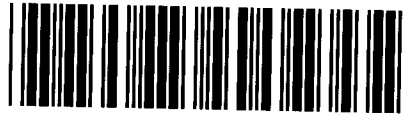


Control Number: 42995



Item Number: 21

Addendum StartPage: 0

DOCKET NO. 42995

2015 FEB 27 AM 9:21  
PUBLIC UTILITY COMMISSION  
FILING CLERK

APPLICATION OF KAUFMAN  
COUNTY MUNICIPAL UTILITY  
DISTRICT NO. 12 AND KAUFMAN  
COUNTY MUNICIPAL UTILITY  
DISTRICT NO. 11 FOR SALE, TRANSFER,  
OR MERGER OF FACILITIES AND FOR A  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY IN KAUFMAN COUNTY  
(37742-S, 37743-S)

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OF

TEXAS

**STAFF'S RESPONSE TO ORDER NO. 4 AND FINAL RECOMMENDATION ON THE APPLICATION**

Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files this Response to Order No. 4 and Final Recommendation on the Application. In support of its Response, Staff states the following:

**I. BACKGROUND**

On October 2, 2013, Kaufman County Municipal Utility District No. 11 (KCMUD No. 11) and Kaufman County Municipal Utility District No. 12 (KCMUD No. 12) filed a sale, transfer, merger (STM) application with the Texas Commission on Environmental Quality (TCEQ) pursuant to TEX. WATER CODE ANN. § 13.301 and Title 16, TEX. ADMIN. CODE (16 TAC) §§ 24.109 and 24.112. The application addressed the proposed transfer of certificated service areas currently held by KCMUD No. 11, water and sewer Certificates of Convenience and Necessity (CCN) Nos. 13087 and 20892 in Kaufman County, Texas from KCMUD No. 11 to KCMUD No. 12. The TCEQ accepted the application for filing on February 21, 2014. KCMUD No. 11 sent notice of the application to neighboring utilities and affected parties on March 19, 2014 and April 30, 2014, triggering the 120-day deadline for STMs required by 16 TAC § 24.109(a). The 120-day deadline for the TCEQ to either administratively approve the sale, transfer, merger or request a hearing was August 28, 2014. The comment period for protests ended on May 30, 2014. No comment letters were received and the TCEQ determined that a public hearing on the application was not required. On June 6, 2014, TCEQ sent a letter to the parties instructing that the parties should proceed with the signed contract or bill of sale, and requesting that the parties provide documents supporting the disposition of customer deposits

with the closing documents. The 365-day deadline to complete the transaction, as required by 16 TAC § 24.112(e), expires on June 8, 2015.

Effective September 1, 2014, the Commission began the economic regulation of water and sewer utilities and this case formerly pending at the TCEQ was transferred to the Commission. The Commission assigned Docket No. 42995 to the application for the sale, transfer, and cancellation of water CCN No. 13087. The sale, transfer, and cancellation of sewer CCN No. 20982 was assigned Docket No. 42996. On September 23, 2014, Order No. 2 Requiring Comments on Status was issued requiring Staff to file an update on the status of the proceeding, to file a recommendation on the need for a hearing or on final disposition of the application, or to propose a procedural schedule by October 9, 2014.

On October 9, 2014, Staff filed its Response to Order No. 2 in Docket No. 42995 in which it requested consolidation with Docket No. 42996 and proposed a procedural schedule for the remainder of the proceeding. Order No. 3, issued on October 22, 2014, consolidated Dockets No. 42995 and 42996 and directed that all future filings be made in Docket No. 42995. Order No. 3 also adopted Staff's proposed procedural schedule for the remainder of the proceeding. According to the procedural schedule adopted in Order No. 3, the applicants are required to file a status update on the filing of documents evidencing the completion of the transaction by December 5, 2014. Additionally, Order No. 3 requires Staff to propose a schedule for the remainder of the proceeding within 30 days of receipt of documents evidencing the completion of the transaction and receipt of verified report of customer deposits, if applicable.

The parties filed a Bill of Sale, which also addressed customer deposits, on November 26, 2014. On December 4, 2014, Staff filed its Response to Order No. 3 and proposed a procedural schedule for processing the remainder of this proceeding. Order No. 4, issued on December 5, 2014, directed Staff to file a final recommendation on the application within twenty working days of receipt of completed and signed consent forms from the parties and to file a proposed notice of approval within ten days of filing a final recommendation. This Response is timely filed.<sup>1</sup>

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<sup>1</sup> The Commission received KCMUD No. 11's and KCMUD No. 12's signed consent forms on January 29, 2015. Twenty working days from January 29, 2015 is February 27, 2015.

## II. STAFF'S FINAL RECOMMENDATION ON THE APPLICATION

Staff recommends approval of the application. As stated in Staff's Response to Order No. 3, the Commission has received proper documentation that confirms that the transaction has now been completed. As detailed in the attached memo (Attachment A) of Fred Bednarski of the Commission's Water Utilities Division, the parties provided sufficient evidence to demonstrate they have the capability of providing continuous and adequate service. Additionally, Staff recommends that the transactions will serve the public interest and that the amendment of the CCNs is necessary for the service, accommodation, convenience, and safety of the public. Both parties have submitted signed consent forms (Attachment B) evidencing their agreement with the CCN service area maps (Attachment C) as revised by Staff to reflect the intent of the applications. Staff has attached the CCNs (Attachment D) to this Recommendation.

## III. CONCLUSION

Staff respectfully requests that the Administrative Law Judge issue an order consistent with Staff's recommendation to approve the applications. Consistent with the procedural schedule in this matter, Staff intends to file a proposed notice of approval with findings of fact, conclusions or law, and ordering paragraphs no later than March 13, 2015.<sup>2</sup>

**Date: February 27, 2015**

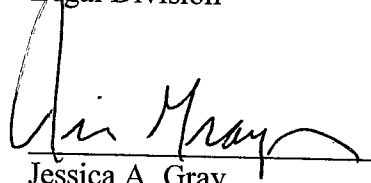
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<sup>2</sup> Order No. 4 directed Staff to file a proposed notice of approval, including findings of fact, conclusions of law, and ordering paragraphs within ten working days of filing its final recommendation on the application. Ten working days from February 27, 2015 is March 13, 2015.

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director  
Legal Division

Shelah J. Cisneros  
Managing Attorney  
Legal Division

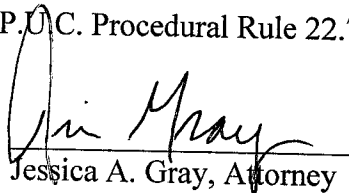


Jessica A. Gray  
State Bar No. 24079236  
Attorney, Legal Division  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7228  
(512) 936-7268 (facsimile)

**DOCKET NO. 42995**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document was served his document was served on all parties of record on February 27, 2015 in accordance with P.U.C. Procedural Rule 22.74.



Jessica A. Gray, Attorney

# ATTACHMENT A

**Public Utility Commission of Texas**

**Memorandum**

**TO:** Jessica Gray  
Legal Division

**FROM:** Fred Bednarski, Financial & Managerial Review Specialist  
Water Utilities Division

**THRU:** Tammy Benter, Director  
Water Utilities Division

**DATE:** January 30, 2015

**RE:** STAFF RECOMMENDATION  
Docket No. 42995, *Applications of Kaufman County Municipal Utility District (MUD) No. 12 and Kaufman County Municipal Utility District (MUD) No. 11 for Sale, Transfer, or Merger (37742-S and 37743-S).*

On October 02, 2013, Kaufman County Municipal Utility District (MUD) No. 11 applied to obtain Certificate of Convenience and Necessity (CCN) Nos. 13226 and 21080 and to acquire and transfer a portions of Kaufman County MUD No. 12's facilities and service area under Certificate of Convenience and Necessity CCN Nos. 13087 and 20982, in Kaufman County, Texas.

Staff finds that the applicant meets all of the statutory requirements of the Texas Water Code Chapter 13 and Chapter 24 of the P.U.C. Substantive Rules. Staff further finds that approving this application to issue water CCN Nos. 13226 and 21080 and to amend CCN Nos. 13087 and 20982 is necessary for the service, accommodation, convenience, and safety of the public.

A letter approving the transaction was issued by the TCEQ on June 6, 2014, and the closing documents were received by the Commission on November 26, 2014.

The applicant is capable of providing continuous and adequate service. I have reviewed the application, closing documents, and all other filings in this docket. Based on the above referenced information, **Staff recommends approval of the application.** The CCN Map, certificates, and signed consent forms are attached to this recommendation.

**ATTACHMENT B**



**CONSENT FORM**

Applicant's Name: Kaufman County Municipal Utility District (MUD) #11  
Docket No.: 42995 for CCN # 13226 and 21080

RECEIVED  
2015 JAN 29 AM 10:10  
PUBLIC UTILITY COMMISSION  
FILING CLERK

- I concur with the maps and certificates transmitted by e-mail dated December 4, 2014. *January 20, 2015*
- I do not concur with the maps and certificates transmitted by e-mail dated December 4, 2014. I understand that I have 14 days from the date of this letter to provide my response.

I am authorized by Kaufman County MUD #11 to sign this form.

Signature: Angela M Stepherson

Printed Name: Angela Stepherson

Relationship to Applicant: Attorney

Date signed: 1-28-15

Mail to:  
Public Utility Commission of Texas  
Central Records  
1701 N Congress PO 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

20

**CONSENT FORM**

Applicant's Name: Kaufman County Municipal Utility District (MUD) #12  
Docket No.: 42995 for CCN #13087 and 20982

RECEIVED

I concur with the maps and certificates transmitted by e-mail dated ~~December 4, 2014~~ January 20, 2015 <sup>2015 JAN 29 AM 10:12</sup>

PUBLIC UTILITY COMMISSION  
FILING CLERK

I do not concur with the maps and certificates transmitted by e-mail dated December 4, 2014. I understand that I have 14 days from the date of this letter to provide my response.

I am authorized by Kaufman County MUD #12 to sign this form.

Signature: Angela M Stepherson

Printed Name: Angela Stepherson

Relationship to Applicant: Attorney

Date signed: 1-28-15

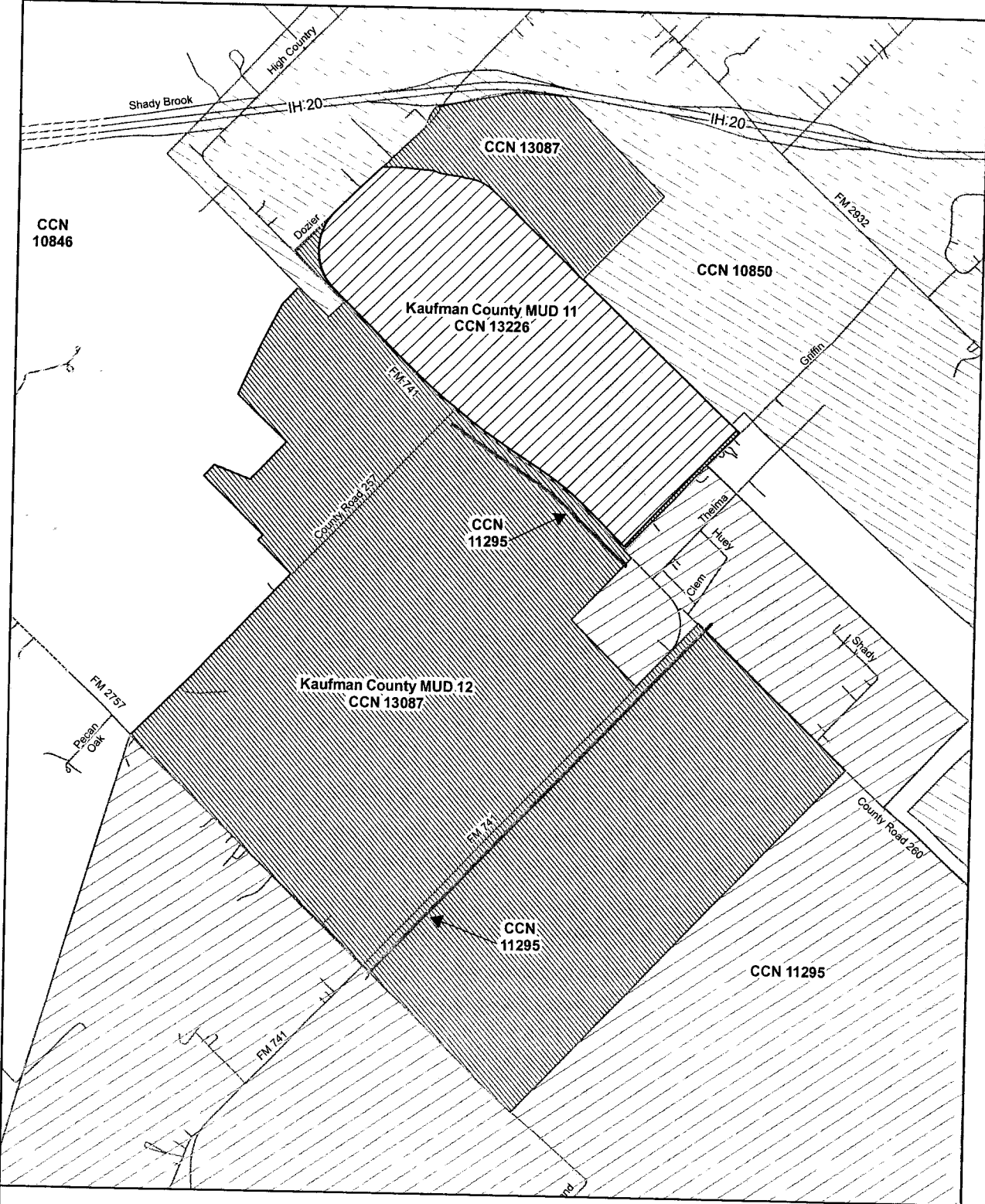
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




Public Utility Commission of Texas  
Central Records  
1701 N Congress PO 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

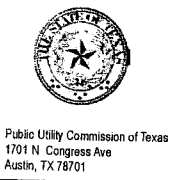
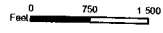
ATTACHMENT C

Kaufman County Municipal Utility District (MUD) 11  
 Water Service Area  
 CCN No. 13226  
 Control No. 42995  
 Transferred a Portion of Kaufman County MUD 12, CCN No. 13087 to Kaufman County MUD 11, CCN No. 13226  
 in Kaufman County



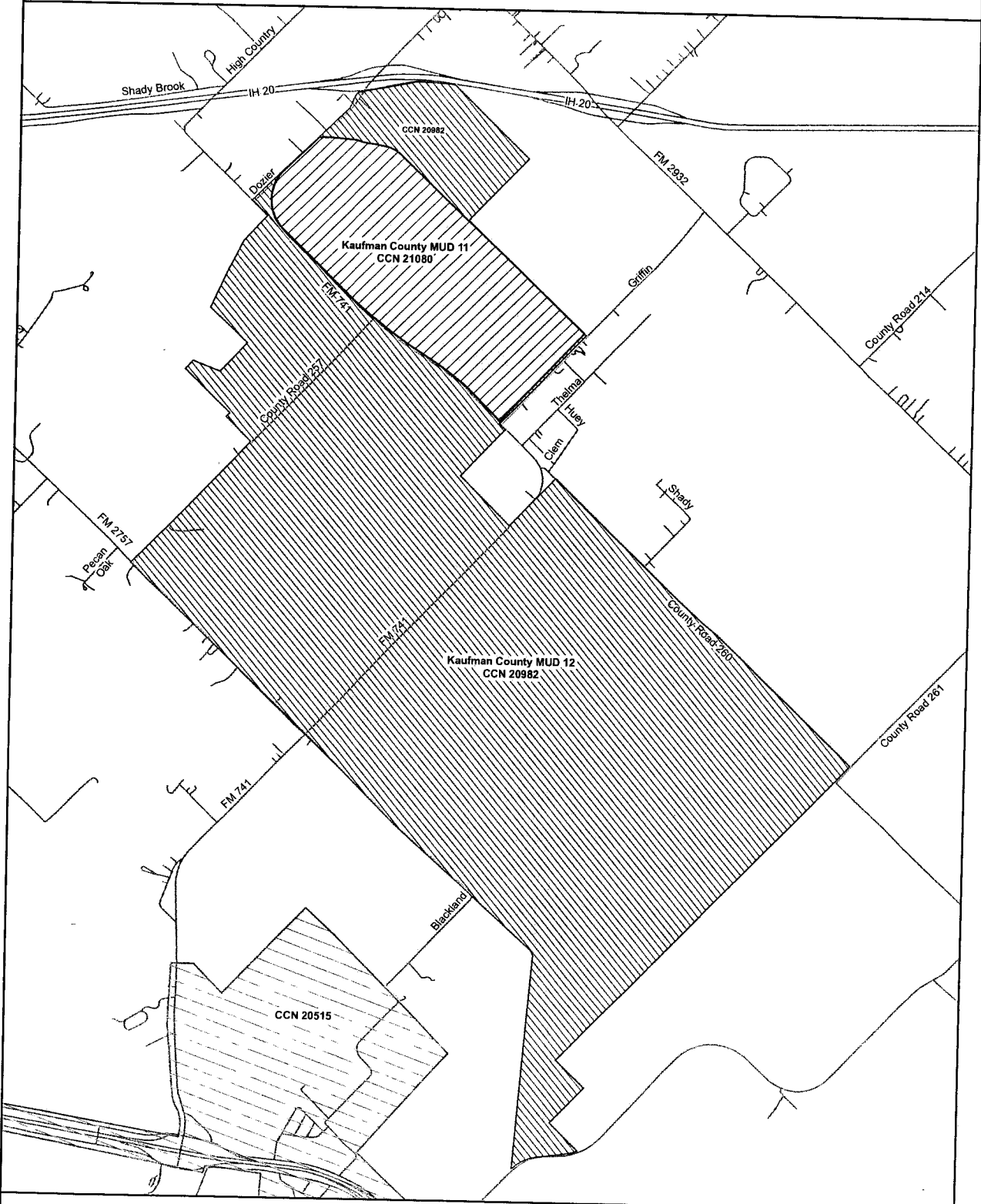
- Water CCN Service Areas**
-  13226 - Kaufman County MUD 11
  -  13087 - Kaufman County MUD 12
  -  10846 - Markout WSC
  -  10850 - Talty WSC
  -  11295 - City of Crandall




- Facilities Only Water CCN**
-  11295 - City of Crandall

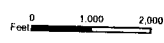


Map by: Suzanne Jaster  
 Date created: Oct. 7, 2014  
 Project path: c:\gis\projects\applications\42995.mxd

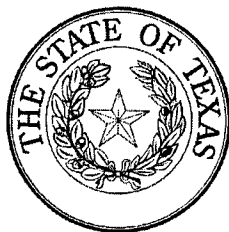
Kaufman County Municipal Utility District (MUD) 11  
 Sewer Service Area  
 CCN No. 21080  
 PUC Docket No. 42995  
 Transferred a Portion of Kaufman County MUD 12, CCN No. 20982 to Kaufman County MUD 11, CCN No. 21080  
 in Kaufman County



- Sewer CCN Service Areas**
-  21080 - Kaufman County MUD 11
  -  20982 - Kaufman County MUD 12
  -  20515 - City of Crandall



ATTACHMENT D



# Public Utility Commission of Texas

**By These Presents Be It Known To All That**

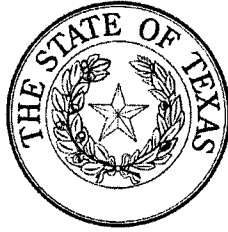
## **Kaufman County Municipal Utility District No. 11**

having duly applied for 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 by this Applicant, is entitled to and is hereby granted this

## **Certificate of Convenience and Necessity No. 13226**

to provide continuous and adequate water utility service to that service area or those service areas in Kaufman County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42995 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty Kaufman County Municipal Utility District No. 11 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 \_\_\_\_\_ 2015.



# Public Utility Commission of Texas

**By These Presents Be It Known To All That**

## **Kaufman County Municipal Utility District No. 11**

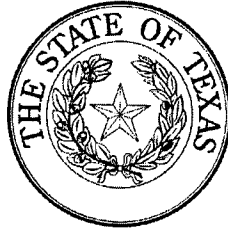
having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

## **Certificate of Convenience and Necessity No. 21080**

to provide continuous and adequate sewer utility service to that service area or those service areas in Kaufman County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42995 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty Kaufman County Municipal Utility District No. 11 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 \_\_\_\_\_ 2015.





# Public Utility Commission of Texas

**By These Presents Be It Known To All That**

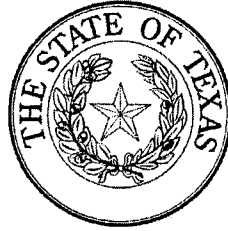
## **Kaufman County Municipal Utility District No. 12**

having duly applied for 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 by this Applicant, is entitled to and is hereby granted this

## **Certificate of Convenience and Necessity No. 13087**

to provide continuous and adequate water utility service to that service area or those service areas in Kaufman County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42995 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty Kaufman County Municipal Utility District No. 12 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 \_\_\_\_\_, 2015.



# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **Kaufman County Municipal Utility District No. 12**

having duly applied for 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 by this Applicant, is entitled to and is hereby granted this

## **Certificate of Convenience and Necessity No. 20982**

to provide continuous and adequate sewer utility service to that service area or those service areas in Kaufman County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42995 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty Kaufman County Municipal Utility District No. 12 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 \_\_\_\_\_ 2015.