

Control Number: 46300



Item Number: 30

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PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF DAL-HIGH
WATER SUPPLY AND L&T WATER
WORKS FOR SALE, TRANSFER, OR
MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN
HENDERSON COUNTY

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PUBLIC UTILITY COMMISSION
OF TEXAS

COMMISSION STAFF'S LIST OF ISSUES

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

I. BACKGROUND

On February 1, 2017, this proceeding was referred to the State Office of Administrative Hearings. The Order of Referral required that Dal-High Water Supply (Dal-High) and L & T Water Works (L&T) shall, and Commission Staff and any other interested party may, file with the Commission a list of issues to be addressed in the docket by February 15, 2017. Accordingly, this list of issues is timely filed.

II. LIST OF ISSUES

Commission Staff has identified the following issues to be addressed:

1. What is the effective date of the proposed transaction?
2. Has L&T demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to it? Texas Water Code (TWC) § 13.301(b) and 16 Texas Administrative Code (TAC) § 24.109(g).
 - a. If L&T has not demonstrated adequate financial capability, should the Commission require that it provide a bond or other form of financial assurance? TWC § 13.301(c) and 16 TAC § 24.109(h).
 - b. If the Commission requires L&T to provide financial assurance, what form and amount of financial assurance should the Commission should require?
3. Will approving the proposed transaction serve the public interest? TWC §§ 13.301(d), (g) and 16 TAC § 24.109(i).

- a. Did L&T provide notice to the public? TWC § 13.301(a)(2) and 16 TAC §§ 24.109(a)-(f).
- b. Is L&T capable of rendering adequate and continuous service to every customer within the certificated area, taking into account the factors under TWC § 13.246(c) and 16 TAC § 24.109(j)(5)(B)-(I)? TWC § 13.251.
 - i. Is the service currently provided to the requested 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? If so, has the requested service been provided? TWC § 13.246(c)(2).
 - iii. What is the effect of approving the proposed sale on L&T, 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 L&T have the ability to provide adequate service and meet the Texas Commission on Environmental Quality's (TCEQ) standards? 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 L&T able to pay for facilities necessary to provide continuous and adequate service to the requested area? TWC § 13.246(c)(6).
 - vii. Is L&T financially stable considering, if applicable, the adequacy of its debt-equity ratio if the proposed transaction is approved? TWC § 13.246(c)(6).
 - viii. What is the effect, if any, of approving the sale on environmental integrity? TWC § 13.246(c)(7).
 - ix. What is the probable improvement of service or lowering of cost to consumers in the requested area resulting from approval of the proposed transaction? TWC § 13.246(c)(8).
 - x. What is the effect, if any, on the land to be included in the amended certificated area? TWC § 13.246(c)(9).

- c. What is the experience of L&T as a utility service provider? TWC § 13.301(b) and 16 TAC § 24.109(g).
 - d. Does L&T have a history of noncompliance with the requirements of the Commission, TCEQ, or the Texas Department of State Health Services or mismanagement or misuse of revenues as a utility service provider? TWC § 13.301(e)(3) and 16 TAC § 24.109(j)(3).
 - e. Have the conditions of any judicial decree, compliance agreement, or other enforcement order not been substantially met? 16 TAC § 24.109(j)(5)(A).
 - f. Has L&T failed to comply with any orders of the Commission? 16 TAC § 24.109(j)(5)(A).
 - g. Does L&T have the financial ability to provide the necessary capital investment to ensure the provision of continuous and adequate service to customers of the water system? TWC § 13.301(e)(4) and 16 TAC § 24.109(j)(4).
 - h. Is the proposed transaction a sale and was the water system partially or wholly constructed with customer contributions in aid of construction derived from specific surcharges, as identified in TWC § 13.301(j) and 16 TAC § 24.109(s)? If so, has the disclosure required by TWC § 13.301(j) and 16 TAC § 24.109(s) been provided?
4. Does Dal-High currently retain any customer deposits? 16 TAC § 24.109(m). If so, what is the total amount of customer deposits retained? Does Dal-High have proper records to allow deposits and any unpaid interest to be returned? Will customer deposits be returned to customers or transferred to L&T in accordance with 16 TAC § 24.109(m)(4)?
 5. Does the water system being purchased have any deficiencies or problems that need correction to be in compliance with the rules of the Commission or TCEQ? If so, what are those deficiencies or problems? How and when will those deficiencies or problems be corrected? Does L&T have access to adequate financial resources to timely correct those deficiencies and problems?
 6. What is the precise boundary of the service area that is the subject of the application?

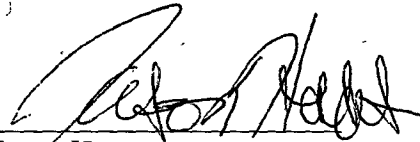
Dated: February 15, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
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 February 15, 2017 in accordance with 16 Tex. Admin. Code § 22.74.



Jason Haas