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**P.U.C. DOCKET NO. 43832
SOAH DOCKET NO. 473-15-4782.WS**

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**APPLICATION OF PALO DURO
SERVICE COMPANY, INC. TO
AMEND ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY
IN PARKER AND WISE COUNTIES**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

COMMISSION STAFF'S PROPOSED LIST OF ISSUES

COMES NOW, Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files this Proposed List of Issues and would show the following:

I. BACKGROUND

On November 21, 2014 Palo Duro Service Company (Palo Duro or Company) filed with the Public Utility Commission of Texas (Commission) a request for correction of maps related to water certificate of convenience (CCN) No. 12200 in Parker County, Texas. On December 1, 2014, the Administrative Law Judge (ALJ) issued Order No. 1 and deemed the application as not filed because Palo Duro did not submit their application on the Commission-approved application form. On February 9, 2015, Palo Duro filed with the Commission, on the Commission-approved application form, an application to amend its CCN No. 12200 in Parker and Wise Counties, Texas. At this time, Palo Duro seeks to amend its CCN to update its current certificated service area and to expand its service area to provide service to the proposed Aledo Ridge Subdivision.

On May 6, 2015, Commission Staff filed comments on the sufficiency of the application as amended and recommended the application as amended be found sufficient for further review. Thereafter, on May 7, 2015, Order No. 4 was issued finding the application administratively complete. On June 25, 2015, the City of Fort Worth requested a public hearing stating they would be adversely affected by the granting of the Application for CCN amendment in a way not common to the general public because the 33-acre Aledo Ridge tract is located entirely within the City's extra-territorial jurisdiction where the City has distinct governmental interests in and jurisdiction over health and safety and utility design and service activities. On July 16, 2015, the Commission referred this docket to the State Office of Administrative Hearings (SOAH) to conduct a hearing. July 30, 2015 was also set as the deadline for parties to file a list of issues to be addressed in the docket. Therefore, this Proposed List of Issues is timely filed.

I. LIST OF ISSUES

Staff has identified the following issues that should be addressed in this proceeding:

1. Has the Applicant given notice consistent with TEXAS WATER CODE ANN. (TWC) § 13.246 and 16 TEX. ADMIN CODE § 24.106?
2. Does the Applicant possess the financial, managerial, and technical capability to provide continuous and adequate service? TWC § 13.241(a) and 16 TEX. ADMIN CODE § 24.102(a)
3. Does the Applicant possess a Texas Commission on Environmental Quality (TCEQ)-approved system that is capable of providing drinking water that meets the requirements of TEX. HEALTH AND SAFETY CODE, Chapter 341 and TCEQ rules 16 TEX. ADMIN CODE § 24.102(a)(1).
4. Does the Applicant have access to an adequate supply of water? 16 TEX. ADMIN CODE § 24.102(a)(1).
5. Would the proposed service area require construction of a physically separate water system? If so, has the Applicant proven that regionalization or consolidation with another retail public utility is not economically feasible? TWC § 13.241(d) and 16 TEX. ADMIN CODE § 24.102(b).
6. Is the requested certificate amendment necessary for the service, accommodation, convenience, or safety of the public? TWC § 13.246(b) and 16 TEX. ADMIN CODE § 24.102(c).
7. Does the balance of factors under TWC § 13.246(c) and 16 TEX. ADMIN CODE § 24.102(d) weigh in favor of granting the requested certificate amendment? In answering this issue, please address the following sub-issues:
 - a) Is the proposed service area currently receiving adequate service? TWC § 13.246(c)(1) and 16 TEX. ADMIN CODE § 24.102(d)(1).
 - b) Does the proposed service area need additional service? TWC § 13.246(c)(2) and 16 TEX. ADMIN CODE § 24.102(d)(2).
 - i. Have any landowners, prospective landowners, tenants, or residents requested service?

- ii. Are there economic needs for additional service?
 - iii. Are there environmental needs for additional service?
 - iv. Are there written applications or requests for service?
 - v. Are there reports or market studies demonstrating existing or anticipated growth in the area?
- c) What is the effect, under TWC § 13.246(c)(3) and 16 TEX. ADMIN CODE § 24.102(d)(3) of granting the requested certificate amendment on:
- i. the Applicant;
 - ii. landowners in the proposed service area; and
 - iii. any retail public utility of the same kind as the Applicant that is already serving the area proximate to the proposed service area?
- d) Does the Applicant have the ability to provide adequate service, including meeting the standards of the TCEQ, taking into consideration the current and projected density and land use of the proposed service area? 16 TEX. ADMIN CODE § 24.102(d)(4).
- e) What is the feasibility of obtaining service from an adjacent retail public utility? TWC § 13.246(c)(5) and 16 TEX. ADMIN CODE § 24.102(d)(5).
- f) Is the Applicant financially able to pay for the facilities necessary to provide continuous and adequate service? TWC § 13.246(c)(6) and 16 TEX. ADMIN CODE § 24.102(d)(6).
- g) Is the Applicant financially stable including, if applicable, its debt-to-equity ratio? TWC § 13.246(c)(6) and 16 TEX. ADMIN CODE § 24.102(d)(6).
- h) How would environmental integrity be affected, if at all, by granting the requested certificate amendment? TWC § 13.246(c)(7) and 16 TEX. ADMIN CODE § 24.102(d)(7).
- i) Is it probable that service would be improved or costs to consumers in that service area would be lowered by granting the requested certificate amendment? TWC § 13.246(c)(8) and 16 TEX. ADMIN CODE § 24.102(d)(8).

- j) How would the land in the proposed service area be affected, if at all, by granting the requested certificate amendment? TWC § 13.246(c)(9) and 16 TEX. ADMIN CODE § 24.102(d)(9).
8. Should the Commission require the Applicant, pursuant to TWC § 13.246(d) and 16 TEX. ADMIN CODE § 24.102(e), to provide a bond or other financial assurance to ensure that continuous and adequate utility service is provided?
9. If applicable, what were the Applicant's efforts to:
- a) extend service to any economically distressed area, within the meaning of TWC § 15.001, located within the Applicant's certificated service area(s); and
 - b) enforce rules adopted under TWC § 16.343, regarding minimum standards for safe and sanitary water supply? TWC § 13.246(e).

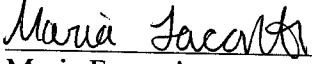
II. ISSUES NOT TO BE ADDRESSED

Staff has not identified any issues not to be addressed.

Date: July 30, 2015

Respectfully Submitted,
Margaret Uhlig Pemberton
Division Director- Legal Division

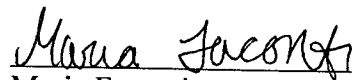
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 30th day of July, 2015, in accordance with 16 TAC § 22.74.


Maria Faconti