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APPLICATION OF CROSS COUNTRY
WATER SUPPLY CORPORATION TO
AMEND A WATER CERTIFICATE OF
CONVENIENCE AND NECESSITY IN
MCLENNAN AND BOSQUE COUNTIES §
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PUBLIC UTILITY COMMISSION
OF
TEXAS

**CROSS COUNTRY WATER SUPPLY CORPORATION'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

COMES NOW Cross Country Water Supply Corporation (Cross Country) and files this Response to the First Requests for Information of Public Utility Commission Staff (Staff), which was filed with the Public Utility Commission (PUC or Commission) and served on Cross Country on March 6, 2017. Cross Country agrees and stipulates that all parties may treat these responses as if the answers were filed under oath.

Dated: August 4, 2017

Respectfully submitted,



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PUC DOCKET NO. 46712

**APPLICATION OF CROSS COUNTRY § PUBLIC UTILITY COMMISSION
WATER SUPPLY CORPORATION TO §
AMEND A WATER CERTIFICATE OF § OF
CONVENIENCE AND NECESSITY IN §
MCLENNAN AND BOSQUE COUNTIES § TEXAS
§**

**CROSS COUNTRY WATER SUPPLY CORPORATION'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION AND
AMENDED APPLICATION MAP**

Staff RFI 1-1 Please refer to the on-line Application, to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN), pages 19-25 located at:
<http://www.puc.texas.gov/industry/water/Forms/CCNApplication.pdf>.

Please provide the following historical and projected financial statements:

- a. Historical Income Statements (*use format specified in PUC application, page 20)for the five year period of 2017- 2021.
- b. Projected Income Statements (*use format specified in PUC application, page 23)for the five year period of 2017 - 2021.

RESPONSE:

Please see attached Historical Income Statement and Projected Income Statement

**Prepared/sponsored by: J. Kyle Bloodworth, Cross Country Water Supply Corporation
Title: General Manager**

HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps	1096	1071	1046			
* New Taps per Year	25	25	25			
Total Meters at Year End	1121	1096	1071			
METER REVENUE						
Fees Per Meter	\$ 12.80	12.80	12.80			
* Cost Per Meter	\$ 5,000	\$ 5,000	\$ 5,000			
Operating Revenue Per Meter	\$ 6.05	\$ 6.22	\$ 5.57			
GROSS WATER REVENUE						
Fees	\$678,084	\$681,703	\$596,258			
Other	\$245,074	\$223,095	\$221,628			
Gross Income	\$923,158	\$904,798	\$817,886			
OPERATING EXPENSES						
General & Administrative	\$ 773,636	\$ 724,981	\$ 652,730			
Interest	0	0	0			
Other	0	0	0			
NET INCOME	\$149,522	\$179,817	\$165,156			

* New Taps - Average .

* Cost per meter includes equity buy in, membership, installation fee, hydraulic study fee and Capital Improvement fee.

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	1121	1146	1171			
New Taps per Year	25	25	25			
Total Meters at Year End	1146	1171	1196			
METER REVENUE						
Fees Per Meter	12.80	12.80	12.80			
Cost Per Meter	\$ 5'000	5'000	5'000			
Operating Revenue Per Meter	600	600	600			
GROSS WATER REVENUE						
Fees	675'000	635'000	695'000			
Other	250'000	260'000	270'000			
Gross Income	925'000	895'000	965'000			
OPERATING EXPENSES						
General & Administrative	800'000	825'000	850'000			
Interest	0	0	0			
Other	0	0	0			
NET INCOME	800'000	825'000	850'000			

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	§	

**CROSS COUNTRY WATER SUPPLY CORPORATION'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION AND
AMENDED APPLICATION MAP**

Staff RFI 1-2 Please provide projected financials for the following:

- a. Projected expense statements for the five years: 2017, 2018, 2019, 2020, and 2021 as outlined on page 24 of the PUC application.
- b. Projected balance sheet statements for the five years: 2017, 2018, 2019, 2020, and 2021 as outlined on page 22 of the PUC application.
- c. Projected sources and uses statement for the five years: 2017, 2018, 2019, 2020, and 2021 as outlined on page 25 of the PUC application.

RESPONSE:

Please see attached Expense Statement, Balance Sheet Statement, and Projected Sources and Uses Statement

Prepared/sponsored by: J. Kyle Bloodworth, Cross Country Water Supply Corporation
Title: General Manager

PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	98'000	108'000	118'000			
Office Expense	15'000	17'000	20'000			
Computer Expense	0	0	0			
Auto Expense	3'000	3'000	3'000			
Insurance Expense	15'000	16'000	17'000			
Telephone Expense	2'500	2'700	2'900			
Utilities Expense	97'000	98'000	99'000			
Depreciation Expense	210'000	220'000	230'000			
Property Taxes	0	0	0			
Professional Fees	40'000	45'000	50'000			
Other	480'000	400'000	400'000			
Total	880'500	907'700	939'700			
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms	0	0	0			
Utility Cost/gal.	.0006	.0006	.0006			
Depreciation Schedule	5 to 40	5 to 40	5 to 48			
Other	0	0	0			

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PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	\$ 738'964.51	800'000	850'000			
Accounts Receivable	\$ 68'716	75'000	75'000			
Inventories	0	0	0			
Income Tax Receivable	0	0	0			
Other	\$ 1'652	1500	1700			
Total	\$ 808'102	876'500	926'700			
FIXED ASSETS						
Land	\$ 115'773	115'773	115'773			
Collection/Distribution System	\$ 5'829'369	6'000'000	6'250'000			
Buildings	\$ 40'888	55'000	55'000			
Equipment	\$ 24'604	30'000	32'000			
Other	0	0	0			
Less: Accum. Depreciation or Reserves	(2'130'983)	(2'330'000)	(2'520'000)			
Total	\$ 3'919'651	3'870'773	3'932'773			
TOTAL ASSETS	4'727'753	4'747'273	4'859'473			
CURRENT LIABILITIES						
Accounts Payable	\$ 49'720	50'000	50'000			
Notes Payable, Current	0	0	0			
Accrued Expenses	\$ 3'429	3500	4000			
Other	0	0	0			
Total	\$ 53'149	\$ 53'500	54'000			
LONGTERM LIABILITIES						
Notes Payable, Long-term	0	0	0			
Other	0	0	0			
TOTAL LIABILITIES	\$ 53'149	53'500	54'000			
OWNER'S EQUITY						
Paid in Capital	0	0	0			
Retained Equity	\$ 4'247'752	4'400'000	4'550'000			
Other	0	0	0			
Current Period Profit or Loss	\$ 149'522	150'000	150'000			
TOTAL OWNER'S EQUITY	\$ 4'247'752	4'400'000	4'550'000			
TOTAL LIABILITIES AND EQUITY	\$ 4'300'901	4'453'500	4'604'000			
WORKING CAPITAL	\$ 685'815.51	823'000	872'700			
CURRENT RATIO	15.19	16.38	17.16			
DEBT TO EQUITY RATIO	0	0	0			
EQUITY TO TOTAL ASSETS	.97	.98	.99			

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	165'000	170'000	175'000			
Depreciation (if Funded)	n/a	n/a	n/a			
Loan Proceeds	n/a	n/a	n/a			
Other	0	0	0			
Total Sources	165'000	170'000	175'000			
USES OF CASH						
Net Loss	n/a	n/a	n/a			
Principle Portion of Pmts.	n/a	n/a	n/a			
Fixed Asset Purchase	500'000	500'000	500'000			
Reserve	200'000	200'000	200'000			
Other	0	0	0			
TOTAL USES	700'000	700'000	700'000			
NET CASH FLOW	800'000	825'000	850'000			
DEBT SERVICE COVERAGE						
Cash Available for Debt Service (CADS)	600'000	625'000	650'000			
Net Income (Loss)	165'000	170'000	175'000			
Depreciation, or Reserve Interest	?	Depreciation is a minus	- Reserve Interest is a plus.			
TOTAL						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest	n/a	n/a	n/a			
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS	n/a	n/a	n/a			

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**CROSS COUNTRY WATER SUPPLY CORPORATION'S RESPONSE TO
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Staff RFI 1-3 Please provide a plan for service that distinctly notes the following:

- a. Names of the subdivisions that will be added to the Applicant's service area and when they will be added.
- b. Total acreage to be added to the existing CCN water service area. Please also breakdown the acreage for each proposed subdivision.
- c. Customer counts for each subdivision added to the Company's service area and the year those connections will be added.
- d. Any and all total infrastructure costs associated with Staff 1-3.a.- 3.c. above.
- e. Also, please explain the purpose of the infrastructure costs in Staff 1-3.d.3-f.
- f. For any infrastructure costs, please explain if plans and specifications have been drawn up and if they have been submitted to the TCEQ for review and approval.
- g. How will all of the infrastructure costs be funded?
- h. If any other loans exist other than the \$100,000 loan from the First National Bank of Bosque County, Valley Mills Office, please outline the loan terms of the loan and provide a copy of the agreement.

RESPONSE:

- a. There are no current plans for subdivisions to be added to the Applicant's service area. Cross Country Water Supply Corporation (Cross Country) has existing infrastructure in the area that is unprotected by its existing CCN. If water requests arise, Cross Country is the water entity closest to serving customers in the proposed area, therefore Cross Country is seeking to amend its CCN area. In addition, Cross Country is planning ahead for future growth as the surrounding area has experienced extremely rapid growth in the last two years and the proposed CCN area is projected to continue to grow rapidly in the next ten years.

- b. The total acreage to be added to the existing CCN water service area is 2,822.4 acres. There are no proposed subdivisions at this time.
- c. Not applicable; see Response under section a.
- d. Not applicable, none at this time; see Response under section a.
- e. Not applicable; see Response under section a.
- f. There are no extensions or infrastructure improvements planned at this time so there are no plans or specifications that have been drawn up.
- g. Although there are no extensions or infrastructure improvements planned at this time, any such extensions or improvements would be paid for by cash on hand.
- h. Cross Country Water Supply Corporation does not have any outstanding loans at this time. In fact, the loan from First National Bank of Bosque County, Valley Mills Office has been paid in full.

**Prepared/sponsored by: J. Kyle Bloodworth, Cross Country Water Supply Corporation
Title: General Manager**