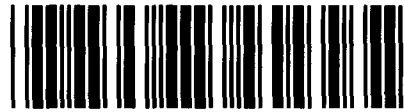


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Item Number: 8

Addendum StartPage: 0

RECEIVED

MUSTANG SPECIAL UTILITY §
DISTRICT'S NOTICE OF INTENT TO §
PROVIDE RETAIL WATER SERVICE §
TO AREA DECERTIFIED FROM §
TERRA SOUTHWEST INC. IN DENTON §
COUNTY §

PUBLIC UTILITY COMMISSION

OFFICE OF THE PUBLIC UTILITY COMMISSION
OF TEXAS
FILED CLERK

MUSTANG SUD'S PROPOSED ORDER

COMES NOW, Mustang Special Utility District ("Mustang SUD"), and submits its Proposed Order including Findings of Fact and Conclusions of Law pursuant to Order No. 2 Establishing Procedural Schedule.

I. FINDINGS OF FACT

Background Information

1. Terra Southwest, Inc. ("Terra Southwest") is an investor-owned, retail public utility operating under water Certificate of Convenience of Necessity ("CCN") No. 11608.
2. Mustang SUD is a retail public utility currently providing retail water service to the area within its CCN No. 11856.
3. Mustang SUD intends to provide retail water service to the 102-acre area which was decertified from Terra Southwest pursuant to TCEQ Application No. 37356-C, which was granted by TCEQ Order dated August 29, 2012, pursuant to Tex. Water Code § 13.254(a-5).
4. Under Tex. Water Code § 13.254(d) and PUC Rule 24.113(o)(1), Mustang SUD may not render retail water service to the public in a decertified area without providing compensation for any of Terra Southwest's property that the Commission determines in rendered useless or valueless (if any) to Terra Southwest as a result of decertification.
5. On August 1, 2017, Mustang SUD and Terra Southwest entered into a Settlement Agreement, along with DRH Land Opportunities I, Inc., the landowner and the

successor to Shahan Prairie, LP, where the parties agreed on the compensation to be provided to Terra Southwest, the former CCN holder (the Settlement Agreement was filed with the PUC as Exhibit 2 to the Notice of Intent on September 28, 2017).

6. Because of the Settlement Agreement, this matter does not require the identification of an appraiser or a valuation of real or personal property, and was processed by the Commission as an agreed matter pursuant to PUC Rule 24.113(o)(6), under a streamlined procedural schedule.

Procedural History

7. On September 28, 2017, Mustang SUD filed a notice of intent to provide retail water service to an approximately 102-acre area decertified from Terra Southwest's CCN No. 11608 in Denton County.
8. On October 2, 2017, the Commission issued Order No. 1, which requested the parties propose a procedural schedule to allow for the Settlement Agreement to be presented to the Commission at an open meeting.
9. On October 6, 2017, Mustang SUD filed a proposed procedural schedule.
10. On October 9, 2017, the Commission issued Order No. 2, which adopted the proposed procedural schedule.
11. On October 19, 2017, the Commission's Staff filed its recommendation on final disposition, in which the Staff recommended that the Settlement Agreement be presented to the Commission at an open meeting for consideration and action.

II. CONCLUSIONS OF LAW

1. Terra Southwest and Mustang SUD are retail public utilities as defined in Tex. Water Code § 13.002(19) and 16 Tex. Admin. Code § 24.3(59).
2. The Commission has jurisdiction and authority over this docket under Tex. Water Code §§ 13.041 and 13.254(d)–(e) and 16 Tex. Admin. Code § 24.113.

3. This docket was processed in accordance with the requirements of Tex. Water Code § 13.254 and 16 Tex. Admin. Code § 24.113.
4. Mustang SUD and the former CCN holder, Terra Southwest, have reached agreement on all aspects of compensation, and the Settlement Agreement was presented to the Commission as part of the approval in this matter in accordance with 16 Tex. Admin. Code § 24.113(o).

III. PROPOSED ORDER

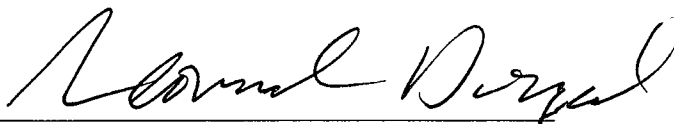
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. Consistent with the Settlement Agreement, Terra Southwest shall be compensated for property rendered useless or valueless as a result of the decertification of the approximately 102-acre tract of land from Terra Southwest's CCN No. 11608 in Denton County.
2. Once Terra Southwest is compensated pursuant to the Settlement Agreement, Mustang SUD shall be authorized to provide retail water service to the subject area.
3. Entry of this Order does not indicate the Commissioner's endorsement or approval of any principle or methodology that may underlie the Settlement Agreement. Entry of this Order should not be regarded as binding holding or precedent as to the appropriateness of any principle or methodology underlying the Settlement Agreement.
4. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted, are denied.

WHEREFORE, PREMISES CONSIDERED, Mustang Special Utility District respectfully requests that the Commission issue an Order in accordance with the aforementioned findings of fact and conclusions of law.

Respectfully submitted,

JACKSON WALKER L.L.P.

By: 

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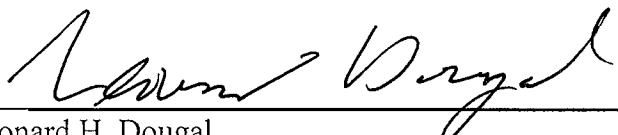
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**ATTORNEYS FOR MUSTANG SPECIAL
UTILITY DISTRICT**

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 30, 2017 in accordance with TAC § 22.74.



Leonard H. Dougal