

Control Number: 46037



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DOCKET NO. 46037

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

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PUBLIC UTILITY COMMISSION

PUBLIC CLERK

PUBLIC UTILITY COMMISSION

BEFORE THE

OF TEXAS

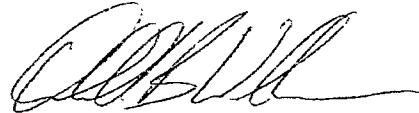
**WINDY HILL UTILITY CO., LLC'S  
RESPONSE TO COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**

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") Third 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  
Telecopier: (512) 535-1678



By:

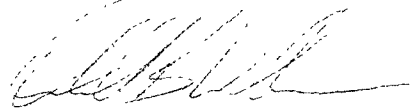
Randall B. Wilburn

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

25

**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 20<sup>th</sup> day of January 2017.

A handwritten signature in dark ink, appearing to read 'R. Wilburn', written over a horizontal line.

Randall B. Wilburn

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

**QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-5**

Staff 3-1: Please provide the future development name.

**RESPONSE:** The name of the development that WHU will serve is Windy Hill Subdivision.

Staff 3-2: Pursuant to 16 Texas Admin. Code § 24.88 (e)(1), please provide a copy of the agreement between the Applicant with the water provider in the proposed area, as regards to disconnection of service. If no agreement exists, please explain how the Applicant will handle non-payment for services and associated cash shortages.

**RESPONSE:** 16 Texas Admin. Code § 24.88 (e)(1) does not require the retail public sewer utility to have in place an agreement with the water service provider prior to issuance of a CCN. In fact, the retail public sewer utility is never required to have in place an agreement as allowed under 16 TAC 24.88(e)(1).

**Regardless, WHU intends to enter into such an agreement prior to commencement of service.**

Staff 3-3: Please reference to item number 17 filed with the PUC interchange under Docket No. 46037, Windy Hill's response to Commission staff's second request for information (RFI), page 7; please explain in detail with regard to future rates and cost of service what is the meaning of Notes 1 and 2.

**RESPONSE:** Based upon Commission Staff's with WHU's original proposal to increase rates incrementally to cover expenses, WHU has revised its financials and proposes one flat rate. Please see revised financials and page 2 of the Tariff, which are attached.

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

Update 01/19/2017

<b>PROJECTED BALANCE SHEETS</b>						
Year 1 = 2017	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CURRENT ASSETS</b>						
Cash	(0.11)	174,505	221,871	240,733	196,437	177,079
Accounts Receivable	-	6,580	12,087	9,832	16,267	18,707
Inventories	-	-	-	-	-	-
Income Tax Receivable	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	(0)	181,085	233,958	250,566	212,704	195,786
<b>FIXED ASSETS</b>						
Land	78,018	78,018	78,018	78,018	78,018	78,018
Collection/Distribution System	86,905	429,758	444,610	459,516	474,466	489,450
Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Less: Accum. Depreciation or Reserv	-	(30,521)	(61,414)	(92,679)	(124,318)	(156,331)
Total	164,923	477,254	461,214	444,855	428,166	411,137
<b>TOTAL ASSETS</b>	164,923	658,339	695,172	695,421	640,870	606,923
<b>CURRENT LIABILITIES</b>						
Accounts Payable	-	1,163	8,234	12,252	13,131	13,393
Notes Payable, Current	-	13,401	19,875	33,379	35,811	38,423
Accrued Expenses	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	14,564	28,109	45,631	48,941	51,816
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term	-	173,197	146,848	123,793	98,894	72,002
Other	-	-	-	76,173	62,830	48,686
<b>TOTAL LIABILITIES</b>	-	187,761	174,957	245,597	210,665	172,505
<b>OWNER'S EQUITY</b>						
Paid in Capital	164,923	455,558	505,558	505,558	505,558	505,558
Retained Equity	-	-	-	-	-	-
Other	-	-	-	-	-	-
Current Period Profit or Loss	-	15,020	14,657	(55,734)	(75,353)	(71,140)
<b>TOTAL OWNER'S EQUITY</b>	164,923	470,578	520,215	449,824	430,205	434,418
<b>TOTAL LIABILITIES AND EQUITY</b>	164,923	658,339	695,173	695,421	640,870	606,923
<b>WORKING CAPITAL</b>	n/a	10,292	15,315	16,414	16,742	17,077
<b>CURRENT RATIO</b>	n/a	12	8	5	4	4
<b>DEBT TO EQUITY RATIO</b>	0%	40%	34%	55%	49%	40%
<b>EQUITY TO TOTAL ASSETS</b>	100%	71%	75%	65%	67%	72%

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

Update 01/19/2017

<b>PROJECTED EXPENSES STATEMENT</b>						
Year 1 = 2017	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries	9,180	18,360	18,727	19,102	19,484	84,853
Office Expense	780	796	812	828	845	4,061
Computer Expense	-	-	-	-	-	-
Auto Expense	-	-	-	-	-	-
Insurance Expense	3,876	3,954	4,033	4,113	4,196	20,171
Telephone Expense	265	271	276	282	287	1,381
Utilities Expense	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-
Property Taxes	2,895	2,906	2,914	2,921	2,926	14,562
Professional Fees	3,745	3,820	3,897	3,975	4,054	19,491
Other (SG&A)	12,560	18,690	20,030	20,431	20,839	92,550
Total	33,302	48,796	50,689	51,651	52,630	237,068
% Increase Per Year						
<b>OPERATIONAL EXPENSES</b>						
Salaries	-	-	-	-	-	-
Auto Expense	-	-	-	-	-	-
Utilities Expense	3,917	4,896	6,528	6,659	6,792	28,791
Depreciation Expense	30,892	31,265	31,639	32,013	32,389	158,199
Repair & Maintenance	37,536	61,200	66,259	67,584	68,936	301,516
Supplies	1,974	3,947	4,026	4,107	4,189	18,243
Other (Pump & Haul, Misc)	8,504	6,588	6,720	6,855	6,992	35,659
Total	82,823	107,897	115,173	117,218	119,297	542,408
% Increase Per Year		30%	7%	2%	2%	
<b>ASSUMPTIONS</b>						
Interest Rate/Terms	8,000	14,928	19,338	16,906	14,294	73,465
Utility Cost/gal.	0.011	0.010	0.010	0.010	0.011	0.048
Depreciation Schedule						

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

Update 01/19/2017

<b>PROJECTED INCOME STATEMENT</b>						
Year 1 = 2017	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>METER NUMBER</b>						
Existing Number of Taps	0	62	188	188	188	188
New Taps per Year	62	126	0	0	0	0
Total Meters at Year End	62	188	188	188	188	188
<b>METER REVENUE</b>						
Fees Per Meter	432	583	864	950	950	
Cost Per Meter (Operating Expenses)	1,328	652	698	712	727	
Operating Revenue Per Meter	(896)	(69)	166	238	224	
<b>GROSS WATER REVENUE</b>						
Fees (Utility Rate Income) <sup>1</sup>	26,784	109,642	162,432	178,675	178,675	656,208
Other (Builder Connection Fee)	-	-	-	-	-	-
Gross Income	26,784	109,642	162,432	178,675	178,675	656,208
<b>OPERATING EXPENSES</b>						
General & Administrative	82,337	122,522	131,308	133,934	136,613	606,715
Interest	8,000	14,928	19,338	16,906	14,294	73,465
Other **	30,892	31,265	31,639	32,013	32,389	158,199
Total Operating Expenses	121,230	168,715	182,285	182,854	183,295	838,379
<b>NET INCOME</b> <sup>2</sup>	(94,446)	(59,073)	(19,853)	(4,179)	(4,620)	(182,171)

\*\* Other includes Depreciation and Taxes

Notes:

1) WHU Sewer Rates are based on a Flat Fee of \$72 per month. After Year 3, WHU expects to submit a rate increase of 10% to \$79 for the following 2 years.

2) Net Income losses includes Depreciation, a non-cash expense. On a cash basis the Net Income for Years 1, 2 and 3 respectively is (\$82,000) and (\$45,800). The Net Income for Year 3, 4, and 5 is positive.

PROJECTED SOURCES AND USES OF CASH STATEMENTS						
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>						
Beginning Cash	-	44,174	41,586	105,166	69,658	260,585
Depreciation (if Funded)	-	30,892	31,265	31,639	32,013	125,810
Loan Proceeds	200,000	-	100,000	-	-	300,000
Other (Equity)	593,058	57,071	4,018	879	263	655,289
Total Sources	793,058	132,138	176,869	137,684	101,934	1,341,684
<b>USES OF CASH</b>						
Net Loss	-	-	-	-	-	-
Principle Portion of Pmts.	13,401	19,875	33,379	35,811	38,423	140,889
Fixed Asset Purchase	645,276	14,852	14,906	14,950	14,984	704,968
Reserve	-	-	-	-	1	1
Other	-	-	-	-	-	-
TOTAL USES	658,677	34,728	48,285	50,761	53,408	845,858
NET CASH FLOW	134,381	97,411	128,585	86,923	48,526	495,826
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt Service (CADS)	134,381	97,411	128,585	86,923	48,526	495,826
Net Income (Loss)	(94,446)	(59,073)	(19,853)	(4,179)	(4,620)	(182,171)
Depreciation , or Reserve Interest	30,521	-	-	-	-	30,521
TOTAL	70,456	38,337	108,732	82,745	43,906	344,176
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest	13,401	27,875	48,306	55,148	55,329	200,060
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS	5.26	1.38	2.25	1.50	0.79	



(Utility Name)

**SECTION 1.0 -- RATE SCHEDULE****Section 1.01 - Rates**

<b>Meter Size</b>	<b>Monthly Minimum Charge</b>	<b>Gallonage Charge</b>
5/8" or 3/4"	\$ <u>72.00</u> Includes 0 gallons)	\$ _____ per 1000 gallons, 1 <sup>st</sup> _____ gallons
1½ "	\$ _____	
2"	\$ _____	
3"	\$ _____	
4"	\$ _____	

Volume charges are determined based on average consumption for winter period which includes the following months: \_\_\_\_\_

**FORM OF PAYMENT:** The utility will accept the following forms of payment:

Cash\_\_\_, Check X, Money Order X, Credit Card X Other (specify) \_\_\_\_\_

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

**REGULATORY ASSESSMENT**1.0%

PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

**Section 1.02 - Miscellaneous Fee****TAP FEE**\$ 500.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

**TAP FEE ( Large Connection Tap )**Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.