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II. AMENDED FINAL RECOMMENDATION

As noted by Staff in its Clarification Recommendation filed on March 10, 2017, approval of Little Elm's application will result in not only a modification of Little Elm's water CCN No. 11202 and sewer CCN No. 20931, but also a complete cancellation of Valencia's water CCN No. 13138 and sewer CCN No. 21015. Little Elm's water and sewer CCNs will encompass the entirety of the area now served by Valencia's water and sewer CCNs. Staff sent the final water and sewer CCN maps to Valencia with revised consent forms indicating that Valencia's water CCN No. 13138 and sewer CCN No. 21015 would be cancelled by approval of this application. Valencia signed this revised consent, indicating their approval of such cancellations, and filed that consent on March 13, 2017.

As further detailed in the attached supplemental recommendation of Debbie Reyes Tamayo of the Commission's Water Utilities Division, Staff recommends that the requirements of Tex. Water Code § 13.254(a) and 16 Tex. Admin. Code § 24.113(a) have been satisfied by the CCN holder's, Valencia's, consent to revocation. Accordingly, Staff reaffirms its recommendation that Little Elm's application be approved.

III. CONCLUSION

For the above stated reasons, Staff respectfully reaffirms its recommendation that the application be approved.

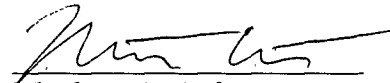
Dated: March 28, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

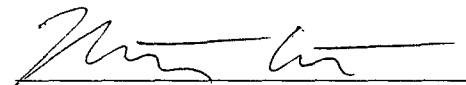
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**P.U.C. DOCKET NO. 43452
CERTIFICATE OF SERVICE**

I, Matthew Arth, staff attorney for the Public Utility Commission of Texas, certify that a copy of this document was served on all parties of record in this proceeding on March 28, 2017 in accordance with the requirements of 16 Tex. Admin. Code § 22.74.


Matthew A. Arth

PUC Interoffice Memorandum

To: Matthew Arth, Attorney
Legal Division

Through: Tammy Benter, Director
Lisa Fuentes, Manager
Water Utilities Division

From: Debbie Reyes Tamayo, Program Specialist
Water Utilities Division

Date: March 25, 2017

Subject: *Docket No. 43452, Application of the Town of Little Elm to Amend its Certificates of Convenience and Necessity and to Decertify Portions of Certificates Held by Mustang Special Utility District and Terra Southwest, Inc. in Denton County (37896-C, 37897-C)*

On April 24, 2011, the Town of Little Elm (Applicant) filed an application with the Texas Commission on Environmental Quality (TCEQ) to amend its Certificate of Convenience and Necessity for water and sewer CCN Nos. 11202 and 20931 in Denton County pursuant to the criteria in the Texas Water Code, Chapter 13. On September 1, 2014, regulation of water and sewer rates and CCN programs were transferred from TCEQ to the Public Utility Commission of Texas (PUC). This application was part of that transfer and is now under the PUC's jurisdiction. The application is now being reviewed pursuant to Texas Water Code §§ 13.242-.250 (TWC) and 16 Tex. Admin Code §§ 24.101-.120 (TAC). In addition to the modification of the Applicant's water and sewer CCNs, the application concurrently requests decertification of portions of Mustang Special Utility District's (Mustang SUD) water and sewer CCN Nos. 11856 and 20930, decertification of a portion of the City of Hackberry's (Hackberry) water CCN No. 12015, decertification of a portion of the City of Oak Point's (Oak Point) sewer CCN No. 20908, and cancellation of Valencia on the Lake WCID's (Valencia) water and sewer CCN Nos. 13138 and 21015.

In response to the request for clarification contained in Order No. 24, Staff affirms that the appropriate consent is contained in the record for the decertification of portions of Mustang SUD's water and sewer CCN nos. 11856 and 20930, Hackberry's water CCN No. 12015, and Oak Point's sewer CCN No. 20908. After further review, Staff determined that additional consent was required from Valencia to clarify that their water and sewer CCN Nos. 13138 and 21015 are to be revoked. Staff believes that the revised consent filed by Valencia on March 13, 2017 adequately consents to such revocation. Staff notes the location of the appropriate consent documentation in this proceeding:

- Oak Point's agreement is located in AIS Item No. 4, Letter to TCEQ in regards to Notice of Deficiency. Consent to CCN map and certificate is located in AIS Item No. 61, Consent Form.

- Hackberry's agreement is located in AIS Item No. 4, Letter to TCEQ in regards to Notice of Deficiency. Consent to the CCN map and certificate is located in AIS Item No. 62, Consent Form.
- Mustang SUD's agreement is located in AIS Item No. 13, Completed Responses to Commission Staff's Status Update. Consent to the CCN maps and certificates is located in AIS Item No. 61, Consent Form.
- Valencia's agreement is located in AIS item No. 4, Letter to TCEQ in regards to Notice of Deficiency. Consent to the CCN maps and revocation of its certificates is located in AIS Item No. 69, Revised Consent Form.

Based on a review of the application and information provided, the Applicant has demonstrated adequate financial, managerial, and technical capabilities to provide service to the proposed areas. Staff recommends that the Applicant meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules. Approving this application to amend Little Elm's water and sewer CCN Nos. 11202 and 20931, and to decertify portions of Mustang SUD's water and sewer CCN Nos. 11856 and 20930, Hackberry's water CCN No. 12015, Oak Point's sewer CCN No. 20908, and to cancel Valencia's water and sewer CCN Nos. 13138 and 21015, is necessary for the service, accommodation, convenience, and safety of the public. Therefore, Staff recommends that the application be approved.

In accordance with the above recommendation, Staff also recommends that the Commission issue an order approving the application and provide the attached maps and certificates. Certificates for Valencia are not provided because its CCNs will be cancelled as a result of this application.

Staff also recommends that the Applicant file a copy of the CCN maps, along with a written description of the CCN service areas, in the appropriate county clerk's office pursuant to the requirements of Texas Water Code §§ 13.257(r) and (s).