



Control Number: 43340



Item Number: 3

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.

# TCEQ Interoffice Memorandum

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**To:** Mary Damron  
Utilities Financial Review Team

**From:** Fred Bednarski, CGAP *B*  
Utilities Financial Review Team

**Thru:** *J* Lisa Fuentes, Work Lead  
Utilities Financial Review Team

**Date:** August 05, 2014

**Subject:** Re: Application from Crystal Springs Water Company doing business as (dba) Crystal Springs Water to Amend Certificate of Convenience and Necessity (CCN) No. 11373 in Montgomery County; Application No. 37916-C

CN: 604520668; RN: 103129367

RECEIVED

2014 SEP 24 AM 9:37

PUBLIC UTILITY COMMISSION  
FILING CLERK

In my opinion, Crystal Springs Water Company has demonstrated adequate financial and managerial capability to provide service to the area subject to this application. These conclusions are based on information provided by the applicant prior to this date and may not reflect any changes in the applicant's status subsequent to this date.

Crystal Springs Water Company has filed an application to amend their CCN area in Montgomery County. The proposed utility service area is located approximately 7 miles east of downtown Conroe, Texas, and is generally bounded on the north by Schank Road; on the east by Jernigan Road; on the south by the Burlington Northern Santa Fe Railroad track; and on the west by Willis Waukegan Road. The total area being requested includes approximately 183.323 acres and 0 current customers. This area is in the process of being developed by Martin Reality and Land who has partnered with Crystal Springs Water for providing water service to the area. Crystal Springs Water currently operates 23 public water systems. No violations or enforcement case were found in the Consolidated Compliance Enforcement Data System on 08/05/2014. The area is planned to be developed in 3 phases: phase I will contain 49 connections, phase II 226 connections, and phase III 275 connections.

Crystal Springs Water Company's compiled financial statements on a cash basis for FY2013 were provided. As of December 31, 2013 total equity of Crystal Springs Water Company was \$673 thousand. Crystal Springs Water Company's debt to equity ratio at 12/31/2013 was \$601 thousand to \$673 thousand, or 0.85 to 1.00. A ratio of less than 1 to 1 is preferred for analysis of financial/managerial capabilities. Operating income was \$584 thousand. Cash flows from principle and interest payments on debt for FY13 were \$217 thousand. Therefore, the debt service coverage ratio calculates to be \$584 thousand to \$217 thousand or 2.68 to 1.00. A ratio of at least 1.25:1 is preferred when reviewing financial capability to ensure that reserve funds for debt payment and repairs and maintenance are built up and maintained.

# Texas Commission on Environmental Quality

## INTEROFFICE MEMORANDUM

TO: Utilities Financial Review Team  
July 25, 2014

FROM: Mary Damron  
Utilities Financial Review Team

SUBJECT: Request for FMT memo, if applicable

Crystal Springs Water Co Inc. to Amend Water CCN 11373  
Application No.: 37916-C

Please prepare a FMT memo at your earliest convenience and let me know if you have questions.

Thank you

*Mary*  
Ext 4667

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