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

CCN Number  
13248

Official Company Name:

Patterson Water Supply, LLC

D/B/A Name(s)

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**TO THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS**

***For the Year Ended*** \_\_\_\_ **2018**

168

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: Patterson Water Supply, LLC  
List all assumed name(s) or d/b/a names: \_\_\_\_\_
- B. Street Address, City or Town & Zip code: 9963 US Hwy 377, Collinsville, TX 76233  
County: Grayson CCN No.: 13248
- C. List All PWS System names and numbers: PWS: 2490049, 2200117, 0610052
- D. List All WQ Permitted system names and numbers: N/A
- E. Type of Ownership:  
Corporation: \_\_\_\_\_ Partnership: \_\_\_\_\_ Individual: \_\_\_\_\_ Other: LLC
- F. If a corporation list names of the officers. If an individual or partnership list the name of the individual or each partner. Mark Patterson, David Patterson
- 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.  
N/A
- H. Date the utility was formed or incorporated: Jul-13
- 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: Mark Patterson, President
- B. Street Address, city, zip code: 9963 US Hwy 377, Collinsville, TX 76233
- C. Telephone Number with Area Code: 903-429-3008  
Cell Phone Number with Area Code: 903-744-2599  
Fax Number with Area Code: \_\_\_\_\_  
e-mail address: pattproserv@aol.com
- D. If not an officer, owner or employee, give name of firm employed by: \_\_\_\_\_
- 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.  
Systems listed in C, and Crazy Horse Ranchos (11931)
- 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:  
13248 & 11931

Name of Utility: Patterson Water Supply, LLC

Year End:

2018

**2. BALANCE SHEETS****ASSETS****UTILITY PLANT**

101 Utility Plant in Service
103 Property held for Future Use
105 Construction Work In Progress
114, 115 Net Utility Plant Acquisition Adjustment
<b>TOTAL UTILITY PLANT</b>
108 Less: Accumulated Depreciation
110 Less: Accumulated Amortization
<b>NET UTILITY PLANT</b>

End of Year  
12/31/2018End of Prior Year  
12/31/2017

\$	342,369	\$	73,000
\$	50,100	\$	201,600
\$	392,469	\$	274,600
\$	51,780	\$	34,060
\$	340,689	\$	240,540
\$	88,165	\$	120,932
		\$	1,258
\$	52,638	\$	24,138
\$	140,803	\$	146,328
\$	-	\$	-
\$	-	\$	-
\$	481,492	\$	386,868

**CURRENT ASSETS**

131-135 Cash
141-143 Accounts Receivable
144 Notes Receivable
144-145 Accounts Receivable-Affiliates/Common Ownership
151 Plant Materials and Supplies
162 Prepayments
171-174 Other Current Assets
<b>TOTAL CURRENT ASSETS</b>

**OTHER ASSETS and DEFERRED CHARGES**

181 Deferred Debt Expense
182-186 Deferred Charges/Debits
190 Accum. Deferred Income Taxes
<b>TOTAL OTHER ASSETS and DEFERRED CHARGES</b>

**TOTAL ASSETS****LIABILITIES & EQUITY****STOCKHOLDERS' EQUITY**

201 Common Stock
211 Other paid in capital
215 Retained Earnings
<b>TOTAL STOCKHOLDERS' EQUITY</b>

**LONG-TERM DEBT**

224 Long-term debt, excluding current portion
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**CURRENT LIABILITIES**

Current Portion of Long-term Debt
231 Accounts Payable
232 Notes Payable
233, 234 Payables to Affiliates/Common Ownership
236 Accrued Taxes
237 Accrued Interest
241.0 Other Current Liabilities
<b>TOTAL CURRENT LIABILITIES</b>

**OTHER LIABILITIES and DEFERRED CREDITS**

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
<b>TOTAL OTHER LIABILITIES and DEFERRED CREDITS</b>

**TOTAL LIABILITIES & EQUITY**End of Year  
12/31/2018End of Prior Year  
12/31/2017

\$	332,330	\$	182,142
\$	103,066	\$	172,232
\$	435,396	\$	354,374
\$	-	\$	-
\$	13,000	\$	-
\$	33,096	\$	30,494
\$	46,096	\$	30,494
\$	-		
\$	-	\$	-
\$	481,492	\$	384,868

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

**3. STATEMENT OF REVENUES**

(Actual Revenues for the report year)

Water <u>CUSTOMER CLASS</u>	Prior Year Reported 2017 (A)	Current Reporting Year 2018 (B)	Earnings Report adjustments (C)	Totals For Earnings Report Adjustments (D=B+C)
Metered Sales:				
5/8" or 3/4"		\$ 327,276		\$ 327,276
3/4"				\$ -
1"				\$ -
1 1/2"				
2"				
List all additional meter sizes				
				\$ -
SUB-TOTAL	\$ -	\$ 327,276	\$ -	\$ 327,276
Unmetered Sales:				
				\$ -
				\$ -
				\$ -
				\$ -
List and explain if any rates are set				\$ -
on a basis other than meter size				\$ -
				\$ -
	\$ -	\$ -	\$ -	\$ -
470.0 Late fees - Water				\$ -
471-474 Other Revenue				\$ -
<b>TOTAL WATER REVENUE</b>	<b>\$ -</b>	<b>\$ 327,276</b>	<b>\$ -</b>	<b>\$ 327,276</b>

To Statement of Income

Sewer <u>CUSTOMER CLASS</u>	Prior Year Reported yyyy (A)	Current Reporting Year yyyy (B)	Earnings Report adjustments (C)	Totals For Earnings Report Adjustments (D=B+C)
Metered (measured) Sales (if any):				
				\$ -
				\$ -
				\$ -
				\$ -
SUB-TOTAL	\$ -	\$ -	\$ -	\$ -
Unmetered (flat rate) Sales:				
		\$ 172,986		\$ 172,986
				\$ -
				\$ -
				\$ -
SUB-TOTAL	\$ -	\$ 172,986	\$ -	\$ 172,986
470.0 Late fees - Sewer				\$ -
536 Other Revenue				\$ -
<b>TOTAL SEWER REVENUE</b>	<b>\$ -</b>	<b>\$ 172,986</b>	<b>\$ -</b>	<b>\$ 172,986</b>
<b>TOTAL REVENUE</b>	<b>\$ -</b>	<b>\$ 500,262</b>	<b>\$ -</b>	<b>\$ 500,262</b>

To Statement of Income

**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 <b>Total Revenue: 1</b>	\$ 327,276	\$ 172,986	\$ 500,262	\$ -	\$ 500,262
	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	\$ 137,358	\$ 6,735	\$ 144,093		\$ 144,093
4 6/731, 6/735, 6/736 O & M Contract labor	\$ 16,892		\$ 16,892		\$ 16,892
5 620/720 Operating/Maint Supplies			\$ -		\$ -
6 610/710 Purchased Water	\$ 26,966		\$ 26,966		\$ 26,966
7 615/715 Purchased Power	\$ 2,659		\$ 2,659		\$ 2,659
8 635/735 Testing Expense	\$ 2,171		\$ 2,171		\$ 2,171
9 618/718 Chemicals	\$ 4,789		\$ 4,789		\$ 4,789
10 656-659/756-759 Insurance			\$ -		\$ -
11 601.2/701.2 General Office Salaries			\$ -		\$ -
12 650/750 Transportation	\$ 4,118		\$ 4,118		\$ 4,118
13 675 General Office Expenses	\$ 23,715		\$ 23,715		\$ 23,715
14 632, 633, 634 Contract Acctg, legal, Mgmt			\$ -		\$ -
15 666 Amortization- Rate Case Expense	\$ 17,721		\$ 17,721		\$ 17,721
16 403 Depreciation Expense	\$ 14,763	\$ 126,994	\$ 141,757		\$ 141,757
17 667-675 Other Misc. Expenses			\$ -		\$ -
<b>Taxes:</b>			XXXX	XXXX	XXXX
18 409 Federal Income Taxes	\$ 10,834		\$ 10,834		\$ 10,834
19 409 State Franchise Taxes/Reg Assess.	\$ 615		\$ 615		\$ 615
20 408 All Other Taxes			\$ -		\$ -
21 <b>Total Expenses</b>	\$ 262,601	\$ 133,729	\$ 396,330	\$ -	\$ 396,330
			XXXX	XXXX	XXXX
22 <b>Net Operating Income</b>	\$ 64,675	\$ 39,257	\$ 103,932	\$ -	\$ 103,932
			XXXX	XXXX	XXXX
23 421, 433 Non-Operating Income					
24 <b>Non-Operating Deductions:</b>			XXXX	XXXX	XXXX
25 426 Other					
26 427 Interest					
27 <b>Net Income</b>	\$ 64,675	\$ 39,257	\$ 103,932	\$ -	\$ 103,932

1. Carried over from Statements of Revenues

**Name of Utility:** Patterson Water Supply , LLC **Year End:** 12/31/2013

**Name of Utility:** Patterson Water Supply , LLC **Year End:** 12/31/2013

**Name of Utility:** Patterson Water Supply , LLC **Year End:** 12/31/2013

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

A	B	C	D	E	F	G=D-E+F	H=C+G
Date Plant Installed/Retired mm/yyyy	List Major Items by account number and Class	Report Year Beginning Balance	Plant Additions Amounts	Plant Retirements Amounts	Plant Adjustments (plus or minus)	Total change during report year	Report year Ending Balance
07/2013	331.4 - Interconnect Pipeline	\$ 40,000					\$ 40,000
07/2013	311.4 - Equipment	\$ 10,000					\$ 10,000
12/2015	307.2 - Briar Oaks Well	\$ 24,000					\$ 24,000
09/2016	304.4 - Briar Oaks Pumphouse #1	\$ 11,500					\$ 11,500
10/2016	307.2 - Vacation Village Well	\$ 177,600	\$ 55,089			\$ 55,089	\$ 232,689
11/2016	304.4 - Briar Oaks Pumphouse #2	\$ 11,500					\$ 11,500
03/2018	330.4 - Hydro-Pneumatic Tank		\$ 21,680			\$ 21,680	\$ 21,680
05/2018	330.4 - Pressure Tank		\$ 15,000			\$ 15,000	\$ 15,000
07/2018	331.4 - Cooley Point Waterline		\$ 26,100			\$ 26,100	\$ 26,100
TOTALS		\$274,600	\$117,869	\$0	\$0	\$117,869	\$392,469

2018

[illegible]

Name of Utility:

Patterson Water Supply, LLC

Year End: 2018

**6(a). Capital Structure**

Year Ended mm/dd/yyyy

	Per Books	Adjustments for Earnings Report	Per Books Post Adjustment	Ratio
232 00 Short-Term Debt	\$ -	\$ -	\$ -	0.00%
224 0 Long-Term Debt	\$ -	\$ -	\$ -	0.00%
Common Equity				
201 0 Common Stock	\$ -	\$ -	\$ -	
218 0 Proprietary Capital	\$ 332,330	\$ -	\$ 332,330	
211 0 Misc Paid-in-Capital	\$ -	\$ -	\$ -	
215 0 Retained Earnings	\$ 103,066	\$ -	\$ 103,066	
216 0 Reacquired Stock	\$ -	\$ -	\$ -	
Total Equity	\$ 435,396	\$ -	\$ 435,396	100.00%
Total Capital	\$ 435,396	\$ -	\$ 435,396	100.00%

**Debt Detail**

Type	Principal Amount	Cost Rates	Interest 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			
(Lender name D)		0.00%	\$ -
(Lender name E)		0.00%	\$ -
(Lender name F)		0.00%	\$ -
Total Long-Term Debt	\$ -	0.00%	\$ -

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

## RATE BASE SUMMARY

Description	Water (a)		Sewer (b)	Total (c)=(a) + (b)	Reference (schedule)
1 Additions.	xxxx		xxxx	xxxx	
2 Utility plant	392,469			392,469	5(a) & 5(b)
3 Materials and supplies	-			-	2
4 Working cash (capital) (attach schedule)	88,165			88,165	
5 Prepayments				-	2
6 Other (attach schedule or itemize)	52,638			52,638	
7 TOTAL ADDITIONS (Add Lines 2 through 6)	533,272	-	-	533,272	
8 Deductions	xxxx		xxxx	xxxx	
9 Reserve for depreciation (Accumulated)	51,780			51,780	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)	51,780	-	-	51,780	
16 RATE BASE (Line 7, less Line 15)	481,492	-	-	481,492	

**EARNINGS CALCULATION**

17 Return (Note 1)	103,932
18 Rate of Return (Line 17/Line 16)	21.59%
19 <u>Earned</u> Return on Ending Equity (Notes 2, 3)	21.59%

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:

Patterson Water Supply , LLC

Year End:

2018

**7. Rate of Return**

Year Ended 12/31/2018

	Balance	Capital Structure %	Cost Rates	Weighted Cost of Capital
	(a)	(b)	(c)	(c )=(a) x (b)
224.0 Long-Term Debt	-	0.00%	0.00%	0.00%
Common Equity*	435,396	100.00%	0.00%	0.00%
Total		100.00%		0.00%

\*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

## 8. Connection Count

### METERED CUSTOMERS BY METER SIZE

Number of Customers						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line	Meter	End of	Additions	End of	Meter	Meter
No.	descriptio n	Prior Year	or change	Report Year	Ratios	Equivalencies
<b>Water</b>		2017	2018	(C + D)		(E x F)
1	5/8" x 3/4"	582	3	585	1	585
2	3/4"				1.5	
3	1"				2.5	
4	1 1/2"				5	
5	2"				8	
6	List all Additional meter sizes					
7	Unmetered					
8		582	3	585		585
<b>Total Water</b>						
<b>Sewer</b>						
9		279	0	279		279
10						
11						
12						
13		279	0	279		279
<b>Total Sewer</b>						

Attach a schedule if any customers are charged on any basis other than meter size.

## **9. VOLUMETRIC INFORMATION**

	(Report in 1,000 gallons)	Report Year
	Description	
1.	Water Pumped	35,812,740
2.	Purchased Water	0
3.	Total Water Produced (1. + 2.)	35,812,740
4.	Total Water Sold	32,856,170
5.	Water Lost (3 - 4)	2,956,570



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

Name of Affiliated company:\_\_\_ N/A

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

**Charges by an Reporting Utility to Affiliates**

Name of Affiliated company:\_\_\_ N/A

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

VERIFICATION

OATH

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

State of Texas

as:

County of Grayson

David Patterson  
(Name of affiant)

makes oath and says that he/she is Secretary, Treasurer  
(Official title of affiant)

of Patterson Water Supply LLC  
(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 January 1, 2018 to and including December 31, 2018.

Subscribed and sworn to and before me, a Notary Public  
in and for the State and County above-named, this 30th day of May 2019

My commission expires

Janet Mings  
(Signature of officer authorized to administer oaths)

David Patterson  
(Signature of affiant)

SUPPLEMENTAL OATH

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

State of Texas

as

County of Grayson

Mark Patterson  
(Name of affiant)

(Official title of affiant)

of Patterson Water Supply LLC  
(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 correct statement of the business and affairs of the above named respondent during the period of time from and including January 1, 2018 to and including December 31, 2018

Subscribed and sworn to before me, a Notary Public  
in and for the State and County above-named, this 30th day of May 2019

My commission expires

Janet Mings  
(Signature of officer authorized to administer oaths)

Mark Patterson  
(Signature of affiant)