



Control Number: 48111



Item Number: 17

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

PUBLIC UTILITY COMMISSION  
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**JRM WATER'S RESPONSE TO COMMISSION STAFF'S  
SECOND REQUEST FOR INFORMATION**

To: PUC Commission Staff, by and through its attorney of record, Kennedy Meier, Public Utility Commission of Texas, 1701 N Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

JRM Water, LLC, d/b/a JRM ("JRM") provides this response to Commission Staff's Second Requests for Information to JRM. JRM stipulates that the following response to requests for information may be treated by all parties as if the answer was filed under oath.

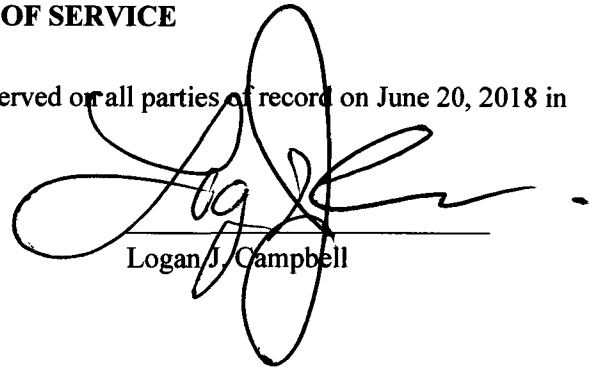
Respectfully Submitted,

By: 

Logan J. Campbell  
President, Owner  
JRM Water, LLC. d/b/a "JRM"  
530 E 20th Ave, 4311  
Denver, Colorado 80205  
Tel: (702)275-5517

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on June 20, 2018 in accordance with P.U.C. Procedural Rule 22.74.



Logan J. Campbell

**DOCKET NO. 48111**

**RESPONSE TO REQUEST FOR INFORMATION**

**STAFF RFI 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/Coletto Water System or JRM Water, LLC dba JRM.

**RESPONSE:** The Historical and Projected Financial Statements reflect the operations of JRM Water LLC dba JRM from the time JRM took control of the system following resolution of the estate of the prior owner. Historical records of H2O Systems Plus / Coletto Water System are unavailable.

**Prepared by:** Logan J. Campbell, President/Owner, JRM

**Sponsored by:** Logan J. Campbell, President/Owner, JRM

**DOCKET NO. 48111**

**RESPONSE TO REQUEST FOR INFORMATION**

**STAFF RFI 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.

**RESPONSE:** The Start-Up year for the Projected Balance Sheet is 2017.

Prepared by: Logan J. Campbell, President/Owner, JRM

Sponsored by: Logan J. Campbell, President/Owner, JRM

**DOCKET NO. 48111**

**RESPONSE TO REQUEST FOR INFORMATION**

**STAFF RFI 2-3** Refer to the historical and projected financial statements provided in the Application. Please clarify if year 1 on the Projected Balance Statement, Projected Expense Detail and Projected Sources and Uses of Cash Statement Is 2018 or some other year.

**RESPONSE:** The Start-Up year for the Projected Balance Sheet is 2017.

Prepared by: Logan J. Campbell, President/Owner, JRM

Sponsored by: Logan J. Campbell, President/Owner, JRM

**RESPONSE TO REQUEST FOR INFORMATION**

**STAFF RFI 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 utility.

**RESPONSE:** While the Projected Income Statement shows negative net income, this includes depreciation expense which is a non-cash item. Removing this non-cash item results in a positive cash flow, as demonstrated on the Projected Sources and use of Cash Statements. Any cash needs of the utility will be provided by the utility's ownership.

Prepared by: Logan J. Campbell, President/Owner, JRM

Sponsored by: Logan J. Campbell, President/Owner, JRM

**RESPONSE TO REQUEST FOR INFORMATION**

**STAFF RFI 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?

**RESPONSE:** Pending the decisions of the applications to Communities Unlimited and the DWSRF Application, at this time JRM cannot provide financial assurance needed that is indicated in the first five years of projected financial statements. JRM is requesting a Good Cause Exception to the rule in accordance with 16 TAC § 24.11. JRM is considered a non-functioning utility in accordance with 16 TAC § 24.141. JRM is requesting the Commission invoke the following: If the applicant is a nonfunctioning utility, as defined in 16 TAC § 24.3(45) of this title (relating to Definitions of Terms), the commission may consider other information to determine if the proposed certificate holder has the capability of meeting the leverage and operations tests.

Prepared by: Logan J. Campbell, President/Owner, JRM

Sponsored by: Logan J. Campbell, President/Owner, JRM



**RESPONSE TO REQUEST FOR INFORMATION**

**STAFF RFI 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 it's CCN cancelled?

**RESPONSE:** JRM seeks to take the seller's CCN.

**Prepared by:** Logan J. Campbell, President/Owner, JRM

**Sponsored by:** Logan J. Campbell, President/Owner, JRM

**RESPONSE TO REQUEST FOR INFORMATION**

**STAFF RFI 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 debts.

**RESPONSE:**            At this time JRM has made applications for funds and are awaiting further information from the lending agencies. JRM does not have sufficient information at this time regarding total loan amounts, interest rates, loan terms, or repayment structure to be able to prepare statements which could identify the impact of new loans or debt.

Prepared by:            Logan J. Campbell, President/Owner, JRM

Sponsored by:           Logan J. Campbell, President/Owner, JRM

**RESPONSE TO REQUEST FOR INFORMATION**

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

**RESPONSE:** JRM has received no firm funding commitments at this time. Please see  
RESPONSE to RFI 2-7.

**Prepared by:** Logan J. Campbell, President/Owner, JRM

**Sponsored by:** Logan J. Campbell, President/Owner, JRM