



Control Number: 46835



Item Number: 26

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PUC DOCKET NO. 46835

APPLICATION OF THE CITY OF §  
PRINCETON TO AMEND ITS §  
CERTIFICATES OF CONVENIENCE §  
NECESSITY AND TO DECERTIFY A §  
PORTION OF ALTOGA WATER §  
SUPPLY CORPORATION'S WATER §  
SERVICE AREA IN COLLIN COUNTY §

BEFORE THE PUBLIC UTILITY

COMMISSION OF TEXAS

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PUBLIC UTILITY COMMISSION  
FILED CLERK

**CITY OF PRINCETON'S AMENDED CCN APPLICATION**

COMES NOW the City of Princeton, Texas ("City" or "Princeton") and files this Response to Order No. 7. The City would respectfully show as follows:

I. WATER CCN AMENDMENT

The City entered into a settlement agreement with Altoga Water Supply Corporation and North Collin Special Utility District. As a result of the agreement, the City hereby amends its water CCN application. The sewer CCN application is unchanged. The amended responses to the water CCN are as follows:

**QUESTION 2.D. (Page 4)**

Is any portion of the proposed service area inside another utility's CCN area? **Yes.**

If Yes, has the current CCN holder agreed to decertify the proposed area? **Yes. The City, Altoga Water Supply Corporation, and North Collin Special Utility District entered into a Settlement agreement whereby a portion of the Altoga Water Supply Corporation CCN would be certificated to Princeton by customer class. Princeton would be allowed to serve all new water customers in the CCN Acquisition Area who: (1) are located within the city limits of Princeton as now or hereafter existing; (2) request sanitary sewer service and are located in a subdivision containing lots less than one acre; or (3) request sanitary sewer service for property that contains or will contain uses allowed by Princeton's Comprehensive Zoning Ordinance for Non-Residential Zoning District or Special Purpose Zoning District, regardless of whether the property is within Princeton's corporate limits at the time sewer service is requested. A copy of the Agreement is attached hereto as Exhibit No. 1.**

**QUESTION 3. (Page 5)**

**A new water CCN map is attached hereto as Exhibit No. 2. A CD-ROM is attached which contains the digital data.**

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## II. CONCLUSION

The City provides this amendment in compliance with Order No. 7. The City prays that the Public Utility Commission grants the City's water CCN, as amended, and sewer CCN.

Respectfully submitted,

**Russell Rodriguez Hyde Bullock LLP**  
1633 Williams Drive, Building 2, Suite 200  
Georgetown, Texas 78628  
(512) 930-1317  
(866) 929-1641 (Fax)

\_\_\_\_\_/s/ Arturo D. Rodriguez, Jr.

ARTURO D. RODRIGUEZ, JR.  
State Bar No. 00791551

**ATTORNEY FOR THE CITY OF  
PRINCETON**

## CERTIFICATE OF SERVICE

I hereby certify that on this 18<sup>th</sup> day of October, 2017, a true and correct copy of the foregoing document has been sent via facsimile, first class mail, or hand-delivered to the following counsel of record:

***Via Electronic Mail & Facsimile***

Landon J. Lill  
Attorney – Legal Division  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
Austin, TX 78701  
(512) 936-7268 Fax  
landon.lill@puc.texas.gov

Anthony S. Corbett  
McLean & Howard, LLP  
901 South MoPac Expy, Suite 225  
Austin, TX 78746  
(512) 328-2409 Fax  
tcorbett@mcleanhowardlaw.com  
Representing North Collin SUD and Altoga WSC

/s/ Arturo D. Rodriguez, Jr.  
ARTURO D. RODRIGUEZ, JR.

## SETTLEMENT AGREEMENT TO RESOLVE WATER CCN DISPUTE

The parties to this Settlement Agreement to Resolve Water CCN Dispute ("Settlement Agreement") are North Collin Special Utility District ("North Collin"), Altoga Water Supply Corporation ("Altoga"), and the City of Princeton, Texas ("Princeton"), hereinafter individually referred to as a "Party" and collectively as the "Parties".

### SECTION 1

#### RECITALS

**1.01** North Collin is a political subdivision of the State of Texas created under the authority of Section 59, Article XVI, Texas Constitution, and operating pursuant to Chapters 49 and 65, Texas Water Code. North Collin holds Certificate of Convenience and Necessity ("CCN") No. 11035 by Order of the Texas Commission on Environmental Quality ("TCEQ"), or its predecessor agency, granting to North Collin the exclusive right to own and operate a retail public water utility system (a/k/a "water system") serving persons located inside a defined geographical service area in north-central Collin County. North Collin is a rural water system so North Collin does not possess a sewer CCN nor does it intend to provide sewer service in the future.

**1.02** Altoga is a nonprofit rural water supply corporation organized under Texas Water Code, Chapter 67, for the purposes stated in Water Code § 67.002. Altoga holds CCN No. 12580 issued by the TCEQ, or its predecessor agency, granting to Altoga the exclusive right to own and operate a retail public water utility system serving persons located inside a defined geographical service area in north-central Collin County (the "Altoga System"). Altoga's water service area is located immediately to the east of North Collin's service area. Altoga is a rural water system so Altoga does not possess a sewer CCN nor does it intend to provide sewer service in the future.

**1.03** Princeton is a Type-A general law municipal corporation organized and existing under the laws of the State of Texas and located wholly within Collin County, Texas. Princeton holds CCN No. 13195 to provide retail water utility service and CCN No. 21057 to provide retail sewer service to defined service areas covering Princeton's corporate limits and portions of its extra-territorial jurisdiction ("ETJ"). Princeton owns and operates a municipal water system and a municipal sewer system. Princeton's water service area is located immediately to the south of Altoga's water service area. Princeton's sewer service area covers approximately one-third of Altoga's water service area as shown on the map attached hereto as Exhibit "A" and incorporated herein by reference for all purposes.

**1.04** Altoga has entered into a contract to convey its water system and to transfer CCN No. 12580 to North Collin. To effect the transfers, on October 18, 2016, Altoga and North Collin filed an application with the Texas Public Utility Commission ("PUC") entitled, *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*; PUC Docket No. 46452 ("STM Application"). Princeton subsequently filed a request for public contested case hearing on the STM Application. On January 11, 2017, the PUC issued an order referring the STM Application to the State Office of

Administrative Hearings ("SOAH") where it was assigned SOAH Docket No. 473-17-2085.WS ("STM Proceeding"). Princeton filed a motion to intervene as a party to the STM Proceeding, which was granted on February 6, 2017.

**1.05** On February 6, 2017, Princeton filed an application with the PUC entitled, *Application of City of Princeton to Amend its Water and Sewer Certificates of Convenience and Necessity and to Decertify a Portion of Altoga Water Supply Corporation's Water Service Area in Collin County*; PUC Docket No. 46835 ("CCN Application"). The PUC has not declared the CCN Application to be administratively complete.

**1.06** The Parties acknowledge that the STM Proceeding and the CCN Application described above (collectively, the "PUC Proceedings") reflect bona fide disputes and controversies between the Parties. The PUC Proceedings concern identifying whether North Collin or Princeton will provide water service to different classes of new customers in a certain portion of Altoga's water service area that is also located in Princeton's ETJ.

**1.07** Altoga and North Collin are currently indebted to the United States Department of Agriculture/Rural Development (USDA/RD) under the Consolidated Farm and Rural Development Act of 1961, 7 U.S.C. §§ 1921, et seq., for water system improvement loans and have pledged water service revenue and water system facilities as security for the loans. Altoga and North Collin maintain that their state law right to provide water service within Altoga's certificated water service area may not be altered, curtailed or limited by any state court or administrative proceeding, because local and state law is preempted by 7 U.S.C. § 1926(b).

**1.08** Following the conveyance of Altoga's water system and CCN No. 12580 to North Collin, North Collin intends to continue operating as rural water system so long as there exists sufficient rural area and a rural customer base to maintain operational effectiveness, fiscal stability, and reasonable water rates. Princeton agrees that North Collin should continue to operate as a rural water system and potable water delivery entity inside Altoga's water service area after taking ownership and control of Altoga's water system.

**1.09** For the foreseeable future North Collin intends to operate Altoga's water system separate and apart from North Collin's water system, except for an emergency interconnection between the two water systems.

**1.10** Princeton is experiencing rapid development of single-family residential subdivisions within its ETJ and especially to the immediate south of Altoga's water service area. Princeton desires to provide both water and sewer service to certain single-family residential subdivisions located within its ETJ, including that portion of its ETJ that overlaps Altoga's water service area as shown on the map attached hereto as Exhibit "A" (the "CCN Acquisition Area"). North Collin and Altoga agree that Princeton should serve developments located in its ETJ that require sewer service, including within the CCN Acquisition Area.

**1.11** The Parties desire to avoid the annoyance, cost, delay, and uncertainty associated

with contested legal and administrative proceedings by settling all disputed water service matters between the Parties with regard to Altoga's water service area defined by CCN No. 12580. Therefore, in order to fully and finally compromise and settle all claims that have been or could have been asserted, and all applications regarding water and sewer service that have been submitted, in the PUC Proceedings - as well as all other matters in controversy between them - the Parties hereby enter into this Settlement Agreement.

## **SECTION 2**

### **TERMS OF AGREEMENT**

In full consideration of the mutual promises and agreements contained in this Settlement Agreement, including the Recitals set forth in Section 1 above, as well as the financial consideration to be paid by Princeton to North Collin for the acquisition of portions of the CCN Acquisition Area by Princeton under Section 2.04 below, if any, the Parties agree as follows:

**2.01 CCN Acquisition Area.** All territory located inside the CCN Acquisition Area will be geographically certificated to both North Collin and Princeton for single certification by customer class, as follows:

(a) North Collin's CCN will be amended to reflect that it will have the right and duty to serve, pursuant to its Rate Order, and to the exclusion of Princeton, all new retail water customers in the CCN Acquisition Area except those that: (i) are located within the city limits of Princeton as now or hereafter existing; (ii) request sanitary sewer service and are located in a subdivision containing lots of less than one acre; or (iii) request sanitary sewer service for property that contains or will contain uses allowed by Princeton's Comprehensive Zoning Ordinance for Non-Residential Zoning Districts or Special Zoning Districts, regardless of whether the property is within Princeton's corporate limits at the time sewer service is requested.

(b) Princeton's water CCN will be amended to reflect that it has the right and duty to serve, pursuant to its ordinances, and to the exclusion of North Collin, all new retail water customers in the CCN Acquisition Area who: (i) are located within the city limits of Princeton as now or hereafter existing; (ii) request sanitary sewer service and are located in a subdivision containing lots of less than one acre; or (iii) request sanitary sewer service for property that contains or will contain uses allowed by Princeton's Comprehensive Zoning Ordinance for Non-Residential Zoning Districts or Special Zoning Districts, regardless of whether the property is within Princeton's corporate limits at the time sewer service is requested.

(c) The territory presently located inside North Collin's CCN No. 11035 will remain singly certificated to North Collin and is not subject to being acquired by Princeton under this Settlement Agreement.

(d) The map designating the CCN Acquisition Area and attached to this Settlement Agreement as Exhibit "A" is incorporated herein by reference for all purposes.

**2.02 USDA Approval.** Any acquisition of territory, customers, or facilities located in the CCN Acquisition Area to Princeton must comply with applicable regulations of the USDA/RD, if any apply.

**2.03 PUC Proceedings; Amended CCNs.** Immediately upon approval of this Settlement Agreement by the Parties, the Parties will withdraw objections or opposition to the STM Application and CCN Application, if any, and Princeton will amend the pending CCN Application to request (i) PUC approval of this Settlement Agreement pursuant to Texas Water Code §§ 13.248 and 13.255, (ii) the issuance of amended CCNs consistent with the terms of this Settlement Agreement, and incorporation of the this Settlement Agreement into each Party's amended water CCN to reflect the CCN Acquisition Area and the customer classes that the Parties are entitled to serve within the CCN Acquisition Area. Princeton shall bear the costs to amend and prosecute the CCN Application before the PUC, and also the State Office of Administrative Hearings should another entity object to the application and be allowed to intervene. The Parties will take all acts necessary to expedite PUC approval of this Settlement Agreement together with the issuance of amended CCNs including, but not limited to, preparation of a proposed agreed final order for submission to the Commissioners for approval under Texas Water Code §§ 13.248 and 13.255, and preparation of maps, forms, or other necessary documents. The Parties expressly waive their rights to file a motion for reconsideration or rehearing of any order entered by the PUC in the PUC Proceedings consistent with this Settlement Agreement.

**2.04 Territory and Customer Acquisition.** From time-to-time Princeton will acquire territory located in the CCN Acquisition Area so Princeton may facilitate or regulate utility infrastructure for proposed commercial and residential developments that require sewer service. Princeton agrees to pay to North Collin a price of \$200.00 per acre for territory acquired by Princeton under this Section 2. Should the PUC grant expedited release of property located in the CCN Acquisition Area under Texas Water Code § 13.254, Princeton agrees that it remains obligated to pay the \$200 per acre CCN acquisition fee to North Collin provided the owner requests Princeton provide water service to the affected property. Princeton will pay to North Collin the foregoing amount for each acre and partial acre contained within a plat or tract within 10 days of (i) approving a final plat affecting land in the CCN Acquisition Area or (ii) entering into a water and sewer service agreement with the owner of a tract of land in the CCN Acquisition Area that is or will be put to commercial use and that does not require plat approval.

**2.05 Area Utility and Service Cooperation.**

(a) North Collin shall maintain the water supply and transmission system components of the Altoga System to preserve the Altoga System's integrity, subject to coordination with Princeton when necessary. In the event Princeton approves a development or subdivision having infrastructure that conflicts or interferes with existing waterlines of the Altoga System, Princeton agrees to either (i) relocate the affected



waterlines in a manner that maintains the Altoga System's continuing operations and water pressure, or (ii) to provide North Collin with additional connections to maintain the Altoga System's continuing operations and water pressure. The relocation of an affected waterline shall be at no cost to North Collin unless the affected waterline is located within the public right-of-way of a state highway or farm-to-market road maintained by the Texas Department of Highways and Public Transportation (TxDOT) and relocation is required to accommodate expansion or reconstruction of a state highway or farm-to-market road, in which case North Collin shall be responsible for the cost of relocation as provided for in the Texas Transportation Code and TxDOT regulations.

(b) In the event Princeton desires to acquire a large or vital waterline from the Altoga System as part of a CCN territory acquisition, Princeton shall work with North Collin to identify and implement an acceptable plan to maintain Altoga System operations and water pressure; under this circumstance, Princeton shall pay to North Collin (i) the cost for territory taken from the CCN Acquisition Area as provided for in Section 2.04(a) above, (ii) the cost of any customers acquired from North Collin as provided for in Section 2.04(b), and (iii) the cost to construct a replacement waterline with appurtenances.

#### **2.06 Construction/Waterline/Fire-flow Standards.**

(a) It is agreed by the Parties that North Collin will comply with Princeton subdivision regulations and public works construction standards/specifications for the construction of new waterlines and appurtenances and for the replacement of damaged waterlines and appurtenances located, or to be located, within the CCN Acquisition Area. After the PUC issues an order approving this Settlement Agreement, all new or replacement waterlines in the CCN Acquisition Area shall have a minimum diameter of six inches (6") unless Princeton agrees in writing to allow North Collin to install a smaller diameter waterline. It is the intent of Princeton that the 6" minimum diameter standard is for the purpose of insuring that adequate water volume and pressure is available in growth areas and to provide fire flows as transmission lines are upgraded. It is not the intent to prevent the extension of water service or improvement of water service to existing customers in rural areas of the CCN Acquisition Area that are not experiencing or are not anticipated to experience urban development activity. The Parties agree to meet periodically as needed to discuss development trends and line size issues.

(b) At the request of Princeton, North Collin agrees to cooperate with Princeton to prepare a projected waterline size map for the CCN Acquisition Area to delineate areas where waterline size is of significant concern.

(c) All water utility infrastructure to be constructed for new residential and commercial developments in the CCN Acquisition Area and designated for service by North Collin under the terms of this Settlement Agreement must comply with the fire-flow standards set forth in North Collin's duly adopted Rate Order.

**2.07 Effective Date.** This Settlement Agreement shall be effective on the date that this Settlement Agreement is executed by authorized representatives of the Parties hereto.

**SECTION 3**  
**ADDITIONAL TERMS OF AGREEMENT**

**3.01** This Settlement Agreement is solely for the benefit of the Parties hereto. There are no third party beneficiaries of this Settlement Agreement.

**3.02** This Settlement Agreement may be recorded in the real property records or official records of Collin County, Texas.

**3.03** Any reference to a state or federal administrative agency in this Settlement Agreement, such as the TCEQ or USDA/RD, includes the named agency's predecessor and successor agencies, if any.

**3.04** In executing this Settlement Agreement, the Parties acknowledge that they are not relying on any statement or representation of any other Party regarding the matters in dispute. Each of the Parties is relying on their own judgment and each is represented by attorneys in this matter.

**3.05** This Settlement Agreement is a compromise of doubtful and disputed claims. Nothing in this Settlement Agreement is an admission of liability by any of the Parties hereto, and nothing in this Settlement Agreement may be interpreted as an admission of liability. Each Party to this Settlement Agreement expressly denies liability to the other Parties to this Settlement Agreement.

**3.06** Without being forced to elect remedies, each Party is entitled to exercise all rights and remedies allowed in equity and under applicable law to enforce this Settlement Agreement. Notwithstanding the foregoing, the Parties expressly have the right to file an action or claim for injunctive relief and/or specific performance to enforce the terms of this Settlement Agreement.

**3.07** This Settlement Agreement is made in accordance with the laws of the State of Texas. The Parties agree that this Settlement Agreement is governed by, and will be construed and enforced in accordance with Texas law. Exclusive venue for any lawsuit related in any way to this Settlement Agreement is in Collin County, Texas; however, if the lawsuit involves the enforcement by the TCEQ or PUC of any obligations under the Parties' respective CCNs issued by the TCEQ or PUC, venue is in Travis County, Texas, to the extent required by law.

**3.08** This Settlement Agreement is binding on and inures to the benefit of the Parties and their respective administrators, legal representatives, officers, agents, employees, successors and assigns.

**3.09** This Settlement Agreement contains the entire agreement between the Parties and it supersedes any and all prior agreements, arrangements or understandings between the Parties

on all subjects in any way related to the transactions or occurrences described in the PUC Proceedings. No oral understandings, statements, promises or inducements contrary to or inconsistent with the terms of this Settlement Agreement exist. This Settlement Agreement is not subject to any oral modification, waiver, addition or deletion, and any modification, waiver, addition or deletion of any provision in this Settlement Agreement must be made in writing and signed by the Parties.

**3.10** For purposes of notice, the addresses, email addresses and fax numbers of the Parties are as follows:

**To North Collin and Altoga:**

North Collin SUD  
Attn: General Manager  
2333 Sam Rayburn Hwy.  
Melissa, Texas 75454  
Fax: (972) 837-2930  
Email: [aknight@northcollinsud.com](mailto:aknight@northcollinsud.com)

**with copy to:**

James W. Wilson  
Gay, McCall, Isaacks & Roberts, P.C.  
777 East 15th Street  
Plano, Texas 75074  
Email: [jwilson@gmigr.com](mailto:jwilson@gmigr.com)

**To Princeton:**

City of Princeton  
Attn: City Manager  
123 West Princeton Drive  
Princeton, TX 75407  
Fax: (972) 734-2548  
Email: [dborg@princetontx.us](mailto:dborg@princetontx.us)

**with copy to:**

Arturo D. Rodriguez, Jr.  
1633 Williams Drive, Suite 200  
Georgetown, Texas 787628  
Email: [arodriguez@txadminlaw.com](mailto:arodriguez@txadminlaw.com)

For purposes of notice under this Settlement Agreement, any Party that desires to change its address, email address or fax number must give the other Parties at least seven (7) days prior notice of the change. All notices given pursuant to this Settlement Agreement must be in writing.

**3.11** This Settlement Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes.

**3.12** This Settlement Agreement has been prepared and drafted by the joint efforts of the respective attorneys for each Party and thus shall be construed equally against all Parties.

**3.13** If, after the date of its approval by the PUC or USDA/RD, any provision of this Settlement Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Settlement Agreement, such provision(s) shall be fully severable.

**3.14** The Parties agree to cooperate fully and to execute any and all supplementary documents and to take all additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Settlement Agreement.

**3.15** The failure of any Party to enforce at any time any provision of this Settlement Agreement shall not be construed to be a waiver of such provision, or to affect the validity of this Settlement Agreement or any part thereof, or to affect any right of any of the Parties to enforce its provisions. No waiver of any breach of this Settlement Agreement shall be held to constitute a waiver of any other breach.


**3.16** This Settlement Agreement must be approved by the Princeton City Council and by the Boards of Directors of North Collin and Altoga to become effective, which approval shall be expressly affirmed upon execution of this Settlement Agreement by the respective Mayor and Board Presidents of said Parties.

**3.17** The attached Exhibit "A" is incorporated herein by reference for all purposes.

*[SIGNATURE PAGES TO FOLLOW.]*

APPROVED AND AGREED TO on the 29<sup>th</sup> day of August, 2017, by:

NORTH COLLIN SPECIAL UTILITY DISTRICT, a  
Texas political subdivision


By:   
Duke Monson, President

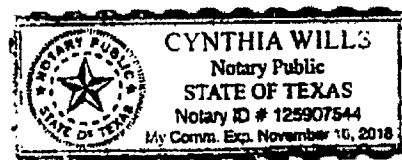
#### ACKNOWLEDGMENT

STATE OF TEXAS     §  
                                   §  
COUNTY OF COLLIN   §

Before me, the undersigned notary public, on this day personally appeared Duke Monson, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act of North Collin Special Utility District, a Texas political subdivision, as President of its Board of Directors, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 29 day of August, 2017.

  
Notary Public, State of Texas



APPROVED AND AGREED TO on the 29 day of August, 2017, by:

ALTOGA WATER SUPPLY CORPORATION, a  
Texas nonprofit corporation

By: Billy Boone  
Billy Boone, President

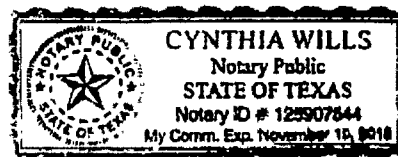
ACKNOWLEDGMENT

STATE OF TEXAS     §  
                                  §  
COUNTY OF COLLIN   §

Before me, the undersigned notary public, on this day personally appeared Billy Boone, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act of Altoga Water Supply Corporation, a Texas nonprofit corporation, as President of its Board of Directors, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 29 day of August, 2017.

Cynthia A. Wills  
Notary Public, State of Texas



APPROVED AND AGREED TO on the 23 day of August, 2017, by:

CITY OF PRINCETON, TEXAS, a Texas  
municipal corporation

By: [Signature]  
John-Mark Caldwell, Mayor

ACKNOWLEDGMENT

STATE OF TEXAS     §  
                                  §  
COUNTY OF COLLIN §

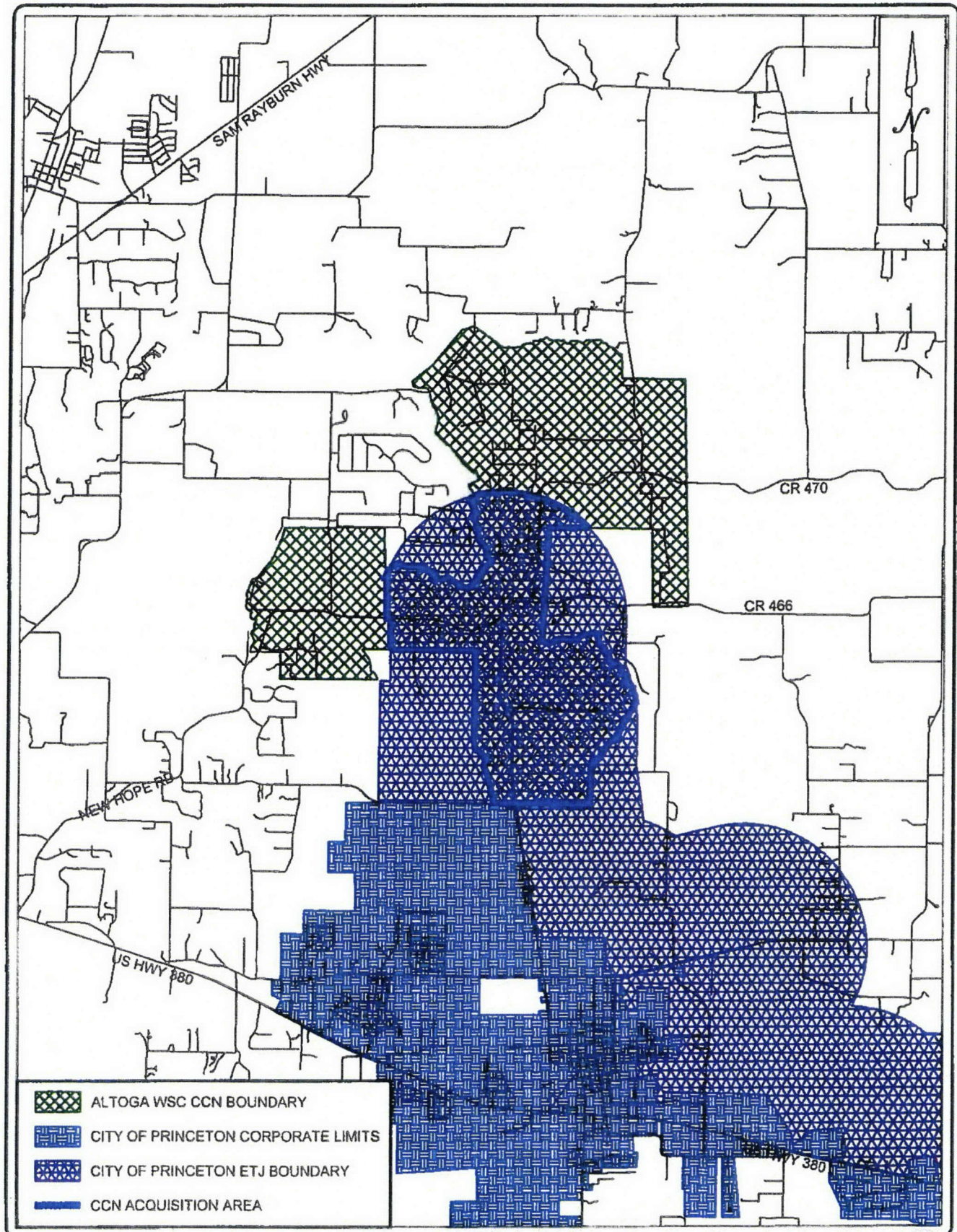
Before me, the undersigned notary public, on this day personally appeared John-Mark Caldwell, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act of the City of Princeton, Texas, a Texas municipal corporation, as its Mayor, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 23 day of August, 2017.

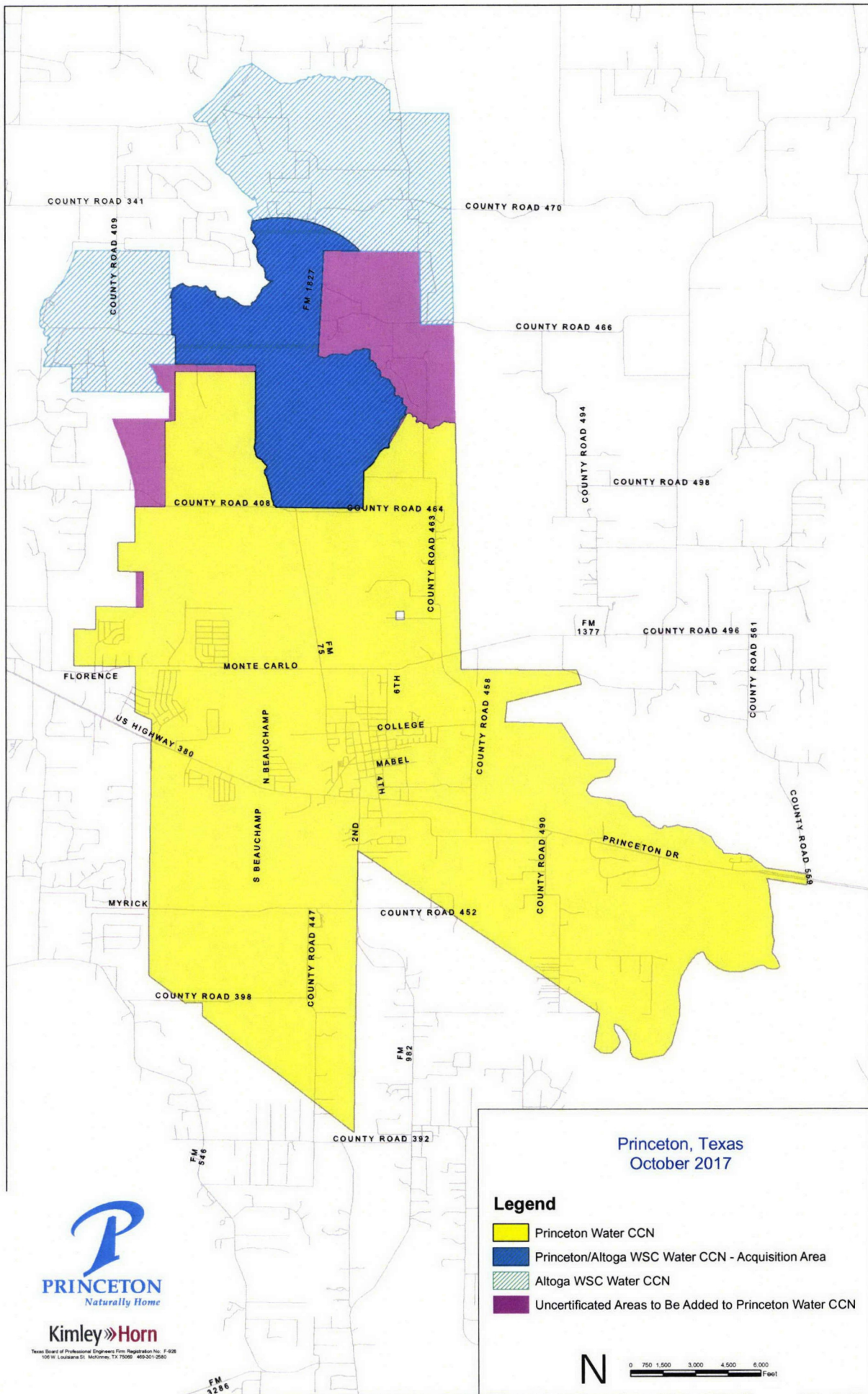


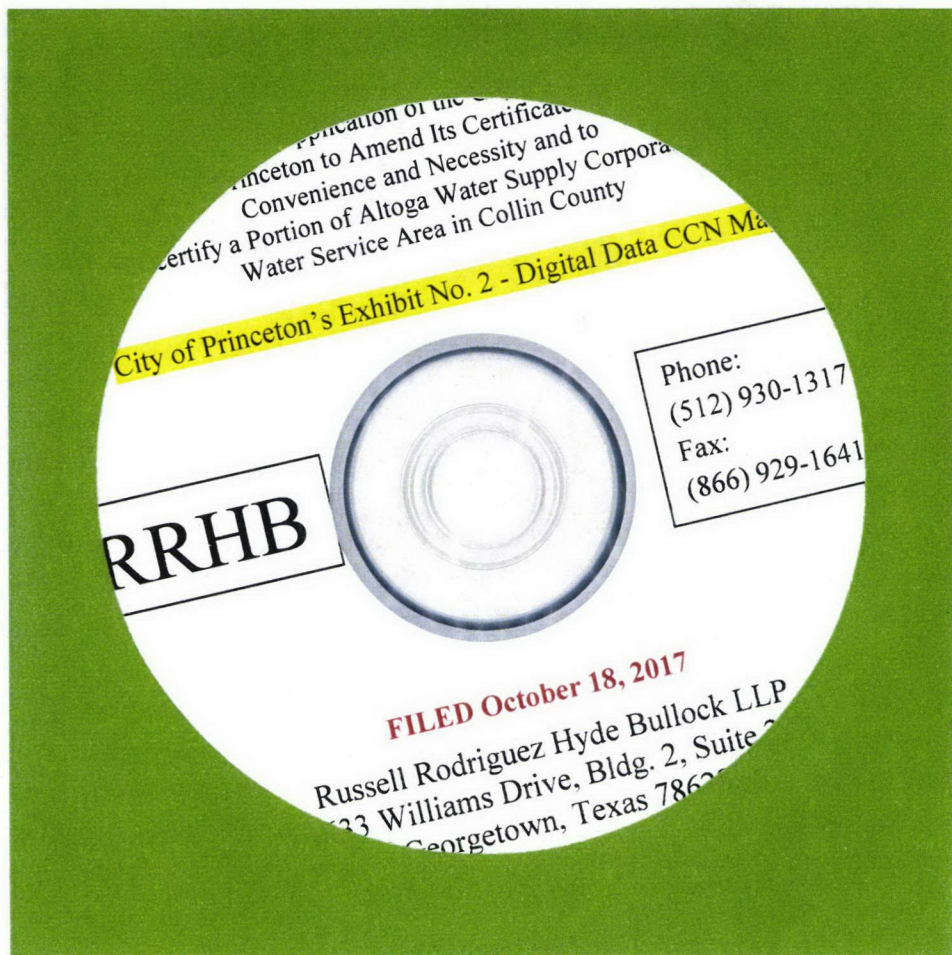
[Signature]  
Notary Public, State of Texas











Docket No. 46835

Exhibit No. 2

CD-ROM containing Digital Data

New Water CCN Map