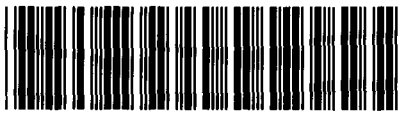

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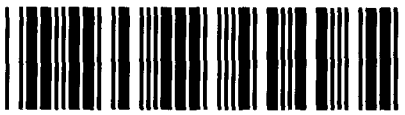

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PUBLIC UTILITY COMMISSION
FILING CLERK

DOCKET NO. 50480

APPLICATION OF CRYSTAL CLEAR SPECIAL UTILITY DISTRICT AND CITY OF SAN MARCOS FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN HAYS COUNTY	§ § § § §	**PUBLIC UTILITY COMMISSION**

RESPONSE TO ORDER NO. 2
APPLICANTS SUPPLEMENT ADDRESSING IDENTIFIED DEFICIENCIES

Below are responses to deficiencies identified in a memorandum from Ms. Elizabeth English, Engineering Specialist, Infrastructure Division, dated February 24, 2020.

1. *Provide an explanation on how existing water service is provided to the subject area.*

   Crystal Clear Special Utility District (CCSUD) has permitted water rights from Edwards Aquifer Authority to withdraw 750 acre-feet of ground water annually to supply this area. CCSUD will maintain these water rights after the sale and transfer of the acquired area to the City of San Marcos (City). The ground water is pumped from two wells (McCarty Wells 1 & 2), disinfected using hypochlorite, then transmitted through an 8" line to the 400,000-gallon elevated storage tank located at 500 West McCarty Lane which provides storage and pressure to this area. From the elevated storage tank water is distributed through 6", 4" and 3" water mains throughout the area, branching off to serve individual properties.

2. *Provide an explanation on how water service will be provided by San Marcos to the subject area.*

   Initially the City will provide water service to the area as a stand-alone water system, in much the same manner as is currently being provided by CCSUD. The City is permitted by the Edwards Aquifer Authority to withdraw up to 5,433 acre-feet of ground water, a portion of which will be withdrawn from the McCarty Wells 1 & 2 to be disinfected, sent to the McCarty Lane 400,000 gallons elevated storage tank and then into the distribution system serving the acquired area.

   Within 12-16 months after the acquisition is finalized, the City plans to make at least two points of connection from existing 16" transmission mains in the City's system to the acquired distribution system. These connections will allow the City to supply the area with water from the City's surface water treatment plant or ground water from existing wells. The McCarty Lane Elevated Storage Tank will be taken out of service at this time as it will not provide benefit to the system in either storage volume or pressure. Future additional connections between the systems will be modeled and evaluated.

   In addition to ground water sources, the City purchases surface water, up to 10,000 acre-feet stored in Canyon Lake, from the Guadalupe-Blanco River Authority. This water is pumped from

Lake Dunlap to the City's Surface Water Treatment Plant and then into the distribution system. The City is also a member of the Alliance Regional Water Authority which is currently constructing infrastructure to bring treated ground water from the Corrizo-Wilcox Aquifer. Once fully completed, this project will provide an additional 11,910 acre-feet annually to the City.

3. *Provide clarification of the approximate total acreage of the subject area.*

   The total acreage of the requested area was incorrectly entered on the STM application. The acreage should have been entered as **575** acres not 475.

   The acreage was derived for the requested service area polygon by:

   Isolating the Crystal Clear service area polygon via a GIS definition query in GIS.
   The isolated service area polygon was then exported to a separate geodatabase created specifically for the purposes of not manipulating the original production data layer.

   Once exported to the new geodatabase, this copy of the service area polygon was manipulated by deleting the vertices of the larger portion of the Crystal Clear SUD service area. The two portions of the Crystal Clear SUD service area, though being separated by the City of San Marcos' service area, are part of only one spatial record in the City of San Marcos' existing GIS data.

   Once the requested service area was isolated and could be identified as a single spatial record, an integer field (column) was added to the GIS layer in the geodatabase and named Acreage. The data for the acreage value was calculated by right-clicking on the field (column) header of the Acreage field and selecting the Calculate Geometry option. The Calculate Geometry dialog box appeared and Area was selected for the Property option. PCS: NAD 1983 State Plane Texas South Central FIPS 4204 Feet was selected for the Use coordinate system of the data source option, and Acres US [ac] was selected for the Units option. The calculation performed resulted in the Acreage value of 574.700635.

4. *Provide 3 years of San Marcos financial projections specifically for the provision of water service to the requested area.*

   See attached "CoSM W_WW Financial Forecast" document. While we cannot break out the cost to serve the customers for the requested area specifically, the annual rate modeling contains the addition of the area in the growth projections.

5. *Provide cost estimates and the sources of funding for any facilities or capital improvements that will be constructed in order to provide water service to the requested area.*

   As noted in the responses to Questions 12 and 24 in the STM application, there are no improvements or construction required to meet minimum requirements of the TCEQ or Commission to ensure continuous and adequate service to the requested area to be acquired.

As noted in the response to request #2 above, the City plans to link the acquired system to the City's distribution system through two connections to existing 16" water transmission mains, one located on the north end of the acquired system and one on the south end (approximate locations are shown on the attached map). This will be done to provide water service to the area through the benefit of having multiple sources of water to use.

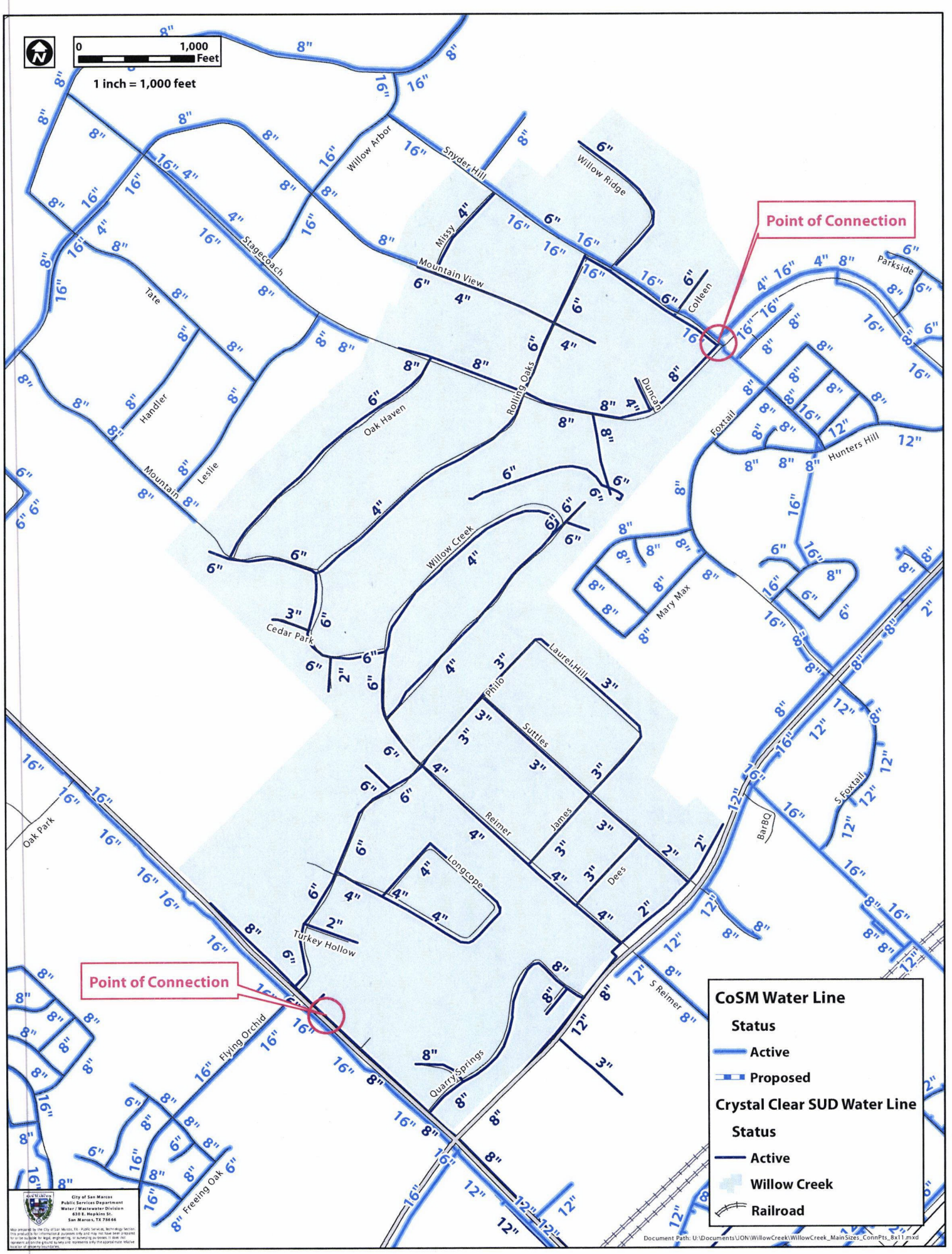
Estimated combined cost for these two connections is $80,000.

Funding for these projects will be from the City's Water and Wastewater Funds, which are mainly derived from customer water and wastewater usage rates.

Water/ Wastewater Utility Fund

Financial Forecast

	FY 2020	FY 2021	FY 2022	FY 2023
Operating Revenues				
Interest Income	285,482	285,482	285,482	288,337
Water Service Revenue	24,079,879	25,527,005	26,805,579	28,413,914
Wastewater Service Revenue	18,493,283	21,486,600	22,570,718	23,247,840
Charges from Other Services	2,678,131	2,558,130	2,600,571	2,649,004
Other Revenue	787,440	777,873	782,675	1,005,888
Total Operating Revenues	46,324,215	50,635,090	53,045,025	55,604,982
Operating Expenses				
Personnel Services	5,354,194	5,568,362	5,791,097	6,022,740
Contracted Services	11,879,409	13,766,233	14,080,440	14,386,972
Materials and Supplies	1,520,388	1,535,592	1,566,304	1,597,630
Other Charges	7,075,372	7,146,125	7,217,586	7,289,762
Franchise Fee	3,251,541	3,290,952	3,456,341	3,616,323
Reimbursement to Other Funds	-	-	-	-
Debt Service	14,397,947	13,935,682	14,441,074	16,581,250
Total Operating Expenses	43,478,851	45,242,946	46,552,841	49,494,677
Operating Income / (Loss)	2,845,364	5,392,144	6,492,184	6,110,305
One-Time Expenses				
Capital Outlay	240,000	242,400	244,824	247,272
System Improvements	-	-	-	-
Rate Stabilization	-	-	-	-
One-Time Operating Transfers	161,514	-	-	-
Transfer to Capital Reserves	1,783,928	300,000	1,000,000	1,500,000
Net Change in Fund Balance	659,922	4,849,744	5,247,360	4,363,033
Beginning Unreserved Fund Balance	10,098,010	10,098,010	10,757,932	15,607,676
Ending Unreserved Fund Balance	10,757,932	14,947,754	16,005,291	19,970,709
Percentage of Operating Expenses	24.7%	33.0%	34.4%	40.3%
Days of Operation	90	121	125	147


0
1,000
Feet
1 inch = 1,000 feet
Point of Connection
Point of Connection
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Snyder Hill
Willow Ridge
Missy
Mountain View
Colleen
Parkside
Stagecoach
Tate
Handler
Leslie
Mountain
Rolling Oaks
Duncan
Oak Haven
Foxtail
Hunters Hill
Mary Max
Willow Creek
Cedar Park
Laurel Hill
Philo
Suttles
Reimer
James
Dees
Longcope
Turkey Hollow
Oak Park
Flying Orchid
Quarry Springs
Freeing Oak
S Foxtail
S Reimer
BarBQ
CoSM Water Line
Status
Active
Proposed
Crystal Clear SUD Water Line
Status
Active
Willow Creek
Railroad
City of San Marcos
Public Services Department
Water / Wastewater Division
630 E. Hopkins St.
San Marcos, TX 78666
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