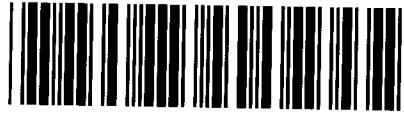


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P.U.C. DOCKET NO. 43378

**APPLICATION OF THE CITY OF
MANOR TO AMEND ITS WATER
CERTIFICATE OF CONVENIENCE
AND NECESSITY NO. 10947**

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PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

COMMISSION STAFF'S RESPONSE TO ORDER NO. 7

COMES NOW the Staff of the Public Utility Commission of Texas, representing the public interest, and files Commission Staff's Response to Order No. 7 and would show the following:

I. BACKGROUND

On July 8, 2014, the City of Manor (Applicant) filed an application to amend its water certificate of convenience and necessity (CCN) No. 10947 in Travis County, Texas. Manor states that a single developer has requested service from Manor for a project of approximately 773 connections.¹

In Order No. 7, issued March 13, 2015, an intervention deadline of April 6, 2015 was set. Additionally, a deadline for Staff to propose an additional procedural schedule, request a hearing, or file a final recommendation by June 5, 2015 was given. Staff's Response to Order No. 7 is therefore timely filed.

II. PROPOSED PROCEDURAL SCHEUDLE

As laid out in the attached testimony of Elizabeth English, Engineering Specialist, Water Division, Staff has reviewed the application, and recommends that, rather than Staff moving for Manor's application to be dismissed, Manor instead be ordered to provide more information to address whether Manor meets the technical requirements that must be met in order for Manor's CCN amendment application to be approved. Specifically, Staff recommends that Manor be required to inform the Commission on the status of Manor's compliance with TCEQ, the status of TCEQ approval for facilities necessary to serve the Manor's proposed area, and a statement

¹ *Application of the City of Manor to Amend its Water Certificate of Convenience and Necessity No. 10947 at 2 (July 8, 2014).*

from Manor clarifying how the current and projected capacity requirements in Manor's application will be met.

In order for Manor to be given an opportunity to correct or clarify these issues, Staff proposes the following procedural schedule

Event	Date
Deadline for Manor to file additional information.	June 29, 2015
Staff to propose an additional procedural schedule, request a hearing, or file a final recommendation.	July 13, 2015

In the event Manor's supplied materials do not address all of Staff's concerns raised above, additional procedures may be needed before Staff may make a recommendation. Therefore, Staff's proposed procedural schedule allows Staff the opportunity to either file a recommendation or recommend an additional procedural schedule.

III. CONCLUSION

Staff recommends that Staff's proposed procedural schedule be adopted and Manor be given an opportunity to clarify whether Manor meets the technical requirements that must be met in order for Manor's CCN amendment application to be approved .

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Shelah J. Cisneros
Managing Attorney
Legal Division



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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on June 5, 2015, in accordance with P.U.C. Procedural Rule 22.74.



Katherine Lengieza Gross

PUC Interoffice Memorandum

To: Katherine Gross, Attorney
Legal Division

Thru: Tammy Benter, Director
Water Utilities Division

From: Elisabeth English, Engineering Specialist
Water Utilities Division

Date: May 25, 2015

Subject: Docket No. 43378, Application of City of Manor to amend its water Certificate of Convenience and Necessity (CCN) in Travis County

On July 8, 2014 the City of Manor (Applicant), filed an application to amend its water Certificate of Convenience and Necessity (CCN) No.10947, in Travis County, pursuant to Texas Water Code (TWC), §§ 13.242 to 13.250 and the 16 Tex. Admin Code (TAC) §§24.101 to 291.107. The application was deemed administratively complete via Order No. 6, filed February 10, 2015 which ordered the Applicant to notice affected parties and return proof of notice to the Commission prior to March 9, 2015. On March 9, 2015, the Applicant filed an affidavit of notice, along with a copy of the notices sent, and an affidavit verifying publication of notice. Order No. 7 requested that Staff provide a final recommendation no later than June, 5, 2015.

Summary of Review

In determining whether to grant or amend a certificate of public convenience and necessity (CCN), the commission shall ensure that the applicant possesses the financial, managerial, and technical capability to provide continuous and adequate service pursuant to 16 TAC 24.102(a). In considering whether to grant or amend a certificate, the commission shall also consider the nine elements as stated in 16 TAC 24.102(d). I have reviewed the above referenced application, and have found that it does not meet the technical requirement for a CCN amendment for the reasons listed below.

16 TAC 24.102(a)(1)

For water utilities the Applicant shall demonstrate that they own a TCEQ approved system and that it is capable of providing drinking water that meets the requirements set forth by TCEQ for public water supplies (PWS). The Applicant has a TCEQ approved public water supply (PWS), identification number TX2270002. Included in the application was a copy of the exit interview form from the most recent comprehensive compliance investigation (CCI) conducted by TCEQ on April 24, 2014 for the Applicants PWS. The form indicated that a potential violation (PV) was cited for failure to produce a plant operations manual (30 TAC 290.42(1)); furthermore, the TCEQ Central Registry database (CRD) confirmed that the violation was active and outstanding. Staff requested that the Applicant demonstrate compliance with this outstanding violation via a request for information (RFI) filed on April 2, 2015. The Applicant provided a copy of the plant operations manual, but the violation is still outstanding in TCEQ CRD; therefore, the Applicant

has failed to demonstrate compliance with TCEQ rules.

16 TAC 24.102(d)(4)

The Commission shall consider the ability of the Applicant to provide adequate utility service taking into consideration the current and projected density and land use of the area. The proposed area will have water service delivered via a 16" water line, approximately 5950 linear feet. The MUD is required to seek approval for construction of the facilities located within the proposed area and the 16" water line, which will be conveyed to the Applicant upon completion of construction and approval by the City Engineer (per Agreement). At the time of the application the utility facilities had not yet been installed and the Applicant did not provide any documentation that supports whether or not TCEQ approval had been sought.

The Applicant currently provides water service to 2,408 customers. The application seeks to obtain approval to add 773 service connections, for a total projected 3,181 service connections. Pursuant to 30 TAC 290.45(b)(1)(D) the capacity requirements to serve the current customers and the addition proposed by this application are as follows:

1. Production capacity of 1,909 gallons per minute (GPM) or 2.748 million gallons per day (MGD)
2. Storage capacity of 0.636 million gallons (MG)
3. Elevated storage capacity of 0.318MG
4. Pump capacity of 6,362 GPM

The Applicant states in their application that it purchases 80% of their production capacity from Blue Water Project 130 LP (Blue Water), and 0% capacity from City of Austin (COA). The RFI filed April 2, 2015 requested purchase water agreements from each entity from whom the Applicant purchases water from. The Applicant is currently purchasing, from Blue Water, 0.475 MGD, increasing 0.075MGD each year on June, 1 until 2023. The PWS also operates 3 groundwater wells with a combined production capacity of 550 GPM or 0.792 MGD. Total production capacity provided currently equals 1.267 MGD; additionally, at the extent of the contract provided by Blue Water the total production by 2023 will be 1.867 MGD. The Applicant also provided a purchase water contract from COA. The Applicant stated in the application that it utilizes 0% of this source and DWW states that the source is inactive; therefore, the capacity provided in the contract cannot be utilized in determining production capacity.

TAC 24.102(d)(4) requires the Commission to contemplate the ability of the applicant to provide adequate water supply to current and projected density. Current required production capacity, based on 2408 connections, is 2.08 MGD, projected required capacity will be 2.748 MGD. The provided production capacity is currently 1.267 MGD; therefore, the Applicant has failed to demonstrate their ability to provide adequate service.

Staff Recommendation

The application in its current presentation fails to address, as detailed above, some of the technical requirements necessary for a CCN amendment. I recommend that the Applicant is notified of these potential issues, and is given the possibility of addressing the concerns prior to a final recommendation. Specifically, the Applicant should be asked to address the following items:

1. Status of compliance with TCEQ;
2. Status of TCEQ approval for facilities necessary to serve the proposed area and,
3. A statement clarifying how the current and projected capacity requirements will be met.