



Control Number: 48697



Item Number: 9

Addendum StartPage: 0

To: PUC, Central Records
1701 N Congress PO Box 13326
Austin, TX 78711-3326

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PUBLIC UTILITY COMMISSION
FILING CLERK

Date: November 19th, 2018

Subject: Docket No. 48697: Application of Anderson Water Company, Inc. for Authority to Change Rates

In response to the review of our application and suspension of the increase dated November 28th, 2018 we are correcting pages listed in detail below on the deficiencies that were noted. We hope that this will suffice to being administratively complete to your approval. We will provide any other required documents requested.

1. We have submitted our extension for the 2017 Annual Report with Central records. Our calendar year ends in the middle of the year and are not complete 2017 without having our totals completed from our CPA. The most recent test year for us to report is applied within the application for the calendar year end 2016.
2. Income statement and Balance provided for the current test year 2016 attached.
3. Reference letter included with this package about any affiliated entity and income statement provided.
4. A. II-4 (Purchased Power) Test years stated have been corrected and explanation of calculations have been listed below.
B. II-5 (Other Volume Expenses) Test years stated have been corrected and explanation below on the changes.
II-7 (Materials) Test Years have been corrected.
C. II-8 (Contract Work) Test Years have been corrected and large item listed below.
II-9 (Transportation) Test Years have been corrected and large item listed below.
II-10 (Other Plant Maintenance) Test Years have been corrected.
D. II-12 (Bad Debts) Test Years have been corrected and large item listed below.
II-13 (Office Services and Rentals) Test Years have been corrected.
E. II-14 (Office Supplies) Test Years have been corrected and large item listed below.
II-15 (Professional Services) Test Years have been corrected and large item listed below.
II-16 (Insurance) Test Years have been corrected and prior test year 2015 was corrected.
F./G. II-17 (Regulatory Rate Case Expense) Test Years have been corrected and large item listed below.
II-18 (Regulatory Commission Expense) Test Years have been corrected.
H. II-19 (Miscellaneous Expense) Test years corrected.

5. III-5 (Working Cash Allowance Calculations) Annual O & M Expenses corrected.
6. IV (a) Total for payroll taxes in column G we tried to correct and followed instructions stated. We added lines 10-13 to get the total in 14 then subtracted line 13 minus 14 to get 17. Not sure if this is correct but would need help making sure this template is advising us accordingly.
7. IV (b) Other Taxes Chart has no totals to state.
8. Proposed Notice, the requested revenue has now been updated to reflect a very close number to what our attached detailed design and letter from our engineers at Jones & Carter have stated for our needed proposed rates.
9. Water usage from test year for each tier have been provided. The crossed-out numbers for the water pumped and loss at top were entries made in our system from typos from a prior employee and could not be corrected after month was closed out, but water sold, use, and meter use are all correct for needed totals to provide.
10. III-3 (Utility Plant In Service-Reconciliation to Prior Case) Totals have been corrected and III-3(a) has been explained. We have receipts that can be provided on any big ticket items from each of our well sites on improvements since last rate case.
11. The federal income tax has been corrected and totals have been adjusted accordingly.

4. Statements of Income

	Water Test Year yyyy	Sewer Test Year yyyy	Total - Water and Sewer	Earnings Report adjustments	Adjusted for Earnings Report
	(a)	(b)	(c)	(d)	(e)=(c)+(d)
1 Total Revenue: 1	\$ 181,561		\$ 181,561	\$ -	\$ 181,561
	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX
2 Operating Expenses:					
2 601.1/701.1 O & M Salaried Labor	\$ 137,772		\$ 137,772		\$ 13,772
3 604/704 Employee Benefits					
4 6/731, 6/735, 6/736 O & M Contract labor	\$ 1,060		\$ 1,060		\$ 1,060
5 620/720 Operating/Maint Supplies	\$ 7,147		\$ 7,147		\$ 7,147
6 610/710 Purchased Water			\$ -		
7 615/715 Purchased Power			\$ -		
8 635/735 Testing Expense					
9 618/718 Chemicals/Lab Testing	\$ 800		\$ 800		\$ 800
10 656-659/756-759 Insurance	\$ 8,392		\$ 8,392		\$ 8,392
11 601.2/701.2 General Office Salaries			\$ -		
12 650/750 Transportation	\$ 8,428		\$ 8,428		\$ 8,428
13 675 General Office Expenses	\$ 8,634		\$ 8,634		\$ 8,634
14 632, 633, 634 Contract Acctg, legal, Mgnt	\$ 1,220		\$ 1,220		\$ 1,220
15 666 Amortization- Rate Case Expense			\$ -		
16 403 Depreciation Expense	\$ 27,951		\$ 27,951		\$ 27,951
17 667-675 Other Misc. Expenses	\$ 5,936		\$ 5,936		\$ 5,936
Taxes:			XXXX	XXXX	XXXX
18 409 Federal Income Taxes	\$ 11,521		\$ 11,521		\$ 11,521
19 409 State Franchise Taxes/Reg Assess.			\$ -		
20 408 All Other Taxes	\$ 9,329		\$ 9,329		\$ 9,329
25 426 Telephone/Utilities	\$ 31,739		\$ 31,739		\$ 31,739
26 427 Interest	\$ 3,495		\$ 3,495		\$ 3,495
23 421, 433 Credit Card Fees	\$ 1,463		\$ 1,463		\$ 1,463
21 Total Expenses	\$ 264,887	\$ -	\$ 264,887	\$ -	\$ 264,887
			XXXX	XXXX	XXXX
22 Net Operating Income	\$ (83,326)	\$ -	\$ (83,326)	\$ -	\$ (83,326)
			XXXX	XXXX	XXXX
24 Non-Operating Deductions:			XXXX	XXXX	XXXX
Net Income	\$ (83,326)	\$ -	\$ (83,326)	\$ -	\$ (83,326)

1. Carried over from Statements of Revenues

Name of Utility:

Anderson Water Company

Year End:

2016

2. BALANCE SHEETS

<u>ASSETS</u>		End of Year 06/30/2017	End of Prior Year 06/30/2016
<u>UTILITY PLANT</u>			
101 Utility Plant in Service		\$ 611,805 00	\$ 643,562 24
103 Property held for Future Use			
105 Construction Work In Progress			
114, 115 Net Utility Plant Acquisition Adjustment			
TOTAL UTILITY PLANT		\$ 611,805.00	\$ 643,562.24
108 Less. Accumulated Depreciation		\$ (311,723)	\$ (279,966)
110 Less. Accumulated Amortization			
NET UTILITY PLANT		\$ 300,082	\$ 363,597
<u>CURRENT ASSETS</u>			
131-135 Cash		\$ 10,557	\$ 13,478
141-143 Accounts Receivable		\$ 38,870	\$ 41,105
144 Notes Receivable/Due from others		\$ 2,251	\$ 2,251
144-145 Accounts Receivable-Affiliates/Common Ownership			
151 Plant Materials and Supplies		\$ 40,886	\$ 55,911
162 Inventory			
171-174 Other Current Assets			
TOTAL CURRENT ASSETS		\$ 92,564	\$ 112,745
<u>OTHER ASSETS and DEFERRED CHARGES</u>			
181 Deferred Debt Expense			
182-186 Deferred Charges/Debits			
190 Accum. Deferred Income Taxes			
TOTAL OTHER ASSETS and DEFERRED CHARGES		\$ -	\$ -
<u>TOTAL ASSETS</u>		\$ 392,646	\$ 476,342
<u>LIABILITIES & EQUITY</u>			
<u>STOCKHOLDERS' EQUITY</u>			
201 Common Stock		\$ 1,000	\$ 1,000
211 Other paid in capital			
215 Retained Earnings		\$ (159,206)	\$ (147,078)
TOTAL STOCKHOLDERS' EQUITY		\$ (158,206)	\$ (146,078)
<u>LONG-TERM DEBT</u>			
224 Long-term debt, excluding current portion		\$ 161,481	\$ 161,481
Other Liabilities		\$ 51,858	\$ 66,695
<u>CURRENT LIABILITIES</u>			
Current Portion of Long-term Debt			
231 Accounts Payable		\$ 13,881	\$ 13,807
232 Notes Payable			
233, 234 Payables to Affiliates/Common Ownership		\$ 121,357	\$ 145,045
236 Accrued Taxes			
237 Accrued Interest			
241.0 Other Current Liabilities		\$ 11,144	\$ 3,132
TOTAL CURRENT LIABILITIES		\$ 146,382	\$ 161,984
<u>OTHER LIABILITIES and DEFERRED CREDITS</u>			
252 Advances for Construction			
253 Other Deferred Credits			
255 Deferred Investment Tax Credits			
271-272 Net Contributions in Aid of Construction			
281-283 Accumulated Deferred Inc. Taxes			
TOTAL OTHER LIABILITIES and DEFERRED CREDITS		\$ -	\$ -
<u>TOTAL LIABILITIES & EQUITY</u>		\$ (11,824)	\$ 15,906

Add National Association of Regulatory Utility Commissioners (NARUC) accounts as needed, and if not shown above.
PUC Water Annual Report

Ref: 3. Anderson Water Company being affiliated with another entity

Anderson Water Company is not affiliated with any other entity other than selling plumbing supplies and power equipment inside of the store. Our cost of goods for sales during this test year related to the rate increase reflects below and of record separately on our tax return. We have taken out half (50%) of electricity costs, tax figure totals, and insurance costs for our building to account for this in the rate application. All employees: Total of 5, operate daily for Anderson Water Company only for waterworks to help customers on the water system for payments, repairs, and maintenance. Daily operations here consist of running the water company primarily (90%) and (10%) completing sales from the store. Store sales have helped us stay in business with a decent profit to support the water works side. Our company has not had a rate increase for the waterworks in over 20 years which has put us into a big debt with improvements needed to our water plans that have been on hold. Please find below our basic statement of income to reflect store sales.

Anderson Plumbing Supply & Small Power Equipment Sales**Statement of Income Time Period: 7/1/2016 - 6/30/2017****Tax Year 2016**

Gross Receipts or Sales	\$	222,869.00
Cost Of Goods	\$	143,500.00
Gross Profit	\$	79,369.00

Cost of Goods Breakdown

Inventory Beginning of Year	\$	55,910.00
Purchases	\$	135,622.00
Material For Water Works		
Operations	\$	7,147.00
Inventory End Of Year	\$	40,885.00
Cost of Goods Sold	\$	143,500.00

Office Supplies	\$	2,398.50
Electricity	\$	1,039.78
Taxes	\$	2,133.32
Insurance	\$	1,550.00

Taxable Income	\$	72,247.40
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UTILITY NAME <u>Anderson Water Company</u> II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE PURCHASED POWER FOR TEST YEAR ENDED <u>06/30/2017</u>
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This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

Line No.	Account No.	Account Name
2.	615.1	Purchased Power (electric) -production

II-4(a) Volume related expenses (Electric used for production of water/sewer)

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase: Rates going up each year. Please see totals for each well site at bottom.

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

Year	Amount
<u>2014</u>	\$ <u>15,388</u>
<u>2015</u>	\$ <u>16,592.68</u>
Test Year <u>2016</u>	\$ <u>17,079.57</u>
K & M Change	\$ <u>0.00</u> (to I-1, Column E, Line 2)
Adjusted Test year	\$ <u>17,079.57</u> (to I-1, Column F, Line 2)

Explanation and calculations of known and measurable change:
None

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>2014</u>	\$ <u>15,388.00</u>
<u>2015</u>	\$ <u>16,592.68</u>
a. Test Year <u>2016</u>	\$ <u>17,079.57</u>
b. K & M Change	\$ <u>0.00</u> (to I-1, Column E, Line 14)
c. Adjusted Test year (a. + b.)	\$ <u>17,079.57</u> (to I-1, Column F, Line 14)

Explanation and calculations of known and measurable change: None

****Well Site Test Year Power Totals: Anderson Wells \$9,454.18, Richards \$2,346.87, Shiro \$3,433.84, Roans Prairie \$804.90, Anderson Office (50% of building use calculated) \$1,039.78**

UTILITY NAME: Anderson Water Company

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-5 OTHER RELATED VOLUME EXPENSESFOR THE TEST YEAR ENDED: 6/30/2017**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.

Bluebonnet Ground Water District

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>4,860.00</u>	
	<u>2015</u>	\$ <u>4,980.00</u>	
a. Test Year	<u>2016</u>	\$ <u>5,028.00</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 3)
c. Adjusted Test year (a.+b.)		\$ <u>5,028.00</u>	(to I-1, Column F, Line 3)

Explanation and calculations of known and measurable change:
Property taxes paid on well sites, taxes increased slightly each year

UTILITY NAME: Anderson Water Company
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-7 MATERIALS
 FOR THE TEST YEAR ENDED: **06/30/2017**

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

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
6.	620	Materials

II-7(a) Materials

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

	<u>Year</u>	<u>Amount</u>
	<u>2014</u>	\$ <u>5,147.00</u>
	<u>2015</u>	\$ <u>11,833.00</u>
a. Test Year	<u>2016</u>	\$ <u>7,147.00</u>
b. K & M Change		\$ <u>-</u> (to I-1, Column E, Line 6)
c. Adjusted Test year (a. + b.)		\$ <u>7,147.00</u> (to I-1, Column F, Line 6)

* A large item is more than 10% of the test year account balance and more than \$1,000.00

Expensed materials may not be included in rate base in materials and supplies inventories.

Explanation and calculations of known and measurable change:

II-7(b) Large Items:

Description	Amount	Date in service
None		

UTILITY NAME: Anderson Water Company
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-8 CONTRACT WORK
 FOR THE TEST YEAR ENDED:

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

References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
7.	631, 635, 636	Contract work (non-capitalized engineering, testing, other)

II-7(a) Contract work

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

	<u>Year</u>	<u>Amount</u>
	<u> </u>	\$ <u> </u>
	<u>2014</u>	\$ <u>0.00</u>
	<u>2015</u>	\$ <u>0.00</u>
a. Test Year	<u>2016</u>	\$ <u>1,060.00</u>
b. K & M Change		\$ <u>0.00</u> (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)		\$ <u>1,060.00</u> (to I-1, Column F, Line 7)

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

Explanation and calculations of known and measurable change:

II-8(b) Large Items:

Description	Amount	Date in service
Road Boring	\$ 1,060.00	09/13/2016

UTILITY NAME <u>Anderson Water Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-9 TRANSPORTATION FOR THE TEST YEAR ENDED: <u>06/30/2017</u>
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This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

Line No.	Account No.	Account Name
8.	650	Transportation expense

II-9(a) Transportation expense

List the type of vehicles used by the utility and allocate the percent used for business purposes. For example, is there one vehicle used solely for the utility, or is it used for non-business activities too? Is there a vehicle involved that is part of the Company's Plant in Service and thus is already depreciated?

Vehicle expenses reported using a cost per unit (say 34 cents per mile) have the depreciation factor included. A vehicle which is part of the Plant in Service should show only actual operating and maintenance expenses (oil, gas, repairs, maintenance) excluding insurance. The purpose of this supplemental page is to ensure that vehicle expense will be recorded properly and that vehicle depreciation is not listed twice or totally omitted.

	Year	Amount	
	<u>2014</u>	\$ <u>-</u>	
	<u>2015</u>	\$ <u>16,152.00</u>	
a. Test Year	<u>2016</u>	\$ <u>8,428.00</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 8)
c. Adjusted Test year (a. + b.)		\$ <u>8,428.00</u>	(to I-1, Column F, Line 8)

Explanation and calculations of known and measurable change:

II-9(b) Large Items*:

Description	Amount	Date in service
Fuel Charges	\$ 6,369.65	Test Year
Equipment Exp	\$ 2,058.35	Test Year

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

UTILITY NAME: Anderson Water Company

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-10 OTHER PLANT MAINTENANCEFOR THE TEST YEAR ENDED: **06/30/2017**

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

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
9.	664	Other plant maintenance

II-10(a) Other plant maintenance

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

	<u>Year</u>	<u>Amount</u>
	<u>2014</u>	\$ <u>0.00</u>
	<u>2015</u>	\$ <u>0.00</u>
a. Test Year	<u>2016</u>	\$ <u>0.00</u>
b. K & M Change		\$ <u>0.00</u> (to I-1, Column E, Line 9)
c. Adjusted Test year (a. + b.)		\$ <u>0.00</u> (to I-1, Column F, Line 9)

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

Explanation and calculations of known and measurable change:

II-10(b) Large Items:

Description	Amount	Date in service
None		

UTILITY NAME Anderson Water Company SCHEDULES - CLASS B RATE/TARIFF CHANGE II-12 BAD DEBTS FOR THE TEST YEAR ENDED 06/30/2017

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

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

II-12 Bad debts/Uncollectibles

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

	Year	Amount	
	<u>2014</u>	<u>\$ 0.00</u>	
	<u>2015</u>	<u>\$ 0.00</u>	
a. Test Year	<u>2016</u>	<u>\$ 1,324.67</u>	
b. K & M Change		<u>\$ 0.00</u>	(to I-1, Column E, Line 15)
c. Adjusted Test year (a. + b.)		<u>\$ 1,324.67</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
Customers Accounts Not Paid	\$ 1,324.67	Test Year

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

UTILITY NAME: <u>Anderson Water Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-13 OFFICE SERVICES AND RENTALS FOR THE TEST YEAR ENDED: <u>06/30/2017</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
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>0.00</u>	
	<u>2015</u>	\$ <u>0.00</u>	
a. Test Year	<u>2016</u>	\$ <u>0.00</u>	
b. K & M Change		\$ <u>0.00</u>	(to I-1, Column E, Line 16)
c. Adjusted Test year (a. + b.)		\$ <u>0.00</u>	(to I-1, Column F, Line 16)

Explanation and calculations of known and measurable change:

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

II-13(b) Large Items:

Description	Amount	Date in service
None		

UTILITY NAME Anderson Water Company
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-14 OFFICE SUPPLIES
 FOR THE TEST YEAR ENDED: **06/30/2017**

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

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

II-14(a) Office supplies & expenses

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

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>9,500.00</u>	
	<u>2015</u>	\$ <u>2,788.00</u>	
a. Test Year	<u>2016</u>	\$ <u>8,634.00</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 17)
c. Adjusted Test year (a. + b.)		\$ <u>8,634.00</u>	(to I-1, Column F, Line 17)

Explanation and calculations of known and measurable change:

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

II-14(b) Large Items:

Description	Amount	Date in service
Generator	\$ 1,500.00	12/7/2016

UTILITY NAME: Anderson Water Company
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-15 PROFESSIONAL SERVICES
 FOR THE TEST YEAR ENDED:

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

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
18.	682	Professional services

II-15(a) Professional services

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

	<u>Year</u>	<u>Amount</u>	
	<u>2014</u>	\$ <u>2,500.00</u>	
	<u>2015</u>	\$ <u>2,125.00</u>	
a. Test Year	<u>2016</u>	\$ <u>1,220.00</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 18)
c. Adjusted Test year (a. + b.)		\$ <u>1,220.00</u>	(to I-1, Column F, Line 18)

Explanation and calculations of known and measurable change:

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

II-15(b) Large Items:

Description	Amount	Date in service
CPA/Taxes	\$ 1,220.00	Test Year

UTILITY NAME: Anderson Water Company

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-16 INSURANCEFOR THE TEST YEAR ENDED: **06/30/2017**

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

Line No.	Account No.	Account Name
19.	684	Insurance

Insurance

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

	Year	Amount	
	<u>2014</u>	\$ <u>3,352.00</u>	
	<u>2015</u>	\$ <u>8,991.00</u>	
a. Test Year	<u>2016</u>	\$ <u>8,392.00</u>	
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 19)
c. Adjusted Test year (a. + b.)		\$ <u>8,392.00</u>	(to I-1, Column F, Line 19)

Types of insurance:

<u>2014</u>	\$ <u>3,352.00</u>	<u>Quart-Auto Renew</u>	<u>Auto/Business Liability</u>	<u>State Farm</u>
Year	Total amount	Period Covered	Type	Company
<u>2015</u>	\$ <u>8,991.00</u>	<u>Quart-Auto Renew</u>	<u>Auto/Business Liability</u>	<u>State Farm</u>
Year	Total amount	Period Covered	Type	Company
<u>2016</u>	\$ <u>8,282.00</u>	<u>Quart-Auto Renew</u>	<u>Auto/Business Liability</u>	<u>State Farm</u>
Year	Total amount	Period Covered	Type	Company

Explanation and calculations of known and measurable change:

UTILITY NAME <u>Anderson Water Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-17 REGULATORY EXPENSE FOR THE TEST YEAR ENDED <u>06/30/2017</u>
--

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

Line No.	Account No.	Account Name
20.	666	Regulatory (Rate Case) Expense

II-17(a) Regulatory commission expense

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

	Year		Amount	
	<u>2014</u>	\$	<u>0.00</u>	
	<u>2015</u>	\$	<u>0.00</u>	
a. Test Year	<u>2016</u>	\$	<u>1,870.00</u>	
b. K & M Change		\$	<u>0.00</u>	Copies/Stamps/Prof S (to I-1, Column E, Line 20 - see instructions above)
c. Adjusted Test year (a. + b.)		\$	<u>1,870.00</u>	(to I-1, Column F, Line 20 - see instructions above)

Explanation and calculations of known and measurable change:

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

II-17(b) Large Items:

Description	Amount	Date in service
TCEQ State Fees	\$ 1,870.00	Test Year

UTILITY NAME: <u>Anderson Water Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE II-18 REGULATORY EXPENSE FOR THE TEST YEAR ENDED: <u>06/30/2017</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	
	2014	\$	0.00	
	2015	\$	0.00	
a. Test Year	2016	\$	0.00	
b. K & M Change		\$	0.00	(to I-1, Column E, Line 21 - see instructions above)
c. Adjusted Test year (a. + b.)		\$	0.00	(to I-1, Column F, Line 21 - see instructions above)

Explanation and calculations of known and measurable change:

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

II-18 (b) Large Items:

Description	Amount	Date in service
None		

UTILITY NAME: Anderson Water Company

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-19 MISCELLANEOUS EXPENSEFOR THE TEST YEAR ENDED: 06/30/2017**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>0.00</u>	
	<u>2015</u>	\$ <u>0.00</u>	
a. Test Year	<u>2016</u>	\$ <u>500.00</u>	from tax return
b. K & M Change		\$ <u>-</u>	(to I-1, Column E, Line 22 - see instructions above)
c. Adjusted Test year (a. + b.)		\$ <u>500.00</u>	(to I-1, Column F, Line 22 - see instructions above)

Explanation and calculations of known and measurable change:*** A large item is more than 10% of the test year account balance.****II-19 (b) Large Items:**

Description	Amount	Date in service
None		

UTILITY NAME: Anderson Water Company

SCHEDULES FOR CLASS B RATE/TARIFF CHANGE

III-5 WORKING CASH ALLOWANCE CALCULATIONSFOR THE TEST YEAR ENDED: 06/30/2017

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		0	198,855.45	0
2	Working Cash (Line 3 / Line 5)			\$24,856.93	
3	Divisor	12	12	8	8

From Sch I-1, line 25

To Sch III-2, line 5

UTILITY NAME	Anderson Water Company
SCHEDULES - CLASS B RATE/TARIFF CHANGE	
III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE	
FOR TEST YEAR ENDED	06/30/2017

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	86,630 00
2	Plant additions after previous rate case		
3	Anderson Office	77,927 00	
4	Anderson Well	\$ 159,817 00	
5	Richards	\$ 114,147 00	
6	Shiro	\$ 67,862 00	
7	Roans Prairie	\$ 32,261 00	
8			
9			
10			
11	Total additions (add lines 3 through 10, Col C)		\$452,014
12	Test year plant retirements after previous rate case		
13	Anderson Well	\$ 3,100 00	
14	Anderson Office	\$ 33,739 00	
15	Richards	\$ 37,813 00	
16	Shiro	\$0 00	
17	Roans Prairie	\$ 18,676 00	
18			
19			
20			
21	Total retirements (add line 13 through 20, Col C)		\$ 93,328 00
22	Ending balance (line 1 + line 11 - line 21)	Equals as III-3, Column D, line 50	\$ 358,686 00

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

We can not reconcile III-3a due to the length of time since the last rate case III-3a is most accurate to our most recent tax returns

NAME: Anderson Water Company
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
IV(a) ESTIMATE OF TAXES OTHER THAN INCOME
 FOR THE TEST YEAR ENDED: **06/30/2017**

PROPERTY TAXES:

A Line No	B Description	C Amount	D Amount	E Reference
1	Property taxes paid in in test year		1,590	per property tax bills
2	Utility plant added in test year	452,014		Schedule III-3(a), Line 11
3	Utility plant retirements in test year	93,328		Schedule III-3(a), Line 21
4	Net additions	358,686		Line 2 minus line 3
5	Net Property tax rate	0.02		Line 1 / beginning of test year gross plant balance from III-3 (a), Col. D, Line 1
6	Test year property tax on additions		\$6,582.38	Line 4 times Line 5
7	Adjusted Test year property tax expense		8,172	Line 1 + Line 6
8	Known and measurable change	6,582		Line 7 minus Line 1

PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS):

A Line No.	B Tax Type	C Wage Level	D Tax Rate	E Taxable Wages	F Reference	G Tax
					SCHEDULE II-6	(D x E)
9	FICA	wages to <u>95827</u>	7.65%	138172	Column D+E+F Line 9	10,570.16
10	Medicare	wages to <u>95827</u>	1.45%	138172	Column H Line 9	2,003.49
11	Added Medicare (Affordable Care Act)	wages to <u>0</u>	0.00%	0		0.00
12	Federal unemployment	wages to <u>34345</u>	0.60%	34345	Column D Line 9	2,060.70
13	State unemployment	wages to <u>42345</u>	0.45%	138172	Column D+E Line 9	6,217.74
14	Total (add Lines 10 through 13)					10,281.93
15	Less: Capitalized	Use % on Sch II-6(a), line 10	0			0.00
16	Test year Payroll Tax Expense	Line 13 less 14				4,064.19
17	Known and measurable change			(Line 13 minus Line 14)		(4,064.19)

OTHER TAXES:

A Line No.	I Description	J Test year	K K & M change	L Adjusted Test Year
18	Other taxes & licenses	-	-	-
19				
20				
21	Total Other Taxes (Line 18 + Line 19 + Line 20)			
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			None

UTILITY NAME: <u>Anderson Water Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE I-1 REVENUE REQUIREMENT SUMMARY PUC Docket No. <u>48384</u> Test Year End: <u>06/30/2017</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	17,080		17,080	Schedule II-4
3	618	Other volume related expenses	5,028		5,028	Schedule II-5
4		Total volume related exp.	22,108		22,108	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor	41,827		41,827	Schedule II-6, Line 1
6	620	Materials	7,147	-	7,147	Schedule II-7
7	631-636	Contract work	1,060	-	1,060	Schedule II-8
8	650	Transportation expenses	8,428	-	8,428	Schedule II-9
9	664	Other plant maintenance	-	-	-	Schedule II-10
10		Total non-volume related exp.	58,462		58,462	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries	96,345	-	96,345	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	1,325	-	1,325	Schedule II-12
16	676	Office services & rentals	-	-	-	Schedule II-13
17	677	Office supplies & expenses	8,634	-	8,634	Schedule II-14
18	678	Professional services	1,220		1,220	Schedule II-15
19	684	Insurance	8,392	-	8,392	Schedule II-16
20	666	Regulatory (rate case) expense	0.00	1,870	1,870	Schedule II-17
21	667	Regulatory expense (other)	-	-	-	Schedule II-18
22	675	Miscellaneous expenses	500	-	500	Schedule II-19
23		Total admin. & general expense	116,416		118,286	Add Lines 11-22
24		Total operating Expenses	196,985	-	198,855	Lines 4 + 10 + 23
25	403	Depreciation	31,757.24	-	31,757.24	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	-		-	Sch IV(b), Line 8
27	409/10	Income Tax Expense	9,857.24	-	9,857.24	Schedule V, Line 7
28		TOTAL EXPENSES	238,600	-	240,470	
29		TOTAL HISTORIC REVENUE	\$181,561.00			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(57,039)			Line 28 less Line 29
31		REQUESTED RETURN			37,177	Schedule III-1, Line 3
32		REQUIREMENT			277,647	Line 28 plus Line 31
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	96,086	Line 32 less Line 29
34		PERCENTAGE INCREASE			36%	Line 33 divided by Line 36
35		LESS: OTHER REVENUES			7,606	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	270,041	Line 32 minus Line 35

UTILITY NAME: Anderson Water Company SCHEDULES - CLASS B RATE/TARIFF CHANGE Schedule VI-1 RATE DESIGN FOR THE TEST YEAR ENDED: 06/30/2017				
Line No.	A	B	C	
		Reference		
	DETERMINATION OF FIXED COSTS			
1.	Gross revenues to be recovered:	Sch I-1, Line 36	270,040.54	
	Less variable costs:			
2.	Purchased water - Account 610	Sch I-1, Col. F, line 1	0	
3.	Purchased power - Account 615	Sch I-1, Col. F, line 2	17079.78	
4.	Other volume related - Account 618	Sch I-1, Col. F, line 3	5028	
5.	Other volume related or allocated (attach schedule)		0	
6.				
7.				
8.				
9.				
10.	FIXED COSTS (Line 1 minus Lines 2-9)		247,932.76	
11.	% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE			0%
12.	TO BE RECOVERED THROUGH BASE SERVICE CHARGE		247,932.76	
	RECAP:			
13.	RECOVERED THROUGH BASE SERVICE CHARGE	Line 10	247,932.76	
14.	RECOVERED THROUGH VOLUMETRIC RATE	Line 1 - Line 10	22,107.78	
	TOTAL	Equals Line 1	270,040.54	
	TO BE RECOVERED THROUGH BASE SERVICE CHARGE			
15.	TOTAL METER EQUIVALENTS	Sch I-3, Col H, line 9	721	
16.	CHARGE PER 5/8" X 3/4" METER	Line 13 / Line 15	28.66	
	TO BE RECOVERED THROUGH VOLUMETRIC RATE			
17.	TOTAL WATER SALES IN 1,000 GALS	Sch II-1(a), Col C, line 4	29,670	
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)	Line 14 / Line 17		
	PROPOSED RATES:			
19.	FOR ALL WATER DELIVERED PER 1,000 gallons	Line 18 or attach calc	see attached	
	BASE SERVICE CHARGE (PER 5/8" X 3/4")		see attached	
	Meter size	Line 16	Equivalency	Base Rate/size
20.	5/8 X 3/4"		1	
21.	3/4"		1.5	
22.	1"		2.5	
23.	1 1/2"		5	
24.	2"		8	
25.	3"		15	
26.	4"		25	
		see attached calculations for proposed rates		

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.

Wednesday, September 5, 2018

Page 1 of 1

USAGE AND LOSS REPORT

Anderson Water Co., Inc.

Month	Water Pumped	Water Sold	Water Loss (Gals)	Average Flow (GPM)	Val (PSI)	Zone Use (Total)	10000	20000	30000	40000	50000	60000	70000	80000	90000	100000
07-16	120,000	3,292,200	699,442	7.895	417	50	7	0	3	18	55	26	42	40	78	99
08-16	142,300	2,793,700	696,000	6.748	414	50	8	1	2	10	30	18	31	68	90	110
09-16	3,998,000	2,610,200	22,43	6,290	415	54	5	2	2	8	34	23	43	58	82	104
10-16	4,030,000	2,689,600	30,28	6,465	416	52	8	1	2	8	37	19	32	62	73	120
11-16	4,073,000	3,202,200	21,38	7,735	414	57	11	2	2	8	26	20	38	59	77	115
12-16	3,218,000	2,192,800	30,30	5,284	415	57	6	2	1	5	22	12	34	53	92	130
01-17	2,813,000	2,451,200	12,86	5,935	413	46	8	1	3	7	28	19	27	55	94	127
02-17	2,645,000	2,176,200	17,72	5,282	412	41	6	0	0	6	25	23	34	53	90	134
03-17	2,483,000	892,900	64,04	2,167	412	203	2	1	0	1	11	8	15	26	53	91
04-17	2,609,000	2,095,200	16,78	5,061	414	45	5	1	1	3	25	13	32	59	83	149
05-17	3,277,000	2,556,000	19,56	6,204	412	48	4	3	2	8	43	11	43	60	82	111
06-17	3,363,000	2,717,300	18,46	6,564	414	49	6	1	2	8	40	21	39	60	92	99

12 Month Totals

Total Water Pumped	33,341,300
Total Water Sold	29,669,500
Total Used for Fire Flush	987,000
Total Water Loss	2,684,800
Total Water Loss Percent	8.05 %

Monthly Averages

Average Water Pumped	2,778,442
Average Water Sold	2,472,458
Average Used for Fire Flush	82,250
Average Water Loss	223,733
Average Water Loss Percent	8.05 %
Average Water Loss	5,969

Qualified By: System Totals 07-16 to 06-17
Anderson Water Company

UTILITY NAME: Anderson Water Company SCHEDULES - CLASS B RATE/TARIFF CHANGE V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE FOR THE TEST YEAR ENDED: 06/30/2017
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A	B	C	D	
Line		Amount	Reference	
1	Requested Return	37,177	Schedule III-1, Line 3 or II-1, line 34	
2	Less: Synchronized Interest	94	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)	0.000290379
3	Requested taxable return	37,082	Line 1 minus Line 2	324938.9513
4	Income taxes at proposed rates	7,787.22	Line 17 below	
5	Effective tax rate	21.00%	Line 4 divided by Line 3	
6	Total gross up factor	1.27	1.0 divided by (1.0 minus line 5)	
7	Grossed up federal income tax	9,857.24	Line 4 times line 6	To Sch I-1, Line 27

FEDERAL INCOME TAX CALCULATION:

Line No.	Tax Rate	Taxable Income 9,857.24 (Portion of Taxable Income in Level)	Tax Rate	Tax (C x D)
12	1st 50,000 of taxable income	50,000	15%	0.00
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	0.00