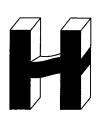


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Item Number: 7

Addendum StartPage: 0



# 448/6 HAYES ENGINEERING, INC.

Texas Registered Engineering Firm F-1465 www.hayesengineering.net 2126 ALPINE ST. LONGVIEW, TX 75601-3401 V 903.758.2010 F 903.758.2099

August 6, 2015

Public Utility Commission of Texas Attention: Central Records 1701 N. Congress Avenue P.O. Box 13326 Austin, TX 78711-3326

RE: Sharon W.S.C.

Application to Amend Water CCN (10476)

PWS ID# 2500020 Upshur County, Texas

Dear Sirs:

Please find enclosed the information requested in your July 6, 2015 correspondence. The requested information is:

#### **Application Content**

- 1. A copy of the preliminary engineering report to staff or provide proof that the preliminary engineering report, or plans and specifications for the proposed system that will provide service to the proposed area have been submitted to and approved by the TCEQ. Per TCEQ regulations found in TAC 290, TCEQ review and approval is not required for water distribution system improvements less than ten percent of the overall system linear footage. Note that the proposed improvements for the CCN amendment area would be significantly less than ten percent of the overall system. TCEQ review and approval is not required.
- 2. Responses to questions C, D, E, F, and G on page 6 of the application. This section is for a new system. The proposed area is for additional CCN area for an existing system.
- 3. Question D, on page 7 of the application, states the proposed number of additional meters will be 50 for water and 50 for sewer. Is the purpose of the application to amend water and sewer boundaries or just water? See attached for revised page.
- 4. Response to question J on page 9 of the application. See attached for revised page.
- 5. Requests for service from landowners or developers in the proposed area to demonstrate a need for service. See attached for a list of property owners who have formally requested service from Sharon WSC in the past. In addition to these property owners, approximately 30 additional owners have informally inquired about service in the area over the last two years.

#### **Financial Review**

- 1. A plan to provide service to the new area and associated costs. The proposed improvements have an estimated cost of approximately \$500,000.
- 2. A plan to pay for cost to serve the new areas. The proposed improvements will be funded with private financing or grant funds administered through the Texas Department of Agriculture, Office of Rural Affairs Small Town Environmental Program. The grant program would pay for the cost of improvements.
- 3. A 5 year project profit loss statement. See attached.
- 4. Rate and fee procedures. The Sharon WSC rate structure is attached. Per the WSC's tariff, they review and revise rates and usage fees on a yearly basis based on projected expenses for the coming fiscal year

PUBLIC UTILLITY COMMISSION

Sharon WSC CCN Amendment Page 2 of 2

and the prior year's profit loss statements. The rates are set to insure that the WSC remains slightly profitable while providing the member customers the most economical cost of service.

### **Mapping Content**

- 1. Location map. See attached.
- 2. Revised digital data. See attached.
- 3. A complete list of all utilities, districts, and municipalities located within a 2-mile buffer of the proposed water service area. See attached.

Should you require additional information, please do not hesitate to call.

Sincerely,

HAYES ENGINEERING,

Kyle A. Stephens, P.E. Project Manager

# Proposed Sharon WSC CCN Amendment Area Profit Loss Statement

Number of Connections:

50

Base Rate:

\$ 28.14 per meter

Usage Rate:

\$ 4.00 per 1,000 gallons

Average Usage:

6,000 gallons

Average Monthly Bill

\$ 52.14 per meter per month

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$ 31,284.00	\$ 32,222.52	\$ 33,189.20	\$ 34,184.87	\$ 35,210.42
Cost of Goods Sold <sup>1</sup>	\$ (27,529.92)	\$ (28,355.82)	\$ (29,206.49)	\$ (30,082.69)	\$ (30,985.17)
Net Income	\$ 3,754.08	\$ 3,866.70	\$ 3,982.70	\$ 4,102.18	\$ 4,225.25

Notes:

1. Cost of Goods Sold Based on proportionate share of existing expenses minus depreciation.

### **Standard Residential Service Rates**

Monthly Minimum: \$ 28.00 (no water)

Texas Water Asssessment Fee: \$ .14 (.5% of total bill)

Base each month with no water: \$28.14

Standard Size 5/8 x 3/4 - Tier (gal.): \$/1,000 gal.:

0-10,000 \$ 4.00

10,001-25,000 \$ 5.00

25,001-50,000 \$ 6.00

50,001-100,000 \$ 7.00

100,001 + \$8.00

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iii. Date of last TCEQ water and/or sewer system inspection(s): 8/9/2013

iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s). (ATTACHMENT I)

v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates. (ATTACHMENT I)

B. Provide the following information about the utility's certified water and/or sewer operators

Name	Classes	License Number
Vanessa Stone	С	WG0009797
	CSI	Cl0007445
Tyrus Jones	С	WG0012948
William Toles	С	WG0000488
	CSI	CI0000302
Larry Goldsmith	С	WG0000488
	CSI	CI0004904
Sean Whitson	С	WG0011325
	CSI	Cl0007816
David Stout	С	WG0012950

<sup>-</sup> Attach additional sheet(s) if necessary -

C.	Using the current number of customers, is any facility component in systems named in #5A above operating at
	85% or greater of minimum standard capacity?

☐ Yes

× No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements. (SEE 291.93 (3) OF TCEQ RULES)

D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial **documentation** and reflect the number of service requests identified in Question 2.b in the application.

TCEQ W	ater System	TCEQ Sewer System					
Connection	Existing	Proposed	Connection	Existing	Proposed		
5/8" or 3/4" meter	2,663	50	Residential		-		
1" meter or larger	24		Commercial				
Non-Metered			Industrial				

Water Source % of Total Treatment			
	0.00%		
	0.00%		
iii. 🔲 Yes, Sewer treatment o			
Purchased on a Regula	☐ Seasonal ☐ Emergency basis?		
Sewer Source	% of Total Treatment		
	0.00%		
	0.00%		
	0.00%		

- Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.
- I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

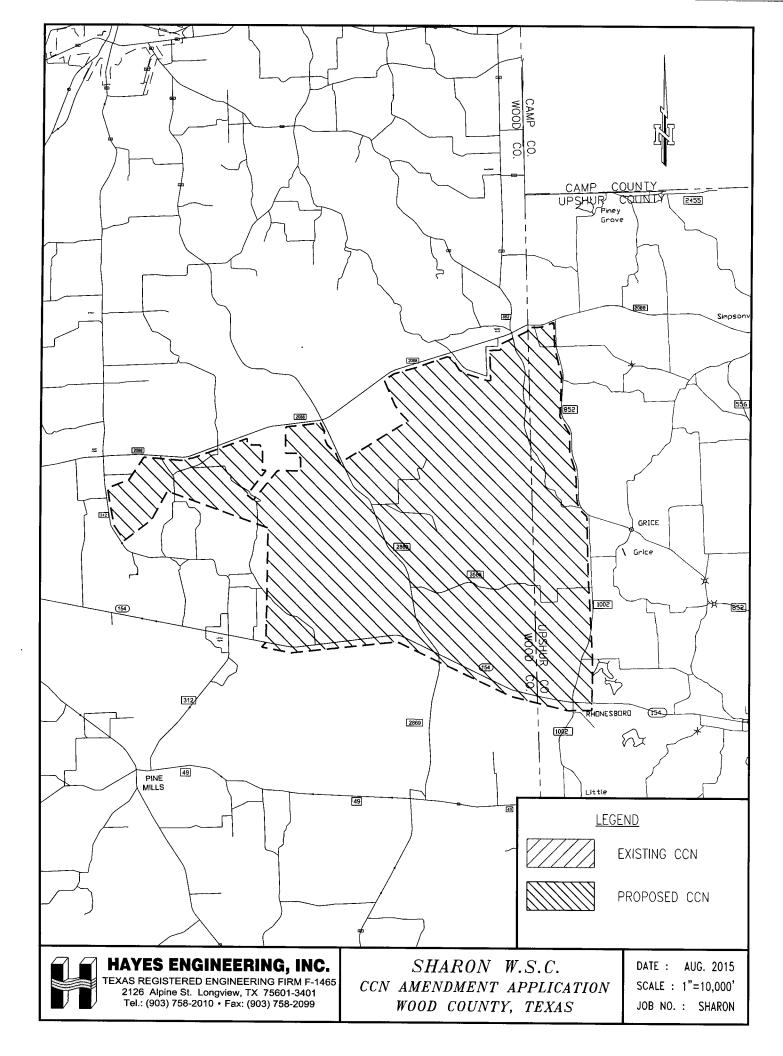
- the current and projected density; and
- ii. the land use of the requested area.
- J. Effect on the Land. Explain the effect on the land to be included in the certificated area.

PROPOSED SERVICE AREA WILL PROVIDE WATER TO THE EXISTING RESI NSIDE PROPOSED SERVICE AREA, THERE WILL BE NO EFFECT ON THE LA	

### 6. Financial Information

- A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new standalone water and/or sewer system:
  - i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
  - ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity, 9/1/14 (formerly TCEQ form 10362) Page 9 of 25



## **OVERSIZED DOCUMENT**

**MAP** 

TO VIEW OVERSIZED DOCUMENTS PLEASE CONTACT CENTRAL RECORDS 512-936-7180