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PUBLIC UTILITY COMMISSION  
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CITY OF CELINA'S NOTICE OF  
INTENT TO PROVIDE WATER  
AND SEWER SERVICE TO AREA  
DECERTIFIED FROM AQUA  
TEXAS, INC. IN DENTON  
COUNTY

§  
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§

BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS

**REBUTTAL TESTIMONY AND EXHIBITS**

**OF**

**JOSHUA M. KORMAN**

**ON BEHALF OF**

**AQUA TEXAS, INC.**

**September 2, 2016**

1                   **REBUTTAL TESTIMONY OF JOSHUA M. KORMAN**

2                   **ON BEHALF OF**

3                   **AQUA TEXAS, INC.**

4   **Q:    Do you have an opinion about the assessment of the lost economic opportunity**  
5       **property interest identified in your report (AT-1) by Mr. Brett Fenner in the**  
6       **Commission's report (AT-3)?**

7   **A:    Yes.**

8  
9   **Q:    What is that opinion?**

10   **A:    First, Mr. Fenner's discussion of Factor 8 (other relevant factors) in his report does**  
11       not assign a value to this particular property interest, but the reasoning provided  
12       speaks to valuation and not whether it is or is not a property interest. Mr. Fenner's  
13       theory is that the number of future customers and rates are uncertain, but that is a  
14       valuation issue, not a property identification issue.

15           Second, for this particular property, growth as viewed by the market is not  
16       uncertain or speculative. I am familiar with the market in this location and have  
17       been involved in a wide array of appraisal projects for both residential and  
18       commercial properties, and it is one of the fastest growing markets in north Texas.  
19       The number of different developers Aqua has dealt with, the interest of the  
20       developer entity that obtained the CCN release, and City of Celina's interest in  
21       serving the property are further evidence of that fact.

1 Third, based on evidence of development in the area and Aqua's past plans  
2 reflected in their developer negotiations, I prepared a reliable means of observing  
3 and analyzing growth, and the impact on the released property consistent with how  
4 other appraisal experts in my field would treat the issue.

5 Finally, Mr. Fenner's analysis seems to conflate ratemaking concepts with  
6 property valuation technique. Aqua has regional North Region rates applicable to  
7 the released property area. Those rates are already fixed. The market would rely  
8 on the approved applicable rates.

9 In sum, Mr. Fenner's contentions do not negate the existence of one of  
10 Aqua's lost property interests I identified resulting from the subject decertification.  
11 Aqua should be compensated for that loss.

12  
13 **Q: Does this conclude your rebuttal testimony?**

14 **A:** Yes.