



Control Number: 49154



Item Number: 26

Addendum StartPage: 0

Docket No. 49154

RATEPAYERS' APPEAL OF THE
DECISION BY LAGUNA MADRE
WATER DISTRICT TO CHANGE
RATES

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PUBLIC UTILITY COMMISSION

OF TEXAS

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**SECOND AMENDED PETITION FOR RATE REVIEW OF 89% INCREASE IN RATE
FOR IRRIGATION RAW WATER (UNTREATED WATER) ESTABLISHED BY BOARD
OF DIRECTORS OF LAGUNA MADRE WATER DISTRICT (105 PORT ROAD, PORT
ISABEL, TX 78578)**

Pursuant to Texas Water Code §12.013, Chapters 11 and 12 of the Texas Water Code, and Public Utility Commission's Substantive Rules, South Padre Island Golf Course via the undersigned SPI Golf Homeowners JV, Inc., ratepayers ("Petitioner" or "Ratepayer") of Laguna Madre Water District ("LMWD"), hereby files this petition for a review of the decisions of the Board of Directors of LMWD affecting the irrigation raw water (untreated water) rates (hereinafter "rate") charged to them by LMWD.

I. Background

1.1. Upon information and belief, Petitioner is one (1) of only two (2) ratepayers who purchase raw water from LMWD.

1.2. In November 2017, the LMWD established a rate of \$0.55 per 1000 gallons for Petitioner as a result of LMWD Director Houston advocating for the rate. See *Exhibit A, Video excerpt of 10/25/17 LMWD Board Meeting, 00:00:01 through 00:07:30, 00:48:55 through 01:08:55.*

1.3. In February 2018, at a meeting attended by Petitioner and the Board of Trustees of five homeowners' associations, LMWD Director Houston said that he would increase Petitioner's rate if the South Padre Island Golf Course was conveyed to a homeowners' association in a manner that he did not approve. Subsequently, the

South Padre Island Golf Course was not transferred. However, upon being informed that there was no conveyance, LMWD Director Houston told the President of SPI Golf Homeowners JV, Inc. that the reason the rate was increased to \$0.80 effective April 1, 2018 was because the President of SPI Golf Homeowners JV, Inc. had, "been an ass."

1.4. In November 2018, the LMWD increased the rate yet again to \$1.04 per 1000 gallons.

1.5. A calculation of the raw water bills from 4/10/17 through 1/10/18 is attached hereto as Exhibit B with copies of all raw water invoices to Petitioner for services from 4/10/17 through 1/10/19. Petitioner never received notice of any rate changes from LMWD.

II. Petition for Review

2.1. It has become apparent to Petitioner that the LMWD and/or its Directors have engaged in fraudulent, unfair, oppressive, self-dealing, and unjust practices when dealing with Petitioner. Pursuant to §12.013 of the Texas Water Code, Petitioner hereby seeks a review by the Public Utility Commission of the April 2018 rate increase to \$0.80 per 1000 gallons as it is unreasonable and not based on any reasonable basis for fixing rates. Further, the rates charged to Petitioner by LMWD have historically been unreasonable, unfair, unjust, oppressive, and have been set as such in a targeted effort to harm or punish Petitioner.

2.2. Petitioner requests that the Public Utility Commission establish interim rates and compel continuing service during the pendency of this rate proceeding pursuant to §12.013(e).

III. Threat of Denial of Water

3.1. In or about October 2018, the LMWD Board Meeting convened to discuss an irrigation water contract negotiation with Petitioner. LMWD Director Houston emerged from an Executive Session of the Board of LMWD with its attorney, Eddie Lucio III. Director Houston threatened the existence of the South Padre Island Golf Course by questioning whether the LMWD had to sell irrigation water to it at all.

3.2. Texas Water Code §11.036 provides that an irrigation district having in possession and control any conserved or stored water may contract to supply the water to any person, association, or corporation. It further provides that the price and terms of the contract shall be just and reasonable and without discrimination, and the contract is subject to the same revision and control as provided in the Texas Water Code for other water rates and charges.

3.3. Texas Water Code §11.041 provides for a complaint in the event of a denial of water or the demand of a price or rental for the available water that is not reasonable and just, or is discriminatory.

3.4. LMWD and/or its Directors have repeatedly established unreasonable and excessive rates for Petitioner, therefore providing inadequate service to Petitioner, and now they threaten to refuse to provide water to Petitioner.

IV. LMWD Violation of Texas Open Meetings Law

4.1. On January 10, 2019, LMWD Director Houston asked LMWD Board attorney, Eddie Lucio III, for his resignation, citing the fact that a majority of the LMWD Board allegedly sought his removal because he had “not been tough enough” on

Petitioner. At the time of the conversation, the LMWD had never convened an official meeting to discuss an agenda item related to Mr. Lucio's services. If LMWD Director Houston's own words are to be believed, he – and the "majority" of the LMWD Board he spoke for - acted unlawfully in violation of the Texas Open Meetings Act. See Texas Government Code §551.143.

4.2. The above described behavior is further evidence that LMWD and/or its Directors have engaged in fraudulent, unfair, oppressive, and unjust practices when dealing with Petitioner.

V. Conflict of Interest

5.1. LMWD Director Houston is a land developer. His wife is the mayor of Laguna Vista, Texas, where South Padre Island Golf Course is located. LMWD Director Houston has obvious potential conflicts of interest when it comes to dealing fairly with Petitioner. Petitioner cannot be certain of what has motivated LMWD Director Houston to act in the way that he has, but it is clear that LMWD has not treated Petitioner in a fair or just manner as required by law.

VI. Damages

6.1. LMWD has negatively affected the property values of the South Padre Island Golf Club and of SPI Golf Homeowners JV, Inc. The past and future damage to the properties in question are estimated to be in the tens of millions of dollars.

6.2. Petitioner seeks a refund from the date of its original petition for rate review once the rate is fixed by the Public Utility Commission, plus interest at the statutory rate, pursuant to §12.013(f).

VII. Review Sought

7.1. By agreement dated March 1, 1996, the reasonable cost for the raw irrigation water in question was determined by good faith contractual negotiations. As part of this agreement, LMWD calculated the cost/price to be \$0.31 per 1000 gallons. *See Exhibit C, Laguna Madre Water District Calculation of Raw Water Rate February 1996.*

7.2. Petitioner has used LMWD's method of calculation using current data. *See Exhibit D, Calculation of Raw Water Rate Based on LMWD Method as of 12/31/18.*

7.3. Petitioner has used LMWD's method of calculation using current data, without depreciation or with reinvestment equal to depreciation. *See Exhibit E, Calculation of Raw Water Rate Based on LMWD Method as of 12/31/18.*

7.4. Petitioner has made calculations that show a cost of \$750,000 or more to LMWD if raw water is denied to Petitioner. *See Exhibit F, Calculations of Future Cost to LMWD through 2022. See also Exhibit G, Calculations of Increase in Revenue Requirements to Justify Rate Increase.*

7.5. Petitioner requests that the Public Utility Commission review the decisions by the LMWD Board to determine if the rates established are just and reasonable. The initial rate it was charged was \$0.55 per 1000 gallons, and it has increased to \$1.04 per 1000 gallons in the span of one (1) year.

VIII. Designation of Counsel

8.1. The undersigned designate the law firm of **Royston, Rayzor, Vickery & Williams, LLP** as their representative in this matter. Correspondence to Petitioner's

representative may be directed to attorneys James H. Hunter, Jr. and Liliana Elizondo, **Royston, Rayzor, Vickery & Williams, LLP**, 55 Cove Circle, Brownsville, Texas 78521, (956) 542-4377.

IX. Prayer

9.1. Petitioner prays that this Commission find that the rates charged to Petitioner by LMWD are unfair, unjust, unreasonable, and illegal. Petitioner further prays that this Commission establish just and reasonable rates for Petitioner to purchase irrigation raw water (untreated water), in accordance with applicable laws and principles of equity and fairness. Petitioner seeks damages, a refund in the difference of the rate as of the date of this petition and the rate set by the Commission, plus interest. Petitioner requests such other and further relief, at law or in equity, to which it may show itself justly entitled.

ROYSTON, RAYZOR, VICKERY & WILLIAMS, L.L.P.

By: /s/ Liliana Elizondo
James H. Hunter, Jr.,
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jim.hunter@roystonlaw.com
Liliana Elizondo
State Bar No. 24078470
liliana.elizondo@roystonlaw.com
55 Cove Circle
Brownsville, Texas 78521
(956) 542-4377 (Telephone)
(956) 542-4370 (Facsimile)
ATTORNEYS FOR PETITIONER

Certificate of Service

I hereby certify, that a true and correct copy of the above and foregoing document was served via facsimile, certified mail/regular U.S. first class mail, and/or e-mail upon the following counsel of record on this the 2nd day of July 2019.

Brian J. Hansen
Law Offices of Fryer & Hansen, PLLC
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Attorney for Public Utility Commission

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Public Utility Commission of Texas
1701 N. Congress Avenue
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Austin, Texas 78711-3326
desiree.garcia@puc.texas.gov
Commission Counsel for Public Utility Commission

/s/ Liliana Elizondo
Of Royston, Rayzor, Vickery & Williams, L.L.P.

SPI Goolf Homeowners JV, Inc.
Raw Water Bills
4/10/17 to 1/10/19

<u>From</u>	<u>To</u>	<u>Water</u>	<u>Tax</u>	<u>Total Bill</u>	<u>Usage</u>	<u>Water Cost</u> <u>/Unit</u>	<u>Total Bill</u> <u>/Unit</u>
4/10/2017	5/10/2017	6,758.80	-	6,758.80	8,136.00	0.8307	0.8307
5/10/2017	6/9/2017	6,306.00		6,306.00	7,570.00	0.8330	0.8330
6/9/2017	7/10/2017	8,356.40		8,356.40	10,133.00	0.8247	0.8247
7/10/2017	8/10/2017	12,616.40		12,616.40	15,458.00	0.8162	0.8162
8/10/2017	9/11/2017	13,428.40	67.14	13,495.54	16,473.00	0.8152	0.8193
9/11/2017	10/10/2017	7,026.80	35.13	7,061.93	8,471.00	0.8295	0.8337
10/10/2017	11/9/2017	4,337.05	21.69	4,358.74	7,431.00	0.5836	0.5866
11/9/2017	12/6/2017	5,266.55	26.33	5,292.88	9,192.00	0.5729	0.5758
12/6/2017	1/10/2018	5,484.90	27.42	5,512.32	9,518.00	0.5763	0.5791
1/10/2018	2/9/2018	4,486.65	22.43	4,509.08	7,703.00	0.5825	0.5854
2/9/2018	3/9/2018	5,278.10	26.39	5,304.49	9,142.00	0.5773	0.5802
3/9/2018	4/10/2018	9,381.20	46.91	9,428.11	11,414.00	0.8219	0.8260
4/10/2018	5/10/2018	10,173.20	50.87	10,224.07	12,404.00	0.8202	0.8243
5/10/2018	6/11/2018	8,556.40	42.78	8,599.18	10,383.00	0.8241	0.8282
6/11/2018	7/10/2018	5,918.80	29.59	5,948.39	7,086.00	0.8353	0.8395
7/10/2018	8/10/2018	8,890.80	44.45	8,935.25	10,801.00	0.8231	0.8273
8/10/2018	9/10/2018	8,414.00	42.07	8,456.07	10,205.00	0.8245	0.8286
9/10/2018	10/10/2018	9,351.04	46.76	9,397.80	8,751.00	1.0686	1.0739
10/10/2018	11/9/2018	8,811.28	44.06	8,855.34	8,232.00	1.0704	1.0757
11/9/2018	12/10/2018	3,088.80	15.44	3,104.24	2,970.00	1.0400	1.0452
12/10/2018	1/10/2019	6,905.60	34.53	6,940.13	6,640.00	1.0400	1.0452

Exhibit B



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6662



Account Number	
11-2204-01	
Due Date	06/03/2017
Amount Due	\$6,758.80
After Due Date Pay	\$6,758.80
Service Address	
HWY 100 RAW	

TOUCHSTONE GOLF
1 GOLF HOUSE
LAGUNA VISTA TX 78578-2916

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

Please return this portion with your payment. When paying in person please bring both portions of this bill.

CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
TOUCHSTONE GOLF			HWY 100 RAW			11-2204-01
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	04/10/2017	05/10/2017	30	05/18/2017	06/03/2017	06/04/2017

-----CURRENT-----	-----PREVIOUS-----					
DATE	READING	DATE	READING	USAGE		
05/10/17	399108	04/10/17	390972	8136	WA	6,758.80
					CURRENT BILL	6,758.80
					PAY BY DUE DATE	6,758.80
					AFTER DUE DATE	6,758.80

Laguna Madre Water District has lifted all water use restrictions. The combined water level for our reservoirs is above 50%.

El Distrito de Agua de Laguna Madre ha quitado las restricciones de uso del agua. El nivel de agua combinado de nuestras reservas es superior al 50%.

FOR ONLINE PAYMENTS GO TO: WWW.LMWD.ORG FEES ARE APPLIED ON CREDIT CARD PAYMENTS.

MAKE ALL CHECKS PAYABLE TO: LAGUNA MADRE WATER DISTRICT

BILLS ARE DUE UPON RECEIPT. IF PAYMENT IS NOT RECEIVED WITHIN 15 DAYS FROM BILLING DATE, A 10% PENALTY WILL BE ADDED. IF PAYMENT IS NOT RECEIVED WITHIN 25 DAYS FROM BILLING DATE, SERVICE WILL BE DISCONTINUED AND A \$25.00 CHARGE WILL BE ASSESSED TO RESTORE SERVICE BETWEEN 8:00 AM - 5:00 PM. 5:00 PM - SUNSET, AN ADDITIONAL \$25.00 WILL BE ASSESSED TO RESTORE SERVICE.

LEGEND/EXPLANATION CODES: WA — WATER,

SW — SEWER,

TX — TCEQ ASSESSMENT TAX,

NSF — NON SUFFICIENT FUNDS CHECKS,

ACH — AUTOMATIC CLEANSING HOUSE

DD — DEPOSIT RETURN



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6662



Account Number	
11-2204-01	
Due Date	07/03/2017
Amount Due	\$6,306.00
After Due Date Pay	\$6,306.00
Service Address	
HWY 100 RAW	

TOUCHSTONE GOLF
1 GOLF HOUSE
LAGUNA VISTA TX 78578-2916

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

Please return this portion with your payment. When paying in person please bring both portions of this bill.

CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
TOUCHSTONE GOLF			HWY 100 RAW			11-2204-01
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	05/10/2017	06/09/2017	30	06/19/2017	07/03/2017	07/04/2017

-----CURRENT-----	-----PREVIOUS-----					
DATE	READING	DATE	READING	USAGE		
06/09/17	406678	05/10/17	399108	7570	WA	6,306.00
					CURRENT BILL	6,306.00
					PAY BY DUE DATE	6,306.00
					AFTER DUE DATE	6,306.00

Laguna Madre Water District has lifted all water use restrictions. The combined water level for our reservoirs is above 50%.

El Distrito de Agua de Laguna Madre ha quitado las restricciones de uso del agua. El nivel de agua combinado de nuestras reservas es superior al 50%.

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MAKE ALL CHECKS PAYABLE TO: LAGUNA MADRE WATER DISTRICT

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LEGEND/EXPLANATION CODES: WA - WATER,

SW - SEWER,

TX - TCEQ ASSESSMENT TAX,

NSF - NON SUFFICIENT FUNDS CHECKS,

ACH - AUTOMATIC CLEARING HOUSE

DD - DEPOSIT DETENTION



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6662



Account Number	
11-2204-01	
Due Date	08/03/2017
Amount Due	\$8,356.40
After Due Date Pay	\$8,356.40
Service Address	
HWY 100 RAW	

TOUCHSTONE GOLF
1 GOLF HOUSE
LAGUNA VISTA TX 78578-2916

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

Please return this portion with your payment. When paying in person please bring both portions of this bill.

CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
TOUCHSTONE GOLF			HWY 100 RAW			11-2204-01
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	06/09/2017	07/10/2017	31	07/18/2017	08/03/2017	08/04/2017

-----CURRENT-----	-----PREVIOUS-----					
DATE	READING	DATE	READING	USAGE	WA	8,356.40
					CURRENT BILL	8,356.40
					PAY BY DUE DATE	8,356.40
07/10/17	416811	06/09/17	406678	10133	AFTER DUE DATE	8,356.40

Laguna Madre Water District has lifted all water use restrictions. The combined water level for our reservoirs is above 50%.

El Distrito de Agua de Laguna Madre ha quitado las restricciones de uso del agua. El nivel de agua combinado de nuestras reservas es superior al 50%.

FOR ONLINE PAYMENTS GO TO: WWW.LMWD.ORG FEES ARE APPLIED ON CREDIT CARD PAYMENTS.

MAKE ALL CHECKS PAYABLE TO: LAGUNA MADRE WATER DISTRICT

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LEGEND/EXPLANATION CODES: WA — WATER,

SW — SEWER,

TX — TCEQ ASSESSMENT TAX,

NSF — NON SUFFICIENT FUNDS CHECKS,

ACH — AUTOMATIC CLEANSING HOUSE

DD — DEPOSIT RETURN



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6662



Account Number	
11-2204-01	
Due Date	09/03/2017
Amount Due	\$12,616.40
After Due Date Pay	\$12,616.40
Service Address	
HWY 100 RAW	

TOUCHSTONE GOLF
1 GOLF HOUSE
LAGUNA VISTA TX 78578-2916

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

Please return this portion with your payment. When paying in person please bring both portions of this bill.

CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
TOUCHSTONE GOLF			HWY 100 RAW			11-2204-01
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	07/10/2017	08/10/2017	31	08/18/2017	09/03/2017	09/04/2017

-----CURRENT-----		-----PREVIOUS-----			WA	12,616.40
DATE	READING	DATE	READING	USAGE	CURRENT BILL	12,616.40
08/10/17	432269	07/10/17	416811	15458	PAY BY DUE DATE	12,616.40
					AFTER DUE DATE	12,616.40

Laguna Madre Water District has lifted all water use restrictions. The combined water level for our reservoirs is above 50%.

El Distrito de Agua de Laguna Madre ha quitado las restricciones de uso del agua. El nivel de agua combinado de nuestras reservas es superior al 50%.

FOR ONLINE PAYMENTS GO TO: WWW.LMWD.ORG FEES ARE APPLIED ON CREDIT CARD PAYMENTS.

MAKE ALL CHECKS PAYABLE TO: LAGUNA MADRE WATER DISTRICT

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LEGEND/EXPLANATION CODES: WA - WATER,

SW - SEWER,

TX - TCEQ ASSESSMENT TAX,

NSF - NON SUFFICIENT FUNDS CHECKS,

ACH - AUTOMATIC CLEARNING HOUSE

DP - DEPOSIT RETURN



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6562



Account Number	
11-2204-01	
Due Date	10/03/2017
Amount Due	\$13,495.54
After Due Date Pay	\$13,502.25
Service Address	
HWY 100 RAW	

TOUCHSTONE GOLF
1 GOLF HOUSE
LAGUNA VISTA TX 78578-2916

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

Please return this portion with your payment. When paying in person please bring both portions of this bill.

CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
TOUCHSTONE GOLF			HWY 100 RAW			11-2204-01
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	08/10/2017	09/11/2017	32	09/18/2017	10/03/2017	10/04/2017

-----CURRENT-----	-----PREVIOUS-----					
DATE	READING	DATE	READING	USAGE		
09/11/17	448742	08/10/17	432269	16473	WA	13,428.40
					TX	67.14
					CURRENT BILL	13,495.54
					PAY BY DUE DATE	13,495.54
					AFTER DUE DATE	13,502.25

Laguna Madre Water District has lifted all water use restrictions. The combined water level for our reservoirs is above 50%.

El Distrito de Agua de Laguna Madre ha quitado las restricciones de uso del agua. El nivel de agua combinado de nuestras reservas es superior al 50%.

FOR ONLINE PAYMENTS GO TO: WWW.LMWD.ORG FEES ARE APPLIED ON CREDIT CARD PAYMENTS.

MAKE ALL CHECKS PAYABLE TO: LAGUNA MADRE WATER DISTRICT

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LEGEND/EXPLANATION CODES: WA — WATER,

SW — SEWER,

TX — TCEQ ASSESSMENT TAX,

NSF — NON SUFFICIENT FUNDS CHECKS,

ACH — AUTOMATIC CLEARING HOUSE

NO — NO RECEIPT RETURN



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6662



Account Number	
11-2204-01	
Due Date	11/03/2017
Amount Due	\$7,061.93
After Due Date Pay	\$7,065.44
Service Address	
HWY 100 RAW	

TOUCHSTONE GOLF
1 GOLF HOUSE
LAGUNA VISTA TX 78578-2916

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

Please return this portion with your payment. When paying in person please bring both portions of this bill.

CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
TOUCHSTONE GOLF			HWY 100 RAW			11-2204-01
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	09/11/2017	10/10/2017	29	10/18/2017	11/03/2017	11/04/2017

-----CURRENT-----		-----PREVIOUS-----					
DATE	READING	DATE	READING	USAGE	WA		7,026.80
					TX		35.13
10/10/17	457213	09/11/17	448742	8471	CURRENT BILL		7,061.93
					PAY BY DUE DATE		7,061.93
					AFTER DUE DATE		7,065.44

Laguna Madre Water District has lifted all water use restrictions. The combined water level for our reservoirs is above 50%.

El Distrito de Agua de Laguna Madre ha quitado las restricciones de uso del agua. El nivel de agua combinado de nuestras reservas es superior al 50%.

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LEGEND/EXPLANATION CODES: WA -- WATER,

SW -- SEWER,

TX -- TCEQ ASSESSMENT TAX,

NSF -- NON SUFFICIENT FUNDS CHECKS,

ACH -- AUTOMATIC CLEARING HOUSE

DP -- DEPOSIT RETURN



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6662



Account Number	
11-2204-01	
Due Date	12/03/2017
Amount Due	\$4,362.25
After Due Date Pay	\$4,364.42
Service Address	
HWY 100 RAW	

TOUCHSTONE GOLF
1 GOLF HOUSE
LAGUNA VISTA TX 78578-2916

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

Please return this portion with your payment. When paying in person please bring both portions of this bill.

CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
TOUCHSTONE GOLF			HWY 100 RAW			11-2204-01
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	10/10/2017	11/09/2017	30	11/17/2017	12/03/2017	12/04/2017

-----CURRENT-----	-----PREVIOUS-----				
DATE	READING	DATE	READING	USAGE	
11/09/17	464644	10/10/17	457213	7431	
					WA 4,337.05
					TX 21.69
					CURRENT BILL 4,358.74
					PREVIOUS BALANCE 3.51
					PAY BY DUE DATE 4,362.25
					AFTER DUE DATE 4,364.42

Laguna Madre Water District has lifted all water use restrictions. The combined water level for our reservoirs is above 50%.

El Distrito de Agua de Laguna Madre ha quitado las restricciones de uso del agua. El nivel de agua combinado de nuestras reservas es superior al 50%.

FOR ONLINE PAYMENTS GO TO: WWW.LMWD.ORG FEES ARE APPLIED ON CREDIT CARD PAYMENTS.

MAKE ALL CHECKS PAYABLE TO: LAGUNA MADRE WATER DISTRICT

BILLS ARE DUE UPON RECEIPT. IF PAYMENT IS NOT RECEIVED WITHIN 15 DAYS FROM BILLING DATE, A 10% PENALTY WILL BE ADDED. IF PAYMENT IS NOT RECEIVED WITHIN 25 DAYS FROM BILLING DATE, SERVICE WILL BE DISCONTINUED AND A \$25.00 CHARGE WILL BE ASSESSED TO RESTORE SERVICE BETWEEN 8:00 AM - 5:00 PM. 5:00 PM - SUNSET, AN ADDITIONAL \$25.00 WILL BE ASSESSED TO RESTORE SERVICE.

LEGEND/EXPLANATION CODES: WA — WATER,

SW — SEWER,

TX — TCEQ ASSESSMENT TAX,

NSF — NON SUFFICIENT FUNDS CHECKS,

ACH — AUTOMATIC CLEARING HOUSE

NO — DEPOSIT RETURN



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6662



Account Number	
11-2204-01	
Due Date	01/03/2018
Amount Due	\$5,292.88
After Due Date Pay	\$5,292.88
Service Address	
HWY 100 RAW	

TOUCHSTONE GOLF
1 GOLF HOUSE
LAGUNA VISTA TX 78578-2916

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

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Name			Service Address			Account Number
TOUCHSTONE GOLF			HWY 100 RAW			11-2204-01
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
FINAL	11/09/2017	12/06/2017	27	12/18/2017	01/03/2018	01/04/2018

-----CURRENT-----	-----PREVIOUS-----				
DATE	READING	DATE	READING	USAGE	
12/06/17	473836	11/09/17	464644	9192	
					WA 5,266.55
					TX 26.33
					CURRENT BILL 5,292.88
					PAY BY DUE DATE 5,292.88
					AFTER DUE DATE 5,292.88

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ACH — AUTOMATIC CLEARING HOUSE

DD — DEPOSIT RETURN



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6562



Account Number	
11-2204-02	
Due Date	02/03/2018
Amount Due	\$5,512.32
After Due Date Pay	\$5,515.06
Service Address	
HWY 100 RAW	

SOUTH PADRE ISLAND GOLF COURSE
1 GOLF HOUSE ROAD
LAGUNA VISTA TX 78578

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

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CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
SOUTH PADRE ISLAND GOLF COURSE			HWY 100 RAW			11-2204-02
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	12/12/2017	01/10/2018	29	01/18/2018	02/03/2018	02/04/2018

-----CURRENT-----		-----PREVIOUS-----			METER SWAP 0014035	12/14
DATE	READING	DATE	READING	USAGE	WA	5,484.90
					TX	27.42
01/10/18	9518	12/14/17	0	9518	CURRENT BILL	5,512.32
					PAY BY DUE DATE	5,512.32
					AFTER DUE DATE	5,515.06

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NSF - NON SUFFICIENT FUNDS CHECKS,

APH - AUTOMATIC CLEADING HOUSE

NS - DEPOSIT RETURN



105 Port Rd, Port Isabel, Texas 78578
Phone: (956) 943-2626 / Fax: (956) 943-6662



Account Number	
11-2204-02	
Due Date	03/03/2018
Amount Due	\$4,509.08
After Due Date Pay	\$4,511.32
Service Address	
HWY 100 RAW	

SOUTH PADRE ISLAND GOLF COURSE
1 GOLF HOUSE ROAD
LAGUNA VISTA TX 78578

LAGUNA MADRE WATER DISTRICT
105 Port Road
Port Isabel, TX 78578

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CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name			Service Address			Account Number
SOUTH PADRE ISLAND GOLF COURSE			HWY 100 RAW			11-2204-02
Status	Service Dates		Number of Days	Bill Date	Due Date	Penalty Date
	From	To				
ACTIVE	01/10/2018	02/09/2018	30	02/19/2018	03/03/2018	03/04/2018

-----CURRENT-----	---- <td></td> <td></td> <td></td> <td></td> <td></td>					
DATE	READING	DATE	READING	USAGE		
02/09/18	17221	01/10/18	9518	7703	WA	4,486.65
					TX	22.43
					CURRENT BILL	4,509.08
					PAY BY DUE DATE	4,509.08
					AFTER DUE DATE	4,511.32

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ACH — AUTOMATIC CLEANSING HOUSE

DD — DEPOSIT RETURN

LAGUNA MADRE WATER DISTRICT
CALCULATION OF
RAW WATER RATE
FEBRUARY 1996

I. Invested Rate Base	
Book Value of Raw Water Line	\$ 8,250,000
Less Accumulated Depr.	\$ (1,237,500)
Net Book Value of Raw Water Line	\$ 7,012,500
Other Capitalized Raw Water Costs	\$ 427,441
Less Accumulated Depr.	\$ (64,116)
Net Other Costs	\$ 363,325
<i>Total Invested Rate Base</i>	<i>\$ 7,375,825</i>
II. Return Component	
District Rate of Return	7.60%
Invested Rate Base	\$ 7,375,825
<i>Total Return Component</i>	<i>\$ 550,563</i>
III. Depreciation Expense	
Book Value of Raw Water Line	\$ 8,250,000
Depreciable Lifespan of Raw Water Line	40
Sub-Total	\$ 206,250
Net Other Capitalized Raw Water Costs	\$ 363,325
Depreciable Lifespan (Weighted)	40
	\$ 9,083
<i>Total Depreciation Expense</i>	<i>\$ 215,333</i>
IV. O&M Expense	
Approximate Annual O&M	\$ 150,000
<i>Total Revenue Requirement</i>	<i>\$ 925,896</i>
V. Raw Water Pumpage Capacity (Ac-ft)	
Retail Capacity in Water Line	8,211,000
Anticipated Golf Course Usage	750,000
Capacity of Raw Water Line	8,961,000
VI. Calculation of Raw Water Rate	
Unit Rate per Acre-Foot	\$ 103.33
Unit Rate Per 1,000 Gal	\$ 0.32



Exhibit C

Calculation of Raw Water Rate
As of December 31, 2018

i	Invested Rate Base	
	Book Value of Raw Water Line	\$ 8,250,000
	Less Accumulated Depreciation	\$ 4,743,750
	Net Book Value of Raw Water Line	\$ 3,506,250
	Other Capitalized Raw Water Costs	\$ 1,938,325
	Less Accumulated Depreciation	\$ 632,954
	Net Other Costs	\$ 1,305,371
	Total Invested Rate Base	\$ 4,811,621
II	Return Component	
	District Rate of Return	7.6%
	Invested Rate Base	\$ 4,811,621
	Total Return Component	\$ 365,683
III	Depreciation Expense	
	Book Value of Raw Water Line	\$ 8,250,000
	Depreciable Life Span of Raw Water Line	40 yr
	Sub Total	\$ 206,250
	Net Other Capitalized Costs	\$ 1,938,325
	Depreciable Life Span Weighted	40 yr
	Sub Total	\$ 48,458
	Total Depreciation Expense	\$ 254,708
IV	O&M Expense	
	Approximately Annual O&M	\$ 240,000
	Total Revenue Requirement	\$ 860,391
V	Raw Water Pumpage Capacity(Ac-Ft)	
	Retail Capacity in Water Line	8,211
	Golf Course Usage	350
	Capacity of Raw Water Line	8,561
VI	Calculation of Raw Water Rate	
	Unit Rate per Acre-Foot	\$ 100.50
	Unit Rate per 1000 Gal	\$ 0.31

Exhibit D

Summarization of Assumptions

- 1 Depreciation based on 40 year life span of raw water line
Plus additional annual \$75,000 other Capitalized raw water costs
- 2 O&M Expense based on CPI index from 1996 to 2018
- 3 Golf Course usage based on actual usage



Calculation of Raw Water Rate
As of December 31, 2018

i	Invested Rate Base	
	Book Value of Raw Water Line	\$ 8,250,000
	Less Accumulated Depreciation	<u>\$ -</u>
	Net Book Value of Raw Water Line	\$ 8,250,000
	Other Capitalized Raw Water Costs	\$ 1,938,325
	Less Accumulated Depreciation	<u>\$ -</u>
	Net Other Costs	\$ 1,938,325
	Total Invested Rate Base	\$ 10,188,325
II	Return Component	
	District Rate of Return	7.6%
	Invested Rate Base	<u>\$ 10,188,325</u>
	Total Return Component	\$ 774,313
III	Depreciation Expense	
	Book Value of Raw Water Line	\$ 8,250,000
	Depreciable Life Span of Raw Water Line	<u>40 yr</u>
	Sub Total	\$ -
	Net Other Capitalized Costs	\$ 1,938,325
	Depreciable Life Span Weighted	<u>40 yr</u>
	Sub Total	<u>\$ -</u>
	Total Depreciation Expense	\$ -
IV	O&M Expense	
	Approximately Annual O&M	<u>\$ 240,000</u>
	Total Revenue Requirement	\$ 1,014,313
V	Raw Water Pumpage Capacity(Ac-Ft)	
	Retail Capacity in Water Line	8,211
	Golf Course Usage	<u>350</u>
	Capacity of Raw Water Line	8,561
VI	Calculation of Raw Water Rate	
	Unit Rate per Acre-Foot	\$ 118.48
	Unit Rate per 1000 Gal	\$ 0.36

Exhibit E

Summarization of Assumptions

- 1 Depreciation based on 40 year life span of raw water line
Plus additional annual \$75,000 other Capitalized raw water costs
- 2 O&M Expense based on CPI index from 1996 to 2018
- 3 Golf Course usage based on actual usage

South Padre Island Golf Club
Charges for raw water
September 2017 to August 2018

<u>From</u>	<u>To</u>	<u>Water</u>	<u>Tax</u>	<u>Total Bill</u>	<u>Usage</u>	<u>Water Cost</u> <u>/Unit</u>	<u>Total Bill</u> <u>/Unit</u>
9/11/2017	10/10/2017	7,026.80	35.13	7,061.93	8,471.00	0.8295	0.8337
10/10/2017	11/9/2017	4,337.05	21.69	4,358.74	7,431.00	0.5836	0.5866
11/9/2017	12/6/2017	5,266.55	26.33	5,292.88	9,192.00	0.5729	0.5758
12/6/2017	1/10/2018	5,484.90	27.42	5,512.32	9,518.00	0.5763	0.5791
1/10/2018	2/9/2018	4,486.65	22.43	4,509.08	7,703.00	0.5825	0.5854
2/9/2018	3/9/2018	5,278.10	26.39	5,304.49	9,142.00	0.5773	0.5802
3/9/2018	4/10/2018	9,381.20	46.91	9,428.11	11,414.00	0.8219	0.8260
4/10/2018	5/10/2018	10,173.20	50.87	10,224.07	12,404.00	0.8202	0.8243
5/10/2018	6/11/2018	8,556.40	42.78	8,599.18	10,383.00	0.8241	0.8282
6/11/2018	7/10/2018	5,918.80	29.59	5,948.39	7,086.00	0.8353	0.8395
7/10/2018	8/10/2018	8,890.80	44.45	8,935.25	10,801.00	0.8231	0.8273
8/10/2018	9/10/2018	8,414.00	42.07	8,456.07	10,205.00	0.8245	0.8286
Total		<u>83,214.45</u>	<u>416.06</u>	<u>83,630.51</u>	<u>113,750.00</u>		

Total Usage	113,750.00
-------------	-------------------

Future costs for water-Rates

Raw Water Rates	Rate	Cost
as Of 3/18	\$ 0.55	62,562.50
As of 9/18	\$ 0.80	91,000.00
Current	\$ 1.04	118,300.00

	Potable Water Rates		Cost		
	Water	Sewer	Water	Sewer	Total
2" Meter					
November, 2018	\$ 2.81	\$ 3.56	319,637.50	404,950.00	724,587.50
October, 2019	\$ 2.87	\$ 4.21	326,462.50	478,887.50	805,350.00
October, 2020	\$ 2.93	\$ 4.54	333,287.50	516,425.00	849,712.50
October, 2021	\$ 2.93	\$ 4.77	333,287.50	542,587.50	875,875.00
October, 2022	\$ 2.99	\$ 4.96	340,112.50	564,200.00	904,312.50

	Potable Water Rates		Cost		
	Water	Sewer	Water	Sewer	Total
4" Meter					
November, 2018	\$ 2.95	\$ 3.71	335,562.50	422,012.50	757,575.00
October, 2019	\$ 3.01	\$ 4.38	342,387.50	498,225.00	840,612.50
October, 2020	\$ 3.07	\$ 4.73	349,212.50	538,037.50	887,250.00
October, 2021	\$ 3.07	\$ 4.96	349,212.50	564,200.00	913,412.50
October, 2022	\$ 3.13	\$ 5.16	356,037.50	586,950.00	942,987.50

* Assumptions-usage stays consistent and use of either a 2" or 4" Meter

* Rates based off LMWD Notice on Website

Exhibit F

Increase in unit cost to achieve 1996 Rate Study				
Revenue Requirement	925,896.00	925,896.00	925,896.00	925,896.00
Raw Water Capacity	8,961.00	8,961.00	8,961.00	8,961.00
Unit rate/Acre Foot	103.33	179.22	260.68	338.89
Unit Rate per 1,000 gal	0.32	0.55	0.80	1.04
% Increase per Rate Increase		73%	45%	30%
% Increase from 1996		73%	152%	228%

Increase in Revenue Requirements to justify Rate Increase				
Revenue Requirement	925,896.00	1,605,972.95	2,335,960.65	3,036,748.84
Raw Water Capacity	8,961.00	8,961.00	8,961.00	8,961.00
Unit rate/Acre Foot	103.33	179.22	260.68	338.89
Unit Rate per 1,000 gal	0.32	0.55	0.80	1.04

Exhibit G

FLASH DRIVE
ATTACHED

TO VIEW PLEASE CONTACT
CENTRAL RECORDS
512-936-7180