



Control Number: 42934



Item Number: 50

Addendum StartPage: 0

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APPLICATION OF MANVILLE §
 WATER SUPPLY CORPORATION §
 AND LAKESIDE WATER CONTROL §
 IMPROVEMENT DISTRICT 2C FOR §
 APPROVAL OF A SERVICE §
 AGREEMENT IN TRAVIS COUNTY §
 (37792-C) §

PUBLIC UTILITY COMMISSION
 2016 OCT 14 AM 10:26
 OF TEXAS
 PUBLIC UTILITY COMMISSION
 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. 15, Commission Staff's Final Recommendation. In support thereof, Staff would show the following:

I. Background

On November 18, 2013, Lakeside Water Control Improvement District 2C (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. 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 April 20, 2016, and on May 20, 2016, Lakeside provided the Commission with affidavits of notice.

On September 27, 2016 the Administrative Law Judge (ALJ) issued Order No. 15, which set the deadline for Staff's recommendation on final disposition to be one week after all consent forms were received. Because all consent forms were received by October 10, 2016, 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 in 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. 13245 for the water service area and CCN No. 21094 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 October 21, 2016.

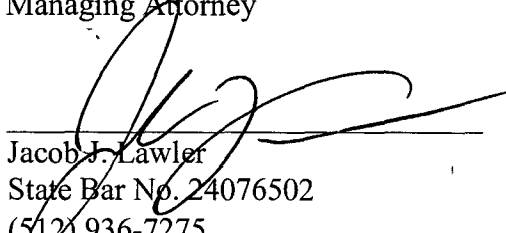
Date: October 14, 2016

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney



Jacob J. Lawler
State Bar No. 24076502
(512) 936-7275
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

DOCKET NO. 42934

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 14, 2016 in accordance with 16 TAC § 22.74.



Jacob J. Lawler

PUC Interoffice Memorandum

To: Jacob Lawler
Legal Division

Through: 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: October 14, 2016

Subject: **Docket No. 42934:** *Application of Manville Water Supply Corporation and Lakeside Water Control and Improvement District 2C for Approval of a Service Agreement in Travis, County (37795-C)*

On November 18, 2013, Lakeside Water Control Improvement District 2C (Lakeside WCID 2C or Applicant) 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 2C filed an amended application to obtain water and sewer Certificates of Convenience and Necessity (CCN) in Travis County. 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 water and sewer CCN service area containing approximately 407 total acres and approximately 446 current water and sewer customers. Staff's Request for Information (RFI) 1-4 requested clarification of the current (active) connection count for Lakeside WCID 2C in the proposed service area. Per applicant's response, "the District has 535 active water accounts and 532 active wastewater accounts." Staff's RFI 2-2 requested confirmation of the anticipated final connection count. The District stated the anticipated final connection count is 1,294 connections.

Notice

On April 20, 2016, the application and mapping information was deemed sufficient for filing and found administratively complete by the Commission. Staff also provided the notice forms to Lakeside WCID 2C with the revised intent of the application including the District seeking to obtain water and sewer CCNs and decertifying a portion of Manville WSC's water CCN No. 11444 in Travis County. On April 27, 2016, April 28, 2016, May 4, 2016 and May 5, 2016, Lakeside WCID 2C published notice in the *Pflugerville Pflag* and *Round Rock Leader* in Travis and Williamson Counties. On April 25, 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 May 20, 2016. The comment period ended June 4, 2016. No protests, requests for hearing, or opt-out requests were received.

Compliance with TCEQ Standards

Lakeside WCID 2C has a TCEQ approved Public Water Systems (PWS), PWS Identification Number No. 2270373. Lakeside WCID 2C has a water supply contract with the Manville WSC. Plans for the Lakeside WCID 2C subdivisions were approved under Manville WSC and Lakeside WCID 2C.

Lakeside WCID 2C has a wastewater contract with the City of Pflugerville. Plans for the Lakeside WCID 2C 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 Water Control and Improvement District No. 2C (District or Applicant) 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.

The District is required to demonstrate financial assurance. Commission rule 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 with an unqualified auditor's opinion are attached to the CCN application. A letter was provided by the District's financial advisor (FirstSouthwest director, John Bargański) dated June 28, 2016 that indicates that the District is able to issue bonds in an amount sufficient to cover capital requirements to provide continuous and adequate service, including the required build out; and that the District has the financial ability to pay for all debt service for the next two years. The letter was provided in response to Staff's second RFI No. 2-4. Therefore, the District has met the financial assurance requirements.

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 2C provides adequate service to the

customers in the proposed area, 535 current water customers and 532 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 2C provides service to the existing customers in the proposed area through a contract with Manville WSC and the City of Pflugerville. The anticipated final connection count is 1,294 connections.
- ***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 2C 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 2C.
- ***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 2C 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 effected when Lakeside WCID 2C adds the additional distribution system lines to provide water service and the collection lines to provide sewer service to the additional future 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 2C 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 2C 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 2C for this proposed area, CCN No. 13245 for the water service area and CCN No. 21094 for the sewer service area.

Lakeside WCID 2C will be capable of providing continuous and adequate service. Staff recommends approval of the application. Lakeside WCID 2C consented to the attached maps,

tariffs and certificates on October 7, 2016. In addition, the consent from Manville WSC to decertify a portion of the water CCN No. 11444 was received on October 10, 2016.

Based on the above information, Staff recommends the Commission do the following:

- Issue an order and provide the attached map and certificates to Lakeside WCID 2C and Manville WSC.

Staff also recommends the Applicant file a copy of the CCN map along with a written description of the CCN service area in the respective county clerks' offices pursuant to Texas Water Code § 13.257 (r) and (s).

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CONSENT FORM

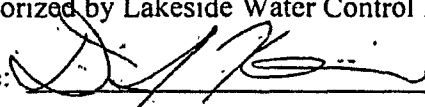
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PUBLIC UTILITY COMMISSION
DISTRICT CLERK

Applicant's Name: Lakeside Water Control Improvement District 2C
Docket No.: 42934
CCN Nos.: 13245, 21094

- ☒ I concur with the maps and certificates transmitted by e-mail on September 30, 2016.
- ☐ I do not concur with the maps and certificates transmitted by e-mail on September 30, 2016. I understand that I have 7 days from the date of this email to provide my response.

I am authorized by Lakeside Water Control Improvement District 2C to sign this form.

Signature: 

Printed Name: David Klein, General Counsel for LWCID 2C

Relationship to Applicant: General Counsel for LWCID 2C

Date signed: October 7, 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

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2016 OCT 10 AM 10:54

PUBLIC UTILITY COMMISSION
FILING CLERK

Applicant's Name: Lakeside Water Control Improvement District 2C

Docket No.: 42934

CCN No.: 13245

- ☒ I concur with the map decertifying a portion of Manville WSC's CCN No 11444 and certificate transmitted by e-mail on September 30, 2016.
- ☐ I do not concur with the map decertifying a portion of Manville WSC's CCN No 11444 and certificate transmitted by e-mail on September 30, 2016. I understand that I have 7 days from the date of this email to provide my response.

I am authorized by Manville WSC to sign this form.

Signature: Darl Lule

Printed Name: Karl Moeller

Relationship to Applicant: Attorney, Manville Water Supply Corp

Date signed: Oct 7 '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:
Public Utility Commission of Texas
Central Records
1701 N. Congress, Suite 8-100
Austin, Texas 78701

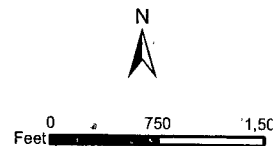
Lakeside Water Control Improvement District 2C
 Water Service Area
 CCN No. 13245
 PUC Docket No. 42934
 Obtained New CCN and Decertified a Portion of
 Manville WSC, CCN No. 11144 in Travis County



Public Utility Commission of Texas
 1701 N. Congress Ave
 Austin, TX 78701

Water CCN Service Areas

-  13245 - Lakeside WCID 2C
-  13244 - Lakeside WCID 2B
-  13243 - Lakeside WCID 1
-  11144 - Manville WSC








Map by: Kristy Nguyen
 Date created: September 23, 2017
 Project Path: n:\Final Maps\42934\Water m

Lakeside Water Control Improvement District 2C
Sewer Service Area
CCN No. 21094
PUC Docket No. 42934
Obtained New CCN in Travis County



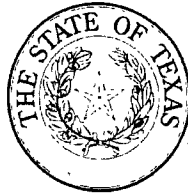
Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Sewer CCN Service Areas

-  21094 - Lakeside WCID 2C
-  21093 - Lakeside WCID 2B
-  21092 - Lakeside WCID 1
-  20678 - City of Pflugerville
-  20122 - City of Hutto



Map by: Kristy Nguyen
Date created: September 23, 2011
Project Path: n:\Final Maps\42934Sewer.mxd



Public Utility Commission Of Texas

By These Presents Be It Known To All That

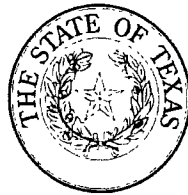
Lakeside Water Control Improvement District 2C

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 2C, is entitled to this

Certificate of Convenience and Necessity No. 13245

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. 42934 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 2C, 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

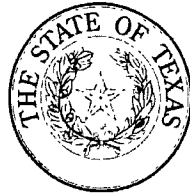
By These Presents Be It Known To All That Manville Water Supply Corporation

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. 42934 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.



Public Utility Commission Of Texas

By These Presents Be It Known To All That

Lakeside Water Control Improvement District 2C

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 2C, is entitled to this

Certificate of Convenience and Necessity No. 21094

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. 42934 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 2C, 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.