



Control Number: 45459



Item Number: 48

Addendum StartPage: 0

**DOCKET NO. 45459**

**APPLICATION OF EDM WATER  
SUPPLY CORPORATION TO AMEND  
ITS WATER CERTIFICATE OF  
CONVENIENCE NECESSITY IN  
HENDERSON AND VAN ZANDT  
COUNTIES**

§  
§  
§  
§  
§  
§

**PUBLIC UTILITY COMMISSION**

RECEIVED  
2017 JUN 13 AM 10:59

**OF TEXAS**  
PUBLIC UTILITY COMMISSION  
FILING CLERK

**COMMISSION STAFF'S RECOMMENDATION ON FINAL  
DISPOSITION OF THE APPLICATION**

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

**I. BACKGROUND**

On December 21, 2015, Edom Water Supply Corporation (Edom WSC) filed with the Public Utility Commission of Texas (Commission) an application to amend its water certificate of convenience and necessity (CCN) No. 10747 in Henderson and Van Zandt Counties. Edom WSC seeks to amend its CCN to decertify approximately 199 acres of land of its own service area, to add land to its service area, and seeks dual certification with RPM Water Supply Corporation (RPM WSC) for another area of land.<sup>1</sup> The Commission Administrative Law Judge (ALJ) issued Order No. 13 on May 1, 2017, which set June 7, 2017 as applicant's deadline to file signed consent forms, and June 14, 2017 as Staff's deadline to file a final recommendation on the application. Therefore, this pleading is timely filed.

**II. FINAL RECOMMENDATION**

Staff has reviewed the application and, as supported by the attached memorandum of Debbie Reyes Tamayo of the Commission's Water Utilities Division, Staff recommends the application be approved. Edom WSC meets all of the statutory requirements of Chapter 13 of the Texas Water Code and the Commission's rules and regulations. The comment period ended on November 17, 2016 and no protests were received. On June 7, 2017 and June 9, 2017, RPM WSC and Edom WSC, respectively, signed the consent forms for the attached map and

---

<sup>1</sup> Edom WSC's application originally requested 252 acres, but this was amended to 199 acres in Edom's revised large scale map and digital data filed on April 7, 2017 (AIS item 41).

certificate. Staff therefore recommends the application be approved and the attached map and certificate be provided to Edom WSC and RPM WSC. Staff further recommends that Edom WSC file a copy of the CCN map along with a written description of the CCN service area in the respective county clerks' offices pursuant to Tex. Water Code § 13.257(r) and (s).

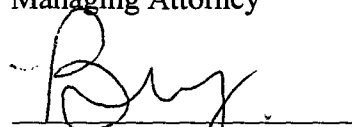
### **III. CONCLUSION**

Staff respectfully requests that the ALJ issue an order consistent with Staff's recommendation. Pursuant to the procedural schedule adopted in Order No. 13, parties will provide a joint proposed notice of approval by June 27, 2017.

**PUBLIC UTILITY COMMISSION OF  
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Katherine Lengieza Gross  
Managing Attorney

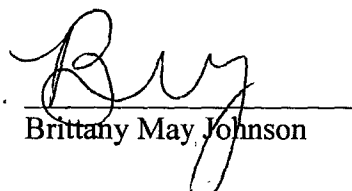


Brittany May Johnson  
Attorney-Legal Division  
State Bar No. 24097888  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7235  
(512) 936-7268 (facsimile)  
Brittany.Johnson@puc.texas.gov

**DOCKET NO. 45459**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on June 13, 2017 in accordance with 16 TAC § 22.74.



Brittany May Johnson

## PUC Interoffice Memorandum

---

**To:** Brittany Johnson, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Heidi Graham, Manager  
Water Utilities Division

**From:** Debbie Reyes Tamayo, Program Specialist  
Water Utilities Division

**Date:** June 12, 2017

**Subject:** Docket No. 45459: *Application of the Edom Water Supply Corporation to Amend its Water Certificate of Convenience Necessity in Henderson and Van Zandt Counties*

On December 21, 2015, Edom Water Supply Corporation (Edom WSC or Applicant), (Applicant) filed an application with the Public Utility Commission of Texas (Commission) to amend its water Certificate of Convenience and Necessity (CCN) No. 10747, decertify a portion of its CCN No. 10747 and decertify a portion of RPM WSC's CCN No. 10787 in Henderson and Van Zandt Counties, pursuant to Texas Water Code Ann. §§ 13.242-13.250 (TWC) and 16 Texas Admin. Code §§ 24.101-24.107 (TAC).

### **Notice**

The Applicant provided notice on August 25, 2016, and September 1, 2016, in the Chandler Brownsboro Statesman which is circulated in Henderson County and in the Van Zandt News on October 2, 2016, and October 9, 2016, which is circulated in Van Zandt County. Notice was provided to the neighboring systems, landowners and cities in Henderson County on August 23, 2016, and October 18, 2016, and in Van Zandt County on September 26, 2016. The comment period ended November 17, 2016. No protests, requests for hearing, or opt-outs were received.

### **Criteria Considered**

TWC § 13.246(c) requires the Commission to consider nine criteria when granting or amending a CCN. Therefore, the following criteria were considered:

***TWC § 13.246(c)(1) requires the commission to consider the adequacy of service currently provided to the requested area.***

The Applicant currently serves 1,443 connections and has a TCEQ approved public water supply (PWS ID No. 2340009), which currently provides service to the requested area. The PWS does not have any TCEQ violations and provides adequate capacity to meet the needs of the service area requested.

***TWC § 13.246(c)(2) requires the commission to consider the need for service in the requested area.***

The Applicant currently provides adequate service to the customers in the requested area.

***TWC § 13.246(c)(3) requires the commission to consider the effect of granting an amendment on the recipient and on any other retail public utility servicing the proximate area.***

The Applicant's requested area will be amended to include approximately 199 total acres to their CCN service area. A portion of RPM WSC's CCN service area will be decertified which is being amended to the Applicant's CCN service area.

***TWC § 13.246(c)(4) requires the commission to consider the ability of the Applicant to provide adequate service.***

The Applicant currently provides adequate service to the customers in the requested area via PWS ID No. 2340009.

***TWC § 13.246(c)(5) requires the commission to consider the feasibility of obtaining service from an adjacent retail public utility.***

The Applicant is currently providing service to the customers in the requested area therefore receiving service from other providers in the area was not considered.

***TWC § 13.246(c)(6) requires the commission to consider the financial ability of the Applicant to pay for facilities necessary to provide continuous and adequate service.***

#### **Financial Test**

In Staff's opinion, Edom WSC demonstrates adequate financial and managerial capability to provide service to the area subject to this application in addition to any area already served by the Applicant. These conclusions are based on information provided by the Applicant prior to this date and may not reflect any changes in the Applicant's status subsequent to this date.

In response to Commission Staff's first request for information (RFI), the Applicant provided audited financial statements for the years ended December 31, 2014 and 2015. The balance sheet as of December 31, 2015, indicated total unrestricted net assets of \$1.36 million and long term notes payable of \$336,984, which results in a debt to equity ratio of 0.25 to 1.00 (0.25:1). A ratio of less than one to one is preferred for analysis of financial/managerial capabilities because it demonstrates that Edom WSC has the leverage to borrow, if necessary, to pay for capital improvements. Therefore, Edom WSC satisfies the leverage test pursuant to 16 TAC § 24.11(e)(2).

Edom WSC provided projections with no operations and maintenance shortages and therefore also satisfies the operations test pursuant to 16 TAC § 24.11(e)(3). Based on the review of the application and information provided, the Applicant has demonstrated adequate financial and managerial capabilities to provide service to the area being requested.

***TWC §§ 13.246(7), (9) require the commission to consider the environmental integrity and the effect on the land to be included in the certificate.***

There will be no effect on the environmental integrity of the land since the Applicant is currently providing service in the requested area.

***TWC § 13.246(8) requires the commission to consider the probable improvement in service or lowering of cost to consumers.***

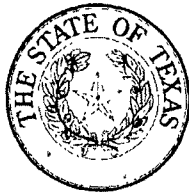
The Applicant is currently providing adequate service to the customers in the requested area. There will be no change in the cost or level of service for the consumers.

The Applicant meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations. The Applicant is capable of providing continuous and adequate service. Staff recommends approval of the application.

Revised consent forms were e-mailed on May 19, 2017. Edom WSC consented to the attached map and certificate on June 9, 2017 and RPM WSC consented on June 7, 2017.

Based on the above information, Staff recommends the Commission issue an order approving the application and provide the attached maps and certificates to the Applicant.

Staff also recommends the Applicant file a copy of each CCN map along with a written description of the CCN service area in the respective county clerks' offices pursuant to TWC § 13.257 (r), (s).



# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **Edom Water Supply Corporation**

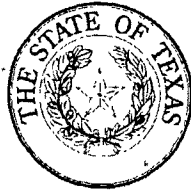
having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Edom Water Supply Corporation is entitled to this

### **Certificate of Convenience and Necessity No. 10747**

to provide continuous and adequate water utility service to that service area or those service areas in Henderson and Van Zandt Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 45459 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 the Edom Water Supply Corporation 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 \_\_\_\_\_ day of \_\_\_\_\_ 2017.





# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

**RPM Water Supply Corporation**

having obtained certification to provide water 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, RPM Water Supply Corporation is entitled to this

## **Certificate of Convenience and Necessity No. 10787**

to provide continuous and adequate water utility service to that service area or those service areas in Henderson, Smith, and Van Zandt Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 45459 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 the RPM Water Supply Corporation 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 \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Edom Water Supply Corporation




Water CCN No. 10747

PUC Docket No. 45459


Amended CCN No. 10747 and Decertified a Portion of RPM Water Supply Corporation, CCN No. 10787  
in Henderson and Van Zandt Counties



**Water CCN**

-  10747 - Edom WSC
-  10787 - RPM WSC
-  10749 - Ben Wheeler WSC

**Facilities Only Water CCN**

-  10747 - Edom WSC

0 1,500 3,000  
Feet

