



Control Number: 43378



Item Number: 24

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

PUBLIC UTILITY COMMISSION OF TEXAS
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COMMISSION STAFF'S FINAL RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas, representing the public interest, and files Commission Staff's Final Recommendation 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. 8, issued June 9, 2015, a deadline for Staff to propose an additional procedural schedule, request a hearing, or file a final recommendation by July 13, 2015 was set. Staff's Final Recommendation is therefore timely filed.

II. FINAL RECOMMENDATION

As laid out in the attached testimony of Elizabeth English, Engineering Specialist, Water Division, Staff has reviewed the application, and recommends that the application be approved. Manor meets the financial, managerial and technical requirements that must be met in order for Manor's CCN amendment application to be approved. Manor meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations, and is capable of providing continuous and adequate service. Approving this

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

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application to amend CCN No. 10947 is necessary for the service, accommodation, convenience, and safety of the public.

III. CONCLUSION

Staff recommends that Manor's CCN application be approved. On or before July 27, 2015, parties will submit a joint proposed notice of approval.

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Karen S. Hubbard
Managing Attorney
Legal Division



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Public Utility Commission of Texas
1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 9, 2015,
in accordance with 16 TAC § 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: July 9, 2015

Subject: Docket No. 43378: *Application of City of Manor to amend its water Certificate of Convenience and Necessity 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-.250 and the 16 Tex. Admin Code (TAC) §§ 24.101-.107.

The Applicant, which is a municipality, is seeking to add approximately 203 acres to its water CCN service area in order to provide service to 773 potential customers located within the city's corporate limits. The amendment includes two tracts of land that will both be developed into a mixed-use subdivisions with single family and commercial uses

In determining whether to grant or amend a CCN, the Commission shall ensure that the Applicant possesses the financial, managerial, and technical capability to provide continuous and adequate service pursuant to TWC § 13.241(a) and 16 TAC § 24.102(a). The Commission shall also consider the nine elements as stated in TWC § 13.246(c) and 16 TAC § 24.102(d). Staff have reviewed the above referenced application, and have found that it has met the requirements for a CCN amendment, as detailed below.

Application, Mapping, and Notice

Order No. 1, filed October 3, 2014, transferred the regulatory authority governing the review of this application from the Texas Commission on Environmental Quality (TCEQ) to Public Utility Commission (Commission); which was effective September 1, 2014. Order No. 2 found that the application was materially deficient and requested that the Applicant cure the application prior to November 3, 2014. Deadlines were extended in orders issued on November 14, 2014 and December 18, 2014. Order No. 5 found that the application was materially deficient and requested Staff provide a recommendation regarding administrative completeness of the application by January 30, 2015. The application met the mapping and content requirements on February 10, 2015, and was deemed administratively complete via Order No. 6. The Applicant was ordered 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. According to the affidavits, notice was mailed to neighboring systems, landowners and cities on March 6, 2015, and published in *The Austin Chronicle* on February 27 and March 6, 2015. On March 13, 2015, Commission Staff filed a proposed procedural schedule, which was adopted via Order No. 7. The deadline for intervention was April 6, 2015. The Commission did not receive any requests for a hearing during the 30 day comment period.

Staff was also requested, via Order No. 7, to provide a final recommendation no later than June, 5, 2015. That deadline was later extended to July 13, 2015 in Order No. 8.

TWC § 13.241(b) and 16 TAC § 24.102(a)(1)

For water utility service, the Commission shall ensure that the applicant has a TCEQ approved system that is capable of providing drinking water that meets the requirements of Texas Health and Safety Code, Chapter 341 and TCEQ rules, and has access to an adequate supply of water. The Applicant has a TCEQ approved public water supply (PWS), *City of Manor* (ID No. 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. Staff requested that the Applicant demonstrate compliance with this outstanding violation, to which the Applicant provided a letter from TCEQ (dated May 29, 2015) indicating that TCEQ compliance has been achieved. Additionally, the Applicant employs a TCEQ licensed Grade A Water operator and a Grade B Groundwater Treatment Operator. Therefore, the Applicant meets the requirements of TWC § 13.241(b) and 16 TAC § 24.102(a)(1).

TWC § 13.246(c)(1) and 16 TAC § 24.102(d)(1)

In considering whether to amend a certificate, the Commission shall consider the adequacy of service currently provided to the requested area.

The Applicant currently provides water service to 1,676 service connections via three ground water wells and an interconnect with a wholesale water provider, Blue Water Project 130 LP. (Blue Water). The following table shows the minimum required capacity per 30 TAC § 290.45(b)(1)(D) and the Applicant’s provided capacity,¹ in terms of total volume.

Table 1: Applicant Capacity Requirements

	Required	Provided
Production	1005.6 GPM	1080.86 GPM ²
Storage	0.3352 MG ³	0.597 MG
Pressure	0.3352 MG	1.5 MG
Pump	1005.6 GPM	4200 GPM

¹ Capacities determined via TCEQ database “Drinking Water Watch” and information provided by the Applicant.

² Calculated as follows: combined well of 751 GPM per the information provided in the Applicant’s filing on July 29, 2015 + purchased water of 0.475 MG/day (329.86GPM) per the contract with Blue Water Project 130 LP.

³ Million gallons

Water Quality:

The Applicant does not have any TCEQ issued violations pertaining to 30 TAC 290 Subchapter F, which governs the drinking water quality and reporting requirements for PWS's in Texas. The standards are written to comply with the Federal *Safe Drinking Water Act* and *Primary Drinking Water Regulations*.

As illustrated above, the Applicant currently has the capability to provide minimum water system capacities as prescribed by TCEQ, and is capable of providing water that meets the TCEQ water quality requirements and is therefore safe for household usage.

TWC § 13.246(c)(2) and 16 TAC § 24.102(d)(2)

In considering whether to amend a certificate, the Commission shall consider the need for additional service in the proposed area. The Applicant provided a request for service from the Presidential Glen Municipal Utility District (MUD), and the *Revised and Restated Development Agreement* (Agreement) executed by both parties. The proposed area, subject to the application, is expected to be developed as a mixed-use development with single family and commercial uses in response to the request for service.

TWC § 13.246(c)(3) and 16 TAC § 24.102(d)(3)

In considering whether to amend a certificate, the Commission shall consider the effect of granting an amendment on the Applicant, on the landowners in the area, and on any retail public utility of the same kind already serving the proximate area. The effect of the proposed action is that it would amend the existing CCN of the Applicant and obligate the Applicant to provide continuous and adequate water service to the area. The Applicant's CCN will increase by 203 acres and there are no other retail public utilities of the same kind that would be affected by the proposed amendment. Granting the certificate meets the expectations, and the request, of the landowner to receive water utility service. Additionally, the Commission did not receive any protests during the comment period from neighboring utilities, nor any opt-out requests from landowners.

TWC § 13.246(c)(4) and 16 TAC § 24.102(d)(4)

In considering whether to amend a certificate, the Commission shall consider 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. The proposed area includes two tracts of land: The larger tract will have water service delivered via a 16" water line, approximately 5950 linear feet, and an elevated storage tank; the smaller tract does not require any additional infrastructure. The construction for the water line and elevated tank has been completed, and is currently in service.⁴ The water line did not constitute a significant change in the distribution system and therefore did not require approval from TCEQ prior to construction.

The Applicant currently provides water service to 1,676⁵ service connections. The application seeks to obtain approval to add 773 service connections, for a total projected 2,449 connections. Pursuant to 30 TAC § 290.45(b)(1)(D) the capacity requirements to serve the current customers and the additional connections proposed by this application are as follows:

1. Production: 1,469 GPM or 2.116 MGD
2. Storage: 0.49 MG
3. Pressure maintenance: 0.49 MG

⁴ Per the City of Manor filing on June 29, 2015.

⁵ Per the City of Manor filing on June 29, 2015.

4. Pump capacity of 1,469 GPM

On April 2, 2015, Commission Staff requested that the Applicant provide 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 0.075 MGD each year on June 1 until 2023. The PWS also operates 3 groundwater wells with a combined production capacity of 751 GPM or 1.08 MGD. Total production capacity provided currently equals 1.56 MGD; additionally, at the extent of the contract provided by Blue Water, the total production by 2023 will be 2.16 MGD. The Applicant also provided a purchase water contract from City of Austin which is currently not used to meet production requirements but can be utilized to meet demand as needed.

The subdivisions that will be constructed in the proposed area have a projected build out of 10 years (larger tract) and 5 years (smaller tract). The Blue Water purchase water contract allows for an acceleration of the 0.475 MGD increases per year. This additional capacity could be used to meet increasing capacity requirements during the development of the proposed area if demand exceeds the yearly increase of 0.475 MGD. Additionally, the current storage, pressure maintenance, and pump capacities (detailed in Table 1) will meet the increase in demand once the development of the proposed area is complete.

TWC § 13.246(c)(5) and 16 TAC § 24.102(d)(5)

In considering whether to grant or amend a certificate, the Commission shall consider the feasibility of obtaining service from an adjacent retail public utility. The proposed area is located within the corporate limits of the City of Manor and service to the proposed area will be provided from the Applicant's existing and future infrastructure; therefore, the feasibility of obtaining service from an adjacent retail public utility was not considered.

TWC § 13.246(c)(6) and 16 TAC § 24.102(d)(6)

In considering whether to grant or amend a certificate, the Commission shall consider 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. A staff financial review found that the Applicant demonstrated adequate financial and managerial capability to provide service to the area subject to this application. To finance the building of the required infrastructure, the MUD will issue bonds for construction costs. The Applicant's audited financial statements for 2014 were not available; however, there were statements available which included a qualified auditor's opinion that the financial statements present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Applicant as of September 30, 2014. The respective changes in the Applicant's financial position and cash flows, where applicable, for the year ended in conformity with generally accepted accounting principles.

TWC § 13.246(c)(7) and 16 TAC § 24.102(d)(7)

In considering whether to grant or amend a certificate, the Commission shall consider the environmental integrity of the proposed area resulting from the granting of the certificate or amendment. Because the area will be served with existing infrastructure, the amendment will not require any construction or disruption of the environment and will maintain the environmental integrity of the area.

TWC § 13.246(c)(8) and 16 TAC § 24.102(d)(8)

In considering whether to grant or amend a certificate, the Commission shall consider the probable improvement in service or lowering of cost to consumers in that area resulting from the granting of the certificate or amendment. The customers served in the proposed area will receive urban level service from the Applicant on the same terms and conditions as similarly situated customers within the City in accordance with the Agreement and the applicable city ordinances.

TWC § 13.246(c)(9) and 16 TAC § 24.102(d)(9)

In considering whether to grant or amend a certificate, the Commission shall consider the effect on the land to be included in the certificated area. The proposed area, subject to the application, is expected to be developed as a mixed-use development with single family and commercial uses with 773 projected additional water service connections.

Final Recommendation

The Applicant meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations, and is capable of providing continuous and adequate service, as detailed above. Approving this application to amend CCN No. 10947 is necessary for the service, accommodation, convenience and safety of the public.

The Applicant consented to the map and certificates on July 6, 2015 (attached). Staff also recommends that the Applicant file certified copies of the CCN maps along with a written description of the CCN service area in the applicable county clerk's office pursuant to Texas Water Code Section 13.257 (r) and (s).



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

City of Manor

having duly applied for certification to provide (water/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

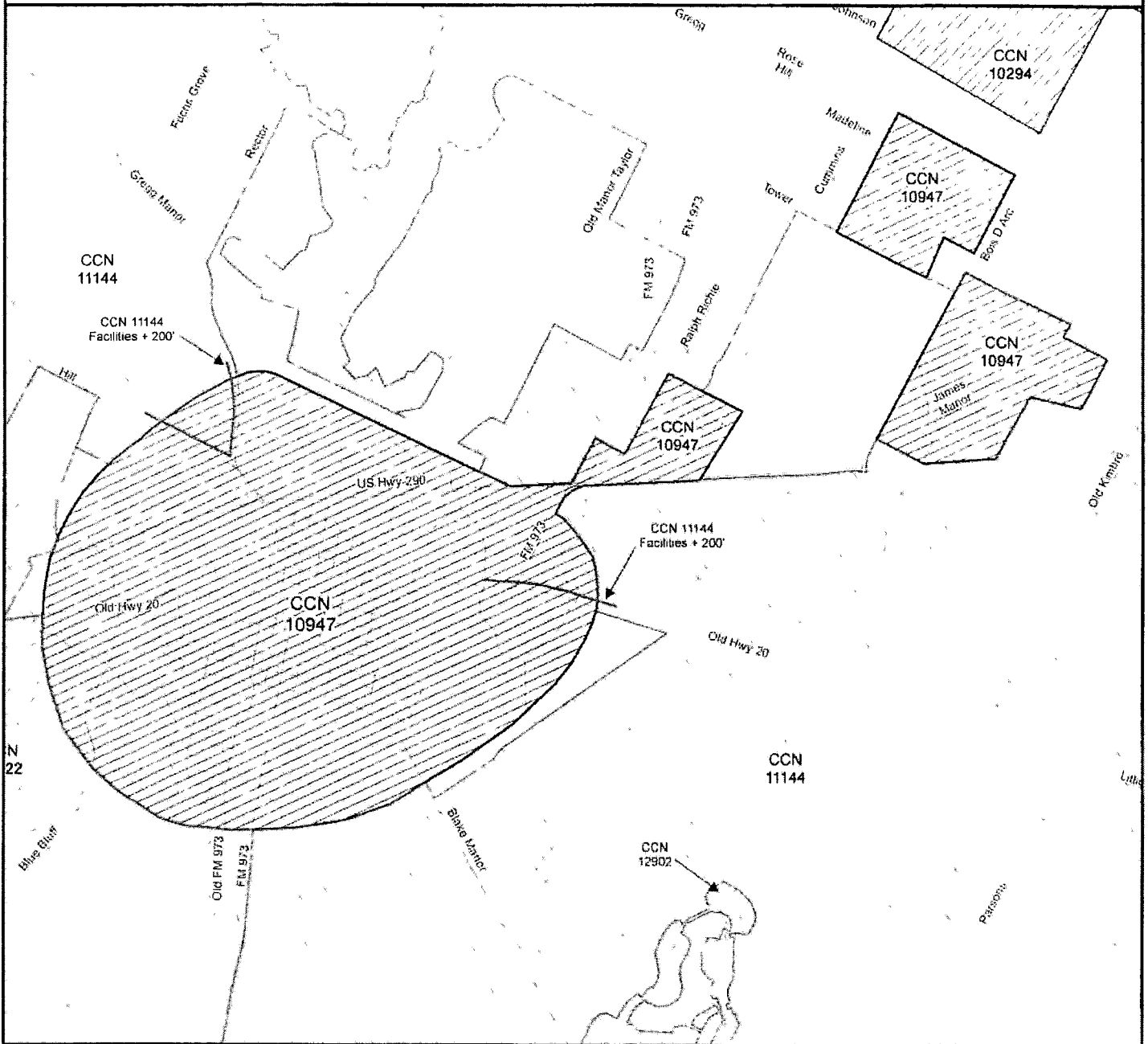
Certificate of Convenience and Necessity No. 10947

to provide continuous and adequate water utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 43378 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of City of Manor 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, this _____

For the Commission


City of Manor
 Water Service Area
 CCN No. 10947
 PUC Docket No. 43378
 Amended CCN No. 10947 in Travis County

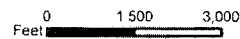


Water CCN Service Areas

-  10947 - City of Manor
-  10294 - Aqua WSC
-  11144 - Manville WSC
-  11322 - City of Austin
-  12902 - Aqua Texas Inc

Facilities + 200' Water CCNs

-  11144 - Manville WSC



Public Utility Commission of Texas
 1701 N. Congress Ave
 Austin, TX 78701

Map by Suzanne Burt
 Date created June 1, 2015
 Project path: n:/gis/projects/applications/43378 mxd

CONSENT FORM

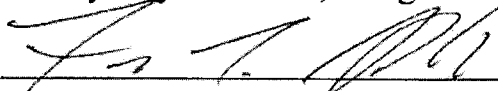
Applicant's Name: City of Manor
Docket No.: 43148

Please mark the appropriate line:

X *I concur* with the maps, certificates transmitted by e-mail

 I do not concur with the map and certificate transmitted by e-mail. I understand that I have 14 days from the date of this email to provide my response.

I am authorized by City of Manor, to sign this form.

Signature: 

Printed Name: FRANK T. PHELAN, P.E.

Relationship to Applicant: CITY ENGINEER

Date signed: 7/6/15

Please mail the original and 9 copies to:

Mailing Address:
Public Utility Commission of Texas
Central Records
1701 N Congress PO Box 13326
Austin, Texas 78711-3326

Shipping / Overnight Delivery Address:
Public Utility Commission of Texas
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