



Control Number: 45272



Item Number: 29

Addendum StartPage: 0

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September 9, 2016

Via Hand Delivery Only

Mr. Alexander Petak
PUC Legal Division
PO Box 13326
Austin, TX 78711-3326

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2016 SEP -9 PM 1:43
PUBLIC UTILITY COMMISSION
FILING CLERK

Re: Zipp Road Utility Wastewater CCN Application; Docket No. 45272; Revisions to CCN Application

Dear Alexander:

I am writing to follow up on our letter of September 1, 2016, in which we notified the Commission Staff of the settlement of all matters with GBRA. As a result of that settlement, GBRA will provide Zipp Road Utility with wholesale wastewater treatment service. The enclosed pages include the changes to the application that reflect implementation of the settlement.

Please let me know if you or the Commission Staff have any questions regarding these revisions to the pending CCN Application.

Sincerely,

Randall B. Wilburn

Enclosures

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash		45,515.00	43,015.00	58,446.00	100,216.00	163,675.00
Accounts Receivable		1,285.00	12,107.00	25,651.00	34,988.00	39,244.00
Inventories						
Income Tax Receivable		14,203.00	34,524.00	43,439.00	37,794.00	21,120.00
Other						
Total		61,004.00	89,646.00	127,536.00	172,998.00	224,040.00
FIXED ASSETS						
Land						
Collection/Distribution System	187,131.00	420,623.00	420,623.00	420,623.00	420,623.00	420,623.00
Buildings						
Equipment						
Other	171,936.00	597,734.00	1,190,354.00	1,159,562.00	1,128,771.00	1,097,979.00
Less: Accum. Depreciation or Reserves		-16,455.00	-28,232.00	-40,009.00	-51,786.00	63,563.00
Total	359,067.00	1,001,902.00	1,582,745.00	1,540,176.00	1,497,608.00	1,455,039.00
TOTAL ASSETS	359,067.00	1,062,905.00	1,672,391.00	1,667,712.00	1,670,605.00	1,679,078.00
CURRENT LIABILITIES						
Accounts Payable		3,412.00	14,406.00	24,671.00	29,829.00	30,914.00
Notes Payable, Current						
Accrued Expenses						
Other						
Total		3,412.00	14,406.00	24,671.00	29,829.00	30,914.00
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other	171,936.00	608,262.00	1,231,674.00	1,231,674.00	1,231,674.00	1,231,674.00
TOTAL LIABILITIES	171,936.00	611,674.00	1,246,080.00	1,256,345.00	1,261,503.00	1,262,588.00
OWNER'S EQUITY						
Paid in Capital	187,131.00	471,076.00	471,076.00	471,076.00	471,076.00	471,076.00
Retained Equity						
Other						
Current Period Profit or Loss		-19,845.00	-44,765.00	-59,709.00	-61,974.00	-54,586.00
TOTAL OWNER'S EQUITY	187,131.00	451,231.00	426,311.00	411,367.00	409,102.00	416,490.00
TOTAL LIABILITIES AND EQUITY	359,067.00	1,062,905.00	1,672,391.00	1,667,712.00	1,670,605.00	1,679,078.00
WORKING CAPITAL		2,553.00	2,604.00	2,656.00	2,709.00	2,763.00
CURRENT RATIO	0.00	1.70	1.30	1.30	1.30	1.30
DEBT TO EQUITY RATIO	0.00	1.40	2.90	3.10	3.10	3.00
EQUITY TO TOTAL ASSETS	0.00	0.40	0.30	0.20	0.20	0.20

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps		18.00	242.00	374.00	404.00	
New Taps per Year	18.00	224.00	132.00	30.00		
Total Meters at Year End	18.00	242.00	374.00	404.00	404.00	
METER REVENUE						
Fees Per Meter	714.00	771.00	833.00	899.00	971.00	
Cost Per Meter	1,896.00	596.00	660.00	739.00	765.00	
Operating Revenue Per Meter	-1,182.00	176.00	173.00	161.00	206.00	
GROSS WATER REVENUE						
Fees	12,852.00	121,066.00	256,505.00	349,880.00	392,441.00	1,132,744.00
Other						
Gross Income	12,852.00	121,066.00	256,505.00	349,880.00	392,441.00	1,132,744.00
OPERATING EXPENSES						
General & Administrative	34,120.00	144,060.00	246,710.00	298,286.00	309,137.00	1,032,312.00
Interest						
Other	12,780.00	22,248.00	33,654.00	48,214.00	59,243.00	176,139.00
NET INCOME	-34,048.00	-45,242.00	-23,859.00	3,380.00	24,062.00	-75,706.00

PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	5,280.00	13,446.00	23,082.00	26,958.00	28,103.00	96,870.00
Office Expense	500.00	500.00	500.00	500.00	500.00	2,500.00
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense	300.00	300.00	300.00	300.00	300.00	1,500.00
Depreciation Expense						
Property Taxes						
Professional Fees	600.00	600.00	600.00	600.00	600.00	3,000.00
Other	360.00	1,962.00	1,165.00	1,266.00	1,044.00	5,796.00
Total	7,041.00	16,808.00	25,647.00	29,624.00	30,547.00	109,666.00
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries	4,750.00	19,380.00	26,247.00	26,581.00	26,922.00	103,881.00
Auto Expense						
Utilities Expense	1,224.00	1,248.00	1,273.00	1,229.00	1,325.00	6,370.00
Depreciation Expense						
Repair & Maintenance	2,550.00	5,100.00	5,202.00	5,306.00	5,412.00	23,570.00
Supplies	600.00	1,224.00	1,248.00	1,273.00	1,299.00	5,645.00
Other	7,587.00	9,867.00	10,260.00	10,714.00	10,928.00	49,356.00
Total	27,079.00	127,252.00	221,063.00	268,662.00	278,590.00	922,646.00
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule	0.00	0.00	0.00	0.00	0.00	0.00
Other	26,983.00	42,569.00	42,569.00	42,569.00	42,569.00	197,258.00

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	-34,048.00	-45,242.00	-23,859.00	3,380.00	24,062.00	-75,706.00
Depreciation (if Funded)	26,983.00	42,569.00	42,569.00	42,569.00	42,569.00	197,258.00
Loan Proceeds						
Other	283,945.00		10,265.00	5,158.00	1,085.00	300,453.00
Total Sources	276,880.00	-2,673.00	28,975.00	51,107.00	67,716.00	422,005.00
USES OF CASH						
Net Loss	34,048.00					34,048.00
Principle Portion of Pmts.						
Fixed Asset Purchase	233,492.00					233,492.00
Reserve						
Other	1,285.00	-173.00	13,544.00	9,337.00	4,256.00	28,250.00
TOTAL USES	268,825.00	-173.00	13,544.00	9,337.00	4,256.00	295,790.00
NET CASH FLOW	8,056.00	-2,500.00	15,431.00	41,769.00	63,460.00	126,216.00
DEBT SERVICE COVERAGE						
Cash Available for Debt	45,515.00	43,015.00	58,446.00	100,216.00	163,675.00	410,868.00
Service (CADS)						
Net Income (Loss)	-34,048.00	-45,242.00	-23,859.00	3,380.00	24,062.00	-75,706.00
Depreciation , or Reserve Interest						
TOTAL	-34,048.00	-45,242.00	-23,859.00	3,380.00	24,062.00	-75,706.00
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	-	45,515	43,015	58,446	100,216	163,675
Accounts Receivable	-	1,285	12,107	25,651	34,988	39,244
Inventories	-	-	-	-	-	-
Income Tax Receivable	-	14,203	34,524	43,439	37,794	21,120
Other	-	-	-	-	-	-
Total	-	61,004	89,646	127,536	172,998	224,040
FIXED ASSETS						
Land	-	-	-	-	-	-
Collection/Distribution System	187,131	420,623	420,623	420,623	420,623	420,623
Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other	171,936	597,734	1,190,354	1,159,562	1,128,771	1,097,979
Less: Accum. Depreciation or Reserves	-	(16,455)	(28,232)	(40,009)	(51,786)	(63,563)
Total	359,067	1,001,902	1,582,745	1,540,176	1,497,608	1,455,039
TOTAL ASSETS	359,067	1,062,905	1,672,391	1,667,712	1,670,605	1,679,078
CURRENT LIABILITIES						
Accounts Payable	-	3,412	14,406	24,671	29,829	30,914
Notes Payable, Current	-	-	-	-	-	-
Accrued Expenses	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	3,412	14,406	24,671	29,829	30,914
LONGTERM LIABILITIES						
Notes Payable, Long-term	-	-	-	-	-	-
Other	171,936	608,262	1,231,674	1,231,674	1,231,674	1,231,674
TOTAL LIABILITIES	171,936	611,674	1,246,080	1,256,345	1,261,503	1,262,588
OWNER'S EQUITY						
Paid in Capital	187,131	471,076	471,076	471,076	471,076	471,076
Retained Equity	-	-	-	-	-	-
Other	-	-	-	-	-	-
Current Period Profit or Loss	-	(19,845)	(44,765)	(59,709)	(61,974)	(54,586)
TOTAL OWNER'S EQUITY	187,131	451,231	426,311	411,367	409,102	416,490
TOTAL LIABILITIES AND EQUITY	359,067	1,062,905	1,672,391	1,667,712	1,670,605	1,679,078
WORKING CAPITAL	-	2,553	2,604	2,656	2,709	2,763
CURRENT RATIO	0	1.7	1.3	1.3	1.3	1.3
DEBT TO EQUITY RATIO	0	1.4	2.9	3.1	3.1	3.0
EQUITY TO TOTAL ASSETS	0	0.4	0.3	0.2	0.2	0.2

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	-	18	242	374	404	
New Taps per Year	18	224	132	30	-	
Total Meters at Year End	18	242	374	404	404	
METER REVENUE						
Fees Per Meter	714	771	833	899	971	
Cost Per Meter	1,896	596	660	739	765	
Operating Revenue Per Meter	(1,182)	176	173	161	206	
GROSS WATER REVENUE						
Fees	12,852	121,066	256,505	349,880	392,441	1,132,744
Other	-	-	-	-	-	-
Gross Income	12,852	121,066	256,505	349,880	392,441	1,132,744
OPERATING EXPENSES						
General & Administrative	34,120	144,060	246,710	298,286	309,137	1,032,312
Interest	-	-	-	-	-	-
Other	12,780	22,248	33,654	48,214	59,243	176,139
Total Operating Expenses	46,900	166,307	280,364	346,500	368,379	1,208,450
NET INCOME	(34,048)	(45,242)	(23,859)	3,380	24,062	(75,706)

PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	5,280	13,446	23,082	26,958	28,103	96,870
Office Expense	500	500	500	500	500	2,500
Computer Expense	-	-	-	-	-	-
Auto Expense	-	-	-	-	-	-
Insurance Expense	-	-	-	-	-	-
Telephone Expense	-	-	-	-	-	-
Utilities Expense	300	300	300	300	300	1,500
Depreciation Expense	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Professional Fees	600	600	600	600	600	3,000
Other	360	1,962	1,165	1,266	1,044	5,796
Total	7,041	16,808	25,647	29,624	30,547	109,666
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries	4,750	19,380	26,247	26,581	26,922	103,881
Auto Expense	-	-	-	-	-	-
Utilities Expense	1,224	1,248	1,273	1,299	1,325	6,370
Depreciation Expense	-	-	-	-	-	-
Repair & Maintenance	2,550	5,100	5,202	5,306	5,412	23,570
Supplies	600	1,224	1,248	1,273	1,299	5,645
Wholesales WWT	10,368	90,432	176,832	223,488	232,704	733,824
Other	7,587	9,867	10,260	10,714	10,928	49,356
Total	27,079	127,252	221,063	268,662	278,590	922,646
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms	-	-	-	-	-	-
Utility Cost/gal.	0	0	0	0	0	0
Depreciation Schedule	26,983	42,569	42,569	42,569	42,569	197,258

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	(34,048)	(45,242)	(23,859)	3,380	24,062	(75,706)
Depreciation (if Funded)	26,983	42,569	42,569	42,569	42,569	197,258
Loan Proceeds	-	-	-	-	-	-
Other	283,945	-	10,265	5,158	1,085	300,453
Total Sources	276,880	(2,673)	28,975	51,107	67,716	422,005
USES OF CASH						
Net Loss	34,048	-	-	-	-	34,048
Principle Portion of Pmts.	-	-	-	-	-	-
Fixed Asset Purchase	233,492	-	-	-	-	233,492
Reserve	-	-	-	-	-	-
Other	1,285	(173)	13,544	9,337	4,256	28,250
TOTAL USES	268,825	(173)	13,544	9,337	4,256	295,790
NET CASH FLOW	8,056	(2,500)	15,431	41,769	63,460	126,216
DEBT SERVICE COVERAGE						
Cash Available for Debt	45,515	43,015	58,446	100,216	163,675	410,868
Service (CADS)						
Net Income (Loss)	(34,048)	(45,242)	(23,859)	3,380	24,062	(75,706)
Depreciation, or Reserve Interest	-	-	-	-	-	-
TOTAL	(34,048)	(45,242)	(23,859)	3,380	24,062	(75,706)
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest	-	-	-	-	-	-
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS	N/A	N/A	N/A	N/A	N/A	N/A