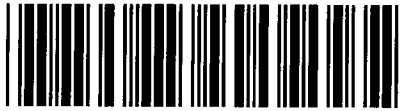




Control Number: 45510



Item Number: 29

Addendum StartPage: 0

**P.U.C. DOCKET NO. 45510
SOAH DOCKET NO. 473-17-0249.WS**

RECEIVED

2016 OCT -6 AM 10:12
PUBLIC UTILITY COMMISSION
FILING CLERK

**APPLICATION OF HOE WATER
SUPPLY CORPORATION AND
HARRIS COUNTY MUD NO. 480
FOR SALE, TRANSFER, OR
MERGER OF CERTIFICATE
RIGHTS IN HARRIS COUNTY**

§
§
§
§
§
§

PUBLIC UTILITY COMMISSION

OF TEXAS

COMMISSION STAFF'S LIST OF ISSUES

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this List of Issues.

I. Background

On January 11, 2016, HOE Water Supply Corporation (HOE WSC) and Harris County Municipal Utility District No. 480 (Harris County MUD) filed an application for approval of a sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Harris County, Texas (Application). HOE WSC seeks approval to transfer a portion of its water service area to Harris County MUD.

On September 20, 2016, the Commission issued an Order of Referral requiring the parties to a list of issues to be addressed in the docket by October 6, 2016. Therefore, this List of Issues is timely filed.

II. List of Issues

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

1. Has Harris County MUD demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to HOE WSC? Tex. Water Code § 13.301(b) (TWC); 16 Tex. Admin. Code § 24.109(b) (TAC).
 - a. If the purchaser has not demonstrated adequate financial capability, should the Commission require that it provide financial assurance to ensure continuous and adequate utility service is provided, consistent with TWC § 13.301(c) and 16 TAC § 24.109(c)?
 - b. If the Commission requires the purchaser to provide financial assurance, what amount of financial assurance should the Commission require?

2. Will approving the sale serve the public interest? TWC §§ 13.301(d) and (g); 16 TAC §§ 24.109(d) and (h).
 - a. Is Harris County MUD capable of rendering adequate and continuous service to every consumer within the certificated area, taking into account the factors under TWC § 13.246(c)? TWC § 13.251 and 16 TAC § 24.112.
 - i. Is the service currently provided in the area adequate? TWC § 13.246(c)(1).
 - ii. Is additional service needed in the requested area? Have any landowners, prospective landowners, tenants, or residents requested service? TWC § 13.246(c)(2).
 - iii. What is the effect of approving the proposed sale on Harris County MUD, on the landowners in the area, and on any retail public utility of the same kind already serving the proximate area? TWC § 13.246(c)(3).
 - iv. Taking into consideration the current and projected density and land use of the area, does the purchaser have the ability to provide adequate service to meet the standards of the Texas Commission on Environmental Quality (TCEQ)? TWC § 13.246(c)(4).
 - v. Is it feasible to obtain service from an adjacent retail public utility? TWC § 13.246(c)(5).
 - vi. Is Harris County MUD financially stable considering, if applicable, the adequacy of the debt-equity ratio of the purchaser if the proposed sale is approved? TWC § 13.246(c)(6).
 - vii. What is the effect of approving the sale on environmental integrity? TWC § 13.246(c)(7).
 - viii. What is the probable improvement of service or lowering of cost to consumers in that area resulting from approving the sale? TWC § 13.246(c)(8).
 - ix. What is the effect on the land to be included in the certificated area? TWC § 13.246(c)(9).
 - b. Have the conditions of any judicial decree, compliance agreement, or other enforcement order not been substantially met? 16 TAC § 24.112(c)(5)(B).

- c. What is the experience of Harris County MUD as a utility service provider? 16 TAC § 24.112(c)(5)(C).
 - d. Does Harris County MUD have a history of noncompliance with the requirements of the TCEQ, the Commission, or the Texas Department of State Health Services or continuing mismanagement or misuse of revenues as a utility service provider? TWC § 13.301(e)(3); 16 TAC § 24.112(c)(5)(D).
 - e. Does Harris County MUD have the financial ability to provide the necessary capital investment to ensure the provision of continuous and adequate service to the customers of the water system? TWC § 13.301(e)(4); 16 TAC § 24.112(c)(5)(E).
 - f. Has Harris County MUD failed to comply with any orders of the TCEQ or the Commission? 16 TAC § 24.109(e)(5)(A).
 - g. Was the water system partially or wholly constructed with customer contributions in aid of construction derived from specific surcharges provided by TWC § 13.301(j)? If so, has the notice required by TWC § 13.301(j) been provided?
 - h. Was the notice required by TWC § 13.301(k) provided?
3. Does HOE WSC currently retain any customer deposits? If so,
- a. What is the total amount of customer deposits retained;
 - b. Does HOE WSC have proper records to allow deposits and any unpaid interest to be returned; and
 - c. Will customer deposits be returned to customers or transferred to Harris County MUD?

III. Issues Not to be Addressed

Staff has not identified any issues not to be addressed.

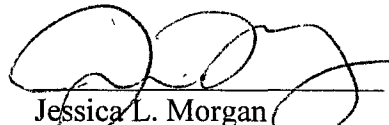
Dated: October 6, 2016

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

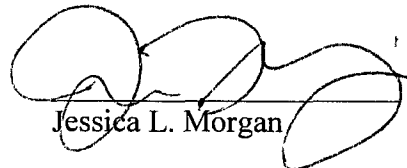
Karen S. Hubbard
Managing Attorney



Jessica L. Morgan
State Bar No. 24079023
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7229
(512) 936-7268 (facsimile)

**DOCKET NO. 45510
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on this October 6, 2016 in accordance with 16 TAC § 22.74.



Jessica L. Morgan