

Control Number: 46452



Item Number: 21

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PUC DOCKET NO. 46452
SOAH DOCKET NO. 473-17-2085.WS

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PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF ALTOGA WATER SUPPLY CORPORATION AND NORTH COLLIN SPECIAL UTILITY DISTRICT FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN COLLIN COUNTY	§ § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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COMMISSION STAFF'S LIST OF ISSUES

Comes now the staff (Staff) of the Public Utility Commission of Texas (Commission), and files this List of Issues. In support thereof, Staff would show the following:

I. Background

On January 11, 2017, the Commission issued an Order of Referral, requiring the applicants and allowing other parties to file a list of issues on or before January 25, 2017. Therefore, this pleading is timely filed.

II. List of Issues

Staff has identified the following issues in this proceeding:

1. What is the effective date of the proposed transaction?
2. Has the purchaser demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to the person? Texas Water Code (TWC) § 13.301(b) and 16 Texas Administrative Code (TAC) § 24.109(g).¹
 - 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(h)?
 - b. If the Commission requires the purchaser to provide financial assurance, what form and amount of financial assurance should the Commission should require?

¹ Citations are to the new 16 TAC § 24.109, relating to a proposed sale, transfer, merger, consolidation, acquisition, lease, or rental under Texas Water Code § 13.301, which became effective December 21, 2016.

3. Will approving the proposed transaction serve the public interest? TWC § 13.301(d), (g); 16 TAC § 24.109(i).
- a. Did the applicants provide notice to the public? TWC § 13.301(a)(2) and 16 TAC §§ 24.109(a)-(f).
 - b. Is the purchaser capable of rendering adequate and continuous service to every consumer 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 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? If so, has the requested service been provided? TWC § 13.246(c)(2).
 - iii. What is the effect of approving the proposed transaction on the purchaser, 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 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 the purchaser able to pay for facilities necessary to provide continuous and adequate service to the requested area? TWC § 13.246(c)(6).
 - vii. Is the purchaser financially stable considering, if applicable, the adequacy of the debt-equity ratio of the purchaser if the proposed transaction is approved? TWC § 13.246(c)(6).
 - viii. What is the effect, if any, of approving the transaction on environmental integrity? TWC § 13.246(c)(7).

- ix. What is the probable improvement of service or lowering of cost to consumers in that area resulting from approving the proposed transaction? TWC § 13.246(c)(8).
 - x. What is the effect. If any, on the land to be included in the certificated area? TWC § 13.246(c)(9).
- c. What is the experience of the purchaser as a utility service provider? TWC § 13.301(b) and 16 TAC § 24.109(g).
 - d. Does the purchaser 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 § 24.112(j)(5)(A).
 - f. Has the purchaser failed to comply with any orders of the Commission? 16 TAC § 24.109(j)(5)(A).
 - g. Does the purchaser 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 § 24.109(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 the seller currently retain any customer deposits? 16 TAC § 24.109(m). If so,
 - a. what is the total amount of customer deposits retained;
 - b. does the seller have proper records of to allow deposits and any unpaid interest to be returned; and

- c. will customer deposits be returned to customers or transferred to the purchaser 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 and the TCEQ? If so,
- a. what are those deficiencies or problems;
 - b. how and when will those deficiencies or problems be corrected; and
 - c. does the purchaser 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 purchaser's application?

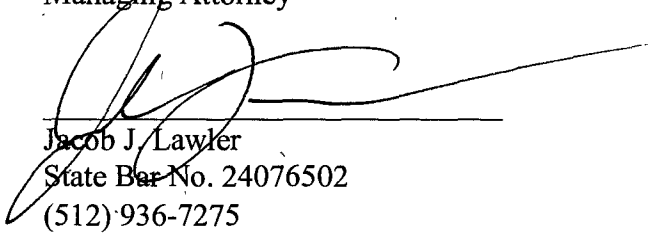
Date: January 25, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

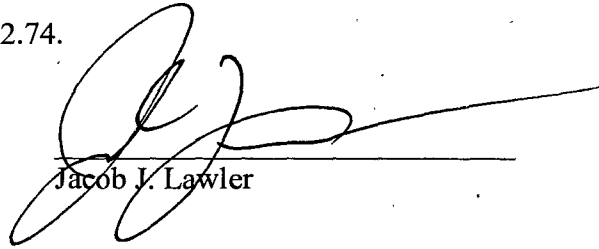
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on January 25, 2017 in accordance with 16 TAC § 22.74.



Jacob J. Lawler