

Control Number: 45702



Item Number: 50

Addendum StartPage: 0

DOCKET NO. 45702

RECEIVED

APPLICATION OF THE CITY OF
CIBOLO FOR SINGLE CERTIFICATION
IN INCORPORATED AREA AND TO
DECERTIFY PORTIONS OF GREEN
VALLEY SPECIAL UTILITY
DISTRICT'S SEWER CERTIFICATE OF
CONVENIENCE AND NECESSITY IN
GUADALUPE COUNTY

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BEFORE THE PUBLIC UTILITY

2016 JUL 23 PM 4:14
PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION OF TEXAS

GREEN VALLEY SPECIAL UTILITY DISTRICT'S APPRAISAL

Subject to its Plea to the Jurisdiction and Motion to Dismiss ("Plea"), Green Valley Special Utility District ("GVSUD" or "District") files this Appraisal as its determination of just and adequate compensation that would be due to it pursuant to TWC §13.255 and P.U.C. SUBST. R. 24.120 in this proceeding if the application filed in this docket ("Application") by City of Cibolo ("Cibolo") is granted over the objections of GVSUD. Exhibit 1 contains the Appraisal prepared by the District's consultant, KOR Group, on behalf of GVSUD. The Appraisal describes the amount of just and adequate compensation that would be owed to the District as a result of the decertification/single certification for portions of GVSUD's sewer CCN No. 20973 as the Application requests consistent with the factors provided in TEX. WATER CODE § 13.255(g) and P.U.C. SUBST. R. 24.120(g), and demonstrates that the monetary amount of compensation that would be due to GVSUD resulting from the same is \$600,954. The District may incur additional professional and legal costs defending its CCN against the Application in this docket depending upon how the Commission elects to process the Application going forward. The District seeks full reimbursement for those costs.

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Respectfully submitted,

By: Geoffrey P. Kirshbaum

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**ATTORNEYS FOR GREEN VALLEY SPECIAL UTILITY
DISTRICT**

CERTIFICATE OF SERVICE

I hereby CERTIFY that on June 28, 2016, a true and complete copy of the above was sent by the method indicated to counsel of record at the following addresses in accordance with P.U.C. PROC. R. 22.74:

via fax to: (512) 472-0532

David Klein
Christie Dickenson
Lloyd Gosselink
816 Congress Ave., Suite 1900
Austin, Texas 78701

ATTORNEY FOR APPLICANT

via fax to: (512) 936-7268

Landon Lill
Public Utility Commission of Texas
1701 N Congress PO Box 13326
Austin, Texas 78711-3326

ATTORNEY FOR COMMISSION STAFF

Geoffrey P. Kirshbaum
Geoffrey P. Kirshbaum

June 28, 2016

Mr. Pat Allen
Green Valley Special Utility District
PO Box 99
Marion, Texas 78124

SUBJECT: SINGLE CERTIFICATION OF 1,694 ACRES IN THE CITY OF CIBOLO AND DECERTIFY A PORTION OF GREEN VALLEY SPECIAL UTILITY DISTRICT'S SEWER; CERTIFICATE OF CONVENIENCE AND NECESITY NO. 20973; DOCKET NO. 45702

Dear Mr. Allen,

KOR Group is pleased to present this appraisal as considered by the Public Utility Commission of Texas to determine just compensation for the application for single certification in an incorporated area and the decertification of approximately 1,694 acres of land from Green Valley Special Utility District's sewer Certificate of Convenience and Necessity (CCN) No. 20973 in Cibolo, Guadalupe County, Texas. The application was filed by the City of Cibolo and is part of the Public Utility Commission of Texas Docket No. 45702. The application was filed pursuant to Tex. Water Code §13.255. The intended users of the report include the client (Green Valley Special Utility District), its representatives, and the Public Utility Commission of Texas.

The subject property is located within the corporate limits of the City of Cibolo. The property is generally bounded on the south by U.S. Interstate Highway 10; on the west by Cibolo Creek; on the north by Arizpe Road, Hackerville Road, and Lower Sequin Road; and on the east by the ETJ boundary of the City of Marion and City of Cibolo. Location and aerial maps of the subject property can be found in the Addenda section of the report.

SCOPE OF WORK

As part of this appraisal, we have completed the following steps to gather, confirm, and analyze the data.

- ❖ Utilized the appraisal process to estimate the just compensation for the application for single certification in an incorporated area and the decertification of approximately 1,694 acres of land from Green Valley Special Utility District's sewer Certificate of Convenience and Necessity (CCN) No. 20973 in Cibolo, Guadalupe, Texas, as of June 28, 2016 as outlined in the Texas Water Code.
- ❖ Collected and reviewed factual information about the history of the subject. A list of the documents is detailed later in the report.
- ❖ Gathered market information on the surrounding market area. Sources of data include, but are not limited to, County deed records, County Appraisal District data, owner's representatives, brokers, investors, developers, and other knowledgeable individuals active in the area.
- ❖ Gathered market information on the surrounding market area.

- ❖ Prepared an appraisal report to determine just compensation as considered by the Public Utility Commission of Texas that falls outside of Standards Rules 1-10 of the *Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition*. However, we have complied with the portions of the *Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition* that apply to the assignment.

COMPETENCY RULE

We have the ability to properly identify the problem to be addressed; the knowledge and experience to complete the assignment competently; and, recognize and comply with the laws and regulations that apply to the appraisers and the assignment. Additional competency was gained through the client and the client's representatives.

JURISDICTIONAL EXCEPTION RULE

If any applicable law or regulation precludes compliance with any part of the *Uniform Standards of Professional Appraisal Practice*, only that part of the *Uniform Standards of Professional Appraisal Practice* becomes void for the assignment.

DOCUMENTS REVIEWED

The documents collected and reviewed in preparation of the appraisal include, but are not limited to, the following:

- ❖ Tex. Water Code §13.255;
- ❖ Application of the City of Cibola for Single Certification in Incorporated Area and to Decertify Portions of Green Valley Special Utility District's Sewer Certificate of Convenience and Necessity in Guadalupe County ; Docket No. 45702 (March 8, 2016);
- ❖ Green Valley SUD Wastewater Master Plan 2006 (without Attachment 3) (January 16, 2007);
- ❖ Green Valley SUD Water Master Plan 2014 (November 19, 2014);
- ❖ River City Engineering Land Use Map (August 31, 2015);
- ❖ Texas Commission on Environmental Quality – Application for Permit No. WQ0015360001 (October 12, 2015);
- ❖ Green Valley SUD – Santa Clara Creek No. 1 Wastewater Treatment Plant TCEQ Domestic Wastewater Permit Application (March 2015);
- ❖ Resolution by the Board of Directors of the Green Valley SUD (December 18, 2014)
- ❖ Affidavit of Filing CCN No. 20973 (January 26, 2007);
- ❖ United States Department of Agriculture Bond (2002);
- ❖ Warranty Deeds for 65 acres of Land (2014);
- ❖ Unimproved Property Contract for 65 Acres (2014);
- ❖ Wastewater Invoices (2009-2016);

- ❖ Various Feasibility Studies for Wastewater Services (2013-2015);
- ❖ Summary of Legal Costs (June 27, 2016);
- ❖ Appraisal of Lost Revenue, Increased Costs to Remaining and Future Customers and Sample Rate Structure for PUC Docket No. 45702 – River City Engineering (June 27, 2016).

FACTORS FOR COMPENSATION

The required specific factors that must be considered in determining compensation of a certificate holder subject to a decertification from a utility's CCN are set forth in Tex. Water Code §13.255(g) and Chapter 21 of the Property Code (for real property). Per Tex. Water Code §13.255(g), the factors ensuring that the compensation to a retail public utility is just and adequate shall include:

- ❖ Factor 1 – Impact on existing indebtedness of the retail public utility and its ability to repay that debt;
- ❖ Factor 2 – the value of the service facilities of the retail public utility located within the area in question;
- ❖ Factor 3 – the amount of any expenditures for planning, design, or construction of service facilities outside the incorporated or annexed area that are allocable to service to the area in question;
- ❖ Factor 4 – the amount of the retail public utility's contractual obligations allocable to the area in question;
- ❖ Factor 5 – any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after single certification;
- ❖ Factor 6 – the impact on future revenues lost from existing customers;
- ❖ Factor 7 – necessary and reasonable legal expenses and professional fees;
- ❖ Factor 8 – factors relevant to maintaining the current financial integrity of the retail public utility;
- ❖ Factor 9 – and other relevant factors.

ANALYSIS

The area to be decertified is located within the corporate limits of the City of Cibolo. The property is generally bounded on the south by U.S. Interstate Highway 10; on the west by Cibolo Creek; on the north by Arizpe Road, Hackerville Road, and Lower Sequin Road; and on the east by the ETJ boundary of the City of Marion and City of Cibolo.

According to filings found in PUC Docket No. 45702, the area to be decertified was not receiving active wastewater service from Green Valley Special Utility District at the time of application. However, Green Valley Special Utility District performed work and incurred expenses in connection with service to the decertified area, as evidenced by the history of the subject property, including draft permits, feasibility studies, and other planning. Additionally, Green Valley Special Utility District purchased approximately 65 acres of land just outside the area to be decertified for a proposed wastewater facility. Green Valley Special Utility District has performed planning and design activities, and committed facilities toward those activities, to serve the

subject property. Below is a summary of compensation due to Green Valley Special Utility District based on the applicable factors for compensation.

Factor 1, Factor 6, Factor 8 & Factor 9:

On June 14, 2004, the United States Department of Agriculture approved issuance of the Green Valley Special Utility District Water System Revenue Bonds, Series 2003. The bonds were dated August 1, 2003 and were issued in denominations of \$1,000 or any integral multiple thereof, aggregating \$584,000. The bonds were issued in order to assist in financing Green Valley Special Utility District's utility operations. The increased costs to future customers, the loss of revenues from potential customers, and the costs incurred by Green Valley SUD to date regarding the area to be decertified could impact its ability to repay bonds that were issued in 2003. There is currently an outstanding balance of approximately \$450,000 on the debt facility. The compensation for the factors below is necessary in order to repay its existing debt obligations.

We have analyzed the net revenue to Green Valley SUD under two scenarios: first, considering an impact fee as considered in the 2006 Waste Water Master Plan of \$842 and second, considering an impact fee of \$3,000, which per the client would be more representative in present terms. Additionally, monthly rates were estimated at \$40.00 per EDU and increased at 3% per annum. Debt facilities of \$13,100,000, \$21,840,000 and \$10,610,000 were considered beginning in 2016, 2020, and 2044, respectively. The operating and maintenance expense was estimated and increased over time at 5% with bumps for additional phases in 2020 and 2044. The conclusions of the below analysis of \$3,000 impact fee is a net present value of the net revenues of \$8,636,302 which is attributable to the total acreage within Drainage Basins E and F for a total of 42,133 acres. Below is the calculation of the allocable lost net revenue to the decertified area:

$$(1,694 \text{ acres} / 42,133 \text{ acres}) \times \$8,636,302 = \$347,231$$

Discounted Cash Flow (\$3,000 Impact Fee)											
Year	Projected Connection Growth (Cumulative)	Capital Cost Fee at \$3,000/LUE	Projected Average Monthly Rate	Annual Debt Service No. 1 for \$13,100,000	Annual Debt Service No. 2 for \$21,840,000	Annual Debt Service No. 3 for \$10,610,000	Income - Debt Service	O&M Expenses	Net Revenue	PV @ 10%	
2016	205	\$ 615,000	\$ 40.00	\$ (518,411)			\$ 96,589		\$ 96,589	\$	\$ 96,589
2017	430	\$ 675,000	\$ 41.20	\$ 212,592			\$ 369,181	\$ (225,000)	\$ 144,181	\$	\$ 131,074
2018	660	\$ 690,000	\$ 42.44	\$ 336,093			\$ 507,682	\$ (236,250)	\$ 271,432	\$	\$ 224,324
2019	952	\$ 874,500	\$ 43.71	\$ 499,070			\$ 855,159	\$ (248,063)	\$ 607,097	\$	\$ 456,121
2020	1,047	\$ 285,450	\$ 45.02	\$ 565,447	\$ (864,283)		\$ (531,797)	\$ (830,000)	\$ (1,361,797)	\$	\$ (930,126)
2021	1,151	\$ 313,995	\$ 46.37	\$ 640,651	\$ (864,283)		\$ (428,048)	\$ (871,500)	\$ (1,299,548)	\$	\$ (806,917)
2022	1,266	\$ 345,395	\$ 47.76	\$ 725,858	\$ (864,283)		\$ (311,442)	\$ (915,075)	\$ (1,226,517)	\$	\$ (692,337)
2023	1,393	\$ 379,934	\$ 49.19	\$ 822,397	\$ (864,283)		\$ (180,363)	\$ (960,829)	\$ (1,141,192)	\$	\$ (585,612)
2024	1,532	\$ 417,927	\$ 50.67	\$ 931,775	\$ (864,283)		\$ (32,991)	\$ (1,008,870)	\$ (1,041,861)	\$	\$ (486,036)
2025	1,686	\$ 459,720	\$ 52.19	\$ 1,055,702	\$ (864,283)		\$ 132,728	\$ (1,059,314)	\$ (926,586)	\$	\$ (392,963)
2026	1,854	\$ 505,692	\$ 53.76	\$ 1,196,110	\$ (864,283)		\$ 319,108	\$ (1,112,279)	\$ (793,171)	\$	\$ (305,802)
2027	2,040	\$ 556,261	\$ 55.37	\$ 1,355,192	\$ (864,283)		\$ 528,760	\$ (1,167,893)	\$ (639,134)	\$	\$ (224,012)
2028	2,244	\$ 611,887	\$ 57.03	\$ 1,535,433	\$ (864,283)		\$ 764,627	\$ (1,226,288)	\$ (461,662)	\$	\$ (147,100)
2029	2,468	\$ 673,076	\$ 58.74	\$ 1,739,646	\$ (864,283)		\$ 1,030,028	\$ (1,287,602)	\$ (257,575)	\$	\$ (74,610)
2030	2,715	\$ 740,384	\$ 60.50	\$ 1,971,019	\$ (864,283)		\$ 1,328,708	\$ (1,351,983)	\$ (23,274)	\$	\$ (6,129)
2031	2,986	\$ 814,422	\$ 62.32	\$ 2,233,164	\$ (864,283)		\$ 1,664,892	\$ (1,419,582)	\$ 245,311	\$	\$ 58,725
2032	3,285	\$ 895,864	\$ 64.19	\$ 2,530,175	\$ (864,283)		\$ 2,043,345	\$ (1,490,561)	\$ 552,784	\$	\$ 120,302
2033	3,613	\$ 985,451	\$ 66.11	\$ 2,866,688	\$ (864,283)		\$ 2,469,445	\$ (1,565,089)	\$ 904,356	\$	\$ 178,922
2034	3,975	\$ 1,083,996	\$ 68.10	\$ 3,247,958	\$ (864,283)		\$ 2,949,260	\$ (1,643,343)	\$ 1,305,916	\$	\$ 234,881
2035	4,372	\$ 1,192,395	\$ 70.14	\$ 3,679,936	\$ (864,283)		\$ 3,489,637	\$ (1,725,510)	\$ 1,764,127	\$	\$ 288,449
2036	4,809	\$ 1,311,635	\$ 72.24	\$ 4,169,367	\$ (864,283)		\$ 4,098,308	\$ (1,811,786)	\$ 2,286,523	\$	\$ 339,877
2037	5,290	\$ 1,442,799	\$ 74.41	\$ 4,723,893	\$ (864,283)		\$ 4,783,998	\$ (1,902,375)	\$ 2,881,623	\$	\$ 389,395
2038	5,819	\$ 1,587,078	\$ 76.64	\$ 5,352,171	\$ (864,283)		\$ 5,556,556	\$ (1,997,494)	\$ 3,559,062	\$	\$ 437,216
2039	6,401	\$ 1,745,786	\$ 78.94	\$ 6,064,010	\$ (864,283)		\$ 6,427,102	\$ (2,097,369)	\$ 4,329,733	\$	\$ 483,537
2040	7,041	\$ 1,920,365	\$ 81.31	\$ 6,870,523	\$ (864,283)		\$ 7,408,194	\$ (2,202,237)	\$ 5,205,957	\$	\$ 528,538
2041	7,745	\$ 2,112,401	\$ 83.75	\$ 7,784,303	\$ (864,283)		\$ 8,514,010	\$ (2,312,349)	\$ 6,201,661	\$	\$ 572,389
2042	8,520	\$ 2,323,641	\$ 86.26	\$ 8,819,615	\$ (864,283)		\$ 9,760,563	\$ (2,427,966)	\$ 7,332,596	\$	\$ 615,245
2043	9,372	\$ 2,556,006	\$ 88.85	\$ 9,992,624	\$ (864,283)		\$ 11,165,936	\$ (2,549,365)	\$ 8,616,571	\$	\$ 657,252
2044	10,309	\$ 2,811,606	\$ 91.52	\$ 11,321,643	\$ (864,283)	\$ (419,874)	\$ 12,330,681	\$ (2,804,301)	\$ 9,526,380	\$	\$ 660,591
2045	11,340	\$ 3,092,767	\$ 94.26	\$ 12,827,421	\$ (864,283)	\$ (419,874)	\$ 14,117,620	\$ (2,944,516)	\$ 11,173,104	\$	\$ 704,346
2046	12,474	\$ 3,402,043	\$ 97.09	\$ 14,533,468	\$ (864,283)	\$ (419,874)	\$ 16,132,944	\$ (3,091,742)	\$ 13,041,202	\$	\$ 747,372
2047	13,722	\$ 3,742,248	\$ 100.00	\$ 16,466,420	\$ (864,283)	\$ (419,874)	\$ 18,406,100	\$ (3,246,329)	\$ 15,159,770	\$	\$ 789,804
2048	15,094	\$ 4,116,473	\$ 103.00	\$ 18,656,454	\$ (864,283)	\$ (419,874)	\$ 20,970,358	\$ (3,408,646)	\$ 17,561,713	\$	\$ 831,766
2049	16,603	\$ 4,527,801	\$ 106.09	\$ 21,137,627	\$ (864,283)	\$ (419,874)	\$ 23,862,860	\$ (3,579,078)	\$ 20,283,782	\$	\$ 873,354
2050	18,263	\$ 4,980,000	\$ 109.28	\$ 23,948,537	\$ (864,283)	\$ (419,874)	\$ 27,125,969	\$ (3,758,032)	\$ 23,367,938	\$	\$ 914,680
2051	20,090	\$ 5,481,000	\$ 112.55	\$ 27,134,638	\$ (864,283)	\$ (419,874)	\$ 30,813,070	\$ (3,945,933)	\$ 26,867,137	\$	\$ 956,043
2052	22,099	\$ 6,027,000	\$ 115.93	\$ 30,743,545	\$ (864,283)	\$ (419,874)	\$ 34,967,977	\$ (4,143,230)	\$ 30,824,747	\$	\$ 997,155
Total										\$ 8,636,302	

Factor 2 & Factor 3:

As previously stated, Green Valley SUD has performed planning and design activities, and committed facilities toward those activities, to serve the subject property. This includes purchasing approximately 65 acres of land for \$325,000 on December 19, 2014. The land is to be used for the construction of a wastewater facility (Santa Clara Creek WWTP No. 1) located just outside the area to be decertified. The wastewater plant is designed to serve CCN No. 20973, which consists of approximately 73,175 acres. The area to be decertified consists of approximately 1,694 acres. Below is the calculation of the allocable costs associated with the purchase of the land to the decertified area:

$$(1,694 \text{ acres} / 73,175 \text{ acres}) \times \$325,000 = \$7,524$$

Green Valley SUD participated and engaged consultants for planning efforts related to the subject wastewater collection system design, wastewater treatment facility design, operations and maintenance plans, and other wastewater utility service issues that required consideration of the subject property. This also includes reviewing, coordinating, and commenting on wastewater engineering plans prepared for the subject property by consultant engineers. Additionally, Green Valley SUD has expended monies related to applying for a TPDES Permit (No. WQ0015360001), which was specifically to serve the subject property under the prevailing regulations.

According to invoices provided by Green Valley SUD, the total amount expended on the above items totals \$209,582. Below is the calculation of the allocable costs associated with the planning and design services allocable to the decertified area:



$$(1,694 \text{ acres} / 73,175 \text{ acres}) \times \$209,582 = \$4,852$$

Below is a summation of the expenses related to Factor 3:

Land Acquisition Costs	\$ 7,524	
Planning and Design Costs	+ \$ 4,852	
Total Factor 2 & Factor 3		\$ 12,376

Factor 4:

Not applicable.

Factor 5:

In association with Green Valley SUD we have analyzed the increased cost to consumers. Based on the Waste Water Master Plan submitted in 2006, the impact fee for Drainage Areas E and F were estimated to be \$842 per EDU. The increased cost of the impact fee to the consumer ranges from \$15 to \$35 per EDU given the loss of 1,694 acres. The impact fee of \$35 represents the actual increase assuming capital costs are not reduced by the reduction of customers, which is the high end of the range. It is reasonable that the facilities could be scaled down, thus cost would be reduced. If that were to occur on a pro rata basis, which is not likely, the cost would be increased by only \$15 per EDU. We have reconciled on \$20 per EDU increase to the consumer.

We have applied the increased impact fee to the projected connection growth from Green Valley SUD. The growth period was analyzed from 2016 to 2052 as shown below and a discount rate of 10% was utilized and supported by market data including industry surveys and market participants. The net present value of the increased cost over the time period analyzed is **\$59,265**.

Discounted Cash Flow Analysis				
Year	Projected Connection Growth	New LUE's	Increased Cost	PV @ 10%
2016	205	205	\$ 4,100	\$ 4,100
2017	430	225	\$ 4,500	\$ 4,091
2018	660	230	\$ 4,600	\$ 3,802
2019	952	292	\$ 5,830	\$ 4,380
2020	1,047	95	\$ 1,903	\$ 1,300
2021	1,151	105	\$ 2,093	\$ 1,300
2022	1,266	115	\$ 2,303	\$ 1,300
2023	1,393	127	\$ 2,533	\$ 1,300
2024	1,532	139	\$ 2,786	\$ 1,300
2025	1,686	153	\$ 3,065	\$ 1,300
2026	1,854	169	\$ 3,371	\$ 1,300
2027	2,040	185	\$ 3,708	\$ 1,300
2028	2,244	204	\$ 4,079	\$ 1,300
2029	2,468	224	\$ 4,487	\$ 1,300
2030	2,715	247	\$ 4,936	\$ 1,300
2031	2,986	271	\$ 5,429	\$ 1,300
2032	3,285	299	\$ 5,972	\$ 1,300
2033	3,613	328	\$ 6,570	\$ 1,300
2034	3,975	361	\$ 7,227	\$ 1,300
2035	4,372	397	\$ 7,949	\$ 1,300
2036	4,809	437	\$ 8,744	\$ 1,300
2037	5,290	481	\$ 9,619	\$ 1,300
2038	5,819	529	\$ 10,581	\$ 1,300
2039	6,401	582	\$ 11,639	\$ 1,300
2040	7,041	640	\$ 12,802	\$ 1,300
2041	7,745	704	\$ 14,083	\$ 1,300
2042	8,520	775	\$ 15,491	\$ 1,300
2043	9,372	852	\$ 17,040	\$ 1,300
2044	10,309	937	\$ 18,744	\$ 1,300
2045	11,340	1,031	\$ 20,618	\$ 1,300
2046	12,474	1,134	\$ 22,680	\$ 1,300
2047	13,722	1,247	\$ 24,948	\$ 1,300
2048	15,094	1,372	\$ 27,443	\$ 1,300
2049	16,603	1,509	\$ 30,185	\$ 1,300
2050	18,263	1,660	\$ 33,200	\$ 1,300
2051	20,090	1,827	\$ 36,540	\$ 1,300
2052	22,099	2,009	\$ 40,180	\$ 1,300
Total				\$ 59,265

Factor 6 – Impact on future revenues lost from existing customers

Not applicable.

Factor 7:

Green Valley SUD incurred legal fees in connection with defending the decertification of the area in question. As of the date of this letter, reasonable and necessary legal fees identified by Green Valley SUD and its counsel associated with the decertification process total \$42,082. Legal counsel has estimated an additional \$50,000 – \$200,000 of fees for work that will be performed by legal counsel subsequent to the submission of the report, but related to the decertification. We have reconciled on the midpoint of \$125,000. Additionally, if the case were to be appealed there is the potential that the legal expenses could total in excess of \$200,000, which we have not considered at this time.

Green Valley SUD also engaged KOR Group to perform an appraisal report to estimate the compensation due to Green Valley SUD for the decertification. The fee for the appraisal service is \$10,000. Additionally, we have estimated other appraisal services of \$2,500 – \$7,500 to be invoiced after submission of the report. We have reconciled on \$15,000 of total appraisal expenses. A copy of the engagement letter can be found in the addenda.

Legal Expenses	\$ 167,082	
Appraisal Expenses	+ \$ 15,000	
Total Factor 7		\$ 182,082

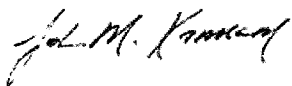
TOTAL COMPENSATION

Below is a summary of the total compensation due to Green Valley SUD for the decertification of approximately 1,694 acres of land from a portion of its certificate of convenience and necessity (CCN) No. 20973 in Guadalupe County, Texas, as of June 28, 2016:

Factors 1, 6, 8 & 9	\$ 347,231	
Factors 2 & 3	\$ 12,376	
Factor 5	\$ 59,265	
Factor 7	+ \$ 182,082	
Total Compensation		\$ 600,954

The appraisers have retained all information regarding this appraisal in the file. Please contact me if I can be of further assistance in this matter.

KOR GROUP



Joshua M. Korman
State of Texas Certification #TX-1330595-G



John Kostohryz
State of Texas Certification #TX-1380151-G



QUALIFICATIONS

JOSHUA M. KORMAN

Experience: Mr. Korman is a principal of KOR Group, a full service real estate consulting and appraisal firm based in Fort Worth, Texas. Mr. Korman has been appraising real property since 1997. Mr. Korman's assignments have involved property types including, but not limited to, office buildings, retail centers, service stations, hospitals, educational facilities, apartment complexes, industrial facilities, raw and developed land, timberland, restaurants, mixed-use developments, automobile dealerships, mining operations, and master planned communities. Mr. Korman has valued and consulted on properties in Alabama, Arkansas, Florida, Kansas, Louisiana, Mississippi, Nebraska, New Mexico, New York, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas.

Mr. Korman's assignments have included flooding impacts on master planned communities and residential subdivisions, analysis of sales, cost and income for office buildings and retail centers, estimates of value in tax increment financing districts, asset management, assistance in acquisitions/dispositions of property, estate tax planning, contributions to family limited partnerships, market studies, analysis of environmental impacts, and condemnation. Specific assignments include reporting on the impact of existing and proposed railroad corridors and sidings on adjacent properties. He has had extensive experience in eminent domain cases ranging from public roadway expansions to pipeline easements. Assignments have also included consultation for both ad valorem and estate tax purposes. Mr. Korman has testified in eminent domain proceedings and before appraisal district review boards in ad valorem tax disputes. Other assignments include retrospective valuations of real estate assets held by financial institutions in relation to Winstar cases. Properties within these portfolios consisted of master planned communities, commercial developments, ground leases, and government secured multi-family residential developments.

Mr. Korman attended preparatory school at Fort Worth Country Day before continuing at The University of Texas at Austin Business School. During college, Mr. Korman worked for an independent oil and gas company as a gas account manager and assistant to the Chief Financial Officer. Later Mr. Korman was employed as a legal aide for Texas State Representative Anna Mowery where he assisted with local and state policymaking. While with Representative Mowery, Mr. Korman worked with the Land and Resource Management Committee and the Appropriations Committee on budgeting issues. After graduation in 1996, Mr. Korman was employed as an appraiser and consultant with Lewis Realty Advisors.

Professional Activities:	Licensed:	Texas State Certified General Real Estate Appraiser Certificate No. TX-1330595-G Practicing Affiliate of the Appraisal Institute 2007 Social Committee Chairman (Houston Chapter) 2008 Alternate Regional Representative (Houston Chapter)
	Member:	Forensic Expert Witness Association
	Member:	Greater Fort Worth Real Estate Council
	Member:	International Right of Way Association
	Member:	Institute of Real Estate Management
	Member:	International Council of Shopping Centers
	Member:	Tarrant County Bar Association
Education:		University of Texas at Austin – 1996
		Bachelor of Business Administration – Major in Finance
		Coursework accredited by the Appraisal Institute, The University of Texas, and the State of Texas

JOHN S. KOSTOHRYZ

Experience: Mr. Kostohryz is a principal of KOR Group, a full service real estate consulting and appraisal firm. Mr. Kostohryz has provided real estate consulting and appraisal services since 2008. He has provided consultation for complex eminent domain assignments of numerous types of properties including, but not limited to, office buildings, retail centers, service stations, hospitals, educational facilities, apartment complexes, industrial facilities, raw and developed land, timberland, restaurants, quick-service restaurants, mixed-use developments, automobile dealerships, mining operations, and master planned communities. Mr. Kostohryz has valued and consulted on properties in Kansas, Oklahoma, and Texas.

Mr. Kostohryz's assignments have included transmission line and pipeline impacts on master planned communities and residential subdivisions, asset management, assistance in acquisitions/dispositions of property, estate tax planning, market studies, analysis of environmental impacts, and condemnation. He has had extensive experience in eminent domain cases ranging from public roadway expansions to pipeline easements. Assignments have also included consultation for both ad valorem and estate tax purposes. Mr. Kostohryz has testified in eminent domain proceedings and before appraisal district review boards in ad valorem tax disputes.

Mr. Kostohryz is a 2006 graduate from Texas Christian University in Fort Worth, Texas with a Bachelors of Business Administration with majors in Finance, Accounting, and Marketing.

Prior to becoming a real estate appraiser and consultant, Mr. Kostohryz was a Consultant with Ryan, Inc. in Dallas, Texas where he consulted with transaction tax departments of Fortune 500 companies.

Mr. Kostohryz is from Fort Worth, Texas and graduated from Trinity Valley School.

Professional Activities:	<p>Licensed: Texas State Certified General Real Estate Appraiser Certificate No. TX-1380151-G Various temporary out of state licenses Practicing Affiliate of the Appraisal Institute</p> <p>Member: Member of the International Right of Way, Chapter 36</p> <p>Member: Fort Worth Chamber of Commerce</p> <p>Member: Greater Fort Worth Real Estate Council</p>
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Education: Texas Christian University, Fort Worth, Texas - 2006
Bachelor of Business Administration
Majors: Finance, Accounting, and Marketing

Relevant Coursework by the Appraisal Institute, accredited universities and others:

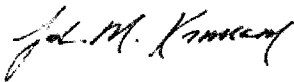
Principles of Real Estate Appraisal
Procedures of Real Estate Appraisal
Uniform Standards of Professional Appraisal Practice
General Income Approach Part I
General Income Approach Part II
General Appraiser Sales Comparison Approach
General Appraiser Site Valuation and Cost Approach
Statistics and Valuation Modeling
General Appraiser Report Writing and Case Studies
General Appraiser Market Analysis and Highest & Best Use
Expert Witness for Commercial Appraisers
Commercial Appraisal Review



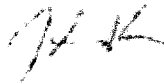
CERTIFICATION OF THE APPRAISAL

WE CERTIFY THAT, TO THE BEST OF OUR KNOWLEDGE AND BELIEF:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. Joshua M. Korman and John Kostohryz made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Joshua M. Korman
State of Texas Certification #TX-1330595-G



John Kostohryz
State of Texas Certification #TX-1380151-G

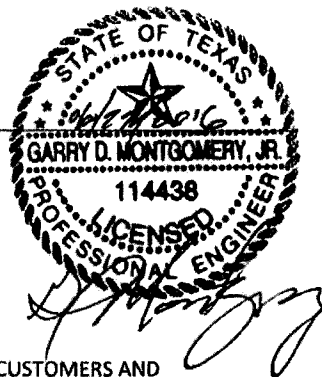


ADDENDA



MEMORANDUM

DATE: JUNE 27, 2016
TO: GREEN VALLEY SPECIAL UTILITY DISTRICT
FROM: GARRY MONTGOMERY, P.E.
RE: APPRAISAL OF LOST REVENUE, INCREASED COST TO REMAINING AND FUTURE CUSTOMERS AND
SAMPLE RATE STRUCTURE FOR PUC DOCKET NO. 45702



Explanation 1: Spreadsheet Titled – Increased Cost to remaining customers

Cells A11-A13 – The drainage basin in the master plan is Sub-basin E & F as shown in Exhibit 3 of the WWMP

Cells D11-D13 and E11-E13 are the costs shown in the WWMP, the remaining cells in the line item are the Capacity Fees shown in the WWMP on Page 25 and 26

Cell I16 calculates the increased cost to the remaining and future customers due to this requested decertification. I16 shows the increased cost to customers for the Cibolo annexed City Limits (the 1694 acres) and I17 shows the increase for Cibolo total desired annexation area (the entire 5882 acres). The J16 & 17 cells simply total the data to show the total impact.

Since the treatment capacity to serve the area would be decreased if the single certification to Cibolo was approved, we reduced the total cost of the treatment column to reflect the change.

Cell K21 & K22 show what we calculate to be the adjusted impact to the remaining and future customers in the GVSUD system. Calculations are based on the current GVSUD Board Approved Wastewater Master Plan. We anticipate increased capital costs when the Master Plan is updated with current market estimates.

The collection system component was not adjusted because of the relatively flat topography in this area of the service area. If the single certification is granted to Cibolo, GVSUD would still need large diameter collection system infrastructure to serve the area.

Explanation 2: Spreadsheet Titled Rate Scenario 1 – WWMP Service Fees

We used the projected growth rate that was included in the Discharge Permit Application. The rate is an estimate and will be driven by the economy and development.

We have calculated a Debt Issuance for three phases of the proposed facilities. These are summarized in cell B6-8.

The Capital Cost Fee is the "Impact Fee" from the WWMP. For sub-basin E and F the combined rate is \$842. With updated cost estimates and a detailed impact fee study I would anticipate the impact fees system wide to be between \$2,000-\$3,000+. However, for this spreadsheet we used the WWMP numbers.

Debt Service No 1 – 40 years at 2.5% starting next year

Debt Service No. 2 – 40 years at 2.5% starting in 2020 – this timing depends on when the second phase of the plant is needed.

Debt Service No. 3 – 40 years at 2.5% starting in 2044 – this will be driven by development and may happen sooner.

Column H – Capital Cost Fee of \$842 * Connections – Debt Service

Column I – Projected rate structure – Assumes there will be a base service charge and then a per 1000-gallon rate. Winter Weather Average water usage will be used to calculate the total bill. Average winter water use is in the 5500-6000-gallon range currently.

Total Column shows a deficit in income for several years. The cost estimates and impact fees need to be updated for today's cost and market rates. This will increase the impact fee and make the budget come in balance.

O&M Expenses are estimates taken from comparable systems. This may be adjusted as more information becomes available. GVSUD will have an annual budget for the wastewater line of business. O&M increases in Year 2020 and 2044 due to plant expansions.

Explanation 3: Spreadsheet Titled Rate Scenario 2 - \$3,000 Service Fee

This is the same spreadsheet as the WWMP Fee Totals spreadsheet but we increased the Service Fee to \$3,000. This is a more realistic number for impact fees for this size and scope of system. O&M increases in Year 2020 and 2044 due to plant expansions.

[illegible]

[illegible]

	A	B	C	D	E	F	G	H	I	J	K
1	Proposed Rate Structure - GVSUD										
2											
3	Debt Service Component										
4											
5	Initial phase WWTP and ultimate collection system for service area directly upstream of the plant site										
6	Total Debt Issuance No. 1	\$13,100,000									
7	Total Debt Issuance No. 2	\$21,840,000									
8	Total Debt Issuance No. 3	\$10,610,000									
9	Capital Cost Fees were taken from the 2006 WWMP, however in the update of the original study we anticipate Impact fees to increase to approximately \$2,000-\$3,000 per LUE										
10	40 year debt issuance										
		Projected Connection Growth (Cumulative)	Debt Service No. 1 Annual Payment for \$13,100,000	Capital Cost Fee at \$3,000/LUE (Income)	Debt Service No. 2 Annual Payment for \$21,840,000	Debt Service No. 3 Annual Payment for \$10,610,000	Total Projected Budget (Debt Service - Capital Income)	Monthly Rate with 3% Annual Increase	Annual Revenue from Rates (Comparable to surrounding utilities)	Total Expense - Total Revenue (Excludes O&M)	O&M Expenses
11	Year										
12	2016	205	\$ 518,411	\$ 615,000.00			\$ 96,589.00	\$ 40.00	\$ -	\$ 96,589.00	
13	2017	430	\$ 518,411	\$ 675,000.00			\$ 156,589.00	\$ 41.20	\$ 212,592	\$ 369,181.00	\$ 225,000.00
14	2018	660	\$ 518,411	\$ 690,000.00			\$ 171,589.00	\$ 42.44	\$ 336,093	\$ 507,682.12	\$ 236,250.00
15	2019	952	\$ 518,411	\$ 874,500.00			\$ 356,089.00	\$ 43.71	\$ 499,070	\$ 855,159.28	\$ 248,062.50
16	2020	1,047	\$ 518,411	\$ 285,450.00	\$ 864,283.00		\$ (1,097,244.00)	\$ 45.02	\$ 565,447	\$ (531,797.38)	\$ 830,000.00
17	2021	1,151	\$ 518,411	\$ 313,995.00	\$ 864,283.00		\$ (1,068,699.00)	\$ 46.37	\$ 640,651	\$ (428,047.98)	\$ 871,500.00
18	2022	1,266	\$ 518,411	\$ 345,394.50	\$ 864,283.00		\$ (1,037,299.50)	\$ 47.76	\$ 725,858	\$ (311,441.89)	\$ 915,075.00
19	2023	1,393	\$ 518,411	\$ 379,933.95	\$ 864,283.00		\$ (1,002,760.05)	\$ 49.19	\$ 822,397	\$ (180,363.38)	\$ 960,828.75
20	2024	1,532	\$ 518,411	\$ 417,927.35	\$ 864,283.00		\$ (964,766.65)	\$ 50.67	\$ 931,775	\$ (32,991.23)	\$ 1,008,870.19
21	2025	1,686	\$ 518,411	\$ 459,720.08	\$ 864,283.00		\$ (922,973.92)	\$ 52.19	\$ 1,055,702	\$ 132,727.64	\$ 1,059,313.70
22	2026	1,854	\$ 518,411	\$ 505,692.09	\$ 864,283.00		\$ (877,001.91)	\$ 53.76	\$ 1,196,110	\$ 319,107.95	\$ 1,112,279.38
23	2027	2,040	\$ 518,411	\$ 556,261.30	\$ 864,283.00		\$ (826,432.70)	\$ 55.37	\$ 1,355,192	\$ 528,759.78	\$ 1,167,893.35
24	2028	2,244	\$ 518,411	\$ 611,887.43	\$ 864,283.00		\$ (770,806.57)	\$ 57.03	\$ 1,535,433	\$ 764,626.51	\$ 1,226,288.02
25	2029	2,468	\$ 518,411	\$ 673,076.17	\$ 864,283.00		\$ (709,617.83)	\$ 58.74	\$ 1,739,646	\$ 1,030,027.85	\$ 1,287,602.42
26	2030	2,715	\$ 518,411	\$ 740,383.79	\$ 864,283.00		\$ (642,310.21)	\$ 60.50	\$ 1,971,019	\$ 1,328,708.34	\$ 1,351,982.54
27	2031	2,986	\$ 518,411	\$ 814,422.16	\$ 864,283.00		\$ (568,271.84)	\$ 62.32	\$ 2,233,164	\$ 1,664,892.19	\$ 1,419,581.67
28	2032	3,285	\$ 518,411	\$ 895,864.38	\$ 864,283.00		\$ (486,829.62)	\$ 64.19	\$ 2,530,175	\$ 2,043,345.22	\$ 1,490,560.75
29	2033	3,613	\$ 518,411	\$ 985,450.82	\$ 864,283.00		\$ (397,243.18)	\$ 66.11	\$ 2,866,688	\$ 2,469,444.91	\$ 1,565,088.79
30	2034	3,975	\$ 518,411	\$ 1,083,995.90	\$ 864,283.00		\$ (298,698.10)	\$ 68.10	\$ 3,247,958	\$ 2,949,259.51	\$ 1,643,343.23

Tex. Water Code § 13.255

This document is current through the 2015 regular session, 84th Legislature, Chapters: 2-707, 709-715, 717-854, 856-1137, 1139-1282

Texas Statutes & Codes Annotated by LexisNexis® > Water Code > Title 2 Water Administration > Subtitle B Water Rights > Chapter 13 Water Rates and Services > Subchapter G Certificates of Convenience and Necessity

Sec. 13.255. Single Certification in Incorporated or Annexed Areas.

- (a) In the event that an area is incorporated or annexed by a municipality, either before or after the effective date of this section, the municipality and a retail public utility that provides water or sewer service to all or part of the area pursuant to a certificate of convenience and necessity may agree in writing that all or part of the area may be served by a municipally owned utility, by a franchised utility, or by the retail public utility. In this section, the phrase "franchised utility" shall mean a retail public utility that has been granted a franchise by a municipality to provide water or sewer service inside municipal boundaries. The agreement may provide for single or dual certification of all or part of the area, for the purchase of facilities or property, and for such other or additional terms that the parties may agree on. If a franchised utility is to serve the area, the franchised utility shall also be a party to the agreement. The executed agreement shall be filed with the utility commission, and the utility commission, on receipt of the agreement, shall incorporate the terms of the agreement into the respective certificates of convenience and necessity of the parties to the agreement.
- (b) If an agreement is not executed within 180 days after the municipality, in writing, notifies the retail public utility of its intent to provide service to the incorporated or annexed area, and if the municipality desires and intends to provide retail utility service to the area, the municipality, prior to providing service to the area, shall file an application with the utility commission to grant single certification to the municipally owned water or sewer utility or to a franchised utility. If an application for single certification is filed, the utility commission shall fix a time and place for a hearing and give notice of the hearing to the municipality and franchised utility, if any, and notice of the application and hearing to the retail public utility.
- (c) The utility commission shall grant single certification to the municipality. The utility commission shall also determine whether single certification as requested by the municipality would result in property of a retail public utility being rendered useless or valueless to the retail public utility, and shall determine in its order the monetary amount that is adequate and just to compensate the retail public utility for such property. If the municipality in its application has requested the transfer of specified property of the retail public utility to the municipality or to a franchised utility, the utility commission shall also determine in its order the adequate and just compensation to be paid for such property pursuant to the provisions of this section, including an award for damages to property remaining in the ownership of the retail public utility after single certification. The order of the utility commission shall not be effective to transfer property. A transfer of property may only be obtained under this section by a court judgment rendered pursuant to Subsection (d) or (e). The grant of single certification by the utility commission shall go into effect on the date the municipality or franchised utility, as the case may be, pays adequate and just compensation pursuant to court order, or pays an amount into the registry of the court or to the retail public utility under Subsection (f). If the court judgment provides that the retail public utility is not entitled to any compensation, the grant of single certification shall go into effect when the court judgment becomes final. The municipality or franchised utility must provide to each customer of the retail public utility being acquired an individual written notice within 60 days after the effective date for the transfer specified in the court judgment. The notice must clearly advise the customer of the identity of the new service provider, the reason for the transfer, the rates to be charged by the new service provider, and the effective date of those rates.
- (d) In the event the final order of the utility commission is not appealed within 30 days, the municipality may request the district court of Travis County to enter a judgment consistent with the order of the utility commission. In such event, the court shall render a judgment that:
 - (1) transfers to the municipally owned utility or franchised utility title to property to be transferred to the municipally owned utility or franchised utility as delineated by the utility commission's final order and

property determined by the utility commission to be rendered useless or valueless by the granting of single certification; and

- (2) orders payment to the retail public utility of adequate and just compensation for the property as determined by the utility commission in its final order.
- (e) Any party that is aggrieved by a final order of the utility commission under this section may file an appeal with the district court of Travis County within 30 days after the order becomes final. The hearing in such an appeal before the district court shall be by trial de novo on all issues. After the hearing, if the court determines that the municipally owned utility or franchised utility is entitled to single certification under the provisions of this section, the court shall enter a judgment that:
- (1) transfers to the municipally owned utility or franchised utility title to property requested by the municipality to be transferred to the municipally owned utility or franchised utility and located within the singly certificated area and property determined by the court or jury to be rendered useless or valueless by the granting of single certification; and
 - (2) orders payment in accordance with Subsection (g) to the retail public utility of adequate and just compensation for the property transferred and for the property damaged as determined by the court or jury.
- (f) Transfer of property shall be effective on the date the judgment becomes final. However, after the judgment of the court is entered, the municipality or franchised utility may take possession of condemned property pending appeal if the municipality or franchised utility pays the retail public utility or pays into the registry of the court, subject to withdrawal by the retail public utility, the amount, if any, established in the court's judgment as just and adequate compensation. To provide security in the event an appellate court, or the trial court in a new trial or on remand, awards compensation in excess of the original award, the municipality or franchised utility, as the case may be, shall deposit in the registry of the court an additional sum in the amount of the award, or a surety bond in the same amount issued by a surety company qualified to do business in this state, conditioned to secure the payment of an award of damages in excess of the original award of the trial court. On application by the municipality or franchised utility, the court shall order that funds deposited in the registry of the court be deposited in an interest-bearing account, and that interest accruing prior to withdrawal of the award by the retail public utility be paid to the municipality or to the franchised utility. In the event the municipally owned utility or franchised utility takes possession of property or provides utility service in the singly certificated area pending appeal, and a court in a final judgment in an appeal under this section holds that the grant of single certification was in error, the retail public utility is entitled to seek compensation for any damages sustained by it in accordance with Subsection (g) of this section.
- (g) For the purpose of implementing this section, the value of real property owned and utilized by the retail public utility for its facilities shall be determined according to the standards set forth in Chapter 21, Property Code, governing actions in eminent domain; the value of personal property shall be determined according to the factors in this subsection. The factors ensuring that the compensation to a retail public utility is just and adequate, shall, at a minimum, include: impact on the existing indebtedness of the retail public utility and its ability to repay that debt, the value of the service facilities of the retail public utility located within the area in question, the amount of any expenditures for planning, design, or construction of service facilities outside the incorporated or annexed area that are allocable to service to the area in question, the amount of the retail public utility's contractual obligations allocable to the area in question, any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after the single certification, the impact on future revenues lost from existing customers, necessary and reasonable legal expenses and professional fees, factors relevant to maintaining the current financial integrity of the retail public utility, and other relevant factors.
- (g-1) The utility commission shall adopt rules governing the evaluation of the factors to be considered in determining the monetary compensation under Subsection (g). The utility commission by rule shall adopt procedures to ensure that the total compensation to be paid to a retail public utility under Subsection (g) is determined not later than the 90th calendar day after the date on which the utility commission determines that the municipality's application is administratively complete.

- (h) A municipality or a franchised utility may dismiss an application for single certification without prejudice at any time before a judgment becomes final provided the municipality or the franchised public utility has not taken physical possession of property of the retail public utility or made payment for such right pursuant to Subsection (f) of this section.
- (i) In the event that a municipality files an application for single certification on behalf of a franchised utility, the municipality shall be joined in such application by such franchised utility, and the franchised utility shall make all payments required in the court's judgment to adequately and justly compensate the retail public utility for any taking or damaging of property and for the transfer of property to such franchised utility.
- (j) This section shall apply only in a case where:
 - (1) the retail public utility that is authorized to serve in the certificated area that is annexed or incorporated by the municipality is a nonprofit water supply or sewer service corporation, a special utility district under Chapter 65, Water Code, or a fresh water supply district under Chapter 53, Water Code; or
 - (2) the retail public utility that is authorized to serve in the certificated area that is annexed or incorporated by the municipality is a retail public utility, other than a nonprofit water supply or sewer service corporation, and whose service area is located entirely within the boundaries of a municipality with a population of 1.7 million or more according to the most recent federal census.
- (k) The following conditions apply when a municipality or franchised utility makes an application to acquire the service area or facilities of a retail public utility described in Subsection (j)(2):
 - (1) the utility commission or court must determine that the service provided by the retail public utility is substandard or its rates are unreasonable in view of the reasonable expenses of the utility;
 - (2) if the municipality abandons its application, the court or the utility commission is authorized to award to the retail public utility its reasonable expenses related to the proceeding hereunder, including attorney fees; and
 - (3) unless otherwise agreed by the retail public utility, the municipality must take the entire utility property of the retail public utility in a proceeding hereunder.
- (l) For an area incorporated by a municipality, the compensation provided under Subsection (g) shall be determined by a qualified individual or firm to serve as independent appraiser, who shall be selected by the affected retail public utility, and the costs of the appraiser shall be paid by the municipality. For an area annexed by a municipality, the compensation provided under Subsection (g) shall be determined by a qualified individual or firm to which the municipality and the retail public utility agree to serve as independent appraiser. If the retail public utility and the municipality are unable to agree on a single individual or firm to serve as the independent appraiser before the 11th day after the date the retail public utility or municipality notifies the other party of the impasse, the retail public utility and municipality each shall appoint a qualified individual or firm to serve as independent appraiser. On or before the 10th business day after the date of their appointment, the independent appraisers shall meet to reach an agreed determination of the amount of compensation. If the appraisers are unable to agree on a determination before the 16th business day after the date of their first meeting under this subsection, the retail public utility or municipality may petition the utility commission or a person the utility commission designates for the purpose to appoint a third qualified independent appraiser to reconcile the appraisals of the two originally appointed appraisers. The determination of the third appraiser may not be less than the lesser or more than the greater of the two original appraisals. The costs of the independent appraisers for an annexed area shall be shared equally by the retail public utility and the municipality. The determination of compensation under this subsection is binding on the utility commission.
- (m) The utility commission shall deny an application for single certification by a municipality that fails to demonstrate compliance with the commission's minimum requirements for public drinking water systems.

History

Enacted by Acts 1987, 70th Leg., ch. 583 (H.B. 2035), § 1, effective August 31, 1987; am. Acts 1989, 71st Leg., ch. 567 (H.B. 1808), § 32, effective September 1, 1989; am. Acts 1989, 71st Leg., ch. 926 (S.B. 1067), § 1, effective August 28, 1989; am. Acts 1995, 74th Leg., ch. 814 (H.B. 1935), §§ 1 to 4, effective August 28, 1995; am. Acts 1999, 76th Leg., ch. 1374 (H.B. 1291), § 1, effective August 30, 1999; am. Acts 1999, 76th Leg., ch. 1375 (H.B. 1362), § 1, effective September 1, 1999; am. Acts 2005, 79th Leg., ch. 1145 (H.B. 2876), § 10, effective September 1, 2005; am. Acts 2013, 83rd Leg., ch. 170 (H.B. 1600), § 2.56, effective September 1, 2013; am. Acts 2013, 83rd Leg., ch. 171 (S.B. 567), § 56, effective September 1, 2013.

Annotations

Notes

STATUTORY NOTES

1999 Note:

The changes in law made by Ch. 1375 apply only to an application filed with the Texas Natural Resource Conservation Commission to grant single certification to a municipality under Section 13.255(b), Water Code, that is filed on or after September 1, 1999. An application to grant single certification filed with the commission under that section before September 1, 1999, is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose. Acts 1999, 76th Leg., ch. 1375, § 2.

Effect of amendments.

2005 amendment, added “owned and utilized by the retail public utility for its facilities” after “real property” in first sentence of (g); deleted “for the taking, damaging and/or loss of personal property, including the retail public utility’s business” after “the compensation to a retail public utility” in (g); substituted “lost from existing customers” for “and expenses of the retail public utility” near the end of (g); and added (g-1).

2013 amendment, by chs. 170 and 171, added “utility” before “commission” or variants wherever it appears in (a) through (e), (g-1), (k), (l), and (m); deleted “of this section” at the end of the fifth sentence of (c); and deleted “of this section” after “Subsection (g)” in (e)(2).

Applicability.

Acts 2005, 79th Leg., ch. 1145 (H.B. 2876), § 15 provides:

“The changes in law made by this Act apply only to:

- (1) an application for a certificate of public convenience and necessity or for an amendment to a certificate of public convenience and necessity submitted to the Texas Commission on Environmental Quality on or after January 1, 2006; and
- (2) a proceeding to amend or revoke a certificate of public convenience and necessity initiated on or after January 1, 2006.”

LexisNexis® Notes

Case Notes

Administrative Law: Informal Agency Actions

Administrative Law: Judicial Review: Reviewability: Exhaustion of Remedies

SCOTT SHOEMAKER

Civil Procedure: Remedies: Injunctions: Preliminary & Temporary Injunctions**Energy & Utilities Law: Administrative Proceedings: Public Utility Commissions: Authority****Energy & Utilities Law: Utility Companies: General Overview****Governments: Public Improvements: Sanitation & Water****Administrative Law: Informal Agency Actions**

1. City was granted a preliminary injunction to prevent the U.S. Department of Agriculture from giving an additional loan to a special utilities district for a water project under 7 U.S.C.S. § 1926 because there was a substantial likelihood that the city would prevail on claims that the loan was approved for a longer term than permitted under 7 C.F.R. § 1780.13(e) and was thus not in accordance with 5 U.S.C.S. § 706, and that the loan included funds for facilities in nonrural areas in violation of 7 C.F.R. § 1780.7(b); furthermore, there was a threat that the city would suffer irreparable injury in the injunction were not granted because Water Code Ann. § 13.255 provided no guarantee that the city would be able to overcome the district's protection under 7 U.S.C.S. § 1926(b) if the loan were approved. City of College Station v. USDA, 395 F. Supp. 2d 495, 2005 U.S. Dist. LEXIS 26416 (S.D. Tex. 2005).

Administrative Law: Judicial Review: Reviewability: Exhaustion of Remedies

2. Trial court correctly granted a special utility district's plea to the jurisdiction in a dispute with a city that sought to be allowed to provide water utility service to a newly annexed area in the district's service area; because that determination could be made only by the Texas Commission on Environmental Quality, as provided in Tex. Water Code Ann. § 13.042(e), Tex. Water Code Ann. § 13.242(a), and Tex. Water Code Ann. § 13.255, the city was required to exhaust its administrative remedies. City of College Station v. Wellborn Special Util. Dist., No. 10-04-00306-CV, 2006 Tex. App. LEXIS 6533 (Tex. App. Waco July 26, 2006), reh'g denied, No. 10-04-00306-CV, 2006 Tex. App. LEXIS 9614 (Tex. App. Waco Aug. 29, 2006), pet. denied No. 06-0893, 2007 Tex. LEXIS 243 (Tex. Mar. 9, 2007).

Civil Procedure: Remedies: Injunctions: Preliminary & Temporary Injunctions

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Energy & Utilities Law: Administrative Proceedings: Public Utility Commissions: Authority

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Energy & Utilities Law: Utility Companies: General Overview

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Governments: Public Improvements: Sanitation & Water

6. City was granted a preliminary injunction to prevent the U.S. Department of Agriculture from giving an additional loan to a special utilities district for a water project under 7 U.S.C.S. § 1926 because there was a substantial likelihood that the city would prevail on claims that the loan was approved for a longer term than permitted under 7 C.F.R. § 1780.13(e) and was thus not in accordance with 5 U.S.C.S. § 706, and that the loan included funds for facilities in nonrural areas in violation of 7 C.F.R. § 1780.7(b); furthermore, there was a threat that the city would suffer irreparable injury in the injunction were not granted because Water Code Ann. § 13.255 provided no guarantee that the city would be able to overcome the district's protection under 7 U.S.C.S. § 1926(b) if the loan were approved. City of College Station v. USDA, 395 F. Supp. 2d 495, 2005 U.S. Dist. LEXIS 26416 (S.D. Tex. 2005).

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PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

Application to Obtain or Amend a Certificate of Convenience and Necessity (CCN) Under Water Code Section 13.255

Docket Number: _____

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

CCN Requirements

1. Purpose of application

Check all boxes that apply.

The purpose of this application is to:

☒ Obtain single certification to a service area within the cities limits; and /or

☐ Amend Certificate of Convenience and Necessity (CCN) No. _____

to provide ☐ water or ☒ sewer service to:

portions of the City of Cibolo's corporate limits _____ (Subdivision or Area) and to decertify

a portion of Green Valley Special Utility District's Sewer CCN No. 20973 (Name of Utility and CCN No.)

2. Applicant

Name of City: City of Cibolo

Mailing address: 200 S. Main/P.O. Box 826, Cibolo, Texas 78108

Phone: (210) 658-9900

Fax: (210) 658-1687

Email: rherrera@cibolotx.gov

Tax Identification number: N/A

3. County or counties

Name of county(ies) where the city intends to provide retail public utility service:

Guadalupe County

4. Contact information

Contact person regarding this application:

Name: David Klein

Title: Attorney

Mailing address: 816 Congress Avenue, Suite 1900, Austin, Texas 78701

Phone: (512) 322-5818

Fax: (512) 472-0532

Email: dklein@lglawfirm.com

5. Retail public utility

Retail public utility currently certificated to the area involved in this application:

Utility Name: Green Valley Special Utility District ("GVSUD")

Title:

Mailing address: P.O. Box 99, Marion, Texas 78124-0099

Phone: (830) 914-2330

Fax: (830) 420-4138

Email:

Retail public utility contact person regarding negotiations with the city over the service area involved:

Name: Pat Allen

Title: General Manager

Mailing address: P.O. Box 99, Marion, Texas 78124-0099

Phone: (830) 914-2330

Fax: (830) 420-4138

Email: pallen@gvsud.org

6. Service area

On what date was this proposed service area incorporated by the city? The service area was annexed between 2009-2013.

7. Negotiation date between city and retail public utility

On what date did negotiations begin between the city and the retail public utility? August 18, 2015

8. Notice date

On what date was notice of the city's intent to provide service to the incorporated or annexed area provided to the retail public utility made? August 18, 2015

Please attach a copy of the notice provided. Also attach a copy of the mailing list indicating to whom such notice was provided. See **Attachment A**

9. Description of retail public utility facilities

Please provide a brief description of the retail public utility's facilities in the service area involved in this application.

Also indicate how many customers are currently receiving service from the retail public utility in this area:

It is the City's understanding that GVSUD has no wastewater facilities and no wastewater customers in the area to be decertified by this application.

10. Service start date

Provide the date when city service to the area can begin. Upon approval by PUC.

11. Franchised utility information

If the city will allow a franchised utility to provide service to the area involved, please attach a copy of the city consent or franchise agreement and provide the following information:

Utility Name: N/A

Mailing address:

Phone:

Fax:

Email:

Franchised Utility's CCN Number:

Franchised Utility's contact person and their address:

Name:

Title:

Mailing address:

Email:

Phone:

Phone:

Fax:

Email:

12. Paper map requirements

All maps should include applicant's name, address, telephone number, and date of drawing or revision and be folded to 8½ x 11 inches. See **Attachment B**.

Attach the following maps with each copy of the application:

- A. Subdivision plat or engineering plans or other large scale map showing the following:
 - 1. The exact proposed service area boundary showing locations of requests for service and locations of existing connections (if applicable).
 - 2. Metes and bounds (if available).
 - 3. Proposed and existing service area boundaries should be plotted on the map in relation to verifiable natural and man-made landmarks such as roads, creeks, rivers, railroads, etc.
 - 4. Service area boundaries should be shown with such exactness that they can be located on the ground.
- ❖ ***Applicant may use a USGS 7.5"-minute series map if no other large scale map is available.***
- B. Small scale location map delineating the proposed service area. The proposed service area boundary should be delineated on a copy of the official CCN map. This map will assist the Public Utility Commission in locating the proposed service area in relation to neighboring utility service areas.
- C. Hard copy maps should include the following items:
 - 1. Map scale should be prominently displayed.
 - 2. Color coding should be used to differentiate the applicants existing service areas from the proposed service area.
 - 3. Attach a written description of the proposed service area.
 - 4. Proposed service area should be the same on all maps.
 - 5. Include map information in digital format (if available), see 13, GIS map information.
- D. Each utility shall make available to the public at each of its business offices and designated sales offices within Texas the map of the proposed service area currently on file with the Commission. The applicant employees shall lend assistance to persons requesting to see a map of the proposed area upon request.

❖ ***For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC's website for assistance.***

13. GIS map information

A. Digital Map Requirements: In order that your digital data can be properly used, the following information is necessary:

1. Submit digital data of the proposed CCN service area on a CD, flash drive, or DVD. Two digital copies are necessary. Most files of CCNs (minus the base map) should be small enough to zip up and put on a CD.
2. The digital data should include all items represented in the hard copy maps.
3. Please identify data file format, projection information, map units and base map used. Acceptable Data File Format:
 - a. ArcView shape file (preferred)
 - b. Arc/Info E00 file

❖ *For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.*

ALL APPLICABLE QUESTIONS MUST BE ANSWERED FULLY.

THE APPLICATION WILL NOT BE ACCEPTED FOR FILING WITHOUT MAPS.

PLEASE NOTE THE FILING OF THIS APPLICATION DOES NOT CONSTITUTE AUTHORITY TO PROVIDE WATER/SEWER SERVICE IN THE REQUESTED AREA.

OATH

State of Texas

County of Guadalupe

I, Robert T. Herrera being duly sworn, file this

application under V.T.C.A., Water Code Section 13.255 as City Manager

(Name of the City); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Public Utility Commission of Texas.

I further represent that the application form has not been changed, altered or amended from its original form available only from the Commission.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.

Robert T. Herrera

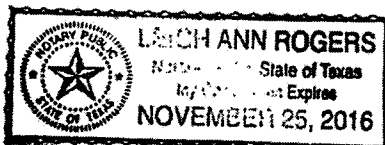
AFFIANT

(Applicant's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of
Texas, this 7th day of March 20 16

SEAL



[Signature]
NOTARY PUBLIC



ATTACHMENT A – NOTICE OF INTENT TO SERVE



COPY

From the Office of Robert T. Herrera, City Manager
City of Cibolo 200 S. Main / PO BOX 826 Cibolo, Texas 78108 (210) 658-9900 www.cibolotx.gov

August 18, 2015

Green Valley Special Utility District
Attn: Pat Allen, General Manager
529 South Center Street
Marion, TX 78124

VIA HAND DELIVERY & USPS REGULAR MAIL

Re: Notice of Intent by the City of Cibolo to Provide Sewer Service in Corporate Limits

Dear Mr. Allen:

The City of Cibolo ("City") currently provides retail sewer service to customers located within certain portions of the City's corporate limits and extra-territorial jurisdiction ("ETJ"). However, other portions of the City's corporate limits overlap with Green Valley Special Utility District's ("Green Valley SUD") sewer certificate of convenience and necessity ("CCN") No. 20973.

In accordance with Texas Water Code § 13.255, the City hereby provides Green Valley SUD with notice that the City intends to provide retail sewer service to the areas within its corporate limits that overlap with Green Valley SUD's sewer CCN service area ("Transition Areas"), which are more specifically depicted in light blue on the attached map, attached hereto as Attachment A. The yellow areas on Attachment A are additional tracts that are currently subject to annexation agreements with the City, and the City anticipates annexing these tracts in the near future. For your convenience, attached hereto as Attachment B, are field notes for the entire light blue and yellow shaded areas, which are bounded on the south by U.S. Interstate Highway 10; on the west by Cibolo Creek, on the north by Lower Seguin Road, Haeckerville Road, and Arizpe Road; and on the east by the Court Decreed ETJ Boundary of the City and the City of Marion, as well as the boundaries of GCAD Parcel Nos. 70979 and 71064.

We look forward to discussing the terms of an agreement between the City and Green Valley SUD, which will detail the arrangement between the parties for the City's provision of retail sewer service to these Transition Areas. If you have any questions, please contact me at (210) 658-9900.

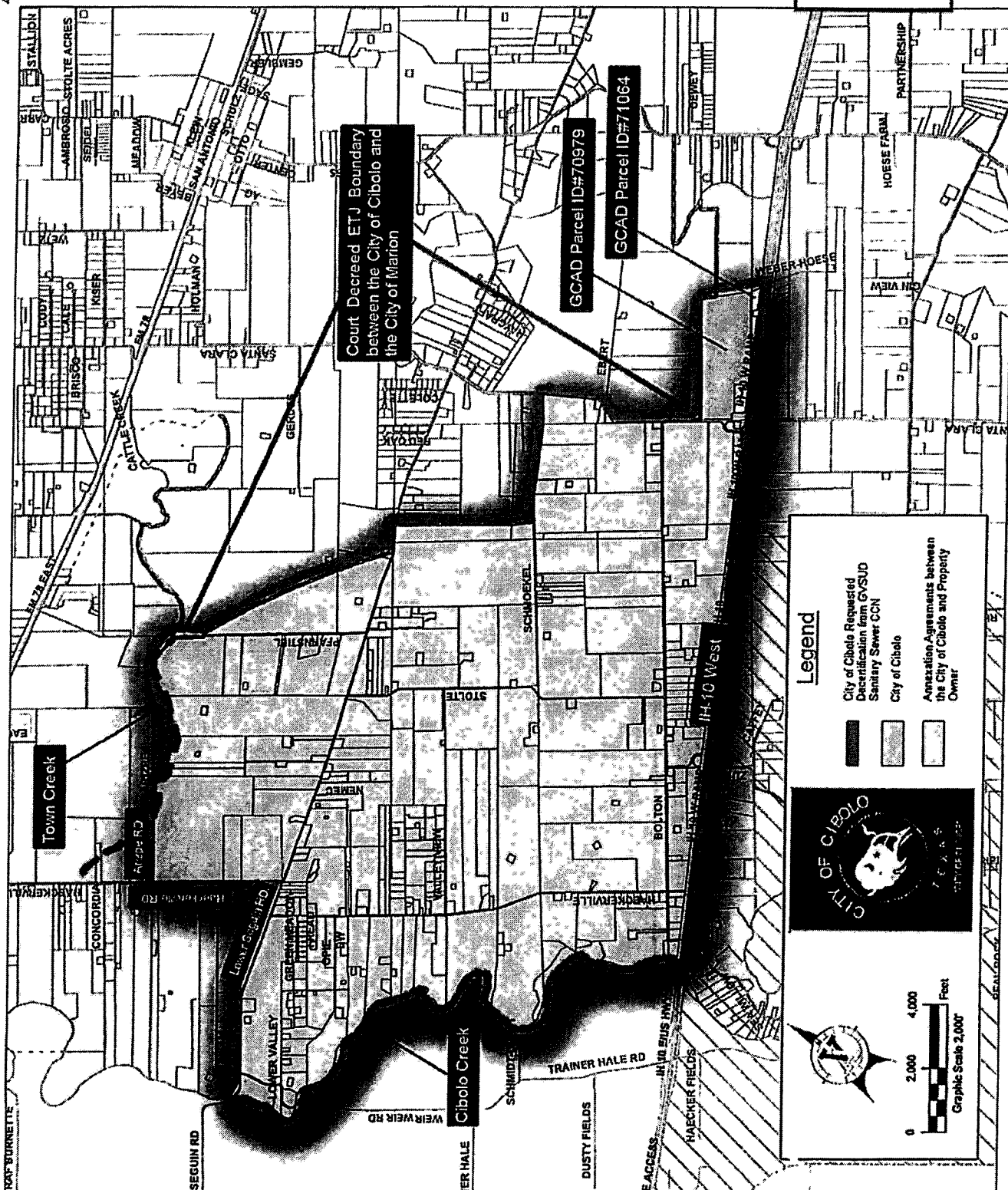
Sincerely,

Robert T. Herrera
City Manager

CC: Mayor Jackson | City Council | Peggy Cimics, City Secretary | Rudy Klein, Director of Planning & Engineering

Enclosure(s)

COPY



ATTACHMENT B

COPY

Field Notes for a 5,882 Acre area of land to be Certified into the City of Cibolo's Certificate of Convenience and Necessity (CCN) area; said 5,882 Acres of land is in the existing City Limits or ETJ of the City of Cibolo, Guadalupe County, Texas.

Beginning at the intersection of Haekerville Road and Arizpe Road, said intersection being 7,515 feet south of the intersection of Haekerville Road and Farm to Market Road 78, said pint of beginning also being in the Extra Territorial Jurisdictional (ETJ) area for the City of Cibolo, Guadalupe County, Texas.

Thence in and easterly direction with Arizpe Road, approximately 2,304 feet to the intersection and crossing of Town Creek, an intermittent tributary to the Cibolo Creek;

Thence in an easterly direction with the meanders of Town Creek, approximately 6,860 feet to the intersection of Pfannstiel Lane and the Court Decreed ETJ Boundary between the City of Cibolo and the City of Marion;

Thence in a southerly direction with the Court Decreed ETJ Boundary between the City of Cibolo and the City of Marion, approximately 25,565 feet to the northeast corner of a 124.75 acre tract of land identified by the Guadalupe County Appraisal District as Parcel # 70979;

Thence in a southerly direction with the east line of said 124.75 acre tract, approximately 1,630 feet to the southeast corner of said tract, also being the north east corner of a 7.658 acres tract of land identified by the Guadalupe County Appraisal District as Parcel # 71064;

Thence in a southerly direction with the east line of said 7.658 acre tract, approximately 330 feet to the southeast corner of said tract, also being on the north right-of-way line of Interstate Highway 10;

Thence in a southwesterly direction with the north right-of-way line of Interstate Highway 10, approximately 20,900 feet to the intersection and crossing of the Cibolo Creek, the centerline of said Cibolo Creek also being the western limit of the ETJ of the City of Cibolo;

Thence in a northerly direction with the meanders of Cibolo Creek, approximately 21,350 feet to the intersection and crossing of Lower Seguin Road;

Thence in an easterly direction with Lower Seguin Road, approximately 7,005 feet to the intersection with Haekerville Road;

Thence in a northerly direction with Haekerville Road, approximately 4,003 feet to the point of beginning and containing 5,882 acres more or less.

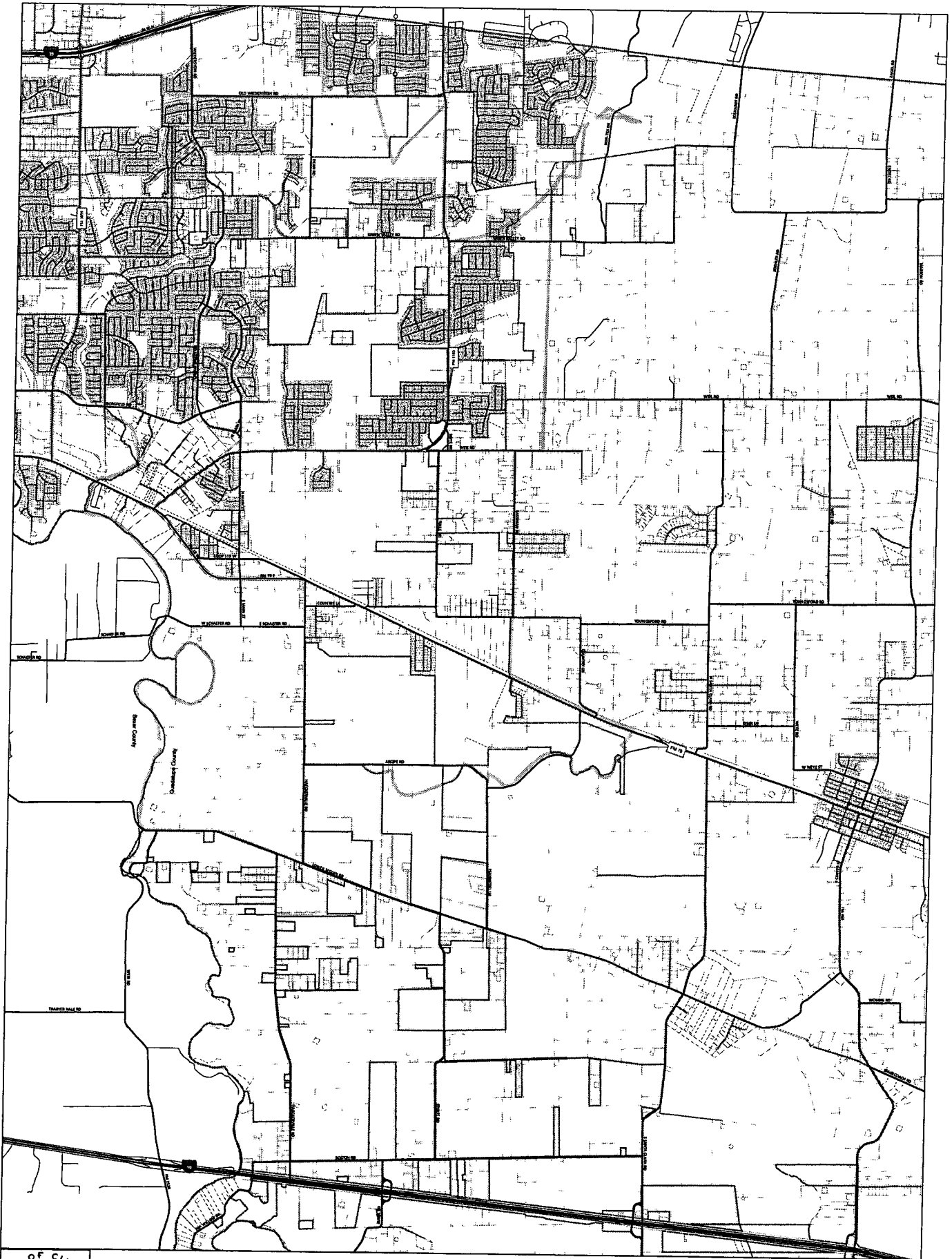
ATTACHMENT B

RESPONSE TO SECTION 12 – MAPPING

1. Large Scale Map depicting service area and area to be decertified (see attached map)
2. Small Scale Map depicting area to be decertified (see attached map)
3. Maps in digital format (see attached cd rom)
4. Written Description (see below):

Through this application, the City of Cibola requests single sewer CCN certification/decertification of approximately 1,694 acres of land from Green Valley SUD's sewer CCN No. 20973 ("Decertificated Land"). The Decertificated Land is within the corporate limits of the City, and is generally bounded on the south by U.S. Interstate Highway 10; on the west by Cibola Creek; on the north by Lower Seguin Road, Hackerville Road, and Arizpe Road; and on the east by the Court Decreed ETJ Boundary of the City and the City of Marion, as well as the boundaries of Guadalupe County Appraisal District Parcel Nos. 70979 and 71064.

ATTACHMENT B.1. LARGE SCALE MAP (OVERSIZED DOCUMENT)

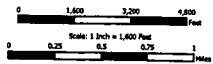


City of Cibola
200 S. Main Street, Cibola, Texas 78108
210-658-9900 Ext. 3139

Information provided by the City of Cibola. The information is provided as a service to the public and is not intended to be used for legal purposes. The City of Cibola cannot be held responsible for any errors, omissions, or other inaccuracies in this information. The City of Cibola is not responsible for any damages, including consequential damages, arising from the use of this information. The City of Cibola is not responsible for any damages, including consequential damages, arising from the use of this information. The City of Cibola is not responsible for any damages, including consequential damages, arising from the use of this information.

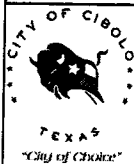
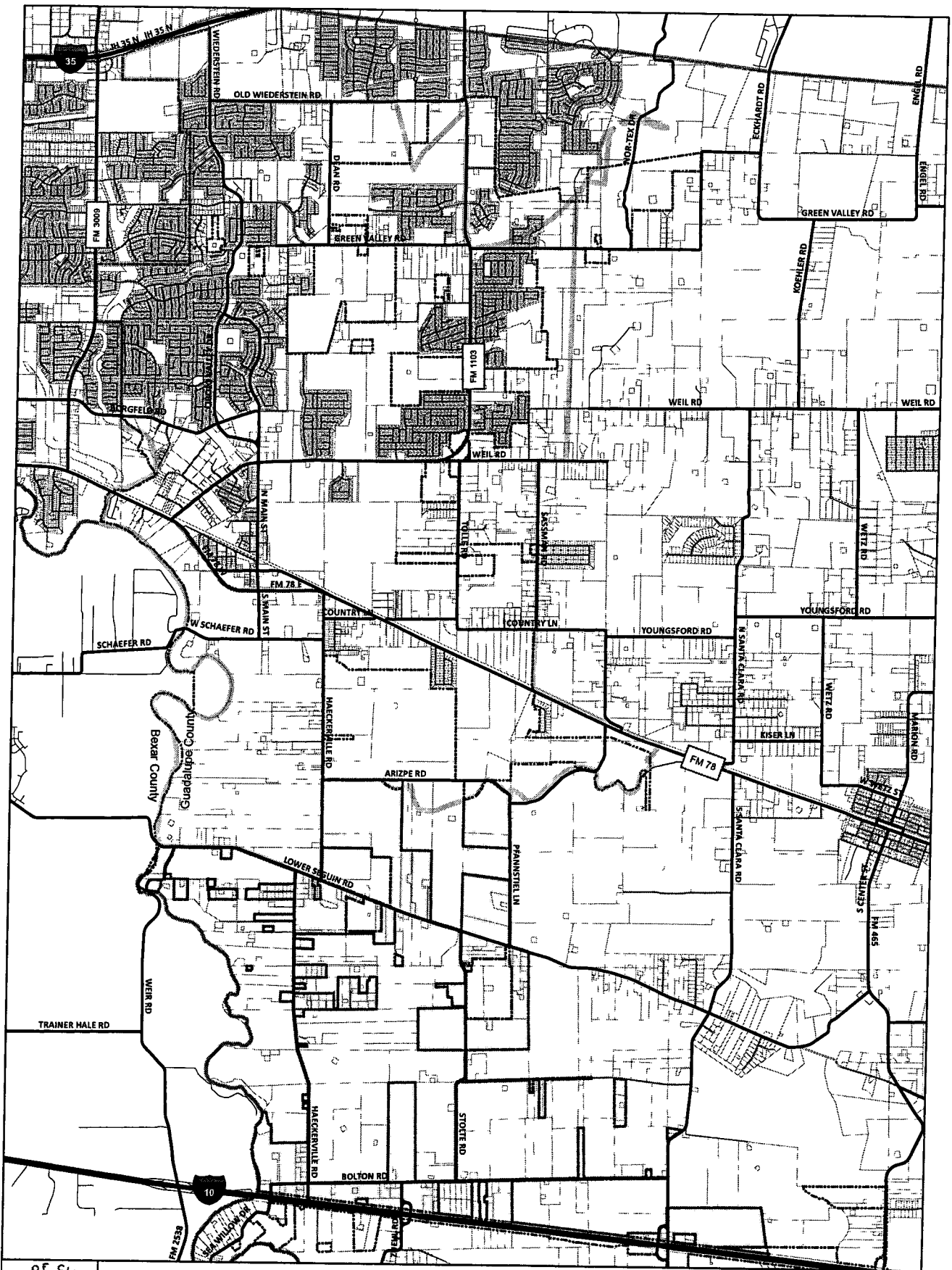
City of Cibola Proposed Wastewater CCN Boundaries

Requested Decertification from
Green Valley SUD Sanitary Sewer CCN
March 7, 2016



EXPLANATION	
	Cibola City Limits
	City of Cibola Requested Decertification from GVSUD Sanitary Sewer CCN
	Current City Cibola Sewer Service Area

ATTACHMENT B.2. SMALL SCALE MAP



City of Cibolo
200 S. Main Street, Cibolo, Texas 78108
210-658-9900 Ext. 3139

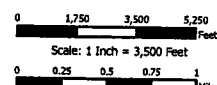
City of Cibolo Proposed Wastewater CCN Boundaries

Requested Decertification from
Green Valley SUD Sanitary Sewer CCN
March 7, 2016



Information about the City of Cibolo's Geographic Database and Maps:
The information used in these applications were derived from digital databases in the Cibolo GIS. Although we strive to provide the best data we can, we sometimes use data developed by sources outside the City. Therefore, the City of Cibolo cannot accept any responsibility for any errors, omissions, or positional accuracy, and therefore, there are no warranties which accompany this product. Although information from Land Surveys may have been used in the creation of this product, in no way does this product represent or constitute a Land Survey. Users of the information displayed in this map service are strongly cautioned to verify all information before making any decisions.

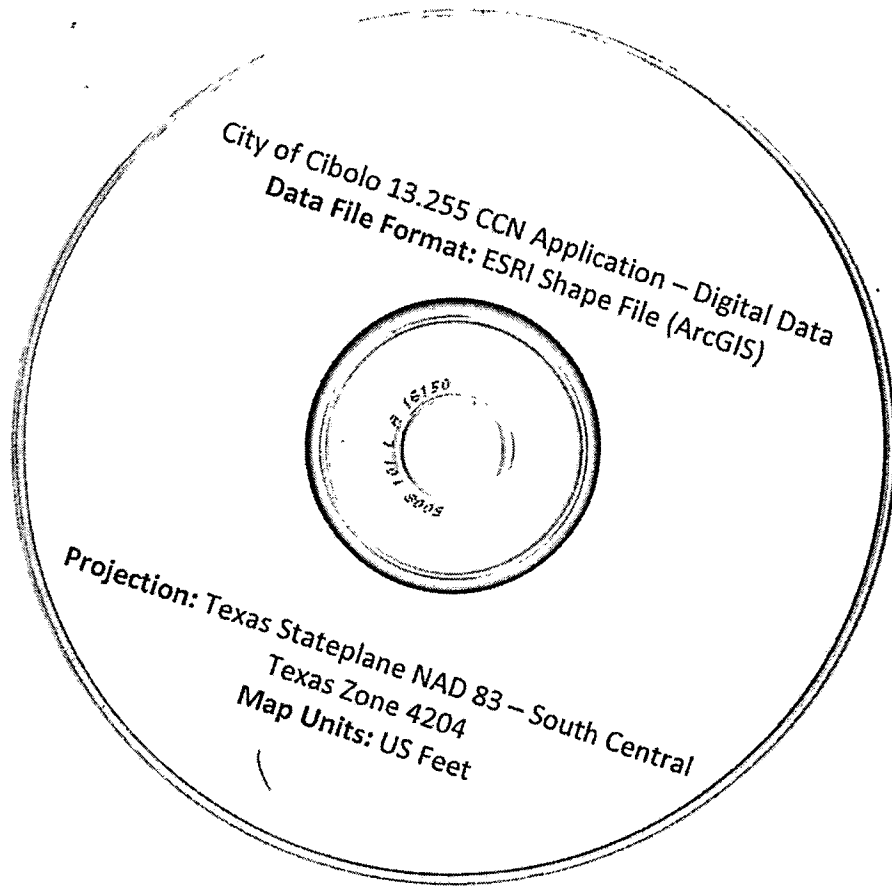
GIS Standard Map Disclaimer:
This product is for informational purposes and may not have been prepared for, or be suitable for, legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.



EXPLANATION

- Cibolo City Limits
- City of Cibolo Requested Decertification from GVSUD Sanitary Sewer CCN
- Current City Cibolo Sewer Service Area

ATTACHMENT B.3. MAPS IN DIGITAL FORMAT



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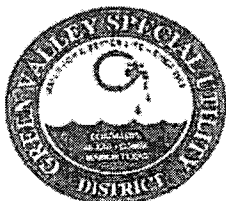
clients

RIVER CITY ENGINEERING
CIVIL, ENVIRONMENTAL & CONSULTING

3801 South First Street, Austin, Texas 78701. Phone: 512 442 3008, Fax: 512 442 6522
1011 West County Line Road, Suite C, New Braunfels, Texas 78130, Phone: 800 626 3556, Fax: 817 626 3601

Green Valley SUD Wastewater Master Plan 2006

Green Valley Special Utility District



P.O. Box 99
Marion, Texas 78124-0099
(830) 914-2330
www.greenvalleysud.com

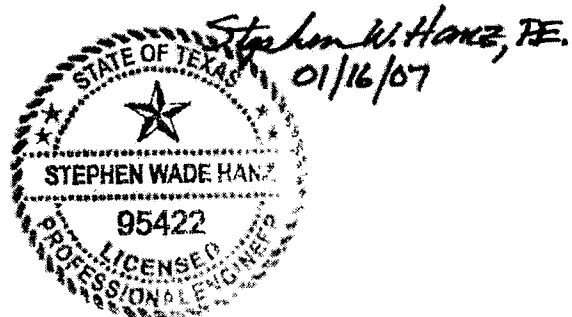


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Attachments

Attachment 1 – Exhibit Drawings

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- Exhibit 2 GVSUD Drainage Basins
- Exhibit 3 GVSUD Area Calculations and Collection Points
- Exhibit 4 GVSUD Proposed Wastewater Main Collection System
- Exhibit 5 GVSUD Theoretical Locations of Wastewater Treatment Capacity and Costs vs. Downstream Locations
- Exhibit 6 GVSUD Proposed Growth and Development

Attachment 2 – Calculation Tables

- Exhibit 1 Calculation Table, Total EDU Calculations
- Exhibit 2 Calculation Table, Wastewater Collection System Design Calculations
- Exhibit 3 Calculation Table, Wastewater Collection System Costs
- Exhibit 4 Calculation Table, Wastewater Treatment Plant Capacity and Costs

Attachment 3 – Existing Wastewater Permits

- | | | |
|-------------|--------------------|--|
| • Exhibit 1 | CCMA | Expired Permit No. 11269-001
Current Permit No. WQ0011269001 |
| • Exhibit 2 | GBRA (Lake Dunlap) | Expired Permit No. 11378-001
Current Permit No. WQ0011378001 |
| • Exhibit 3 | City of Marion | Expired Permit No. 10048-001
Current Permit No. WQ0010048001 |
| • Exhibit 4 | Harvest Hills | Current Permit No. WQ0014037001 |
| • Exhibit 5 | GBRA (Northcliff) | Expired Permit No. 11751-001,002 |
| • Exhibit 6 | Meadow View park | Expired Permit No. 14153-001 |

Attachment 4 – Adopted Wastewater Design Criteria

- Exhibit 1 Texas Commission on Environmental Quality (TCEQ)
- Exhibit 2 San Antonio Water System (SAWS)
- Exhibit 3 City of Austin (COA)

Attachment 5 – GVSUD By-Laws

1.0 Introduction

1.1 General

Since the conception of the Green Valley Special Utility District (GVSUD), GVSUD has earned a respected reputation for excellent water quality and friendly customer service. GVSUD started as a rural water supply corporation back in 1963. Over the past 40-years, GVSUD service area has experienced a great deal of residential growth and commercial development. Through the years, GVSUD has gained a great deal of experience managing and servicing this extensive growth. To further serve its customers, GVSUD obtained a Wastewater Certificate of Convenience and Necessity (CCN) from the Texas Commission on Environmental Quality (TCEQ) in 2004. To insure GVSUD provides its customers the best wastewater service possible, GVSUD organized a wastewater development team to initiate the required steps for GVSUD to enter into this wastewater business. The GVSUD wastewater team consists of GVSUD Board and Staff, Engineers, Attorneys, Financial Advisers, and the Development Community. One of the major steps for GVSUD to enter into the wastewater business is to have River City Engineering, LTD. (RCE) develop this wastewater master plan document.

This document represents the Engineer's wastewater master plan. The objective of this document is to analyze GVSUD's existing conditions, estimate future wastewater demands, evaluate opportunities to utilize existing area wastewater service providers, estimate proposed infrastructure costs, and recognize long-term wastewater opportunities. This document shall serve as a long-term adaptable guide to be used as needed to manage future service area development and projected wastewater needs.

1.2 Authorization and Purpose

River City Engineering, Ltd. (RCE) received authorization from GVSUD to prepare this wastewater master plan document on February 21, 2006. The document is part of a General Engineering Services Agreement between GVSUD and RCE. This study investigates the feasibility of immediate and long-term development of a wastewater collection system and wastewater treatment facilities for the GVSUD service area.

1.3 Project Planning Area

GVSUD wastewater CCN extends from IH-35 to the North and the Cibolo Creek to the South, the City of Cibolo to the West and the Guadalupe River to the East. The wastewater CCN includes portions of Comal, Guadalupe, Bexar, and Wilson Counties. Portions of the wastewater CCN extraterritorial jurisdictions of the City of New Braunfels, Cibolo, Marion, and Santa Clara. The total CCN area is 76,000 acres or 120 square miles.

(see **Attachment 1**, Exhibit 1 - GVSUD Existing Wastewater CCN 20973 Boundary).

1.4 Need for Project

GVSUD understands its responsibility for long-term planning of wastewater services within its wastewater CCN service area. GVSUD wants to insure quality wastewater infrastructure, excellent customer service, and insure proper health and safety for its residents and surrounding communities.

GVSUD wastewater goals include:

- Provide quality wastewater service to protect public health
- Establish wastewater management team
- Develop well organized operating policies and rate tariffs
- Reduce the extensive use of existing septic systems especially in the Treasure Island area to protect water quality of surface water
- Prepare for any State mandates directing GVSUD to bear wastewater responsibilities or prevent other wastewater providers requesting to take GVSUD wastewater CCN area
- Control the quality of wastewater service
- Provide wastewater services superior to competing area wastewater providers
- Develop engineering wastewater master plan
- Explore funding options
- Work with development community

2.0 GVSUD CCN Service Area Existing Wastewater Conditions

2.1 Existing Individual On-Site Septic Systems

GVSUD does not currently provide wastewater service within its wastewater CCN service area. Because the GVSUD service area was originally rural farm-type land, existing wastewater has been treated on an individual basis with on-site septic systems.

A conventional septic system is the most common system installed and consists of a buried septic tank and a number of gravel-filled trenches or a soil drain field. While the septic tank retains solids, the soil drain field provides for absorption and treatment of the septic tank effluent. The bacteria in the septic tank effluent are removed in the soil treatment zone by filtering and soil micro-organisms before reaching the groundwater. However, some chemicals such as nitrates are not typically removed in the soil treatment zone. Additionally, not all soils are capable of absorbing and purifying septic tank effluent.