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DOCKET NO. 43175
SOAH DOCKET NO. 473-15-2274

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APPLICATION OF COMMUNITY §
WATER SERVICE, INC. AND §
WALTER J. CARROLL FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERIFICATE §
RIGHTS IN ELLIS COUNTY (37981-S) §

PUBLIC UTILITY COMMISSION
FILING CLERK

OF
TEXAS

COMMISSION STAFF'S PROPOSED LIST OF ISSUES

COMES NOW the Staff of the Public Utility Commission of Texas ("Staff"), representing the public interest and files this Staff's Proposed List of Issues and would show the following:

I. BACKGROUND AND DISCUSSION

On July 11, 2014, Community Water Service, Inc. ("Seller") and Walter J. Carroll Water Company, Inc. ("Purchaser") filed an application (Application) for the sale, transfer, or merger ("STM") of facilities and certificate rights in Ellis County. This proceeding is governed by TEX. WATER CODE ANN. §§ 13.251 and 13.301, which are implemented by P.U.C. SUBST. Rs. 24.109 and 24.122.

The Administrative Law Judge's (ALJ) Order of Referral required Staff to file a list of issues to be considered by the Commission by February 17, 2015. Therefore, this pleading is timely filed.

II. List of Issues

Staff has identified the following issues that should be addressed in this proceeding. These issues are stated in a neutral manner such that the Commission may consider arguments raised and evidence presented by all parties in this case. This is important because if the issue is stated to refer only to the applicant's request, the issue could be interpreted to allow consideration of only the applicant's request without taking the viewpoints of other parties into

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account.¹ Staff has previously made this point in filing proposed lists of issues, which the Commission has implicitly accepted in issuing preliminary orders.²

1. Does the sale, transfer, merger application comply with P.U.C. SUBST. R. 24.109 and Texas Water Code § 13.301?
2. Does the proposed certificate of convenience and necessity (CCN) transfer comply with P.U.C. SUBST. R. 24.112 and Texas Water Code § 13.246(c)?
3. Has the Purchaser demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to the Seller?
4. Will the transaction serve the public interest?
5. Because the sale of the water system includes the sale of a portion of CCN No. 10091 held by the Seller, is the Purchaser capable of rendering adequate and continuous service to every consumer within the certificated area, after considering the factors under the Texas Water Code § 13.246(c), including:
 - a. the adequacy of service currently provided to the requested area;
 - b. the need for additional service in the requested area, including whether any landowners, prospective landowners, tenants, or residents have requested service;
 - c. the effect of the granting of a certificate or of an amendment on the recipient of the certificate or amendment, on the landowners in the area, and on any retail public utility of the same kind already serving the proximate area;
 - d. the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking into consideration the current and projected density and land use of the area;

¹ See *Application of AEP Central Company to Adjust Energy Efficiency Cost Recovery Factor and Related Relief*, Docket No. 39360, Commission Staff's Exceptions to the Proposal for Decision at 6 (Nov. 15, 2011) and Texas Industrial Energy Consumers' Exceptions to the Proposal for Decision at 1-2 (Nov. 15, 2011).

² *Application of Entergy Texas, Inc. for Authority to Change Rates and Reconcile Fuel Costs*, Docket No. 39896, Commission Staff's Proposed List of Issues at 1-2 (Dec. 6, 2011) and Preliminary Order 2-5 (Dec. 19, 2011); *Application of El Paso Electric Company to Change Rates and Reconcile Fuel Costs*, Docket No. 40094, Commission Staff's List of Issues at 1-2 (Feb. 15, 2012) and Preliminary Order at 2-7 (Mar. 8, 2012); *Application of Southwestern Electric Power Company to Adjust Energy Efficiency Cost Recovery Factor and Related Relief*, Docket No. 40357, Commission Staff's List of Issues at 1-2 (May 8, 2012) and Preliminary Order at 2-4 (May 23, 2012).

- e. the feasibility of obtaining service from an adjacent retail public utility;
 - f. the financial ability of the applicant to pay for the facilities necessary to provide continuous and adequate service and the financial stability of the applicant, including, if applicable, the adequacy of the applicant's debt-equity ratio;
 - g. environmental integrity;
 - h. the probable improvement of service or lowering of cost to consumers in that area resulting from the granting of the certificate or amendment; and
 - i. the effect on the land to be included in the certificated area?
6. Was proper notice given pursuant to P.U.C. SUBST. R. 24.112?

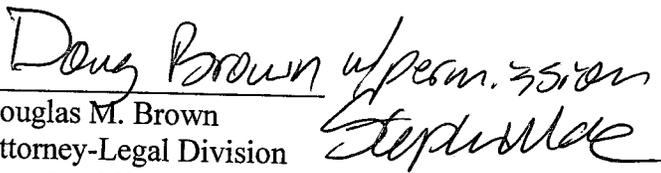
I. ISSUES NOT TO BE ADDRESSED

Staff has not identified any issues not to be addressed.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on February 18, 2015 in accordance with P.U.C. Procedural Rule 22.74.

Doug Brown *upmission*
Douglas M. Brown *Steph...*