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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

Texas Natural Resource Conservation Commission

INTEROFFICE MEMORANDUM

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UTILITY COMMISSION
PUBLIC UTILITIES CLERK

To: Brian Dickey
Utility Creation & Plan Review

Date: July 10, 2002

From: Dan Smith *DS*
Utility Certification & Rate Analysis

Subject: Financial and Managerial Capability Review for the City of Lyford to Obtain Water and Sewer Certificates of Convenience and Necessity in Willacy County, Application Nos. 33790-C and 33791-C

The City of Lyford applies to obtain water and sewer CCNs for their city limits and approximately ten times that much more area. Over half of that area is presently certified to North Alamo Water Supply Corporation, which has protested the application.

I reviewed the opinion audit for the City of Lyford for September 30, 2001. No projections were provided. Although the auditor footnotes deficit retained earnings of \$572,232 for the enterprise fund (water and sewer) representing charges for services inadequate to cover expenses including depreciation over an extended period of time, the city has not defaulted on any debt covenants and remains in compliance with federal loan/grant requirements.

Since the city apparently will be able to continue to raise capital through issuance of bonds, it has demonstrated adequate financial and managerial capability.