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DOCKET NO. 54049

PETITION OF KAUFMAN	§	
INDEPENDENT SCHOOL	§	
DISTRICT TO AMEND COLLEGE	§	
MOUND WATER SUPPLY	§	PUBLIC UTILITY COMMISSION
CORPORATION'S CERTIFICATE	§	
OF CONVENIENCE AND	§	OF TEXAS
NECESSITY IN KAUFMAN	§	
COUNTY BY STREAMLINED	§	
EXPEDITED RELEASE	§	

KAUFMAN INDEPENDENT SCHOOL DISTRICT APPRAISER'S REPORT

COMES NOW, Kaufman Independent School District (Kaufman ISD) by and through its undersigned attorney of record, and files this Appraiser's Report (Report). In support thereof, the Kaufman ISD would respectfully show as follows:

BACKGROUND

On September 8, 2022, Kaufman ISD filed its Petition to Amend College Mound Special Utility District's (College Mound) Certificate of Convenience and Necessity (CCN) in Kaufman County by Streamlined Expedited Release pursuant to Texas Water Code (TWC) § 13.2541 and 16 Texas Administrative Code (TAC) § 24.245(h) at the Public Utility Commission of Texas (Commission). Administrative Law Judge (ALJ) Denmark issued Order No. 2 on October 6, 2022, establishing a deadline of within 70 days after Commission approval of the expedited release for College Mound and Kaufman ISD to file their appraiser's reports, if they could not agree upon an appraiser. The ALJ issued Order No. 4 on December 5, 2022, granting the streamlined expedited release. The parties did not agree upon an appraiser. Therefore, this Report is timely filed.

II. APPRAISER'S REPORT

Attached as Exhibit A to this filing is the Appraiser's Report prepared by Michael Wilson, P.E. of Teague Nall and Perkins for Kaufman ISD.

II. CONCLUSION AND PRAYER

Kaufman ISD requests that it be granted any additional relief to which it may be justly entitled.

Respectfully submitted,

**LLOYD GOSSELINK
ROCHELLE & TOWNSEND, P.C.**

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DAVID J. KLEIN

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**ATTORNEY FOR KAUFMAN INDEPENDENT
SCHOOL DISTRICT**

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 February 13, 2023, in accordance with the Order Suspending Rules, issued in Project No. 50664.



David Klein

Exhibit A
Appraiser's Report



teague nall & perkins

TBPLS Registration Number 10011600, 10011601, 10194381

TBPE Registration Number F-230

**RE: PUBLIC UTILITY COMMISSION DOCKET NO. 54049
APPRAISAL UNDER TEXAS WATER CODE §§ 13.254(g) AND 13.2541
AND 16 TEXAS ADMINISTRATIVE CODE § 24.245 (h)-(j)**

Public Utility Commission:

This Appraisal Report (Report) presents the findings and recommendations of an engineering valuation performed by Michael S. Wilson, P.E. for the 26.36 acre-portion of Kaufman Independent School District's (KISD) real property in Kaufman County, Texas that was decertified from College Mound Special Utility District's (CMSUD) water certificate of convenience and necessity (CCN) No. 10825 under Order No. 4 in Public Utility Commission Docket No. 54049 (Release Tract). A copy of Order No. 4 decertifying and depicting the Release Tract is attached hereto as Attachment 1. This Report was performed in accordance with Texas Water Code (TWC) §§ 13.254(g) and 13.2541, and 16 Texas Administrative Code (TAC) § 24.245(h)-(j). Issues with the development of the land, which are uncertain, are irrelevant to the analysis.

INTRODUCTION

On September 8, 2022, KISD filed a petition for streamlined expedited release of a 26.36 acre tract of land from the service area of CMSUD's water CCN No. 10825 (Petition). Under Order No. 2 in this Docket, the Administrative Law Judge established a deadline of October 26, 2022 for CMSUD, the CCN holder, to file a response to the Petition. CMSUD did not file a response- timely or untimely. On December 5, 2022, the Public Utility Commission's (Commission) presiding Administrative Law Judge (ALJ) issued Order No. 4, releasing the Release Tract from CMSUD's water CCN No. 10825.

Michael S. Wilson, P.E. has personally inspected the Release Tract and is familiar with the land. The Release Tract, is generally located north of State Highway 243 and west of Farm-to-Market Road 2727 in Kaufman County, Texas. The site is vacant with some trees and native vegetation. There is no water service being received on the Release Tract.

APPRAISAL METHODOLOGY

The compensation factors that must be considered in the valuation of property released from a water CCN in a streamlined expedited release petition under TWC § 13.2541 and 16 TAC § 24.245(h)-(i) are set forth in TWC § 13.254(g) and 16 TAC § 24.245(j). Such factors are provided below, as follows:

(A) the amount of the former CCN holder's debt allocable to service to the removed area;

- (B) the value of the service facilities belonging to the former CCN holder that are located within the removed area;
- (C) the amount of any expenditures for planning, design, or construction of the service facilities of the former CCN holder that are allocable to service to the removed area;
- (D) the amount of the former CCN holder's contractual obligations allocable to the removed area;
- (E) any demonstrated impairment of service or any increase of cost to customers of the former CCN holder remaining after a CCN revocation or amendment under this section;
- (F) the impact on future revenues lost from existing customers;
- (G) necessary and reasonable legal expenses and professional fees, including costs incurred to comply with TWC §13.257(r); and
- (H) any other relevant factors as determined by the commission.

DOCUMENTS REVIEWED

The following documents were reviewed and taken into consideration in the preparation of this Report:

- A. CMSUD's website, <https://collegemoundwater.com>.
- B. The documents publicly available on the Commission's Interchange for this Docket No. 54049;
- C. The applicable laws and regulations for this Docket: TWC §§ 13.254(g) and 13.2541, and 16 Texas Administrative Code (TAC) § 24.245(h)-(j);
- D. The data publicly available on the Texas Commission on Environmental Quality's Drinking Water Watch website concerning CMSUD;
- E. Commission Docket No. 51986, which is the Docket for posting Notice of Wholesale Water Supply Contracts pursuant to 16 TAC 24.15
- F. Commission Docket No. 43533, the only other Commission Docket that pertained to any application filed by CMSUD.
- G. Texas Water Development Board's (TWDB) Annual Financial Report for the Fiscal Year ended August 31, 2022, found at: <https://www.twdb.texas.gov/publications/reports/administrative/doc/AFRfy2022.pdf>

ANALYSIS OF COMPENSATION FACTORS

Compensation Factor A: The amount of the former CCN holder's debt allocable to service to the removed area.

Analysis Finding:

A diligent search of publicly available information for any potential CMSUD debt was conducted. The TWDB's Annual Financial Report for FY 2022, which lists all current TWDB debtors from any TWDB-based funding source, did not list CMSUD as a debtor. CMSUD does not provide any information on its website regarding any existing debt. For example, CMSUD does not make its most recent audit report available to the public for viewing. Regardless, since no agreement for service exists between the parties, CMSUD could not have any debt allocable to serve the Release Tract.

For these reasons, the value for Compensation Factor A is \$0.00.

Compensation Factor B: The value of the service facilities belonging to the former CCN holder that are located within the removed area;

Analysis Finding:

The ALJ's Order No. 4 in this Docket memorializes several Findings of Fact that are based upon the evidentiary record in this matter that are pertinent to this Factor B (amongst the other Factors). Such Findings must be taken into consideration in this analysis, and they are as follows:

18. The CCN holder has not committed or dedicated any facilities or lines to the tract of land for water service.
19. The CCN holder has no facilities or lines that provide water service to the tract of land.
20. The CCN holder has not performed any acts for or supplied anything to the tract of land.

That being said, in full disclosure, it is my understanding that CMSUD has installed a 12-inch water line on the east side of the Release Tract, adjacent to the west side of Farm-to-Market 2727. However, this line is not within an easement, and it is trespassing on the Release Tract. Additionally, given that KISD has never received retail water service from CMSUD for the Release Tract and has never entered into a contract with CMSUD for water service at the Release Tract, as noted in the Petition (and have not been challenged by CMSUD), this water line could not have been installed to serve the Release Tract. It is also my understanding and belief that such CMSUD water line transports to CMSUD's other customers; therefore, it is not a stranded asset in whole or in part.

For these reasons, value for Compensation Factor B is \$0.00.

Compensation Factor C: the amount of any expenditures for planning, design, or construction of the service facilities of the former CCN holder that are allocable to service to the removed area;

Analysis Finding:

As noted in the analysis for Factor B, the Findings of Fact in this Docket and the additional facts in the Petition demonstrate that there should not be any expenditures for planning, design, or construction costs of the service facilities allocable to the Release Tract.

For these reasons, value for Compensation Factor C is \$0.00.

Compensation Factor D: the amount of the former CCN holder's contractual obligations allocable to the removed area;

Analysis Finding:

As noted in the analysis for Factor B, the Findings of Fact in this Docket and the additional facts in the Petition demonstrate that CMSUD could not have entered into any contracts that would contemplate providing water service to the Release Tract. Thus, there could not be any contractual obligations that would be allocable to the Release Tract. Additionally, there are no contracts between CMSUD and KISD for water service to the Release Tract.

For these reasons, value for Compensation Factor D is \$0.00.

Compensation Factor E: any demonstrated impairment of service or any increase of cost to customers of the former CCN holder remaining after a CCN revocation or amendment under this section;

Analysis Finding:

Based upon the Reviewed Documents and my personal knowledge, I am not aware of any impairment of service or increase of costs to existing CMSUD customers after the decertification of the Release Tract. Given that there is no contract for retail water service between CMSUD and KISD, and that there has never been any retail water service provided by CMSUD to the Release Tract, there should be no new impairment on CMSUD's ability to provide retail water service or change in the cost for CMSUD to continue providing water service to its customers, based upon the decertification.

For these reasons, value for Compensation Factor E is \$0.00.

Compensation Factor F: the impact on future revenues lost from existing customers;

Analysis Finding:

Since KISD is not a customer of CMSUD and there is no retail water service being provided to the Release Tract, there are no existing CMSUD customers lost as a result of the decertification. Consequently, there no future revenues lost.

For these reasons, value for Compensation Factor F is \$0.00.

Compensation Factor G: necessary and reasonable legal expenses and professional fees, including costs incurred to comply with TWC §13.257(r).

Analysis Finding:

As noted in the Introduction of this Report, a review of the Commission's Interchange for this Docket demonstrates that CMSUD has not made any filings in this matter- not even an appearance. That being said, I am aware that CMSUD has retained an attorney, and it is likely that some legal expenses have been incurred. Consequently, an estimate of \$3,500 is appropriate.

For these reasons, value for Compensation Factor G is \$3,500.00.

Compensation Factor H: other relevant factors as established by the Commission.

Analysis Finding:

I am not aware of any other factors having been established in this Docket or otherwise.

For these reasons, value for Compensation Factor H is \$0.00.

CONCLUSION

In conclusion, based upon the documents reviewed, noted above, and my professional opinion and personal knowledge, I found that KISD should compensate CMSUD \$3,500.00 for the decertification of the Release Tract from CMSUD’s water CCN No. 10825 in this Docket. A table summarizing the findings of my analysis is provided below:

COMPENSATION FACTOR	COMPENSATION AMOUNT
Compensation Factor A	\$0.00
Compensation Factor B	\$0.00
Compensation Factor C	\$0.00
Compensation Factor D	\$0.00
Compensation Factor E	\$0.00
Compensation Factor F	\$3,500.00
Compensation Factor G	\$0.00
TOTAL	\$3,500.00

Teague Nall and Perkins, Inc.

Michael S. Wilson, P.E.

By: *Michael S. Wilson*

Title: Associate Principal

Date: February 13, 2023



ATTACHMENT 1

Order No. 4



Filing Receipt

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DOCKET NO. 54049

PETITION OF KAUFMAN	§	PUBLIC UTILITY COMMISSION
INDEPENDENT SCHOOL DISTRICT TO	§	
AMEND COLLEGE MOUND WATER	§	OF TEXAS
SUPPLY CORPORATION'S	§	
CERTIFICATE OF CONVENIENCE	§	
AND NECESSITY IN KAUFMAN	§	
COUNTY BY STREAMLINED	§	
EXPEDITED RELEASE		

**ORDER NO. 4
GRANTING STREAMLINED EXPEDITED RELEASE**

This Order addresses the petition of Kaufman Independent School District for streamlined expedited release of a tract of land in Kaufman County from College Mound Water Supply Corporation's service area under certificate of convenience and necessity (CCN) number 10825. For the reasons stated in this Order, the Commission releases the tract of land from College Mound WSC's certificated service area. In addition, the Commission amends College Mound WSC's CCN number 10825 to reflect removal of the tract of land from the service area.

Following entry of this Order, the Commission will determine the amount of compensation, if any, to be awarded to College Mound WSC, which will be addressed by separate order.

I. Findings of Fact

The Commission makes the following findings of fact.

Petitioner

1. Kaufman ISD is a school district in Kaufman County.

CCN Holder

2. College Mound WSC¹ is a special utility district operating under chapter 65 of the Texas Water Code (TWC).
3. College Mound WSC holds CCN number 10825 that obligates it to provide retail water service in its certificated service area in Kaufman County.

¹ On November 19, 2013, College Mound WSC changed its name to College Mount Special Utility District with the Texas Commission on Environmental Quality. However, the certificate reflects the name College Mound WSC. Therefore, the name College Mound WSC will be used in this Order.

Petition

4. On September 8, 2022, the petitioner filed a petition for streamlined expedited release of a tract of land from the CCN holder's service area under CCN number 10825.
5. The petition includes a warranty deed dated July 25, 2017, which included a metes-and-bounds description; maps; proof of notice to the CCN holder; an affidavit, dated August 31, 2022, of Loraine Blaylock, superintendent of the petitioner; and digital mapping data.
6. In Order No. 2 filed on October 6, 2022, the administrative law judge (ALJ) found the petition administratively complete.

Notice

7. The petitioner sent a copy of the petition to the CCN holder via certified mail, return receipt requested, on September 8, 2022.
8. In Order No. 2 filed on October 6, 2022, the ALJ found the notice sufficient.

Response to the Petition

9. The CCN holder did not file a response to the petition.

The Tract of Land

10. The petitioner owns property in Kaufman County that is approximately 85.2 acres.
11. The tract of land for which the petitioner seeks streamlined expedited release is a portion of the petitioner's property that is approximately 26.2 acres.
12. The tract of land is located within the CCN holder's certificated service area.

Ownership of the Tract of Land

13. The petitioner acquired the tract of land by a general warranty deed dated July 25, 2017.

Qualifying County

14. Kaufman County is adjacent to Dallas County and has a population of more than 47,500.
15. Dallas County has a population of at least one million.

Water Service to the Tract of Land

16. The tract of land is not receiving actual water service from the CCN holder.
17. The petitioner has not received any bills from the CCN holder for water service to the tract of land.

18. The CCN holder has not committed or dedicated any facilities or lines to the tract of land for water service.
19. The CCN holder has no facilities or lines that provide water service to the tract of land.
20. The CCN holder has not performed any acts for or supplied anything to the tract of land.

Map and Certificate

21. On November 16, 2022, Commission Staff filed its recommendation on final disposition that included a certificate and a map on which it identified the tract of land in relation to the CCN holder's certificated service area.
22. On December 1, 2022, Commission Staff filed its corrected recommendation on final disposition that included a corrected certificate.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this petition for streamlined expedited release under TWC §§ 13.254 and 13.2541.
2. The petitioner provided notice of the petition in compliance with 16 Texas Administrative Code (TAC) § 24.245(h)(3)(F).
3. No opportunity for a hearing on a petition for streamlined expedited release is provided under TWC §§ 13.254 or 13.2541 and, under 16 TAC § 24.245(h)(7), no hearing will be held on such a petition.
4. Petitions for streamlined expedited release filed under TWC §§ 13.254 and 13.2541 and 16 TAC § 24.245(h)(7) are not contested cases.
5. Landowners seeking streamlined expedited release under TWC §§ 13.254 and 13.2541 and 16 TAC § 24.245(h) are required to submit a verified petition through a notarized affidavit, and the CCN holder may submit a response to the petition that must be verified by a notarized affidavit.
6. Under 16 TAC § 24.245(h)(7), the Commission's decision is based on the information submitted by the landowner, the CCN holder, and Commission Staff.

7. To obtain release under TWC § 13.2541(b), a landowner must demonstrate that the landowner owns a tract of land that is at least 25 acres, that the tract of land is located in a qualifying county, and that the tract of land is not receiving service of the type that the current CCN holder is authorized to provide under the applicable CCN.
8. The time that the petition is filed is the only relevant time period to consider when evaluating whether a tract of land is receiving water service under TWC § 13.2541(b). Whether a tract of land might have previously received water service is irrelevant.
9. A landowner is not required to seek the streamlined expedited release of all of its property.
10. The petitioner owns the tract of land that is at least 25 acres for which it seeks streamlined expedited release.
11. Kaufman County is a qualifying county under TWC § 13.2541(b) and 16 TAC § 24.245(h)(2).
12. The tract of land is not receiving water service under TWC §§ 13.002(21) and 13.2541(b) and 16 TAC § 24.245(h), as interpreted in *Texas General Land Office v. Crystal Clear Water Supply Corporation*, 449 S.W.3d 130 (Tex. App.—Austin 2014, pet. denied).
13. The petitioner is entitled under TWC § 13.2541(b) to the release of the tract of land from the CCN holder's certificated service area.
14. Under TWC §§ 13.254(h) and 13.2541(a), after the date of this Order the CCN holder has no obligation to provide retail water service to the petitioner's tract of land.
15. The Commission may release only the property of the landowner from a CCN under TWC § 13.2541(b). The Commission has no authority to decertificate any facilities or equipment owned and operated by the CCN holder to provide retail water service through the streamlined-expedited-release process under TWC § 13.2541(b).
16. The Commission processed the petition in accordance with the TWC and Commission rules.
17. Under TWC § 13.257(r) and (s), the CCN holder is required to record certified copies of the approved certificate and map, along with a boundary description of the service area, in the real property records of Waller County no later than the 31st day after the date the CCN holder receives this Order.

18. A retail public utility may not, under TWC §§ 13.254(d) and 13.2541(a), provide retail water service to the public within the released portion of the tract of land unless just and adequate compensation under TWC § 13.254(g) has been paid to the CCN holder.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission releases the tract of land identified in the petition from the CCN holder's certificated service area under CCN number 10825.
2. The Commission does not decertificate any of the CCN holder's equipment or facilities that may lay on or under the released portion of the tract of land.
3. The Commission amends CCN number 10825 in accordance with this Order.
4. The Commission approves the map attached to this Order.
5. The Commission issues the certificate attached to this Order.
6. The CCN holder must file in this docket proof of the recording required in TWC § 13.257(r) and (s) within 45 days of the date of this Order.
7. The proceeding to determine the amount of compensation to be awarded to the CCN holder, if any, commences on the date of this Order in accordance with the schedule adopted in Order No. 2. Any decision on compensation will be made by a separate order.
8. The Commission denies all other motions and any other requests for general or specific relief not expressly granted by this Order.

Signed at Austin, Texas the 5th day of December 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE



Public Utility Commission of Texas

By These Presents Be It Known To All That

College Mound Water Supply Corporation

having obtained certification to provide water utility service for the convenience and necessity of the public, and it is having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, College Mound Water Supply Corporation is entitled to this

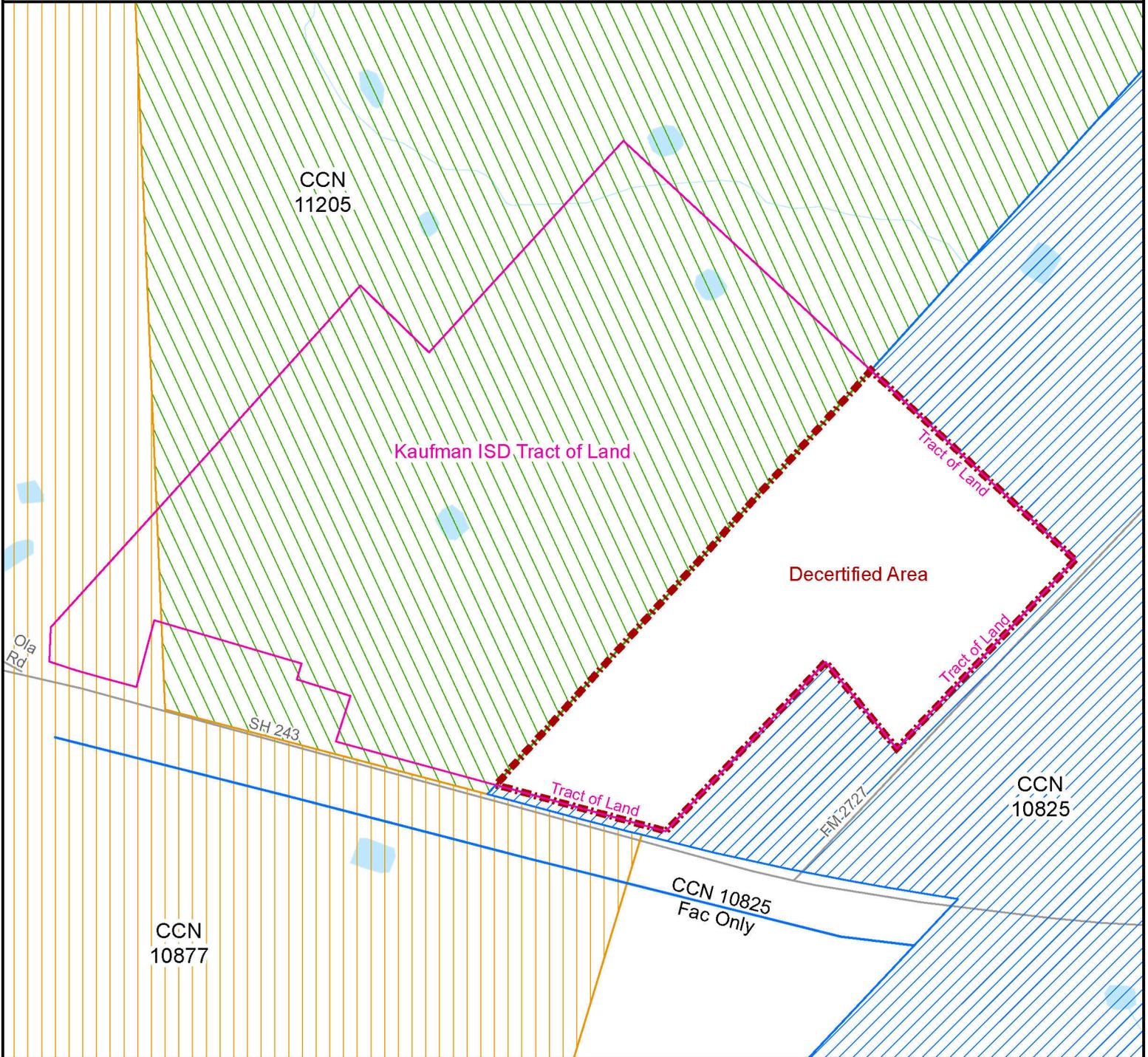
Certificate of Convenience and Necessity No. 10825

to provide continuous and adequate water utility service to that service area or those service areas in Kaufman County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 54049 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the College Mound Water Supply Corporation to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

College Mound Water Supply Corporation
 Portion of Water CCN No. 10825
 PUC Docket No. 54049

Petition by Kaufman ISD to Amend

College Mound Water Supply Corporation's CCN by Streamlined Expedited Release in Kaufman County



Water CCN

-  10825 - College Mound WSC
-  11205 - North Kaufman WSC
-  10877 - City of Kaufman

-  Decertified Area
-  Tract of Land



Water CCN Facility Only

-  10825 - College Mound WSC