

TCEQ DOCKET NO. 2002-1045-AIR-U
TCEQ Internal Control No. 11282005-DO2(TC)

2007 NOV 28 AM 10: 28

CHIEF CLERKS OFFICE

IN THE MATTER OF THE	§	BEFORE THE
APPLICATION OF COUNTY LINE	§	
WATER SUPPLY CORPORATION	§	TEXAS COMMISSION ON
TO CONVERT TO A SPECIAL	§	
UTILITY DISTRICT AND FOR	§	
APPROVAL OF AN IMPACT FEE	§	ENVIRONMENTAL QUALITY

**APPLICANT'S RESPONSE TO HEARING REQUEST AND
REQUEST FOR EXPEDITED REFERRAL**

TO THE HONORABLE COMMISSIONERS:

Now comes the County Line Water Supply Corporation ("CLWSC") and filed this response to the hearing request and request for expedited referral. In support County Line states the following:

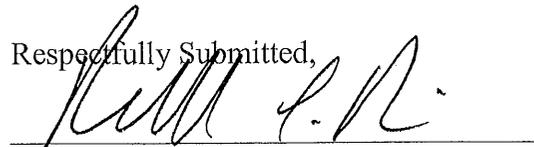
1. This application for conversion to a Special Utility District (SUD) and request for approval of and impact fee has been pending before the TCEQ since December 2005 when it was declared administratively complete.
2. In July 7, 2006 the Scott Family filed a protest; the gravamen of their protest was what they considered to be an unreasonable impact fee. A series of negotiations ensued and the parties were unable to resolve their differences.
3. On May 24, 2007, the Commission staff report was issued in which they recommended that the conversion be approved and that the requested impact fee was reasonable and should also be approved.
4. One of the main reasons for this application was so that the applicant could use tax exempt bond funding to finance needed water projects. If this administrative process in not completed in time, rate payers will have to finance the infrastructure projects with taxable bonds at greater expense to the ratepayers; indeed, such an event would

have the effect of frustrating the Legislative intent of creating Special Utility Districts so that rate payers could take advantage of tax exempt financing.

5. The savings to the rate payers through the used of tax exempt bonds is substantial: The difference in financing \$5,000,000 over 20 years at taxable versus tax-exempt rates results in a difference of about **\$70,000/year and approximately \$1.4MM** over the life of the bonds. These savings are substantial and will be passed on to the rate-payers. See attached as **Exhibit "A"** affidavit of General Manager on cost involved in the continual delay of the administrative process.
6. As previously mentioned, the sole issue in this case is the reasonableness of the Impact Fee. The Scott Family seeks a lower fee for their property at the risk of causing all other property owners more expense.
7. Applicant attempted to have this case referred directly to the State Office of Administrative Hearings (SOAH) as allowed by Rule §55.254 of the TAC and expeditiously resolve the issues raised by the Scott Family; however, Council for the Scott Family would not agree to the direct referral causing further delay. Indeed, but for the unwillingness of the Scott Family counsel to move this process along, we would have already been heard by the SOAH.
8. Applicant believes that the administrative process is being used, wittingly or unwittingly, to hurt the interest of our client and the rate payers.

We urge that this matter be allowed to proceed, as an expedited referral, to hearing so that the only remaining issue can be expeditiously resolved.

Respectfully Submitted,



Rolando L. Rios
Attorney at Law

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing has been delivered to the following parties by telecopier this 26th day of November 2007.

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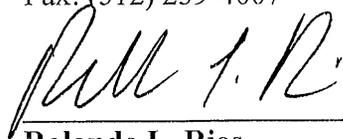
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Rolando L. Rios

STATE OF TEXAS §
 §
COUNTY OF HAYS §

AFFIDAVIT OF DANIEL R. HEIDEMAN

BEFORE ME, the undersigned authority on this day personally appeared Daniel R. Heideman, known to me to be the person who signed this affidavit, and after being duly sworn according to law upon oath stated as follows:

1. My name is Daniel R. Heideman. I am over eighteen (18) years of age and of sound mind, have never been convicted of a felony, and am otherwise capable of making this affidavit.
2. I have personal knowledge of every statement herein made, and am fully competent to testify as to the statements.
3. I am the General Manager of the County Line Water Supply Corporation.
4. As the General Manager for County Line I have been working with the Canyon Regional Water Authority in our effort to provide the necessary water infrastructure necessary to service this rapidly developing area – we service the Hays-Caldwell County areas that have been greatly impacted by the growth of the City of Austin.
5. We intend to finance the much needed infrastructure through tax exempt revenue bonds; indeed, this is one of the main reasons for seeking the conversion to a Special Utility District.
6. Our application was filed and declared complete by the Commission staff back in December of 2005 – two years ago.
7. The savings to the rate payers through the used of tax exempt bonds is substantial: The difference in financing \$5,000,000 over 20 years at taxable versus tax-exempt rates results in a difference of about **\$70,000/year and approximately \$1.4MM** over the life of the bonds. These savings are substantial and will be passed on to the rate-payers.
8. The protest filed in this case has substantially delayed the conversion process. We have made several attempts to address the objections raised by the Scott Family concerning our requested impact but are unable to meet their demand that they be charged a lower impact fee than is charged to the general public.

EXHIBIT "A"

- 9. The \$3,765 impact fee that we seek has been justified by our submitted documentation and the Commission staff has determined that our request is reasonable and recommended that the request be approved.
- 10. In our effort to expedite the administrative process and address the objections raised by the Scott Family, we directed our attorney to seek a direct referral to the State Office of Administrative Hearings as allowed by Rule § 55.254; however, since the Scott Family's attorneys would not agree to the direct referral, the administrative process has been enlarged by over 5 months. Further, their protest was filed in July of 2006, over a year and a half ago.
- 11. The longer the conversion to a S.U.D. is delayed the longer the customers of County Line are prevented from receiving the advantages of the conversion.

Further Affiant sayeth not.

Daniel R. Heideman
 Daniel R. Heideman, Manager CLWS
 131 South Camino Real
 Uhlend, Texas 78640

SUBSCRIBED AND SWORN TO BEFORE ME BY DANIEL R. HEIDEMAN on this 26th day November, 2007, to certify which witness my hand and seal office.

Deborah M Moore
 Notary Public, State of Texas

SEAL

Deborah M. Moore
 Notary's Printed Name

10-31-09
 My Commission Expires:

