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**PUC Update on CCN Decertifications
Landowner's Perspective**

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PUC UPDATE ON CCN DECERTIFICATIONS
LANDOWNERS' PERSPECTIVE
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I. INTRODUCTION

The concept of an exclusive geographic service area (a Certificate of Convenience and Necessity or CCN) for water and sewer utilities has evolved over the 40 years since the passage of PURA in 1975. Initially, under the PUC, the geographic scope of the CCNs for the various types of utilities reflected the nature of the utility. Investor Owned Utilities (IOUs) were generally awarded geographically-limited service areas reflecting the fact that IOUs were usually created by the developer of a particular subdivision to serve that subdivision. Water supply and sewer service corporations (WSCs) were generally awarded CCNs that tracked their distribution lines (“facilities-only CCN”) reflecting their mission of providing service to rural areas. Districts and municipalities were awarded CCNs that matched their district and municipal boundaries reflecting their intention to provide service primarily to residents.

Over time, with the rise of suburban development and the transfer of regulatory authority from the PUC to the TWC/TNRCC/TCEQ in 1985, the agency moved away from granting geographically-limited CCNs to granting geographically-expansive CCNs, if requested by the utility. CCNs were awarded that covered many square miles, even when the vast majority of the service area did not need utility service. These expansive CCNs were granted mostly to WSCs, Districts and Municipalities, and to a few IOUs. The following are some examples of the larger water CCNs: Coleman County SUD (1,454 square miles), Aqua WSC (985 square miles), North Alamo WSC (973 square miles), SAWS (914 square miles), and Canyon Lake Water Services Company (IOU) (250 square miles). When granting these CCNs, the agency typically did not require a demonstration of how service would be provided throughout the service area. The utilities simply asked for the area, and if no party objected, the CCNs were granted.

The granting of the expansive CCNs with geographic boundaries extending far beyond current, and even planned, service areas created a number of problems for landowners, particularly with regard to development of property. In many cases, the landowner’s property in an expansive CCN would be located far from the CCN holder’s facilities, but adjacent to a municipal system with a robust water system capable of meeting the water service needs of a densely populated subdivision (higher per capita flows, fire flows), or even if the landowner’s property was located near the existing utility’s facilities, those facilities were inadequate for the type of development planned by the landowner. In these situations, the cost of obtaining the required level of water utility service from the municipality would be significantly less expensive than obtaining the same level of service from the CCN holder.

Under Chapter 13 of the Texas Water Code, the only avenue available to the landowner to get out of the existing CCN would have been to petition the agency to revoke or amend the CCN to remove the landowner’s property. Under Section 13.254(a), the agency could grant such a request only if the CCN holder had never provided, was no longer providing, or was incapable of providing service to the property. Since service at any level could usually be provided if enough money was spent on facility upgrades, and since the landowner would be responsible for

paying the costs of upgrading the system, the landowner would face a difficult time getting such a petition granted. To get the level of service needed, the landowner would have to pay the price demanded by the existing CCN holder, even service could be obtained from a neighboring utility at a significantly lower cost. On top of that, even if the landowner was successful, any new provider of utility service to the property would have to compensate the prior CCN holder, under Section 13.254(d), for any property rendered useless or valueless to the prior CCN holder as a result of the decertification.

In 2005, the Texas Legislature responded to landowner dissatisfaction over not getting to chose lower cost/superior service utilities by passing HB 2876, which provided a method for landowners to petition the TCEQ for “expedited release” of undeveloped property of greater than 50 acres that is not currently receiving service. The bill, codified at Texas Water Code §13.254(a-1) requires that the landowner make a detailed request for service to the incumbent utility and then essentially demonstrate that an alternative provider can more economically provide service to the property. If a landowner can make this demonstration, then the TCEQ will determine the compensation owed to the incumbent utility for any property rendered useless or valueless by the decertification.

A few expedited release petitions were filed with TCEQ over the years, but landowners generally determined that the process set out in §13.254(a-1) was too uncertain, too slow, and too costly. The process was uncertain, in part, because of the lack of information/standards for determining costs. Only the existing utility, not the landowner or even the alternative utility, has access to the information needed to determine costs, and these utilities are reluctant to share this information with landowners prior to the filing of a petition. In an ideal world, this information would be readily available in rate application or in the utility’s books and records. In the world of Texas water utilities, however, this information typically does not exist.

In response to complaints about the process created by HB 2876, the Legislature in 2011 created a new and even more expedited means to remove undeveloped property from a CCN. SB 573 added several new provisions to Texas Water Code §13.254 to create a process referred to as “streamlined expedited release” or “SER”. Under the SER process, the owner of a tract of land with at least 25 acres that is not receiving service, and located in one of 33 referenced counties may petition PUC to have the property removed from a CCN. The referenced counties include: (1) counties with populations greater than 1,000,000; (2) counties adjacent to counties with populations greater than 1,000,000 (except Medina County); and (3) Smith County. The SER process is more attractive to landowners than the “regular” expedited release process because the SER process is available to more tracts (25 acres versus 50 acres), faster, and the SER process requires much less of a demonstration. Since the bill went into effect on September 1, 2011, numerous petitions have been filed with the TCEQ and PUC and a significant amount of acreage has been removed from existing CCNs. Now that more SER petitions are being filed, additional issues are being identified. A brief discussion of some of these issues is set out later in this paper.

Overly expansive CCNs will continue to be a problem for landowners into the future. The passage of HB 1973 and SB 1086 in 2013, and TCEQ’s corresponding rules (particularly 30 TAC §290.46(y)) that allow for municipalities to require IOUs and WSCs to provide fire flows

for new development within municipal boundaries and the ETJ. As municipalities adopt fire flow ordinances, the cost of getting water service extended to new development from IOUs and WSCs will increase significantly, which will provide landowners with additional incentive to seek decertification.

II. OVERVIEW OF HOW TO AVOID BEING UNWILLINGLY INCORPORATED INTO A CCN

Texas Water Code §13.246(a-1) – The PUC shall require notice of a CCN application to be mailed to each owner of a tract of land that is at least 25 acres and is wholly or partially inside the area proposed to be certificated.

Texas Water Code §13.246(h) – A landowner who owns a tract of land that is at least 25 acres and that is wholly or partially located within a proposed CCN may elect to exclude some or all of the landowner’s property by providing notice to the PUC before the 30th day after the date the landowner receives notice of the application. Does not apply to an application by a municipally owned utility inside the municipal boundaries or ETJ.

III. OVERVIEW OF HOW TO GET OUT OF A CCN

Texas Water Code §13.254(a) – A landowner may file a complaint and request that the PUC revoke or amend a CCN if the CCN holder has never provided service, is no longer providing service, is incapable of providing service, or has failed to provide continuous and adequate service to the landowner’s property.

Texas Water Code §13.254(a-1) – An owner of a tract of land that is at least 50 acres and that is not in a platted subdivision actually receiving water or sewer service may petition the PUC for expedited release. Petitioner must demonstrate that: (1) a written request for service was made to the CCN holder identifying the land to be served, the timeframe and level and manner of service needed, and the approximate cost of the obtaining service from an alternative provider; (2) the CCN holder has been allowed at least 90 days to respond; (3) the CCN holder has refused to provide service or is not capable of providing the requested service at a lower cost than the alternative provider; and (4) the alternate provider possess the financial, managerial, and technical capability to provide the requested service.

Texas Water Code §13.254(a-5) – An owner of a tract of land that is at least 25 acres and is not receiving water or sewer service may petition for expedited release from a CCN and is entitled to release if the property is located in: (1) a county with a population of at least 1,000,000; (2) a county adjacent to a county with a population of at least 1,000,000; or (3) Smith County. The PUC must grant a petition not later than the 60th day after the date the landowner files the petition.

Texas Water Code §13.255 – A municipality may obtain single certification over an area within its municipal boundaries if the CCN holder is a water supply corporation (WSC) or special utility district (SUD). The municipality may also request the transfer of property. The municipality must give the WSC or SUD at least 180 days notice of the municipality’s intent to provide

service. Service to areas and customers not currently being served can begin once notice is provided. Service to other areas must wait until PUC determines compensation (if any) and until after the District Court enters an order conveying property (if any) or determining that no compensation is owed.

IV. IMPORTANT THINGS FOR A LANDOWNER TO CONSIDER

A. Compensation to the decertified CCN holder.

Under Texas Water Code §13.254(d), no new water or sewer utility can provide service to an area that has been decertified under §13.254 (including expedited decertification and SER) without providing compensation to the decertified utility for any property that the PUC determines is rendered useless or valueless to the decertified utility as a result of the decertification. While the statute places the obligation to compensate on the new utility, in most cases, the new utility will look to the landowner/developer for reimbursement of the compensation to the decertified utility.

The process for determining the monetary value is set out in the statute and rules. If the two utilities can agree on an independent appraiser, the determination by the independent appraiser is binding on the utilities and the PUC, and cost of the independent appraiser is paid for by the utility seeking to serve the area. If the utilities cannot agree on an appraiser within 10 days after notice of intent to serve is given (the usual case), each utility shall engage its own appraiser at its own expense. These appraisals must be submitted to the PUC within 60 calendar days after the notice of intent to serve is given. After receiving these appraisals, the PUC shall appoint a third appraiser who shall determine compensation within 30 days. The third party appraisal may not be less than the lower appraisal or more than the higher appraisal. Each utility shall pay for half of the cost of the third appraisal. The final determination must be made no later than 90 days after the new utility notifies the PUC of its intent to serve the area.

The factors to be considered in determining the value of property rendered useless or valueless to the decertified utility are set out in Texas Water Code §13.254(g). The value of real property shall be determined in accordance with Chapter 21 of the Texas Property Code. The value of personal property is determined according to the following factors: (1) the amount of debt allocable to service to the area, (2) the value of the service facilities located within the area, (3) the amount of any expenditures for planning, design, or construction of service facilities that are allocable to service to the area, (4) the amount of contractual obligations allocable to the area, (5) the demonstrated impairment of service or increase of cost to consumers of the utility remaining after the decertification, (6) the impact on future revenues from existing customers, (7) necessary and reasonable legal expenses and professional fees, and (8) other relevant factors.

Exactly how these factors are applied is determined on a case-by-case basis depending on the particular facts of the case. The factors are broad and even somewhat internally inconsistent. Probably the two most important factors in the list are (5) and (6). These factors indicate that the Legislative goal for compensation is to ensure that the decertified utility's remaining customers will not see an increase in rates because of the decertification, and that the utility's shareholders do not immediately lose the return on investment that they had in the facilities in the decertified area. This goal must be balanced against giving the decertified utility a windfall from the award.

Many issues have yet to be addressed regarding compensation and appraisals. Some of the more significant issues include whether the former utility should be compensated for the loss of contributed assets and whether the former utility should be compensated for the temporary/permanent stranding of system capacity. These are complex issues that will take good understanding of utility rates and water system operations. TCEQ orders on compensation did not provide much guidance on how these appraisals should be performed. In most of the compensation cases that came before TCEQ, the differences in amounts between the former utility's appraisal and the new utility's appraisal were significant. In the E.B. Windy Hill decertification (TCEQ Application 37510-C), the appraisals ranged from \$25,223 (landowner) to \$2,266,600 (former utility) with the TCEQ appraisal at \$275,512.

The PUC has yet to decide a contested compensation matter, but several contested dockets (Dockets 45106, 45107, and 45151) will be before the PUC in the near future. These cases, and some future rulemaking, will give the PUC the opportunity to provide guidance to bring some uniformity/consistency to the appraisals.

One other potential cost associated with getting new service to a previously decertified property is the cost to the new utility in obtaining or amending its CCN. Unless the new utility is a municipality or a district, the new utility will have to obtain a new or amended CCN before providing service. Some cost will be involved in obtaining such a CCN. Also, a new utility might have difficulty in getting rates approved (See Docket 43783).

B. Decertified CCN holder cannot later be forced to serve the property

Texas Water Code §13.254(h) clearly states that a CCN holder that has land removed from its service area in accordance with Texas Water Code §13.254 may not be required to provide service to the removed land for any reason. Because the determination of compensation takes place after the decertification, and because of the vagaries of the compensation determination, a landowner takes a significant risk by seeking decertification. If the amount of compensation is too high, no one (not even the landowner) will be able to serve the property, and the former utility has no obligation to serve.

C. 7 U.S.C. §1926(b)

Rural water utilities, primarily WSCs, often have loans from the USDA, although this may be in decline. Federal law (7 U.S.C. §1926(b)) protects the federal government's lien by protecting the rural utility's service area from encroachment. For decades, WSCs have used §1926(b) as a means of avoiding decertification. The SER statutory provisions states that the PUC may not deny a decertification petition based on the fact that the existing utility is a borrower under a federal loan program. Nevertheless, any attempt to decertify an existing utility protected by §1926(b) will undoubtedly result in an injunction hearing before a federal court as shown by Aqua WSC's suits against TCEQ and the City of Elgin.

A landowner seeking to get out of a WSC's CCN should always first determine whether the WSC has federal debt. If so, the landowner needs to be aware that USDA may be a bigger obstacle to decertification than the PUC.

V. ISSUES AT THE PUC

The following are some issues that have arisen since the transfer of the water and sewer utility program to the PUC.

A. Mapping issues

PUC staff has found mapping deficiencies in almost every CCN application, including almost every SER, filed with the PUC since the transfer. Typically, these deficiencies result from the failure to submit the application/petition using the PUC's digital data and by including too much information in the mapping. PUC staff requires that maps be formatted in a particular manner and include only certain information. PUC staff's insistence that SERs meet such rigorous digital mapping requirements is somewhat unfair because PUC does not have a form or guidance documents explaining what information is required for an SER petition or what mapping is required. PUC could eliminate most of these deficiencies by amending its forms to better explain the type of mapping required, including example maps, or PUC could put example maps on its website.

Attached is an SER petition with maps and mapping data that was accepted by PUC staff. The original SER petition was filed in late October. This amended petition was filed on March 5, 2015, and the final PUC order was granted on May 28, 2015.

B. What is a "tract"

The term "tract" is not defined by statute or rule. SER petitions have been filed asserting "tract" to mean anything from a deed description, to appraisal district "tracts," to any contiguous parcel of land under common ownership (regardless of the number of deeds/tracts making up the larger parcel). To date, TCEQ/PUC accepted all of these versions of "tract." On September 11, 2015, the PUC entered an order in Docket 44667 that should resolve this issue. The PUC held that to constitute a single tract of land under Texas Water Code §13.254(a-5) the property must have common ownership and be contiguous, meaning that all portions of the property must be in uninterrupted physical contact. Sub-tracts cannot be completely separated by property with different ownership, including roads or railroads. Thus even a tract of land that has been subdivided can still be considered as a single "tract" for purposes of §13.254(a-5), so long as the property has common ownership.

C. Size of tract within CCN

Tract boundaries and CCN boundaries rarely coincide. If a portion of tract lies in one CCN and the rest in another CCN, the landowner would have to obtain service from both utilities, which could be very inefficient. Sometimes only a portion of a tract (less than 25 acres) is inside one of the CCNs. Historically, TCEQ granted SER petitions even if the portion of the tract inside the CCN was less than 25 acres. In PUC Docket 44507, a PUC ALJ proposed an order that would prohibit such decertifications, regardless of the size of the total tract, but sought briefing on the issue. The PUC Commissioners, in their final order, reversed the ALJ and agreed with the landowner that the tract size be greater than 25 acres, not the portion of the tract inside the CCN.

D. Not receiving water or sewer service

This may be the most disputed issue yet to be fully resolved. A property is eligible for decertification under §13.254(a-5) if it is “not receiving water or sewer service.” Attorneys representing landowners have interpreted this provision to mean that the property is not currently receiving actual water or sewer service – no active water meter. Attorneys representing IOUs and WSCs, on the other hand, have taken the position that “receiving service” means inside the CCN because the CCN holder is obligated to serve.

In *Texas General Land Office v. Crystal Clear Water Supply*, 449 S.W.3d 130 (Tex. App. – Austin 2014, pet. filed), the Third Court held that neither of these positions were correct. The court held that the test is whether “the retail public utility has facilities or lines committed to providing water to the particular tract or has performed acts or supplied anything to the particular tract.” *Id.* at 140. This test appears to hinge on whether facilities have been “committed” but fails to provide any guidance on how facilities are “committed” to serving a particular tract. To date, the PUC has not found that a property is receiving service without an actual service connection on the property.

The tight deadlines and lack of a hearing in the SER process create evidentiary challenges. These petitions have to be decided much like a motion for summary judgment. Petitions and responses should be verified. The landowner needs to be prepared to submit a reply motion to contest any factual claims made by the utility. Even with such a review, how will the PUC address truly disputed facts in an SER petition?

E. Texas Water Code §13.255

Under Texas Water Code §13.255, a municipality may “take over” the certificated service area of a WSC or Special Utility District (“SUD”) if the area is located inside the municipality’s city limits. To take over service area, the municipality must give notice to the WSC/SUD of the municipality’s intent to provide service to the area. If an agreement is not reached in 180 days, the municipality may file an application for single certification with the PUC. The PUC must grant the application and if the PUC determines that any of the property of the WSC/SUD is rendered useless or valueless, the PUC must determine the monetary amount that is just and adequate to compensate the WSC/SUD for such property. This provision is complicated and largely unused. In 2005, TCEQ held a work session discussion at which they concluded that they did not need to develop better rules or guidance because very few, if any §13.255 applications would be filed since WSC/SUDs were protected by §1926(b).

Since the transfer to the PUC, two §13.255 applications have been filed – Dockets 43733 (City of Providence Village/Mustang SUD) and 44541 (City of Heath/Forney Lake WSC). The administrative processing of these applications has been hampered by the PUC’s lack of experience with the provision, and because of the lack of precedent to rely on. Both applications were submitted to the PUC more than six months ago, and neither application has been declared administratively complete. If they do not settle, these two dockets promise to bring some clarity to how §13.255 applications will be handled in the future. They may also lead to additional rulemaking and the development of new forms by the PUC to provide guidance to the industry.

**ACTUAL PETITION FOR
STREAMLINED EXPEDITED RELEASE
ACCEPTED BY PUC STAFF**

March 03, 2015

Mailing Address:

**Public Utility Commission of Texas
Central Records
1701 N. Congress, PO Box 13326
Austin, TX 78711-3326**

Shipping/Overnight Delivery Address:

**Public Utility Commission of Texas
Central Records
1701 N. Congress, Suite 8-100
Austin, TX 78701**

RE: Petition to Decertify a Portion of CCN No. 20694 held by Tall Timbers Utility Company, Inc. in Smith County

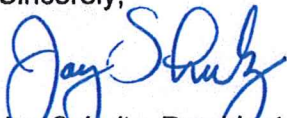
To Whom It May Concern:

The following landowners have requested service from the City of Tyler: **Tyler Blue Ridge LLC c/o Jay Schultz, President**. The tract for which service is being requested is located in the City of Tyler's corporate boundaries.

On behalf of the landowners, enclosed please find one petition to decertify portions of CCN No. 20694 held by Tall Timbers Utility Company, Inc. in Smith County. A copy of the petition was sent by certified mail, return receipt requested, to Tall Timbers Utility Company, Inc. on March 03, 2015. The digital mapping data for the petition is also being submitted.

Thank you for your assistance in this matter. If you have any questions about these petitions, please feel free to contact Joe Freeland with Matthews & Freeland at (512)404-7800, or Rea S. Boudreaux, P.E., at (903)597-2122.

Sincerely,



Jay Schultz, President
Tyler Blue Ridge LLC
PO Box 8174
Tyler, TX 75711
903/352-0331

cc: Rea S. Boudreaux, P.E., The C. T. Brannon Corporation
Greg Morgan, P.E., Director of Utilities and Public Works, City of Tyler
Joe Freeland, Matthews & Freeland

**LANDOWNER'S PETITION TO DECERTIFY
A PORTION OF SANITARY SEWER CCN NO. 20694**

1. PURPOSE FOR THE PETITION

Tyler Blue Ridge LLC ("Landowner") files this petition under the authority of Texas Water Code §13.254(a-5) and 30 TAC §291.113(r). Landowner is filing this petition seeking the expedited release of property owned by Landowner in Smith County, Texas, from Sanitary Sewer CCN No. 20694, currently held by Tall Timbers Utility Company, Inc. ("TTUC").

2. DECERTIFICATION CRITERIA

Pursuant to Texas Water Code §13.254(a-5) and 30 TAC §291.113(r), the owner of a tract of land that is at least 25 acres and that is not receiving service may petition the Public Utility Commission of Texas ("Commission") for expedited release of the area from a CCN and is entitled to release if the landowner's property is located in Atascosa, Bandera, Bastrop, Bexar, Blanco, Brazoria, Burnet, Caldwell, Chambers, Collin, Comal, Dallas, Denton, Ellis, Fort Bend, Galveston, Guadalupe, Harris, Hays, Johnson, Kaufman, Kendall, Liberty, Montgomery, Parker, Rockwall, Smith, Tarrant, Travis, Waller, Williamson, Wilson, or Wise County.

3. REQUEST FOR DECERTIFICATION

Landowner owns a tract of land located within CCN 20694 in the corporate city boundary of the City of Tyler. (See Exhibit 1 and Exhibit 2). This tract is at least 25 acres. The tract is not receiving retail sanitary sewer utility service from TTUC. (See Exhibit 3).

Landowner requests that the Commission grant expedited release of this tract from CCN No. 20694. The area Landowner requests to be released is depicted on the Exhibit 2. Exhibit 5 contains a CD with the projectable digital data with metadata for the areas to be released, which is based on the Texas State Plane Coordinate System and the PUC digital map for CCNs.

Exhibit 1 – Location Map

Exhibit 2 – Tract Map

Exhibit 3 – Landowner Affidavit


Exhibit 4 – Copy of Metes and Bounds for Landowner's Tract

Exhibit 5 – Digital Mapping Data on CD

Exhibit 6 – Response from Tall Timbers Utility Company

A copy of the original petition was sent to TTUC by certified mail on August 26, 2014, the same day that the original petition was submitted to the TCEQ. Their original response is attached as Exhibit 6. A copy of the petition was sent to TTUC by certified mail on February 27, 2015, the same day that the petition was submitted to the PUC.

**EXHIBIT 1
LOCATION MAP**

-  AREA OF REMOVAL (22.62 AC.)
-  TYLER BLUE RIDGE LLC (142.69 AC.)
-  PARCELS

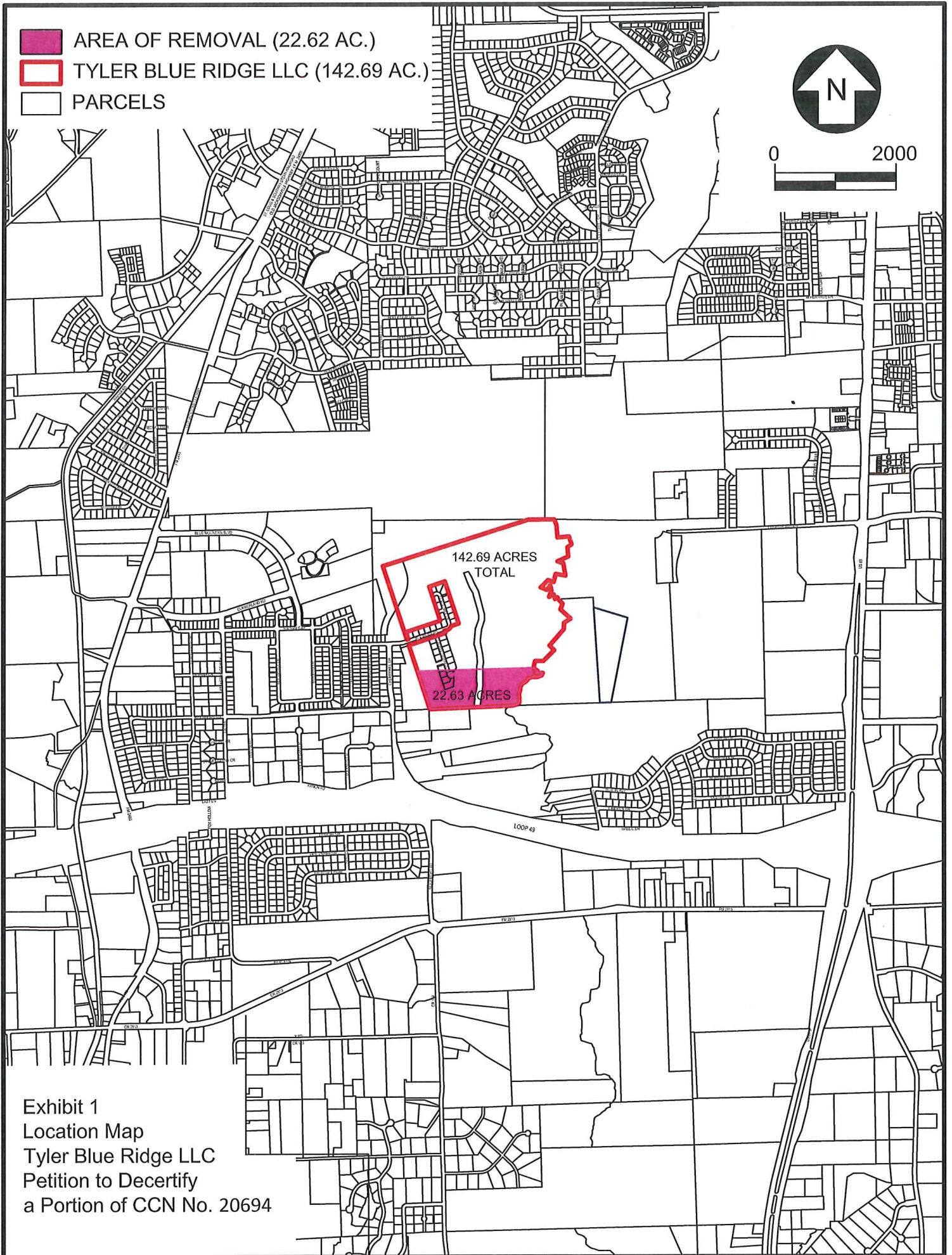


Exhibit 1
Location Map
Tyler Blue Ridge LLC
Petition to Decertify
a Portion of CCN No. 20694

**EXHIBIT 2
TRACT MAP**

- AREA OF REMOVAL (22.62 AC.)
- TYLER BLUE RIDGE LLC (142.69 AC.)
- PARCELS

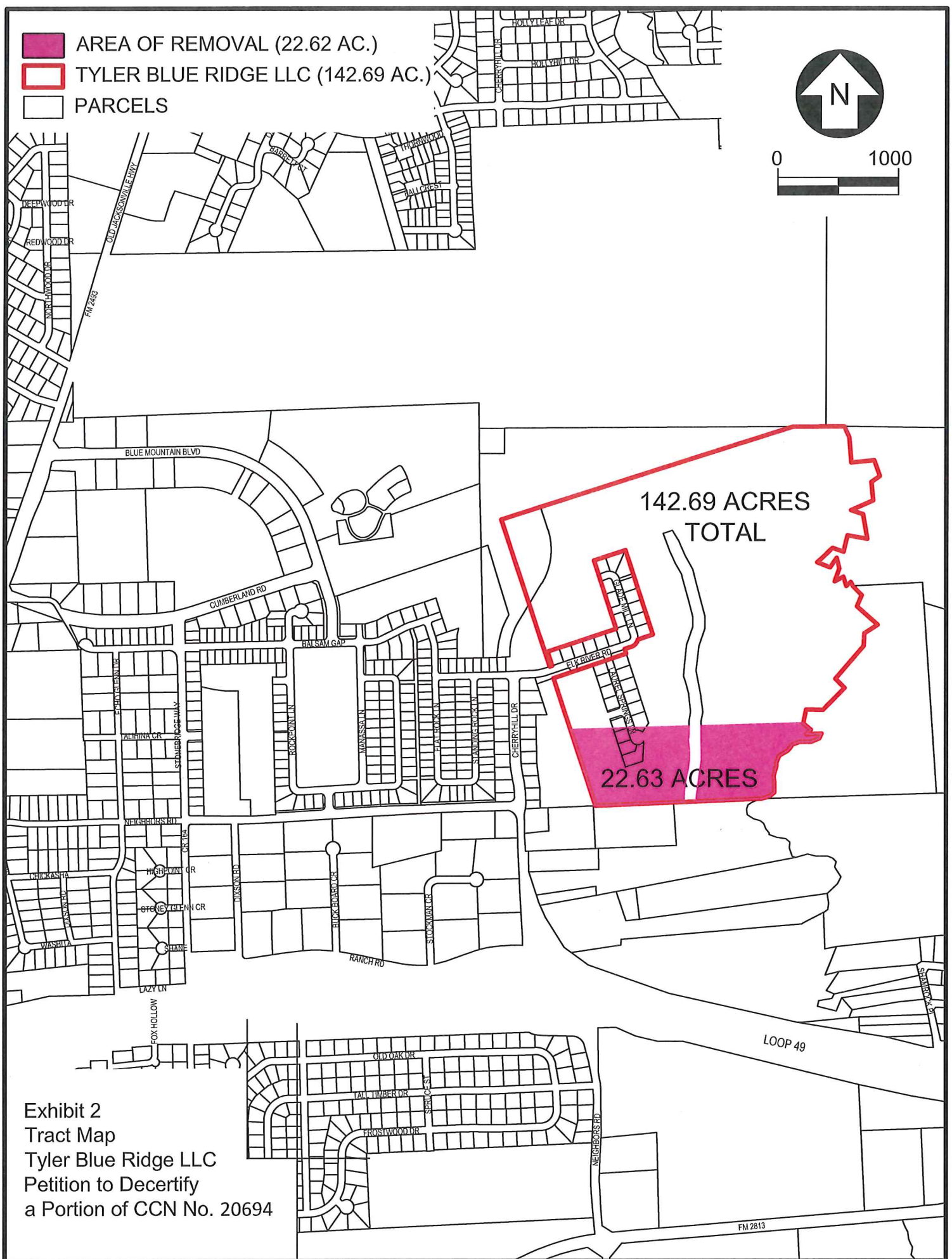


Exhibit 2
 Tract Map
 Tyler Blue Ridge LLC
 Petition to Decertify
 a Portion of CCN No. 20694

**EXHIBIT 3
OWNER'S AFFIDAVIT**

EXHIBIT 3

AFFIDAVIT OF JAY SCHULTZ IN SUPPORT OF
PETITION TO DECERTIFY
A PORTION OF SANITARY SEWER CCN NO. 20694

STATE OF TEXAS §

COUNTY OF SMITH §

BEFORE ME, the undersigned notary, personally appeared Jay Schultz, the affiant, a person who is known to me. After administering an oath, the affiant testified that:

"My name is Jay Schultz. I am over the age of eighteen years, of sound mind and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.

I am President of Tyler Blue Ridge LLC which owns a tract of land located partially within the boundaries of **Sanitary Sewer CCN NO. 20694** issued to Tall Timbers Utility Company, Inc. This tract is located in Smith County, Texas, and is at least 25 acres in size. The tract of land is depicted as the 142.69 acre tract in Exhibit 2. The tract does not receive retail sanitary sewer utility service from Tall Timbers Utility Company, Inc.

I request that the **Public Utility Commission of Texas** release this tract from Sanitary Sewer CCN NO. 20694."

Jay Schultz
(Jay Schultz)

Sworn to and subscribed before me by Donna Cummings on 3/3/15, 2015.

Donna Cummings
Notary Public, State of Texas

My commission expires: 10/5/17

(seal)

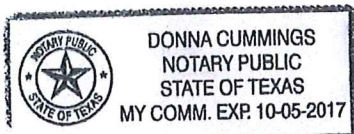


EXHIBIT 4
COPY OF METES AND BOUNDS
Of OWNER'S TRACT

**Metes and Bounds Description
For
142.68 Acre Tract
Tyler Blue Ridge, LLC-Owner
(Description Based on PUC CCN Map)
02-27-2015**

Beginning

Thence South 24°17'56" East a distance of 98.95 feet
 Thence South 04°47'20" East a distance of 207.24 feet
 Thence North 84°39'34" East a distance of 190.82 feet
 Thence South 19°50'16" East a distance of 138.31 feet
 Thence South 56°32'52" West a distance of 85.62 feet
 Thence South 05°42'16" East a distance of 153.22 feet
 Thence South 66°20'30" West a distance of 198.89 feet
 Thence South 71°51'28" East a distance of 104.51 feet
 Thence South 10°06'33" East a distance of 204.74 feet
 Thence North 80°37'19" West a distance of 102.28 feet
 Thence North 80°48'31" West a distance of 64.04 feet
 Thence South 13°49'19" West a distance of 46.09 feet
 Thence South 13°49'07" West a distance of 91.72 feet
 Thence North 71°11'31" West a distance of 97.64 feet
 Thence South 45°38'45" West a distance of 87.52 feet
 Thence South 48°12'26" West a distance of 85.06 feet
 Thence South 68°07'24" East a distance of 114.84 feet
 Thence North 35°14'38" East a distance of 95.37 feet
 Thence South 13°39'06" East a distance of 89.24 feet
 Thence South 19°39'45" West a distance of 111.48 feet
 Thence North 62°11'16" East a distance of 80.91 feet
 Thence South 18°26'15" East a distance of 80.60 feet
 Thence North 47°52'44" East a distance of 49.12 feet
 Thence South 26°37'20" East a distance of 37.59 feet
 Thence South 44°37'10" East a distance of 105.37 feet
 Thence South 23°05'32" West a distance of 100.21 feet
 Thence South 48°38'11" East a distance of 227.63 feet
 Thence South 57°09'34" West a distance of 130.92 feet
 Thence South 02°21'06" West a distance of 103.59 feet
 Thence South 41°05'16" West a distance of 357.57 feet
 Thence South 45°28'25" East a distance of 106.95 feet
 Thence South 44°57'42" West a distance of 252.96 feet
 Thence North 89°47'54" West a distance of 139.25 feet
 Thence South 11°49'17" West a distance of 43.93 feet
 Thence South 11°53'57" West a distance of 71.54 feet
 Thence South 51°13'29" East a distance of 81.45 feet
 Thence South 46°32'07" East a distance of 53.04 feet
 Thence North 88°12'10" East a distance of 127.56 feet
 Thence South 39°43'54" West a distance of 5.85 feet
 Thence South 26°34'46" West a distance of 38.58 feet
 Thence South 67°20'07" West a distance of 73.96 feet
 Thence North 90°00'00" West a distance of 62.75 feet
 Thence North 89°59'59" West a distance of 28.47 feet
 Thence South 70°12'34" West a distance of 66.45 feet

Thence South 30°48'56" West a distance of 33.18 feet
 Thence South 45°00'01" West a distance of 32.53 feet
 Thence South 59°11'03" West a distance of 33.19 feet
 Thence South 59°56'42" West a distance of 45.92 feet
 Thence South 21°45'29" West a distance of 61.37 feet
 Thence South 00°00'02" West a distance of 28.00 feet
 Thence South 16°02'38" West a distance of 41.61 feet
 Thence South 13°53'16" West a distance of 46.87 feet
 Thence South 07°11'58" East a distance of 45.88 feet
 Thence South 00°00'01" West a distance of 85.49 feet
 Thence South 50°14'39" West a distance of 44.56 feet
 Thence South 68°01'05" West a distance of 30.72 feet
 Thence South 74°53'54" West a distance of 46.58 feet
 Thence South 87°36'45" West a distance of 539.83 feet
 Thence North 07°20'02" East a distance of 218.60 feet
 Thence North 08°29'22" East a distance of 115.37 feet
 Thence North 00°24'12" West a distance of 103.58 feet
 Thence North 00°15'58" West a distance of 221.93 feet
 Thence North 10°05'01" East a distance of 78.65 feet
 Thence North 06°53'13" West a distance of 142.73 feet
 Thence North 11°03'56" West a distance of 201.78 feet
 Thence North 06°24'56" East a distance of 201.64 feet
 Thence North 18°46'45" East a distance of 151.82 feet
 Thence North 00°18'25" West a distance of 106.94 feet
 Thence North 14°37'45" West a distance of 304.51 feet
 Thence North 14°41'43" West a distance of 89.19 feet
 Thence North 28°57'08" West a distance of 129.63 feet
 Thence North 23°56'01" West a distance of 133.73 feet
 Thence North 32°03'00" West a distance of 99.33 feet
 Thence South 71°38'15" West a distance of 78.37 feet
 Thence South 20°15'33" East a distance of 158.33 feet
 Thence South 25°49'24" East a distance of 42.11 feet
 Thence South 24°39'01" East a distance of 64.69 feet
 Thence South 30°13'13" East a distance of 101.49 feet
 Thence South 13°40'39" East a distance of 36.70 feet
 Thence South 15°27'19" East a distance of 216.98 feet
 Thence South 14°24'12" East a distance of 108.46 feet
 Thence South 00°26'34" East a distance of 82.25 feet
 Thence South 18°47'42" West a distance of 112.64 feet
 Thence South 20°50'58" West a distance of 43.32 feet
 Thence South 05°32'28" West a distance of 159.77 feet
 Thence South 05°12'14" West a distance of 102.67 feet
 Thence South 19°21'06" East a distance of 39.73 feet
 Thence South 17°49'21" East a distance of 28.35 feet
 Thence South 15°14'25" East a distance of 77.07 feet
 Thence South 06°08'26" East a distance of 152.98 feet
 Thence South 09°19'50" West a distance of 83.39 feet
 Thence South 00°31'04" East a distance of 109.50 feet
 Thence South 06°20'41" West a distance of 45.43 feet
 Thence South 06°30'05" East a distance of 22.91 feet
 Thence South 05°41'24" East a distance of 75.54 feet
 Thence South 01°19'37" West a distance of 62.52 feet
 Thence South 07°03'10" West a distance of 68.63 feet
 Thence South 12°22'01" West a distance of 125.58 feet

Thence South 06°55'46" West a distance of 19.26 feet
Thence South 03°09'03" West a distance of 47.19 feet
Thence South 03°26'26" West a distance of 86.23 feet
Thence South 87°36'45" West a distance of 736.56 feet
Thence North 18°23'17" West a distance of 659.99 feet
Thence North 18°23'47" West a distance of 138.32 feet
Thence North 18°23'04" West a distance of 306.04 feet
Thence North 71°35'05" East a distance of 637.29 feet
Thence North 18°14'08" West a distance of 40.00 feet
Thence North 71°45'52" East a distance of 54.55 feet
Thence with a curve turning to the left with an arc length of 86.10',
with a radius of 85.00', with a chord bearing of North 42°44'50" East,
with a chord length of 82.46',;
Thence North 71°45'52" East a distance of 132.89 feet
Thence North 18°14'08" West a distance of 730.00 feet
Thence South 71°45'52" West a distance of 275.00 feet
Thence South 18°14'08" East a distance of 590.00 feet
Thence South 71°45'52" West a distance of 600.20 feet
Thence South 18°11'13" East a distance of 122.24 feet
Thence South 71°49'23" West a distance of 21.81 feet
Thence North 18°23'17" West a distance of 1273.85 feet
Thence North 72°27'56" East a distance of 340.08 feet
Thence North 72°27'56" East a distance of 2191.31 feet
Thence North 89°45'12" East a distance of 425.44 feet
which is the point of beginning,
having an area of
6215451.50 square feet,
142.68 acres

**EXHIBIT 5
DIGITAL DATA**

**EXHIBIT 6
RESPONSE FROM TTUC**



September 16, 2014

Texas Commission on Environmental Quality
Water Supply Division
Utilities & Districts Section (MC-153)
Building F
12100 Park 35 Circle
Austin, TX 78753

Re: **Tyler Blue Ridge LLC Petition to Decertify a Portion of CCN No. 20694
Held By Liberty Utilities (Tall Timbers Sewer) Corp.**

Dear Sir/Madam:

Liberty Utilities (Tall Timbers Sewer) Corp. ("Liberty") has received a copy of the August 26, 2014 petition filed by Tyler Blue Ridge LLC ("Landowner") to decertify certain property owned by Landowner from Sanitary Sewer CCN No. 20694 held by Liberty. After reviewing and investigating the petition filed by Landowner, Liberty does not object to Landowner's petition based on the fact that only a small portion of the decertification area is within Liberty's CCN.

Please contact me at (623) 240-2087 if you have any questions or need additional information.

Respectfully Submitted,

Todd C. Wiley
Assistant General Counsel for Liberty Utilities

cc: Jay Schultz, President
Tyler Blue Ridge, LLC
P.O. Box 8174
Tyler, TX 75711