



Control Number: 48111



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DOCKET NO. 48111

RECEIVED

APPLICATION OF H2O SYSTEMS
PLUS/COLETO WATER SYSTEM AND
JRM WATER, LLC DBA JRM TO
TRANSFER FACILITIES AND
CERTIFICATE RIGHTS IN VICTORIA
COUNTY

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PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO JRM WATER, LLC
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-8**

Pursuant to 16 Texas Administrative Code Ann. (TAC) § 22.144, the Staff of the Public Utility Commission of Texas (Staff) requests that the JRM Water, LLC 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.

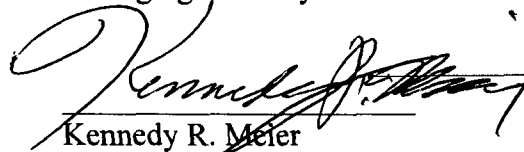
Dated: May 31, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney



Kennedy R. Meier
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record May 31, 2018, in accordance with 16 TAC § 22.74.



Kennedy R. Meier

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO JRM WATER, LLC
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-8**

DEFINITIONS

- A. "JRM," "the Company" or "you" refers to the JRM Water, LLC, 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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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO JRM WATER, LLC
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-8**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 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.
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- 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 TAC § 22.144(h)(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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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO JRM WATER, LLC
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-8**

Staff 2-1 Refer to the historical and projected financial statements provided in the application. Please clarify whether these statements reflect the financial operations of H2O Systems Plus/Coleto Water System or JRM Water, LLC dba JRM.

Staff 2-2 Refer to the historical and projected financial statements provided in the application. Please clarify if the start-up year on the Projected Balance Statement is 2018.

Staff 2-3 Refer to the historical and projected financial statements provided in the application. Please clarify if year 1 on the Projected Income Statement, Projected Expense Detail and Projected Sources and Uses of Cash Statement is 2018 or some other year.

Staff 2-4 16 TAC § 24.11(e)(3) refers to the operations test. This states that the owner or operator must demonstrate sufficient cash is available to cover any projected operations and maintenance shortages in the first five years of operations. The projected financial statements provided in the application show negative net income for the first five years. Please explain and provide documentation showing the funds available that cover the projected losses.

Staff 2-5 Advise if JRM is able to provide financial assurance if it cannot cover the losses indicated in the first five years of projected financial statements. If the answer is yes, is JRM willing to provide a letter of credit in compliance with 16 TAC § 24.11 to ensure the financial integrity of the utility?

Staff 2-6 Refer to Part A – General Information, question number 1 in the application. Please clarify the following: will JRM take the seller's CCN? Will JRM obtain a new CCN? Does the seller want its CCN cancelled?

Staff 2-7 The projected financial statements did not include any new loans or debt proceeds or principle payments and interest on a loan. Please provide updated projected financial statements to identify these items if the transferee is planning on obtaining new loans or debt.

Staff 2-8 Please submit any loan approval documents or firm capital commitments affirming funds are available for the required improvements to the water system.