

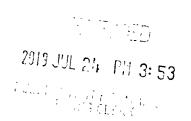
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Lone Star Water Company 5910 North Central Expressway Suite 1580 Dallas, Texas 75206



William B Travis Bldg 1701 N. Congress Avenue 7th Floor Austin, Texas 78701

Re Request for information regarding Docket No. 49231 (Application of Ponder Enterprises, Inc. d/b/a Longhorn Company and Lone Star Water Company (the "Company") for sale, transfer or merger of facilities and certificate rights in Denton County

Ladies and gentlemen:

In response to informal requests for information from the staff (the "Staff") of the Public Utilities Commission I am writing to explain a clerical error in the filling referenced above which has been identified by the Staff. As noted by Staff, the revenue per meter of \$968.30 for the year ended 12/31/18 in the fifth line of page 26 is inconsistent with the projected revenue per meter of \$983.64 for the years ended 12/31/2019, 12/31/2020, 12/31/2022 and 12/31/2023 on the fourth line of page 27 in the Company's projections.

The 2018 numbers were projected pro forma numbers as if the Company had owned the assets in 2018. The Company used the 2017 revenue number for the 2018 projection because at the time the application was initially prepared some of the required 2018 financial information wasn't final. The Company has updated the 2018 financial information based on actual 2018 revenue. Based on this, the 2018 pro forma revenue per meter is \$983.64, which is the figure the Company used for the projections. At the Staff's request, the Company has enclosed a copy of the updated financial information, which corrects the error identified by the Staff, with the corrected financial information in bold. The 2018 pro forma revenue per meter, gross water revenue, operating income and net income have changed slightly but there is no effect on the projections. Please do not hesitate to contact me with any questions

Very truly yours,

Paul D. Kauffman

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President, Lone Star Water Company

Attachments

Cc. All parties of record

Richard Nemar (Richard.nemar@puc.texas.gov)



LONE STAR WATER COMPANY

NET INCOME INFORMATION

NET INCOME IN CHIMATION	Notes	Note 1 12/31/15	Note 1 12/31/16	Note 1 12/31/17	Note 2 12/31/18 PF
METER NUMBER Beginning Number of Meters Change in Meters		304	329	327	329
Total Meters at Year End		25 329	(2) 327	2 329	332
AVERAGE NUMBER OF METERS		321	331	330	330
REVENUE PER METER		1,049.30	963 89	968 30	983.64
GROSS WATER REVENUE		336,736	319,289	319,296	324,355
EXPENSES					
General & Administrative (see below) Operations & Maintenance (see below)		196,364	205,340	201,960	93,098
		93,273	85,237	99,081	132,832
TOTAL EXPENSES		289,637	290,577	301,041	225,931
OPERATING INCOME		47,099	28,712	18,255	98,424
Dividend Income		-	_	-	-
Interest Expense	Note 6	-	-	-	-
Federal Income Taxes		(1,371)	-	-	_
NET INCOME		45,728	28,712	18,255	98,424
GENERAL & ADMINISTRATIVE EX Salaries & Benefits Contract Labor Office Professional Fees Insurance Miscellaneous Amortization Property Taxes Franchise Taxes / Regulatory	Note 8 Note 9 Note 9 & 10 Notes 5 & 7 Note 11 Assess	125,883 - 29,828 907 11,469 24,437 - - 3,840	126,987 - 33,452 2,008 11,744 27,372 - - 3,777	130,938 - 873 22,943 15,621 28,097 - - 3,488	54,000 9,462 873 7,968 4,800 11,307 - 1,200 3,488
Total General Administrative Expenses (G&A)		196,364	205,340	201,960	93,098
% Increase Per Year OPERATIONS & MAINTENANCE E: Salaries & Benefits Contract Labor Purchased Water	XPENSES Note 8 Note 9	20,973 24,396	4 6% 29,563 21,764	-1 6% 30,045 25,004	-53 9% 18,000 36,354
Utilities Water Testing Chemicals Materials & Supplies Depreciation Total Operations & Maintenance Ex	Note 12 Note 4 penses (O&M)	24,396 1,012 7,296 7,920 7,280 93,273	18,098 2,046 6,989 2,195 4,582 85,237	18,809 4,345 5,997 9,464 5,417 99,081	15,209 4,345 5,997 9,464 43,463 132,832
% Increase Per Year Total Expense (Total G&A + O&M) % Increase Per Year		289,637	-8 6% 290,577 0 3%	16 2% 301,041 3 6%	34 1% 225,931 -25 0%