



Control Number: 42954



Item Number: 4

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014.

TCEQ Interoffice Memorandum

42954

To: Mary Damron
Utilities Financial Review

From:  Debi Loockerman, CPA
Utilities Financial Review

Date: December 30, 2013

Subject: Application from the City of Italy to Amend Certificate of Convenience and Necessity (CCN) No. 10885 and to decertify a portion of CCN No. 11184 held by South Ellis County Water Supply Corporation (WSC) in Ellis County; Application No. 37666-C

Application from the City of Italy to Amend CCN No. 20350 in Ellis County; Application No. 37667-C

CN: 600460026; RN: 101393528 (City of Italy)
CN: 603687443; RN: 101421840 (South Ellis County WSC)

In my opinion, this applicant has demonstrated adequate financial and managerial capability to provide service to the requested areas. 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.

City of Italy applies to amend CCN No. 10885 and decertify a portion of CCN No. 11184 held by South Ellis County WSC. The area is approximately the city limits of Italy, Texas and includes all residents. The City has responded to all TCEQ indicated violations. The City has provided 2012 audited financial statements with an unqualified auditor's opinion that the statements are prepared in accordance with generally accepted accounting principles and fairly represent the financial position. The statements reflect a debt to net asset ratio of 0.81 to 1.0, which is less than the preferred maximum of 1.0 to 1.0. Net operating income prior to depreciation for the proprietary funds was \$321,127. Debt service for business type activities for 2013 was \$553,657 and the city is subsidizing operations with tax revenues and may continue to do so, or raise water/wastewater rates as necessary. No checklist is needed because service is already being provided.

4

To: Administrative Reviewer

Date Complete: January 3, 2014

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. A099-13/37666&7-C
City of Italy (19885 & 20350) to amend water and sewer CCN's in Ellis county

- X 1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?
7. Map submitted is digital request digital data.
9. Utility notice was sufficient.
- X 10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:
- TWO MILES:
- Avalon Water & Sewer SVC Corp (10913)
- Chambers Meadow Water (12459)
- South Ellis County WSC (11184)
- Ellis county
- Prairielands GCD
- All cities and etj's within 2 miles of proposed area
- Any other Utility, District or entity that would be required to receive notice
11. Notice: approximately 16 miles south southwest of downtown Waxahachie Tx
On the north by the intersection of Kinfolk Rd. & Mosley St.
On the east by Rollins Rd.
On the south by White Rock Rd
On the west by Morgan Rd.
- X 12. Other comments: new mapping for water removed the overlap and reduced acreage to 997.

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Notice to Neighboring Systems, Landowners and Cities

**NOTICE OF APPLICATION FOR CERTIFICATE OF
CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER
AND SEWER UTILITY SERVICE IN ELLIS COUNTY, TEXAS**

To: Marshall L. Chambers
500 Pratt Road
Red Oak, Texas 75154-5200

Date Notice Mailed: January 9, 2014

The City of Italy has filed applications to amend CCNs with the Texas Commission on Environmental Quality to provide water and sewer utility service in Ellis County.

The proposed service area is located approximately 16 miles south southwest of downtown Waxahachie, Texas, and is generally bounded on the north by the intersection of Kinfolk Road and Mosley Street; on the east by Rollins Road; on the south by White Rock Road; and on the west by Morgan Road.

See enclosed map of the proposed service area.

The total area being requested includes approximately 1,240 acres and 900 current customers.

The proposed amendment affects customers and/or areas located in the following zip code: 76651.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

2014 JAN 31 PM 2 15

WATER SUPPLY
DIVISION
RECEIVED

Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

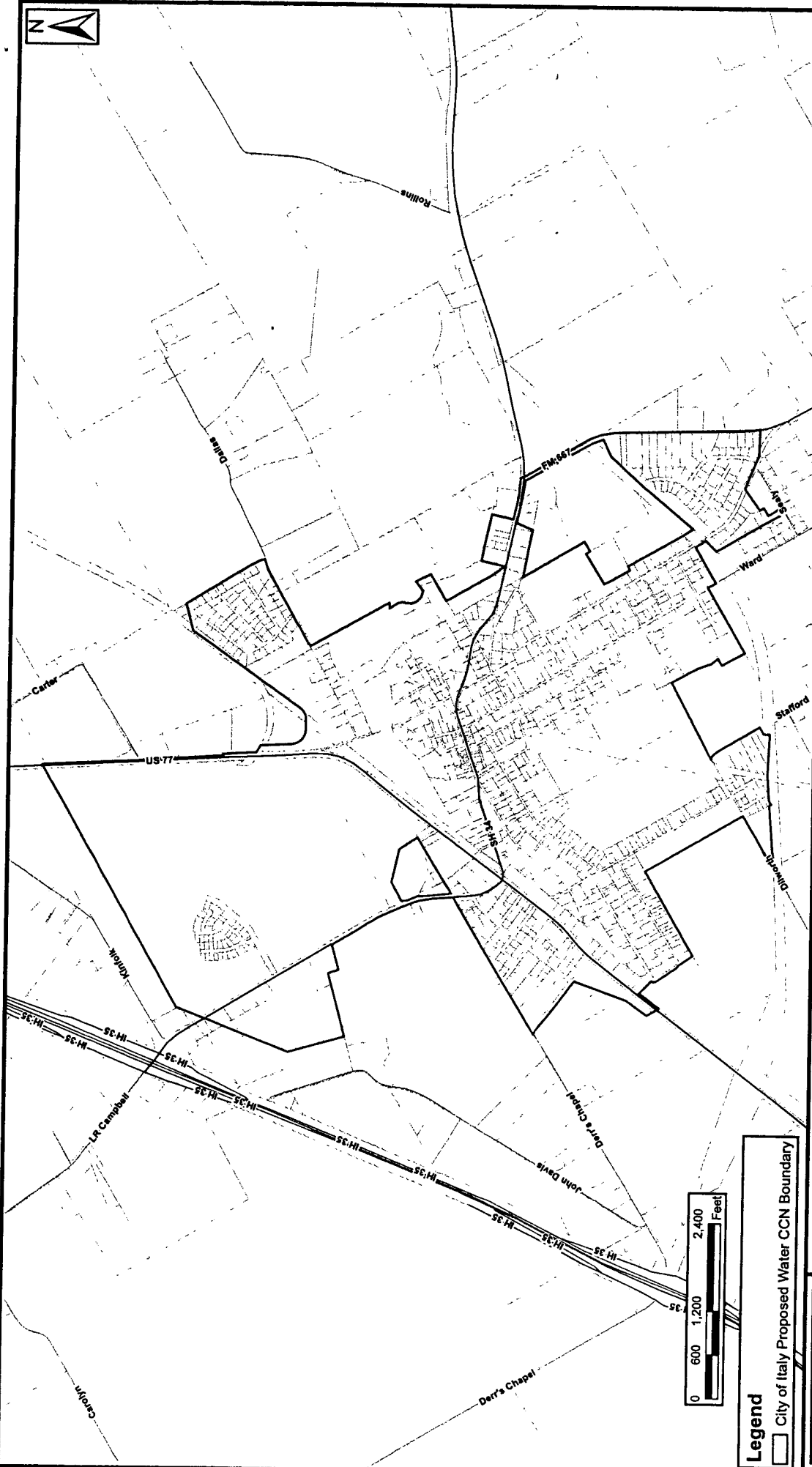
If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the Commission within (30) days from the date that notice was provided by the applicant. All request to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-512-239-0200.



Legend
City of Italy Proposed Water CCN Boundary

**PROPOSED
WATER
CCN BOUNDARY**

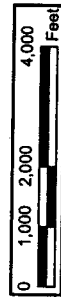
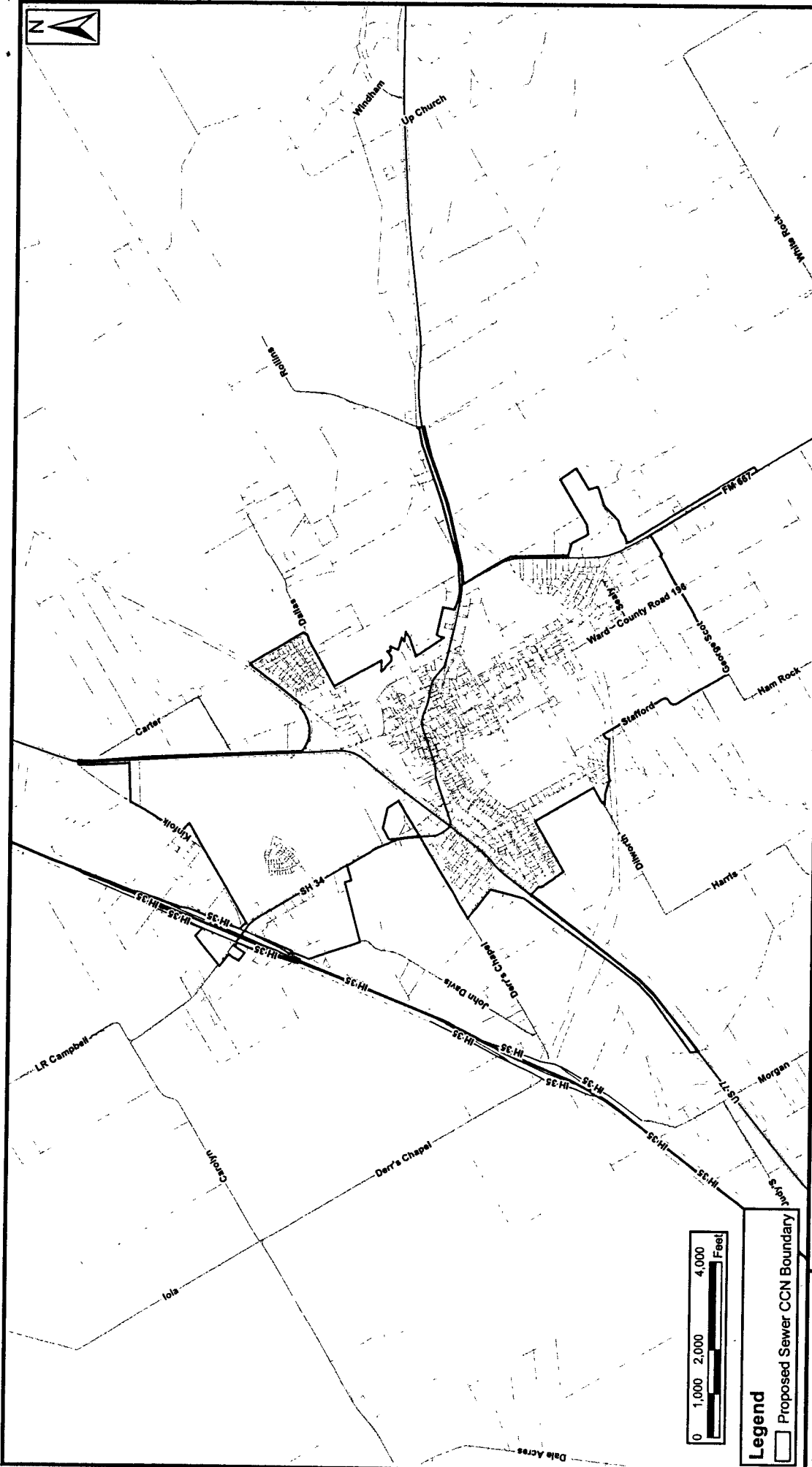
CITY OF ITALY, TX
101 West Main Street - Italy, TX 76651
(972) 483-7329

**KSA
ENGINEERS**

8425 Spring Dr. Jacksonville, Texas 79205
7.375-543-2999 F. 972-543-4726
www.ksa-engineers.com

Revision Date: October 17, 2013

Project: 11.0000-0000-CCN Map



Legend

-  Proposed Sewer CCN Boundary

KSA
ENGINEERS

6425 Loopway Dr. Jacksonville, Texas 77229
T. 972.342.2999 F. 972.342.4794
www.ksaeng.com

CITY OF ITALY, TX
101 West Main Street - Italy, TX 76651
(972) 483-7329

**PROPOSED
SEWER
CCN BOUNDARY**