRE-FILED TESTIMONY?**

9 A. Yes. However, after filing the original application in December 2017 (the  
10 "December application"), PUC Staff raised certain questions and recommended  
11 that the December application be found insufficient for filing. In response, FGU  
12 provided additional information both informally over the phone and in writing on  
13 February 23, 2018. This revised February application is attached as Exhibit SAG-  
14 3. The Commission and its staff found the application sufficient, and that  
15 application is the basis for FGU's request for a wastewater rate increase  
16 (hereinafter, the "Application"). After the application was declared sufficient and  
17 at the direction of the Commission, FGU provided another customer notice or  
18 Statement of Intent on June 1, 2018, which notice is attached as Exhibit SAG-4.

19 **Q. DOES FGU'S RATE APPLICATION CONTAIN ANY UNTRUE**  
20 **STATEMENTS OF MATERIAL FACT OR MAKE ANY OTHER**  
21 **OMISSIONS?**

22 A. Not that I am aware. Both the original and revised applications were true and  
23 correct and a complete statement of FGU's business during the test year and  
24 afterward at the time of filing. As new customers are always being added to the  
25 system and because the system must also respond to resulting changes in operation,  
26 certain cost categories cannot be frozen in time in an application document.

1 **Q. BRIEFLY WHAT WAS CHANGED BETWEEN THE ORIGINAL AND**  
2 **REVISED APPLICATIONS AND WHY?**

3 A. I revised Schedules: I-1 (Revenue Requirement Summary), I-2 (Historical Revenue  
4 Summary), I-4 (Unmetered Active Connections), II-3 (Other Revenues & Expenses  
5 Passed Through), II-7 (Materials), II-10 (Other Plant Maintenance), III-1  
6 (Requested Return), III-2 (Rate Base Summary), III-5 (Working Cash Allowance  
7 Calculations), III-8 (Advances for Construction and CIAC), IV(a) (Estimate of  
8 Taxes Other than Income), IV(b) (Revenue Related Taxes and Expenses), V  
9 (Schedule of Effective Federal Tax Rate), and VI-1 (Rate Design). For the most  
10 part, these were minor changes. The one substantive change reflected the  
11 inadvertent omission of Schedule II-3, which was completed in December 2017.  
12 Also, more accurate and updated information was available after the year-end and  
13 that new data was utilized.

14 **Q. BRIEFLY, WHAT IS FOREST GLEN SEEKING IN ITS APPLICATION?**

15 A. This application seeks a modest rate increase of \$30 per month for a small  
16 wastewater system serving approximately 223 customers. Forest Glen has never  
17 sought an increase in its \$35 per month authorized rate since its operations began.  
18 Prior to 2016, Forest Glen was generally charging less than its authorized flat rate  
19 of \$35 per month. These lower charges included a fixed and a volumetric charge.  
20 In 2016, FGU began charging its fully-authorized flat rate of \$35 per month. As  
21 CEO, I recognized that FGU would not be able to sustain itself at \$35 per month as  
22 the actual cost of service was over \$100 per month for the small number of  
23 customers at the time. I also recognized that as FGU's customer base grew, the  
24 cost per customer would eventually decrease. Our rate analysis showed that at  
25 build-out of 366 customers for Potranco Ranch, a rate of \$65 per month, would  
26 allow FGU to receive full recovery of all costs elements in its cost of service,  
27 provided costs remained constant.

1 **Q. PLEASE EXPLAIN TO THE ALJ THE MAJOR ELEMENTS THAT ARE**  
2 **INCLUDED IN FOREST GLEN'S APPLICATION.**

3 A. The Application is on a Commission-prescribed form for Class B utilities, which  
4 includes an Excel spreadsheet with all of the Commission tabs covering broadly,  
5 the revenue requirement, details of expenses (with known adjustments), and rate  
6 design. Even though FGU has less than 500 connections and is a Class C utility,  
7 the Texas Water Code requires Class C utilities to file a Class B utility application  
8 for any rate making purposes other than a request for a rate adjustment based on  
9 changes to the price index. As stated, FGU has not increased its rates since the  
10 TCEQ approved its original tariff in 2012.

11 **Q. WHAT MATERIALS DID YOU REVIEW TO PREPARE THE FOREST**  
12 **GLEN APPLICATION?**

13 A. I reviewed the following documents:

- 14 1. FGU's customer and utility data, including, but not limited to, wastewater  
15 use data, number of customers, operational reports, historic revenues and  
16 expenses, and engineering documents and calculations;
- 17 2. general ledger, financial statements, receipts, invoices, bank statements, and  
18 cancelled checks and other booking documents provided by Forest Glen  
19 generally for the Test Year (January 1 – December 31, 2016).
- 20 3. historical wastewater discharge information generally for 2013 through  
21 2016 (i.e., Discharge Monitoring Reports (DMRs));
- 22 4. historical number of customers located within the Forest Glen wastewater  
23 system for 2013 through 2016;
- 24 5. drawings and subdivision plats which illustrate wastewater improvements  
25 located within the CCN;

1           6.     Forest Glen’s wastewater system improvements and expected capital  
2                   expansions required to meet estimated and known growth; and,

3           7.     various filings and pleading by the Commission staff.

4           FGU provided much of the supporting information for the application as well as  
5           additional information that Commission Staff requested in its responses to Oral  
6           Comments on February 23, 2018 and Requests for Information on April 4, 2016,  
7           June 6, 2018, and July 11, 2018. FGU will answer additional Requests for  
8           Information that are now pending when due. FGU provided information including  
9           customer volumetric usage data, general ledgers, financial statements and tax  
10          returns (deemed confidential information pursuant to 16 Tex. Admin. Code §  
11          22.71(d)), numerous receipts, invoices and other supporting information.  
12          Additionally as discussed earlier, while the Commission lacks jurisdiction in this  
13          area and it is not relevant to this docket, Forest Glen agreed to provide information  
14          about its reuse system to the Commission Staff to demonstrate that income from  
15          Forest Glen’s reuse operation is completely separate from its wastewater system,  
16          that income from wastewater does not support the provision of reuse services in  
17          any way. In fact, reuse services, which are discounted against potable water by an  
18          average of 27%, have been subsidizing the wastewater services. In effect, the  
19          wastewater utility customers have been receiving a subsidy from the Reuse System.

20   **Q.     WHAT APPROACH DID YOU USE IN YOUR EVALATION OF FOREST**  
21   **GLEN’S SEWER SYSTEM FOR PREPARING THE APPLICATION?**

22   A.     To prepare the application, I determined Forest Glen’s customers’ wastewater  
23           demands; I determined Forest Glen’s wastewater Cost of Service and Revenue  
24           Requirements, and after an extensive review of Forest Glen’s books and records, I  
25           prepared the wastewater rate design with assistance from our outside accountants,  
26           legal counsel and technical consultants.

27   **Q.     WHAT IS “COST OF SERVICE”?**

1 A. According to the statute, the cost of service is the amount of revenue that will allow  
2 the utility to earn a reasonable return on its invested capital used and useful in  
3 rendering service to the customers over and above its reasonable and necessary  
4 operating expenses.

5 **Q. WHAT METHOD OR PROCEDURE DID YOU USE TO PROJECT**  
6 **FOREST GLEN'S COST OF SERVICE?**

7 A. I used the "Utility Method" as proscribed by the Commission in its Class B  
8 Rate/Tariff Change Application instructions.

9 **Q. PLEASE EXPLAIN THE UTILITY METHOD?**

10 A. The Utility Method is typically used by investor owned utilities (IOUs) in  
11 establishing its cost of service and its revenue requirement needed to operate in a  
12 profitable manner. This method is opposed to the "Cash Needs Method" that  
13 governmental entities use in establishing their revenue requirement. Under the  
14 Utility Method, an IOU is allowed to recover its cost of service, annualized  
15 depreciation on its in-plant assets, and a rate of return (ROR) on its in-plant assets  
16 that are used and useful toward providing wastewater services to the IOU's  
17 customers. As a comparison, under the Cash Method, a governmental entity does  
18 not recover annualized depreciation on in-plant assets or profit from a ROR on  
19 invested capital.

20 **Q. HOW IS THE COST OF SERVICE DETERMINED?**

21 A. A utility's cost of service is developed by examining the entity's costs for  
22 providing, in this case, retail wastewater services to its customers. These costs are  
23 developed over the most recent 12-month prior to filing the application for which  
24 data is available, defined as the "Test Year." Cost of service expenditures for the  
25 utility's "recurring" expenses are examined for the Test Year and adjusted for  
26 recurring known and measurable changes that have occurred or can be expected to  
27 occur. Therefore, an "Adjusted Test Year" cost of service is developed, which is

1 compared to the Test Year revenues, as may be adjusted for anticipated growth. If  
2 the Adjusted Test Year cost of service is greater than projected operating revenues,  
3 the utility is entitled to a rate increase to meet such cost of service requirements.

4 **Q. CAN A UTILITY INCLUDE ANNUALIZED DEPRECIATION ON IN-**  
5 **PLANT ASSETS AS A COST OF SERVICE ITEM?**

6 A. Yes. A utility may include annualized depreciation on assets that are used and  
7 useful to providing service to its customers.

8 **Q. WHAT IS A UTILITY'S RATE BASE?**

9 A. A utility's "Rate Base" is the original installed cost of invested capital less  
10 accumulated depreciation for in-plant assets that are used and useful in providing  
11 service to its customers.

12 **Q. WHAT IS A UTILITY'S RATE OF RETURN?**

13 A. The rate of return or "ROR" represents the opportunity to generate a profit from  
14 utility operations, over and above allowable expenses. The ROR is normally  
15 expressed as a percentage of the utility's Rate Base or invested capital used and  
16 useful in providing service to the utility's customers. Historically, the  
17 Commission's ROR for IOUs has ranged between 10% and 15% of a utility's  
18 invested capital. However, it is important to note that Forest Glen is not asking for  
19 this kind of rate of return at this time. There are not enough ratepayers to cover all  
20 of the cost elements and leave rates at a competitive and affordable level. When  
21 Forest Glen's customer base exceeds 315 customers, then the \$65 per month rate  
22 should cover FGU's costs. For every additional customer thereafter, the proposed  
23 rate will begin to provide a reasonable return on investment provided other costs  
24 remain constant. However, I do not want to leave the impression, as has been asked  
25 repeatedly by the Intervenor, that Forest Glen will leave its rates at \$65/mos. in  
26 perpetuity. Many elements in the cost of service and rate base may fluctuate well

1 beyond the control of FGU such that at any given time the given monthly rate may  
2 be sufficient or lacking to cover the revenue requirement.

3 **Q. WHAT IS A “REVENUE REQUIREMENT” GENERALLY?**

4 A. As is used herein and by the Commission, the “Revenue Requirement” is a  
5 calculated number that represents the utility’s cost of service adjusted for ROR on  
6 its rate base, reasonable and necessary expenses, and taxes. The Revenue  
7 Requirement represents that amount of revenues that must be collected by a utility  
8 through the sale of water and wastewater services and from its other approved tariff  
9 revenue streams to cover its cost of operation plus a reasonable return on its  
10 investment or ROR.

11 **IV. OVERVIEW OF FOREST GLEN’S REVENUE REQUIREMENT**

12 **Q. WHAT IS THE TEST YEAR USED FOR FOREST GLEN’S**  
13 **APPLICATION?**

14 A. The Test Year was for the calendar year beginning January 1 – December 31, 2016.

15 **Q. HOW MANY RETAIL SEWER CUSTOMERS DID FOREST GLEN SERVE**  
16 **DURING THE TEST YEAR?**

17 A. As shown on Schedule I-4 of its Application, on January 1, 2016, Forest Glen billed  
18 98 customers and billed 149 customers by the end of the Test Year.

19 **Q. DID YOU PROPOSE ANY ADJUSTMENTS TO THE TEST-YEAR DATA?**  
20 **AND IF SO, WHAT WERE THEY?**

21 A. Yes. See SAG-3, Schedule I-1 relating to Known and Measurable (K&M) changes.  
22 Energy, materials and other volume related expenses, contract work, supplies,  
23 professional services and depreciation are all increased. All of the K&M changes  
24 are the result of the increase in customers and physical plant expansion.

1 **Q. WHAT IS THE APPROPRIATE METHODOLOGY TO DETERMINE**  
2 **JUST AND REASONABLE RATES IN THIS PROCEEDING?**

3 A. The appropriate rate making methodology is presented in the Commission Class B  
4 Rate/Tariff Change Application rate filing application for Class B utilities. The  
5 Class B application is appropriate for FGU's size and provides the required  
6 schedules and instructions for developing the revenue requirement.

7 **Q. WHAT IS THE RATE INCREASE FOREST GLEN IS REQUESTING?**

8 A. Forest Glen is requesting a \$30 per month increase. The rate will increase from  
9 \$35 to \$65 per month.

10 **Q. WHAT IS UNIQUE ABOUT THIS RATE INCREASE REQUEST?**

11 A. This rate case is unique because, as Schedule I-1 of the rate application  
12 demonstrates, Forest Glen has documented that it can justify a much greater  
13 increase than it is currently requesting. Schedule I-1 supports a total revenue  
14 requirement of \$309,571. However, the requested rate increase results in the  
15 collection of revenues at \$177,840 with an average of 228 customers. The  
16 \$131,731 shortfall of the revenue requirement is being "held in abeyance" in a  
17 balancing account to be collected when there are a sufficient number of  
18 customers to cover the revenue requirement.

19 **Q. WHAT DOES IT MEAN TO HAVE REVENUE HELD IN ABEYANCE?**

20 A. It is a portion of revenue requirement meant to be suspended or set aside and not  
21 included in the development of rates. Said another way, it represents costs that will  
22 not currently be recovered in rates.

23 **Q. IS FOREST GLEN PROPOSING TO REQUEST RECOVERY OF THE**  
24 **"REVENUE HELD IN ABEYANCE" IN A FUTURE RATE CASE?**

1 A. Yes. Forest Glen is proposing to defer this amount for recovery in the future  
2 and is willing to absorb this portion of the revenue requirement until such time  
3 as Forest Glen has a sufficient number of customers once the system is fully  
4 built out. Until then, the revenue requirements not included in rates will be  
5 tracked and an interest rate of 5% per annum will be applied to the amount in  
6 the balancing account.

7 **Q. WHY WOULD A UTILITY FILE A RATE INCREASE REQUEST**  
8 **THAT DOES NOT COVER ITS ENTIRE REVENUE REQUIREMENT?**

9 A. Other investor-owned utilities have done this -- Monarch Utilities, Canyon Lake  
10 Water Service Company and Bolivar Utility Services, LLC have filed requests in  
11 the past that were significantly less than what their documented revenue  
12 requirements supported. This approach is taken to mitigate the impact of rate  
13 increases until future growth provides a customer base sufficient to support a full  
14 and reasonable rate increase in the future. If rates were raised to cover the full  
15 revenue requirements now, FGU's rates would be uncompetitive and unreasonable  
16 in its customer's eyes. Future customer growth will keep rates at a reasonable level.  
17 Forest Glen expects the utility to break even in the next few years and be profitable  
18 by 2020 based on recent years' customer growth.

19 **Q. HOW CAN FOREST GLEN CONTINUE TO OPERATE WITH SUCH**  
20 **AN OPERATING DEFICIT?**

21 A. The additional cash flow from this requested rate increase, developer payments,  
22 and additional infusions of equity and debt will allow FGU to safely operate at the  
23 level of service it has provided until the number of customers reaches  
24 approximately 315, at which point rates should be able to sustain the wastewater  
25 operation alone. In addition, FGU receives revenues from the sale of reclaimed  
26 water. These reclaimed water sales provide an additional source of revenue for  
27 FGU allowing the reclaimed water sales to subsidize to some extent the loss that  
28 would otherwise be incurred. FGU has operated at a loss since it began operations,

1 and has deployed additional equity, debt and fees to developers to maintain safe  
 2 operations and deliver continuous and adequate service. Importantly, Forest Glen  
 3 has not experienced operational problems or ever received a notice of violation  
 4 from the TCEQ.

5 **Q. REGARDING FEES TO DEVELOPERS – WHAT DOES FGU CHARGE**  
 6 **AND WHY?**

7 A. Developer Fees are charged because FGU had to build the required wastewater  
 8 capacity before homes were built and sold. Several of the ratepayers appear to  
 9 confuse Developer Fees with Tap Fees. Tap Fees are charged to home builders,  
 10 not the developers, and reflect the average actual cost of connecting or tapping into  
 11 the wastewater collection system. Another common area of confusion exists  
 12 around CIAC. In Potranco Ranch, the Developer paid for the wastewater lines in  
 13 the street and then dedicated or contributed them to FGU upon completion. The  
 14 cost of this infrastructure was not included in rate base, as FGU made no financial  
 15 outlay to acquire them. However, the O&M costs associated with maintaining these  
 16 contributions are included in rates as these costs are real, bona fide costs of  
 17 providing service.

18 **V. REVENUE REQUIREMENT**

19 **Q. FOR THE APPLICATION, WHAT WAS FOREST GLEN’S TOTAL**  
 20 **SEWER REVENUE REQUIREMENT FOR THE ADJUSTED TEST YEAR?**

21 A. As shown on Exhibit SAG-3, Schedule I-1, line 36, Forest Glen’s Revenue  
 22 Requirement for the Test Year and Adjusted Test Year was \$309,571.

1 Q. WHERE ARE THE DETAILED EXPENSE AMOUNTS YOU BELIEVE  
2 ARE REASONABLE AND NECESSARY FOR THE COST OF PROVIDING  
3 WASTEWATER SERVICE?

4 A. Each of the expense amounts are presented in the Rate Application on Schedule I-  
5 1 Revenue Requirement Summary. These expenses are broken down by volume-  
6 related expenses, non-volume related expenses, and A&G Expenses as follows:

7 **Volume-Related Expenses:**

8 Line 1. Purchased Water –Not Applicable

9 Line 2. Power Expense – This expense represents the electric power used to  
10 run the WWTP.

11 Line 3. Other Volume-related expenses - These expenses relate to the costs  
12 for running lift-stations. The K&M change adjustment to this amount  
13 represents the increased costs in chemicals, filters, pump and haul and other  
14 volume related costs.

15 **Non-Volume Expenses:**

16 Line 5. Employee labor - These expenses are for the employees who operate  
17 and maintain the system, treatment plant, and lift-stations.

18 Line 6. Materials – These expenses represent chemicals and other supplies  
19 to operate the wastewater treatment plant (i.e., chlorine).

20 Line 7. Contract work – This expense item consists of contract plant  
21 operations, consulting and plant operations and employee mileage.

22 Line 8. Transportation Expenses – None.

23 Line 9. Other Plant Maintenance – These represent various repair costs for  
24 maintaining low pressure systems, lift stations, and the WWTP.

- 1           **Administrative & General Expenses:**
- 2           Line 11. Office salaries – Represents the Forest Glen office manager’s
- 3           salary.
- 4           Line 12. Management Salaries – Represents amounts for the salaries of the
- 5           Operations Manager and Secretary Treasurer.
- 6           Line 13. Employee Pension & Benefits – There are none at this time.
- 7           Line 14. Purchased Power – Represents power cost for administrative
- 8           offices only.
- 9           Line 15. Bad Debt – Relates to customer accounts written-off using the
- 10          direct write-off method.
- 11          Line 16. Office services & rentals - This expense is related to the rental of
- 12          office space used for utility operations.
- 13          Line 17. Office supplies & expenses – These expenses include minor
- 14          advertising, answering service, bank service charges, office supplies,
- 15          printing, copies, office cleaning, and computer repairs.
- 16          Line 18. Professional services - These expenses are for outside accounting
- 17          assistance, attorneys and other consultants for engineering and surveying.
- 18          The K&M change reflects increases in professional services costs related to
- 19          the growth in utility services being provided.
- 20          Line 19. Insurance – The expense is related to property insurance, general
- 21          liability and auto coverage provided for Forest Glen.
- 22          Line 20. Regulatory (rate case) expenses – The amount included in the rate
- 23          calculation is currently zero. However, FGU will seek recovery of its rate
- 24          case expenses through a temporary surcharge and a separate expert witness

1 will testify about these reasonable and necessary costs which will be  
 2 updated during the hearing process.

3 Line 21. Regulatory expense (other) – These costs are for the discharge  
 4 permit issued by TCEQ and operator licenses.

5 Line 22. Miscellaneous expenses – These expenses are for pumps and  
 6 installation of low pressure systems on customer property. The K&M  
 7 adjustment reflects revenues, or reimbursed expenses, from customers for  
 8 the installation of these systems.

9 Line 25. Depreciation – Depreciation expenses have been adjusted to reflect  
 10 an increase in plant investment.

11 Line 26. Taxes Other than Income – These costs reflect Texas Franchise  
 12 Tax and Property Taxes.

13 Line 27. Income Tax Expense – This amount is calculated based on the  
 14 proposed revenue requirement.

15 **Q. WHAT IS THE ORIGINAL COST OF THE PROPERTY USED AND**  
 16 **USEFUL IN PROVIDING WASTEWATER SERVICE?**

17 A. As of December 31, 2016, the capital investment into the WWTP was \$557,611  
 18 and \$1,388,502 for wastewater lines. As of December 2017, the capital investment  
 19 is significantly more than in 2016 -- \$834,694 into the WWTP and \$2,259,700 for  
 20 wastewater lines. FGU is not seeking to recoup these 2017 Construction Work in  
 21 Progress (CWIP) costs in this rate increase. See SAG-3, Schedule III-3, Utility  
 22 Plant in Service Depreciation Schedule.

23 **Q. DOES THAT COST INCLUDE ANY ACCUMULATED DEPRECIATION?**

24 A. No.

1 **Q. ARE THERE ANY EXPENSES RELATED TO FINES OR PENALTIES**  
 2 **INCLUDED IN ANY OF THE EXPENSE BALANCE DISCUSSED ABOVE?**

3 A. No.

4 **Q. PLEASE ADDRESS THE NECESSARY RATE BASE COMPONENTS OR**  
 5 **INVESTMENT USED IN THE DEVELOPMENT OF FOREST GLEN'S**  
 6 **REVENUE REQUIREMENT.**

7 A. Forest Glen's rate base detail can be found in Schedule III-2 of the rate application.  
 8 The Rate Base schedule consists of two sections, Additions and Deductions, as  
 9 follows:

10 **Additions:**

11 Line 1. Utility Plant - Represents the total investment in used and useful  
 12 gross plant providing service to active customers at Test Year end.

13 Line 5. Working Cash – This amount represents 1/12<sup>th</sup> of Forest Glen's  
 14 O&M costs excluding depreciation and other taxes as allowed by the  
 15 Commission rules.

16 Line 6. Prepayments – This amount represents a 13-month average of  
 17 materials and supplies inventory.

18 Line 7. Other Additions – This amount represents Completed Construction  
 19 Not Classified at test year end. It has been booked to plant and is currently  
 20 used and useful in providing service.

21 **Deductions:**

22 Line 9. Reserve for depreciation – This amount represents the accumulated  
 23 depreciation recorded to date adjusted for the recommended Commission  
 24 service lives.

1                   Line 11. Developer Contributions in Aid of Construction (“CIAC”) - This  
2                   amount represents the accumulation of all contributions to the system  
3                   provided by developers to provide utility service. This amount represents  
4                   cost free capital and should be removed from rate base.

5   **Q.    DOES FOREST GLEN CHARGE THE PLANT AN ALLOWANCE FOR**  
6   **FUNDS USED DURING CONSTRUCTION?**

7   A.    No.

8   **Q.    IS FOREST GLEN SEEKING INCLUSION OF CONSTRUCTION WORK**  
9   **IN PROGRESS IN RATE BASE?**

10 A.    No.

11 **Q.    DOES FOREST GLEN HAVE ANY WASTEWATER UTILITY**  
12 **PROPERTY THAT WAS ACQUIRED FROM AN AFFILIATE OR A**  
13 **DEVELOPER BEFORE SEPTEMBER 1, 1976?**

14 A.    No. Forest Glen had no assets when it was acquired in 2012.

15 **Q.    HAS FOREST GLEN FINANCED ANY OF ITS SEWER SYSTEM WITH**  
16 **DEVELOPER CONTRIBUTIONS? IF SO, IS THERE ANY**  
17 **ACCUMULATED DEPRECIATION ON THAT PROPERTY?**

18 A.    All of FGU’s wastewater lines are developer contributions. They are treated as per  
19       Commission rules and regulations in regard to Rate Base.

20 **Q.    HAS THE UTILITY INCLUDED ANY CUSTOMER CONTRIBUTIONS OR**  
21 **DONATIONS IN INVESTED CAPITAL?**

22 A.    No.

23 **Q.    WHAT ARE FOREST GLEN’S REASONABLE AND NECESSARY**  
24 **OPERATIONS AND MAINTENANCE EXPENSES?**

1 A. See Exhibit SAG-3, Schedule I-1, line 10 (total of lines 5-9), which summarizes the  
 2 more detailed information on Schedules II-6 through II-10.

3 **Q. WHAT ARE FOREST GLEN'S REASONABLE AND NECESSARY**  
 4 **ADMINISTRATIVE AND GENERAL EXPENSES?**

5 A. See Exhibit SAG-3, Schedule I-1, line 23 (total of lines 11-22), which summarizes  
 6 the more detailed information on Schedules II-6 through II-19.

7 **Q. WHAT ARE FOREST GLEN'S REASONABLE AND NECESSARY**  
 8 **ADVERTISING EXPENSE, CONTRIBUTIONS OR DONATIONS?**

9 A. There are none.

10 **Q. ARE ANY OF FOREST GLEN'S EXPENSES RELATING TO EXECUTIVE**  
 11 **SALARIES, ADVERTISING, RATE-CASE, LEGAL, PENALTIES AND**  
 12 **INTEREST ON OVERDUE TAXES, CRIMINAL OR CIVIL PENALTIES**  
 13 **OR FINES UNREASONABLE OR UNNECESSARY OR NOT IN THE**  
 14 **PUBIC INTEREST?**

15 A. No.

16 **Q. WHAT ARE THE REASONABLE AND NECESSARY EXPENSES, IF ANY,**  
 17 **FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS?**

18 A. There are none.

19 **Q. WHAT IS THE REASONABLE AND NECESSARY DEPRECIATION**  
 20 **EXPENSE?**

21 A. FGU books all of its assets by equipment type. Service life varies from 5 to 50  
 22 years. The depreciation expense for the test year 2016 is \$68,679.

1 Q. ARE ANY TAX SAVINGS DERIVED FROM LIBERALIZED  
 2 DEPRECIATION AND AMORTIZATION, INVESTMENT TAX CREDITS  
 3 OR SIMILAR METHODS?

4 A. Yes.

5  
 6 Q. WHAT IS THE REASONABLE AND NECESSARY AMOUNT FOR  
 7 ASSESSMENT AND TAXES OTHER THAN FEDERAL INCOME TAXES?

8 A. See SAG-3, Schedule I-1, line 26 relating to property and franchise taxes that  
 9 totaled \$3,134. This is the amount that should be paid, although at the time of  
 10 filing, the County had not billed FGU.

11 Q. WHAT IS THE REASONABLE AND NECESSARY AMOUNT FOR  
 12 FOREST GLEN'S FEDERAL INCOME TAX EXPENSES?

13 A. FGU has lost money every year since its inception. It is expected that once the  
 14 number of customers is over 315, FGU may earn some profit. FGU's application  
 15 assumes that full recovery is achieved including an allowance of \$16,160 for federal  
 16 income taxes. See SAG-3, Schedule I-1, Line 27.

17 Q. HAS FOREST GLEN ACCUMULATED RESERVE FOR DEFERRED  
 18 FEDERAL INCOME TAXES, UNAMORTIZED INVESTMENT TAX  
 19 CREDITS, CONTINGENCY RESERVES, PROPERTY INSURANCE  
 20 RESERVES, CIAC, CUSTOMER DEPOSIT, OR ANY OTHER SOURCE  
 21 OF COST-FREE CAPITAL?

22 A. No.

23 Q. WHAT IS THE REASONABLE AND NECESSARY AMOUNT FOR  
 24 MUNICIPAL FRANCHISE FEE EXPENSES?

25 A. Forest Glen is not within any incorporated city and does not pay franchise fees so  
 26 there are no expenses from this source.

1 **Q. WHAT REVENUE REQUIREMENT WILL GIVE FOREST GLEN A**  
 2 **REASONABLE OPPORTUNITY TO EARN A REASONABLE RETURN**  
 3 **ON ITS INVESTED CAPITAL USED AND USEFUL IN PROVIDING**  
 4 **SERVICE TO THE PUBLIC IN EXCESS OF ITS REASONABLE AND**  
 5 **NECESSARY OPERATING EXPENSES WHILE PRESERVING THE**  
 6 **UTILITY'S FINANCIAL INTEGRITY?**

7 A. See SAG-3, Schedule I-1, line 32 – it is \$309,571.

8 **Q. HOW DID YOU PROVIDE EVIDENCE OF EXPENSES?**

9 A. I provided the Commission Staff with a copy of the General Ledger and a copy of  
 10 the receipts for these expenses in response to Commission Staff's various Requests  
 11 for Information.

12 **Capital Structure**

13 **Q. PLEASE ADDRESS FOREST GLEN'S CAPITAL STRUCTURE?**

14 A. Forest Glen's capital structure, like many small utilities in their growth phase, has  
 15 a capital structure of 100% equity.

16 **Q. HOW MUCH DEBT DOES FOREST GLEN HAVE?**

17 A. None. FGU utilizes construction debt with personal guarantees of the shareholders  
 18 to pay for capital improvements. Until such time as the Commission approves  
 19 FGU's application, banks will not approve commercial loans as there is insufficient  
 20 revenue to make a loan payment.

21 **Q. IF FOREST GLEN HAS NO DEBT, THE COMMISSION WOULD NOT**  
 22 **ASSESS ITS DEBT-TO-EQUITY CAPITAL STRUCTURE, CORRECT?**

23 A. Yes. However, sometimes the Commission will impute a hypothetical capital  
 24 structure to reflect a cost efficient fair representation of a typical well-managed  
 25 utility's capital structure.

1 **Q. WHAT ARE THE REASONABLE AND NECESSARY COMPONENTS OF**  
2 **FOREST GLEN'S INVESTED CAPITAL?**

3 A. Currently Forest Glen's capital structure consists of 100% equity. However, the  
4 Commission prefers to see a well-balanced capital structure of debt and equity.

5 **Q. WHAT IS THE REASONABLE AND NECESSARY WORKING CAPITAL**  
6 **ALLOWANCE FOR FOREST GLEN?**

7 A. Per the Commission requirements for Class C utilities, one eighth (1/8) of O&M  
8 excluding depreciation and taxes is \$17,743.

9 **Q. WHY IS A CAPITAL STRUCTURE OF 100% EQUITY REASONABLE**  
10 **FOR SETTING RATES?**

11 A. In this instance I believe it is reasonable because Forest Glen cannot secure debt on  
12 its own and any debt obtained would not be at the favorable terms most utilities are  
13 able to obtain. However, once Forest Glen's revenue requirements have stabilized,  
14 it would be better if it would move its capital structure to a much more reasonable  
15 balance of debt and equity. Typically, the Commission likes to see these ratios in  
16 the 50/50 range.

17 **Q. DOES FOREST GLEN HAVE ANY CONSTRUCTION PROJECTS**  
18 **UNDERWAY OR PLANNED?**

19 A. FGU's capital plan includes improvements to the WWTP to meet the needs of the  
20 remaining 120 customers that will be coming online in 2019 and 2020.

21 **Q. SO IT IS NOT TRANSFERRING INVESTED CAPITAL OR MAKING AN**  
22 **ALLOWANCE OF FUNDS FOR CONSTRUCTION FOR PURPOSES OF**  
23 **THIS RATE INCREASE, CORRECT?**

24 A. Correct. All invested capital is constructed by Forest Glen and it does not apply  
25 AFUDC or an Allowance for Funds during construction.

1 **Q. BASED ON YOUR REVIEW OF THE UTILITY EXPENSES, WHAT**  
2 **OTHER ITEMS SHOULD BE DEDUCTED FROM FOREST GLEN'S**  
3 **RATE BASE, IF ANY?**

4 A. No additional deductions to the rate base are necessary. While FGU is a Class C  
5 utility, for ratemaking purposes under TWC § 13.1871 Forest Glen's requested rate  
6 base components follow Commission requirements for Class B utilities.

7 **Q. ARE REGULATORY ASSETS INCLUDED IN FOREST GLEN'S RATE**  
8 **BASE?**

9 A. Forest Glen does not have any regulatory assets.

#### 10 **Requested Rate of Return**

11 **Q. WHAT DOES "WEIGHTED COST OF CAPITAL" OR OVERALL RATE**  
12 **OF RETURN MEAN IN RATEMAKING?**

13 A. A weighted cost of capital represents the weighted cost of long term debt and  
14 requested return on common stock also known as the overall rate of return. The  
15 overall ROR is applied to rate base to determine a reasonable after-tax profit.

16 **Q. WHAT IS THE OVERALL ROR FOREST GLEN IS REQUESTING IN**  
17 **THIS PROCEEDING?**

18 A. Forest Glen is requesting an overall rate of return of 11.9% on its actual capital  
19 structure which reflects no debt and 100% equity.

20 **Q. WHY IS THE REQUESTED ROR OF 11.9% REASONABLE?**

21 A. As stated earlier and submitted in response to the various Requests for Information,  
22 Forest Glen has in effect been subsidizing ratepayers for the revenue shortfalls it  
23 has incurred since 2013. Furthermore, FGU is proposing to set aside a large portion  
24 of its revenue requirements as revenue held in abeyance. The total revenue  
25 requirements were computed using a calculated, or proxy, ROR of 11.9% which is

1 consistent with recent rate applications approved by the Commission; however, the  
2 amount of revenue requirement Forest Glen is setting aside results in negative  
3 earnings and an effective ROR that is actually negative. Thus, the requested ROR  
4 only serves as a proxy for the calculation purposes of developing the Commission  
5 filing requirements and its reasonableness should not be at issue.

6 **Affiliate Transactions**

7 **Q. DOES FOREST GLEN'S PROPOSED REVENUE REQUIREMENT**  
8 **CONTAIN AFFILIATE TRANSACTIONS?**

9 A. FGU's shareholders make many contributions of time, treasure, and experience for  
10 which they are not compensated, nor are they seeking compensation for these  
11 efforts. These contributions are solely for the benefit of FGU and its ratepayers.  
12 When FGU's shareholders provide services for a fee, those services reflect savings  
13 from greater utilization of existing resources and are at commercially competitive  
14 rates or they are at a discount to commercial rates.

15 **Q. HAS FOREST GLEN ACQUIRED ANY WASTEWATER PROPERTY**  
16 **FROM AN AFFILIATE?**

17 A. No.

18 **Q. DOES FOREST GLEN HAVE AN APPROVED SELF-INSURANCE PLAN?**

19 A. No. FGU carries general liability and special environmental liability policies.

20 **Q. HAS FOREST GLEN MADE ANY OTHER PAYMENTS TO AN**  
21 **AFFILIATE THAT MIGHT AFFECT COST OF SERVICE?**

22 A. No.

1 **Q. WHAT IS THE STANDARD THE PUC APPLIES WHEN REVIEWING**  
2 **AFFILIATE TRANSACTIONS GENERALLY?**

3 A. The Water Code allows a utility's affiliate to charge for goods and services at rates  
4 that are the same or less than what an unaffiliated third party would charge. It does  
5 not matter if a profit is made, the measuring standard is that the prices charged are  
6 competitive with unaffiliated third parties providing the same goods or services.

7 **Q. DO YOU BELIEVE FOREST GLEN MEETS THIS STANDARD?**

8 A. Yes.

9 **VI. RATE DESIGN**

10 **Q. HOW DO YOU CALCULATE A UTILITY RATE, GENERALLY?**

11 A. Utility rates should be calculated in a manner that will allow the utility a  
12 reasonable opportunity to collect the revenue requirement granted by the  
13 Commission. This can be achieved by developing a rate structure that consists  
14 of a reasonable balance between fixed and variable rates. Forest Glen's rate  
15 components are 90% fixed and 10% variable. FGU is proposing to collect  
16 100% of its requested revenue requirement through fixed rates. Unlike water  
17 service, residential wastewater has high variability. The added costs of billing  
18 for variable costs outweigh any perceived benefit to the customer base as a  
19 whole.

20 **Q. WHAT ARE FOREST GLEN'S CUSTOMER RATE CLASSES AMONG**  
21 **WHICH IT MUST ALLOCATE COSTS?**

22 A. Forest Glen only has one rate class that consists of residential customers.

23 **Q. WHAT CHANGES ARE FOREST GLEN PROPOSING TO ITS**  
24 **CURRENT RATE CLASS STRUCTURE IN THIS REQUEST?**

25 A. None.

1 **Q. WHY IS THIS A REASONABLE RATE STRUCTURE?**

2 A. Because FGU serves residential customers only.

3 **Q. HOW IS FOREST GLEN PROPOSING TO RECOVER THE**  
4 **REQUESTED RATE INCREASE?**

5 A. Forest Glen is proposing to collect the entire rate increase by increasing the monthly  
6 rate from \$35 per month to \$65 per month.

7 **Q. IS THE INCREASED RATE BASED ON CURRENT NUMBER OF**  
8 **CONNECTIONS AS OF THE DATE THE APPLICATION WAS FILED OR**  
9 **TEST-YEAR-END CONNECTIONS?**

10 A. No. If the rate increase were based on the current number of connections, the  
11 monthly rate would be over \$115 per month. The rate is geared toward breaking  
12 even in 2019.

13 **Q. HOW DID FOREST GLEN CALCULATE THE REVENUE**  
14 **REQUIREMENTS TO BE COLLECTED?**

15 A. "Schedule VI Alt Rate Design Fixed" provides the calculation of the revenue  
16 requirement to collect in rates as well as the proposed rates. In general, Line 1 takes  
17 the total Revenue Requirement of \$309,571 and divides that by the average number  
18 of customers in 2018 which was 228. This equals \$1,405 per annum or \$117 per  
19 month. FGU understands that this amount is currently untenable to its customers  
20 but also understands that as the customer base grows, the utility will be profitable  
21 at \$65 per month or \$780 per annum.

22 **Q. WHAT WOULD BE THE TYPICAL BILL RATE IMPACTS ASSUMING**  
23 **THE PROPOSED INCREASE AND RATE DESIGN IS ACCEPTED BY**  
24 **THIS COMMISSION?**

25 A. The bill simply increases from \$35 to \$65 per month.

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2  
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9

**VII. RATE CASE EXPENSES**

**Q. IS THE COMPANY PROPOSING TO COLLECT RATE CASE EXPENSES FOR THIS PROCEEDING?**

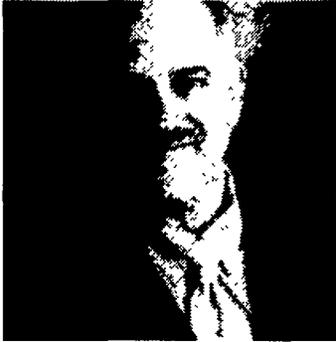
A. Yes. FGU has retained an expert witness who will be providing his direct testimony on rate case expenses separately.

**Q. DOES THIS COMPLETE YOUR TESTIMONY?**

A. Yes, however, I reserve the right to revise or expand my testimony as additional facts or evidence become available during the hearing process.

## Steven A. Greenberg Biography

### CEO and General Partner



Steven Greenberg brings more than 33 years of entrepreneurial, public utility, private industry, and public policy experience to the Company. Steven has devoted his career to developing sustainable methods for the optimization, delivery and consumption of clean, energy efficient, resources and infrastructure to end users. He has substantial experience in the development, design, building, financing, ownership, optimization and operation of water, wastewater, distributed energy, electric utility and facility systems. Over the past 10 years, Steven has led a team of professionals and industry leading water/wastewater and electric utility providers that has performed studies, analyses, designs, recommendations, development and acquisitions on utility infrastructure with total capital value in excess of \$750 million.

Steven founded BVRT, LP<sup>1</sup> which is the parent of BVRT Utility Holding Company (Holdco) in 2013. Since that time Holdco has established 5 water/wastewater utilities and a management company that services the developments associated with the utilities.

Prior to establishing BVRT, Steven founded Bridge View Resources, providing consulting, engineering and architectural services. The firm assists both public and private clients in the development and implementation of strategies, systems and solutions for sustainable infrastructure and energy, including water and wastewater. Steven was the Project Manager for the rebuilding of Richmond CA's wastewater collection system and wastewater treatment plant.

His experience with asset management and ownership dates back to 1998 when he was one of 4 individuals that co-founded RealEnergy Inc. At the time, RealEnergy was the nation's leading developer, owner, and operator of distributed generation and combined heat and power systems for the commercial real estate sector. RealEnergy's 30 projects generated a combined 15 megawatts of power, including a 330-kilowatt solar power system that was the largest non-utility privately owned solar system in the country. Prior to RealEnergy, Steven was a consultant on energy and infrastructure wherein he was the project manager for the infrastructure assessment and establishment of utility and public works services for conversion of Oakland Army Base from military to civilian use. Steven started his utility career with 14 years at PG&E, working in a variety of positions in operations, construction, business management, power contracts, and government affairs.

Steven has advised and provided testimony for the CA Legislature, CPUC, CEC, NYPSC, MPSC, NYPSC, NYSERDA, US DOE, Congress, and US President Executive Office. Steven is a member of AWWA, ASHRAE, CEERT and AEEE and previously served in board and/or executive committee positions for the California Alliance for Distributed Energy Resources, the Distributed Power Coalition of America, and the US Combined Heat and Power Association. Steven is a veteran, having served 8 years in the US Coast Guard. He earned a Bachelor of Science in Business Administration from California Polytechnic Institute. Steven is dedicated to serving in the communities in which he lives and work and has served on the board of the Vacaville Boys and Girls Club for 5 years. When not working he is spending time with his family.

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<sup>1</sup> Mr. Greenberg is the founder and managing director of Bridge View Resources, LLC which is the General Partner for BVRT, LP. BVRT, LP wholly owns BVRT Utility Holding Company, LLC, which owns various utility and utility service companies. Steven is the CEO of Forest Glen Utility Company, Zipp Road Utility Company, Windy Hill Utility Company Plum Creek Utility Company, Grist Mill Utility Company, OMMS and First Mark Management, all of which are subsidiaries or affiliates of BVRT, LP.

**AFFIDAVIT**

STATE OF TEXAS

COUNTY OF Medina

I, Harry Klausman being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** Manager

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 USPS (method of delivery) to each customer or other affected party on or about December 27, 20 17

[Signature]  
AFFIANT  
(Utility's Authorized Representative)

Forest Glen Utility Co.  
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 27th day of December, 20 17, to certify which witness my hand and seal of office.



Mary M Hoyt  
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

Mary M. Hoyt  
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 11/21/2019

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

2018 JAN 11 AM 10:12

PUBLIC UTILITY COMMISSION  
FILING CLERK

FOREST GLEN UTILITY COMPANY 21070

Company Name (CCN Numbers)

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 (1761 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 \_\_\_\_\_ (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:** 2/1/2018

(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 and sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest.)

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

(TO ENSURE RATES COVER ACTUAL OPERATING COSTS OF THE UTILITY, FGUS RATES HAVE BEEN BELOW THE COST OF SERVICE SINCE 2012)

**BILLING COMPARISON**

**Water**

Existing	5,000 gallons:	\$ _____ /mo	Proposed	5,000 gallons:	\$ _____ /mo
Existing	10,000 gallons:	\$ _____ /mo	Proposed	10,000 gallons:	\$ _____ /mo
Existing	30,000 gallons:	\$ _____ /mo	Proposed	30,000 gallons:	\$ _____ /mo

**Sewer**

Existing	5,000 gallons:	\$ _____ 85.00 /mo	Proposed	5,000 gallons:	\$ _____ 85.00 /mo
Existing	10,000 gallons:	\$ _____ /mo	Proposed	10,000 gallons:	\$ _____ /mo

**PROPOSED RATES:**

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

Company Address City State Zip

Company Phone Number

214,000.00 Annual Revenue Increase 8/9/2017 Date Notice Delivered

8/1/2017 Date of Last Rate Change Not Applicable Date Meters Typically Read

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

54

P.U.C. DOCKET NO. 47897

**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 Protestor:

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 -SEWER**

<b>CURRENT RATES</b>		<b>PROPOSED RATES</b>	
Monthly base rate including _____ gallons		Monthly base rate including _____ gallons	
Meter Size:		Meter Size:	
<b>RESIDENTIAL</b>		<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>		<b>GALLONAGE OR FIXED CHARGE:</b>	
\$ _____ 25.00		\$ _____ 65.00	
<input checked="" type="checkbox"/> per month; OR		<input checked="" type="checkbox"/> per month; OR	
<input type="checkbox"/> for each additional 1,000 gallons over the minimum.		<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:		Gallage charges are determined based on average consumption for winter period which includes the following months:	
<b>MISCELLANEOUS FEES</b>		<b>MISCELLANEOUS FEES</b>	
Tap Fee \$ _____ 300.00		Tap Fee \$ _____ 300.00	
Reconnect fee: Non-payment \$ _____ 25.00		Reconnect fee: Non-payment \$ _____ 25.00 (Maximum - \$25.00)	
Customer's Request \$ _____ 50.00		Customer's Request \$ _____ 50.00	
Transfer Fee \$ _____ 50.00		Transfer Fee \$ _____ 50.00	
Late Charge \$ _____ 5.00		Late charge: (Indicate either \$5.00 or 10%) \$ _____ 10%	
Returned Check Charge \$ _____ 25.00		Returned Check Charge \$ _____ 25.00	
Deposit \$ _____ 50.00		Deposit \$ _____ 50.00 (Maximum \$50.00)	
Meter test fee \$ _____ Actual Cost		Meter test fee \$ _____ 25.00 (Maximum - \$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.**

FGU has maintained rates below the cost of service since 2012.



**PUBLIC UTILITY COMMISSION OF TEXAS**

**CLASS B RATE/TARIFF CHANGE APPLICATION**

*Required Schedules for rate/tariff changes*

WATER UTILITY NAME Forest Glen Utility Company  
CCN No 21070

ADDRESS OF UTILITY 15720 Bandera Road, Suite 103  
Street, P O Box and/or suite number  
Helotes, Texas 78023  
City and Zip Code

PHONE NUMBER ( 210 ) 695-5490  
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING  
NAME Harry Hausman  
PHONE 210-695-5490  
EMAIL ADDRESS harryhausman@gmail.com

PUC CLASS SIZE  B  C (circle one)

INCREASE (DECREASE) 256400.03 (From Sch I-1, Line 33)  
dollar amount  
121% (From Sch I-1, Line 34)  
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY  
S Corporation owned equally 1/3 by Earl Holdings LLC, Hausman Holdings, LTD and BVRT, LP

DATE OF LAST GENERAL RATE CASE FILING 08/01/12

DATE OF LAST NON-GENERAL RATE CHANGE\* N/A  
\* (e.g. pass through rate change or temporary water rate provision)

9/17/15

**DIRECT TESTIMONY OF STEVEN A. GREENBERG**

Page 1

**EXHIBIT SAG-3**

FGU0604

## **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: Forest Glen Utility Company  
 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: XXXXX

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

UTILITY NAME: Forest Glen Utility Company  
 GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES  
 TABLE OF CONTENTS (Page 2 of 2)

Sheet Protected, unable to check boxes	<u>Attachment Schedule</u>	<u>Items Checked</u>
<b>SECTION III <u>RETURN AND RATE BASE</u></b>		
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 type="checkbox"/>
Deferred Income Taxes	III-9(a)	<input checked="" type="checkbox"/>
Deferred Investment Tax Credits	III-9(b)	<input type="checkbox"/>
Deferred Assets	III-10(a)	<input checked="" type="checkbox"/>
<b>SECTION IV <u>TAXES OTHER THAN INCOME</u></b>		
Property, Payroll and Other Taxes	IV(a)	<input checked="" type="checkbox"/>
Revenue Related Taxes	IV(b)	<input checked="" type="checkbox"/>
<b>SECTION V <u>FEDERAL INCOME TAXES (FIT)</u></b>		
Income Taxes at Present Rates-effective rate	V	<input checked="" type="checkbox"/>
<b>SECTION VI <u>RATE DESIGN</u></b>		
Rate Design Worksheet	VI	<input checked="" type="checkbox"/>

## INSTRUCTIONS REV REQUIREMENT

UTILITY NAME: Forest Glen Utility Company

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.

SCHEDULE I-1 REV REQUIREMENT

UTILITY NAME: <u>Forest Glen Utility Company</u>						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
I-1 REVENUE REQUIREMENT SUMMARY						
PUC Docket No.		Test Year End: <u>12/31/2016</u>				
A	B	C	D	E	F=D+E	G
			Historical Test Year	K & M Changes	Adjusted Test Year	
Line No.	Acct. No.	Account Name				Reference/ Instructions
		Volume related expenses:				
1	610	Purchased water	-	-	-	Schedule II-3
2	615	Power Expense-production only	10,704	6,327	17,031	Schedule II-4
3	618	Other volume related expenses	8,413	4,459	12,872	Schedule II-5
4		Total volume related exp.	19,117	10,786	29,903	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor	-	-	-	Schedule II-6, Line 1
6	620	Materials	24,665	13,072	37,737	Schedule II-7
7	631-636	Contract work	31,000	4,519	35,519	Schedule II-8
8	650	Transportation expenses	-	-	-	Schedule II-9
9	664	Other plant maintenance	-	-	-	Schedule II-10
10		Total non-volume related exp.	55,665	17,591	73,256	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	2,590	1,295	3,885	Schedule II-14
18	678	Professional services	22,127	6,638	28,765	Schedule II-15
19	684	Insurance	2,466	1,307	3,773	Schedule II-16
20	666	Regulatory (rate case) expense	-	-	-	Schedule II-17
21	667	Regulatory expense (other)	1,544	818	2,362	Schedule II-18
22	675	Miscellaneous expenses	-	-	-	Schedule II-19
23		Total admin. & general expense	28,727	10,058	38,785	Add Lines 11-22
24		Total operating Expenses	103,509	38,436	141,945	Lines 4 + 10 + 23
25	403	Depreciation	68,679	6,740	75,419	Sch III-3, Col E. Line 50
26	408	Taxes Other than Income	3,134	-	3,134	Sch IV(b). Line 8
27	409/10	Income Tax Expense	16,160	-	16,160	Schedule V, Line 7
28		TOTAL EXPENSES	191,482	45,176	236,657	
29		TOTAL HISTORIC REVENUE	53,171			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(138,311)			Line 29 less Line 28
31		REQUESTED RETURN			72,914	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			309,571	Line 28 plus Line 31
33		INCREASE		(to notice)	256,400	and 30
34		PERCENTAGE INCREASE			121%	33
35		LESS: OTHER REVENUES			-	Line 8
36		Revenue for Rate Design		(to VI, line 1)	309,571	Line 32 minus Line 35

UTILITY NAME: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: <u>12/31/2016</u> <b>I-2 HISTORICAL REVENUE SUMMARY</b>			
Line No.	NARUC A/C	Description	Historical Test Year
1.	461	Metered connections base rate revenue	From financial records
2.	461	Metered connection gallonage rate revenue	From financial records
3.	460	Unmetered (Flat rate) revenue	53,171 From financial records
4.	Total Metered & Flat Rate Revenue		53,171
5.	Plus: Total Other Revenues		208,200 From II-3, Column B, line 7
6.	Total Historic Test Year Revenues per income statement and Annual Report*		261,371 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.

These numbers match FGU's 2016 Tax Returns

Line 5. Other Revenues are Builder Fees paid to FGU and are included in the price of the lots sold. These fees are used to cover the shortfalls collected in Rates that result from fewer than required connected customers to cover costs and to provide for WWTP repairs and expansions. These Other Revenues are reported as taxable income. See Note on Schedule II-3 for additional details.

UTILITY NAME: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>I-3 METERED ACTIVE CONNECTIONS BY METER SIZE (There are no metered connections)</b> FOR TEST YEAR ENDED: 12/31/2016							
A	B	C	D	E	F	G	H
		Number of Connections					
Line No.	Meter Size	End of Prior Year 2015	Test Year Additions (2016)	End of Test Year 2016	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"					1.5	
3.	1"					2.5	
4.	1 1/2"					5.0	
5.	2"					8.0	
6.							
7.							
8.							
9.	Total	0	0	0	0		0
10.	Average	0	0	0	0		0

UTILITY NAME: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS**  
 FOR TEST YEAR ENDED: 12/31/2016

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	% Increase
1.	2016	98	51	149	124	52%
2.	2017	149	50	199	174	34%
3.	2018	199	59	258	229	30%
4.	2019	258	59	317	288	23%
5.	Total	317	219	.	.	

There will be an 53% increase in the number of homes in 2017, from 149 to 228.  
 Build out is expected in 2019 at 360 homes.

## INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: Forest Glen Utility Company  
SCHEDULES - CLASS B RATE/TARIFF CHANGE  
SECTION II - OPERATIONS AND MAINTENANCE

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

### Instructions for Section II

Compile financial and source information to determine known and measurable changes to the test year expenses. Provide copies of source documents, such as increased utility bill notices, to verify the applicant's proposed known and measurable changes. Show calculations and explanations for all known and measurable changes on all schedules, where applicable. Attach extra workpapers if needed.

Working through Schedules II-4 through II-19, complete each and transfer test year amounts to column G of Schedule I-1. Depreciation expense, other taxes, FIT and return will be determined using later schedules. Wait until those schedules are complete, and then transfer the amounts to Schedule I-1.

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

UTILITY NAME: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION</b> FOR TEST YEAR ENDED: 12/31/2016
--

**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	N/A	N/A	N/A	PUC Annual Report
2	Total water purchased	N/A	N/A	N/A	PUC Annual Report
3	Total water produced	N/A	N/A	N/A	Line 1 + line 2
4	Total water sold	N/A	N/A	N/A	PUC Annual Report
5	Total accounted for non-revenue water*	N/A	N/A	N/A	
6	Total unaccounted for water	N/A	N/A	N/A	Lines 3 less 4 less 5
7	Percentage	N/A	N/A	N/A	Line 6 divided by Line 3

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

Known and measurable calculations and explanations:

**SCHEDULE II-1(b) WATER PRODUCTION  
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)**

Line No.	Description	A	B	C=A+B	D
		Test Year	K & M Change	Adjusted Test Year	Reference
1	Water Purchased (1,000 gallons)	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: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-3 OTHER REVENUES & EXPENSES PASSED THROUGH**  
 FOR TEST YEAR ENDED: 12/31/2016

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

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

\* 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*	\$ 13,500.00		0
2.	Late Fees			
3.	Meter Test Fees			
4.	Reconnect Fees			
5.	Purchased Water Fees			
6.	Groundwater Conservation District Fees			
7.	Other (attach detail**)	\$ 194,700.00		0
8.	Total Other Revenues	\$ 208,200.00		0

(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 7 Note

FGU charges the Builder's \$2,950 per lot at closing as a connection fee This is declared as income, not CIAC The sewer lines that are contributed are declared as CIAC These funds are used to pay for the costs of operating the WWT system that are not covered by rates until the number of customers and the rates have been established for normal operations as well as necessary plant expansion and repairs. There will be a total of 366 customers at build out At the close of 2015 there were 96 customers At the close of 2016 there will be approximately 168 customers Between 70 and 90 homes are sold each year Build out should occur by the end of 2018 or first quarter 2017 at which point the builder fee will cease and FGU will need to be operating with all costs of services recovered in monthly sewer charges

UTILITY NAME <u>Forest Glen Utility Company</u> II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>PURCHASED POWER</b> FOR TEST YEAR ENDED. <u>12/31/2016</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	
	<u>2014</u>	\$ <u>5,122.44</u>	
	<u>2015</u>	\$ <u>4,377.00</u>	
<b>Test Year</b>	<u>2016</u>	\$ <u>10,704.00</u>	
<b>K &amp; M Change</b>		\$ <u>6,327.00</u>	(to I-1, Column E, Line 2)
<b>Adjusted Test year</b>		\$ <u>17,031.00</u>	(to I-1, Column F, Line 2)

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

The increase in power from year 2015 to 2016 is directly attributable to increase in the number of customers (occupied homes) in the new subdivision. They same number of homes or more is expected to increase in 2017.

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

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

**Volume related expenses**

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

	Year	Amount	
	<u>N/A</u>	\$ <u>N/A</u>	
	<u>2016</u>	\$ _____	
<b>a. Test Year</b>		\$ _____	
<b>b. K &amp; M Change</b>		\$ _____	(to I-1, Column E, Line14)
<b>c. Adjusted Test year (a. + b.)</b>		\$ _____	(to I-1, Column F, Line 14)

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

There is no office electric charge

UTILITY NAME Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-5 OTHER RELATED VOLUME EXPENSES**  
 12/31/2016  
 FOR THE TEST YEAR ENDED

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>	
	2014	\$ 4,433	
	2015	\$ 11,513	
Chlorine	<u>2016</u>	<u>\$ 3,886.00</u>	
Filters	<u>2016</u>	<u>2,015.00</u>	
Pump and Haul	<u>2016</u>	<u>\$ 2,512.00</u>	
Other	<u>2016</u>	<u>\$ -</u>	
a. Test Year	<u>2016</u>	<u>\$ 8,413.00</u>	
b. K & M Change		<u>\$ 4,458.89</u>	(to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b)		<u>\$ 12,871.89</u>	(to I-1, Column F, Line 3)

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

Chlorine, Filters and Pump and haul are directly related to volume. The number of customers is increasing by 53%. Hence the costs should increase by 53%.

Chlorine & Chemicals	Filters	Pump Haul
195	133	1637
735	303	350
867	173	525
236	300	
263	188	
265	580	
234	266	
254	72	
263		
262		
312		
3886	2015	2512

UTILITY NAME Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-6 ALLOCATION OF PAYROLL EXPENSES**  
 12/31/201  
 6  
 FOR THE ADJUSTED TEST YEAR

**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	N/A								
2	N/A								
3	N/A								
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	0	to Schedule I-1, Line 5
2	601-2	Office salaries	0	to Schedule I-1, Line 11
3	601-3	Management salaries	-	to Schedule I-1, Line 12
4		Total Payroll Expenses	-	(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

**There are no employees, all contract labor**

UTILITY NAME: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-7 MATERIALS</b> FOR THE TEST YEAR ENDED: <u>12/31/2016</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
6.	620	Materials

**II-7(a) Materials**

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

	Year	Amount
	<u>2014</u>	\$ <u>55.77</u>
	<u>2015</u>	\$ <u>11,513.00</u>
a. Test Year	<u>2016</u>	\$ <u>24,665.00</u>
b. K & M Change		\$ <u>13,072.45</u> (to I-1, Column E, Line 6)
c. Adjusted Test year (a. + b.)		\$ <u>37,737.45</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:**

Materials other than those listed under Sched II-5 Other Volume Expenses, are included below. There will be an 53% increase in the number of homes in 2017, from 149 to 228. Build out is expected in 2019 at 360 homes.

**II-7(b) Large Items:**

Description	Amount	Date in service

UTILITY NAME. <u>Forest Glen Utility Company</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
<b>II-8 CONTRACT WORK</b>
FOR THE TEST YEAR ENDED <u>12/31/2016</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
7.	631, 635, 636	Contract work (non-capitalized engineering, testing, other)

**II-7(a) Contract work**

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

	Year	Amount
	<u>                    </u>	\$ <u>                    </u>
	<u>2014</u>	\$ <u>11,193.70</u>
	<u>2015</u>	\$ <u>26,481.00</u>
a. Test Year	<u>2016</u>	\$ <u>31,000.00</u>
b. K & M Change		\$ <u>4,519.00</u> (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)		\$ <u>35,519.00</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:**

We expect to see a 53 % increase in customers and throughput. Contract maintenance is not directly volumetric, however there is a sunstantial increase in the plant capacity and the frequency of maintenance is a function of volumetric throughput. Therefore we expect to see an increase of 31%

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

Description	Amount	Date in service

UTILITY NAME <u>Forest Glen Utility Company</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
<b>II-9 TRANSPORTATION</b>
FOR THE TEST YEAR ENDED <u>12/31/2016</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
	_____	\$ _____
	_____	\$ _____
a. Test Year	_____	\$ <u>N/A</u>
b. K & M Change		\$ _____ (to I-1, Column E, Line 8)
c. Adjusted Test year (a. + b.)		\$ <u>N/A</u> (to I-1, Column F, Line 8)

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

Vehicle expenses are included in the Contract Work costs.

**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: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-10 OTHER PLANT MAINTENANCE**  
 FOR THE TEST YEAR ENDED: 12/31/2016

**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
9.	664	Other plant maintenance

**II-10(a) Other plant maintenance**

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

	Year		Amount	
	<u>2014</u>		\$ <u>51,404.13</u>	
	<u>2015</u>		\$ <u>-</u>	
<b>a. Test Year</b>	<u>2016</u>		\$ <u>-</u>	
<b>b. K &amp; M Change</b>			\$ <u>-</u>	(to I-1, Column E, Line 9)
<b>c. Adjusted Test year (a. + b.)</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:**

There is no Other Maintenance after 2014 it as II captured in Sched II-7 and II-8.

**II-10(b) Large Items:**

Description	Amount	Date in service

UTILITY NAME Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-11 EMPLOYEE PENSIONS AND BENEFITS**  
 FOR THE TEST YEAR ENDED 12/31/2016

**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:

N/A	\$	-	\$	-	\$	-	\$	-	\$	-
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: -

Cost per Employee: -

List types of Pensions & Benefits:

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

Number of Employees covered: 0.00

Cost per Employee: -

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

**There are no employees. All work is by contractor.**

UTILITY NAME <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-12 BAD DEBTS</b> FOR THE TEST YEAR ENDED <u>12/31/2016</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>
15.	670	Bad Debts

**II-12 Bad debts/Uncollectibles**

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

	Year	Amount	
	<u>2014</u>	\$ <u>N/A</u>	
	<u>2015</u>	\$ <u>N/A</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

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

UTILITY NAME: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-13 OFFICE SERVICES AND RENTALS**  
 FOR THE TEST YEAR ENDED: 9/30/2016

**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
16.	678	Office services & rentals

**II-13(a) Office services and rentals**

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

	Year	Amount
	<u>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:  
 Office rental costs are included in Professional Services, Schedule II-15**

*Office rental is included in Contract Expense*

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

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

Description	Amount	Date in service

UTILITY NAME, <u>Forest Glen Utility Company</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
<b>II-14 OFFICE SUPPLIES</b>
FOR THE TEST YEAR ENDED <u>12/31/2016</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>
17.	681	Office supplies & expenses

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

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

	Year	Amount	
	<u>2014</u>	\$ <u>977.71</u>	
	<u>2015</u>	\$ <u>551.00</u>	
a. Test Year	<u>2016</u>	\$ <u>2,590.00</u>	
b. K & M Change		\$ <u>1,295.00</u>	(to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		\$ <u>3,885.00</u>	(to I-1, Column F, Line 17)

**Explanation and calculations of known and measurable change:**  
 The number of customers is increasing by 53%. Hence the costs should increase by 53%.

\* 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: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**II-15 PROFESSIONAL SERVICES**  
 FOR THE TEST YEAR ENDED: 12/31/2016

**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:

	Year	Amount	
	<u>2014</u>	\$ <u>4,684.25</u>	
	<u>2015</u>	\$ <u>25,532.00</u>	
<b>a. Test Year</b>	<u>2016</u>	\$ <u>22,127.00</u>	
<b>b. K &amp; M Change</b>		\$ <u>6,638.10</u>	(to I-1, Column E, Line 18)
<b>c. Adjusted Test year (a. + b.)</b>		\$ <u>28,765.10</u>	(to I-1, Column F, Line 18)

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

Expect Professional Services costs to rise by 30 % due to scheduled plant expansion in 2017.  
 Accounting, Legal and Management expenses

**\* 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: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-16 INSURANCE</b> FOR THE TEST YEAR ENDED: <u>12/31/2016</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>
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>3,324.00</u>	
	<u>2015</u>	\$	<u>2,487.00</u>	
<b>a. Test Year</b>	<u>2016</u>	\$	<u>2,466.00</u>	
<b>b. K &amp; M Change</b>		\$	<u>1,306.98</u>	(to I-1, Column E, Line 19)
<b>c. Adjusted Test year (a. + b.)</b>		\$	<u>3,772.98</u>	(to I-1, Column F, Line 19)

**Types of insurance:**

<u>2016</u>	\$ <u>2,466.00</u>	<u>2016</u>	<u>General Liability</u>	<u>Arch Insurance Company</u>
<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
_____	\$ _____	_____	_____	_____
<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
_____	\$ _____	_____	_____	_____
<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:**

Insurance increase due to expected 53% increase revenues and operations.

UTILITY NAME <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-17 REGULATORY EXPENSE</b> FOR THE TEST YEAR ENDED <u>12/31/2016</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
20.	666	Regulatory (Rate Case) Expense

**II-17(a) Regulatory commission expense**

List the amount spent on rate case expense for the last two years and for the Test Year. Typically, the commission separates rate case expense from the revenue requirement and allows recovery through a surcharge. The known and measurable adjustment would decrease this expense to zero in this case. In any event, if the applicant does not file every year, the expense must be amortized over the time between filings and only one year's worth should be charged to customers. Record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Indicate the kinds of expenses included in this account by identifying all large\* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

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

UTILITY NAME: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-18 REGULATORY EXPENSE</b> FOR THE TEST YEAR ENDED: <u>12/31/2016</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
21.	667	Regulatory commission expense

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

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

	Year	Amount	
	<u>2014</u>	\$ <u>          -</u>	
	<u>2015</u>	\$ <u>      1,468.00</u>	
a. Test Year	<u>2016</u>	\$ <u>      1,544.00</u>	
b. K & M Change		\$ <u>          818.32</u>	(to I-1, Column E, Line 21 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>      2,362.32</u>	(to I-1, Column F, Line 21 - see instructions above)

**Explanation and calculations of known and measurable change:**  
 Expect to the regulatory expenses to increase from WWTP discharge permit revisions.

\* 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>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>II-19 MISCELLANEOUS EXPENSE</b> FOR THE TEST YEAR ENDED: <u>12/31/2016</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>          -</u>	
	<u>2015</u>	\$ <u>          -</u>	
<b>a. Test Year</b>	<u>2016</u>	\$ <u>          -</u>	
<b>b. K &amp; M Change</b>		\$ <u>          -</u>	(to I-1, Column E, Line 22 - see instructions above)
<b>c. Adjusted Test year (a. + b.)</b>		\$ <u>          -</u>	(to I-1, Column F, Line 22 - see instructions above)

**Explanation and calculations of known and measurable change:  
 Expect miscellaneous expenses to increase due to 81% increase in # of customers.  
 Misc Expenses are included in Sched II-18**

**\* 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: Forest Glen Utility Company

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>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-1 REQUESTED RETURN</b> FOR THE TEST YEAR ENDED <u>12/31/2016</u>
---

**RETURN ON RATE BASE:**

Line No	Description	Amount
1	Test year end rate base (from III-2, Line 16)	608,120
2	Requested ROR ( Col G, Line 7 below)	11.99%
3	Return on rate base (Line 1 x Line 2)	72,914

**Rate of Return:**

A	B	C	D	E	F	G
Line No	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6 Column C			G=(E x F)
4	Equity (Rate base less Line 5, Column D)	608,119.85	100%	11.99%	Col E = Requested return on equity	11.99%
5	Long Term Debt and Advances from associated companies from Schedule III-6	0	-	0.00%	Col E = From Sch III-6, Column H, Line 9	0.00%
6	Total capitalization (Rate Base Sch III-2, Line 16)	608,119.85				
7	Return on rate base Col G, Line 6 rounded to nearest 0.01%				<b>Line 4 + Line 5</b>	11.99%

To Line 2 above

\* ROE = Return on Equity

UTILITY NAME: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-2 RATE BASE SUMMARY**  
 FOR THE TEST YEAR ENDED: 12/31/2016

Line No.	Description	Amount	Reference (From)
1	<b>Additions:</b>		
2.	Utility plant (Original Cost)	2,026,113	Schedule III-3, Line 50, Col D
3.	Construction work in progress	-	Schedule III-4, Line 5
4.	Materials and supplies	-	Schedule III-4, Line 8
5.	Working cash (capital)	17,743	Schedule III-5, Line 2
6.	Prepayments	-	Schedule III-4, line 8
7.	Other Additions	-	Add schedule
8.	<b>TOTAL ADDITIONS (Add Lines 2 through 6)</b>	<b>2,043,856</b>	
	<b>Deductions:</b>		
9.	Reserve for depreciation (Accumulated)	78,942	Schedule III-3, Col F, Line 50
10.	Advances for construction	-	Schedule III-8(a), Col F, Line 6
11.	Developer Contributions in aid of construction	1,356,794	Schedule III-8(b), Col G, Line 6
12.	Accumulated deferred income taxes	-	Schedule III-9(a), Line 3
13.	Accumulated deferred investment tax credits	-	Schedule III-9(b), Line 3
14.	Other Deductions	-	Add schedule
15.	<b>TOTAL DEDUCTIONS (Add lines 9 through 14)</b>	<b>1,435,736</b>	
16.	<b>RATE BASE (Line 8, less Line 15)</b>	<b>608,120</b>	

UTILITY NAME Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE

Schedule III-3

***See Schedule III-3 PIS Dep Sched***

(Provide a schedule for each PWS system)

**III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION**

0

Add schedules as needed, provide a summary also

Line No	[A]	[B]	[C]	[D 1]	[D 2]	[D]= [D.1] - [D.2]	Depreciation			[E] = [D]/[C]	[F] Accumulated	[G] = [D]-[F]
	Item	Date of Installation	Service Life (yrs) **	Original Cost when installed \$	Customer CIAC amount	Adjusted Original Cost for Customer CIAC <sup>1</sup>	Time in Service			Annual (\$)	(\$ Reserve)	Net Book Value (\$)
							Years in Service	Months	Days			
1	303 Land and land rights											
2	307 Wells		50									
	<b>Well Pumps:</b>											
3	311 5 hp or less		5									
4	311 Greater than 5 hp		10									
	<b>Booster Pumps:</b>											
5	311 5 hp or less		5									
6	311 Greater than 5 hp		10									
7	320 Chlorinators		10									
	<b>Structures:</b>											
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									
	<b>Other: (Please list)</b>											
19												
20												
50	Total											

To Sch III-2, line 2

To Sch I-1, line 27

To Sch III-2, line 9

Add detailed workpapers if necessary to support this Schedule

<sup>1</sup>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.

***See Schedule III-3 PIS Dep Sched***

UTILITY NAME <u>Forest Glen Utility</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]	[B]	[C]	[D 1]	[D 2]	[D] = [D.1] - [D.2]	Depreciation			[E] = [D]/[C]	[F]	[G] = [D]-[F]
	Item	Date of Installation	Service Life (Yrs) **	Original Cost when installed \$	Customer CIAC amount	Adjusted Original Cost for Customer CIAC <sup>1</sup>	Time in Service			Annual (\$)	Accumulated (\$) (Reserve)	Net Book Value (\$)
							Years in Service	Months	Days			
1	303 Land and land rights			80,000	-	80,000				-	-	80,000
<u>WASTEWATER INFRASTRUCTURE</u>												
2	INFRASTRUCTURE PER HARR)	1/2/2014	50	213,735	-	213,735	2	11	29	4,275	8,550	205,185
3	INFRASTRUCTURE UNIT 2A	1/2/2014	50	96,480	-	96,480	2	11	29	1,930	3,860	92,620
4	INFRASTRUCTURE UNIT 2B	1/2/2014	50	112,017	-	112,017	2	11	29	2,240	4,481	107,536
5	INFRASTRUCTURE UNIT 3	1/2/2014	50	213,668	-	213,668	2	11	29	4,273	8,546	205,122
6	INFRASTRUCTURE UNIT 4	7/24/2015	50	484,391	-	484,391	1	5	7	9,688	4,037	480,354
7	INFRASTRUCTURE UNIT 5	7/24/2015	50	155,463	-	155,463	1	5	7	3,109	1,296	154,167
8	INFRASTRUCTURE UNIT 6	1/2/2016	50	112,748	-	112,748	-	11	29	2,255	940	111,808
9	WASTEWATER INFRASTRUCTURE			1,388,502	-	1,388,502				27,770	31,708	1,356,794
<u>Group WASTEWATER SYSTEM EQUIP</u>												
10	WASTE WATER EQUIPMENT	1/2/2014	20	340,390	-	340,390	1	11	29	17,020	34,038	306,352
11	FG Pump	7/20/2015	5	3,861	-	3,861	-	5	11	772	322	3,539
12	FG Pump	8/4/2015	5	7,291	-	7,291	-	4	27	1,458	608	6,683
13	FG WASTE WATER SYSTEM	8/7/2015	5	175	-	175	-	4	24	35	15	160
14	FG PUMP	7/29/2015	5	426	-	426	-	5	2	85	36	391
15	FG GENERATOR	8/25/2015	15	11,148	-	11,148	-	4	6	743	248	10,900
16	FG PIPE	9/3/2015	50	349	-	349	-	3	27	7	2	347
17	FG TRANSFORMER	9/4/2015	25	943	-	943	-	3	26	38	13	930
18	FG AUTO DIALER	9/15/2015	5	1,023	-	1,023	-	3	15	205	51	972
19	FG PUMP	9/17/2015	5	179	-	179	-	3	13	36	9	170
20	FG FLOATS	11/24/2015	5	745	-	745	-	1	6	149	12	733
21	PG SHED FOR TOOLS	12/1/2015	30	227	-	227	-	-	30	8	1	226
22	FG GRINDERS	5/27/2015	10	2,007	-	2,007	-	6	3	201	117	1,890
23	FG LADDER	7/14/2015	30	120	-	120	-	5	17	4	2	118
24	METERS	5/26/2015	10	736	-	736	-	6	4	74	43	693
24	Transfer Switch	7/31/2015	15	1,666	-	1,666	-	10	-	111	65	1,601
25	Misc Equipment	12/31/2015	10	7,285	-	7,285	-	9	-	729	425	6,860
26	Tank Meter	1/11/2016	10	1,488	-	1,488	-	8	20	149	87	1,401
27	Generator	2/9/2016	15	6,367	-	6,367	-	8	21	424	248	6,119
28	Propane Tank	2/15/2016	30	2,038	-	2,038	-	8	15	68	40	1,998
29	Install New 480V Elec System and Meter 1	4/26/2016	15	7,472	-	7,472	-	5	5	498	291	7,181
30	Upgrade WWTP Series 3000 MBBR	4/26/2016	25	68,485	-	68,485	-	5	5	2,739	1,598	66,887
31	New Pumps for Expansion	4/29/2016	5	47,892	-	47,892	-	5	5	9,578	5,588	42,304
32	Utility Shed	3/23/2016	30	227	-	227	-	6	7	8	5	222
33	Relief Valve	4/8/2016	10	1,189	-	1,189	-	9	23	119	70	1,119
34	Pump House Lighting	4/19/2016	10	385	-	385	-	5	11	39	23	362
35	Conduit Ramp	5/5/2016	15	178	-	178	-	4	25	12	7	171
36	Mini Storage Unit	6/14/2016	30	1,743	-	1,743	-	9	16	58	34	1,709
37	Cholinator Pump	7/28/2016	20	1,052	-	1,052	-	2	2	53	31	1,021
38	Fencing	8/22/2016	20	3,142	-	3,142	-	1	8	157	92	3,050
39	Lift Pump Station	8/30/2016	5	8,053	-	8,053	-	1	1	1,611	940	7,113
40	Pump Manifold	9/30/2016	5	7,909	-	7,909	-	3	1	1,582	923	6,986
41	New Pumps for Expansion	12/1/2016	10	21,420	-	21,420	-	1	1	2,142	1,250	20,170
<u>WASTEWATER SYSTEM EQUIP</u>				557,611	-	557,611				40,909	47,234	510,377
<u>Grand Total</u>				2,026,113	-	2,026,113				68,679	78,942	1,947,170

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

Note: Book Value and Depreciation for PUC is different than Value for Tax accounting. The values used herein are based on the PUCT Acctg Sy: line 27 line 9

DIRECT TESTIMONY OF STEVEN A. GREENBERG

EXHIBIT SAG-3  
FGU0636

UTILITY NAME: <u>Forest Glen Utility Company</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>12/31/2016</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	\$ -
2.	Plant additions after previous rate case		
3.	WWTP	\$ 557,610.64	
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.	Total additions (add lines 3 through 10, Col C)		\$ 557,610.64
12.	Test year plant retirements after previous rate case:		
13.		\$ -	
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.	Total retirements (add line 13 through 20, Col C)		\$ -
22.	Ending balance (line 1 + line 11 - line 21)	Equals as III-3, Column D, line 50	\$ 557,610.64

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

UTILITY NAME: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS,                  MATERIALS AND SUPPLIES INVENTORY &amp; PREPAYMENTS</b> FOR THE TEST YEAR ENDED: <u>12/31/2016</u>
---

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

**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS:**

A	B	C
Line No.	Description	Test Year Amount
1.	Beginning balance	-
2.	Test year costs added	#REF!
3.	Test year construction costs completed	#REF!
4.	Ending balance	-
5.	Average balance - test year (line 1 plus line 4, divided by 2)	-

Typically zero, to Schedule III-2, Line 3

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

To III-2, Line 4.

To III-2, Line 6.

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

UTILITY NAME <u>Forest Glen Utility Company</u> SCHEDULES FOR CLASS B RATE/TARIFF CHANGE <b>III-5 WORKING CASH ALLOWANCE CALCULATIONS</b> FOR THE TEST YEAR ENDED <u>12/31/2016</u>
--

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		\$ 141,944 74		\$ 141,944 74
2	Working Cash (Line 3 / Line 5)		\$ 11,828 73		\$ 17,743 09
3	Divisor	12	12	8	8

From Sch 1-1, line 25  
To Sch III-2, line 5

UTILITY NAME: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWER**  
 FOR THE YEAR ENDED 12/31/2016

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	N/A	0	0	0	0.00%	0
2							
3							
4							
5							
6							
7							
8							
9	Total				0		0

10 Sch III-1,  
Column G,  
Line 5

List short term debt, if any	
Earl Holdings LLC	\$ 32,910 00
Hausman Holdings, LTD	\$ 32,910 00
Total	\$ 65,820 00

UTILITY NAME: <u>Forest Glen Utility Company</u>
SCHEDULES - CLASS B RATE/TARIFF CHANGE
<b>III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE</b>
FOR THE TEST YEAR ENDED: 12/31/2016

ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. _____ )	
2	Ending balance per Sch III-3, Column F, Line 50	78,942.36
	Describe accounting adjustments made between the prior rate case and the current rate case:	

Must match previous rate case

There was no previous Rate Case. Only the initial flat rate set when the FGU CCN was created in 2012

UTILITY NAME <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-8 ADVANCES FOR CONSTRUCTION AND</b> <b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b> FOR THE TEST YEAR ENDED <u>12/31/2016</u>
---

III-8(a) ADVANCES FOR CONSTRUCTION:

Line No.	A Item	B Date of Installation	C Total Cost	D Amount of Advance	E Repayments made to developer	F (F)=(D)-(E) Rate base Value (to Sch III-2)	G Amount to be refunded in the future*
1.	Sewer Tap		\$ -	\$ -	\$ -	\$ -	
2.	Sewer Treatment Fees (Connection Fee)			\$ -	\$ -	\$ -	
3.							
4.							
5.							
6.	Total		\$ -	\$ -	\$ -	\$ -	\$ -

\*If any advances or CIAC from developers or customers are refundable, please provide the potential date of refunding if known

III-8(b) DEVELOPER CONTRIBUTIONS IN AID OF CONSTRUCTION\*:

Line No.	A Item	B Date of Installation or Contribution	C Total Cost	D Amount of Developer Contribution	E Annual amortization	F Accumulated Amortization	G (G)=(D) - (F) Rate Base Value (to Sch III-2)
1.	Sewer Line		\$ 2,026,112.64	\$ 1,388,502.00	\$ 27,770.04	\$ 31,708.48	\$ 1,356,793.52
2.							\$ -
3.							\$ -
4.							\$ -
5.							\$ -
6.	Total	\$ -	\$ 2,026,112.64	\$ 1,388,502.00	\$ 27,770.04	\$ 31,708.48	\$ 1,356,793.52

\*Customer CIAC is entered directly on III-3

UTILITY NAME: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>III-9 DEFERRED INCOME TAXES AND</b> DEFERRED INVESTMENT TAX CREDITS FOR THE TEST YEAR ENDED: <u>12/31/2016</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	N/A
2.	Test year amount	
3.	Ending balance	0

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

Line No.	Description	Test Year Amount
1.	Beginning balance	N/A
2.	Test year amortization	
3.	Ending balance	

UTILITY NAME: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**III-10 OTHER DEFERRED ASSETS**  
 FOR THE TEST YEAR ENDED: 12/31/2016

III-10(a) : Other Deferred Assets

Line No.	Description	Test Year Amount
1.	N/A	N/A
2.	N/A	N/A
3.	N/A	N/A

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

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

SECTION IV OTHER TAX INSTRUCT

UTILITY NAME: Forest Glen Utility Company

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 Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**IV(a) ESTIMATE OF TAXES OTHER THAN INCOME**  
 FOR THE TEST YEAR ENDED 12/31/2016

**PROPERTY TAXES:**

A	B	C	D	E
Line No	Description	Amount	Amount	Reference
1	Property taxes paid in in test year		0	per property tax bills
2	Utility plant added in test year	557,611		Schedule III-3(a), Line 11
3	Utility plant retirements in test year	-		Schedule III-3(a), Line 21
4	Net additions	557,611		Line 2 minus line 3
5	Net Property tax rate	0.562%		Line 1 / beginning of test year gross plant balance from III-3 (a), Col D, Line 1
6	Test year property tax on additions		3133,771797	Line 4 times Line 5
7	Adjusted Test year property tax expense		3,134	Line 1 + Line 6
8	Known and measurable change	3,134	3,134	Line 7 minus Line 1

**PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS):**

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

**OTHER TAXES:**

A	I	J	K	L
Line No.	Description	Test year	K & M change	Adjusted Test Year
18	Other taxes & licenses	-	-	-
19				-
20				
21	Total Other Taxes (Line 18 + Line 19 + Line 20)			-
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			3,134
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			3,134

UTILITY NAME: <u>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>IV(b) REVENUE RELATED TAXES AND EXPENSES</b> FOR THE TEST YEAR ENDED: <u>12/31/2016</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))					1 0000
4	Change in revenue requirement (Sch I-1, line 33)					256,400
5	Adjusted revenue requirement (Line 3 x Line 4)					256,400
6	Adjusted expense (Line 3 times Line 4)					256,400

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: Forest Glen Utility Company  
 SCHEDULES - CLASS B RATE/TARIFF CHANGE  
**V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE**  
 FOR THE TEST YEAR ENDED: 12/31/2016

A	B	C	D
Line		Amount	Reference
1	Requested Return	\$ 72,913.57	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	\$ 72,913.57	Line 1 minus Line 2
4	Income taxes at proposed rates	\$ 13,228.39	Line 17 below
5	Effective tax rate	18.14%	Line 4 divided by Line 3
6	Total gross up factor	122%	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	\$ 16,159.78	Line 4 times line 6

To Sch I-1, Line 27

**FEDERAL INCOME TAX CALCULATION:**

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

UTILITY NAME: <u>Forest Glen Utility Company</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>Forest Glen Utility Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE <b>Schedule VI-1 RATE DESIGN</b> FOR THE TEST YEAR ENDED: <u>12/31/2016</u>					
Line No.	A	B	Reference		C
<b>DETERMINATION OF FIXED COSTS</b>					
1.	Gross revenues to be recovered:		Sch I-1, Line 36		309,571
	<b>Less variable costs:</b>				
2.	Purchased water - Account 610		Sch I-1, Col. F, line 1		-
3.	Purchased power - Account 615		Sch I-1, Col. F, line 2		17,031
4.	Other volume related - Account 618		Sch I-1, Col. F, line 3		12,872
5.	Other volume related or allocated (attach schedule)				
6.					
7.					
8.					
9.					
10.	<b>FIXED COSTS</b>	(Line 1 minus Lines 2-9)			279,668
11.	<b>% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE</b>				100.00%
12.	<b>TO BE RECOVERED THROUGH BASE SERVICE CHARGE</b>				
	<b>RECAP:</b>				
13.	RECOVERED THROUGH BASE SERVICE CHARGE		Line 10		279,668
14.	RECOVERED THROUGH VOLUMETRIC RATE		Line 1 - Line 10		29,903
	TOTAL		Equals Line 1		309,571
	<b>TO BE RECOVERED THROUGH BASE SERVICE CHARGE</b>				
15.	TOTAL METER EQUIVALENTS		Sch I-4, Col FH, line 5		199
16.	CHARGE PER 5/8" X 3/4" METER		Line 13 / Line 15		1,405.37
	<b>TO BE RECOVERED THROUGH VOLUMETRIC RATE</b>				
17.	TOTAL SEWER SALES IN 1,000 GALS		Sch II-1(a), Col C, line 4		6,311
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)		Line 14 / Line 17	\$	4,7383
	<b>PROPOSED RATES:</b>				
19.	FOR ALL SEWER RECEIVED PER 1,000 gallons		Line 18 or attach calc	\$	4.74
	<b>BASE SERVICE CHARGE (PER CONNECTION)</b>				1,405.37
	<b>Meter size</b>	<b>Line 16</b>	<b>Equivalency</b>	<b>Base Rate/size</b>	
20.	5/8 X 3/4"	1,405.37	X 1.0 =	1,405.37	1,405.37
21.	3/4"		X 1.5 =		
22.	1"		X 2.5 =		
23.	1 1/2"		X 5.0 =		
24.	2"		X 8.0 =		
25.	3"		X 15.0 =		
26.	4"		X 25.0 =		

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.

With 168 customers the monthly sewer bill would be \$123. This is not affordable or competitive. At build out, there will be 366 customers and the Base Service Charge will be \$56.37 per month. FGU is requesting to postpone \$125,000 in recovered rates for 2017 and place that amount into a balancing account earning interest at 7%. It is FGU's intent to recover the \$125,000 plus interest beginning in 2020 over a five year period through a surcharge.

FGU is proposing a flat fixed rate per month. This will reduce accounting and management costs. The amount of variable costs is less than 15% of the total costs and the impact on customers will be diminished.

TREATMENT INFORMATION - SEWER

Table VIII.

Total number of gallons treated (total master reading for the year)	[A]	6,310,850	gallons
Total number of gallons treated by another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons treated [C] = [A] + [B]	[C]	6,310,850	gallons
Source of Purchased Treatment		[1]	

X A, Line [B]

EOY	Avg # Customers	GPD per EDU	Total GPD	GPY
2015	98	140	13,720	5,007,800
2016	123.5	140	17,290	6,310,850
2017	174	140	24,360	8,891,400
2018	228.5	140	31,990	11,676,350

Check

-->	127	140	17,780	6,489,700
				540,808
				18,027
				11,266,84

Total Est Monthly Gallonage based on GPD  
4,200

Table VIII.

reated (total master reading for the year)	[A]	6,310,850	gallons
ther source for sale to customers (if any)	[B]	0	gallons
number of gallons treated [C] = [A] + [B]	[C]	6,310,850	gallons
Source of Purchased Treatment		[1]	

le IX A., Line [B] and Table X A, Line [B]

# 1. Balance Sheet

**Name of Utility:** Forest Glen Utility Company

Line #	<b><u>ASSETS</u></b>	End of Year 12/31/2016	End of Prior Year 12/31/2015
	<b><u>UTILITY PLANT</u></b>		
1	101 Utility Plant in Service	\$ 1,987,931	\$ 1,724,777
2	TOTAL UTILITY PLANT	\$ 1,987,931	\$ 1,724,777
3	108 Less: Accumulated Amortization		
4	110 Less: Accumulated Depreciation	\$ (364,830)	\$ (65,446)
5	NET UTILITY PLANT	\$ 1,623,101	\$ 1,659,330
6	<b><u>CURRENT ASSETS</u></b>		
7	131-135 Cash	\$ 67,326	\$ 32,697
8	141-143 Accounts Receivable	\$ -	\$ 2,099
9	151 Plant Materials and Supplies (not previously expensed)	\$ -	\$ -
10	171-174 Other Current Assets	\$ -	\$ -
11	TOTAL CURRENT ASSETS	\$ 67,326	\$ 34,795
12	<b><u>TOTAL ASSETS*</u></b>	<b>\$ 1,690,427</b>	<b>\$ 1,694,126</b>
	<b><u>LIABILITIES &amp; EQUITY</u></b>		
	<b><u>EQUITY</u></b>		
13	201 Common Stock	\$ 500	\$ 500
14	211 Other paid in capital	\$ 866,295	\$ 371,076
15	215 Retained Earnings	\$ (227,969)	\$ 10,970
16	218 Proprietary Capital	\$ -	\$ -
17	TOTAL STOCKHOLDERS' EQUITY	\$ 638,826	\$ 382,546
	<b><u>LONG-TERM DEBT</u></b>		
18	224 Long-term debt (more than 1 year)		\$ -
	<b><u>CURRENT LIABILITIES (less than 1 year)</u></b>		
19	231 Accounts Payable	\$ -	\$ 662
20	232 Notes Payable	\$ -	\$ 65,933
21	241.0 Other Current Liabilities		\$ -
	TOTAL CURRENT LIABILITIES	\$ -	\$ 66,595
	<b><u>OTHER LIABILITIES and DEFERRED CREDITS</u></b>		
22	253 Other Deferred Credits	\$ -	\$ -
23	271-272 Net Contributions in Aid of Constructio	\$ 1,296,728	\$ 1,244,985
24	TOTAL OTHER LIABILITIES and DEFERRED CREDITS	\$ 1,296,728	\$ 1,244,985
25	<b><u>TOTAL LIABILITIES &amp; EQUITY*</u></b>	<b>\$ 1,935,554</b>	<b>\$ 1,694,126</b>

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

\*Total assets (Line 12) must equal liabilities plus equity (Line 25).

## 2. Statements of Income

**Name of Utility:** Forest Glen Utility Company

Line #	Report Calendar Year	2016	Water Report Year	Sewer Report Year	Total Report Year
			none	2016	2016
			A	B	C=A+B
1	<b>Total Revenue:</b>		none	\$ 261,371	\$ 261,371
	<b>Operating Expenses:</b>				
2	601 O & M Salaried Labor		none		
3	604 Employee Benefits		none		
4	631, 635, 636 O & M Contract labor		none	\$ 31,000	\$ 31,000
5	620 Operating/Maint Supplies		none	\$ 33,078	\$ 33,069
6	610 Purchased Water		none		
7	615 Purchased Power		none	\$ 10,704	\$ 10,704
8	635 Testing Expense		none	\$ 12,008	\$ 12,008
9	618 Chemicals		none		
10	656-659 Insurance		none	\$ 2,466	\$ 2,467
11	601 General Office Salaries		none		
12	675 General Office Expenses		none	\$ 2,590	\$ 2,579
13	632 Contract Accounting		none	\$ 6,748	\$ 6,748
14	633 Legal		none	\$ 8,403	\$ 8,403
15	634 Management		none	\$ 6,976	\$ 6,977
16	666 Amortization- Rate Case Expense		none		
17	403 Depreciation Expense		none	\$ 168,804	\$ 168,804
18	667-675 Other Misc. Expenses		none	\$ 1,544	\$ 1,545
	<b>Taxes:</b>				
19	409 Federal Income Taxes		none		
20	409.0 State Franchise Taxes/Reg Assess.		none	\$ 1,109	\$ 1,110
21	408 All Other Taxes		none	\$ 12	\$ 12
22	<b>Total Expenses</b>		none	\$ 285,442	\$ 285,426
23	<b>Net Operating Income</b>		none	\$ (24,071)	\$ (24,055)
24	421, 433 Non-Operating Income		none		
	<b>Non-Operating Deductions:</b>				
25	426 Other		none		
26	427 Interest		none	\$ 2,879	\$ 2,879
27	<b>Net Income</b>		none	\$ (26,950)	\$ (26,934)

## 2. Statements of Income

Name of Utility: Forest Glen Utility Company

Line #	Report Calendar Ye	2016	Water Report Year	Sewer Report Year	Total Report Year
			none	2015	2015
			A	B	C=A+B
1	<b>Total Revenue:</b>		none	\$ 194,144	\$ 194,144
	<b>Operating Expenses:</b>				
2	601 O & M Salaried Labor		none		
3	604 Employee Benefits		none		
4	631, 635, 636 O & M Contract labor		none	\$ 26,481	\$ 26,481
5	620 Operating/Maint Supplies		none	\$ 11,513	\$ 11,513
6	610 Purchased Water		none		\$ -
7	615 Purchased Power		none	\$ 4,377	\$ 4,377
8	635 Testing Expense		none	\$ 6,078	\$ 6,078
9	618 Chemicals		none		\$ -
10	656-659 Insurance		none	\$ 2,487	\$ 2,487
11	601 General Office Salaries		none		\$ -
12	675 General Office Expenses		none	\$ 551	\$ 551
13	632 Contract Accounting		none	\$ 5,041	\$ 5,041
14	633 Legal		none	\$ 9,902	\$ 9,902
15	634 Management		none	\$ 10,589	\$ 10,589
16	666 Amortization- Rate Case Expense		none		\$ -
17	403 Depreciation Expense		none	\$ 17,823	\$ 17,823
18	667-675 Other Misc. Expenses		none	\$ 1,468	\$ 1,468
	<b>Taxes:</b>				\$ -
19	409 Federal Income Taxes		none		\$ -
20	409.0 State Franchise Taxes/Reg Assess.		none	\$ -	\$ -
21	408 All Other Taxes		none	\$ -	\$ -
22	<b>Total Expenses</b>		none	\$ 96,310	\$ 96,310
23	<b>Net Operating Income</b>		none	\$ 97,834	\$ 97,834
24	421, 433 Non-Operating Income		none		
	<b>Non-Operating Deductions:</b>				
25	426 Other		none		
26	427 Interest		none	\$ -	\$ -
27	Net Income		none	\$ 97,834	\$ 97,834

Forest Glen Utility Company  
Transaction Detail by Account  
January through December 2016

02/20/18

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>Wastewater Usage</b>								
Check	01/19/16	ACH	Lone Star Capitol Bank	December payme	Lone Star-701246		1,907.08	1,907.08
Check	02/16/16	Deposit	Lone Star Capitol Bank	January payment	Lone Star-701246		2,172.44	4,079.52
Check	03/15/16	Deposit	Lone Star Capitol Bank	Feburary payment	Lone Star-701246		4,095.00	8,174.52
Check	04/18/16	Deposit	Lone Star Capitol Bank	March payment fc	Lone Star-701246		4,445.00	12,619.52
Check	05/17/16	Deposit	Yancey Water Supply	April for March U	Lone Star-701246		4,585.00	17,204.52
Check	06/27/16	Deposit	Lone Star Capitol Bank	May payment for	Lone Star-701246		4,725.00	21,929.52
Check	07/18/16	Deposit	Lone Star Capitol Bank	June Collection fo	Lone Star-701246		4,900.00	26,829.52
Check	08/16/16	Deposit	Lone Star Capitol Bank	July Collection for	Lone Star-701246		5,145.00	31,974.52
Check	09/19/16	ACH	Lone Star Capitol Bank	August Payment f	Lone Star-701246		5,145.00	37,119.52
Check	09/19/16	ACH	3232-(180 Sunrise Hill)	Did not pay bill	Lone Star-701246		-48.72	37,070.80
Check	10/18/16	Deposit	Lone Star Capitol Bank	September Payme	Lone Star-701246		5,215.00	42,285.80
Check	10/18/16	Deposit	3232-(180 Sunrise Hill)	Did not pay bill	Lone Star-701246		-35.00	42,250.80
Check	11/16/16	Deposit	Lone Star Capitol Bank	October Payment	Lone Star-701246		5,495.00	47,745.80
Check	11/16/16	Deposit	3232-(180 Sunrise Hill)	Did not pay	Lone Star-701246		-35.00	47,710.80
Check	12/20/16	Deposit	Lone Star Capitol Bank	November Payme	Lone Star-701246		5,495.00	53,205.80
Check	12/20/16	Deposit	3232-(180 Sunrise Hill)	Did not pay	Lone Star-701246		-35.00	53,170.80
<b>Total Wastewater Usage</b>							<b>53,170.80</b>	<b>53,170.80</b>
<b>Wastewater</b>								
<b>Tax (Holding Tank)</b>								
Check	11/18/16	598	Melissa Lutz, PCC	R82953 (2016)	Lone Star-701246		-11.95	-11.95
<b>Total Tax (Holding Tank)</b>							<b>-11.95</b>	<b>-11.95</b>
<b>Administration</b>								
<b>Insurance</b>								
Check	06/06/16	512	Bigham, Kiewer Chapman & Watts	2016	Lone Star-701246		-2,477.30	-2,477.30
General Journal	10/28/16	Deposit		Refund check #00	Lone Star-701246		11.20	-2,466.10
<b>Total Insurance</b>							<b>-2,466.10</b>	<b>-2,466.10</b>
<b>Management Services</b>								
Bill	01/01/16	FG-137	Hausman Management	January Invoice#F	Accounts Payable		-812.73	-812.73
Check	02/04/16	429	Hausman Management	Invoice#FG-138	Lone Star-701246		-812.73	-1,625.46
Check	03/01/16	452	Hausman Management	Invoice#FG-139	Lone Star-701246		-812.73	-2,438.19
Check	04/01/16	475	Hausman Management	Invoice#FG-140	Lone Star-701246		-812.73	-3,250.92
Check	05/02/16	490	Hausman Management	Invoice#FG-141	Lone Star-701246		-812.73	-4,063.65
Check	06/01/16	507	Hausman Management	Invoice#FG-143	Lone Star-701246		-812.73	-4,876.38
Check	07/06/16	526	Hausman Management	Invoice#FG-144	Lone Star-701246		-350.00	-5,226.38
Check	08/01/16	543	Hausman Management	Invoice#FG-145	Lone Star-701246		-350.00	-5,576.38
Check	09/01/16	559	Hausman Management	Invoice#FG-146	Lone Star-701246		-350.00	-5,926.38
Check	11/01/16	589	Hausman Management	Invoice#FG-147	Lone Star-701246		-350.00	-6,276.38
Check	11/01/16	590	Hausman Management	Invoice#FG-148	Lone Star-701246		-350.00	-6,626.38
Check	12/01/16	607	Hausman Management	Invoice#FG-149	Lone Star-701246		-350.00	-6,976.38
<b>Total Management Services</b>							<b>-6,976.38</b>	<b>-6,976.38</b>
<b>Miscellaneous</b>								
Check	05/23/16	ACH	Lone Star Capitol Bank	Incoming Wir Fee	Lone Star-701246		-7.00	-7.00
Bill	06/01/16	USPS	Chase-0019	Postage for PUC r	Accounts Payable		-19.57	-26.57
Check	06/07/16	Wire Fee	Lone Star Capitol Bank	Wire Fee	Lone Star-701246		-10.00	-36.57
Bill	06/16/16	USPS	Chase-0019	Postage to homec	Accounts Payable		-65.80	-102.37
Check	07/12/16	Wire Fee	Lone Star Capitol Bank	Incoming Wire Fe	Lone Star-701246		-10.00	-112.37
Check	09/07/16	Wire Fee	Lone Star Capitol Bank	Wire Fee	Lone Star-701246		-7.00	-119.37
Check	09/14/16	Wire Fee	Lone Star Capitol Bank	Wire Fee	Lone Star-701246		-14.00	-133.37
Bill	09/26/16	Site One	Chase-0019	Weed Killer	Accounts Payable		-53.32	-186.69
Check	12/06/16	608	Texas Hog Trappers	Hog trap	Lone Star-701246		-455.00	-641.69
<b>Total Miscellaneous</b>							<b>-641.69</b>	<b>-641.69</b>
<b>Office Supplies</b>								
Check	01/05/16	407	Diamond Association Management	Postage for mailir	Lone Star-701246		-66.24	-66.24
Bill	01/08/16	UPS	Chase-0019	Copy of binder	Accounts Payable		-7.15	-73.39
Check	01/19/16	418	Mission Courier	Pick up binder SO	Lone Star-701246		-13.55	-86.94
Bill	02/04/16	Forest GI	Chase-0019	Postage for Backf	Accounts Payable		-6.96	-93.90
Bill	02/04/16	#15691	Mission Courier	Pick up agreemen	Accounts Payable		-9.98	-103.88
Bill	03/23/16	Supplies	Home Depot	On Site Supplies	Accounts Payable		-142.08	-245.96
Check	04/22/16	485	Mission Courier	Invoice#16989	Lone Star-701246		-30.59	-276.55
Check	05/02/16	492	Mission Courier	Invoice#17211	Lone Star-701246		-10.85	-287.40
Check	08/03/16	545	Mission Courier	Invoice#18700	Lone Star-701246		-9.97	-297.37
Check	10/05/16	576	Thompson Print & Mailing Solution	Checks	Lone Star-701246		-63.92	-361.29
<b>Total Office Supplies</b>							<b>-361.29</b>	<b>-361.29</b>
<b>Professional Services</b>								
<b>Accounting</b>								
Check	01/19/16	ACH	Lone Star Capitol Bank	December payme	Lone Star-701246		-337.05	-337.05
Check	02/16/16	Deposit	Lone Star Capitol Bank	January payment	Lone Star-701246		-348.95	-686.00
Check	03/15/16	Deposit	Lone Star Capitol Bank	Feburary payment	Lone Star-701246		-363.50	-1,049.50
Check	04/18/16	Deposit	Lone Star Capitol Bank	March payment fc	Lone Star-701246		-450.45	-1,499.95
Check	05/17/16	Deposit	Yancey Water Supply	April for March U	Lone Star-701246		-386.75	-1,886.70
Check	05/24/16	504	Ridout, Barrett & Co, PC	Invoice#40943	Lone Star-701246		-1,500.00	-3,386.70
Check	05/27/16	510	Ridout, Barrett & Co, PC	journal entries	Lone Star-701246		-204.00	-3,590.70
Check	06/27/16	Deposit	Lone Star Capitol Bank	May payment for	Lone Star-701246		-379.05	-3,969.75
Check	07/18/16	Deposit	Lone Star Capitol Bank	June Collection fo	Lone Star-701246		-391.65	-4,361.40
Check	08/08/16	547	Ridout, Barrett & Co, PC	PUC compliance	Lone Star-701246		-244.50	-4,605.90
Check	08/16/16	Deposit	Lone Star Capitol Bank	July Collection for	Lone Star-701246		-420.35	-5,026.25
Check	09/19/16	ACH	Lone Star Capitol Bank	August Payment f	Lone Star-701246		-265.50	-5,291.75
Check	10/18/16	Deposit	Lone Star Capitol Bank	September Payme	Lone Star-701246		-403.90	-5,695.65

Check	11/16/16	Deposit Lone Star Capitol Bank	October Payment Lone Star-701246		-540.05	-6,235.70
Check	12/20/16	Deposit Lone Star Capitol Bank	November Payment Lone Star-701246		-512.05	-6,747.75
<b>Total Accounting Consulting</b>					<b>-6,747.75</b>	<b>-6,747.75</b>
Check	02/01/16	425 Steven Greenburg	Stuart Consulting Lone Star-701246		-875.00	-875.00
Check	02/01/16	426 Stuart Consulting	Invoice#2_A ✓ Lone Star-701246		0.00	-875.00
<b>Total Consulting Engineering</b>					<b>-875.00</b>	<b>-875.00</b>
Check	04/04/16	479 MCA Consulting	Well Survey Lone Star-701246		-700.00	-700.00
<b>Total Engineering Legal</b>					<b>-700.00</b>	<b>-700.00</b>
Check	01/15/16	415 Pulman,Cappuccio, Pullen, Benson & Kreager Mitchell, PLLC	Lease 14 ac Lone Star-701246		-1,716.21	-1,716.21
Check	01/15/16	417 Kreager Mitchell, PLLC	Kreager Law 295 Lone Star-701246		-327.25	-2,043.46
Check	02/12/16	437 Kreager Mitchell, PLLC	Kreager Law 297 Lone Star-701246		-462.00	-2,505.46
Check	02/18/16	442 Pulman,Cappuccio, Pullen, Benson & Kreager Mitchell, PLLC	Lease 14 ac Lone Star-701246		-73.50	-2,578.96
Bill	04/19/16	30027 Kreager Mitchell, PLLC	Invoice#30027 Accounts Payable		-943.25	-3,522.21
Bill	04/19/16	#1543 Gilbert Wilburn, PLLC	Gilbert Wilburn in Accounts Payable		-1,347.50	-4,869.71
Bill	04/19/16	#1528 Gilbert Wilburn, PLLC	Gilbert Wilburn in Accounts Payable		-105.00	-4,974.71
Bill	04/19/16	#1506 Gilbert Wilburn, PLLC	Gilbert Wilburn in Accounts Payable		-630.00	-5,604.71
Check	04/29/16	489 Pena and Pena, PLLC	Sanitary Control Lone Star-701246		-52.50	-5,657.21
Bill	05/10/16	30061 Kreager Mitchell, PLLC	Invoice#30061 Accounts Payable		-1,506.75	-7,163.96
Check	06/08/16	516 Gilbert Wilburn, PLLC	Invoice#1573 Lone Star-701246		-490.00	-7,653.96
Check	06/14/16	520 Kreager Mitchell, PLLC	Kreager Law 301 Lone Star-701246		-269.50	-7,923.46
Check	07/11/16	533 Gilbert Wilburn, PLLC	Invoice#1588 Lone Star-701246		-94.50	-8,017.96
Check	08/12/16	550 Pulman,Cappuccio, Pullen, Benson & Kreager Mitchell, PLLC	Lease 20 Ac Lone Star-701246		-245.00	-8,262.96
Check	09/20/16	567 Pena and Pena, PLLC	Fence Lone Star-701246		-140.00	-8,402.96
<b>Total Legal</b>					<b>-8,402.96</b>	<b>-8,402.96</b>
<b>Total Professional Services</b>					<b>-16,725.71</b>	<b>-16,725.71</b>
<b>Total Administration Interest</b>					<b>-27,171.17</b>	<b>-27,171.17</b>
Check	05/06/16	495 Hausman Holdings	Interest on Hausn Lone Star-701246		-2,878.75	-2,878.75
<b>Total Interest Operations</b>					<b>-2,878.75</b>	<b>-2,878.75</b>
<b>Contract O&amp;M Work</b>						
Bill	01/25/16	January # Jason R Smith	January Accounts Payable		-2,450.00	-2,450.00
Bill	02/22/16	Feb. #16 Jason R Smith	Feb Accounts Payable		-2,450.00	-4,900.00
Check	04/01/16	474 Jason R Smith	March Lone Star-701246		-2,450.00	-7,350.00
Check	05/01/16	488 Jason R Smith	April Lone Star-701246		-2,450.00	-9,800.00
Check	06/01/16	506 Jason R. Smith	May Lone Star-701246		-2,450.00	-12,250.00
Check	06/30/16	524 Jason R. Smith	June Lone Star-701246		-3,000.00	-15,250.00
Bill	07/22/16	July #22 Jason R Smith	July Accounts Payable		-3,150.00	-18,400.00
Check	09/01/16	557 Jason R. Smith	August Lone Star-701246		-3,150.00	-21,550.00
Check	10/01/16	574 Jason R. Smith	Sept. Lone Star-701246		-3,150.00	-24,700.00
Check	11/01/16	588 Jason R. Smith	October Lone Star-701246		-3,150.00	-27,850.00
Check	12/01/16	604 Jason R. Smith	November Lone Star-701246		-3,150.00	-31,000.00
<b>Total Contract O&amp;M Work</b>					<b>-31,000.00</b>	<b>-31,000.00</b>
<b>IT &amp; Communications</b>						
Check	01/05/16	408 AT&T	December Lone Star-701246		-54.62	-54.62
Check	01/05/16	ACH AT&T	January Lone Star-701246		-53.25	-107.87
Check	02/02/16	427 AT&T	January Lone Star-701246		-53.30	-161.17
Check	03/07/16	459 AT&T	February Lone Star-701246		-57.26	-218.43
Check	04/04/16	478 AT&T	April Lone Star-701246		-42.52	-260.95
Check	05/02/16	491 AT&T	May Lone Star-701246		-44.87	-305.82
Check	06/06/16	514 AT&T	June Lone Star-701246		-44.88	-350.70
Check	07/07/16	532 AT&T	July Lone Star-701246		-40.89	-391.59
Check	08/02/16	544 AT&T	August Lone Star-701246		-44.95	-436.54
Check	09/06/16	560 AT&T	September Lone Star-701246		-44.95	-481.49
Check	10/05/16	575 AT&T	October Lone Star-701246		-44.94	-526.43
Check	12/06/16	ACH AT&T	November/Decem Lone Star-701246		-129.20	-655.63
<b>Total IT &amp; Communications</b>					<b>-655.63</b>	<b>-655.63</b>
<b>Other Plant Maintenance</b>						
Bill	01/07/16	USA Blue American Express-22001	Bio Block Accounts Payable		-195.09	-195.09
Bill	01/11/16	Bluebk American Express-22001	Chlorinator Accounts Payable		-539.65	-734.74
Bill	01/11/16	USBluebc American Express-22001	Filter Accounts Payable		-132.52	-867.26
Check	01/12/16	411 Benny Rodriguez	Install elec for tar Lone Star-701246		-245.00	-1,112.26
Check	01/15/16	416 Buddys Septic & Water Well Service	pump and haul Lone Star-701246		-525.00	-1,637.26
Credit	01/18/16	Home Depot	Home Depot Accounts Payable		3.88	-1,633.38
Check	01/21/16	420 Norma Gomez	Expose pipe Lone Star-701246		-93.15	-1,726.53
Bill	01/27/16	Supplies Home Depot	Home Depot Accounts Payable		-18.92	-1,745.45
Check	01/28/16	423 Norma Gomez	Unload and move Lone Star-701246		-45.00	-1,790.45
Bill	01/28/16	Supplies Home Depot	Home Depot Accounts Payable		-10.56	-1,801.01
Bill	02/01/16	USA American Express-22001	Filter Accounts Payable		-303.38	-2,104.39
Check	02/09/16	432 Quest Utility Construction, Inc.	Install Utility pole Lone Star-701246		-490.00	-2,594.39
Bill	02/09/16	USA Blue American Express-22001	Filter Accounts Payable		-172.67	-2,767.06
Bill	02/23/16	USA Blbk American Express-22001	Filter Accounts Payable		-300.30	-3,067.36
Check	02/25/16	450 DPC Industries, Inc.	Chlorine Lone Star-701246		-236.38	-3,303.74
Bill	03/01/16	S53408 South Texas Wastewater	Troubleshoot/ Re Accounts Payable		-399.00	-3,702.74
Bill	03/01/16	USA 879 American Express-22001	Flow arrow tape Accounts Payable		-38.14	-3,740.88
Check	03/01/16	454 SoS Enviro Services, LLC	Go over pipe inst Lone Star-701246		-140.80	-3,881.68
Check	03/01/16	455 Bell Hydrogas, Inc.	Move propane tar Lone Star-701246		-64.41	-3,946.09
Bill	03/04/16	USA BBo American Express-22001	Filters Accounts Payable		-265.05	-4,211.14
Bill	03/04/16	Weed Kill Home Depot	Home Depot Accounts Payable		-11.35	-4,222.49
Check	03/14/16	462 Elton Dudley	Auto Dialer servic Lone Star-701246		-21.70	-4,244.19
Bill	03/14/16	USABluet American Express-22001	Filters Accounts Payable		-188.28	-4,432.47

Bill	03/14/16	Ryan Her American Express-22001	spare gasket	Accounts Payable	-34.80	-4,467.27
Check	03/14/16	463 Tiger Sanitation	Trash service	Lone Star-701246	-56.23	-4,523.50
Check	03/21/16	467 South Texas Wastewater	Service Call	Lone Star-701246	-353.50	-4,877.00
Bill	03/23/16	906179/ American Express-22001	Gloves/Eyewash s	Accounts Payable	-126.45	-5,003.45
Check	03/30/16	472 Bell Hydrogas, inc	Move propane tar	Lone Star-701246	-64.41	-5,067.86
Check	03/31/16	476 Norma Gomez	Add River Rock	Lone Star-701246	-210.00	-5,277.86
Bill	04/01/16	914614 American Express-22001	Colorless Buffer	Accounts Payable	-31.24	-5,309.10
Bill	04/08/16	9E+10 DPC Industries, Inc.	Chlorine	Accounts Payable	-234.33	-5,543.43
Bill	04/08/16	920973 American Express-37001	Filters	Accounts Payable	-580.32	-6,123.75
Bill	04/08/16	US Blueb American Express-37001	Filters	Accounts Payable	-266.48	-6,390.23
Credit	04/11/16	Home Depot	Stub for slab	Accounts Payable	11.10	-6,379.13
Credit	04/13/16	924699 American Express-37001	Filters	Accounts Payable	277.73	-6,101.40
Bill	04/21/16	Gate Val American Express-37001	Street Valve Key	Accounts Payable	-83.34	-6,184.74
Check	04/25/16	486 Ernesto M. Moreno Jr.	PRV valves 20 hor	Lone Star-701246	-1,400.00	-7,584.74
Bill	04/27/16	H/D Home Depot	Purple paint	Accounts Payable	-5.87	-7,590.61
Bill	05/09/16	H/D Home Depot	Chlorine	Accounts Payable	-254.15	-7,844.76
Bill	05/09/16	USA BB Capitol One-6358	Graduated Cylinc	Accounts Payable	-71.49	-7,916.25
Bill	05/10/16	Southwa Capitol One-6358	Pump and Haul	Accounts Payable	-13,347.80	-21,264.05
Check	05/12/16	Deposit Fergeson	Per Michael	Lone Star-701246	189.45	-21,074.60
Check	05/17/16	500 Ernesto M. Moreno Jr.	Plumb reuse to st	Lone Star-701246	-535.01	-21,609.61
Check	05/17/16	500 Ernesto M. Moreno Jr.	Plumb reuse to st	Lone Star-701246	-309.91	-21,919.52
Bill	05/26/16	103 34 / Home Depot	Supplies	Accounts Payable	-72.34	-21,991.86
Check	06/01/16	508 DPC Industries, Inc.	Chlorine	Lone Star-701246	-236.38	-22,228.24
Check	06/01/16	511 Potranco Fencing Supply	Bobcat work	Lone Star-701246	-227.50	-22,455.74
Check	06/06/16	513 South Texas Wastewater	Pump out	Lone Star-701246	-350.00	-22,805.74
Check	06/08/16	517 South Texas Wastewater	Repair breaker fr	Lone Star-701246	-430.14	-23,235.88
Bill	06/09/16	Blue Boo Capitol One-6358	Filters	Accounts Payable	-71.50	-23,307.38
Check	06/14/16	519 Tiger Sanitation	Trash service	Lone Star-701246	-61.28	-23,368.66
Bill	06/16/16	USA BB Capitol One-6358	Filters	Accounts Payable	-532.96	-23,901.62
Check	06/17/16	522 Carrasco Electrical Services, LLC	Service Call	Lone Star-701246	-70.00	-23,971.62
Check	06/23/16	523 Carrasco Electrical Services, LLC	Ground Rods	Lone Star-701246	-56.00	-24,027.62
Check	07/07/16	529 Ernesto M. Moreno Jr	Repair Leak at pla	Lone Star-701246	-56.00	-24,083.62
Check	07/07/16	530 Carrasco Electrical Services, LLC	Ground Rods	Lone Star-701246	-595.00	-24,678.62
Check	07/07/16	531 DPC Industries, Inc.	Chlorine	Lone Star-701246	-262.38	-24,941.00
Check	07/26/16	539 Norma Gomez	Mow and clean up	Lone Star-701246	-420.00	-25,361.00
Check	07/26/16	541 DPC Industries, Inc.	Chlorine	Lone Star-701246	-787.48	-26,148.48
Check	08/04/16	546 USA Blue Book	Chlorine	Lone Star-701246	-312.34	-26,460.82
Check	09/12/16	562 Tiger Sanitation	Trash service	Lone Star-701246	-58.49	-26,519.31
Bill	09/16/16	62788 USA Blue Book	Filters/avacodo fl	Accounts Payable	-1,191.71	-27,711.02
Bill	09/16/16	62364 USA Blue Book	Gloves	Accounts Payable	-96.22	-27,807.24
Check	09/20/16	568 South Texas Wastewater	Replace (3) alarm	Lone Star-701246	-342.23	-28,149.47
Bill	09/20/16	supplies Home Depot	Supplies	Accounts Payable	-52.08	-28,201.55
Check	09/27/16	573 Norma Gomez	Mow and clean up	Lone Star-701246	-420.00	-28,621.55
Bill	09/28/16	Walmart Chase-0019	Lock	Accounts Payable	-10.88	-28,632.43
Bill	10/05/16	Home De Home Depot	Sound box materi	Accounts Payable	-155.56	-28,787.99
Bill	10/11/16	Bell Hyuc Capitol One-6358	Propane tank refill	Accounts Payable	-212.94	-29,000.93
Check	10/18/16	583 Carrasco Electrical Services, LLC	Electrical install f	Lone Star-701246	-2,240.00	-31,240.93
Bill	10/18/16	Bell Hydr Capitol One-6358	Propane tank refill	Accounts Payable	-212.94	-31,453.87
Check	10/26/16	586 Carrasco Electrical Services, LLC	Rewire lift station	Lone Star-701246	-192.50	-31,646.37
Check	11/02/16	591 Norma Gomez	Mow and clean up	Lone Star-701246	-280.00	-31,926.37
Check	11/02/16	592 Buddys Septic & Water Well Service	pump and haul	Lone Star-701246	-525.00	-32,451.37
Check	12/12/16	611 Tiger Sanitation	Trash service	Lone Star-701246	-63.14	-32,514.51
General Journal	12/31/16	G/J	Per Mike Fenton	Wastewater	2,240.00	-30,274.51
General Journal	12/31/16	G/J	Per Mike Fenton	Wastewater	-2,249.72	-32,524.23
Total Other Plant Maintenance Purchase Power (CPS)					-32,524.23	-32,524.23
Check	01/12/16	412 CPS	January	Lone Star-701246	-433.50	-433.50
Check	02/09/16	431 CPS	February	Lone Star-701246	-380.42	-813.92
Check	03/08/16	460 CPS	March	Lone Star-701246	-431.88	-1,245.80
Bill	04/11/16	April CPS	April	Accounts Payable	-510.01	-1,755.81
Check	05/09/16	498 CPS	May	Lone Star-701246	-307.36	-2,063.17
Check	05/20/16	501 CPS	June	Lone Star-701246	-279.02	-2,342.19
Check	06/14/16	518 CPS	July	Lone Star-701246	-297.93	-2,640.12
Check	06/14/16	521 CPS	June 480 Service	Lone Star-701246	-350.73	-2,990.85
Check	07/18/16	536 CPS	Account#300-32	Lone Star-701246	-324.71	-3,315.56
Check	08/11/16	ACH CPS	July	Lone Star-701246	-799.63	-4,115.19
Check	08/11/16	548 CPS	August	Lone Star-701246	-1,096.06	-5,211.25
Check	08/11/16	549 CPS	August	Lone Star-701246	-356.78	-5,568.03
Check	09/15/16	563 CPS	September	Lone Star-701246	-468.56	-6,036.59
Check	09/15/16	564 CPS	September	Lone Star-701246	-1,085.50	-7,122.09
Check	10/10/16	577 CPS	October	Lone Star-701246	-325.74	-7,447.83
Check	10/12/16	579 CPS	October	Lone Star-701246	-1,118.44	-8,566.27
Check	11/08/16	594 CPS	November	Lone Star-701246	-769.73	-9,336.00
Check	11/08/16	595 CPS	November	Lone Star-701246	-421.08	-9,757.08
Check	12/12/16	610 CPS	December	Lone Star-701246	-456.69	-10,213.77
Check	12/13/16	612 CPS	December	Lone Star-701246	-490.13	-10,703.90
Total Purchase Power (CPS)					-10,703.90	-10,703.90
Repair						
Check	01/20/16	419 Pro Line	Repair to 2 servic	Lone Star-701246	-839.30	-839.30
Check	03/15/16	464 Pro Line	Repair to 2 servic	Lone Star-701246	-49.00	-888.30
Total Repair					-888.30	-888.30
Testing						
Check	01/11/16	409 Pollution Control Services	December	Lone Star-701246	-908.00	-908.00
Check	02/17/16	441 Pollution Control Services	January	Lone Star-701246	-824.00	-1,732.00

Check	03/21/16	468 Pollution Control Services	March	Lone Star-701246	-896.00	-2,628.00
Check	04/28/16	487 Pollution Control Services	April	Lone Star-701246	-1,038.00	-3,666.00
Check	05/06/16	496 Pollution Control Services	January	Lone Star-701246	-908.00	-4,574.00
Check	05/27/16	509 Pollution Control Services	April	Lone Star-701246	-858.00	-5,432.00
Bill	06/17/16	1041-94 Pollution Control Services	1041-944	Accounts Payable	-951.00	-6,383.00
Check	07/26/16	540 Pollution Control Services	June	Lone Star-701246	-951.00	-7,334.00
Check	08/17/16	552 Pollution Control Services	July	Lone Star-701246	-858.00	-8,192.00
Check	09/20/16	566 Pollution Control Services	August	Lone Star-701246	-1,044.00	-9,236.00
Check	10/12/16	580 Pollution Control Services	September	Lone Star-701246	-756.00	-9,992.00
Check	12/01/16	605 Pollution Control Services	October	Lone Star-701246	-1,179.00	-11,171.00
Check	12/20/16	613 Pollution Control Services	November	Lone Star-701246	-837.00	-12,008.00
Total Testing					-12,008.00	-12,008.00
Total Operations					-87,780.06	-87,780.06
Regulatory Expenses						
TCEQ						
Check	10/31/16	587 TCEQ	Revenue and Regi	Lone Star-701246	-1,109.24	-1,109.24
Total TCEQ					-1,109.24	-1,109.24
Total Regulatory Expenses					-1,109.24	-1,109.24

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>Wastewater Usage</b>								
Check	01/19/16	ACH	Lone Star Capitol Bank	December payment for N Lone Star			1,907 08	1,907 08
Check	02/16/16	Deposit	Lone Star Capitol Bank	January payment for Dec Lone Star			2,172 44	4,079 52
Check	03/15/16	Deposit	Lone Star Capitol Bank	February payment for Jan Lone Star			4,095 00	8,174 52
Check	04/18/16	Deposit	Lone Star Capitol Bank	March payment for Febur Lone Star			4,445 00	12,619 52
Check	05/17/16	Deposit	Yancey Water Supply	April for March Usage Lone Star			4,585 00	17,204 52
Check	06/27/16	Deposit	Lone Star Capitol Bank	May payment for April Us Lone Star			4,725 00	21,929 52
Check	07/18/16	Deposit	Lone Star Capitol Bank	June Collection for May U Lone Star			4,900 00	26,829 52
Check	08/16/16	Deposit	Lone Star Capitol Bank	July Collection for June U Lone Star			5,145 00	31,974 52
Check	09/19/16	ACH	Lone Star Capitol Bank	August Payment for July U Lone Star			5,145 00	37,119 52
Check	09/19/16	ACH	3232-(180 Sunrise Hill)	Did not pay bill Lone Star			-48 72	37,070 80
Check	10/18/16	Deposit	Lone Star Capitol Bank	September Payment for A Lone Star			5,215 00	42,285 80
Check	10/18/16	Deposit	3232-(180 Sunrise Hill)	Did not pay bill Lone Star			-35 00	42,250 80
Check	11/16/16	Deposit	Lone Star Capitol Bank	October Payment for Sept Lone Star			5,495 00	47,745 80
Check	11/16/16	Deposit	3232-(180 Sunrise Hill)	Did not pay Lone Star			-35 00	47,710 80
Check	12/20/16	Deposit	Lone Star Capitol Bank	November Payment for O Lone Star			5,495 00	53,205 80
Check	12/20/16	Deposit	3232-(180 Sunrise Hill)	Did not pay Lone Star			-35 00	53,170 80
<b>Total Wastewater Usage</b>							<b>53,170 80</b>	<b>53,170 80</b>
<b>Wastewater</b>								
<b>Tax (Holding Tank)</b>								
Check	11/18/16		598 Melissa Lutz, PCC	R82953 (2016)		Lone Star	-11 95	-11 95
<b>Total Tax (Holding Tank)</b>							<b>-11 95</b>	<b>-11 95</b>
<b>Administration</b>								
<b>Insurance</b>								
Check	06/06/16		512 Bigham, Kiewer Chapman & Watts	2016		Lone Star	-2,477 30	-2,477 30
General Journal	10/28/16	Deposit		Refund check #004999		Lone Star	11 20	-2,466 10
<b>Total Insurance</b>							<b>-2,466 10</b>	<b>-2,466 10</b>
<b>Management Services</b>								
Bill	01/01/16	FG-137	Hausman Management	January Invoice#FG-137		Accounts I	-812 73	-812 73
Check	02/04/16		429 Hausman Management	Invoice#FG-138		Lone Star	-812 73	-1,625 46
Check	03/01/16		452 Hausman Management	Invoice#FG-139		Lone Star	-812 73	-2,438 19
Check	04/01/16		475 Hausman Management	Invoice#FG-140		Lone Star	-812 73	-3,250 92
Check	05/02/16		490 Hausman Management	Invoice#FG-141		Lone Star	-812 73	-4,063 65
Check	06/01/16		507 Hausman Management	Invoice#FG-143		Lone Star	-812 73	-4,876 38
Check	07/06/16		526 Hausman Management	Invoice#FG-144		Lone Star	-350 00	-5,226 38
Check	08/01/16		543 Hausman Management	Invoice#FG-145		Lone Star	-350 00	-5,576 38
Check	09/01/16		559 Hausman Management	Invoice#FG-146		Lone Star	-350 00	-5,926 38
Check	10/1/16		589 Hausman Management	Invoice#FG-147		Lone Star	-350 00	-6,276 38
Check	11/01/16		590 Hausman Management	Invoice#FG-148		Lone Star	-350 00	-6,626 38
Check	12/01/16		607 Hausman Management	Invoice#FG-149		Lone Star	-350 00	-6,976 38
<b>Total Management Services</b>							<b>-6,976 38</b>	<b>-6,976 38</b>
<b>Miscellaneous</b>								
Check	05/23/16	ACH	Lone Star Capitol Bank	Incoming Wir Fee		Lone Star	-7 00	-7 00
Bill	06/01/16	USPS	Chase-0019	Postage for PUC report		Accounts I	-19 57	-26 57
Check	06/07/16	Wire Fee	Lone Star Capitol Bank	Wire Fee		Lone Star	-10 00	-36 57
Bill	06/16/16	USPS	Chase-0019	Postage to homeowners		Accounts I	-65 80	-102 37
Check	07/12/16	Wire Fee	Lone Star Capitol Bank	Incoming Wire Fee		Lone Star	-10 00	-112 37
Check	09/07/16	Wire Fee	Lone Star Capitol Bank	Wire Fee		Lone Star	-7 00	-119 37
Check	09/14/16	Wire Fee	Lone Star Capitol Bank	Wire Fee		Lone Star	-14 00	-133 37
Bill	09/26/16	Site One	Chase-0019	Weed Killer		Accounts I	-53 32	-186 69
Check	12/06/16		608 Texas Hog Trappers	Hog trap		Lone Star	-455 00	-641 69
<b>Total Miscellaneous</b>							<b>-641 69</b>	<b>-641 69</b>
<b>Office Supplies</b>								
Check	01/05/16		407 Diamond Association Management & C	Postage for mailing		Lone Star	-66 24	-66 24
Bill	01/08/16	UPS	Chase-0019	Copy of binder		Accounts I	-7 15	-73 39
Check	01/19/16		418 Mission Courier	Pick up binder SOS		Lone Star	-13 55	-86 94
Bill	02/04/16	Forest Glen	Chase-0019	Postage for Backflow		Accounts I	-6 96	-93 90
Bill	02/04/16	#15691	Mission Courier	Pick up agreements		Accounts I	-9 98	-103 88
Bill	03/23/16	Supplies	Home Depot	On Site Supplies		Accounts I	-142 08	-245 96
Check	04/22/16		485 Mission Courier	Invoice#16989		Lone Star	-30 59	-276 55
Check	05/02/16		492 Mission Courier	Invoice#17211		Lone Star	-10 85	-287 40
Check	08/03/16		545 Mission Courier	Invoice#18700		Lone Star	-9 97	-297 37
Check	10/05/16		576 Thompson Print & Mailing Solutions	Checks		Lone Star	-63 92	-361 29
<b>Total Office Supplies</b>							<b>-361 29</b>	<b>-361 29</b>
<b>Professional Services</b>								
<b>Accounting</b>								
Check	01/19/16	ACH	Lone Star Capitol Bank	December payment for N Lone Star		Lone Star	-337 05	-337 05
Check	02/16/16	Deposit	Lone Star Capitol Bank	January payment for Dec Lone Star		Lone Star	-348 95	-686 00
Check	03/15/16	Deposit	Lone Star Capitol Bank	February payment for Jan Lone Star		Lone Star	-363 50	-1,049 50
Check	04/18/16	Deposit	Lone Star Capitol Bank	March payment for Febur Lone Star		Lone Star	-450 45	-1,499 95
Check	05/17/16	Deposit	Yancey Water Supply	April for March Usage Lone Star		Lone Star	-386 75	-1,886 70
Check	05/24/16		504 Ridout, Barrett & Co, PC	Invoice#40943		Lone Star	-1,500 00	-3,386 70
Check	05/27/16		510 Ridout, Barrett & Co, PC	journal entries		Lone Star	-204 00	-3,590 70
Check	06/27/16	Deposit	Lone Star Capitol Bank	May payment for April Us Lone Star		Lone Star	-379 05	-3,969 75
Check	07/18/16	Deposit	Lone Star Capitol Bank	June Collection for May U Lone Star		Lone Star	-391 65	-4,361 40
Check	08/08/16		547 Ridout, Barrett & Co, PC	PUC compliance		Lone Star	-244 50	-4,605 90
Check	08/16/16	Deposit	Lone Star Capitol Bank	July Collection for June U Lone Star		Lone Star	-420 35	-5,026 25
Check	09/19/16	ACH	Lone Star Capitol Bank	August Payment for July Lone Star		Lone Star	-265 50	-5,291 75
Check	10/18/16	Deposit	Lone Star Capitol Bank	September Payment for A Lone Star		Lone Star	-403 90	-5,695 65
Check	11/16/16	Deposit	Lone Star Capitol Bank	October Payment for Sept Lone Star		Lone Star	-540 05	-6,235 70
Check	12/20/16	Deposit	Lone Star Capitol Bank	November Payment for O Lone Star		Lone Star	-512 05	-6,747 75
<b>Total Accounting</b>							<b>-6,747 75</b>	<b>-6,747 75</b>
<b>Consulting</b>								
Check	02/01/16		425 Steven Greenburg	Stuart Consulting #2_A		Lone Star	-875 00	-875 00
Check	02/01/16		426 Stuart Consulting	Invoice#2_A		Lone Star	0 00	-875 00
<b>Total Consulting</b>							<b>-875 00</b>	<b>-875 00</b>
<b>Engineering</b>								
Check	04/04/16		479 MCA Consulting	Well Survey		Lone Star	-700 00	-700 00
<b>Total Engineering</b>							<b>-700 00</b>	<b>-700 00</b>

Legal	Check	01/15/16		415 Pulman,Cappuccio, Pullen, Benson & Jones	Lease 14 ac	Lone Star-	-1,716 21	-1,716 21
	Check	01/15/16		417 Kreager Mitchell, PLLC	Kreager Law 29583	Lone Star-	-327 25	-2,043 46
	Check	02/12/16		437 Kreager Mitchell, PLLC	Kreager Law 29711	Lone Star-	-462 00	-2,505 46
	Check	02/18/16		442 Pulman,Cappuccio, Pullen, Benson & Jones	Lease 14 ac	Lone Star-	-73 50	-2,578 96
	Bill	04/19/16		30027 Kreager Mitchell, PLLC	Invoice#30027	Accounts I	-943 25	-3,522 21
	Bill	04/19/16	#1543	Gilbert Wilburn, PLLC	Gilbert Wilburn invoice#1	Accounts I	-1,347 50	-4,869 71
	Bill	04/19/16	#1528	Gilbert Wilburn, PLLC	Gilbert Wilburn invoice#1	Accounts I	-105 00	-4,974 71
	Bill	04/19/16	#1506	Gilbert Wilburn, PLLC	Gilbert Wilburn invoice#1	Accounts I	-630 00	-5,604 71
	Check	04/29/16		489 Pena and Pena, PLLC	Sanitary Control Easeme	Lone Star-	-52 50	-5,657 21
	Bill	05/10/16		30061 Kreager Mitchell, PLLC	Invoice#30061	Accounts I	-1,506 75	-7,163 96
	Check	06/08/16		516 Gilbert Wilburn, PLLC	Invoice#1573	Lone Star-	-490 00	-7,653 96
	Check	06/14/16		520 Kreager Mitchell, PLLC	Kreager Law 30176	Lone Star-	-269 50	-7,923 46
	Check	07/11/16		533 Gilbert Wilburn, PLLC	Invoice#1588	Lone Star-	-94 50	-8,017 96
	Check	08/12/16		550 Pulman,Cappuccio, Pullen, Benson & Jones	Lease 20 Ac	Lone Star-	-245 00	-8,262 96
	Check	09/20/16		567 Pena and Pena, PLLC	Fence	Lone Star-	-140 00	-8,402 96
	Total Legal						-8,402 96	-8,402 96
	Total Professional Services						-16,725 71	-16,725 71
	Total Administration						-27,171 17	-27,171 17
	Interest							
	Check	05/06/16		495 Hausman Holdings	Interest on Hausman Loa	Lone Star-	-2,878 75	-2,878 75
	Total Interest						-2,878 75	-2,878 75
	Operations							
	Contract O&M Work							
	Bill	01/25/16	January #15	Jason R Smith	January	Accounts I	-2,450 00	-2,450 00
	Bill	02/22/16	Feb #16	Jason R Smith	Feb	Accounts I	-2,450 00	-4,900 00
	Check	04/01/16		474 Jason R Smith	March	Lone Star-	-2,450 00	-7,350 00
	Check	05/01/16		488 Jason R Smith	April	Lone Star-	-2,450 00	-9,800 00
	Check	06/01/16		506 Jason R Smith	May	Lone Star-	-2,450 00	-12,250 00
	Check	06/30/16		524 Jason R Smith	June	Lone Star-	-3,000 00	-15,250 00
	Bill	07/22/16	July/#22	Jason R Smith	July	Accounts I	-3,150 00	-18,400 00
	Check	09/01/16		557 Jason R. Smith	August	Lone Star-	-3,150 00	-21,550 00
	Check	10/01/16		574 Jason R Smith	Sept	Lone Star-	-3,150 00	-24,700 00
	Check	11/01/16		588 Jason R Smith	October	Lone Star-	-3,150 00	-27,850 00
	Check	12/01/16		604 Jason R Smith	November	Lone Star-	-3,150 00	-31,000 00
	Total Contract O&M Work						-31,000 00	-31,000 00
	IT & Communications							
	Check	01/05/16		408 AT&T	December	Lone Star-	-54 62	-54 62
	Check	01/05/16	ACH	AT&T	January	Lone Star-	-53 25	-107 87
	Check	02/02/16		427 AT&T	January	Lone Star-	-53 30	-161 17
	Check	03/07/16		459 AT&T	February	Lone Star-	-57 26	-218 43
	Check	04/04/16		478 AT&T	April	Lone Star-	-42 52	-260 95
	Check	05/02/16		491 AT&T	May	Lone Star-	-44 87	-305 82
	Check	06/06/16		514 AT&T	June	Lone Star-	-44 88	-350 70
	Check	07/07/16		532 AT&T	July	Lone Star-	-40 89	-391 59
	Check	08/02/16		544 AT&T	August	Lone Star-	-44 95	-436 54
	Check	09/06/16		560 AT&T	September	Lone Star-	-44 95	-481 49
	Check	10/05/16		575 AT&T	October	Lone Star-	-44 94	-526 43
	Check	12/06/16	ACH	AT&T	November/December	Lone Star-	-129 20	-655 63
	Total IT & Communications						-655 63	-655 63
	Other Plant Maintenance							
	Bill	01/07/16	USA Bluebk	American Express--22001	Bio Block	Accounts I	-195 09	-195 09
	Bill	01/11/16	Bluebk	American Express--22001	Chloranator	Accounts I	-539 65	-734 74
	Bill	01/11/16	USBluebook	American Express--22001	Filter	Accounts I	-132 52	-867 26
	Check	01/12/16		411 Benny Rodriguez	Install elec for tank meter	Lone Star-	-245 00	-1,112 26
	Check	01/15/16		416 Buddys Septic & Water Well Service, LL	(pump and haul	Lone Star-	-525 00	-1,637 26
	Credit	01/18/16		Home Depot	Home Depot	Accounts I	3 88	-1,633 38
	Check	01/21/16		420 Norma Gomez	Expose pipe	Lone Star-	-93 15	-1,726 53
	Bill	01/27/16	Supplies	Home Depot	Home Depot	Accounts I	-18 92	-1,745 45
	Check	01/28/16		423 Norma Gomez	Unload and move genera	Lone Star-	-45 00	-1,790 45
	Bill	01/28/16	Supplies	Home Depot	Home Depot	Accounts I	-10 56	-1,801 01
	Bill	02/01/16	USA	American Express--22001	Filter	Accounts I	-303 38	-2,104 39
	Check	02/09/16		432 Quest Utility Construction, Inc	Install Utility pole	Lone Star-	-490 00	-2,594 39
	Bill	02/09/16	USA Blueboo	American Express--22001	Filter	Accounts I	-172 67	-2,767 06
	Bill	02/23/16	USA Blbk	American Express--22001	Filter	Accounts I	-300 30	-3,067 36
	Check	02/25/16		450 DPC Industries, Inc	Chlorine	Lone Star-	-236 38	-3,303 74
	Bill	03/01/16	S53408	South Texas Wastewater	Troubleshoot/ Replace Pt	Accounts I	-399 00	-3,702 74
	Bill	03/01/16	USA 879592	American Express--22001	Flow arrow tape	Accounts I	-38 14	-3,740 88
	Check	03/01/16		454 SoS Enviro Services, LLC	Go over pipe installation	Lone Star-	-140 80	-3,881 68
	Check	03/01/16		455 Bell Hydrogas, Inc	Move propane tank to po	Lone Star-	-64 41	-3,946 09
	Bill	03/04/16	USA BBook	American Express--22001	Filters	Accounts I	-265.05	-4,211 14
	Bill	03/04/16	Weed Killer	Home Depot	Home Depot	Accounts I	-11 35	-4,222 49
	Check	03/14/16		462 Elton Dudley	Auto Dialer service Call	Lone Star-	-21 70	-4,244 19
	Bill	03/14/16	USABluebk	American Express--22001	Filters	Accounts I	-188 28	-4,432 47
	Bill	03/14/16	RyanHerco	American Express--22001	spare gasket	Accounts I	-34 80	-4,467 27
	Check	03/14/16		463 Tiger Sanitation	Trash service	Lone Star-	-56 23	-4,523 50
	Check	03/21/16		467 South Texas Wastewater	Service Call	Lone Star-	-353 50	-4,877 00
	Bill	03/23/16	906179/glov	American Express--22001	Gloves/Eyewash station/I	Accounts I	-126 45	-5,003 45
	Check	03/30/16		472 Bell Hydrogas, Inc	Move propane tank to sla	Lone Star-	-64 41	-5,067 86
	Check	03/31/16		476 Norma Gomez	Add Rver Rock	Lone Star-	-210 00	-5,277 86
	Bill	04/01/16		914614 American Express--22001	Colorless Buffer	Accounts I	-31 24	-5,309 10
	Bill	04/08/16	85700052016	DPC Industries, Inc	Chlorine	Accounts I	-234 33	-5,543 43
	Bill	04/08/16		920973 American Express--37001	Filters	Accounts I	-580 32	-6,123 75
	Bill	04/08/16	US Bluebook	American Express--37001	Filters	Accounts I	-266 48	-6,390 23
	Credit	04/11/16		Home Depot	Stub for slab	Accounts I	11 10	-6,379 13
	Credit	04/13/16		924699 American Express--37001	Filters	Accounts I	277 73	-6,101 40
	Bill	04/21/16	Gate Valve	American Express--37001	Street Valve Key	Accounts I	-83 34	-6,184 74
	Check	04/25/16		486 Ernesto M Moreno Jr	PRV valves 20 homes	Lone Star-	-1,400 00	-7,584 74
	Bill	04/27/16	H/D	Home Depot	Purple paint	Accounts I	-5 87	-7,590 61
	Bill	05/09/16	H/D	Home Depot	Chlorine	Accounts I	-254 15	-7,844 76
	Bill	05/09/16	USA BB	Capitol One--6358	Gradulated Cylinder	Accounts I	-71 49	-7,916 25
	Bill	05/10/16	Southwaste	Capitol One--6358	Pump and Haul	Accounts I	-13,347 80	-21,264 05
	Check	05/12/16	Deposit	Ferguson	Per Michael	Lone Star-	189 45	-21,074 60
	Check	05/17/16		500 Ernesto M Moreno Jr	Plumb reuse to storage t.	Lone Star-	535 01	-21,609 61

Check	05/17/16		500 Ernesto M. Moreno Jr.	Plumb reuse to storage t.	Lone Star-	-309.91	-21,919.52
Bill	05/26/16	103 34 /LH	Home Depot	Supplies	Accounts I	-72.34	-21,991.86
Check	06/01/16		508 DPC Industries, Inc	Chlorine	Lone Star-	-236.38	-22,228.24
Check	06/01/16		511 Potranco Fencing Supply	Bobcat work	Lone Star-	-227.50	-22,455.74
Check	06/06/16		513 South Texas Wastewater	Pump out	Lone Star-	-350.00	-22,805.74
Check	06/08/16		517 South Texas Wastewater	Repair breaker from stor	Lone Star-	-430.14	-23,235.88
Bill	06/09/16	Blue Book	Capitol One-6358	Filters	Accounts I	-71.50	-23,307.38
Check	06/14/16		519 Tiger Sanitation	Trash service	Lone Star-	-61.28	-23,368.66
Bill	06/16/16	USA BB	Capitol One-6358	Filters	Accounts I	-532.96	-23,901.62
Check	06/17/16		522 Carrasco Electrical Services, LLC	Service Call	Lone Star-	-70.00	-23,971.62
Check	06/23/16		523 Carrasco Electrical Services, LLC	Ground Rods	Lone Star-	-56.00	-24,027.62
Check	07/07/16		529 Ernesto M. Moreno Jr	Repair Leak at plant	Lone Star-	-56.00	-24,083.62
Check	07/07/16		530 Carrasco Electrical Services, LLC	Ground Rods	Lone Star-	-595.00	-24,678.62
Check	07/07/16		531 DPC Industries, Inc	Chlorine	Lone Star-	-262.38	-24,941.00
Check	07/26/16		539 Norma Gomez	Mow and clean up	Lone Star-	-420.00	-25,361.00
Check	07/26/16		541 DPC Industries, Inc	Chlorine	Lone Star-	-787.48	-26,148.48
Check	08/04/16		546 USA Blue Book	Chlorine	Lone Star-	-312.34	-26,460.82
Check	09/12/16		562 Tiger Sanitation	Trash service	Lone Star-	-58.49	-26,519.31
Bill	09/16/16		62788 USA Blue Book	Filters/avacodo float swit	Accounts I	-1,191.71	-27,711.02
Bill	09/16/16		62364 USA Blue Book	Gloves	Accounts I	-96.22	-27,807.24
Check	09/20/16		568 South Texas Wastewater	Replace (3) alarm floats	Lone Star-	-342.23	-28,149.47
Bill	09/20/16	supplies	Home Depot	Supplies	Accounts I	-52.08	-28,201.55
Check	09/27/16		573 Norma Gomez	Mow and clean up	Lone Star-	-420.00	-28,621.55
Bill	09/28/16	Walmart	Chase-0019	Lock	Accounts I	-10.88	-28,632.43
Bill	10/05/16	Home Depot	Home Depot	Sound box material	Accounts I	-155.56	-28,787.99
Bill	10/11/16	Bell Hyudro	Capitol One-6358	Propane tank refilled	Accounts I	-212.94	-29,000.93
Check	10/18/16		583 Carrasco Electrical Services, LLC	Electrical install for lift st	Lone Star-	-2,240.00	-31,240.93
Bill	10/18/16	Bell Hydrog	Capitol One-6358	Propane tank refilled	Accounts I	-212.94	-31,453.87
Check	10/26/16		586 Carrasco Electrical Services, LLC	Rewire lift station floats	Lone Star-	-192.50	-31,646.37
Check	11/02/16		591 Norma Gomez	Mow and clean up	Lone Star-	-280.00	-31,926.37
Check	11/02/16		592 Buddys Septic & Water Well Service, LL	pump and haul	Lone Star-	-525.00	-32,451.37
Check	12/12/16		611 Tiger Sanitation	Trash service	Lone Star-	-63.14	-32,514.51
General Journal	12/31/16	G/J		Per Mike Fenton	Wastewate	2,240.00	-30,274.51
General Journal	12/31/16	G/J		Per Mike Fenton	Wastewate	-2,249.72	-32,524.23
Total Other Plant Maintenance							
Purchase Power (CPS)							
Check	01/12/16		412 CPS	January	Lone Star-	-433.50	-433.50
Check	02/09/16		431 CPS	Feburary	Lone Star-	-380.42	-813.92
Check	03/08/16		460 CPS	March	Lone Star-	-431.88	-1,245.80
Bill	04/11/16	April	CPS	April	Accounts I	-510.01	-1,755.81
Check	05/09/16		498 CPS	May	Lone Star-	-307.36	-2,063.17
Check	05/20/16		501 CPS	June	Lone Star-	-279.02	-2,342.19
Check	06/14/16		518 CPS	July	Lone Star-	-297.93	-2,640.12
Check	06/14/16		521 CPS	June 480 Service	Lone Star-	-350.73	-2,990.85
Check	07/18/16		536 CPS	Account#300-3224-458	Lone Star-	-324.71	-3,315.56
Check	08/11/16	ACH	CPS	July	Lone Star-	-799.63	-4,115.19
Check	08/11/16		548 CPS	August	Lone Star-	-1,096.06	-5,211.25
Check	08/11/16		549 CPS	August	Lone Star-	-356.78	-5,568.03
Check	09/15/16		563 CPS	September	Lone Star-	-468.56	-6,036.59
Check	09/15/16		564 CPS	September	Lone Star-	-1,085.50	-7,122.09
Check	10/10/16		577 CPS	October	Lone Star-	-325.74	-7,447.83
Check	10/12/16		579 CPS	October	Lone Star-	-1,118.44	-8,566.27
Check	11/08/16		594 CPS	November	Lone Star-	-769.73	-9,336.00
Check	11/08/16		595 CPS	November	Lone Star-	-421.08	-9,757.08
Check	12/12/16		610 CPS	December	Lone Star-	-456.69	-10,213.77
Check	12/13/16		612 CPS	December	Lone Star-	-490.13	-10,703.90
Total Purchase Power (CPS)							
Repair							
Check	01/20/16		419 Pro Line	Repair to 2 service lines	Lone Star-	-839.30	-839.30
Check	03/15/16		464 Pro Line	Repair to 2 service lines	Lone Star-	-49.00	-888.30
Total Repair							
Testing							
Check	01/11/16		409 Pollution Control Services	December	Lone Star-	-908.00	-908.00
Check	02/17/16		441 Pollution Control Services	January	Lone Star-	-824.00	-1,732.00
Check	03/21/16		468 Pollution Control Services	March	Lone Star-	-896.00	-2,628.00
Check	04/28/16		487 Pollution Control Services	April	Lone Star-	-1,038.00	-3,666.00
Check	05/06/16		496 Pollution Control Services	January	Lone Star-	-908.00	-4,574.00
Check	05/27/16		509 Pollution Control Services	April	Lone Star-	-858.00	-5,432.00
Bill	06/17/16	1041-944	Pollution Control Services	1041-944	Accounts I	-951.00	-6,383.00
Check	07/26/16		540 Pollution Control Services	June	Lone Star-	-951.00	-7,334.00
Check	08/17/16		552 Pollution Control Services	July	Lone Star-	-858.00	-8,192.00
Check	09/20/16		566 Pollution Control Services	August	Lone Star-	-1,044.00	-9,236.00
Check	10/12/16		580 Pollution Control Services	September	Lone Star-	-756.00	-9,992.00
Check	12/01/16		605 Pollution Control Services	October	Lone Star-	-1,179.00	-11,171.00
Check	12/20/16		613 Pollution Control Services	November	Lone Star-	-837.00	-12,008.00
Total Testing							
Total Operations							
Regulatory Expenses							
TCEQ							
Check	10/31/16		587 TCEQ	Revenue and Regulatory /	Lone Star-	-1,109.24	-1,109.24
Total TCEQ							
Total Regulatory Expenses							

# Hausman Management, LLC

15720 Bandera Rd. Suite #103

Helotes, Texas 78023

210-695-5490

# INVOICE

INVOICE #FG-137  
DATE: JANUARY 1, 2016

**TO:**  
Forest Glen Utility Company

**FOR:**  
Forest Glen Utility

DESCRIPTION	AMOUNT
Management Fees for the month of December for Forest Glen Utility Co. wastewater plant including bookkeeping, site visits, end of month reports.	\$812.73
TOTAL	\$812.73

**PAID**  
1/1/16

Please make check payable to:

**Hausman Management, LLC**

**DIRECT TESTIMONY OF STEVEN A. GREENBERG**

**EXHIBIT SAG-3**

FGU0663

# Hausman Management, LLC

15720 Bandera Rd. Suite #103  
Helotes, Texas 78023  
210-695-5490

# INVOICE

INVOICE #FG-138  
DATE: FEBRUARY 1, 2016

**TO:**  
Forest Glen Utility Company

**FOR:**  
Forest Glen Utility

DESCRIPTION	AMOUNT
Management Fees for the month of January for Forest Glen Utility Co. wastewater plant including bookkeeping, site visits, end of month reports.	\$812.73
TOTAL	\$812.73

**PAID**  
2/10/16

Please make check payable to:

**Hausman Management, LLC**

**DIRECT TESTIMONY OF STEVEN A. GREENBERG**

**EXHIBIT SAG-3**