



Filing Receipt

Received - 2021-10-25 03:18:04 PM

Control Number - 52317

ItemNumber - 16

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(e)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 300000

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

No Yes N/A

Total Original Cost of Plant in Service: \$ 300000

Accumulated Depreciation: \$ 0

Net Book Value: \$ 300000

C. **Customer contributions in aid of construction (CIAC):** Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

No Yes

Total Customer CIAC: \$ _____

Accumulated Amortization: \$ _____

D. **Developer CIAC:** Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

No Yes

Total developer CIAC: \$ _____

Accumulated Amortization: \$ _____

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

No Yes

**K & K Water
Depreciation Schedule**

<u>Date Acquired</u>	<u>Description</u>	<u>Life</u>	<u>Method</u>	<u>Cost</u>	<u>Accumulated Depreciation 12/31/2016</u>	<u>2017 Depreciation</u>	<u>Accumulated Depreciation 12/31/2017</u>	<u>2018 Depreciation</u>	<u>Accumulated Depreciation 12/31/2018</u>	<u>2019 Depreciation</u>	<u>Accumulated Depreciation 12/31/2019</u>
Various	Fully Depreciated Assets	Var	SL	86,385	86,385	-	86,385	-	86,385	-	86,385
6/1/2013	ATV	7.00	SL	8,790	4,395	1,256	5,651	1,256	6,907	1,256	8,163
6/30/2016	Gator (1/2 Cost)	7	SL	7,844	560	1,121	1,681	1,121	2,802	1,121	3,923
6/1/2018	Used Truck	10	SL	15,467	-	-	-	-	-	-	-
				<u>118,486</u>	<u>91,340</u>	<u>2,377</u>	<u>93,717</u>	<u>2,377</u>	<u>96,094</u>	<u>2,377</u>	<u>98,471</u>

**Bastrop West
Depreciation Schedule**

<u>Date</u>	<u>Description</u>	<u>Life</u>	<u>Method</u>	<u>Cost</u>	<u>Accumulated Depreciation 12/31/2016</u>	<u>2017 Depreciation</u>	<u>Accumulated Depreciation 12/31/2017</u>	<u>2018 Depreciation</u>	<u>Accumulated Depreciation 12/31/2018</u>	<u>2019 Depreciation</u>	<u>Accumulated Depreciation 12/31/2019</u>
2/1/2012	Water System	30	SL	265,000	42,963	8,833	51,796	8,833	60,629	8,833	69,462
2/1/2012	Land	-		35,000	-	-	-	-	-	-	-
6/30/2016	Gator (1/2 Cost)	7	SL	7,844	-	1,121	1,121	1,121	2,242	1,121	3,363
				<u>307,844</u>	<u>42,963</u>	<u>9,954</u>	<u>52,917</u>	<u>9,954</u>	<u>62,871</u>	<u>9,954</u>	<u>72,825</u>



URBAN, THIELEMANN,
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October 25, 2021

Public Utility Commission of Texas
Austin, TX

Re: Application for Sale, Transfer, or Merger of a Retail Public Utility
Paul & Karen Klaus
Dba Bastrop West Water Supply
Dba K & K Water Company

To Whom It May Concern,

The purpose of this letter is to clarify the ownership the above named water companies and attached financial statement summaries.

Bastrop West Water Supply and K & K Water Company operate as sole proprietorships and are owned by Paul & Karen Klaus. Because they are sole proprietorships, we have attached the combined balance sheet and profit & loss statement that includes both water companies as well as personal financial information for Paul & Karen. We have done this because the two sole proprietorships are not separate legal entities and for full financial disclosure, they should be presented in combination with their personal balance and personal income.

If additional clarification if required, please advise.

Sincerely yours,

Douglas Thielemann
Certified Public Accountant

Paul & Karen Klaus
dba K & K Water Company and Bastrop West Water Supply
Combinted Balance Sheet
As of December 31, 2019

	<u>K & K Water</u>	<u>Bastrop West</u>	<u>Personal</u>	<u>Combined Total</u>
Assets				
Cash - Checking	\$ 1,691	\$ 1,256	\$ 8,125	\$ 11,072
Cash - Savings & Cd's	-	-	34,298	34,298
Total Cash & Savings	<u>1,691</u>	<u>1,256</u>	<u>42,423</u>	<u>45,370</u>
Investments - Stocks (FMV)	-	-	15,390	15,390
Fixed Assets				
Water Supply Assets	103,019	307,844	-	410,863
Accumulated Depreciation	(98,471)	(72,825)	-	(171,296)
Land -Bastrop West - 6.895 acres (FMV)	-	82,249	-	82,249
Land - K & K Water - .121 acres (FMV)	2,420	-	-	2,420
Personal Residence & 4.5 acres (FMV)	-	-	217,619	217,619
Land - Bastrop County - 53.577 acres (FMV)	-	-	222,345	222,345
Vehicles (FMV)	-	-	55,436	55,436
Total Fixed Assets	<u>6,968</u>	<u>317,268</u>	<u>495,400</u>	<u>819,636</u>
Personal Effects	-	-	30,000	30,000
Total Assets	<u>\$ 8,659</u>	<u>\$ 318,524</u>	<u>\$ 533,525</u>	<u>\$ 860,708</u>
Liabilities and Owner's Equity				
Current Liabilities				
Notes Payable - Vehicles (Current Portion)	-	-	5,000	5,000
Note Payable - Home Equity Loan (Current Portion)	-	-	4,000	4,000
Note Payable - Clardy (Current Portion)	-	15,992	-	15,992
Total Current Liabilities	<u>-</u>	<u>15,992</u>	<u>9,000</u>	<u>24,992</u>
Long-Term Liabilities				
Notes Payable - Vehicles (Less Current Portion)	-	-	8,230	8,230
Note Payable - Home Equity Loan (less current portion)	-	-	78,414	78,414
Note Payable - Clardy (less current portion)	-	191,362	-	191,362
Total Long-term liabilities	<u>-</u>	<u>191,362</u>	<u>86,644</u>	<u>278,006</u>
Total Liabilities	<u>-</u>	<u>207,354</u>	<u>95,644</u>	<u>302,998</u>
Owners Equity	<u>8,659</u>	<u>111,170</u>	<u>437,881</u>	<u>557,710</u>
Total Liabilities & Owners Equity	<u>\$ 8,659</u>	<u>\$ 318,524</u>	<u>\$ 533,525</u>	<u>\$ 860,708</u>

Paul & Karen Klaus
dba K & K Water Company and Bastrop West Water Supply
Combindted Profit/Loss Statement
As of December 31, 2019

	K & K	Bastrop	Personal	Combined
	<u>Water</u>	<u>West</u>	<u>Personal</u>	<u>Total</u>
Water Sales	\$ 36,578	\$ 54,574	\$ -	\$ 91,152
Expenses				
Advertising	730	705	-	1,435
Contract services	3,350	2,300	-	5,650
Depreciation Expense	2,377	9,954	-	12,331
Insurance	574	574	-	1,148
Legal & Professional	4,668	15,041	-	19,709
Rent Expense	-	230	-	230
Repairs & Maintenance	6,191	1,490	-	7,681
Supplies	6,277	8,041	-	14,318
Taxes & licenses	272	2,478	-	2,750
Utilities	4,192	5,562	-	9,754
Postage	533	846	-	1,379
Water Sample Fees	1,478	825	-	2,303
Telephone & Mobile	1,261	1,261	-	2,522
Gas & Diesel	1,788	1,788	-	3,576
Chlorine	384	767	-	1,151
Tags & Inspections	106	106	-	212
TCEQ Fees	542	727	-	1,269
Other	143	208	-	351
Total Expenses	<u>34,866</u>	<u>52,903</u>	<u>-</u>	<u>87,769</u>
Net Income - Water	<u>1,712</u>	<u>1,671</u>	<u>-</u>	<u>3,383</u>
Other Personal Income / Expenses				
Wages, Net	-	-	50,630	50,630
Interest Income	-	-	89	89
Investment Income	-	-	1,404	1,404
Retirement Income (net)	-	-	33,765	33,765
Oil & Gas Royalties	-	-	29	29
Total Other Personal Income	<u>-</u>	<u>-</u>	<u>85,917</u>	<u>85,917</u>
Personal Expenses	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Net Personal Income	<u>-</u>	<u>-</u>	<u>25,917</u>	<u>25,917</u>
Combined Water & Personal Net Income	<u>\$ 1,712</u>	<u>\$ 1,671</u>	<u>\$ 25,917</u>	<u>\$ 29,300</u>

Paul & Karen Klaus
Financial Leverage Ratios

	<u>Total</u>
Leverage Financial Ratios	
Debt to Equity Ratio	0.54
Debt Service Coverage Ratio (Annual Debt Service -\$30,000)	1.39
Unrestricted Cash for 2 years of Debt Service	60,760
Investment Grade Credit Rating	No Rating

	<u>K & K Water</u>	<u>Bastrop West</u>	<u>Personal</u>	<u>Combined Total</u>
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Total Liabilities & Owners Equity	<u>\$ 8,659</u>	<u>\$ 318,524</u>	<u>\$ 533,525</u>	<u>\$ 860,708</u>

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Net Personal Income	<u>-</u>	<u>-</u>	<u>25,917</u>	<u>25,917</u>
Combined Water & Personal Net Incc	<u>\$ 1,712</u>	<u>\$ 1,671</u>	<u>\$ 25,917</u>	<u>\$ 29,300</u>
Add back depreciation	2,377	9,954	-	12,331
Income Without Depreciations	4,089	11,625	25,917	41,631