



Control Number: 47998



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Public Utility Commission of Texas
Central Records
1701 N. Congress Avenue
P.O.Box 13326
Austin, TX 78711-3326

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PUCT FILING CLERK

ATTN: Filing Clerk

Ref. PUCT Docket No.47998
SOAH Docket No.473-18-2879.WS
Subject: Order of Referral

April 2, 2018

In response to the Order of Referral the Rate Payers wish to submit the following for consideration in proceedings (copy attached):

- Mail received 3-2-2017 from MUD-12 to All Customers;
- Mail received 12-22-2017 from MUD-12 to MUD-12 Customers;
- Email text dated 4-1-2018 from Rate Payers Search of Data,

Document received 3-2-2017 presented to the Rate Payers indicating the intended Bond Request of \$17,464,000. Beside the opening statement that MUD-12 "collects for waste service collection, the Bayou Vista Fire Department, and the maintenance of the safety and wellbeing notice, the remainder of the mailing outlines the various projects estimated costs. **First**, the items listed for waste collection and Fire Department are strictly for the Bayou Vista area and not for the Omega Bay area. The alert system as well as water and sewage treatment is shared by both subdivision areas. **Second**, the various projects may well be necessary, but the Rate Payers have objected that the MUD-12 Board does not set aside any accounting for "future repair & replacement." In fact as business evolves during monthly Board Meetings much of the costs required for work are issued by one engineering firm and voted approved by the Board. The Rate Payers have observed no planning put into these projects till they are decided to be necessary work

Document received 12-22-2017 presented to Rate Payers indicating the justification for \$1,600,000 of the Bond Request and the introduction of the \$30.00 per month surcharge to all water bills. It states "authorization to issue bonds as needed would have covered these expenses with no increased utility cost to customers of MUD-12. The cost of bonds is borne by the taxes paid on property and is not part of your monthly service bill." This infers no cost to the Rate Payers while disregarding increase in taxes to pay for these projects. The document closes with the Board stating it can not wait for bond funds and that the work "has to be done now." The Rate Payers continue to ask where was the planning and account reserve set aside for this work years ago, or is this truly an emergency that has just now been discovered?

Email copy dated 4-1-2018 was sent by one of our Rate Payers who took on the work of reviewing the audio/video recordings the Rate Payers have made of the monthly MUD-12 Board meetings. The MUD-12 Board records the audio of the meetings but maintains it is only for the Minutes of the meetings which are made available to the Rate Payers. I want to thank our Rate Paycr for the time dedicated to review the videos and take notes of the material.

I hope the PUCT finds this information valuable to the proceedings. I also want to remind the PUCT that the Rate Payers are not lawyers. The Rate Payers object to the treatment received from the MUD-12 Board which lead to their original grievance filing with the PUCT. We only hope that the PUCT will find in favor of our request for relief in this mater.

Sincerely & Respectfully,



John Huston @ 409-935-4412

For the Rate Payers of Omega Bay and Bayou Vista Subdivisions which are the service district of the Galveston County Municipal Utility District NO. 12.

Enclosed: 3 Attachments

CC: File

To all customers of MUD-12

3-2-17

IMPORTANT INFORMATION

Please read the following. This is important to each and every customer.

Thank you

Bill Alcorn, President
Board of Directors

MUD 12 TO REQUEST BOND APPROVAL

The Municipal Utility District is requesting that voters support and vote to authorize new bonds for needed repairs, and system improvements to take place over the next 10-15 years. The District is responsible for providing water and sewer service to approximately 1500 homes in Omega Bay, Original Bayou Vista and Bayou Vista. The District collects for services provided by the solid waste collection company and the Fire Department. The District also maintains an alert system that sends out messages concerning the safety and wellbeing of the community. All of these items are listed on your monthly service bill.

The District Capital Improvement Plan is estimated to cost \$17,464,000. The District Engineering firm recommends the below list of needed improvements with an estimated cost and time line for replacement or repair.

2017 Estimated cost \$373,000

Non potable water recovery system to save 24,000,000 gallons of water annually that is currently being used to treat waste water and testing of portions of the sewer system.

2018 Estimated cost \$1,786,000

Rebuild waste collection chambers and clarifiers including fine screen separator process. Ground storage tank holding 284,000 gallons of water needs replacing.

2019 Estimated cost \$325,000

Rebuild both hydro pressure tanks, each holding 25,000 gallons of pressurized water for delivery to the District.

2020 Estimated cost \$1,104,000

Rebuild or replace clarifiers and separator as part of sewage system update. Replace generators used for emergency power and the control system.

Rec'd 10-22-17

RE: Utility rate increase

Dear MUD-12 Customers,

The Board of Directors was faced with a decision that had to be made. Continue to do nothing for the rehabilitation of the waste water treatment plant or continue the work that was recommended by our Engineers to solve needed repairs. The estimated cost of these repairs is \$1.6 million. Service rates were raised District-wide to help pay for these repairs. The service rate increase is estimated to produce the necessary funds over a three year period. We have 1450 customers ($\$30.00 \times 1450 \times 36$ months). Any shortfalls in revenue will be made up out of reserve funds.

The District asked the community twice to authorize issuing a series of bonds to cover the waste water rehabilitation and to improve the quality of our drinking water and other potential major needs for a 15 year period the first time and a reduced plan the second time. The authorization to issue bonds as needed would have covered these expenses with no increased utility cost to the customers of MUD-12. The cost of bonds is borne by the taxes paid on the property and is not part of your monthly service bill. Bonds are used to pay for major projects and the cost is spread out over many years.

The customers at an open house meeting last spring stated that the number one issue for the community was odor control from the waste water plant and the engineers explained that there was no way to control odor without major rehabilitation of the plant. It was not a case of improper or no maintenance. Very simply the plant is worn out. The plant was damaged by Ike and the funds to do a major repair were not available.

No one likes to pay more for services, and we sometimes take utilities for granted until faced with a drastic increase in fees. The intent of the board is to plan for another future bond election and rescind service fees back to the prior level, but we cannot wait for bond funds and we have no indication a bond election would pass. Unfortunately, the work has to be done now. Thank you for bearing with us as we work to improve the District.

Best regards,

The Board of Directors, MUD-12

Okay, we have video of all of the MUD 12 meetings from 04/2017 through 01-2018 on DVD. except the 06/2017 Regular Meeting.

The 01/15/2018 video, Part 2 at 11minutes and 51 seconds begins Bill Alcorn's statement: "If a bond is passed in May the need for the additional \$50,000 in service income would not be there. We had to put in a substantial rate increase to pay, over a three year period of time, the cost to fix the odor problem. If a bond is passed, the next bill you receive after it is passed, the increase will be rescinded....I have no objection to refunding the money paid in once we receive the bond funds. You will get a credit on your bill in October, November or December...A decision and a motion needs to be made tonight to have the bond on the May ballot."

There is no language in any of the videos that discusses notice to ratepayers of the increase, other means of funding (3 year loan from a banking institution, etc.) other than the rate increase is considered. There is also an absence of language indicating immediate need or an emergency situation that would preclude investigating other means or sending notification to the ratepayers.

The rate increase was voted on and passed 11/20, 2017 and reflected on the bill received by ratepayers on 11/22/2017.

I hope this is helpful and if you need any other information, please let me know. I will try to get it to you before the mail runs. I took lots of notes on the information on various videos just in case.

email text dated 4-1-2018