



Control Number 42931



Item Number 43

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DOCKET NO. 42931

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APPLICATION OF MANVILLE §
WATER SUPPLY CORPORATION §
AND LAKESIDE WATER CONTROL §
IMPROVEMENT DISTRICT 1 FOR §
APPROVAL OF A SERVICE §
AGREEMENT IN TRAVIS COUNTY §
(37792-C) §

PUBLIC UTILITY COMMISSION

2016 AUG 19 PM 2:11

PUBLIC UTILITY COMMISSION
OF TEXAS FILING CLERK

COMMISSION STAFF'S FINAL RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Response to Order No. 12, Commission Staff's Final Recommendation. In support thereof, Staff would show the following:

I. Background

On November 18, 2013, Lakeside Water Control Improvement District 1 (Lakeside) and Manville Water Supply Corporation (Manville WSC) (collectively Applicants) filed a Contract Service Agreement with the Texas Commission on Environmental Quality (TCEQ) pursuant to Texas Water Code (TWC), Section § 13.248. On May 22, 2015, Lakeside filed an application to obtain water and sewer Certificates of Convenience and Necessity (CCN) in Travis County. In addition, the application seeks to decertify a portion of Manville WSC's water CCN No. 11444 and to decertify a portion of the City of Pflugerville's sewer CCN No. 20678. The application is being reviewed pursuant to TWC §§ 13.242-13.250 and 16 Tex. Admin. Code (TAC) §§ 24.101-24.107.

The application was deemed administratively complete on March 28, 2016, and on April 25, 2016, Lakeside provided the Commission with affidavits of notice.

On June 9, 2016 the Administrative Law Judge (ALJ) issued Order No. 12, which set August 19, 2016 as Staff's deadline to file a recommendation on final disposition. Therefore, this pleading is timely filed.

II. Recommendation that application be approved

Staff has reviewed the application and recommends that it be approved, as supported by the attached memorandum from Patricia Garcia, Debi Loockerman, and Tracy Montes, all of the

Commission's Water Utilities Division. As stated in the attached memorandum, Lakeside has demonstrated that it meets the financial, managerial, and technical capability required in order for its application to be approved. Lakeside also meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations, and is capable of providing continuous and adequate service. Approving Lakeside's application will result in CCN numbers being assigned to Lakeside for this proposed area, CCN No. 13243 for the water service area and CCN No. 21092 for the sewer service area. Staff recommends that this approval is necessary for the service, accommodation, convenience, and safety of the public.

III. Conclusion

For the above stated reasons, Staff respectfully recommends that Lakeside's application be approved. Staff will work with parties to file a joint proposed notice of approval on or before September 2, 2016.

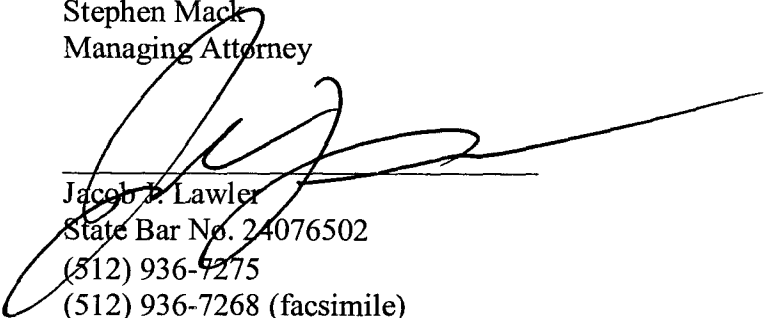
Date: August 19, 2016

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

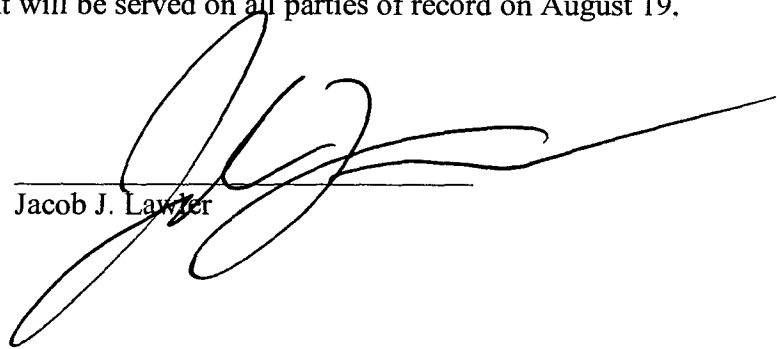


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(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

DOCKET NO. 42931

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on August 19, 2016 in accordance with 16 TAC § 22.74.



Jacob J. Lawler

PUC Interoffice Memorandum

To: Jacob Lawler
Legal Division

Thru: Tammy Benter, Director
Lisa Fuentes, Team Lead
Heidi Graham, Team Lead
Water Utility Regulation

From: Patricia Garcia, Engineering Specialist
Debi Loockerman, Rates Team Lead
Tracy Montes, GIS Specialist
Water Utility Regulation

Date: August 19, 2016

Subject: **Docket No. 42931.** *Application of Manville Water Supply Corporation and Lakeside Water Control and Improvement District 1 for Approval of a Service Agreement in Travis County (37792-C)*

On November 18, 2013, Lakeside Water Control Improvement District 1 (Lakeside WCID 1 or Applicant or District) and Manville Water Supply Corporation (Manville WSC) filed a Contract Service Agreement with the Texas Commission on Environmental Quality (TCEQ) pursuant to Texas Water Code (TWC), Section § 13.248. On May 22, 2015, Lakeside WCID 1 filed an application to obtain water and sewer Certificates of Convenience and Necessity (CCN) in Travis County. In addition, the application seeks to decertify a portion of Manville WSC's water CCN No. 11444 and to decertify a portion of the City of Pflugerville's sewer CCN No. 20678. The application is being reviewed pursuant to TWC §§ 13.242- 13.250 and 16 Tex. Admin. Code (TAC) §§ 24.101-24.107.

Background

The District is seeking to obtain a water and sewer CCN service area containing approximately 166 total acres and approximately 563 current water customers and 559 current sewer customers. The District will provide retail water and sewer service to its future and existing customers. Build-out information was provided on page 87 of the application, and, in the September 10, 2004, an economic analysis was prepared by the TCEQ's Districts Review Team. The total build out used in the September 10, 2004 analysis was 383. In Public Utility Commission of Texas (PUC) Staff's (Staff) request for information (RFI) 1-5, Staff requested clarification of the current (active) connection count and the overall proposed connection count for Lakeside WCID 1 in the proposed service area. Per applicant's response, 'the number of active water accounts is 563 and sewer accounts is 559. These totals are the approximate overall connection count for the proposed service area as well' Prior to the CCN application, the file contains an application for a TWC § 13.248 contract service agreement which was filed on November 18, 2013. The District amended the application to include a CCN application as previously discussed.

Notice

On March 24, 2016, the application and mapping information was deemed sufficient for filing and found administratively complete. Staff also provided the notice forms to Lakeside WCID 1 with the revised intent of the application including the district seeking to obtain water and sewer CCNs, decertifying a portion of the City of Pflugerville's sewer CCN No. 20678, and decertifying a portion of Manville WSC's water CCN No. 11444 in Travis County. On April 6, 2016, April 7, 2016, April 13, 2016 and April 14, 2016, Lakeside WCID 1 published notice in the *Pflugerville Pflag and Round Rock Leader* in Travis and Williamson Counties. On April 13, 2016, individual notice was provided to neighboring systems, cities and affected parties in Travis County. Affidavits stating that notices were published in the newspaper and that the notice was provided to all affected parties were filed with the Commission on April 25, 2016. The comment period ended May 14, 2016. No protests, requests for hearing, or opt-out requests were received.

Compliance with TCEQ Standards

Lakeside WCID 1 has a TCEQ approved Public Water Systems (PWS), PWS Identification Number No. 2270408. Letters from the TCEQ approving the plans and distribution system were submitted along with the application.

Lakeside WCID 1 has a wastewater contract with the City of Pflugerville. Plans for the Lakeside WCID 1 subdivisions were approved under Kelly Lane Utility, and are now under the City of Pflugerville.

To date, the District has no violations reported based on TCEQ standards for water and sewer operations.

Financial Test

In Staff's opinion, Lakeside WCID 1 demonstrates adequate financial and managerial capability to provide service to the area subject to this application in addition to any area already served by the Applicant. These conclusions are based on information provided by the Applicant prior to this date and may not reflect any changes in the Applicant's status subsequent to this date.

Lakeside WCID 1's September 30, 2015 audited financial statements were available. An unqualified auditor's opinion was expressed by West, Davis, & Co. LLP. as follows: 'In our opinion the financial statements. .present fairly. in all material respects, the financial position of the government activities and each major fund of the District at September 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. The unqualified opinion supports the Applicant's management capabilities through attestation of accountability and proper reporting.

The District is required to demonstrate financial assurance. 16 TAC § 24.1(4)(C) states: 'In lieu of meeting the leverage and operations tests, if the applicant utility is a city or district, the city or district may substantiate financial capability with a letter from the city's or district's financial advisor indicating that the city or district is able to issue debt (bonds) in an amount sufficient to cover capital requirements to provide continuous and adequate service and providing the audited financial statements. The District's financial statements are available and the proper letter was provided in response to Staff's third request for information.

Criteria Considered

TWC § 13.246(c) requires the Commission to consider nine criteria when granting or amending a CCN. Therefore, the following criteria were considered:

- ***TWC §13.246(c)(1) requires the commission to consider the adequacy of service currently provided to the requested area.*** Lakeside WCID 1 provides adequate service to the customers in the proposed area, 563 current water customers and 559 current sewer customers, through a contract with Manville WSC and the City of Pflugerville.
- ***TWC §13.246(c)(2) requires the commission to consider the need for service in the requested area.*** Lakeside WCID 1 provides service to the existing customers in the proposed area through a contract with Manville WSC and the City of Pflugerville. The proposed area is not expected to have additional growth.
- ***TWC §13.246(c)(3) requires the commission to consider the effect of granting an amendment on the recipient and on any other retail public utility servicing the proximate area.*** The surrounding retail water providers are Manville WSC and the City of Pflugerville and the surrounding retail sewer provider is the City of Pflugerville. As the District already has contracts with these providers to provide water and sewer service to the customers this amendment does not change the relationship between the District and the retail public utilities in the surrounding area, therefore the granting of this application has no effect on the recipient and on any other retail public utility service providers in the area.
- ***TWC §13.246(c)(4) requires the commission to consider the ability of the Applicant to provide adequate service.*** Lakeside WCID 1 has been providing adequate service to the customers in this area through contracts with the City of Pflugerville and Manville WSC.
- ***TWC §13.246(c)(5) requires the commission to consider the feasibility of obtaining service from an adjacent retail public utility.*** An adjacent retail water provider, Manville WSC, and adjacent retail sewer provider, the City of Pflugerville, provide water and sewer service to the customers in this area through a contract with Lakeside WCID 1.
- ***TWC §13.246(c)(6) requires the commission to consider the financial ability of the Applicant to pay for facilities necessary to provide continuous and adequate service.*** Based on the review of the application and information provided, Lakeside WCID 1 has demonstrated adequate financial and managerial capabilities to provide service to the area being requested.
- ***TWC §§13.246(7) and (9) require the commission to consider the environmental integrity and the effect on the land to be included in the certificate.*** The environmental integrity of the land will be not be effected as Lakeside WCID 1 has already put in the distribution system to provide water service and the collection lines to provide sewer service to the customers in this area.
- ***TWC § 13.246(8) requires the commission to consider the probable improvement in service or lowering of cost to consumers.*** Lakeside WCID 1 has been providing adequate service to the customers in this area through contracts with the City of Pflugerville and Manville WSC. There will be no change in the cost to the consumers.

Lakeside WCID 1 meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations. Approval of this application will result in CCN numbers being assigned to Lakeside WCID 1 for this proposed area, CCN No. 13243 for the water service area and CCN No. 21092 for the sewer service area.

Lakeside WCID 1 will be capable of providing continuous and adequate service. Staff recommends approval of application. Lakeside WCID 1 consented to the attached maps, tariffs and certificates on August 17, 2016. In addition, consents were received from Manville WSC to decertify a portion of the water CCN No. 11444 and City of Pflugerville to decertify a portion of the sewer CCN No. 20678 on August 19, 2016.



Public Utility Commission Of Texas

By These Presents Be It Known To All That

Lakeside Water Control Improvement District 1

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Lakeside Water Control Improvement District 1, is entitled to this

Certificate of Convenience and Necessity No. 13243

to provide continuous and adequate water utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42931 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 Lakeside Water Control Improvement District 1, 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.

Issued at Austin, Texas, this _____ day of _____ 2016.



Public Utility Commission of Texas

By These Presents Be It Known To All That

Manville Water Supply Corporation

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

Certificate of Convenience and Necessity No. 11444




to provide continuous and adequate water utility service to that service area or those service areas in Lee, Travis and Williamson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42931 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 Manville 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.

Issued at Austin, Texas, this _____ day of _____ 2016.

Lakeside Water Control Improvement District No. 1
 Water Service Area
 CCN No. 13243
 PUC Docket No. 42931
 Obtained New CCN and Decertified a Portion of
 Manville WSC, CCN No. 11144 in Travis County



Water CCN Service Areas

-  13243 Lakeside WCID 1
-  11144 Manville WSC
-  11303 City of Pflugerville





Public Utility Commission Of Texas

By These Presents Be It Known To All That

Lakeside Water Control Improvement District 1

having obtained certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Lakeside Water Control Improvement District 1, is entitled to this

Certificate of Convenience and Necessity No. 21092

to provide continuous and adequate sewer utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42931 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 Lakeside Water Control Improvement District 1, 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.

Issued at Austin, Texas, this _____ day of _____, 2016.



Public Utility Commission of Texas

By These Presents Be It Known To All That

City of Pflugerville

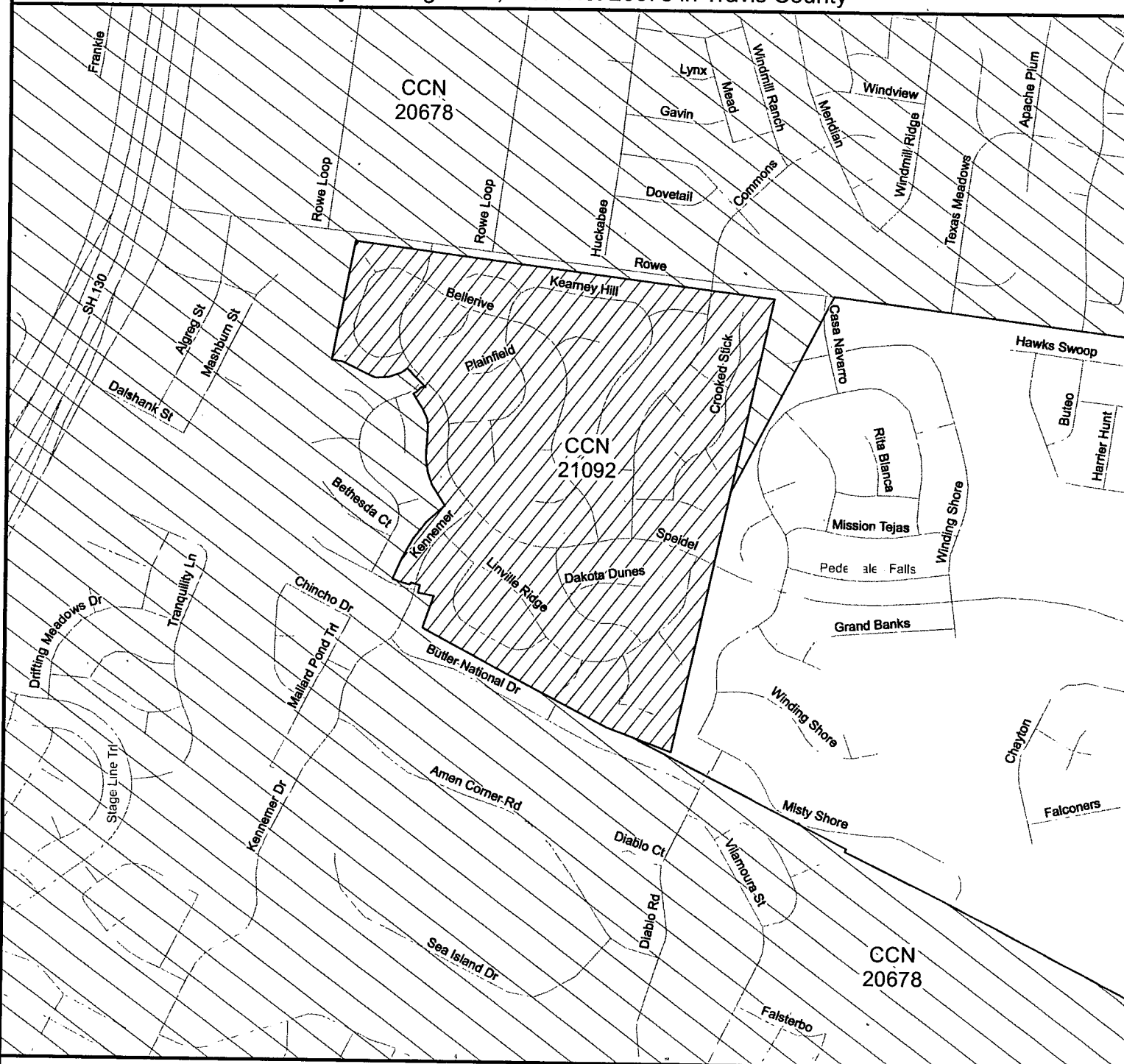
having obtained certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, City of Pflugerville is entitled to this

Certificate of Convenience and Necessity No. 20678



to provide continuous and adequate sewer utility service to that service area or those service areas in Travis and Williamson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42931 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 City of Pflugerville, 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.

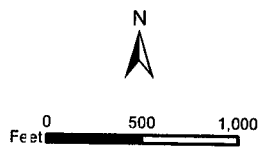
Issued at Austin, Texas, the _____ day of _____ 2016.

Lakeside Water Control Improvement District No. 1
 Sewer Service Area
 CCN No. 21092
 PUC Docket No. 42931
 Obtained New CCN and Decertified a Portion of
 City of Pflugerville, CCN No. 20678 in Travis County



Sewer CCN Service Areas

-  21092 Lakeside WCID 1
-  20678 City of Pflugerville



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CONSENT FORM

PUBLIC UTILITY COMMISSION
FILING CLERK

Applicant's Name. Lakeside Water Control Improvement District 1
Docket No. 42931
CCN Nos. 13243, 21092

☒ I concur with the maps and certificates transmitted by e-mail on August 10, 2016.

I do not concur with the maps and certificates transmitted by e-mail on August 10, 2016.
I understand that I have 10 days from the date of this email to provide my response.

I am authorized by Lakeside Water Control Improvement District 1 to sign this form.

Signature:

Printed Name:

Relationship to Applicant:

Date signed:

Please mail the original and 10 copies to:
Public Utility Commission of Texas
Central Records
P.O. Box 13326
Austin, Texas 78711-3326

or for Shipping/Overnight Delivery
Public Utility Commission of Texas
Central Records
1701 N. Congress, Suite 8-100
Austin, Texas 78701

CONSENT FORM

Applicant's Name: City of Pflugerville

Docket No. 42931

CCN Nos. 20678

- ☒ I concur with the map and certificate transmitted by e-mail on August 10, 2016.
- ☐ I do not concur with the map and certificate transmitted by e-mail on August 10, 2016. I understand that I have 10 days from the date of this email to provide my response.

I am authorized by City of Pflugerville to sign this form.

Signature: George E Hyde

Printed Name: George E. Hyde

Relationship to Applicant: Attorney

Date signed: August 19, 2016

Please mail the original and 10 copies to:
Public Utility Commission of Texas
Central Records
P.O. Box 13326
Austin, Texas 78711-3326

or for Shipping/Overnight Delivery:
Public Utility Commission of Texas
Central Records
1701 N. Congress, Suite 8-100
Austin, Texas 78701

CONSENT FORM

Applicant's Name: Manville WSC
Docket No. 42931
CCN Nos. 11144

- ☒ I concur with the map and certificate transmitted by e-mail on August 10, 2016.
- ☐ I do not concur with the map and certificate transmitted by e-mail on August 10, 2016. I understand that I have 10 days from the date of this email to provide my response.

I am authorized by Manville WSC to sign this form.

Signature: Karl Mueller

Printed Name: Karl Mueller

Relationship to Applicant: Attorney/General Counsel

Date signed: Aug. 17 16

Please mail the original and 10 copies to:
Public Utility Commission of Texas
Central Records
P.O. Box 13326
Austin, Texas 78711-3326

or for Shipping/Overnight Delivery:
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1701 N. Congress, Suite 8-100
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