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Received - 2022-05-23 11:43:28 AM
Control Number - 50404
ItemNumber - 101

DOCKET NO. 50404

PETITION OF STERLING DEASON	§	PUBLIC UTILITY COMMISSION
O'DONNELL AND DARWIN DEASON,	§	
CO-TRUSTEES OF THE STERLING	§	OF TEXAS
DEASON O'DONNELL DD 2012 TRUST	§	
UNDER AGREEMENT OF THE DD	§	
2014-B GRANTOR RETAINED	§	
ANNUITY TRUST TO AMEND	§	
MARILEE SPECIAL UTILITY	§	
DISTRICT'S CERTIFICATE OF	§	
CONVENIENCE AND NECESSITY IN	§	
COLLING COUNT BY EXPEDITED	§	
RELEASE	§	

**PETITIONER'S RESPONSE TO MARILEE SPECIAL UTILITY DISTRICT'S
APPRAISAL REPORT**

TO THE PUBLIC UTILITY COMMISSION OF TEXAS:

Sterling Deason O'Donnell and Darwin Deason, co-trustees of the Sterling Deason O'Donnell DD 2012 Trust under agreement of the DD 2014-B Grantor Retained Annuity Trust (the "Petitioner") files its response to Marilee Special Utility District's ("Marilee") Appraisal Report and shows as follows:

1. On May 10, 2002, Marilee submitted its Appraisal Report, prepared by NewGen Strategies and Solutions, LLC ("NewGen") as required by Order No. 16. In its report, Marilee claims the decertified area is valued at \$130,747.00.
2. Marilee further claims, to have incurred legal expenses and professional fees, thus far, in the amount of \$80,738.00.
3. The attorney's fees in Marilee's report are vastly overstated and reflect work that was performed on this file that had no efficacy, purpose or success.

4. **Factor: The amount of the retail public utility's debt allocable for service to the area in question.**

5. According to the NewGen Report, *“Marilee SUD has issued debt to fund the planning, design, and construction of facilities to provide water service to existing and future customers within its CCN.”* It also notes that *“If the decertification had not occurred, Marilee SUD would have been able to recover a portion of the fixed debt service costs from future connections within the Decertified Area.”*

6. The NewGen Report references the Texas Water Development Board’s 2021 Regional Water Plan showing that the population in Marilee SUD’s service area is projected to grow from 7,686 in 2020 to 7,955 in 2030, an increase of 269 over the ten-year period. The 2021 Region C Water Plan: Volume I Main Report, issued in November 2020, identifies Marilee’s expected growth in Collin County and Grayson County. According to the Plan (excerpts of which are included as **Attachment A**), all of Marilee’s population growth between 2020 and 2030 is projected to occur in Grayson County. However, the area to be decertified in Docket 50404 is located within Collin County. This means that NewGen’s assumptions are not consistent with the Region C Master Plan.

7. NewGen then references a buildout plan for the Decertified Area, as detailed in the City of Celina, Texas Ordinance 2016-59 O'Donnell Zoning – PD-70 , dated August 9, 2016. According to the NewGen Report, 1,094 connections are projected in the Decertified Area at buildout. However, the Report limits the growth to 317 new connections based on capacity limitations of the Marilee facilities serving the Decertified Area, which NewGen projects that all 317 connections will be online by the end of Fiscal Year 2023. This “evidence” should be disregarded for three reasons. First, this Ordinance is dated August 9, 2016, which was prior to

the purchase of the Decertified Area by the Sterling Deason O'Donnell DD 2012 Trust on February 7, 2019. This means that any forecasts regarding a prior owner/developer are irrelevant. Second, as identified in the Final Order, the current owner has not requested service from Marilee SUD as of the date of the petition. It is our understanding that if Marilee continues to hold the CCN the current owner will not develop this property in the foreseeable future. Third, the population growth assumed by NewGendoes not appear to be included in the 2021 Region C Water Plan dated November 2020, which is 4 years after the referenced ordinance was approved.

8. On another note, NewGen has also issued a Report in Docket 52435 and is requesting debt service recovery limited to the same 317 available connections as requested in this Report. Therefore, NewGen is requesting to be compensated twice, in two separate dockets, for the same connections.

Respectfully submitted,

COATS ROSE, P.C.

By:



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ATTORNEYS FOR PETITIONER

CERTIFICATE OF SERVICE

I certify that a true and correct copy of this document was served on the following attorneys of record on or before May 23, 2022 in accordance with 16 Tex. Admin. Code § 22.74(c).

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