



Control Number: 46501



Item Number: 21

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Orbit Systems, Inc.
1302 Airline North
Rosharon TX 77583
281-369-2041

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PUBLIC UTILITY COMMISSION
FILING CLERK

October 4, 2017

Public Utility Commission of Texas
1701 N Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326

RE: Docket No. 46501 – Application of Orbit Systems, Inc. to amend a Water Certificate of Convenience and Necessity, CCN No. 11982; Response to Staff's First Request for Information to Orbit Systems, Inc. (Orbit) Question Nos. Staff 1-1 through Staff 1-5.

Dear Sir or Madam:

This letter is in response to Staff's First Request for Information to Orbit Systems, Inc. (Orbit) Question Nos. Staff 1-1 through Staff 1-5. Please refer to attached letter from developer for additional resource used to formulate the responses below:

Staff 1-1 How much will the infrastructure cost for this new subdivision build out?

Orbit Systems, Inc. has a signed contract to provide Phase I of water system infrastructure for \$71,454.00. Estimated cost to complete water system infrastructure for entire subdivision is an additional \$82,552.00.

Staff 1-2 Application states that the member owners will pay for the infrastructure. There is \$468,228 in owner's equity. And there is only \$199,555 in cash per the balance sheet at the end of 2016. Is that amount sufficient to pay the total cost of infrastructure or will additional funding be needed and where will it come from?

Yes, that amount is sufficient to pay for the total cost of water infrastructure.

Staff 1-3 When are the connections projected to be built out over the next 5 years and will all the connections be built out or are they already built out?

The connections have not yet been built out, but are expected to be built out within the next five years.

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Staff 1-4 The historical income statement reported in the annual report for 2016 shows a negative net income for 2016. How is the utility planning on addressing this new issue?

Orbit Systems, Inc. projects to have positive income by gaining new water connections, and by requesting rate change if necessary.

Staff 1-5 What are the tap projections based on?

- a) What study supports this growth and when was it conducted?**
- b) Were the projections on target for 2016?**
- c) Are the projections currently on target?**

According to developer – “Previous planning and projections were delayed due to time required for TCEQ review and approval and most recently thereafter, Hurricane Harvey. Tap projections will accelerate for 2018 given affordable housing demand post Hurricane Harvey. Each ½ acre home site will require water tap.” There are currently 31 taps designated for Phase I, and the remaining 67 taps designated for Phase II.

Please contact me if you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink that reads "Peggy Paul". The signature is written in a cursive, flowing style.

Peggy Paul, President
Orbit Systems, Inc.

Llama Llama, LLC, a Texas Limited Liability Company
3115 Autumn Joy Drive
Pearland TX 77584

Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

October 4, 2017

Dear Sir or Madam:

SUBJECT: Answers to Questions from Commissions' Staff regarding Proposed Water Plant and Distribution System, Willowbreeze Farm Subdivision, Orbit Systems, Inc.

I, Keith Morgan, Principal, Llama Llama, LLC, a Texas Limited Liability Company, am responding to Staff Questions 1, 2, 3, 5 for the proposed water plant and distribution system at Willowbreeze Farm Subdivision.

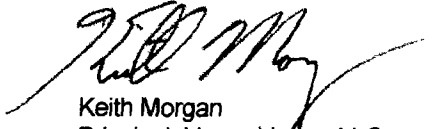
Staff 1-1. Signed contract for Phase 1 of Water System with Orbit Systems, Inc. is for \$71,454.

Staff 1-2. Yes, that amount is sufficient to pay for the total cost of the Phase 1 water infrastructure.

Staff 1-3. The connections have NOT yet been built out. Will be started as soon as possible, pending final PUC approval. Requesting approval to start installation November 2017.

Staff 1-5. Previous planning and projections were delayed due to time required for TCEQ review and approval and most recently thereafter, Hurricane Harvey. Tap projections will accelerate for 2018 given affordable housing demand post Hurricane Harvey. Each ½ acre home site will require water tap.

Sincerely,



Keith Morgan
Principal, Llama Llama, LLC
832-879-8678

Reference Snip-It of PDF Questions

DOCKET NO. 46501

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
ORBIT SYSTEMS, INC. (ORBIT)
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-5**

- Staff 1-1 How much will the infrastructure cost for this new subdivision build out?
- Staff 1-2 Application states that the member owners will pay for the infrastructure. There is \$468,228 in owner's equity. And there is only \$199,555 in cash per the balance sheet at the end of 2016. Is that amount sufficient to pay the total cost of infrastructure or will additional funding be needed and where will it come from?
- Staff 1-3 When are the connections projected to be built out over the next 5 years and will all the connections be built out or are they already built out?
- Staff 1-4 The historical income statement reported in the annual report for 2016 shows a negative net income for 2016. How is the utility planning on addressing this new issue?
- Staff 1-5 What are the tap projections based on?
a) What study supports this growth and when was it conducted?
b) Were the projections on target for 2016.
c) Are the projections currently on target?

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APPLICATION OF ORBIT SYSTEMS,
INC. TO AMEND A WATER
CERTIFICATE OF CONVENIENCE
AND NECESSITY IN BRAZORIA
COUNTY

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PUBLIC UTILITY COMMISSION
OF TEXAS

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
ORBIT SYSTEMS, INC. (ORBIT)
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-5**

Pursuant to 16 Tex. Admin. Code § 22.144 of the Commission's Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that Orbit Systems, Inc. (Orbit) by and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

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Dated: September 21, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney




Landon J. Lill
State Bar No. 24092700
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7228
(512) 936-7268 (facsimile)
Landon.Lill@puc.texas.gov

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on September 21, 2017 in accordance with 16 TAC § 22.74.



Landon J. Lill

DOCKET NO. 46501

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
ORBIT SYSTEMS, INC. (ORBIT)
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-5**

DEFINITIONS

- A. "Orbit", "Company" or "you" refers to Orbit Systems, Inc. and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
- B. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do not exist and these documents will be provided.

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ORBIT SYSTEMS, INC. (ORBIT)
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-5**

INSTRUCTIONS

- 1) Pursuant to 16 Tex. Admin. Code § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 Tex. Admin. Code § 22.144(g)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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