



Control Number: 46037



Item Number: 13

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DOCKET NO. 46037

RECEIVED  
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BEFORE THE  
PUBLIC UTILITY COMMISSION  
FILING CLERK

APPLICATION OF WINDYHILL §  
UTILITY CO., LLC FOR A SEWER §  
CERTIFICATE OF CONVENIENCE §  
AND NECESSITY IN HAYS COUNTY §  
§

PUBLIC UTILITY COMMISSION

OF TEXAS

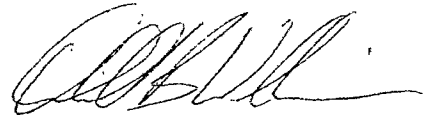
**WINDY HILL UTILITY CO., LLC'S  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

**TO THE PUBLIC UTILITY COMMISSION STAFF**, by and through their attorney of record Alexander Petak, Legal Division, Public Utility Commission of Texas, PO Box 13326, Austin, Texas 78711-3326.

COMES NOW, Windy Hilly Utility Company, LLC ("Applicant" or "Utility") and submit this Response to the Public Utility Commission Staff ("Commission Staff") First Request for Information pursuant to Tex. R. Civ. P. 190 through 198 and 16 Tex. Admin. Code § 22.144(d) ("TAC"). Pursuant to 16 TAC § 22.144(d), these responses may be treated as if they were filed under oath

Respectfully submitted,

Randall B. Wilburn  
State Bar No. 24033342  
Helen S. Gilbert  
State Bar No. 00786263  
GILBERT WILBURN PLLC  
7000 N. MoPac Expwy, Suite 200  
Austin, Texas 78731  
Telephone: (512) 535-1661  
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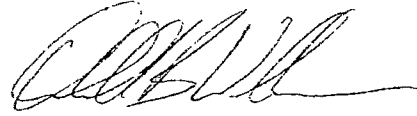
By: \_\_\_\_\_

Randall B. Wilburn

**ATTORNEYS FOR WINDY HILL  
UTILITY COMPANY, LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that I have or will serve a true and correct copy of the foregoing document via hand delivery, facsimile, electronic mail, overnight mail, U.S. mail, or Certified Mail Return Receipt Requested on all parties on the 26<sup>th</sup> of September 2016.

A handwritten signature in black ink, appearing to read 'RB Wilburn', written in a cursive style.

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Randall B. Wilburn

**I. ANSWERS TO COMMISSION STAFF'S FIRST REQUEST FOR  
INFORMATION TO WINDY HILL UTILITY CO., LLC (WINDY HILL)**

**QUESTION NOS. STAFF 1-2 THROUGH STAFF 1-3**

Staff 1-1: Reference projected balance sheets, Attachment 6.A and page 22 of 72 of the application. Please provide copies of any documents supporting a cash projection of \$491,182 for Year 1.

**RESPONSE: WHU has adjusted projected financials to reflect new, more accurate information regarding costs and schedule. Revised documents responsive to this request are attached as Exhibits A-D (Response Sponsor - Steven Greenberg, President of WHU).**

Staff 1-2: Reference projected balance sheets, Attachment 6.A and page 22 of 72 of the application. Please provide copies of any documents to support "Notes Payable, Long Term" amounting to \$656,680 for both Year 1 and Year 2.

**RESPONSE: See Response to 1-1 above.**

Staff 1-3: Please provide copies of detailed projected income statement for five years.

**RESPONSE: See Response to 1-1 above.**

# EXHIBIT A

## PROMISSORY NOTE

### RECITALS:

WHEREAS, Windy Hill Utility Co. LLC ("WHU") will provide wastewater treatment services to the 35-acre residential development being developed in two phases, one constituting a 24-acre parcel being developed exclusively by NB46 Holdings LLC ("NB46"), and the other phase constituting an 11 acre parcel of land, being developed by Silver Mount Holdings LLC ("SM"), in Hays County; and

WHEREAS, WHU has already invested two-hundred thousand dollars (\$200,000 USD) into the wastewater treatment plant ("WWTP") and intends to invest an additional three hundred thousand dollars (\$300,000 USD) into the WWTP; and

WHEREAS, WHU has worked with NB46 and SM to secure financing to cover the costs of the WWTP that will not be covered through equity financing; and

WHEREAS, NB46 and SM have secured and closed financing to cover the cost of the aforementioned real estate as platted including the costs associated with the WWTP if necessary;

### NOW THEREFORE:

THE UNDERSIGNED, NB46 and SM ("Makers") as of the 22 day of September, 2016 promise to pay to the order of WHU ("Payee"), whose mailing address is 14203 Savannah Pass, San Antonio, TX 78216, the principal sum of Seven Hundred Twenty-Nine Thousand Dollars (\$729,000 USD) according to the following terms and conditions:

- a.) Makers and Payee agree that the provision of wastewater treatment services to the aforementioned development constitutes full and adequate consideration for this Note and no interest shall accrue on it.
- b.) This Note shall be payable to the Payee upon written demand by Payee to the Makers.
- c.) The Makers of this Note are liable for payment of the amount specified in this Note to the Payee according to each Makers' respective proportional ownership percentage of the aforementioned development.
- d.) This Note shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, Makers, through their authorized representatives, have executed and delivered this instrument on the date specified in the signature page in duplicate originals and intend to be legally bound hereby.

[SIGNATURES ON THE FOLLOWING PAGE]

## PROMISSORY NOTE

**NB46 Holdings LLC (Co-Maker)**

By: Todd Burek

Print Name: Todd Burek

Title: Managing Member

Date: 9/22/16

**SILVER MOUNT HOLDINGS LLC (Co-Maker)**

By: \_\_\_\_\_

Print Name: Jerry McCasland

Title: \_\_\_\_\_

Date: \_\_\_\_\_

And

By: Todd Burek

Print Name: Todd Burek

Title: Managing Member

Date: 9/22/16

# PROMISSORY NOTE

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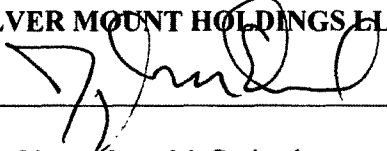
By: \_\_\_\_\_

Print Name: Todd Burek

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SILVER MOUNT HOLDINGS LLC (Co-Maker)**

By:  \_\_\_\_\_

Print Name: Jerry McCasland

Title: Member

Date: Sept. 22, 2016

And

By: \_\_\_\_\_

Print Name: Todd Burek

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# EXHIBIT B

Windy Hill Utility, LLC  
Projects in Development, Engineering, Construction, Operation  
Job Cost, Revenues, Key Metrics and Funding  
Date Revised:  
9/22/2016

Project Information (Phase 1)				Budget			Actual			Projected			Funding Source			
1007-01-02	Ref #	WBS #	Asset	WWTP Budget	ChgOrders	Revised Committed Cost	Paid	Accrued	Total	% Complete	Est. Cost to Complete	Total Cost	BVRT Hold Co	Windy Hill Utility	Total	
WWT Utility System Development	01 00	01 00	WWT PRELIMINARY DEVELOPMENT													
	01 01	01 01	Due Diligence	3,200	0	3,200	3,440	0	3,440	100%	(240)	3,200				
	01 02	01 02	Pro Forma	2,000	0	2,000	2,150	0	2,150	100%	(150)	2,000				
	01 03	01 03	Prepare Offers	960	0	960	1,032	0	1,032	100%	(72)	960				
	01 04	01 04	Negotiations	960	0	960	1,032	0	1,032	100%	(72)	960				
	02 00	02 00	WWT Preliminary Development Subtotal	7,120	0	7,120	7,654	0	7,654	100%	(534)	7,120	7,120		7,120	
	02 01	02 01	WWT UTILITY SYSTEM EXECUTION													
	02 02	02 02	Funding	960	0	960	1,200	0	1,200	100%	(240)	960				
	02 03	02 03	Legal / Contracts	2,880	0	2,880	11,947	0	11,947	100%	(9,067)	2,880				
	02 04	02 04	Preliminary Design, Testing & Inspection	6,400	0	6,400	9,374	0	9,374	100%	(2,974)	6,400				
	02 05	02 05	TCEC Application	6,500	36,000	42,500	37,500	0	37,500	88%	5,000	42,500				
	02 06	02 06	TPUC Application	6,000	6,000	12,000	6,450	5,000	11,450	95%	550	12,000				
	02 07	02 07	Execution of Docs	400	0	400	430	0	430	100%	(30)	400				
	03 00	03 00	Acquisition Execution Subtotal	23,140	42,000	65,140	66,901	5,000	71,901	100%	(6,761)	65,140	65,140		65,140	
	03 01	03 01	WWT UTILITY SYSTEM TRANSITION													
	03 02	03 02	Business systems	2,000	0	2,000	1,672	0	1,672	84%	328	2,000				
	03 03	03 03	Operations	4,800	0	4,800	1,290	0	1,290	27%	3,510	4,800				
	03 04	03 04	Regulatory	4,000	0	4,000	2,150	0	2,150	54%	1,850	4,000				
	04 00	04 00	Utility System Transition Subtotal	10,800	0	10,800	5,112	0	5,112	47%	5,688	10,800	10,800		10,800	
	04 01	04 01	WWTB ACQUISITION FUNDING	2,000	0	2,000	3,870	0	3,870	100%	(1,870)	2,000				
	04 02	04 02	Acquisition Debt Sourcing Funding	1,600	0	1,600	0	0	0	0%	1,600	0				
	04 03	04 03	Acquisition Equity Sourcing Funding	78,018	0	78,018	85,185	0	85,185	100%	(7,167)	78,018				
	04 04	04 04	Land Acquisition	81,618	0	81,618	89,055	0	89,055	100%	(7,437)	81,618	81,618		81,618	
	05 00	05 00	Subtotal WWTB Acquisition Funding	7,381	2,520	9,901	9,971	0	9,971	60%	3,930	9,981	9,981		9,981	
	06 00	06 00	PROJECT MANAGEMENT OVERHEAD	13,004	4,452	17,456	49,555	0	49,555	284%	(32,099)	17,456	17,456		17,456	
07 00	07 00	UTILITY DEVELOPMENT TOTAL	143,042	48,972	192,014	224,248	5,000	229,248	119%	(37,234)	192,014	192,014	0	0	192,014	
System Engineering & Construction	01 00	01 00	FUNDING													
	01 01	01 01	Debt	2,000	0	2,000	2,000	0	2,000	100%	0	2,000				
	01 02	01 02	Equity	14,400	0	14,400	2,000	0	2,000	12%	14,400	16,400	16,400		16,400	
	02 00	02 00	Subtotal Funding	16,400	0	16,400	2,000	0	2,000	12%	14,400	16,400				
	02 01	02 01	PERMITTING													
	02 02	02 02	TCEC	5,000	0	5,000	0	0	0	0%	5,000	5,000				
	02 03	02 03	TPUC	6,500	0	6,500	0	0	0	0%	6,500	6,500				
	02 04	02 04	County	7,200	0	7,200	0	0	0	0%	7,200	7,200				
	03 00	03 00	Subtotal Permitting	18,700	0	18,700	0	0	0	0%	18,700	18,700				
	03 01	03 01	ENGINEERING													
	03 02	03 02	Mech Eng	43,000	0	43,000	0	0	0	0%	43,000	43,000				
	03 03	03 03	Elec Eng	0	0	0	0	0	0	0%	0	0				
	03 04	03 04	Civil Eng	0	0	0	0	0	0	0%	0	0				
	03 05	03 05	Structural Eng	0	0	0	0	0	0	0%	0	0				
	04 00	04 00	I&C Eng	0	0	0	0	0	0	0%	0	0				
	04 01	04 01	Subtotal Engineering	43,000	0	43,000	0	0	0	0%	43,000	43,000	43,000		43,000	
	04 02	04 02	CONSTRUCTION													
	04 03	04 03	WWTB Installed	384,200	0	384,200	0	0	0	0%	384,200	384,200				
	04 04	04 04	Civil	60,000	0	60,000	0	0	0	0%	60,000	60,000				
	04 05	04 05	Mechanical	31,600	0	31,600	0	0	0	0%	31,600	31,600				
	04 06	04 06	Electrical	48,510	0	48,510	0	0	0	0%	48,510	48,510				
	05 00	05 00	Subtotal Construction	524,310	0	524,310	0	0	0	0%	524,310	524,310				
	Start-Up (Includes Pump and Haul)	05 00	05 00	Start-Up (Includes Pump and Haul)												
		05 01	05 01	Testing & Commissioning	12,800	0	12,800	0	0	0	0%	12,800	12,800			
		05 02	05 02	Pump & Haul (3 Months)	40,000	0	40,000	0	0	0	0%	40,000	40,000			
05 03		05 03	Admin	9,600	0	9,600	0	0	0	0%	9,600	9,600				
05 04		05 04	Start-Up Subtotal	62,400	0	62,400	0	0	0	0%	62,400	62,400	62,400		62,400	
06 00		06 00	PROJECT MANAGEMENT OVERHEAD	39,889	0	39,889	3,989	0	3,989	10%	35,900	39,889			39,889	
06 01		06 01	CONTINGENCY	70,470	0	70,470	599	0	599	1%	69,871	70,470			70,470	
07 00	07 00	Engineering & Construction Totals	806,654	0	806,654	5,588	0	5,588	1%	801,066	806,654	31,486		31,486		
Grand Total				949,896	48,972	998,868	230,536	5,000	235,536	24%	762,833	998,868	424,536		1,102,536	
Utility Development and Construction Cost per EDU (184)				5,161	266											

# EXHIBIT C

Zipp Road Utility Company  
 Pro Forma P&L Statement  
 Sewer & WWTP  
 December 31, 2015\*  
 Update 9/22/2016

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Income</b>								
Regulated Utility Rates	\$ -	\$ 16,000	\$ 76,896	\$ 150,232	\$ 202,599	\$ 232,989	\$ 251,628	\$ 271,758
Regulated Utility Connection	\$ -	\$ 322,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Income</b>	\$ -	\$ 338,000	\$ 76,896	\$ 150,232	\$ 202,599	\$ 232,989	\$ 251,628	\$ 271,758
<b>Operating Expenses</b>								
Regulated Utility Operating	\$ -	\$ 47,245	\$ 122,223	\$ 139,641	\$ 142,434	\$ 145,283	\$ 148,189	\$ 151,152
<b>Total Operating Expenses</b>	\$ -	\$ 47,245	\$ 122,223	\$ 139,641	\$ 142,434	\$ 145,283	\$ 148,189	\$ 151,152
<b>Net Operating Income</b>	\$ -	\$ 290,755	\$ (45,327)	\$ 10,591	\$ 60,165	\$ 87,706	\$ 103,439	\$ 120,606
<b>Interest Expenses</b>								
Regulated Interest	\$ -	\$ 9,000	\$ 7,928	\$ 8,291	\$ 6,820	\$ 5,261	\$ 3,609	\$ 1,857
<b>Total Interest Expenses</b>	\$ -	\$ 9,000	\$ 7,928	\$ 8,291	\$ 6,820	\$ 5,261	\$ 3,609	\$ 1,857
<b>Depreciation</b>								
Regulated Utility	\$ -	\$ 34,634	\$ 35,130	\$ 35,629	\$ 36,129	\$ 36,630	\$ 37,132	\$ 37,634
<b>Total Depreciation</b>	\$ -	\$ 34,634	\$ 35,130	\$ 35,629	\$ 36,129	\$ 36,630	\$ 37,132	\$ 37,634
<b>Net Income Before Taxes 1</b>	\$ -	\$ 247,121	\$ (88,385)	\$ (33,329)	\$ 17,215	\$ 45,815	\$ 62,699	\$ 81,115
<b>Taxes 1</b>								
State Taxes 2%	\$ -	\$ 3,707	\$ -	\$ -	\$ -	\$ -	\$ 60	\$ 1,217
Regulated Utility 35%	\$ -	\$ 86,492	\$ -	\$ -	\$ -	\$ -	\$ 1,405	\$ 28,390
<b>Total Taxes</b>	\$ -	\$ 90,199	\$ -	\$ -	\$ -	\$ -	\$ 1,465	\$ 29,607
<b>Net Income</b>	\$ -	\$ 156,922	\$ (88,385)	\$ (33,329)	\$ 17,215	\$ 45,815	\$ 61,233	\$ 51,508

\* Amounts shown in the schedule are forward looking projections based on estimates and assumptions by management

**Notes:**

1) Net Operating Losses are carried forward

# **EXHIBIT D**

## **UPDATED ATTACHMENT 6.A**

### **Financial Information**

**UPDATED PROJECTED BALANCE SHEETS**

**UPDATED PROJECTED INCOME STATEMENT**

**UPDATED PROJECTED EXPENSES STATEMENT**

**UPDATED PROJECTED SOURCES AND USES OF CASH STATEMENTS**

<b>Windy Hill Utility Company</b>	
<b>CCN Application - Final</b>	Update 9/22/16

<b>PROJECTED BALANCE SHEETS</b>						
	<b>START UP</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
<b>CURRENT ASSETS</b>						
Cash	(0.00)	43,893	35,435	12,689	15,092	47,193
Accounts Receivable	-	33,800	7,690	15,023	20,260	23,299
Inventories	-	-	-	-	-	-
Income Tax Receivable	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	(0)	77,693	43,125	27,712	35,351	70,492
<b>FIXED ASSETS</b>						
Land	-	78,018	78,018	78,018	78,018	78,018
Collection/Distribution System	86,905	601,258	621,126	641,067	661,066	681,111
Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Less: Accum. Depreciation or Reserv	-	(34,634)	(69,764)	(105,393)	(141,522)	(178,152)
Total	86,905	644,642	629,380	613,692	597,562	580,978
<b>TOTAL ASSETS</b>	<b>86,905</b>	<b>722,335</b>	<b>672,505</b>	<b>641,404</b>	<b>632,914</b>	<b>651,469</b>
<b>CURRENT LIABILITIES</b>						
Accounts Payable	-	4,724	12,222	13,964	14,243	14,528
Notes Payable, Current	-	17,870	18,942	24,514	25,985	27,544
Accrued Expenses	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	22,595	31,165	38,478	40,228	42,072
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term	-	114,259	94,245	73,029	50,541	26,703
Other	-	-	-	16,130	11,163	5,898
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>136,854</b>	<b>125,410</b>	<b>127,637</b>	<b>101,932</b>	<b>74,673</b>
<b>OWNER'S EQUITY</b>						
Paid in Capital	86,905	428,558	478,558	478,558	478,558	478,558
Retained Equity	-	-	-	-	-	-
Other	-	-	-	-	-	-
Current Period Profit or Loss	-	156,922	68,537	35,208	52,423	98,238
<b>TOTAL OWNER'S EQUITY</b>	<b>86,905</b>	<b>585,480</b>	<b>547,096</b>	<b>513,766</b>	<b>530,982</b>	<b>576,796</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>86,905</b>	<b>722,335</b>	<b>672,505</b>	<b>641,404</b>	<b>632,914</b>	<b>651,469</b>
<b>WORKING CAPITAL</b>	<b>n/a</b>	<b>5,906</b>	<b>15,278</b>	<b>17,455</b>	<b>17,804</b>	<b>18,160</b>
<b>CURRENT RATIO</b>	<b>n/a</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>DEBT TO EQUITY RATIO</b>	<b>0%</b>	<b>23%</b>	<b>23%</b>	<b>25%</b>	<b>19%</b>	<b>13%</b>
<b>EQUITY TO TOTAL ASSETS</b>	<b>100%</b>	<b>81%</b>	<b>81%</b>	<b>80%</b>	<b>84%</b>	<b>89%</b>

**Windy Hill Utility Company**  
**CCN Application - Final**

Update 9/22/16

<b>PROJECTED INCOME STATEMENT</b>						
	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>TOTALS</b>
<b>METER NUMBER</b>						
Existing Number of Taps	0	39	138	184	184	
New Taps per Year	39	99	46	0	0	
Total Meters at Year End	39	138	184	184	184	
<b>METER REVENUE</b>						
Fees Per Meter	800	864	933	1,101	1,266	
Cost Per Meter (Operating Expenses)	1,211	886	759	774	790	
Operating Revenue Per Meter	(411)	(22)	174	327	477	
<b>GROSS WATER REVENUE</b>						
Fees (Utility Rate Income)	16,000	76,896	150,232	202,599	232,989	678,716
Other (Connection Fee)	322,000	-	-	-	-	322,000
Gross Income	338,000	76,896	150,232	202,599	232,989	1,000,716
<b>OPERATING EXPENSES</b>						
General & Administrative	47,245	122,223	139,641	142,434	145,283	596,826
Interest	9,000	7,928	8,291	6,820	5,261	37,301
Other **	124,833	35,130	35,629	36,129	36,630	268,351
Total Operating Expenses	181,078	165,281	183,562	185,384	187,174	902,478
<b>NET INCOME</b>	156,922	(88,385)	(33,329)	17,215	45,815	98,238

\*\* Other includes Depreciation and Taxes

<b>Windy Hill Utility Company</b>	
<b>CCN Application - Final</b>	Update 9/22/16

<b>PROJECTED EXPENSES STATEMENT</b>						
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries	5,765	14,915	17,041	17,382	17,729	72,833
Office Expense	1,081	2,797	3,195	3,259	3,324	13,656
Computer Expense	-	-	-	-	-	-
Auto Expense	-	-	-	-	-	-
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-
Other	360	932	1,065	1,086	1,108	4,552
<b>Total</b>	<b>7,207</b>	<b>18,644</b>	<b>21,301</b>	<b>21,727</b>	<b>22,162</b>	<b>91,041</b>
% Increase Per Year						
<b>OPERATIONAL EXPENSES</b>						
Salaries	12,000	44,370	45,257	46,163	47,086	194,876
Auto Expense	2,448	2,497	2,547	2,598	2,650	12,739
Utilities Expense	1,891	11,808	12,044	12,285	12,530	50,557
Depreciation Expense	34,634	35,130	35,629	36,129	36,630	178,152
Repair & Maintenance	3,188	12,750	25,500	26,010	26,530	93,978
Supplies	-	-	-	-	-	-
Other	20,512	32,154	32,992	33,652	34,325	153,635
<b>Total</b>	<b>74,672</b>	<b>138,709</b>	<b>153,969</b>	<b>156,836</b>	<b>159,751</b>	<b>683,937</b>
% Increase Per Year		86%	11%	2%	2%	
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.	0.011	0.011	0.011	0.011	0.011	0.049
Depreciation Schedule						

<b>Windy Hill Utility Company</b>	
<b>CCN Application - Final</b>	Update 9/22/16

	<b>PROJECTED SOURCES AND USES OF CASH STATEMENTS</b>					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>						
Net Income	156,922	(88,385)	(33,329)	17,215	45,815	98,238
Depreciation (if Funded)	34,634	35,130	35,629	36,129	36,630	178,152
Loan Proceeds	150,000	-	25,000	-	-	175,000
Other (Equity)	346,378	57,498	1,742	279	285	406,182
<b>Total Sources</b>	<b>687,934</b>	<b>4,243</b>	<b>29,042</b>	<b>53,624</b>	<b>82,729</b>	<b>857,572</b>
<b>USES OF CASH</b>						
Net Loss	-	-	-	-	1	1
Principle Portion of Pmts.	17,870	18,942	24,514	25,985	27,544	114,855
Fixed Asset Purchase	592,371	19,869	19,941	19,999	20,045	672,225
Reserve	-	-	-	-	1	1
Other	33,800	(70,003)	(28,102)	(7,452)	(12,053)	(83,809)
<b>TOTAL USES</b>	<b>644,041</b>	<b>(31,192)</b>	<b>16,353</b>	<b>38,532</b>	<b>35,538</b>	<b>703,272</b>
<b>NET CASH FLOW</b>	<b>43,893</b>	<b>35,435</b>	<b>12,689</b>	<b>15,092</b>	<b>47,191</b>	<b>154,299</b>
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt Service (CADS)	43,893	35,435	12,689	15,092	47,193	154,301
<b>Net Income (Loss)</b>	<b>156,922</b>	<b>(88,385)</b>	<b>(33,329)</b>	<b>17,215</b>	<b>45,815</b>	<b>98,238</b>
<b>Depreciation , or Reserve Interest</b>	<b>34,634</b>	<b>35,130</b>	<b>35,629</b>	<b>36,129</b>	<b>36,630</b>	<b>178,152</b>
<b>TOTAL</b>	<b>191,556</b>	<b>(53,254)</b>	<b>2,300</b>	<b>53,344</b>	<b>82,445</b>	<b>276,390</b>
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest	26,870	26,870	32,805	32,805	32,805	152,156
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS	7	(2)	0	n/a	3	

## PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CURRENT ASSETS</b>						
Cash		43,893.00	35,435.00	12,689.00	15,092.00	47,193.00
Accounts Receivable		33,800.00	7,690.00	15,023.00	20,260.00	23,299.00
Inventories						
Income Tax Receivable						
Other						
Total		77,693.00	43,125.00	27,712.00	35,351.00	70,492.00
<b>FIXED ASSETS</b>						
Land		78,018.00	78,018.00	78,018.00	78,018.00	78,018.00
Collection/Distribution System	86,905.00	601,258.00	621,126.00	641,067.00	661,066.00	681,111.00
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves		-34,634.00	-69,764.00	-105,393.00	-141,522.00	-178,152.00
Total	86,905.00	644,642.00	629,380.00	613,692.00	597,562.00	580,978.00
<b>TOTAL ASSETS</b>	86,905.00	722,335.00	672,505.00	641,404.00	632,914.00	651,469.00
<b>CURRENT LIABILITIES</b>						
Accounts Payable		4,724.00	12,222.00	13,964.00	14,243.00	14,528.00
Notes Payable, Current		17,870.00	18,942.00	24,514.00	25,985.00	27,544.00
Accrued Expenses						
Other						
Total		22,595.00	31,165.00	38,478.00	40,228.00	42,072.00
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term		114,259.00	94,245.00	73,029.00	50,541.00	26,703.00
Other				16,130.00	11,163.00	5,898.00
<b>TOTAL LIABILITIES</b>		136,854.00	125,410.00	127,637.00	101,932.00	74,673.00
<b>OWNER'S EQUITY</b>						
Paid in Capital	86,905.00	428,558.00	478,558.00	478,558.00	478,558.00	478,558.00
Retained Equity						
Other						
Current Period Profit or Loss		156,922.00	68,537.00	35,208.00	52,423.00	98,238.00
<b>TOTAL OWNER'S EQUITY</b>	86,905.00	585,480.00	547,096.00	513,766.00	530,982.00	576,796.00
<b>TOTAL LIABILITIES AND EQUITY</b>	86,905.00	722,335.00	672,505.00	641,404.00	632,914.00	651,469.00
<b>WORKING CAPITAL</b>		5,906.00	15,278.00	17,455.00	17,804.00	18,160.00
<b>CURRENT RATIO</b>		3.00	1.00	1.00	1.00	2.00
<b>DEBT TO EQUITY RATIO</b>	0.00	23.00	23.00	25.00	19.00	13.00
<b>EQUITY TO TOTAL ASSETS</b>	100.00	81.00	81.00	80.00	84.00	89.00



## PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>METER NUMBER</b>						
Existing Number of Taps	0.00	39.00	138.00	184.00	184.00	
New Taps per Year	39.00	99.00	46.00	0.00	0.00	
Total Meters at Year End	39.00	138.00	184.00	184.00	184.00	
<b>METER REVENUE</b>						
Fees Per Meter	800.00	864.00	933.00	1,101.00	1,266.00	
Cost Per Meter	1,211.00	886.00	759.00	774.00	790.00	
Operating Revenue Per Meter	-411.00	-22.00	174.00	327.00	477.00	
<b>GROSS WATER REVENUE</b>						
Fees	16,000.00	76,896.00	150,232.00	202,599.00	232,989.00	678,716.00
Other	322,000.00					322,000.00
Gross Income	338,000.00	76,896.00	150,232.00	202,599.00	232,989.00	1,000,716.00
<b>OPERATING EXPENSES</b>						
General & Administrative	47,245.00	122,223.00	139,641.00	142,434.00	145,283.00	596,826.00
Interest	9,000.00	7,928.00	8,291.00	6,820.00	5,261.00	37,301.00
Other	124,833.00	35,130.00	35,629.00	36,129.00	36,630.00	268,351.00
<b>NET INCOME</b>	156,922.00	-88,385.00	-33,329.00	17,215.00	45,815.00	98,238.00

## PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries	5,765.00	14,915.00	17,041.00	17,382.00	17,729.00	72,833.00
Office Expense	1,081.00	2,797.00	3,195.00	3,259.00	3,324.00	13,656.00
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other	360.00	932.00	1,065.00	1,086.00	1,108.00	4,552.00
<b>Total</b>	7,207.00	18,644.00	21,301.00	21,727.00	22,162.00	91,041.00
% Increase Per Year						
<b>OPERATIONAL EXPENSES</b>						
Salaries	12,000.00	44,370.00	45,257.00	46,163.00	47,086.00	194,876.00
Auto Expense	2,448.00	2,497.00	2,547.00	2,598.00	2,650.00	12,739.00
Utilities Expense	1,891.00	11,808.00	12,044.00	12,285.00	12,530.00	50,557.00
Depreciation Expense	34,634.00	35,130.00	35,629.00	36,129.00	36,630.00	178,152.00
Repair & Maintenance	3,188.00	12,750.00	25,500.00	26,010.00	26,530.00	90,978.00
Supplies						
Other	20,512.00	32,154.00	32,992.00	33,652.00	34,325.00	153,635.00
<b>Total</b>	74,672.00	138,709.00	153,969.00	156,836.00	159,751.00	683,937.00
% Increase Per Year		86.00	11.00	2.00	2.00	
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.	0.01	0.01	0.01	0.01	0.01	0.05
Depreciation Schedule						
Other						

## PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>						
Net Income	156,922.00	-88,385.00	-33,329.00	17,215.00	45,815.00	98,238.00
Depreciation (if Funded)	34,634.00	35,130.00	35,629.00	36,129.00	36,630.00	178,152.00
Loan Proceeds	150,000.00		25,000.00			175,000.00
Other	346,378.00	57,498.00	1,742.00	279.00	285.00	406,182.00
<b>Total Sources</b>	<b>687,934.00</b>	<b>4,243.00</b>	<b>29,042.00</b>	<b>53,624.00</b>	<b>82,729.00</b>	<b>857,572.00</b>
<b>USES OF CASH</b>						
Net Loss					1.00	1.00
Principle Portion of Pmts.	17,870.00	18,942.00	24,514.00	25,985.00	27,544.00	114,855.00
Fixed Asset Purchase	592,371.00	19,869.00	19,941.00	19,999.00	20,045.00	672,225.00
Reserve					1.00	1.00
Other	33,800.00	-70,003.00	-28,102.00	-7,452.00	-12,053.00	-83,809.00
<b>TOTAL USES</b>	<b>644,041.00</b>	<b>-31,192.00</b>	<b>16,353.00</b>	<b>38,532.00</b>	<b>35,538.00</b>	<b>703,272.00</b>
<b>NET CASH FLOW</b>	<b>43,893.00</b>	<b>35,435.00</b>	<b>12,689.00</b>	<b>15,092.00</b>	<b>47,191.00</b>	<b>154,299.00</b>
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt	43,893.00	35,435.00	12,689.00	15,092.00	47,193.00	154,301.00
Service (CADS)						
Net Income (Loss)	156,922.00	-88,385.00	-33,329.00	17,215.00	45,815.00	98,238.00
Depreciation , or Reserve Interest	34,634.00	35,130.00	35,629.00	36,129.00	36,630.00	178,152.00
<b>TOTAL</b>	<b>191,556.00</b>	<b>-53,254.00</b>	<b>2,300.00</b>	<b>53,344.00</b>	<b>82,445.00</b>	<b>276,390.00</b>
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest	26,870.00	26,870.00	32,805.00	32,805.00	32,805.00	152,156.00
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS	7.00	-2.00	0.00		3.00	