



Control Number: 49231



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

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2019 JUL 24 PM 3:53  
CLERK

William B Travis Bldg  
1701 N. Congress Avenue  
7<sup>th</sup> 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 filing 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  
President, Lone Star Water Company

Attachments

Cc: All parties of record

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

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# LONE STAR WATER COMPANY

## NET INCOME INFORMATION

	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		304	329	327	329
Change in Meters		25	(2)	2	3
Total Meters at Year End		329	327	329	332
AVERAGE NUMBER OF METERS		321	331	330	330
REVENUE PER METER		1,049.30	963.89	968.30	<b>983.64</b>
GROSS WATER REVENUE		336,736	319,289	319,296	<b>324,355</b>
EXPENSES					
General & Administrative (see below)		196,364	205,340	201,960	93,098
Operations & Maintenance (see below)		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	<b>98,424</b>
Dividend Income		-	-	-	-
Interest Expense	Note 6	-	-	-	-
Federal Income Taxes		(1,371)	-	-	-
NET INCOME		<u>45,728</u>	<u>28,712</u>	<u>18,255</u>	<u><b>98,424</b></u>

### GENERAL & ADMINISTRATIVE EXPENSES

Salaries & Benefits	Note 8	125,883	126,987	130,938	54,000
Contract Labor	Note 9	-	-	-	9,462
Office		29,828	33,452	873	873
Professional Fees	Note 9 & 10	907	2,008	22,943	7,968
Insurance		11,469	11,744	15,621	4,800
Miscellaneous		24,437	27,372	28,097	11,307
Amortization	Notes 5 & 7	-	-	-	-
Property Taxes	Note 11	-	-	-	1,200
Franchise Taxes / Regulatory Assess		3,840	3,777	3,488	3,488
Total General Administrative Expenses (G&A)		196,364	205,340	201,960	93,098
% Increase Per Year			4.6%	-1.6%	-53.9%

### OPERATIONS & MAINTENANCE EXPENSES

Salaries & Benefits	Note 8	20,973	29,563	30,045	18,000
Contract Labor	Note 9	24,396	21,764	25,004	36,354
Purchased Water		-	-	-	-
Utilities	Note 12	24,396	18,098	18,809	15,209
Water Testing		1,012	2,046	4,345	4,345
Chemicals		7,296	6,989	5,997	5,997
Materials & Supplies		7,920	2,195	9,464	9,464
Depreciation	Note 4	7,280	4,582	5,417	43,463
Total Operations & Maintenance Expenses (O&M)		93,273	85,237	99,081	132,832
% Increase Per Year			-8.6%	16.2%	34.1%
Total Expense (Total G&A + O&M)		289,637	290,577	301,041	225,931
% Increase Per Year			0.3%	3.6%	-25.0%