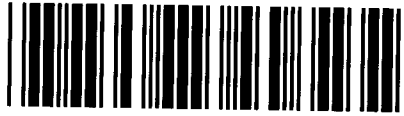




Control Number: 44816



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Addendum StartPage: 0



44816  
**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

RECEIVED  
2015 AUG 11 PM 12:27  
PUBLIC UTILITY COMMISSION  
FILING CLERK

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**


**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, INC.

  
\_\_\_\_\_  
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>	<u>\$ (27,529.92)</u>	<u>\$ (28,355.82)</u>	<u>\$ (29,206.49)</u>	<u>\$ (30,082.69)</u>	<u>\$ (30,985.17)</u>
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.

Monthly Minimum:	\$ 28.00 (no water)
Texas Water Assessment Fee:	\$ .14 (.5% of total bill)
Base each month with no water:	\$28.14
<b>Standard Size 5/8 x 3/4 - Tier (gal.):</b>	<b>\$/1,000 gal.:</b>
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



Water Source	% of Total Treatment
	0.00%
	0.00%

iii. ☐ Yes, Sewer treatment capacity

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Sewer Source	% of Total Treatment
	0.00%
	0.00%
	0.00%

iv. 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:

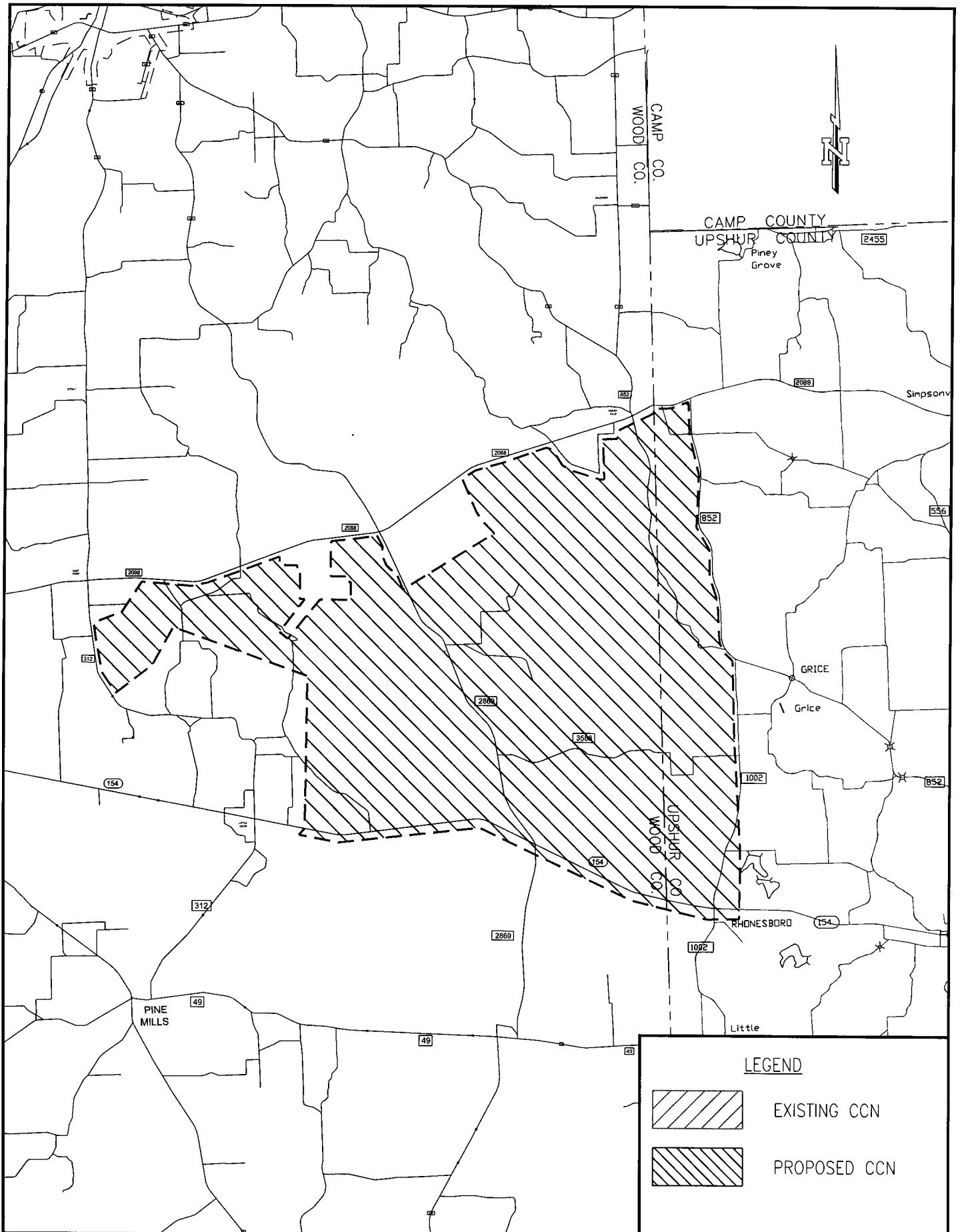
- i. the current and projected density; and
- ii. the land use of the requested area.

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 RESIDENTS INSIDE PROPOSED SERVICE AREA, THERE WILL BE NO EFFECT ON THE LAND.

## 6. Financial Information

- A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone 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



**HAYES ENGINEERING, INC.**  
 TEXAS REGISTERED ENGINEERING FIRM F-1465  
 2126 Alpine St. Longview, TX 75601-3401  
 Tel.: (903) 758-2010 • Fax: (903) 758-2099

*SHARON W.S.C.*  
**CCN AMENDMENT APPLICATION**  
**WOOD COUNTY, TEXAS**

DATE : AUG. 2015  
 SCALE : 1"=10,000'  
 JOB NO. : SHARON



**OVERSIZED DOCUMENT**

**MAP**

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