

(23) Forrest Nikorak and Gillespie County Aqua Customers and Gillespie County Apartments (HCG); (24) Brian Hawkins and Tierra Vista HOA (HCG); and (25) William H. Cathey (HCG). The ALJs appointed the following representatives for the protestant groups: John Quest for RAWs; Jay E. Yount for SEWS; Rick Guzman for North; and Larry Westfall for HCG.

An agreement was reached between Aqua Texas and the North Region ratepayer groups. The Executive Director considered the rates in the third party settlement agreement, the diligent efforts to settle the case by all parties, and the public benefit of avoiding an expensive contested hearing, and agreed to approve the rates therein.

On May 8, 2013, the parties filed a joint motion to remand the North Region Application (No. 37234-R) back to the ED for uncontested processing pursuant to 30 TAC Section 80.101. That motion was granted by the ALJs on May 10, 2013, in Consolidated Order No. 9.

The attached tariff, to be effective May 1, 2013 for the North, is just, reasonable and adequate to allow the utility to recover its cost of providing service, as required by Sections 13.182 and 13.183 of the Code. The agreed upon rates are embodied within the attached rate tariff.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

1. The application by Aqua for a water rate change in its North Region is hereby approved as reflected in the tariff attached to this Order.
2. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to the parties.

3. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

ISSUE DATE: **June 3, 2013**

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY


For the Commission

WATER UTILITY TARIFF FOR North Region

Aqua Texas, Inc., Aqua Utilities, Inc., and
Aqua Development, Inc., dba Aqua Texas
(Utility Name)

1106 Clayton Lane, Suite 400W
(Business Address)

Austin, Texas 78723
(City, State, Zip Code)

(512) 990-4400
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

11157, 12902, and 13201

This tariff is effective in the following counties:

See attached Table – North Region

The following is a list of cities where Aqua Texas – North Region provides water service:

City of Brazos Bend, City of Buffalo Gap, City of Granbury, City of Rhome, Town of Shady Shores, and City of Waco

The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the TCEQ and will have to be obtained from the city or utility. This tariff applies to outside city customers of systems that provide service inside and outside of a city's corporate boundary.

This tariff is effective in the following subdivisions and public water systems:

See attached Table A – North Region

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The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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Table A – North Region			
System Name	Subdivision/ Area Served	PWS ID	County
Dogwood Hills North	Dogwood Hills North	0010038	Anderson
Dogwood Hills East	Dogwood Hills East	0010039	Anderson
Lame Duck Water System	Lame Duck	0180072	Bosque
China Spring Ranches	China Spring Ranches	0180082	Bosque and McLennan
Cherokee Point Water Co.	Cherokee Point	0320015	Camp
Eagles Bluff	Eagles Bluff Cedar Bay Shell Shores	0370052	Cherokee and Smith
FRF Water Systems 1345678	FRF	0490042	Cooke
Wren Water System	Wren	0610009	Denton
Woodland Hills	Woodland Hills	0610084	Denton
Hidden Valley Water System	Hidden Valley	0610099	Denton
Saratoga Estates	Saratoga Estates	0610163	Denton
Foxbane Combined WS	Foxbane Riggs Place Estates Double Tree Estates Sage Meadows Payton Place	0610164	Denton
Songbird Addition	Songbird	0610165	Denton
Hanby Acres	Hanby Acres Hanby View Estates	0610166	Denton
Ponder Acres Water System	Ponder Acres	0610201	Denton
Trail Creek Water System	Indian Trail Collingswood Prop Wash Avery Ranch Guy James Ranch	0610203	Denton
Cinnamon Ridge	Cinnamon Ridge Drop M Estates Sunny Ranches	0610209	Denton
Dove Hollow Water System	Dove Hollow	0610210	Denton
Willow Wood Addition Meadow Vista	Meadow Vista Willow Wood	0610212	Denton
Spanish Oaks Addition	Spanish Oaks	0610214	Denton
Spring Hill Estates	Spring Hill Estates	0610218	Denton
Stony Hills Water System	Stony Hills	0610220	Denton
Old Stony Estates	Old Stony Estates	0610224	Denton
Sunny Ranches	Sunny Ranches	0610229	Denton
Ponderosa Ranch	Ponderosa Ranch Hill Country Way Estates	0610233	Denton

Table A – North Region (Cont.)

System Name	Subdivision/ Area Served	PWS ID	County
Radecke Road Water System	Radecke Road	0610234	Denton
Stone Valley Farm	Stone Valley Farm	0610236	Denton
Willow Springs Addition	Willow Springs	0610237	Denton
Shale Creek Community	Shale Creek	0610238	Denton and Wise
Mountain Lakes Addition	Mountain Lakes	0720037	Erath
Heritage Estates	Heritage Estates	0910139	Grayson
Forest Lake Subdivision	Forest Lake Forest Park Timber Lakes	0920026	Gregg
Lake Utility Co.	Lake Utilities Dorsey Estates Peninsula Point Timber Lake Estates	1070059	Henderson
Lake Palestine Water Co.	Lake Palestine Water Parkside Shores Cherokee Estates Forest Grove South Holly Hills Lake Point Estates Sunrise Shores Twin Oaks Estates Woodland Hills Woodridge	1070198	Henderson
Phoenix Water Works	Phoenix	1070211	Henderson
High Point Water Co.	High Point	1070233	Henderson
Safari Water System	Safari Waters Ranch Champions Ranch	1070247	Henderson
Rock Harbor Estates	Rock Harbor Estates	1110024	Hood
Sandy Beach Subdivision	Sandy Beach	1110026	Hood
Whippoorwill Bay Subdivision	Whippoorwill Bay	1110027	Hood
Brazos River Acres	Brazos River Acres	1110028	Hood
Mountain View Subdivision	Mountain View Knob Hill	1110035	Hood
River Country Acres	River Country Acres	1110045	Hood
Eastwood Village	Eastwood Village East Park	1110052	Hood
Lake Country Acres	Lake Country Acres Big Timber Estates	1110059	Hood and Parker
North Fork Creek	North Fork Creek I	1110074	Hood
River Run Subdivision	River Run	1110076	Hood
Sunset Acres Subdivision	Sunset Acres	1110077	Hood
Blue Water Shores	Blue Water Shores	1110079	Hood

Table A – North Region (Cont.)			
System Name	Subdivision/ Area Served	PWS ID	County
Nolan Creek Estates	Nolan Creek Estates	1110080	Hood
Plaza East	Plaza East	1110082	Hood
Hunterwood Subdivision Water System	Hunterwood Lakeside Hills	1110083	Hood
Sunchase Meadows	Sunchase Meadows Sunchase Hills Sunchase Village	1110087	Hood
North Fork Creek II	North Fork Creek II Meadowlark Addition	1110088	Hood
Country Meadows Subdivision	Country Meadows	1110089	Hood
Midhaven Estates	Midhaven Estates	1110094	Hood
Mallard Pointe Subdivision	Mallard Pointe	1110112	Hood
Peninsula Addition	Peninsula	1110115	Hood
Bentwater on Lake Granbury	Bentwater on Lake Granbury	1110116	Hood
Rockwall East Mini Ranch	Rockwall East Mini Ranch	1160011	Hunt
Holiday Estates Water	Holiday Estates	1160028	Hunt
Quinlan North Subdivision	Quinlan North	1160063	Hunt
Quinlan South Subdivision	Quinlan South	1160064	Hunt
Barrow Subdivision	Barrow Christy Vista	1160066	Hunt
Crazy Horse Subdivision	Crazy Horse	1160067	Hunt
Oak Ridge Estates	Oak Ridge Estates	1160079	Hunt
Country Wood Estates	Country Wood Estates M G M Estates	1160093	Hunt
Oakview Farms Subdivision	Oakview Farm Village Creek Estates	1260010	Johnson
Peaceful Meadows Subdivision	Peaceful Meadows	1260067	Johnson
Shady Hills Estates Water System	Shady Hills Estates	1260071	Johnson
Shady Meadows Estates	Shady Meadows Estates	1260072	Johnson
Garden Acres	Garden Acres	1260092	Johnson
Walden Estates	Walden Estates	1260101	Johnson
China Spring Water Company	China Spring	1550021	McLennan
North County Water Supply	North County Water Supply	1550049	McLennan
Western Hills Water System	Western Hills Brettwood Addition Lazy Acres Schwann Lane Westlake Addition Park One	1550072	McLennan
T & A Water System	T & A Water System	1550085	McLennan
Rivercrest Water Co.	Rivercrest	1550089	McLennan
Smith Water	Smith Water	1550091	McLennan

Table A – North Region (Cont.)

System Name	Subdivision/ Area Served	PWS ID	County
V L S	V L S	1550113	McLennan
Tubbs Water System	Tubbs Water System	1550125	McLennan
Goodall Water System	Goodall Water System	1550126	McLennan
North Bosque Estates Water Supply	North Bosque Estates	1550129	McLennan
Behringer Water System	Behringer	1550130	McLennan
Crestwood Water Co.	Crestwood	1580016	Marion
Tanglewood Estates	Tanglewood Estates	1840011	Parker
Live Oak Hills Addition	Live Oak Hills	1840012	Parker
Ashcreek Addition	Ashcreek Acres Reynolds Creek Estates	1840013	Parker
Springtown Subdivision	Springtown	1840015	Parker
La Junta	La Junta	1840016	Parker
Agnes Subdivision	Agnes	1840017	Parker
Lazy Bend Estates	Lazy Bend Estates	1840018	Parker
Shangri La Subdivision	Shangri La West Forty Acres Azle West 40 Canyon Country Estates Cherry Valley	1840021	Parker
Flat Rock Estates	Flat Rock Estates	1840035	Parker
Deer Butte Subdivision	Deer Butte Ranchos	1840037	Parker
Lago Lindo Estates	Lago Lindo Estates	1840038	Parker
Remuda Ranch Estates	Remuda Ranch Estates	1840047	Parker
Windsor Estates	Windsor Estates	1840076	Parker
Kinbrook Estates	Kinbrook Estates	1840094	Parker
Sandy Acres Addition	Sandy Acres Fox Hollow	1840098	Parker
Timbercreek Valley	Timbercreek Valley	1840108	Parker
Saddle Club Estates	Saddle Club Estates Oaks Subdivision	1840130	Parker
Boling Ranch Estates	Boling Ranch Estates	1840133	Parker
Woodlands of Parker County & Old Bank	Woodlands of Parker County Old Bankhead Highway The Woodlands	1840138	Parker
Enchanted Lakes Water System	Enchanted Lakes	2120045	Smith
WWWW Water System	WWWW Water System	2120077	Smith
Squaw Creek Subdivision Water System	Squaw Creek	2130021	Somervell
Greenfields on Squaw Creek	Greenfields on Squaw Creek	2130036	Somervell
Cottonwood Hills Estates	Cottonwood Hills Estates	2200045	Tarrant
Linkwood Estates Subdivision	Linkwood Estates	2200061	Tarrant
Slay Estates	Slay Estates	2200072	Tarrant

Table A – North Region (Cont.)

System Name	Subdivision/ Area Served	PWS ID	County
Blue Mound Estates	Blue Mound Estates	2200100	Tarrant
Southwood Addition	Southwood	2200108	Tarrant
Avondale Heights	Avondale Heights	2200184	Tarrant
Eagles Nest	Eagles Nest	2200185	Tarrant
Lunar Lane Water System	Lunar Lane Oak Grove Acres	2200208	Tarrant
Silver Creek Estates	Silver Creek Estates	2200277	Tarrant
Ranch Oaks Subdivision	Ranch Oaks	2200291	Tarrant
North Ridge Estates	North Ridge Estates	2200326	Tarrant
North Fork Estates	North Fork Estates North Fork Addition	2200329	Tarrant
Sun Valley Estates Water Supply	Sun Valley Estates	2200337	Tarrant
Savanna Estates	Savanna Estates	2200338	Tarrant
Van Zandt Farms	Van Zandt Farms	2200341	Tarrant
Carson Ranch	Carson Ranch	2200343	Tarrant
The Resort at Eagle Mountain Lake	The Resort	2200344	Tarrant
Prairie Ridge Estates	Prairie Ridge Estates	2200348	Tarrant
Gap Water	The Gap	2210023	Taylor
Killough Addition	Killough	2490013	Wise
Decatur Acres Water	Decatur Acres	2490030	Wise
Singing Meadows Subdivision	Singing Meadows	2490031	Wise
Kings Rest Subdivision	Kings Rest	2490032	Wise
Old Chisholm Estates	Old Chisholm Estates	2490036	Wise
Stonegate Water	Stonegate Water	2490037	Wise
Sunshine Meadows Water Utility	Sunshine Meadows By Well Lexington	2490040	Wise
Highland Meadows Water System	Highland Meadows	2490042	Wise
Strawberry Estates	Strawberry Estates	2490045	Wise
Mesa Ridge Subdivision	Mesa Ridge	2490047	Wise
Diamond Ridge	Diamond Ridge	2490052	Wise
Reatta Estates	Reatta Estates	2490056	Wise
Highland Hills	Highland Hills	2490057	Wise
Chisholm Springs	Chisholm Springs	2490060	Wise
Hawk Ridge	Hawk Ridge	2490077	Wise
Clear Lakes	Clear Lakes	2500017	Wood

Rates for Blue Water Key Water System and Carrizo Water Corp Forest Grove have not been changed as a result of this application.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Monthly Minimum Charges by Meter Size (Includes 0 gallons)

Meter Size	Year 1 (Partial) 5/1/2013 through 12/31/2013	Year 2 Beginning 1/1/2014	Year 3 Beginning 1/1/2015 Until Changed
5/8" x 3/4"	\$45.06	\$45.06	\$45.06
1"	\$112.65	\$112.65	\$112.65
1 1/2 "	\$225.30	\$225.30	\$225.30
2"	\$360.48	\$360.48	\$360.48
3"	\$720.96	\$720.96	\$720.96
4"	\$1,126.50	\$1,126.50	\$1,126.50
6"	\$2,253.00	\$2,253.00	\$2,253.00
8"	\$3,604.80	\$3,604.80	\$3,604.80
10"	\$5,181.90	\$5,181.90	\$5,181.90
12"	\$9,687.90	\$9,687.90	\$9,687.90

Gallage Charge: Per 1,000 gallons used

	Year 1 (Partial) 5/1/2013 through 12/31/2013	Year 2 Beginning 1/1/2014	Year 3 Beginning 1/1/2015 Until Changed
1 to 5,000 gallons	\$2.40	\$2.65	\$2.85
5,001 to 10,000 gallons	\$4.70	\$4.82	\$4.95
10,001 to 20,000 gallons	\$7.13	\$7.13	\$7.13
20,001 and over	\$7.60	\$7.60	\$7.60

Regional Pass-Through Gallage Charge: \$0.2384 per 1,000 gallons

Monthly Minimum Charge for any meter size larger than 12" will be calculated using American Water Works Association (AWWA) approved meter equivalency factors.

**RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP**

SECTION 1.0 -- RATE SCHEDULE (Continued)

FORM OF PAYMENT: The utility will accept the following forms of payment:
Cash X (If in person at designated locations), Check X, Money Order X, Credit Card X,

Other (specify) Electronic Billing and Payment (See Section 2.06 Billing)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

REGULATORY ASSESSMENT 1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,100.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" x 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE A SUBDIVISION IS A UNIQUE COST. UNIQUE COSTS WILL BE DETERMINED ON A CASE-BY-CASE BASIS.

TAP FEE (Larger meter) Actual Cost
THIS TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" x 3/4" METERS. UNIQUE COSTS, SUCH AS ROAD BORES, WILL BE CHARGED IN ADDITION TO THIS TAP FEE AT THEIR ACTUAL COST OF INSTALLATION.

RECONNECTION FEE

THE RECONNECTION FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non-payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected \$75.00

TRANSFER FEE \$50.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHERE THE SERVICE IS NOT DISCONNECTED

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP

Attachment H

Aqua Texas North Region Sewer Utility Tariff

SEWER UTILITY TARIFF FOR North Region

Aqua Utilities, Inc. dba Aqua Texas, Inc.
Aquasource Development, Inc. dba Aqua Texas, Inc.
(Utility Name)

1106 Clayton Lane, Suite 400W
(Business Address)

Austin, Texas 78723
(City, State, Zip Code)

(512) 990-4400
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

20453, 20867

This tariff is effective in the following counties:

Cherokee, Hood, Marion, Rockwall, Tarrant, and Wise

This tariff is effective in the following cities or unincorporated towns (if any):

N/A

The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the TCEQ and will have to be obtained from the city or utility.

This tariff is effective in the following subdivisions and public wastewater systems:

See attached Table – North Region

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The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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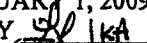
APPENDIX A -- SAMPLE SERVICE AGREEMENT
APPENDIX B -- APPLICATION FOR SERVICE

TEXAS COMM. ON ENVIRONMENTAL QUALITY
34611-R, CCN 20453, 20863, JANUARY 1, 2009
APPROVED TARIFF BY JK

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY
2009 SEP 18 PM 3:32
CHIEF CLERKS OFFICE

Table – North Region		
System/Subdivision Name	WQ ID	County
Buffalo Creek	0011974-001;	Rockwall
Chisholm Springs	0014149-001	Wise
Crestwood Lodge	0012566-001	Marion
***Eagle's Bluff	0013994-001	Cherokee
Happy Country Homes; Shale Creek/Stone Creek	0014186-001	Rockwall
The Resort at Eagle Mountain Lake	0014125-001	Tarrant
Treaty Oaks	0014147-001	Hood

*****Note:** Eagles Bluff has different rates as per settlement agreement.

TEXAS COMM. ON ENVIRONMENTAL QUALITY
 34611-R, CCN 20453, 20863, JANUARY 1, 2009
 APPROVED TARIFF BY  KA

Attachment I

February 2016 CCN Appraisal Report

PUC DOCKET NO. 45450

MUSTANG SPECIAL UTILITY
DISTRICT NOTICE OF INTENT TO
PROVIDE WATER SERVICE
TO LAND DECERTIFIED
FROM AQUA TEXAS, INC.

§
§
§
§
§

BEFORE THE PUBLIC UTILITY

COMMISSION OF TEXAS

INDEPENDENT APPRAISAL

TO THE PUBLIC UTILITY COMMISSION OF TEXAS:

COMES NOW, Mustang Special Utility District ("Mustang SUD") and files in Response to Order No. 2 this Independent Appraisal prepared by the appraiser agreed-upon by Mustang SUD and Aqua Texas, Inc. ("Aqua") pursuant to Texas Water Code § 13.254(f) and PUC Rule 24.113(i). The agreed, independent appraiser determined the compensation for any property rendered useless or valueless to Aqua pursuant to 16 Tex. Admin. Code § 24.113(j)(1). Exhibit 1 hereto contains the *Analysis and Opinion of Previously Decertified CCN from Aqua Texas, Inc. in Denton County, PUC Docket No. 45450* prepared by NewGen Strategies & Solutions.

Respectfully submitted,

JACKSON WALKER L.L.P.

By: Mallory Beck
Leonard Dougal State Bar No. 06031400
Mallory Beck - State Bar No. 24073899
100 Congress, Suite 1100
Austin, Texas 78701
E: ldougal@jw.com
T: (512) 236 2233
F: (512) 391-2112

ATTORNEYS FOR PETITIONER MUSTANG
SPECIAL UTILITY DISTRICT

CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was served as shown below on
this 16th day of February 2016:

Derek Seal
Winstead P.C.
401 Congress, Suite 2100
Austin, Texas 78701
Telephone: (512) 370-2807
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Attorney for Smiley Road, Ltd.

Via Email

Geoffrey P. Kirshbaum
The Terrill Firm PC
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Attorney for Aqua Texas, Inc.

Via Email and Facsimile

Erika Garcia
Attorney – Legal Division
Public Utility Commission of Texas
1701 N. Congress Avenue
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Attorney for Public Utility Commission of Texas

Via Email


Mallory Beck

February 16, 2016

Mustang Special Utility District
Chris Boyd
7985 FM 2931
Aubrey, TX 76227

Aqua Texas, Inc. d/b/a Aqua Texas
Geoffrey P. Kirshbaum
810 West 10th Street
Austin, Texas 78701

Subject: Analysis and Opinion of Previously Decertified CCN from Aqua Texas, Inc. in Denton County, PUC Docket No. 45450

Dear Parties:

NewGen Strategies & Solutions, LLC (NewGen) has completed our review of the area, which is the subject of Smiley Road, Ltd.'s (Landowner) approved petition for expedited release, previously decertified from the Aqua Texas (Aqua) Water Service Area Certificate of Convenience and Necessity (CCN) No. 13201 in Public Utility Commission of Texas (PUC) Docket No. 45100. Based on our understanding, per PUC Substantive Rule § 24.113(i), a determination of the monetary amount of compensation due to Aqua for the decertified area must be made now that Mustang Special Utility District (Mustang SUD) has indicated its intent to provide water service in the decertified area. As stated in the Notice of Selection of Agreed Appraiser filed in this PUC Docket, NewGen was agreed upon by both parties (Mustang SUD and Aqua) as the appraiser to determine the appropriate level of monetary compensation.

My qualifications to perform the requested analysis are demonstrated in my professional resume and my testifying resume, included herein collectively as Attachment A.

As listed in the Final Order filed in PUC Docket 45100 Finding of Facts, Landowner submitted affidavits that the property is not receiving water services of any kind from Aqua. Aqua did not submit any response denying that Landowner is not receiving water utility services. The Parties provided NewGen no other information regarding the location or value of facilities or property of Aqua in the vicinity of the area which was decertified by the PUC in Docket No. 45100.

In determining the amount of monetary compensation, NewGen is guided by PUC Substantive Rule §24.113(j).

As part of our analysis, NewGen has reviewed the documentation provided in PUC Docket No. 45100. This review included:

- The Petition for Expedited Release from Water CCN No. 13201 filed by Landowner;
- Aqua Texas' Motion to Intervene;
- Filings by PUC Staff including Commission Staff's Final Recommendation; and,
- All Orders issued by the Administrative Law Judge (ALJ), inclusive of the Final Order dated November 9, 2015.

Aqua, through its Attorney Geoffrey Kirshbaum of The Terrill Firm, provided a summary of legal costs incurred by Aqua in responding to the dockets referenced above as well as PUC Docket Nos. 45099 and 45462. The letter dated February 15, 2016 is included for reference with this valuation as Attachment A.

Based on our review of the available documentation, NewGen presents the following findings:

- There does not appear to be any facilities and/or customers within the area in question;
- The parties have not provided information to NewGen that demonstrates the existence of any facilities dedicated or committed solely to the area in question;
- Aqua has incurred legal expenses on this and another, concurrent decertification valuation docket totaling \$4,507.50 and anticipates an additional \$375.00 in legal expenses.

Conclusion

Based upon the above findings, and in compliance with PUC Substantive Rule § 24.113(h), it is our conclusion that there is no property that has been rendered useless or valueless as a result of decertification and the provision of service by Mustang SUD to the area in question. As such, no determination of monetary compensation is required under the rules.

However, if a monetary compensation determination were to be made, it is our opinion that the compensation to be provided is \$541.96 based on the following:

- To our knowledge, there are no facilities in the decertified area;
- To our knowledge, there is no debt that has been used to fund facilities to serve the decertified area;
- Aqua has not provided specific information to NewGen to demonstrate or quantify the expenditure of any funds associated with planning, designing, or constructing facilities associated with the decertified area;
- To our knowledge, Aqua has no contractual obligations associated with the decertified area;
- To our knowledge, there is no demonstrated impairment or foreseeable cost increases to existing customers that will result from the decertification;
- To our knowledge, Aqua will not experience a loss in revenues associated with the loss of the decertified area; and,
- Aqua provided costs for legal fees incurred by Aqua associated with the decertification of the area in question. These costs were incurred in defending its CCN in PUC Docket Nos. 45099 and 45100 as well as the related valuation PUC Docket Nos. 45450 and 45462. NewGen distributed these costs between the dockets ratably by acreage. PUC Docket No. 45450 is the subject of this valuation and concerns 111.88 acres, or 11.1% of the combined acreage totaling of 1,011.77. As such, 11.1% of Aqua's legal fees has been assigned to this docket.

Please note that I certify, to the best of my knowledge and belief, as follows:

- To my knowledge, the statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are the impartial and unbiased professional analyses, opinions and conclusions of NewGen.
- NewGen has no present or prospective interest in the property that is the subject of this report and has no personal interest or bias with respect to the parties involved.
- NewGen's engagement in this assignment, or compensation provided, was not contingent upon developing or reporting predetermined results that favor the cause of the client, the amount of any

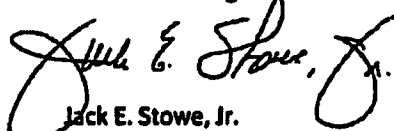
Mr. Chris Boyd and Mr. Geoffrey Kirshbaum
February 16, 2016
Page 3

determined compensation, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this report.

After review of this Letter Report, if you have any questions or require additional information, please feel free to contact Mr. Jack Stowe at jstowe@newgenstrategies.net or call 512.479.7900.

Sincerely,

NewGen Strategies and Solutions, LLC



Jack E. Stowe, Jr.
Director

PUC DOCKET NO. 45462

MUSTANG SPECIAL UTILITY
DISTRICT NOTICE OF INTENT TO
PROVIDE WATER SERVICE
TO LAND DECERTIFIED
FROM AQUA TEXAS, INC.

§
§
§
§
§

BEFORE THE PUBLIC UTILITY

FILED 15 Feb 2: 32

FILED CLERK

COMMISSION OF TEXAS

INDEPENDENT APPRAISAL

TO THE PUBLIC UTILITY COMMISSION OF TEXAS:

COMES NOW, Mustang Special Utility District ("Mustang SUD") and files in Response to Order No. 2 this Independent Appraisal prepared by the appraiser agreed-upon by Mustang SUD and Aqua Texas, Inc. ("Aqua") pursuant to Texas Water Code § 13.254(f) and PUC Rule 24.113(i). The agreed, independent appraiser determined the compensation for any property rendered useless or valueless to Aqua pursuant to 16 Tex. Admin. Code § 24.113(j)(1). Exhibit 1 hereto contains the *Analysis and Opinion of Previously Decertified CCN from Aqua Texas, Inc. in Denton County, PUC Docket No. 45462* prepared by NewGen Strategies & Solutions.

Respectfully submitted,

JACKSON WALKER L.L.P.

By: Mallory Beck
Leonard Dougal - State Bar No. 06031400
Mallory Beck - State Bar No. 24073899
100 Congress, Suite 1100
Austin, Texas 78701
E: ldougal@jw.com
T: (512) 236 2233
F: (512) 391-2112

ATTORNEYS FOR PETITIONER MUSTANG
SPECIAL UTILITY DISTRICT

CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was served as shown below on

this 16th day of February 2016:

Derek Seal
Winstead P.C.
401 Congress, Suite 2100
Austin, Texas 78701
Telephone: (512) 370-2807
Facsimile: (512) 370-2850
Email: dseal@winstead.com
Attorney for Smiley Road, Ltd.

Via Email

Geoffrey P. Kirshbaum
The Terrill Firm PC
810 W. 10th Street
Austin, Texas 78701
Telephone: (512) 474-9100
Facsimile: (512) 474-9888
Email: gkirshbaum@terrill-law.com
Attorney for Aqua Texas, Inc.

Via Email and Facsimile

Alexander Petak
Attorney – Legal Division
Public Utility Commission of Texas
1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326
Telephone: (512) 936-7377
Facsimile: (512) 936-7268
Email: alexander.petak@puc.texas.gov
Attorney for Public Utility Commission of Texas

Via Email


Mallory Beck



1300 E. Lookout Drive
Suite 100
Richardson, TX 75082
Phone: (972) 680-2000

February 16, 2016

Mustang Special Utility District
Chris Boyd
7985 FM 2931
Aubrey, TX 76227

Aqua Texas, Inc. d/b/a Aqua Texas
Geoffrey P. Kirshbaum
810 West 10th Street
Austin, Texas 78701

Subject: Analysis and Opinion of Previously Decertified CCN from Aqua Texas, Inc. in Denton County, PUC Docket No. 45462

Dear Parties:

NewGen Strategies & Solutions, LLC (NewGen) has completed our review of the area, which is the subject of Smiley Road, Ltd.'s (Landowner) approved petition for expedited release, previously decertified from the Aqua Texas (Aqua) Water Service Area Certificate of Convenience and Necessity (CCN) No. 13201 in Public Utility Commission of Texas (PUC) Docket No. 45099. Based on our understanding, per PUC Substantive Rule § 24.113(i), a determination of the monetary amount of compensation due to Aqua for the decertified area must be made now that Mustang Special Utility District (Mustang SUD) has indicated its intent to provide water service in the decertified area. As stated in the Notice of Selection of Agreed Appraiser filed in this PUC Docket, NewGen was agreed upon by both parties (Mustang SUD and Aqua) as the appraiser to determine the appropriate level of monetary compensation.

My qualifications to perform the requested analysis are demonstrated in my professional resume and my testifying resume, included herein collectively as Attachment A.

As listed in the Final Order filed in PUC Docket 45099 Finding of Facts, Landowner submitted affidavits that the property is not receiving water services of any kind from Aqua. Aqua did not submit any response denying that Landowner is not receiving water utility services. The Parties provided NewGen no other information regarding the location or value of facilities or property of Aqua in the vicinity of the area which was decertified by the PUC in Docket No. 45099.

In determining the amount of monetary compensation, NewGen is guided by PUC Substantive Rule §24.113(j).

As part of our analysis, NewGen has reviewed the documentation provided in PUC Docket No. 45099. This review included:

- The Petition for Expedited Release from Water CCN No. 13201 filed by Landowner;
- Aqua Texas' Motion to Intervene;
- Filings by PUC Staff including Commission Staff's Final Recommendation; and,
- All Orders issued by the Administrative Law Judge (ALJ), inclusive of the Final Order dated December 18, 2015.

Aqua, through its Attorney Geoffrey Kirshbaum of The Terrill Firm, provided a summary of legal costs incurred by Aqua in responding to the dockets referenced above as well as PUC Docket Nos. 45100 and 45450. The letter dated February 15, 2016 is included for reference with this valuation as Attachment A.

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Based on our review of the available documentation, NewGen presents the following findings:

- There does not appear to be any facilities and/or customers within the area in question;
- The parties have not provided information to NewGen that demonstrates the existence of any facilities dedicated or committed solely to the area in question;
- Aqua has incurred legal expenses on this and another, concurrent decertification valuation docket totaling \$4,507.50 and anticipates an additional \$375.00 in legal expenses.

Conclusion

Based upon the above findings, and in compliance with PUC Substantive Rule § 24.113(h), it is our conclusion that there is no property that has been rendered useless or valueless as a result of decertification and the provision of service by Mustang SUD to the area in question. As such, no determination of monetary compensation is required under the rules.

However, if a monetary compensation determination were to be made, it is our opinion that the compensation to be provided is \$4,340.54 based on the following:

- To our knowledge, there are no facilities in the decertified area;
- To our knowledge, there is no debt that has been used to fund facilities to serve the decertified area;
- Aqua has not provided specific information to NewGen to demonstrate or quantify the expenditure of any funds associated with planning, designing, or constructing facilities associated with the decertified area;
- To our knowledge, Aqua has no contractual obligations associated with the decertified area;
- To our knowledge, there is no demonstrated impairment or foreseeable cost increases to existing customers that will result from the decertification;
- To our knowledge, Aqua will not experience a loss in revenues associated with the loss of the decertified area; and,
- Aqua provided costs for legal fees incurred by Aqua associated with the decertification of the area in question. These costs were incurred in defending its CCN in PUC Docket Nos. 45099 and 45100 as well as the related valuation PUC Docket Nos. 45450 and 45462. NewGen distributed these costs between the dockets ratably by acreage. PUC Docket No. 45462 is the subject of this valuation and concerns 899.89 acres, or 88.9% of the combined acreage totaling of 1,011.77. As such, 88.9% of Aqua's legal fees has been assigned to this docket.

Please note that I certify, to the best of my knowledge and belief, as follows:

- To my knowledge, the statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are the impartial and unbiased professional analyses, opinions and conclusions of NewGen.
- NewGen has no present or prospective interest in the property that is the subject of this report and has no personal interest or bias with respect to the parties involved.
- NewGen's engagement in this assignment, or compensation provided, was not contingent upon developing or reporting predetermined results that favor the cause of the client, the amount of any

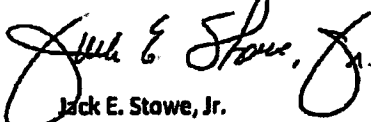
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Sincerely,

NewGen Strategies and Solutions, LLC



Jack E. Stowe, Jr.
Director