



Filing Receipt

Received - 2022-01-11 02:45:09 PM
Control Number - 51933
ItemNumber - 32

DOCKET NO. 51933

PETITION OF MONTGOMERY	§	PUBLIC UTILITY COMMISSION
ESTATES, LLC TO AMEND CC	§	
WATER WORKS, INC.'S WATER	§	OF TEXAS
CERTIFICATE OF CONVENIENCE	§	
AND NECESSITY NO. 13038 IN	§	
CHAMBERS COUNTY BY	§	
STREAMLINED EXPEDITED	§	
RELEASE UNDER TEXAS WATER	§	
CODE § 13.2541 AND 16	§	
TAC § 24.245(h)	§	

MONTGOMERY ESTATES, LLC'S APPRAISER'S REPORT

COMES NOW, Montgomery Estates, LLC (Montgomery Estates), by and through its undersigned attorneys of record, and hereby files this Appraiser's Report (Report). In support thereof, Montgomery Estates would respectfully show as follows:

I. BACKGROUND

On March 24, 2021, Montgomery Estates filed its Petition to Amend CC Water Works Inc.'s (CCWW) water Certificate of Convenience and Necessity (CCN) in Chambers County, Texas by Streamlined Expedited Release Under Texas Water Code (TWC) § 13.2541 and 16 Texas Administrative Code (TAC) § 24.245(h) (the Petition) at the Public Utility Commission of Texas (the Commission). Administrative Law Judge (ALJ) Siemankowski issued Order No. 4 on June 29, 2021, establishing a deadline of within 70 days after Commission approval of the expedited release for Montgomery Estates and CCWW to file their appraiser's reports, if they could not agree upon an appraiser. The Commission issued a final Order on November 2, 2021, granting the streamlined expedited release. Montgomery Estates and CCWW did not agree upon an appraiser. Therefore, this Report is timely filed. Attached as Exhibit A to this filing is the Appraiser's Report prepared by Dennis Lozano, P.E. of Malone Wheeler, Inc. for Montgomery Estates.

II. CONCLUSION AND PRAYER

Montgomery Estates requests that it be granted any additional relief to which it may be justly entitled.

Respectfully submitted,

LLOYD GOSSELINK
ROCHELLE & TOWNSEND, P.C.
816 Congress Ave., Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)

A handwritten signature in black ink, appearing to read 'D. Klein', is written over a horizontal line.

DAVID J. KLEIN
State Bar No. 24041257

DANIELLE LAM
State Bar No. 24121709

**ATTORNEYS FOR MONTGOMERY
ESTATES, LLC**

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on January 11, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

A handwritten signature in black ink, appearing to read 'D. Klein', is written over a horizontal line.

DAVID J. KLEIN

EXHIBIT A

Appraiser's Report



CIVIL ENGINEERING ★ DEVELOPMENT CONSULTING ★ PROJECT MANAGEMENT

January 11, 2022

David J. Klein
Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701

Re: Appraisal Report – Public Utility Commission Docket No. 51933
Petition of Montgomery Estates, LLC to Amend C C Water Works, Inc., Water Certificate of
Convenience and Necessity No. 13038 in Chambers County by Streamlined Expedited Release

Mr. Klein:

This appraisal report is prepared on behalf of Montgomery Estates, LLC (the Petitioner) for the purpose of determining just and adequate compensation to C C Water Works Inc, pursuant to Texas Water Code (TWC) §13.2541 *Streamlined Expedited Release Initiated by Landowner*. This report presents the results of an engineering analysis conducted in accordance with the factors enumerated in TWC §13.254(g).

Background

The subject of this analysis is that land of approximately 98.9 acres (Release Property) described and depicted in the Order of the Public Utility Commission (PUC) releasing the Release Property from Certificate of Convenience and Necessity (CCN) No. 13038 dated November 2nd, 2021. Figure 1 provides the map attached to the Order and depicts the Release Property.

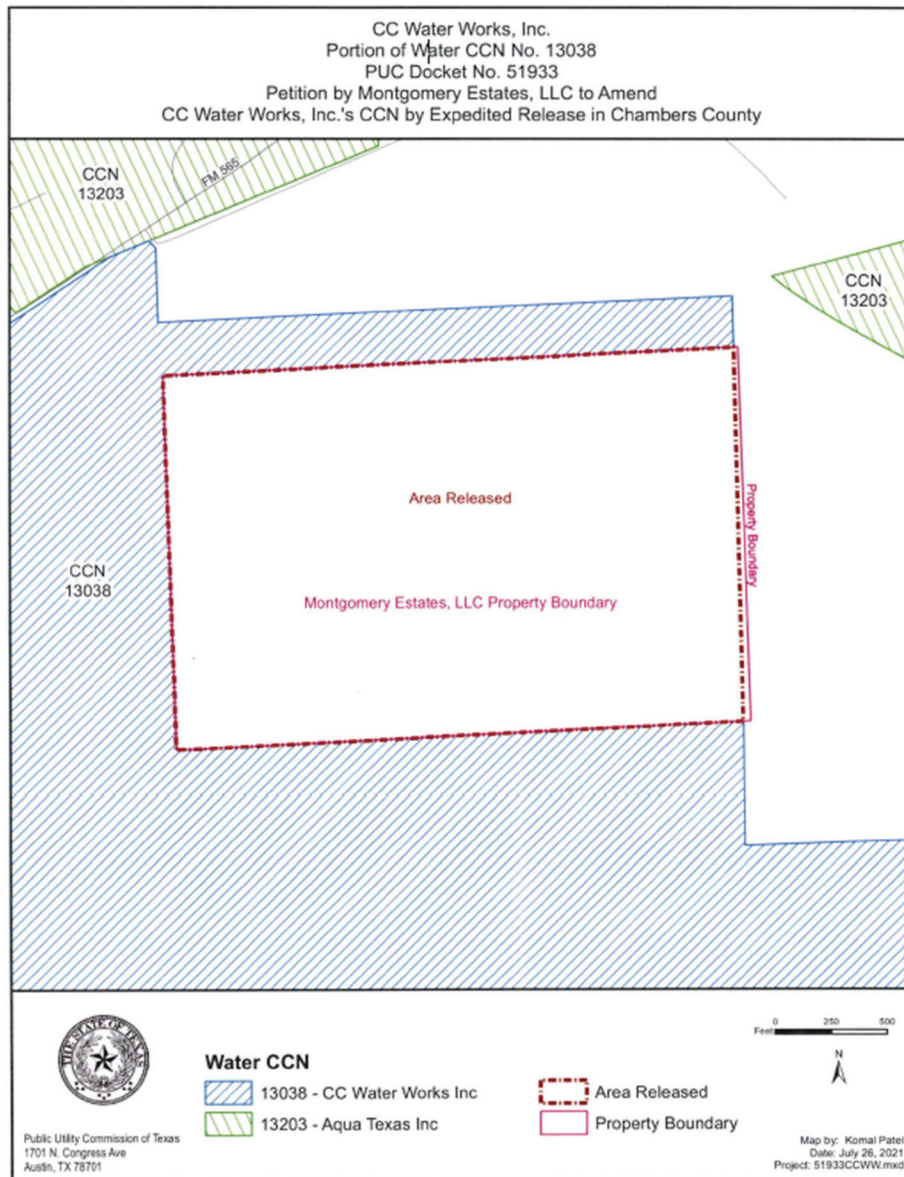


Figure 1: Map of Release Property

Methodology

As described above, the methodology for establishing just and adequate compensation must consider and is limited to the factors provided in TWC §13.254(g), which are:

1. the amount of the retail public utility's debt allocable for service to the area in question,
2. the value of the service facilities of the retail public utility located within the area in question,



3. the amount of any expenditures for planning, design, or construction of service facilities that are allocable to service to the area in question;
4. the amount of the retail public utility's contractual obligations allocable to the area in question;
5. any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after the decertification;
6. the impact on future revenues lost from existing customers;
7. necessary and reasonable legal expenses and professional fees; and
8. other relevant factors.

Value is determined for each factor and summed to yield a total which reflects consideration of all required and relevant factors.

Documents and Information

In the course of this analysis the following documents and information, among others, were reviewed:

1. All public records available via the PUC Interchange Filer for Docket No. 51933
2. Public records available via the PUC Interchange Filer for Docket No. 48732
3. Texas Water Code §13.2541, 13.254
4. Texas Commission on Environmental Quality (TCEQ) Central Registry
5. PUC Water Utility Information
6. TCEQ Drinking Water Watch records for Coles Crossing (TX0360114) and Eagles Landing (TX0360151)

Valuation Analysis

This analysis will evaluate each required factor and allocate value associated with each per the requirements described above.

Factor 1: The amount of the retail public utility's debt allocable for service to the area in question.

Analysis: The review of documents and information available for this analysis did not reveal or suggest the existence of any debt, much less any debt allocable to the Release Property. Based on the documents and information reviewed for this analysis, C C Water Works, Inc. owns and operates two small, independent water systems. The service area for one of these systems is geographically isolated from the Release Property and could not economically provide water service. The water system nearer the Release Property was built prior to certification of the Release Property, which was added to the C C Water Works, Inc. CCN in 2019. There is no water service or agreement to provide such service to the Release Property which would form the basis for allocation of debt. Based on these findings, the value attributable to Factor 1 is \$0.



Factor 2: The value of the service facilities of the retail public utility located within the area in question.

Analysis: The documents and information reviewed for this analysis did not reveal or suggest the existence of any service facilities located within the Release Property. No service is being provided. The Petitioner has confirmed, and the Findings of Fact memorialized in the above-referenced Order provide that no facilities of C C Water Works Inc., are located within the Release Property. The Findings of Fact further establish that the former CCN holder has not committed or dedicated any facilities or lines to the Release Property for water service. Therefore, the value attributable to Factor 2 is \$0.

Factor 3: The amount of any expenditures for planning, design, or construction of service facilities that are allocable to service to the area in question.

Analysis: The review of documents and information available for this analysis did not reveal or suggest the existence of any other expenditures for planning, design, or construction of service facilities that could be allocated to service to the area in question. To the extent information not made available for this analysis may suggest the existence of expenditures for planning, design, or construction of service facilities which C C Water Works may claim are allocable to the Release Property, limiting factors must be considered. The Release Property was added to the C C Water Works, Inc. CCN in 2019, limiting the timeframe during which eligible expenses could be incurred. Further and as stated above, the C C Water Works, Inc. public water system nearer the Release Property was built prior to the certification of the Release Property and therefore no expenditures for the planning, design, or construction of those facilities are reasonably allocable to the Release Property. As the Findings of Fact in the above-referenced order establish, the Petitioner has not requested service from the CCN holder. Additionally, there is no service agreement in place which would form the basis for allocation of costs. Therefore, the value attributable to Factor 3 is \$0.

Factor 4: The amount of the retail public utility's contractual obligations allocable to the area in question.

Analysis: Since there are no facilities to provide service and no agreement to provide service to the Release Property, there is no basis by which contractual obligations, if any exist, could be allocated to the Release Property. Therefore, the value attributable to Factor 4 is \$0.

Factor 5: Any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after the decertification.

Analysis: The Release Property is neither a part of nor does it contain facilities of either public water system owned and operated by C C Water Works Inc. and therefore decertification of the Release Property will have no effect on service to any customers of the retail public utility. Since there is no water service to the Release Property by which costs are allocated or agreement to provide service which could form the basis of any cost allocation, no increase of cost to customers of C C Water Works



Inc. will result from the decertification of the Release Property. Therefore, the value attributable to Factor 5 is \$0.

Factor 6: The impact on future revenues lost from existing customers.

Analysis: There is no agreement to provide service to the Release Property by which future revenues could be calculated. There are no existing customers in the Release Property and therefore no revenues associated with any existing customers that would create loss of future revenue. Therefore, the value attributable to Factor 6 is \$0.

Factor 7: Necessary and reasonable legal expenses and professional fees.

Analysis: The available documents and information reviewed for this analysis did not provide any specific indication of necessary and reasonable legal expenses and professional fees. However, it is reasonable to assume that C C Water Works has or will incur necessary and reasonable legal expenses and professional fees associated with this report. Due to the fact that there are no existing facilities, no existing service, no agreement to provide service, and no basis for calculation of potential future revenue, any professional fees associated with appraisal or analysis of the system are expected to be minimal. The value attributable to Factor 7 is \$2,500.

Factor 8: Other relevant factors.

Analysis: The review of documents and information for this analysis did not reveal or suggest the existence of any relevant factors beyond those that have been considered here. Therefore, the value attributable to Factor 8 is \$0.

Table 1 provides a summary and total of the just and adequate compensation derived in this analysis.

Table 1: Summary of Valuation

Factor	Value
1	\$0
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$2,500
8	\$0
TOTAL	\$2,500



The valuation presented in Table 1 is supported by and consistent with the following Findings of Fact contained in the November 2nd, 2021 Order issued by the PUC in this matter.

Water Service

- 24. The release property is not receiving actual water service from the CCN holder.
- 26. The CCN holder has not committed or dedicated any facilities or lines to the release property for water service.
- 28. The CCN holder has no facilities or lines that provide water service to the release property.
- 29. The CCN holder has not performed any acts for or supplied anything to the release property.

Should you have any questions regarding the contents of this letter or the analysis conducted in this matter, please feel free to contact me at your convenience.

Sincerely,
Malone Wheeler, Inc.

A handwritten signature in black ink, appearing to read 'Dennis Lozano', with a stylized flourish at the end.

Dennis Lozano, P.E.
Vice President

