



Control Number: 45272



Item Number: 33

Addendum StartPage: 0

APPLICATION OF ZIPP ROAD UTILITY §
 COMPANY, LLC TO OBTAIN A §
 CERTIFICATE OF CONVENIENCE AND §
 NECESSITY IN GUADALUPE COUNTY §

PUBLIC UTILITY COMMISSION

OF TEXAS

2016 SEP 27 PM 2:30
 PUBLIC UTILITY COMMISSION
 FILING CLERK

COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION AND PROCEDURAL SCHEDULE

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Response to Order No. 9 and Supplemental Recommendation and Procedural Schedule. In support thereof, Staff shows the following:

I. BACKGROUND

On October 21, 2015, Zipp Road Utility Company, LLC (Zipp Road) filed with the Commission an application to obtain a new sewer certificate of convenience and necessity (CCN) in Guadalupe County. On September 1, 2016, Zipp Road filed a letter regarding a settlement with Guadalupe-Blanco River Authority (GBRA), where Zipp Road will plan on receiving wholesale wastewater service from GBRA while remaining the retail provider. On September 9, 2016, Zipp Road filed revisions to its CCN application to account for this change and GBRA filed a motion to withdraw its opposition to the amended application. In Order No. 9, issued September 15, 2016, Staff was ordered to file a supplemental recommendation and procedural schedule by September 27, 2016. This pleading is therefore timely filed.

II. SUPPLEMENTAL RECOMMENDATION AND PROCEDURAL SCHEDULE

Due to this application being recently substantively amended, Staff requires additional financial information from the applicant. Staff must consider the financial capability of the applicant to pay for the facilities necessary to provide continuous and adequate service, pursuant to Tex. Water Code § 13.246(c)(6) (TWC). These requirements are further outlined in 16 Tex. Admin. Code § 24.11(e) (TAC), which details a leverage test and an operations test that an owner or operator must satisfy. Staff does not have information to show that Zipp Road satisfies these tests. Staff recommends that the applicant be ordered to provide the following information in order to provide evidence that Zipp Road meets the requirements in TWC § 13.246(c)(6) and 16 TAC § 24.11:

- A proposed tariff;
- A rate study to support the rates in the proposed tariff;
- Evidence supporting projected connections from 18 connections in the second year of operations increasing to 404 connections in the fifth year of operations, giving information to show and support the annual increase per each additional year of operations;
- An explanation of what "Other" in the Long-Term Liabilities consists of for all six years in the revised Balance Sheet projections submitted on September 9, 2016, and schedules for annual repayment requirements including interest, if any;
- An explanation of what "Other" in the Fixed Assets consists of for all six years in the revised Balance Sheet projections submitted on September 9, 2016;
- Clearly noted long term debt payments for all six years: principle and interest, who issued the debt, debt terms, etc.; and
- An explanation of where the cash is coming from to fund the new infrastructure. Please also provide a hard copy of the document attesting to the commitment of the funds by the provider.

Staff therefore recommends that Zipp Road be given until October 27, 2016 to submit additional information regarding the application and Staff be given until December 2, 2016 to file an additional recommendation.

III. CONCLUSION

Staff respectfully requests the entry of an order consistent with the above request.

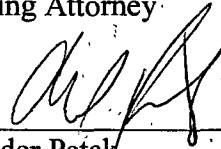
Dated: September 27, 2016.

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney

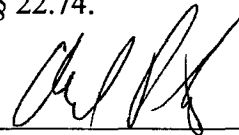


Alexander Petak
State Bar No. 24088216
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7377
(512) 936-7268 (facsimile)

DOCKET NO. 45272

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record September 27, 2016 in accordance with 16 Texas Admin. Code § 22.74.



Alexander Petak