



Control Number: 45391



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DOCKET NO. 45391

RECEIVED

APPLICATION OF RANCH UTILITIES,
L.P. AND EMCAD WATER AND
WASTEWATER, LLC FOR SALE,
TRANSFER, OR MERGER OF
FACILITIES AND CERTIFICATE RIGHTS
IN PARKER COUNTY

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PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

COMMISSION STAFF’S RECOMMENDATION ON FINAL DISPOSITION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files Commission Staff’s Recommendation on Final Disposition. In support thereof, Staff shows the following:

I. BACKGROUND

On November 23, 2015, Ranch Utilities, L.P. (Ranch Utilities) and EMCAD Water and Wastewater, LLC (EMCAD) (jointly Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate of convenience and necessity rights in Parker County. Specifically, EMCAD seeks approval to acquire a portion of the sewer systems assets of Ranch Utilities held under sewer Certificate of Convenience and Necessity (CCN) No. 21064 in the Sugar Tree Subdivision.

On May 11, 2016, Order No. 5 was issued, setting June 29, 2016 as the deadline for Commission Staff to file its recommendation on final disposition. Therefore, this pleading is timely filed.

II. RECOMMENDATION

As noted in the attached memorandum of Andrew Novak, Patricia Garcia, and Kristy Nguyen, Staff recommends that the Applicants be approved to proceed with the proposed transaction. Staff’s memorandum details how the Application satisfies Tex. Water Code §§ 13.241, 13.246, and 13.301 (TWC), and 16 Tex. Admin. Code §§ 24.102, 24.109 and 24.112 (TAC). Staff’s memorandum also provides instruction on the submission of closing documents.

III. CONCLUSION

Staff respectfully requests that the ALJ issue an order consistent with this Response.

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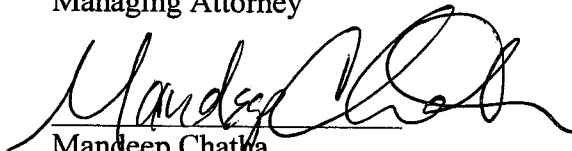
DATE: June 29, 2016

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

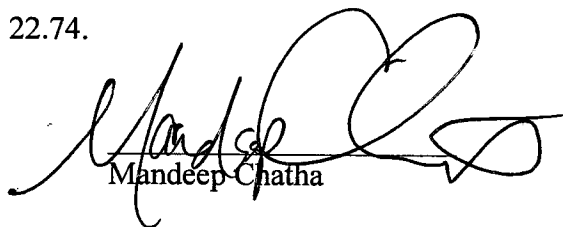


Mandeep Chatha
State Bar No. 24082803
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7163
(512) 936-7268 (facsimile)

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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 June 29, 2016 in accordance with 16 TAC § 22.74.



Mandeep Chatha

PUC Interoffice Memorandum

To: Mandeep Chatha, Attorney
Legal Division

Thru: Tammy Benter, Director
Water Utilities Division

From: Andrew Novak, Financial Analyst
Patricia Garcia, Engineering Specialist
Kristy Nguyen, GIS Specialist
Water Utilities Division

Date: June 29, 2016

Subject: **Docket 45391**, *Application of Ranch Utilities, L.P. and EMCAD Water and Wastewater for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County*

On November 24, 2015, Ranch Utilities, L.P. (Ranch Utilities) and EMCAD Water and Wastewater, LLC (EMCAD) filed an application for sale, transfer, or merger (STM) of facilities and certificate of convenience and necessity rights in Parker County. Specifically, Ranch Utilities seeks approval to acquire a portion of the sewer system assets of EMCAD held under sewer Certificate of Convenience and Necessity (CCN) No. 21064 in the Sugar Tree Subdivision. The application was filed pursuant to the criteria in Texas Water Code Ann. § 13.301 (TWC) and the 16 Tex. Admin. Code §§24.109, and 24.112 (TAC).

Pursuant to TWC §13.301, on or before the 120th day before the effective date of any sale, acquisition, lease, rental, merger, or consolidation of any water system required by law to possess a CCN, a utility shall file a STM application with the Commission and give public notice of the action. The notice requirements for the proposed STM of CCN's are listed in 16 TAC § 24.112(c) which states that notice shall be given to customers of the water or sewer system to be sold, and to cities and neighboring retail public utilities providing the same utility service whose corporate limits or certificated service area boundaries are within two miles of the requested service area boundaries. Ranch Utilities filed an affidavit of notice to neighboring utilities and affected parties on March 2, 2016. According to the affidavits, notice was mailed to neighboring utilities and affected parties on March 2, 2016. The deadline for intervention was May 11, 2016. The Commission did not receive any requests for a hearing during the 30 day comment period. The 120-day notification period concludes on July 14, 2016.

TWC § 13.246(c) requires the Commission to consider nine criteria, as listed below, when granting or amending a CCN, as follows:

- TWC § 13.426(c)(1) requires the Commission to consider the adequacy of service currently provided to the requested area. Ranch Utilities currently serves the area under The Commission on Environmental Quality (TCEQ) issued Wastewater Discharge Permit No. WQ0014163001. There are no unaddressed violations reported.
- TWC § 13.246(c)(2) requires the Commission to consider the need for service in the requested area. There are existing customers in the requested area; therefore, a

demonstration of the need for service in the area is already established.

- TWC § 13.246(c)(3) requires the Commission to consider the effect of granting an amendment on the recipient and on any other retail utility servicing the proximate area. Only the Applicants and the current customers will be affected by this transaction.
- TWC § 13.246(c)(4) requires the Commission to consider the ability of the EMCAD to provide adequate sewer service. EMCAD's management has more than 50 years of experience in providing utility service.
- TWC § 13.246(c)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. In this case, there are no neighboring water and/or sewer systems.
- TWC § 13.246(c)(6) requires the Commission to consider the financial ability of the EMCAD to pay for facilities necessary to provide continuous and adequate service and financial stability. EMCAD's purchase of the facilities is funded through personal equity and bank financing.
- TWC §§ 13.246(7) and (9) require the Commission to consider the environmental integrity and the effect on the land to be included in the certificate. There will be minimal impact because the approved TCEQ approved wastewater system is already in place and is serving the area. Therefore, there will be no impact on the integrity of the environment and no effect on the land.
- TWC § 13.246(8) requires the Commission to consider the probable improvement in service or lowering of cost to consumers. EMCAD has acquired additional systems in the area that will allow for more cost effective operations. In addition, the customers' rates will not be affected by this transaction as they will remain the same.

In staff's opinion, the EMCAD has demonstrated adequate financial and managerial capability to provide continuous and adequate service to the area subject to this application. These conclusions are based on information provided by EMCAD prior to the date of this memo and may not reflect any changes in the EMCAD's status subsequent to this review.

Staff has reviewed the above referenced application and recommends that the Applicants be allowed to proceed with the sale. Staff does not request that the application be referred to hearing to determine if the proposed transaction will serve the public interest.

Staff also recommends that the Applicants be ordered to file documentation as evidence that all assets have been transferred to EMCAD, including a copy of the letter from TCEQ approving the transfer of the Wastewater Discharge Permit to EMCAD, and that the disposition of any remaining deposits have been addressed as soon as possible pursuant to 16 TAC § 24.109(f).