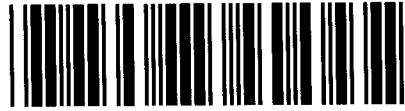


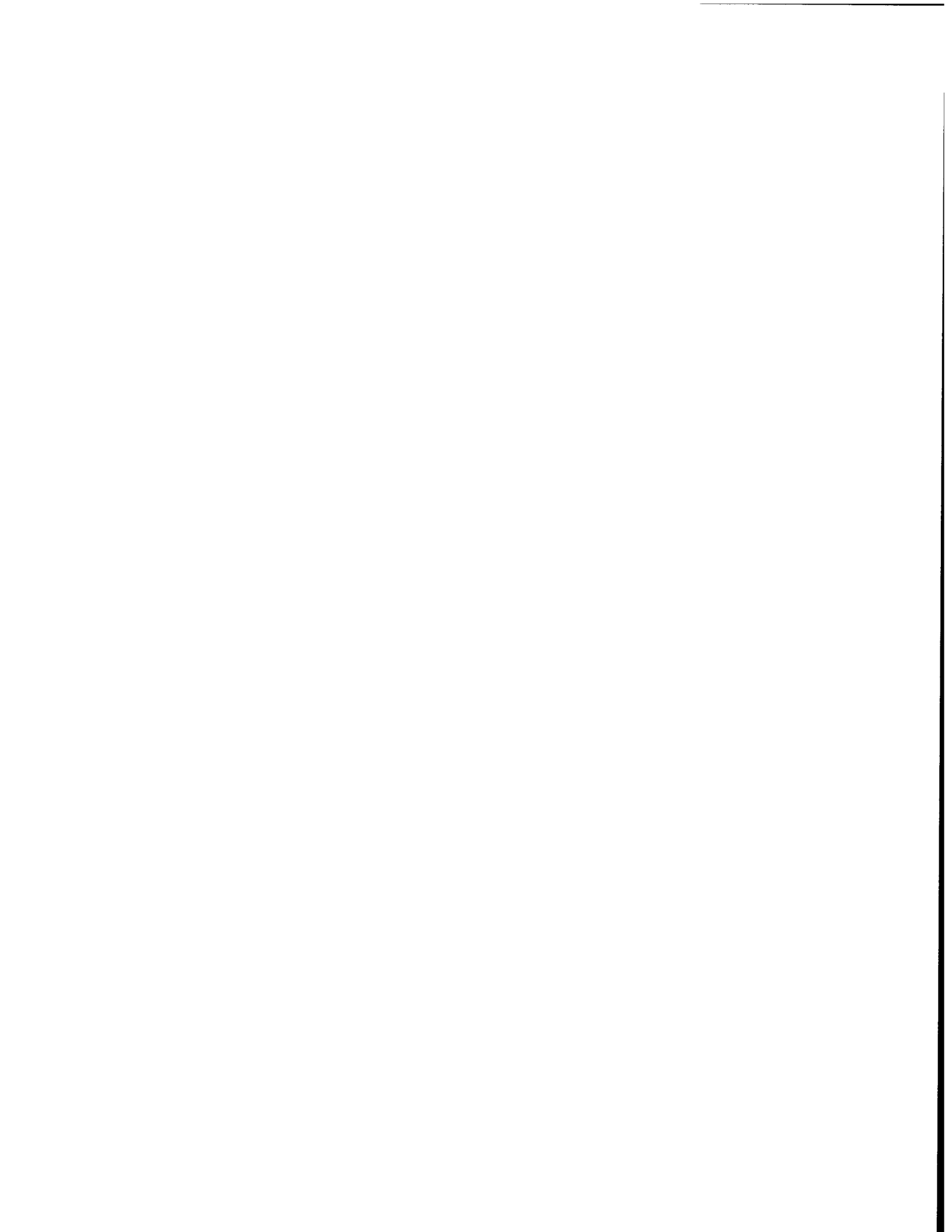
Control Number: 42899



Item Number: 2

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup>  
Legislature, Regular Session, transferred the functions  
relating to the economic regulation of water and sewer  
utilities from the TCEQ to the PUC effective  
September 1, 2014.



**Debbie Reyes Tamayo**

42899

RECEIVED

2014 SEP 10 PM 3:52

PUBLIC UTILITY BOARD  
FILING CLERK

**From:** Fred Bednarski  
**Sent:** Tuesday, August 19, 2014 4:01 PM  
**To:** cujet@sbcglobal.net  
**Cc:** George Gogonas; Theresa Cisneros; Jessica Rogers; Debbie Reyes Tamayo; Lisa Fuentes  
**Subject:** Financial and Managerial Review for Application 37894-S  
**Attachments:** irgw55@tceq.state.tx.us\_20140819\_154949.pdf; Brenda Lucero.xlsx; irgw55@tceq.state.tx.us\_20140819\_161202.pdf

**Importance:** High

Hello Ms. Lucero,

- 1) Based on the financial information in your application I created the excel spreadsheet to recalculate the total the amounts as well as include the note payable of \$150,000 to purchase the Green Acres Mobile Home Park. Please review the spreadsheet and let me know if you agree with the amounts.
- 2) Please send the TRWA plan as well as your plan we talked about to resolve the arsenic issues associated with the system.
- 3) Please confirm that per our conversation your intentions are to set up the company as sole proprietor owner, Brenda Lucero dba Green Acres/River View Waterworks and the business id you plan on using.
- 4) As part of our financial review we need to verify your financial position since you will be the sole proprietor of the business. We need supporting documentation of your assets and liabilities to determine the net worth. Normally we calculate a debt/equity and debt service coverage ratios respectfully to operate the facility continuous and adequately.
- 5) Please submit the amended contract as we discussed regarding the validity of the contract per page 8 of 13.

Thanks so much and please let me know if you have any questions or concerns.

Sincerely,  
Fred

Fred Bednarski III, CGAP  
TCEQ, Utilities & District Section  
Financial Review Team, Auditor  
12100 Park 35 Circle, Bldg F  
Austin, TX 78753  
Ph. 512-239-4758

-----Original Message-----

**From:** [irgw55@tceq.state.tx.us](mailto:irgw55@tceq.state.tx.us) [mailto:irgw55@tceq.state.tx.us]  
**Sent:** Tuesday, August 19, 2014 4:50 PM  
**To:** Fred Bednarski  
**Subject:** Scanned image from MX-M453N

Reply to: [irgw55@tceq.state.tx.us](mailto:irgw55@tceq.state.tx.us) <[irgw55@tceq.state.tx.us](mailto:irgw55@tceq.state.tx.us)> Device Name: Not Set Device Model: MX-M453N

Z

Location: Not Set

File Format: PDF MMR(G4)  
Resolution: 300dpi x 300dpi

Attached file is scanned image in PDF format.

Use Acrobat(R)Reader(R) or Adobe(R)Reader(R) of Adobe Systems Incorporated to view the document.

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<http://www.adobe.com/>

16. Financial, Managerial and Technical information for the acquiring entity.

**HISTORICAL BALANCE SHEETS**

	CURRENT YEAR (A)	A-1 YEAR 2012	A-2 YEAR 2011	A-3 YEAR 2010	A-4 YEAR 2009	A-5 YEAR 2008
<b>CURRENT ASSETS</b>						
Cash "Owner"	0	0	0	0	0	
Accounts Receivable	44000	44451	44040	45498	43805	43974
Inventories	0	0	0	0	0	
Income Tax Receivable	0	0	0	0	0	
Other	0	0	0	0	0	
<b>Total</b>	<b>44000</b>	<b>44451</b>	<b>44040</b>	<b>45498</b>	<b>43805</b>	<b>43974</b>
<b>FIXED ASSETS</b>						
Land \$45k-GA/\$45k RV\$90k combined	90000	90000	90000	90000	90000	90000
Collection/Distribution System	17300	17300	17300	17300	17300	17300
Buildings	1600	1600	1600	1600	1600	1600
Equipment	22056	22056	22056	22056	22056	22056
Other	0	0	0	0	0	
Less: Accum. Depreciation or Reserves	0	0	-660	-1304	-1301	-1300
<b>Total</b>	<b>13095</b>	<b>13095</b>	<b>1302</b>	<b>12965</b>	<b>12965</b>	<b>12965</b>
<b>TOTAL ASSETS</b>	<b>17495</b>	<b>17474</b>	<b>17433</b>	<b>17515</b>	<b>17346</b>	<b>17369</b>
<b>CURRENT LIABILITIES</b>						
Accounts Payable	0	0	0	0	0	
Notes Payable, Current	0	0	0	0	0	
Accrued Expenses	0	0	0	0	0	
Other	0	0	0	0	0	
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term surcharge	0	1620	6480	6480	6480	6480
Other	0	0	0	0	0	
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>1620</b>	<b>6480</b>	<b>6480</b>	<b>6480</b>	<b>6480</b>
<b>OWNER'S EQUITY</b>						
Paid in Capital	100%	100%	100%	100%	100%	100%
Retained Equity	100%	100%	100%	100%	100%	100%
Other	0	0	0	0	0	
Current Period Profit or Loss	0	0	0	0	0	
<b>TOTAL OWNER'S EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>WORKING CAPITAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>CURRENT RATIO</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR 2012	A-2 YEAR 2011	A-3 YEAR 2010	A-4 YEAR 2009	A-5 YEAR 2008
<b>METER NUMBER</b>						
Existing Number of Taps	108	108	108	108	109	109
New Taps Per Year	0	0	0	0	0	0
<b>Total Meters at Year End</b>	108	108	108	108	108	109
<b>METER REVENUE</b>						
Fees Per Meter "Minimum Bill"	0	0	0	0	0	0
Cost Per Meter	0	0	0	0	0	0
<b>Operating Revenue Per Meter</b>	0	411	407	421	405	409
<b>GROSS WATER REVENUE</b>						
Fees	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Gross Income</b>	44000	44451	44040	45498	43805	43970
<b>OPERATING EXPENSES</b>						
General & Administrative	29843	24652	33355	25182	24075	29843
Interest	0	0	0	0	0	0
Other Taxes	0	1176	1077	952	855	700
<b>NET INCOME</b>	1700	1700	1700	1700	1700	1700

## HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR 2012	A-2 YEAR 2011	A-3 YEAR 2010	A-4 YEAR 2009	A-5 YEAR 2008
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries My fees	700	700	700	700	700	700
Office Expense	0	1363	1041	1555	1463	710
Computer Expense	0	0	0	0	0	0
Auto Expense	0	3319	2949	3254	7836	4720
Insurance Expense	0	0	0	0	0	0
Telephone Expense	0	2540	2460	2505	2090	2630
Utilities Expense	0	2684	4125	3723	4024	5500
Depreciation Expense	0	0	0	0	0	0
Property Taxes Taxes and liscensces	0	1177	1077	1013	920	1120
Professional Fees outside services	0	17160	11400	19805	6864	7180
Other legal and professional	0	900	900	800	1285	1490
<b>Total</b>		29843	24652	33355	25182	24070
<b>% Increase Per Year</b>	0	0	0	0	0	0
<b>OPERATIONAL EXPENSES</b>						
Salaries	730	730	730	730	730	730
Auto Expense	0	0	0	0	0	0
Utilities Expense Other supplies	0	0	0	0	0	0
Depreciation Expense other expenses	0	0	0	0	0	0
Repair & Maintenance	0	0	0	0	0	0
Supplies Postage	0	150	97	147	690	270
Other TCEQ and Lab	0	0	0	0	0	0
<b>Total</b>	730	880	827	877	1420	1000
<b>% Increase Per Year</b>		0	0	0	0	0
<b>ASSUMPTIONS</b>						
Interest Rate/Terms	0	0	0	0	0	0
Utility Cost/gal.	0	0	0	0	0	0
Depreciation Schedule	0	0	0	0	0	0
Other	0	0	0	0	0	0

## PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CURRENT ASSETS (no change)</b>						
Cash	1000	1000	1000	1000	1000	1000
Accounts Receivable	44000	44000	44000	44000	44000	44000
Inventories	0	0	0	0	0	0
Income Tax Receivable	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total</b>	<b>45000</b>	<b>45000</b>	<b>45000</b>	<b>45000</b>	<b>45000</b>	<b>45000</b>
<b>FIXED ASSETS</b>						
Land	90000	90000	90000	90000	90000	90000
Collection/Distribution System	17300	17300	17300	17300	17300	17300
Buildings	1600	1600	1600	1600	1600	1600
Equipment	22056	22056	22056	22056	22056	22056
Other	0	0	0	0	0	0
Less: Accum. Depreciation or Reserves	0	0	0	0	0	0
<b>Total</b>	<b>130956</b>	<b>130956</b>	<b>130956</b>	<b>130956</b>	<b>130956</b>	<b>130956</b>
<b>TOTAL ASSETS</b>	<b>175956</b>	<b>175956</b>	<b>175956</b>	<b>175956</b>	<b>175956</b>	<b>175956</b>
<b>CURRENT LIABILITIES (no change)</b>						
Accounts Payable	0	0	0	0	0	0
Notes Payable, Current	0	0	0	0	0	0
Accrued Expenses	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LONGTERM LIABILITIES (no change)</b>						
Notes Payable, Long-term	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OWNER'S EQUITY (no change)</b>						
Paid in Capital	0	0	0	0	0	0
Retained Equity	0	0	0	0	0	0
Other	0	0	0	0	0	0
Current Period Profit or Loss	0	0	0	0	0	0
<b>TOTAL OWNER'S EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>WORKING CAPITAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>CURRENT RATIO</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>DEBT TO EQUITY RATIO</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>EQUITY TO TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



### PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>METER NUMBER</b>						
Existing Number of Taps	108	108	108	108	108	108
New Taps Per Year	0	0	0	0	0	0
<b>Total Meters at Year End</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>
<b>METER REVENUE</b>						
Fees Per Meter	0	0	0	0	0	0
Cost Per Meter	0	0	0	0	0	0
<b>Operating Revenue Per Meter</b>	<b>0</b>	<b>411</b>	<b>407</b>	<b>421</b>	<b>405</b>	<b>407</b>
<b>GROSS WATER REVENUE</b>						
Fees	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Gross Income</b>	<b>45000</b>	<b>45000</b>	<b>45000</b>	<b>45000</b>	<b>45000</b>	<b>45000</b>
<b>OPERATING EXPENSES</b>						
General & Administrative	14800	14800	14800	14800	14800	14800
Interest	0	0	0	0	0	0
Other Monthly Payment	1440	1440	1440	1440	1440	1440
<b>NET INCOME</b>	<b>17000</b>	<b>17000</b>	<b>17000</b>	<b>17000</b>	<b>17000</b>	<b>17000</b>

## PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries	0	0	0	0	0	0
Office Expense	1300	1300	1300	1300	1300	1300
Computer Expense	0	0	0	0	0	0
Auto Expense	3500	3500	3500	3500	3500	3500
Insurance Expense	0	0	0	0	0	0
Telephone Expense	2400	2400	2400	2400	2400	2400
Utilities Expense	4000	4000	4000	4000	4000	4000
Depreciation Expense	0	0	0	0	0	0
Property Taxes	1200	1200	1200	1200	1200	1200
Professional Fees	800	800	800	800	800	800
Other outside services	1700	1700	1700	1700	1700	1700
<b>Total</b>	<b>1600</b>	<b>1600</b>	<b>1600</b>	<b>1600</b>	<b>1600</b>	<b>1600</b>
<b>% Increase Per Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATIONAL EXPENSES</b>						
Salaries	0	0	0	0	0	0
Auto Expense	0	0	0	0	0	0
Utilities Expense	0	0	0	0	0	0
Depreciation Expense	0	0	0	0	0	0
Repair & Maintenance	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>% Increase Per Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ASSUMPTIONS (None)</b>						
Interest Rate/Terms	0	0	0	0	0	0
Utility Cost/gal.	0	0	0	0	0	0
Depreciation Schedule	0	0	0	0	0	0
Other	0	0	0	0	0	0

## PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
<b>SOURCES OF CASH</b>						
Net Income	16500	16500	16500	16500	16500	16500
Depreciation (If Funded)	0	0	0	0	0	
Loan Proceeds	0	0	0	0	0	
Other	0	0	0	0	0	
<b>Total Sources</b>	16500	16500	16500	16500	16500	16500
<b>USES OF CASH</b>						
Net Loss	0	0	0	0	0	
Principle Portion of Pmts.	0	0	0	0	0	
Fixed Asset Purchase	0	0	0	0	0	
Reserve	0	0	0	0	0	
Other	0	0	0	0	0	
<b>Total Uses</b>	0	0	0	0	0	
<b>NET CASH FLOW</b>	0	0	0	0	0	
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt	14400	144000	144000	144000	144000	144000
<b>SERVICE (CADS)</b>						
Net Income (Loss)	0	0	0	0	0	0
Depreciation, or Reserve Interest	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest	0	0	0	0	0	
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS	17000	17000	17000	17000	17000	17000



**PLEASE ANSWER QUESTIONS 17 THROUGH 22 ON A DIFFERENT SHEET  
FOR EACH PHYSICALLY DISTINCT SYSTEM BEING  
TRANSFERRED OR ACQUIRED**

17. A. For Water Systems. TCEQ Public Water System Identification Number: 

0	7	1	0	0	6	7
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0710067

Date of last inspection:

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q N A   -

-Name of Permittee:

-Date of application to transfer Discharge Permit submitted:

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ standards?  Yes  No. If yes, please explain:

Arsenic MCL- The system is currently researching alternate treatment methods, and evaluating cost feasibility.

B. Is there a moratorium on new connections?  Yes  No. If yes, please explain:

N/A

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
Arsenic Treatment	Unknown at time	Not known at this time

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries?  Yes  No

If yes, indicate the number of customers within the city limits or district boundaries:  
 Water  Sewer

**Attach copy of franchise agreement or consent letter from the city or district.**

20. Do you currently purchase water or sewer treatment capacity from another source?  Yes  No  
 Water  Sewer Purchased on a  Regular  Seasonal  Emergency Basis

• Source:  % of total supply:

