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APPLICATION OF AQUA UTILITIES, §
INC. DBA AQUA TEXAS TO AMEND §
A SEWER CERTIFICATE OF §
CONVENIENCE AND NECESSITY IN §
HAYS COUNTY §

BEFORE THE PUBLIC UTILITIES §
COMMISSION OF TEXAS §
PUBLIC UTILITIES COMMISSION §
FILING CLERK

2017 DEC 7 PM 12:06

AQUA'S SUPPLEMENTAL APPLICATION INFORMATION

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

COMES NOW, Aqua Utilities, Inc. d/b/a Aqua Texas ("Aqua") and files this Supplemental Application Information. In support thereof, Aqua would show the following.

On November 20, 2017, Commission Staff informally requested that Aqua file "five years projected financial statements (balance sheets, income statement and cash flow) for 2017-2021" in this docket as supplemental information to support its filed Application. The undersigned clarified with Commission Staff counsel that the item requested is a 5-year project "pro forma" document that provides projected financial information specific to the project driving the pending Application. Commission Staff further clarified that this document is needed to assist with financial and managerial review for the Application. Finally, Commission Staff clarified that the format for the document requested is the same used for this type of document by Aqua to support previous CCN amendment applications filed with the Commission.

Based on this understanding, Aqua hereby files the following supplemental application information document attached hereto:

- 1. Aqua Texas/Sunset Oaks Subdivision Project – 5-Year Financial Pro Forma

PRAYER

Aqua Utilities, Inc. respectfully requests that the Honorable Administrative Law Judge accept the attached document as a supplement to the Application materials previously filed in this docket and, ultimately, grant or recommend Commission approval for the Application.

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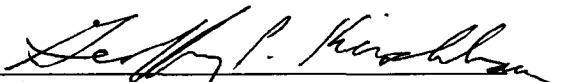
Respectfully submitted,

By: 
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**ATTORNEYS FOR AQUA UTILITIES, INC.
D/B/A AQUA TEXAS**

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on December 7, 2017 in accordance with P.U.C. Procedural Rule 22.74.


Geoffrey P. Kirshbaum

Aqua Texas/Sunset Oaks Subdivision Project – 5-Year Financial Pro Forma

Pro Forma Assumptions:

Developer anticipates a need for sewer service sufficient to supply approximately 2000 living unit equivalents (LUEs) at full build-out within five years following the first two initial years of the project. 900 homes are anticipated at the end of the first five years.

This is based upon 2016 CTX per connection costs.

Developer: Kyle Three Partners, LP and K Marcos, LLC

Location:

State TX
 County Hays
 Municipality None

Description of Service Area

Sunset Oaks Subdivision

The proposed utility service area is located approximately 6 miles northeast of downtown San Marcos, TX, and is generally bounded on the north by CR 158 & 1.6 miles south of Grassland Ln; on the east by 1 mile southwest of CR 150 & SH 21 intersection; on the south by Yarrington Rd & SH 21; and on the west by CR 158.

Total area being requested includes approximately 524.401 acres.

Type of System: Wastewater

Capital Discussion: Wastewater only project

Number of Customers:	Start	Year 2 add	Year 3 add	Year 4 add	Year 5 add	Total
Wastewater:	100	250	250	250	50	900
Total	100	250	250	250	50	900

Rates:	Current	Aqua	Others
Wastewater:		87.97	
Base	0.00	87.97	
Per			

Average Consumption:

Average Monthly WW Bill:	0.00	87.97
Average Annual Bill:	0.00	1,055.64
Average Annual Total Revenue WW	0.00	950,076.00

Wastewater Pro Forma

	A	B	C	D	E	F	G	H
1				500	8,183	5,431	4,288	4,065
2				Year 1	Year 2	Year 3	Year 4	Year 5
3		Purchase Price		0				
4		Closing costs						
5		Initial Investment		0				
6								
7		Capital		50,000	2,872,500	462,500	462,500	92,500
8								
9		Rate Base (on investment)		50,000	2,922,500	3,326,550	3,721,350	3,736,900
10								
11		Depreciation	2.0%		(58,450)	(67,700)	(76,950)	(78,800)
12								
13		Rate Base at Year End		50,000	2,864,050	3,258,850	3,644,400	3,658,100
14								
15		Initial Customer Count	100		100	350	600	850
16		Growth in Customers		100	250	250	250	50
17		Total Customers		100	350	600	850	900
18								
19		Customer Charge	87.97	87.97	87.97	87.97	87.97	87.97
20								
21		PID Minimum Charge			0	0	0	0
22								
23								
24		Average Monthly Billing per Customer	0	87.97	87.97	87.97	87.97	87.97
25								
26		Monthly Expected per customer billing		8,797	30,790	52,782	74,775	79,173
27								
28		Total Annual Billing		105,564	369,474	633,384	897,294	950,076
29								
30		Revenue		105,564	369,474	633,384	897,294	950,076
31								
32		Expenses:						
33		Operational		0	(137,151)	(242,170)	(353,367)	(385,378)
34		Depreciation		0	(58,450)	(67,700)	(76,950)	(78,800)
35		Amortization						
36		Taxes other than income	44.34	(4,434)	(15,984)	(28,223)	(41,182)	(44,912)
37								
38		Operating Income		101,130	157,889	295,291	425,795	440,986
39								
40		Interest on LT Debt	5.1%		74,524	84,827	94,894	95,291
41								
42		Income tax Fed	35.00%	35,396	29,178	73,662	115,815	120,993
43		Income tax state	2.23%	2,255	1,859	4,693	7,379	7,709
44								
45		Net Income		63,479	52,328	132,108	207,707	216,993

Wastewater Capital

Collection system cost	2,250,000								
Number of customers per year	100	250	250	250	50	900			
	2,500						2,500	100%	
	Year 1	Year 2	Year 3	Year 4	Year 5			0%	
Treatment Plant		2,160,000				2,160,000	2,500	2,500	
Design and Engineering	100,000					100,000			
Tap Fee as CIAC	(65,000)	(162,500)	(162,500)	(162,500)	(32,500)	(585,000)			
Collection system cost paid to Developer		875,000	625,000	625,000	125,000	2,250,000			
Organizational Costs	15,000					15,000			
						3,940,000	Total Invest 3,940,000		
						4,378	Total cost per customer		
						<u>0</u>	Water		
						4,378	W and WW per customer		
Feet per home	80		Miles			2,250,000	Total WW Reimb		
Homes	900	72,000	14			<u>0</u>	Total W Reimb		
	72,000					2,250,000	Total Reimb		
	2					2,500	per connection		
	36,000								
\$ per foot to install	65					(585,000)	WW Tap		
	2,340,000					<u>0</u>	W Tap		
						(585,000)	Total Tap		
						2,275,000	Water Plant WW Plant		
						<u>2,250,000</u>	Reimb		
						4,525,000	Total Cash Outlay		
		9	Per gallon						
		267	gallons per home						
		2,400	cost per home						
		900	Homes						
		2,160,000	Total Cost WWTP						
		240,000	Permit GPD						
		2,160,000	Permitted Plant						
		266.667							