



Filing Receipt

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PUC DOCKET NO. 52197

APPLICATION BY §
AQUA TEXAS, INC. § BEFORE THE PUBLIC UTILITY
TO AMEND ITS CERTIFICATE §
OF CONVENIENCE (CCN) §
AND NECESSITY NO. 21116 §
FOR THE PROVISION OF § COMMISSION OF TEXAS
RETAIL SEWER UTILITY SERVICE §
IN WILLIAMSON COUNTY, §
TEXAS §

**THE CITY OF GEORGETOWN'S SECOND
MOTION TO INTERVENE AND REQUEST FOR HEARING**

COMES NOW, the City of Georgetown, Texas (the "City") and files this Second Motion to Intervene and Request for Hearing in the above-captioned proceeding. In support of its Motion, the City shows as follows:

INTRODUCTION

1. On June 1, 2021, Aqua Texas, Inc. (the "Applicant") filed an Application to Amend a Certificate of Convenience and Necessity ("CCN") in Williamson County, Texas pertaining to its sewer CCN No. 21116 (the "Application"). Notice was completed on July 14, 2021, and the period for filing a request or motion to intervene ended on August 13, 2021.
2. The City filed its first Motion to Intervene and Request for Hearing on July 29, 2021, before the expiration of the August 13, 2021 deadline. The City's first Motion to Intervene and Request for Hearing was timely filed and is currently pending.
3. On August 31, 2021, the Administrative Law Judge issued Order No. 3 establishing a deadline of September 10, 2021 to request a contested case hearing. This Second Motion to Intervene and Request for Hearing is filed in response to Order No. 3

and is timely filed.

MOTION TO INTERVENE

4. The requested area is described in the CCN Application as an approximately 128-acre area in Williamson, County Texas, bounded by Higgs Rd. and CR 110 (to the north), CR 110 (to the east).¹ The Application states that the expected land use in the requested area “includes building 864 dwelling units (432 duplexes) for living spaces with 2 commercial clubhouses and 2 maintenance buildings. A wastewater treatment facility processing a daily average flow of up to 200,000 gallons per day will be constructed upon approval.”²

5. The requested area is within the City’s extraterritorial jurisdiction (“ETJ”) but is separated from the City’s corporate limits solely by two roadways – Higgs Road and CR 110. The City has existing wastewater collection lines located just across those two roads, within ½ mile from the requested area. A map showing the location of the requested area relative to the City’s corporate limits, ETJ boundaries, and existing wastewater collection lines is attached as **Attachment 1**.

6. The City is a home-rule municipality and “retail public utility” within the meaning of Tex. Water Code § 13.002(19) and owns and operates five existing wastewater treatment plants, has a permit for another to be constructed in the future,³ and provides sewer service to approximately 33,000 wastewater customers located inside the city limits and in special districts located in the City’s ETJ (e.g., municipal utility districts). The City’s nearby wastewater collection lines are either already sized or can be upsized to

¹ See Application, at Section 33 and at Attachment 12.

² See Application, at Section 6.

³ Georgetown owns and operates the following wastewater treatment facilities: Cimarron Hills WWTP (WQ0014232001); San Gabriel WWTP (WQ0010489002); Dove Springs WWTP (WQ0010489003); Pecan Branch WTP (WQ0010489005); Berry Creek WWTP (WQ0010489006). Georgetown also has a permit for the Northlands WWTP (WQ WQ0010489007), which is not yet under construction.

receive wastewater generated within the requested area. The City has the current capacity to treat wastewater from the requested area in its existing wastewater treatment plants.

7. Applicant's existing CCN No. 21116 consists of six discrete, non-contiguous service areas scattered across Bastrop, Burnet, Hays, Travis, and Williamson Counties. The closest portion of Applicant's existing CCN No. 21116 to the Proposed Additional Service Area is, on information and belief, located south of Georgetown, due east of Round Rock, between Hutto and Taylor -- approximately 11 miles away from the requested area.

8. The Application states that the requested area will be serviced by TCEQ Permit No. 0015878001.⁴ The TCEQ permit is the subject of motions to reconsider and contested case hearing requests and has not been issued.⁵ The wastewater treatment plant that the Applicant intends to use to provide service is not constructed.

9. Development of the requested area is subject to approval by the City in accordance with the set of regulations applicable to development in the City's ETJ, as agreed upon by the City and Williamson County pursuant to Tex. Local Gov. Code § 242.001. The development applications for the requested area (including the final plat) are not approved because the submittals filed with the City to date do not meet the applicable requirements. Even if the requested area is developed as described in the Application, there would be no need for the Applicant to amend CCN No. 21116 because the City is willing and able to provide retail wastewater service to the requested area on the same terms and conditions as, and in accordance with the same rules and regulations

⁴ See Application, at Section 20.C.

⁵ See the TCEQ's Commissioner's Integrated Database for Applicant AIRW 2017-7 LP, CN605607753, Rockride Lane Water Resource Reclamation Facility, RN 111021044, WQ0015878001 available online at <https://www14.tceq.texas.gov/epic/eCID/index.cfm?fuseaction=main.MoreResults&StartRow=1&EndRow=1&Step=5&requesttimeout=5000>

applicable to, similarly situated developments.

10. The information in the Application regarding the estimated cost of constructing the new treatment plant necessary for the Applicant to provides service to the requested area is inconsistent with the recent cost estimate provided to the Commission for the same project. According to the Application, the cost of constructing the wastewater treatment plant is \$3,841,000, based on “CAIC [contributions in aid of construction] provided by the developer [AIRW 2017-, L.P.]”⁶ According to the application filed in another docket for the identical facility, the engineer’s preliminary opinion of probable cost of constructing the new wastewater treatment plant as of October 6, 2020 was \$4,870,000.⁷ The construction cost estimate in the Application shows a drop in construction costs of about \$1,029,000 from the prior cost estimate of \$4,870,000 for the same facility made by a licensed professional engineer less than one year earlier. This disparity calls into question the accuracy of the Application.

11. The information in the Application given in response to Question 30 states that, “This project is to provide wholesale wastewater through three (3) master meters, that is no retail customers.”⁸ The statement appears in a note below a table entitled “Customer (Unit) Growth” as follows:

⁶ See Application, Attachment 11, p. 267; see also **Attachment 2** to this Motion.

⁷ See PUC Docket No. 51216, Item 5, “Applicant’s Supplemental Filing in Response to ALJ’s Order No. 2”, p. 16. See also **Attachment 2** to this Motion. The application in PUC Docket No. 51216 was filed by AIRW 2017-7, LP but was withdrawn prior to notice issuance because the applicant (who is the developer of the requested area, owner of the part of the requested area where the proposed wastewater treatment plant would be constructed, and an affiliate of the owners of the remaining land in the requested area) reached an agreement with Aqua Texas Inc. to operate the facility. See “Applicant’s Withdrawal Without Prejudice of its Application for Sewer CCN in Docket No. 51216,” PUC Docket No. 51216, Item 8.

⁸ See Application, at Attachment 11, p. 267.

Customer (Unit) Growth					
	Year 1	Year 2	Year 3	Year 4	Year 5
LUE/yr.	616	264			
Total	616	880	880	880	880

NOTE: Three total meters that are comprised of 880 units

Two (2) eight inch (12") meters and one (1) 2" meter in the first year of operations

This project is to provide wholesale wastewater through three (3) master meters, that is no retail residential meters.

This statement calls into question the accuracy of the Application inasmuch as the purpose of a CCN is to have the right to provide retail service, not wholesale service.

12. The City is concerned about the Applicant's compliance history. According to the Application, Aqua Texas Inc. has a TCEQ compliance rating of 5.86 (for 2019, for the previous 5 years).⁹ The City's TCEQ compliance rating is 1.79 (for 2019, for the previous 5 years).¹⁰ The TCEQ complies compliance histories and ratings for certain "customers" such as plant operators. A compliance rating is calculated to the nearest hundredth of a point on a scale from 0.1 to 55.0, and the resulting rating is a measure of an operator's distance from compliance which increases with each failure to comply. The lower the rating, the better the compliance history. As an off-site plant operator with a relatively less satisfactory compliance history, the City does not believe that the Applicant has demonstrated that it has the technical, managerial, or financial capabilities to own and operate the wastewater treatment facility over the long term.

13. The Application also implicates questions required by the Commission to be considered pursuant to 16 Tex. Admin. Code § 24.227(e), including, but not limited to, questions concerning the need for additional service to the requested are; environmental needs; the effect of amending a CCN on any retail public utility that provides the same service and that is already serving any area within two miles of the boundary of the requested area (including regionalization and economic effects); the ability of the

⁹ See Application, at Attachment 6, pp 41- 224. Approximately 184 pages out of the 270-page Application, or 68% of the pages of information submitted, are devoted to the Applicant's negative compliance history.

¹⁰ Compliance history information is available on the Commission's website at this link:

<https://www2.tceq.texas.gov/oce/ch/index.cfm>. The City's Customer Number is: CN600412043.

Applicant to provide adequate service, including meeting the standards of the TCEQ and the Commission, taking into consideration the current and projected density and land use of the requested area; the feasibility of obtaining service from an adjacent retail public utility; environmental integrity; and the effect on the land to be included in the requested area.

14. Amending Applicant's CCN No. 21116 is not necessary for the service, accommodation, convenience, or safety of the public.

REQUEST FOR CONTESTED CASE HEARING

15. The City requests a contested case hearing on this matter.

MOVANT AND AUTHORIZED REPRESENTATIVE INFORMATION

16. The City's contact person for this matter is:

Skye Masson, City Attorney
City of Georgetown
City Attorney's Office
809 Martin Luther King, Jr. St.
Georgetown, Texas 78626
Tel.: (512) 930-3652
Email: skye.masson@georgetown.org

17. The City's authorized representative for this matter is:

Patricia Erlinger Carls
Law Offices of Patricia Erlinger Carls
3100 Glenview Avenue
Austin, TX 78703
Tel: (512) 567-0125
Email: tcarls@tcarlslaw.com

The City requests that all correspondence, pleadings, briefs, requests for information, responses to requests for information, and other documents in this proceeding be served upon Patricia Erlinger Carls.

Conclusion and Prayer

The City of Georgetown respectfully requests that this Second Motion to Intervene and Request for Hearing be granted, that the City be granted party status in the contested case hearing and all other proceedings pertaining to this matter, and that the City receive all such other and further relief to which it may be justly entitled.

Respectfully submitted,

/s/ Patricia Erlinger Carls _____

**LAW OFFICES OF PATRICIA ERLINGER
CARLS**

Patricia Erlinger Carls

SBN: 03813425

3100 Glenview Avenue

Austin, TX 78703

Tel: (512) 567-0125

Email: tcarls@tcarlslaw.com

**ATTORNEYS FOR
THE CITY OF GEORGETOWN, TEXAS**

Attachments:

1. Location Map
2. Facility Cost Estimate Information

CERTIFICATE OF SERVICE

I certify that notice of the filing of this document was provided to all parties of record via electronic mail on September 8, 2021, in accordance with the Order Suspending Rules issued in Project No. 50664, and sent via electronic mail to the following persons at the addresses shown below:

MCCARTHY & MCCARTHY, LLP Representing Applicant, Aqua Texas, Inc.
1122 Colorado St., Suite 2399
Austin, Texas 78701
Edmond R. McCarthy, Jr.
Tel: (512) 904-2313
ed@ermlawfirm.com

Wet Rock Groundwater Resources LLC Representing Applicant, Aqua Texas, Inc.
Attn: Kaveh Khorzad
317 Ranch Road 620 South, Suite 203
Austin, TX 78734
Tel: (512) 773-3226
k.khorzad@wetrockgs.com

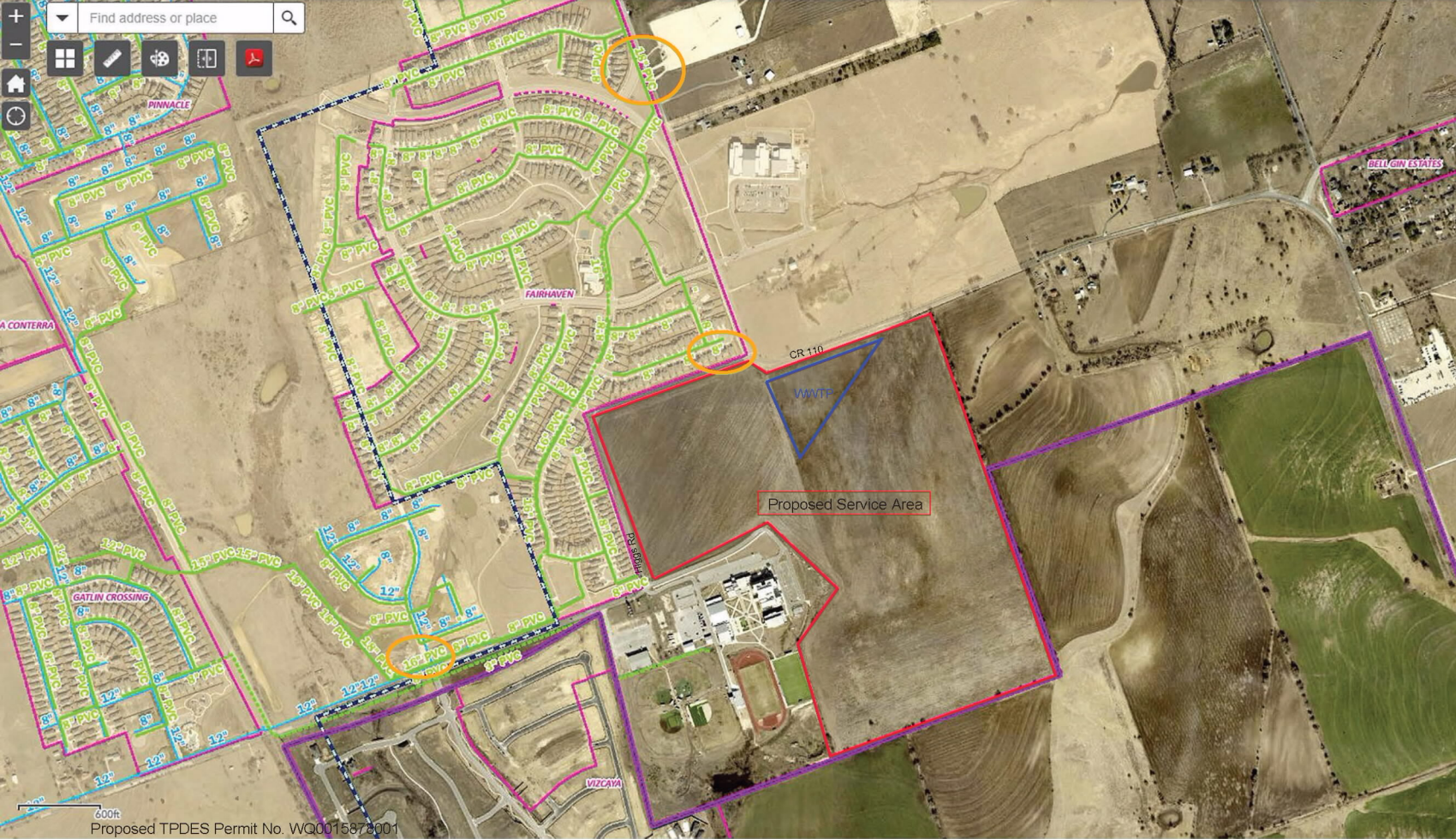
Phillip Lehmann Representing PUC Legal Division
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711
Tel: (512) 936-7385
phillip.lehmann@puc.texas.gov

John J. Carlton Representing Jonah SUD
The Carlton Law Firm P.L.L.C.
4301 Westbank Drive, Suite B-130
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Grayson E. McDaniel Representing Jonah SUD
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Fax (512) 900-2855
grayson@carltonlawaustin.com

/s/ Patricia Erlinger Carls
Patricia Erlinger Carls

Find address or place



Legend

Utility Layers

- Extra-Territorial Jurisdiction
- Georgetown Electric CCN
- Water Service Areas
- Pressurized Mains
- Green Mains
- Water Mains
- Reuse Waterlines

PROPERTY LINES

- General Subdivisions
- City Limits

Other Features

- Proposed Service Area
- Approx. location of Applicant's proposed wastewater treatment plant
- Proximate Existing Collection Lines

Legend

Layers (Click to Expand)

Streets

Georgetown City Limits

Extra-Territorial Jurisdiction

009
ATTACHMENT 1 LOCATION MAP



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Addendum StartPage: 0

ATTACHMENT 2

See attached excerpts
from this filing.



PUC DOCKET NO. 51216

APPLICATION BY
AIRW 2017-7, L.P., A TEXAS
LIMITED PARTNERSHIP,
FOR A SEWER CERTIFICATE
OF CONVENIENCE AND
NECESSITY

§
§
§
§
§
§

BEFORE THE PUBLIC UTILITIES
COMMISSION OF TEXAS

**APPLICANT'S SUPPLEMENTAL FILING
IN RESPONSE TO ALJ's ORDER NO. 2**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

COMES NOW AIRW 2017-7, L.P., a Texas limited partnership ("Applicant"), and files this supplemental filing in support of its Application to address alleged deficiencies in response to the ALJ's Order No. 2 in this Docket No. 51216, and in support thereof would show the following:

SUPPLEMENTAL FILING

Pursuant to discussions with Staff regarding the separate September 25, 2020 Memoranda by Mr. Bednarski, PUC Rate Regulation Division, and Ms. Mathis, PUC Infrastructure Division addressed in the ALJ's Order No. 2, the Applicant provides the following information in support of the Application:

I. Bednarski Memo:

- 1. A list of capital improvements and related costs required to provide wastewater service to the requested area;

Response: Information responsive to this request is found in the attached Exhibit 1 and, specifically, in Attachments B and E, and the separate Appendix B, all included in Exhibit 1.

- 2. A copy of the agreement(s) for the developer to pay for the wastewater collection system and plant required to provide wastewater service to the requested area;

Response: The requested information is appended to Exhibit 1 as Attachment C.

019001 5

3. A copy of the agreement for the developer to give the wastewater plant and collection system to AIRW 2017-7;

Response: The requested information is appended to Exhibit 1 as Attachment C.

4. AIRW 2017-7's most recent financial statements for 2 years of operations, including a balance sheet and income statement;

Response: The requested financial information is appended to Exhibit 1 as Attachment D.

5. A completed application Appendix B showing the projected cost of providing full service to the requested area; and

Response: The requested information is included with Exhibit 1 as Attachment E. Additionally, the Attachment E includes both an updated "Rate Study" and the completed Appendix B.

6. An explanation of who will own the dwelling units being served by AIRW 2017-7.

Response: Ownership of the dwelling units to be served by AIRW 2017-7, LP, as well as the wastewater treatment system will follow the ownership described in the three separate deeds attached hereto as Exhibits 2, 3 and 4. The three properties collectively comprise the area of the proposed CCN, each tract will be under different ownership.

By Deed dated May 19, 2020, Madison Westinghouse Co-Tenancy conveyed 128.37 acres of land, more or less, in Williamson County, Texas to 600 Westinghouse Investments, LLC ("600 Westinghouse Tract" or "Tract 1"). The Deed is recorded as Document 2020052469 in the Official Public Records of Williamson County, Texas.

Thereafter, 600 Westinghouse Investments, LLC made two conveyances out of the 128.37 acres, as follows:

- a) Conveyance of 55.57 acres, more or less, comprised of 26.00 acres, more or less, and a second 29.57 acres, more or less, on July 30, 2020, to 800 Westinghouse Investments, LLC (the "800 Westinghouse Tract" or "Tract 2").
- b) Conveyance of 21.39 acres on July 30, 2020, to the Applicant AIRW 2017-7, L.P. ("Tract 3").

After the above-referenced two conveyances, 600 Westinghouse Investments LLC retained title to approximately 51.41 acres of the original 128.32 acres in Tract 1. The Tract 2 and 3 Deeds are recorded in the Official Public Records of Williamson County, Texas as follows:

Tract 2: Document No. 2020092413
Tract 3: Document No. 2020092414.

As evidenced by the two separate “Developer Agreements” included as Attachment C to Exhibit 1, 600 Westinghouse Investments, LLC plans to develop its Tract 1 acreage as a 424-unit duplex development to be known as “Luxe of Georgetown.” 800 Westinghouse Investments, LLC plans to develop its Tract 2 acreage into a separate 440-unit duplex project to be known as “Mansions of Georgetown III.” Both of the two duplex developments, as evidenced by their respective Developer Agreements (*see* Exhibit 1, Attachment C), plan to obtain wastewater collection and treatment services from the Applicant, AIRW 2017-7, LP.

Pursuant to their respective Developer Agreements, each of the two developers will construct and dedicate the wastewater collection systems, including all necessary easements, for their respective properties and developments. The Applicant, AIRW 2017-7, LP, will be responsible for the construction, maintenance and operation of the actual wastewater treatment facilities on the 21.39 acres described in the Deed to Tract 3. Applicant will assume responsibility for operation and maintenance of Developers’ respective collection lines, and appurtenant facilities, on Tracts 1 and 2 upon dedication of the same as contemplated by the respective Developer Agreements. Applicant will *not* own the duplexes to be constructed in either of the two Developments on Tract 1 and 2 and to be served by Applicant’s wastewater system.

II. Mathis Memo:

- a. Legal Status of Applicant Please submit a response to question Part A, Question 4.

Response: Applicant is a Texas limited partnership. A copy of the Partnership Agreement is included as “Attachment A” to the letter from Kaveh Khorzad, P.G., appended hereto as Exhibit 1.

- b. Water or Sewer Treatment Capacity Please submit a response to Part D, Question 23. If yes, provide a copy of the sewer treatment agreement.

Response: “No.” Applicant does not intend to purchase either water or sewer treatment capacity from a third-party provider. *See* Exhibit 1.

CONCLUSION & PRAYER

WHEREFORE, PREMISES CONSIDERED, Petitioner AIRW 2017-7, L.P., respectfully requests that upon review of the enclosed supplemental materials in support of the Application that

the Application be declared Administratively Complete such that the same can continue to be processed for final approval.

Respectfully submitted,

MCCARTHY & MCCARTHY, LLP
1122 Colorado St., Suite 2399
Austin, Texas 78701

By: /s/ Edmond R. McCarthy, Jr.
Edmond R. McCarthy, Jr.
State Bar No. 13367200
(512) 904-2313 (Tel)
(512) 692-2826 (Fax)
ed@ermlawfirm.com
ATTORNEYS FOR PETITIONER,
AIRW 2017-7, L.P., a Texas limited partnership

CERTIFICATE OF SERVICE

I hereby certify by my signature below, that on this the 26th day of October, 2020, a true and correct copy of the foregoing was:

- (i) electronically e-filed with the Commission pursuant to Rule 22.74 and the Commission's Order in Docket No. 50664 addressing Covid-19 Pandemic conditions, and
- (ii) forwarded via postage prepaid regular first-class mail and/or e-mail, where available, to the Parties to Docket No. 51216 or their legal counsel at the locations shown on the attached service list.

/s/ Edmond R. McCarthy, Jr.
Edmond R. McCarthy, Jr.

SERVICE LIST

Ms. Kourtnee Jinks
Legal Division
Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711
Tel.: (512) 936-7265
Fax: (512) 936-7268
E-mail: kourtnee.jinks@puc.texas.gov

Representing Public Utility Commission of
Texas – Legal Division

Wet Rock Groundwater Resources LLC
Attn: Kaveh Khorzad
317 Ranch Road 620 South, Suite 203
Austin, TX 78734
Tel: (512) 773-3226
E-mail: k.khorzad@wetrockgs.com

Representing Petitioner - AIRW 2017-7,
L.P., a Texas limited partnership

Attachment B

List of Capital Improvements and Related Costs

**AIRW 2017-7, LP
GEORGETOWN III
ROCKRIDE LANE WATER RECLAMATION FACILITY**

PRELIMINARY OPINIION OF PROBABLE CONSTRUCTION COST - 60% DESIGN

QTY	UNITS	DESCRIPTION	UNIT COST	EXTENDED COST
1	LS	Treatment plant Purchase (includes blowers, filter system, and all controls)	\$ 1,550,000	\$ 1,550,000
1	LS	Offloading services and crane	\$ 25,000	\$ 25,000
1	LS	Field assembly of plant	\$ 25,000	\$ 25,000
360	CY	Structural Foundations	\$ 500	\$ 180,000
43800	SF	Flex Base	\$ 8	\$ 350,400
2900	SY	Road Paving	\$ 65	\$ 188,500
1000	LF	Effluent Pipeline	\$ 75	\$ 75,000
1	LS	Effluent Storage Tank Including Foundation	\$ 335,000	\$ 335,000
1	LS	Storage Tank Influent Pumps	\$ 5,000	\$ 5,000
1	LS	Irrigation Pumps and Enclosure	\$ 40,000	\$ 40,000
1	LS	Sitework (Grading and seeding)	\$ 50,000	\$ 50,000
1000	LF	Fencing	\$ 40	\$ 40,000
2	EA	Vehicle Gates	\$ 10,000	\$ 20,000
1	LS	Prefabricated Building	\$ 50,000	\$ 50,000
1	LS	Generator	\$ 200,000	\$ 200,000
1	LS	Electrical Allowance	\$ 430,000	\$ 430,000
1	LS	Odor Control System (Including cabron system and blower)	\$ 50,000	\$ 50,000
1	EA	Automatic Influent Screen	\$ 87,700	\$ 87,700
1	LS	Lift Station (Includes wetwell, pumps, and force main)	\$ 70,000	\$ 70,000
			SUBTOTAL	\$ 3,772,000
			Mobilization, Demob., Bonds, Insurance @ 5%	\$ 189,000
			Contractor Overhead & Profit @ 15%	\$ 594,000
			Contingencies @ 7%	\$ 319,000
			TOTAL	\$ 4,870,000

Preliminary

Prepared by Justin A Angel, Texas PE 129386
Perkins engineering Consultants, inc., TBPE Firm F8699

10/6/2020

Attachment E
Appendix B &
Updated Rate Study

Appendix B: Projected Information

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (09_ 30 _ 20)	A-1 YEAR (12_ 31 _ 21)	A-2 YEAR (12_ 31 _ 22)	A-3 YEAR (12_ 31 _ 23)	A-4 YEAR (12_ 31 _ 24)	A-5 YEAR (12_ 31 _ 25)
CURRENT ASSETS						
Cash	\$ 6,105,358.00	\$ 6,105,358.00	\$ 1,430,112.00	\$ 1,624,866.00	\$ 1,819,620.00	\$ 2,014,374.00
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other	\$ 9,488.00					
A. Total Current Assets	\$ 6,114,846.00	\$ 6,105,358.00	\$ 1,430,112.00	\$ 1,624,866.00	\$ 1,819,620.00	\$ 2,014,374.00
FIXED ASSETS						
Land	\$ 6,942,849.00	\$ 6,942,849.00	\$ 6,942,849.00	\$ 6,942,849.00	\$ 6,942,849.00	\$ 6,942,849.00
Collection/Distribution System						
Buildings						
Equipment		\$ 4,870,000.00	\$ 4,870,000.00	\$ 4,870,000.00	\$ 4,870,000.00	\$ 4,870,000.00
Other						
Less: Accum. Depreciation or Reserves		\$ 194,800.00	\$ 389,600.00	\$ 584,400.00	\$ 779,200.00	\$ 974,000.00
B. Total Fixed Assets	\$ 6,942,849.00	\$ 11,618,049.00	\$ 11,423,249.00	\$ 11,228,449.00	\$ 11,033,649.00	\$ 10,838,849.00
C. TOTAL Assets (A + B)	\$ 13,057,695.00	\$ 17,723,407.00	\$ 12,853,361.00	\$ 12,853,315.00	\$ 12,853,269.00	\$ 12,853,223.00
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses	\$ 1,531.00					
Other		\$ 4,870,000.00				
D. Total Current Liabilities	\$ 1,531.00	\$ 4,870,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)	\$ 1,531.00	\$ 4,870,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
OWNER'S EQUITY						
Paid in Capital	\$ 945,754.00	\$ 945,754.00	\$ 945,754.00	\$ 945,754.00	\$ 945,754.00	\$ 945,754.00
Retained Equity		-\$ 397,511.00	-\$ 399,557.00	-\$ 397,603.00	-\$ 397,649.00	-\$ 397,695.00
Other	\$ 12,110,410.00	\$ 12,110,410.00	\$ 12,110,410.00	\$ 12,110,410.00	\$ 12,110,410.00	\$ 12,110,410.00
Current Period Profit or Loss		\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00
G. TOTAL OWNER'S EQUITY	\$ 13,056,164.00	\$ 12,853,407.00	\$ 12,853,361.00	\$ 12,853,315.00	\$ 12,853,269.00	\$ 12,853,223.00
TOTAL LIABILITIES+EQUITY (F + G) = C	\$ 13,057,695.00	\$ 17,723,407.00	\$ 12,853,361.00	\$ 12,853,315.00	\$ 12,853,269.00	\$ 12,853,223.00
WORKING CAPITAL (A - D)	\$ 6,114,846.00	\$ 6,105,358.00	\$ 1,430,112.00	\$ 1,624,866.00	\$ 1,819,620.00	\$ 2,014,374.00
CURRENT RATIO (A / D)	3,994.0200	1.2537	N/A	N/A	N/A	N/A
DEBT TO EQUITY RATIO (F / G)	0.0001	0.3789	0.0000	0.0000	0.0000	0.0000

PROJECTED NET INCOME INFORMATION						
(ENTER DATE OF YEAR END)	CURRENT(A) (09_30_20)	A-1 YEAR (12_31_21)	A-2 YEAR (12_31_22)	A-3 YEAR (12_31_23)	A-4 YEAR (12_31_24)	A-5 YEAR (12_31_25)
METER NUMBER						
Existing Number of Taps	0	0	868	868	868	868
New Taps Per Year	0	868	0	0	0	0
Total Meters at Year End	0	868	868	868	868	868
METER REVENUE						
Revenue per Meter (use for projections)	\$ 0.00	\$ 685.20	\$ 685.20	\$ 685.20	\$ 685.20	\$ 685.20
Expense per Meter (use for projections)	\$ 0.00	\$ 460.83	\$ 460.83	\$ 460.83	\$ 460.83	\$ 460.83
Operating Revenue Per Meter	\$ 0.00	\$ 224.37	\$ 224.37	\$ 224.37	\$ 224.37	\$ 224.37
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees	\$ 0.00	\$ 594,754.00	\$ 594,754.00	\$ 594,754.00	\$ 594,754.00	\$ 594,754.00
Other (Tap, reconnect, transfer fees, etc.)						
Gross Income	\$ 0.00	\$ 594,754.00	\$ 594,754.00	\$ 594,754.00	\$ 594,754.00	\$ 594,754.00
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)	\$ 0.00	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00
NET INCOME	\$ 0.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office						
Computer						
Auto						
Insurance						
Telephone						
Utilities						
Depreciation						
Property Taxes						
Professional Fees						
Other						
Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
% Increase Per projected Year	0%	0%	0%	0%	0%	0%
OPERATIONAL EXPENSES						
Salaries						
Auto						
Utilities						
Depreciation						
Repair & Maintenance						
Supplies						
Other	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	
Total	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	

PROJECTED SOURCES AND USES OF CASH STATEMENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	
Depreciation (If funded by revenues of system)						
Loan Proceeds						
Other	\$ 6,105,358.00					
Total Sources	\$ 6,300,112.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase	\$ 4,870,000.00					
Reserve						
Other						
Total Uses	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
NET CASH FLOW	\$ 1,430,112.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	
DEBT SERVICE COVERAGE						
Cash Available for Debt (CADS)						
A: Net Income (Loss)	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	
B: Depreciation, or Reserve Interest						
C: Total CADS (A + B = C)	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	\$ 194,754.00	
D: DEBT SERVICE						
Annual Principle Plus Interest	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
E: DEBT SERVICE COVERAGE RATIO						
CADS Divided by DS (E = C / D)	N/A	N/A	N/A	N/A	N/A	

B & D ENVIRONMENTAL, INC.
200 HARBOR CIRCLE
GEORGETOWN, TEXAS 78633
PHONE NO: (512) 917-7541
FAX NO: (512) 692-1967

EMAIL: bretfenner@yahoo.com

October 12, 2020

Mr. Matthew Hiles
Executive Vice President
W3 Luxury Living
2505 N. State Hwy 360, Suite 800
Grand Prairie, Texas 75050

RE: A Rate Study to Determine the Proposed Sewer Rates for AIRW 2017-7, LP (Rockridge Road Wastewater Treatment Facility) in Williamson County

Dear Mr. Hiles:

B & D Environmental, Inc. was retained to perform a study to determine a rate structure that will support the revenue requirement for proposed wastewater service for the AIRW 2017-7, LP development in Georgetown, Texas. This rate study was conducted using financial and utility cost data provided from the utility's construction estimates. Since this utility will be requesting a new CCN and has no previous operational history, a number of assumptions were required to determine a revenue requirement necessary to support the cost of wastewater service to this development. A list of these assumptions can be found attached. The probable cost for the construction of the wastewater plant as provided by the utility's engineer used in this study can be found in **Attachment 1**.

The revenue requirement was determined in this study for providing wastewater service to the utility's customer based on all connections being of the same demand quantity and flow strength. If any one customer requirements place a larger than normal demand then an adjustment to these rates would need to be made. If any customer's flow requires a form of pretreatment due to a higher strength or contamination, then a pretreatment agreement should be required that would mandate either that customer pretreats its flow to acceptable levels or pays for the additional treatment. The calculation of customer monthly rates for this proposed utility can be found in **Attachment 2** of this study. The rates determined at full build out will recover the revenue requirement necessary for providing water service to the customers of this utility at the estimated cost. The utility will be required to submit a Rate/Tariff Change Application within 18 months after approval of a requested CCN to support the proposed rates. In the future, the utility will want

to submit a rate/tariff change application to request rates that cover its necessary revenue requirement based on an actual cost of service.

In conclusion, the wastewater rate structure as proposed in this study based on the estimated costs should be used in the utility's CCN application and proposed sewer tariff. This rate structure should generate a revenue requirement that will cover the projected cost of service to customers of the wastewater utility without an over recover of revenues. Table 1 is the proposed monthly flat rate for the utility.

Table 1: Proposed Wastewater Monthly Fee

Proposed Sewer Tariff Rate	Monthly Flat fee: \$ 57.10
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Rate designed with no gallonage rate

Should you have any questions regarding this rate study, please contact me at (512) 917-7541.

Sincerely,



Bret W. Fenner, P.E.
B & D Environmental, Inc.

Assumptions:

1. All wastewater facilities and collection system are considered developer contributions thus no return on investment component included in cost of service.
2. The estimated total cost of the wastewater facilities and equipment will be \$4,870,000
3. Estimated operating expenses for the utility were determined to be \$400,000 annual.
4. Full build out of all 868 connections will be completed within first year of operation.

ATTACHMENT 1

**AIRW 2017-7, LP
GEORGETOWN III
ROCKRIDE LANE WATER RECLAMATION FACILITY**

PRELIMINARY OPINIION OF PROBABLE CONSTRUCTION COST - 60% DESIGN

QTY	UNITS	DESCRIPTION	UNIT COST	EXTENDED COST
1	LS	Treatment plant Purchase (includes blowers, filter system, and all controls)	\$ 1,550,000	\$ 1,550,000
1	LS	Offloading services and crane	\$ 25,000	\$ 25,000
1	LS	Field assembly of plant	\$ 25,000	\$ 25,000
360	CY	Structural Foundations	\$ 500	\$ 180,000
43800	SF	Flex Base	\$ 8	\$ 350,400
2900	SY	Road Paving	\$ 65	\$ 188,500
1000	LF	Effluent Pipeline	\$ 75	\$ 75,000
1	LS	Effluent Storage Tank Including Foundation	\$ 335,000	\$ 335,000
1	LS	Storage Tank Influent Pumps	\$ 5,000	\$ 5,000
1	LS	Irrigation Pumps and Enclosure	\$ 40,000	\$ 40,000
1	LS	Sitework (Grading and seeding)	\$ 50,000	\$ 50,000
1000	LF	Fencing	\$ 40	\$ 40,000
2	EA	Vehicle Gates	\$ 10,000	\$ 20,000
1	LS	Prefabricated Building	\$ 50,000	\$ 50,000
1	LS	Generator	\$ 200,000	\$ 200,000
1	LS	Electrical Allowance	\$ 430,000	\$ 430,000
1	LS	Odor Control System (Including cabron system and blower)	\$ 50,000	\$ 50,000
1	EA	Automatic Influent Screen	\$ 87,700	\$ 87,700
1	LS	Lift Station (Includes wetwell, pumps, and force main)	\$ 70,000	\$ 70,000
			SUBTOTAL	\$ 3,772,000
			Mobilization, Demob., Bonds, Insurance @ 5%	\$ 189,000
			Contractor Overhead & Profit @ 15%	\$ 594,000
			Contingencies @ 7%	\$ 319,000
			TOTAL	\$ 4,870,000

Preliminary

Prepared by Justina Angel, Texas REG 129386
Perkins engineering Consultants, inc., TBPE Firm F8699

10/6/2020

0037

ATTACHMENT 2

AIRW 2017-7, LP

Water Rate Design Study

Meter Equivalents:

<u>Meter Size</u>	<u>Total Meters</u>	<u>Equivalent Factor</u>	<u>Meter Equivalents</u>
Residential	864	1	864
Commerical	2	1	2
Other	2	1	2
Total Meter Equivalents:	868		868

Estimated Water Revenue Requirement:

<u>Water Cost of Service:</u>			
O & M Expenses	\$	400,000	
Depreciation	\$	194,800	
Return On Investment	\$	0	
Total Water Revenue Requirement:		\$ 594,800	

Wastewater Rate Structure:

Monthly Flat Fee:

Flat Fee Calculation: $\$ 594,800 \div 868 \text{ meter equivalents} \div 12 \text{ months} = \$ 57.10$

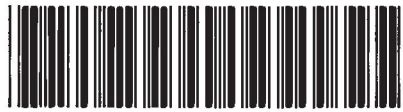
<u>Meter Size</u>	<u>Equivalent Factor</u>	<u>Monthly Flat Fee</u>
All Connections	1	\$ 57.10

AIRW 2017-7, LP

Depreciation Schedule						
Test Period Ends:		31-Dec-20				
Utility Plant Cost	Installation Date	Original Cost	Average Service Life	Annual Deprec. Expense	Total Accum. Deprec.	Net Book Value
Wastewater Treatment Facilities	1-Jul-20	\$4,870,000	33	\$194,800	\$97,935	\$4,772,065
Utility Plant Totals:		\$4,870,000		\$194,800	\$97,935	\$4,772,065

Note 1. Cost of wastewater facilities provided from utility estimates

Note 2 All facilities are considered developer contributions thus no return on investment included in cost of service.



Control Number: 52197



Item Number: 1

Addendum StartPage: 0

*See attached excerpts from
this filing.*

Attachment 11
Projected Financial Information (Question 30)

Customer (Unit) Growth

	Year 1	Year 2	Year 3	Year 4	Year 5
LUE/yr.	616	264			
Total	616	880	880	880	880

NOTE: Three total meters that are comprised of 880 units

Two (2) eight inch (12") meters and one (1) 2" meter in the first year of operations

This project is to provide wholesale wastewater through three (3) master meters, that is no retail residential meters.

Capital Data

	Year 1	Year 2	Year 3	Year 4	Year 5
Plant Investment (Aqua)			\$25,000	\$25,000	\$50,000
Total Plant (CIAC)	\$3,841,100				
Tap Fees	\$18,000				
Total Contributed Utility Infrastructure Assets	\$3,841,100	\$0	\$0	\$0	\$0
Total Capital Spent by Aqua (less Tap Fees)	-\$18,000	\$0	\$25,000	\$25,000	\$50,000

NOTE: CIAC Plant data provided by the developer. Tap Fees are estimated for 8" meter (tap fee is \$6,000 per, times 2 meters) and 2" meter (tap fee is \$6,000, times 1 meter). Aqua Capital figures provided by Aqua Texas Regional Area Manager for Central Texas.

CIAC ESTIMATE

Cost Breakdown Estimate	Amount
Mobilization and General Conditions	\$109,000
Sitework	\$365,000
Yard Piping	\$70,000
Influent Pump Station and Vertical Bar Screen	\$590,000
Wastewater Treatment Plant	\$1,700,000
Odor Control Equipment	\$150,000
Electric Improvements	\$630,000
Unloading WWTP	\$24,000
Ground Storage Tank	\$185,000
Irrigation Pumps	\$18,100
Total	\$3,841,100

Rate Information (Data - Aqua TX Regional Tariff) and Projected Annual Revenue

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue (Annual)	\$301,224	\$430,320	\$430,320	\$430,320	\$430,320
Revenue Per Unit (Annual)	\$489	\$489	\$489	\$489	\$489

NOTE: Revenue generated is based contractual obligation to pay for half of the units (equivalent to 488 LUEs, per site plan) at a rate equivalent to the Aqua TX local regional rate tariff.

Proforma Modeling Assumptions

Assumed O&M Expense Inflation=>	2.00%
Assumed Cost of Long Term Debt => REGULATED	4.50%
Assumed Cost of Long Term Debt => ACTUAL	4.50%
Assumed Composite Rate Depreciation on Rate Base=>	2.50%
Bad Debt Expense Rate =>	0.70%
Federal Income Tax Rate =>	21.00%
State Income Tax Rate =>	2.00%
CIAC Tax Rate (for Deferred Tax Asset) =>	22.58%
Payroll Taxes (FICA, FUTA, SUTA) =>	7.65%
Property Taxes =>	0.50%
Gross Receipts and Franchise Taxes =>	0.00%
Regulatory Assessments =>	0.00%

Proforma

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$301,224	\$430,320	\$430,320	\$430,320	\$430,320
Operating and Maintenance Expenses	-\$147,252	-\$195,876	-\$205,554	-\$215,305	-\$219,131
Taxes Other than Income	-\$4,114	-\$4,172	-\$4,232	-\$4,292	-\$4,354
EBITDA	\$149,858	\$230,271	\$220,535	\$210,723	\$206,835
Depreciation	\$450	\$450	-\$175	-\$800	-\$2,050
EBIT	\$150,308	\$230,721	\$220,360	\$209,923	\$204,785
Interest Expense	-\$36,854	-\$35,306	-\$34,854	-\$34,375	-\$34,964
Pre-Tax Income	\$113,454	\$195,416	\$185,505	\$175,548	\$169,821
Income Taxes (Federal + State)	-\$25,618	-\$44,125	-\$41,887	-\$39,639	-\$38,346

Projected Rate Base (Includes Capital Investment and Deferred Tax Asset due to CIAC Tax)

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Rate Base (Only Aqua TX Capital) Less D&A	-\$17,550	-\$17,100	\$7,725	\$31,925	\$79,875
Total Deferred Tax Asset (CIAC Tax Less Amort)	\$836,529	\$801,674	\$766,819	\$731,963	\$697,108
Total Rate Base + CIAC Deferred Tax Less Amort	\$818,979	\$784,574	\$774,544	\$763,888	\$776,983