

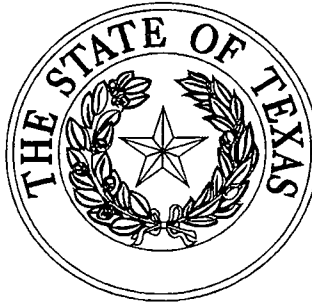


Control Number: 48918



Item Number: 143

Addendum StartPage: 0



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PUBLIC UTILITY COMMISSION  
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**CLASS "B" WATER COMPANY  
PUC ANNUAL REPORT  
OF**

CCN Number  
13069

Official Company Name:

Rockwall Ranch/KT Water Development

D/B/A Name(s)

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**TO THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS**

*For the Year Ended*     12/31/2018

PUBLIC UTILITY COMMISSION OF TEXAS  
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

**Annual Report for Class B Water and/or Sewer Systems**  
Pursuant to TWC § 13.136 and Title 16 Texas Administrative Code (TAC) Chapter 24

**I. UTILITY INFORMATION**

- A. Utility Name: Rockwall Ranch /KT Water Development  
List all assumed name(s) or d/b/a names: \_\_\_\_\_
- B. Street Address, City or Town & Zip code: 18225 FM 2252, San Antonio, TX 78266  
County: Comal CCN No.: 13069
- C. List All PWS System names and numbers: 460250
- D. List All WQ Permitted system names and numbers: \_\_\_\_\_
- E. Type of Ownership:  
Corporation: \_\_\_\_\_ X Partnership: \_\_\_\_\_ Individual: \_\_\_\_\_ Other: \_\_\_\_\_
- F. If a corporation list names of the officers. If an individual or partnership list the name of the individual or each partner. 1% KT Real Estate Mgmt; 49.5% Knowlton Properties; 39.5% T. Turner Water, LP; 5% Gerry Telle; 5% Javier Trevino
- g. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner. \_\_\_\_\_
- H. Date the utility was formed or incorporated: 2/6/2005
- I. Is the utility commonly owned or controlled by another corporation? Y N  
If yes, by whom? \_\_\_\_\_

**PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS**

- A. Name and Title: Robin Dawson/Bookkeeper
- B. Street Address, city, zip code: 18225 FM 2252, San Antonio, TX 78266
- C. Telephone Number with Area Code: 210-651-6860  
Cell Phone Number with Area Code: \_\_\_\_\_  
Fax Number with Area Code: 210-651-5435  
e-mail address: robin@vkk.com
- D. If not an officer, owner or employee, give name of firm employed by:  
VK Knowlto Construction & Utilities, Inc.
- E. List all entities under common control or ownership with this utility by entity name, CCN No(s)., Public Water System (PWS) No(s). and name(s) of water system(s) owned and Water Quality (WQ) Discharge Permit No(s). and name(s) of wastewater systems owned, and contact information. N/A
- F. List all affiliates of the utility by entity name(s), CCN No(s). if any, PWS No. for each system owned and WQ Discharge Permit No. for each wastewater systems owned, including contact information.  
N/A
- G. If the utility owner owns multiple CCN's, please list all CCN numbers owned: N/A

Name of Utility: Rockwall Ranch/KT Water Development Year End: 12/31/2018

## 2. BALANCE SHEETS

| <u>ASSETS</u>   |  | End of Year<br>12/31/2018 | End of Prior Year<br>12/31/2017 |
|---|--|---------------------------|---------------------------------|
| <u>UTILITY PLANT</u>                                    |  |                           |                                 |
| 101 Utility Plant in Service                            |  | \$ 2,727,444              | \$ 2,788,444                    |
| 103 Property held for Future Use                        |  | \$ -                      | \$ -                            |
| 105 Construction Work In Progress                       |  | \$ -                      | \$ -                            |
| 114, 115 Net Utility Plant Acquisition Adjustment       |  | \$ -                      | \$ -                            |
| TOTAL UTILITY PLANT                                     |  | \$ 2,727,444              | \$ 2,788,444                    |
| 108 Less Accumulated Depreciation                       |  | \$ 1,371,798              | \$ 1,272,614                    |
| 110 Less Accumulated Amortization                       |  | \$ 54,898                 | \$ 47,338                       |
| NET UTILITY PLANT                                       |  | \$ 1,300,748              | \$ 1,468,492                    |
| <u>CURRENT ASSETS</u>                                   |  |                           |                                 |
| 131-135 Cash  |  | \$ 390,612                | \$ 490,682                      |
| 141-143 Accounts Receivable                             |  | \$ 21,501                 | \$ 35,272                       |
| 144 Notes Receivable                                    |  | \$ 1,300,250              | \$ 1,191,420                    |
| 144-145 Accounts Receivable-Affiliates/Common Ownership |  | \$ -                      | \$ -                            |
| 151 Plant Materials and Supplies                        |  | \$ 388,104                | \$ 302,807                      |
| 162 Prepayments   |  | \$ 8,806                  | \$ 8,655                        |
| 171-174 Other Current Assets                            |  | \$ -                      | \$ -                            |
| TOTAL CURRENT ASSETS                                    |  | \$ 2,109,273              | \$ 2,028,836                    |
| <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                 |  | \$ -                      | \$ -                            |
| <b><u>TOTAL ASSETS</u></b>                              |  | <b>\$ 3,410,021</b>       | <b>\$ 3,497,328</b>             |
| <u>LIABILITIES &amp; EQUITY</u>                         |  |                           |                                 |
| <u>STOCKHOLDERS' EQUITY</u>                             |  |                           |                                 |
| 201 Common Stock  |  | \$ -                      | \$ -                            |
| 211 Other paid in capital                               |  | \$ -                      | \$ -                            |
| 215 Retained Earnings                                   |  | \$ 1,361,359              | \$ 1,340,551                    |
| TOTAL STOCKHOLDERS' EQUITY                              |  | \$ 1,361,359              | \$ 1,340,551                    |
| <u>LONG-TERM DEBT</u>                                   |  |                           |                                 |
| 224 Long-term debt, excluding current portion           |  | \$ 2,045,504              | \$ 2,152,177                    |
| <u>CURRENT LIABILITIES</u>                              |  |                           |                                 |
| Current Portion of Long-term Debt                       |  |                           |                                 |
| 231 Accounts Payable                                    |  | \$ 58                     | \$ -                            |
| 232 Notes Payable                                       |  | \$ -                      | \$ -                            |
| 233, 234 Payables to Affiliates/Common Ownership        |  | \$ -                      | \$ -                            |
| 236 Accrued Taxes                                       |  | \$ -                      | \$ -                            |
| 237 Accrued Interest                                    |  | \$ -                      | \$ -                            |
| 241.0 Other Current Liabilities                         |  | \$ 3,100                  | \$ 4,600                        |
| TOTAL CURRENT LIABILITIES                               |  | \$ 3,158                  | \$ 4,600                        |
| <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            |  | \$ -                      | \$ -                            |
| <b><u>TOTAL LIABILITIES &amp; EQUITY</u></b>            |  | <b>\$ 3,410,021</b>       | <b>\$ 3,497,328</b>             |

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

## 4. Statements of Income

|  | Water<br>Test Year 2018 | Sewer Test Year<br>2018 | Total - Water<br>and Sewer | Earnings Report<br>adjustments | Adjusted for<br>Earnings<br>Report |
|--|-------------------------|-------------------------|----------------------------|--------------------------------|------------------------------------|
|  | (a)                     | (b)                     | (c)                        | (d)                            | (e)=(c)+(d)                        |
| <b>1 Total Revenue: 1</b>                    | \$ 699,251              | NA                      | \$ 699,251                 | \$ -                           | \$ 699,251                         |
|  | XXXX                    | XXXX                    | XXXX                       | XXXX                           | XXXX                               |
|  | XXXX                    | XXXX                    | XXXX                       | XXXX                           | XXXX                               |
| <b>Operating Expenses:</b>                   |                         |                         |                            |                                |                                    |
| 2 601.1/701.1 O & M Salaried Labor           | \$ -                    | \$ -                    | \$ -                       | \$ -                           |                                    |
| 3 604/704 Employee Benefits                  | \$ -                    | \$ -                    | \$ -                       | \$ -                           |                                    |
| 4 6/731, 6/735, 6/736 O & M Contract labor   | \$ 13,912               | \$ -                    | \$ 13,912                  | \$ -                           | \$ 13,912                          |
| 5 620/720 Operating/Maint Supplies           | \$ 45,711               | \$ -                    | \$ 45,711                  | \$ -                           | \$ 45,711                          |
| 6 610/710 Purchased Water                    | \$ -                    | \$ -                    | \$ -                       | \$ -                           |                                    |
| 7 615/715 Purchased Power                    | \$ 68,841               | \$ -                    | \$ 68,841                  | \$ -                           | \$ 68,841                          |
| 8 635/735 Testing Expense                    | \$ 2,395                | \$ -                    | \$ 2,395                   | \$ -                           | \$ 2,395                           |
| 9 618/718 Chemicals                          | \$ 3,497                | \$ -                    | \$ 3,497                   | \$ -                           | \$ 3,497                           |
| 10 656-659/756-759 Insurance                 | \$ 10,437               | \$ -                    | \$ 10,437                  | \$ -                           | \$ 10,437                          |
| 11 601.2/701.2 General Office Salaries       | \$ -                    | \$ -                    | \$ -                       | \$ -                           |                                    |
| 12 650/750 Transportation                    | \$ -                    | \$ -                    | \$ -                       | \$ -                           |                                    |
| 13 675 General Office Expenses               | \$ 19,932               | \$ -                    | \$ 19,932                  | \$ -                           | \$ 19,932                          |
| 14 632, 633, 634 Contract Acctg, legal, Mgnt | \$ 3,743                | \$ -                    | \$ 3,743                   | \$ -                           | \$ 3,743                           |
| 15 666 Amortization- Rate Case Expense       | \$ -                    | \$ -                    | \$ -                       | \$ -                           |                                    |
| 16 403 Depreciation Expense                  | \$ 111,576              | \$ -                    | \$ 111,576                 | \$ -                           | \$ 111,576                         |
| 17 667-675 Other Misc. Expenses              | \$ 11,605               | \$ -                    | \$ 11,605                  | \$ -                           | \$ 11,605                          |
| <b>Taxes:</b>                                |                         |                         | XXXX                       | XXXX                           | XXXX                               |
| 18 409 Federal Income Taxes                  | \$ -                    | \$ -                    | \$ -                       | \$ -                           |                                    |
| 19 409 State Franchise Taxes/Reg Assess.     | \$ -                    | \$ -                    | \$ -                       | \$ -                           |                                    |
| 20 408 All Other Taxes                       | \$ 3,002                | \$ -                    | \$ 3,002                   | \$ -                           | \$ 3,002                           |
| <b>21 Total Expenses</b>                     | \$ 294,652              | \$ -                    | \$ 294,652                 | \$ -                           | \$ 294,652                         |
|  |                         |                         | XXXX                       | XXXX                           | XXXX                               |
| <b>22 Net Operating Income</b>               | \$ 404,600              | \$ -                    | \$ 404,600                 | \$ -                           | \$ 404,600                         |
|  |                         |                         | XXXX                       | XXXX                           | XXXX                               |
| 23 421, 433 Non-Operating Income             | \$ -                    | \$ -                    |                            | \$ -                           |                                    |
| <b>24 Non-Operating Deductions:</b>          |                         |                         | XXXX                       | XXXX                           | XXXX                               |
| 25 426 Other                                 | \$ 1,891                | \$ -                    | \$ 1,891                   | \$ -                           | \$ 1,891                           |
| 26 427 Interest                              | \$ 106,904              | \$ -                    | \$ 106,904                 | \$ -                           | \$ 106,904                         |
| <b>27 Net Income</b>                         | \$ 295,805              | \$ -                    | \$ 295,805                 | \$ -                           | \$ 295,805                         |

1. Carried over from Statements of Revenues

Name of Utility:

Rockwall Ranch/KT Water Development

Year End:

12/31/2018

**3. STATEMENT OF REVENUES**

(Actual Revenues for the report year)

| Water<br>CUSTOMER CLASS         | Prior Year<br>Reported<br>2017<br>(A) | Current<br>Reporting<br>Year 2018<br>(B) | Earnings Report<br>adjustments<br>(C) | Totals For<br>Earnings Report<br>Adjustments<br>(D=B+C) |
|---------------------------------|---------------------------------------|--|---------------------------------------|---|
| Metered Sales                   |                                       |  |                                       |   |
| 5/8" or 3/4"                    | \$ 663,138                            | \$ 680,132                               | \$ -                                  | \$ 680,132  |
| 3/4"                            |                                       |  |                                       | \$ -  |
| 1"                              |                                       |  |                                       | \$ -  |
| 1 1/2"                          |                                       |  |                                       |   |
| 2"                              |                                       |  |                                       |   |
| List all additional meter sizes |                                       |  |                                       |   |
|                                 |                                       |  |                                       |   |
|                                 |                                       |  |                                       | \$ -  |
| SUB-TOTAL                       | \$ 663,138                            | \$ 680,132                               | \$ -                                  | \$ 680,132  |

Unmetered Sales:

|   |      |      |      |      |
|---|------|------|------|------|
|   |      |      | \$ - | \$ - |
|   |      |      |      | \$ - |
|   |      |      |      | \$ - |
|   |      |      |      | \$ - |
|   |      |      |      | \$ - |
| List and explain if any rates are set<br>on a basis other than meter size |      |      |      | \$ - |
|   |      |      |      | \$ - |
|   |      |      |      | \$ - |
|   | \$ - | \$ - | \$ - | \$ - |

470 0 Late fees - Water

\$ 7,155

\$ 8,292

\$ -

\$ 8,292

471-474 Other Revenue

\$ 11,375

\$ 10,828

\$ -

\$ 10,828

**TOTAL WATER REVENUE****\$ 681,668****\$ 699,251****\$ -****\$ 699,251**

To Statement of Income

| Sewer<br>CUSTOMER CLASS            | Prior Year<br>Reported<br>yyyy<br>(A) | Current<br>Reporting<br>Year N/A<br>(B) | Earnings Report<br>adjustments<br>(C) | Totals For<br>Earnings Report<br>Adjustments<br>(D=B+C) |
|------------------------------------|---------------------------------------|---|---------------------------------------|---|
| Metered (measured) Sales (if any): |                                       |   |                                       |   |
| N/A                                | \$ -                                  | \$ -                                    | \$ -                                  | \$ -  |
|                                    |                                       |   |                                       | \$ -  |
|                                    |                                       |   |                                       | \$ -  |
|                                    |                                       |   |                                       | \$ -  |
| SUB-TOTAL                          | \$ -                                  | \$ -                                    | \$ -                                  | \$ -  |

Unmetered (flat rate) Sales:

|           |      |      |      |      |
|-----------|------|------|------|------|
| N/A       | N/A  | \$ - | \$ - | \$ - |
|           |      |      |      | \$ - |
|           |      |      |      | \$ - |
|           |      |      |      | \$ - |
| SUB-TOTAL | \$ - | \$ - | \$ - | \$ - |

N/A

470.0 Late fees - Sewer

\$ -

\$ -

\$ -

\$ -

536 Other Revenue

\$ -

\$ -

\$ -

\$ -

**TOTAL SEWER REVENUE****\$ -****\$ -****\$ -****\$ -****TOTAL REVENUE****\$ 681,668****\$ 699,251****\$ -****\$ 699,251**

To Statement of Income

## Rockwall Ranch Subdivision/KT Water Development

**Year End:**

2018

### 5(a). Water Plant In Service - Changes Since the Previous Annual Report

| A  | B   | C                                   | D                          | E                            | F                                       | G=D-E+F                               |
|--|---|-------------------------------------|----------------------------|------------------------------|---|---------------------------------------|
| Date Plant<br>Installed/Retired<br>mm/yyyy | List Major Items by account<br>number and Class | Report Year<br>Beginning<br>Balance | Plant Additions<br>Amounts | Plant Retirements<br>Amounts | Plant<br>Adjustments<br>(plus or minus) | Total change<br>during report<br>year |
| Feb-05                                     | Water/Tank                                      | \$ 298,673                          | \$ 85,297                  |                              |   | \$85,297                              |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
|  |   |                                     |                            |                              |   | \$0                                   |
| TOTALS                                     |   | \$298,673                           | \$85,297                   | \$0                          | \$0                                     | \$85,297                              |

|                         |  |                  |             |
|-------------------------|--|------------------|-------------|
| <b>Name of Utility:</b> | <b>Rockwall Ranch/KT Water Development</b> | <b>Year End:</b> | <b>2018</b> |
|-------------------------|--|------------------|-------------|

|                         |  |                  |             |
|-------------------------|--|------------------|-------------|
| <b>Name of Utility:</b> | <b>Rockwall Ranch/KT Water Development</b> | <b>Year End:</b> | <b>2018</b> |
|-------------------------|--|------------------|-------------|

|                         |  |                  |             |
|-------------------------|--|------------------|-------------|
| <b>Name of Utility:</b> | <b>Rockwall Ranch/KT Water Development</b> | <b>Year End:</b> | <b>2018</b> |
|-------------------------|--|------------------|-------------|

|                         |  |                  |             |
|-------------------------|--|------------------|-------------|
| <b>Name of Utility:</b> | <b>Rockwall Ranch/KT Water Development</b> | <b>Year End:</b> | <b>2018</b> |
|-------------------------|--|------------------|-------------|

### 5(b). Sewer Plant In Service - Changes Since the Previous Annual Report

[illegible]



**6(a). Capital Structure**

Year Ended mm/dd/yyyy

|                            | Per Books    | Adjustments for<br>Earnings Report | Per Books Post<br>Adjustment | Ratio   |
|----------------------------|--------------|------------------------------------|------------------------------|---------|
| 232 00 Short-Term Debt     | \$ -         | \$ -                               | \$ -                         | 0.00%   |
| 224 0 Long-Term Debt       | \$ 2,045,504 |                                    | \$ 2,045,504                 | 60.04%  |
| Common Equity:             |              |                                    |                              |         |
| 201 0 Common Stock         | \$ 1,361,359 | \$ -                               | \$ 1,361,359                 |         |
| 218 0 Proprietary Capital  |              |                                    |                              |         |
| 211.0 Misc Paid-in-Capital |              |                                    |                              |         |
| 215 0 Retained Earnings    | \$ -         | \$ -                               | \$ -                         |         |
| 216 0 Reacquired Stock     | \$ -         | \$ -                               | \$ -                         |         |
| Total Equity               | \$ 1,361,359 | \$ -                               | \$ 1,361,359                 | 39.96%  |
| Total Capital              | \$ 3,406,863 | \$ -                               | \$ 3,406,863                 | 100.00% |

**Debt Detail**

| Type                   | Principal<br>Amount | Cost<br>Rates | Interest<br>Expense |
|------------------------|---------------------|---------------|---------------------|
| 232 0 Short Term Debt. |                     |               |                     |
| (Lender name A)        | \$ -                | 0.00%         | \$ -                |
| (Lender name B)        | \$ -                | 0.00%         | \$ -                |
| (Lender name C)        | \$ -                | 0.00%         | \$ -                |
| Total Short-Term Debt  | \$ -                | 0.00%         | \$ -                |
| 224 0 Long-Term Debt   |                     |               |                     |
| Amegy Bank             | \$ 2,045,504        | 5.23%         | \$ 106,918          |
| (Lender name E)        |                     | 0.00%         | \$ -                |
| (Lender name F)        |                     | 0.00%         | \$ -                |
| Total Long-Term Debt   | \$ 2,045,504        | 5.23%         | \$ 106,918          |

**6(b). RATE BASE AND EARNINGS CALCULATION**

## RATE BASE SUMMARY

| Description                                    | Water<br>(a) | Sewer<br>(b) | Total<br>(c)=(a)+(b) | Reference<br>(schedule) |
|--|--------------|--------------|----------------------|-------------------------|
| 1 Additions                                    | xxxx         | xxxx         | xxxx                 |                         |
| 2 Utility plant                                | 388,104      |              | 388,104              | 5(a) & 5(b)             |
| 3 Materials and supplies                       | 4,134        |              | 4,134                | 2                       |
| 4 Working cash (capital) (attach schedule)     | 412,113      |              | 412,113              |                         |
| 5 Prepayments                                  | 8,806        |              | 8,806                | 2                       |
| 6 Other (attach schedule or itemize)           | 1,300,250    |              | 1,300,250            |                         |
| 7 TOTAL ADDITIONS (Add Lines 2 through 6)      | 2,113,407    |              | 2,113,407            |                         |
| 8 Deductions                                   | xxxx         | xxxx         | xxxx                 |                         |
| 9 Reserve for depreciation (Accumulated)       | 1,297,455    |              | 1,297,455.00         | 2                       |
| 10 Advances for construction                   |              |              |                      | 2                       |
| 11 Contributions in aid of construction        |              |              |                      | 2                       |
| 12 Accumulated deferred income taxes           |              |              |                      | 2                       |
| 13 Accumulated deferred investment tax credits |              |              |                      | 2                       |
| 14 Other (attach schedule or itemize)          |              |              |                      | 2                       |
| 15 TOTAL DEDUCTIONS (Add lines 9 through 14)   | 1,297,455    |              | 1,297,455.00         |                         |
| 16 RATE BASE (Line 7, less Line 15)            | 815,952      |              | 815,952.15           |                         |

**EARNINGS CALCULATION**

|   |         |
|---|---------|
| 17 Return (Note 1)                                    | 402,709 |
| 18 Rate of Return (Line 17/Line 16)                   | 49.35%  |
| 19 <u>Earned</u> Return on Ending Equity (Notes 2, 3) | 115.65% |

Note 1 Schedule 4, *Statements of Income*, line 26 plus line 27Note 2 Based on reported capital structure in Schedule 6 *Capital Structure Earnings*Note 3 Line 19 (above) will automatically calculate correctly only after Schedule 4 *Statements of Income*, Schedule 7, *Rate of Return*, and the above portions of this schedule (tab) have been completed

**Name of Utility:** Rockwall Ranch KT Water Development **Year End:** 2018

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**Attachment to 6 (b) RATE BASE AND EARNINGS CALCULATION**

**Line 6 Other**

|                                |           |
|--------------------------------|-----------|
| AR - KT East Development       | 905,000   |
| AR - KT Real Estate Management | 2,000     |
| AR - KT Water Resources        | 393,250   |
|                                | <hr/>     |
|                                | 1,300,250 |

Name of Utility: Rockwall Ranch /KT Water Development

Year End: \_\_\_\_\_

### 7. Rate of Return

Year Ended mm/dd/yyyy

|                      | Balance   | Capital<br>Structure % | Cost<br>Rates | Weighted<br>Cost of<br>Capital<br>(c)=(a) x (b) |
|----------------------|-----------|------------------------|---------------|---|
|                      | (a)       | (b)                    | (c)           |   |
| 224.0 Long-Term Debt | 2,045,504 | 60.04%                 | 5.23%         | 3.14%   |
| Common Equity*       | 1,361,359 | 39.96%                 | 11.52%        | 4.60%   |
| Total                |           | 100.00%                |               | 7.74%   |

\*If the company currently has an authorized return on equity (ROE), enter that ROE in column (c) and provide the docket number in which that ROE was granted here ==>>

If the company does not currently have an authorized ROE, enter in column (c) the ROE Moody's BAA Bond rating plus 6 percentage points. Utilities may obtain the current Moody's BAA Bond rating by emailing the PUC at [water@puc.state.tx.us](mailto:water@puc.state.tx.us) (this will in virtually every circumstance be different from the ROE that is actually earned) and place an "X" here==>>

X

Name of Utility: Rockwall Ranch/KT Water Dev. Year End: 2018

## 8. Connection Count

### METERED CUSTOMERS BY METER SIZE

| Number of Customers |                                 |            |           |             | 514    |               |
|---------------------|---------------------------------|------------|-----------|-------------|--------|---------------|
| (A)                 | (B)                             | (C)        | (D)       | (E)         | (F)    | (G)           |
| Line                | Meter                           | End of     | Additions | End of      | Meter  | Meter         |
| No.                 | Size/<br>description            | Prior Year | or change | Report Year | Ratios | Equivalencies |
| <b>Water</b>        |                                 |            |           | (C + D)     |        | (E x F)       |
| 1                   | 5/8" x 3/4"                     | 500        | 5         | 514         | 1      | 514           |
| 2                   | 3/4"                            | 0          | 6         | 6           | 1.5    | 9             |
| 3                   | 1"                              | 0          | 3         | 3           | 2.5    | 7.5           |
| 4                   | 1 1/2"                          |            |           |             | 5      |               |
| 5                   | 2"                              |            |           |             | 8      |               |
| 6                   | List all Additional meter sizes |            |           |             |        |               |
|                     |                                 |            |           |             |        |               |
|                     |                                 |            |           |             |        |               |
| 7                   | Unmetered                       |            |           |             |        |               |
| 8                   |                                 | 500        | 14        | 523         |        | 530.5         |
|                     |                                 |            |           |             |        | Total Water   |
| <b>Sewer</b>        | N/A                             |            |           |             |        |               |
| 9                   |                                 |            |           |             |        |               |
| 10                  |                                 |            |           |             |        |               |
| 11                  |                                 |            |           |             |        |               |
| 12                  |                                 |            |           |             |        |               |
| 13                  |                                 | 0          | 0         | 0           |        | 0             |
|                     |                                 |            |           |             |        | Total Sewer   |

**Name of Utility:** Rockwall Ranch/KT Water Dev **Year End:** 2018

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## 9. VOLUMETRIC INFORMATION

|    | (Report in 1,000 gallons)      | Report Year    |
|----|--------------------------------|----------------|
|    | Description                    | 2018           |
| 1. | Water Pumped                   | 139,759,600.00 |
| 2. | Purchased Water                | 0              |
| 3. | Total Water Produced (1. + 2.) | 139,759,600.00 |
| 4. | Total Water Sold               | 129,584,000.00 |
| 5  | Water Lost (3 - 4)             | 10,175,600.00  |

\*\*\* Water lost consisted of 213,500 used in flushing & Construction

Name: **Rockwall Ranch/KT Water Development**

Year End:

2018**10. Affiliated Transactions****Charges by an Affiliate to the Reporting Utility**

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

| NARUC Account and/or type of service      |     | Total<br>Affiliated<br>Company | Total Texas             | Total for reporting<br>entity |
|---|-----|--------------------------------|-------------------------|-------------------------------|
| Account # Account name or type of service |     | (Dollars<br>transacted)        | (Dollars<br>transacted) | (Dollars<br>transacted)       |
|   | N/A |                                |                         |                               |
|   |     |                                |                         |                               |
|   |     |                                |                         |                               |
|   |     |                                |                         |                               |
|   |     |                                |                         |                               |
|   |     |                                |                         |                               |
|   |     |                                |                         |                               |
|   |     |                                |                         |                               |
|   |     |                                |                         |                               |

**Charges by an Reporting Utility to Affiliates**

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

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

VERIFICATION

OATH

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

State of Texas

as:

County of Comal

Scott Knowlton  
(Name of affiant)

makes oath and says that he/she is Manager  
(Official title of affiant)

of KT Water Development  
(Exact legal title or name of the respondent)

The signed officer has reviewed the report.

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

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

He/she swears that all other statements contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including 1-1-2018 to and including 12/31/2018

Subscribed and sworn to and before me, a Texas Notary Public  
in and for the State and County above-named, this 30<sup>th</sup> day of MAY, 2019

  
(Signature of affiant)

My commission expires 8/8/22  
(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

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

State of Texas

as:

County of Comal

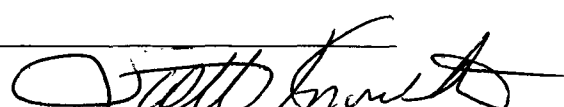
Scott Knowlton  
(Name of affiant)

(Official title of affiant)

of KT Water Development  
(Exact legal title or name of the respondent)

that he/she has carefully examined the foregoing report; that he/she swears that all statements of fact contained in the said report are true, and that the said report is a statement of the business and affairs of the above named respondent during the period of time from and including 1/1/2018 to and including 12/31/2018

Subscribed and sworn to before me, a Texas Notary Public  
in and for the State and County above-named, this 30<sup>th</sup> day of MAY, 2019

  
(Signature of affiant)

My commission expires 8/8/22  
(Signature of officer authorized to administer oaths)

