



## STATE OF ALABAMA

ALABAMA PUBLIC SERVICE COMMISSION  
P.O. BOX 304260  
MONTGOMERY, ALABAMA 36130-4260

TWINKLE ADDRESS CAVANAUGH, PRESIDENT  
JEREMY H. ODEN, COMMISSIONER, PLACE 1  
CHRIS V. BEEKER III, COMMISSIONER, PLACE 2

JOHN A. GARNER, EXECUTIVE DIRECTOR

**R&D WASTEWATER MANAGEMENT LLC**

**APPLICANT**

**APPLICATION: FOR APPROVAL OF A  
CERTIFICATE OF FINANCIAL  
VIABILITY**

**DOCKET 33540**

### **ORDER**

By application filed on January 23, 2025, R&D Wastewater Management LLC ("R&D" or "Applicant") seeks a certificate of financial viability to operate as a wastewater management entity serving residential customers in the Flat Rock Cove subdivision. A public hearing was held on this matter on March 10, 2025, in which the Applicant and Commission Staff participated.

### **Summary of the Evidence**

At the hearing, Mr. Ronnie Thompson (owner) and Mr. Tim McGill (consultant) testified in support of the application. Mr. Thompson stated that the Flat Rock Cove system is relatively small, with an installation cost of around \$50,000-\$55,000. He indicated that the annual management revenue is expected to be about \$6,600, and that the system has limited expansion potential due to bordering properties. Mr. Thompson stated that he has installed sewer systems across the state, including for Dollar General stores. He testified that the value of this small system is "not very good," but that the system is close to his home, making it a good opportunity to begin a higher-level management program without a significant financial burden. Mr. Thompson indicated that R&D is a new entity and that they are still learning about the legal requirements and processes involved in system management. He emphasized that the primary motivation for taking on this management entity role is not financial gain, as the revenue is relatively small, but as an opportunity to develop expertise in system management and leverage their proximity to the site.

In response to questions from Commission Staff, both Mr. Thompson and Mr. McGill provided information about R&D's application. The witnesses indicated that the company, which was recently formed, is owned by Ronald Thompson, his wife Denise, and son Eric. They stated that Thompson Excavating, owned by Ronald Thompson, would construct the wastewater system. The witnesses testified that the Flat Rock Cove system would serve 10 residential lots, with a capacity of 4,500 gallons per day, and that each home would have its own septic tank and pump, feeding into a main line. The witnesses stated that R&D seeks to charge \$55 per month for residential service, once homes are built and occupied. They indicated that the company also requests to charge a vacant lot fee, disconnect/reconnect fees, and late payment fees. The witnesses testified that R&D currently has no revenue or expenses as a new company. Mr. Thompson indicated that he would be the primary operator and has 40 years of experience. The witnesses pledged to abide by relevant laws and Commission rules for wastewater management entities.

In further response to questions from Commission Staff, the witnesses recognized that they would need to provide additional information regarding R&D's application. The witnesses agreed to provide the following information in response to questions about the application: 1) copy of the contract between Thompson Excavation Services and the developer of the Flat Rock Cove subdivision; 2) support for the valuation of the real property where the wastewater treatment system is located; 3) a bond, letter of credit, pledge of assets, or other similar instrument to comply with Ala. Code § 22-25B-6 and Rule WW-7; 4) engineering study detailing the specifications of the Flat Rock Cove wastewater treatment system; 5) a tariff with all rates and rules for wastewater service; and 6) documents to provide information on the status of the environmental permit. Following the hearing, R&D provided this information.

In response to questions from the administrative law judge, the witnesses represented that

major cost increases are unlikely, citing their familiarity with the system, its self-contained nature, and the fact that homeowners are responsible for some system infrastructure.

**Standards, Analysis, and Findings**

“[N]o person or entity shall engage in the construction or installation of a wastewater system subject to this chapter unless a certificate of financial viability has been issued to the system’s management entity by the [Commission].” Ala. Code § 22-25B-3. The certificate application requirements are set out in Ala. Admin. Code 770-X-9-.03. Part of the requirements address the applicant's fitness to provide sewer service to customers. Here, testimony indicates that R&D has the financial resources and the expertise to operate the proposed wastewater system, with the owner having 40 years of experience in the industry.

Regarding R&D’s rates for sewer service, pursuant to Alabama law and Commission regulations, rates for service shall be reasonable and just to both the management entity and to the public. Ala. Code § 22-25B-6; Ala. Admin. Code 770-X-9-.10. When evaluating proposed rates, the Commission considers a company’s prudent expenses, the revenue generated by the existing customer rates, and a reasonable return. Based on the evidence provided by the Applicant, the proposed rates appear just and reasonable.

Given that the Applicant is not currently a regulated wastewater management entity, an orientation meeting between R&D and Commission Staff would benefit the company and its customers.

**IT IS THEREFORE ORDERED** that a certificate of financial viability is hereby issued to R&D Wastewater Management LLC, as a wastewater management entity, to own, operate, and maintain the wastewater system which serves 10 lots at the Flat Rock Cove subdivision.

**IT IS FURTHER ORDERED** that the proposed tariff provided by R&D Wastewater

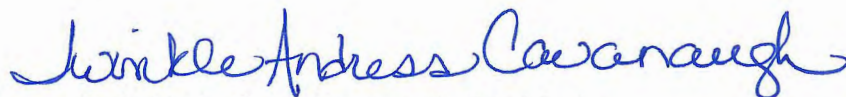
Management LLC is hereby approved, subject to formatting changes identified by Commission Staff.

**IT IS FURTHER ORDERED** that R&D Wastewater Management LLC shall schedule an orientation meeting with Commission Staff within 60 days of the effective date of this order.

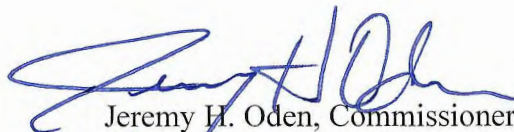
**IT IS FURTHER ORDERED** that this Order is effective as of the date hereon.

**DONE** at Montgomery, Alabama, this ~~14<sup>th</sup>~~ day of May, 2025.

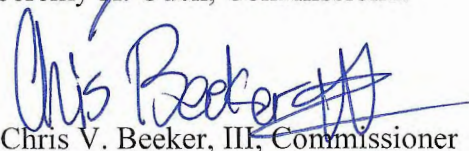
ALABAMA PUBLIC SERVICE COMMISSION



Twinkle Andress Cavanaugh, President

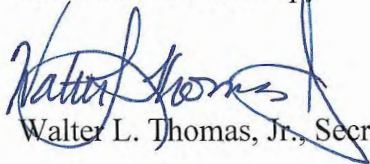


Jeremy H. Oden, Commissioner



Chris V. Beeker, III, Commissioner

ATTEST: A True Copy



Walter L. Thomas, Jr., Secretary