

Control Number: 46986



Item Number: 20

Addendum StartPage: 0

DOCKET NO. 46986

RECEIVED

APPLICATION OF LIL
COUNTRYSIDE WSC TO OBTAIN A
WATER CERTIFICATE OF
CONVENIENCE AND NECESSITY
IN HUNT COUNTY

§
§
§
§
§

PUBLIC UTILITY COMMISSION

2017 NOV -3 PM 1:06
PUBLIC UTILITY COMMISSION
OF TEXAS FILING CLERK

COMMISSION STAFF'S FINAL RECOMMENDATION

COMES NOW the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Final Recommendation in response to Order No. 6 and would show the following:

I. BACKGROUND

On March 23, 2017, Lil Countryside WSC (Lil Countryside) filed an application to obtain a new water certificate of convenience and necessity (CCN). Lil Countryside seeks this CCN to operate a system that has been abandoned.

On October 2, 2017, Order No. 6 was issued, deeming Lil Countryside's notice sufficient and establishing a deadline of November 3, 2017, for Staff to file a final recommendation on Lil Countryside's application. This pleading is therefore timely filed.

II. RECOMMENDATION

As detailed in the attached memorandum from Andrew Novak and Patricia Garcia in the Commission's Water Utility Regulation Division, Staff has reviewed the application and all supplemental information that has been provided. Staff recommends that the application be approved. As detailed in the attached memorandum, Staff's review indicates that Lil Countryside meets the applicable financial, managerial, and technical requirements of Chapter 13 of the Texas Water Code and Title 16, Chapter 24 of the Texas Administrative Code and is therefore capable of providing continuous and adequate service. Staff's review also indicates that approval of Lil Countryside's application is necessary for the service, accommodation, convenience, and safety of the public. Staff therefore recommends that the application be approved.

III. CONCLUSION

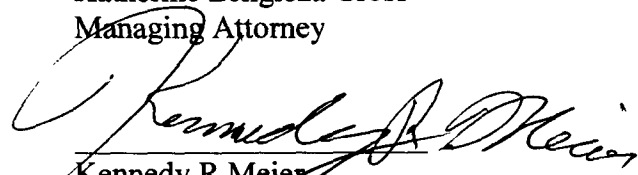
For the reasons detailed above, Staff recommends that the application be approved. Joint proposed findings of fact, conclusions of law, and ordering paragraphs will be filed in accordance with the procedural schedule established in Order No. 6.

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

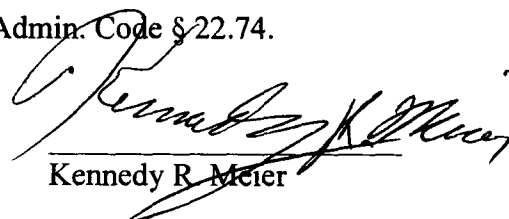


Kennedy R Meier
State Bar No. 24092819
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7265
(512) 936-7268 (facsimile)
kennedy.meier@puc.texas.gov

DOCKET NO. 46986

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 3rd of November, 2017 in accordance with 16 Tex. Admin. Code § 22.74.



Kennedy R. Meier

PUC Interoffice Memorandum

To: Kennedy Meier, Attorney
Legal Division

Thru: Tammy Benter, Director
Lisa Fuentes, Manager
Debi Loockerman, Manager
Water Utility Regulation Division

From: Andrew Novak, Financial Analyst
Patricia Garcia, Engineering Specialist
Water Utility Regulation Division

Date: November 3, 2017

Subject: **Docket No. 46986:** *Application of the Lil Countryside WSC to obtain a Water Certificate of Convenience and Necessity in Hunt County*

On March 23, 2017, Lil Countryside WSC (Applicant) filed with the Public Utility Commission of Texas (Commission) an application to obtain a water Certificate of Convenience and Necessity (CCN) in Hunt County, Texas pursuant to Texas Water Code Ann. (TWC), §§ 13.242 to 13.250 and 16 Tex. Admin Code (TAC) §§ 24.101 to 24.107. The requested area includes approximately 573 acres and 15 current customers.

Proper notice was provided on June 6, 2017, to current customers, neighboring systems, and cities in Hunt County in accordance with 16 TAC § 24.106. The requirement for published notice was waived by the Commission. Affidavits of notice were received by the Commission on June 8, 2017, and September 19, 2017. The comment period ended July 6, 2017.

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. No additional construction is necessary for the Applicant to serve the requested area. The Applicant currently has an approved public water system (PWS), registered under PWS ID 1160097. The PWS is maintained by a TCEQ licensed operator. The Applicant does not have any unresolved major violations with the TCEQ. The existing PWS has access to an adequate supply of water and the water system facilities have the capacity to serve the requested area. Therefore, Staff believes adequate service is currently provided in the requested area.

TWC § 13.246(c)(2) requires the Commission to consider the need for service in the requested area. A temporary manager currently provides service to the customers in the requested area. The Applicant will provide service to those customers should this application be approved.

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 area is currently receiving service through a temporary manager; therefore, other service providers in the area were not considered.

TWC § 13.246(c)(4) requires the Commission to consider the ability of the Applicant to provide adequate service. A temporary manager is currently providing adequate service to the customers in the requested area under PWS ID No. 1160097.

TWC § 13.246(c)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. The area is currently receiving service provided from an on-site well and distribution system operated by a temporary manager; therefore, other service providers in the area were 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. 16 TAC § 24.11 establishes criteria to demonstrate that an owner or operator of a retail public utility has the financial resources to operate and manage the retail public utility and to provide continuous and adequate service to the current and requested utility service areas.

The system being transferred is a “nonfunctioning utility” which was abandoned and has been operated by an appointed receiver for several years. The customers have formed a water supply corporation, the Applicant, in order to set rates and operate the system under a non-profit member owned, member controlled situation. Pursuant to 16 TAC § 24.11(e)(6), the Commission may consider other information to determine if the proposed certificate holder has the capability of meeting the leverage and operations tests. While the Applicant would not normally pass the financial test with the financial information submitted in the application, the Applicant obtains the ability to set and charge rates through approval of this application. In Staff’s opinion, the issuance of the CCN to a local, member-owned, member-controlled WSC significantly improves the situation by empowering the members to set and approve their own rates, which provides the Applicant with the financial ability to provide continuous and adequate service. Furthermore, the ability to apply for grants and low interest loans is enhanced by the type of entity to which the CCN would be issued. Therefore, Staff recommends that the Commission find, in this particular case, that the Applicant has the financial and managerial capability to provide continuous and adequate service and that the leverage and operations tests are met because of the ability to set rates to cover necessary costs and the fact that Applicant has no long-term debt outstanding. Furthermore, the issuance of the CCN will cause the utility to move out of the “nonfunctioning” category, which is in the public interest.

Once the Applicant has been granted a CCN, the Applicant will then be able to charge rates in order to collect the revenue necessary to operate and manage the system. No additional construction is necessary for the Applicant to serve the requested area, however, the Applicant is seeking funding from the Texas Water Development Board for future capital improvements.

TWC §§ 13.246(c)(7) and (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 service is currently being provided in the requested area.

TWC § 13.246(c)(8) requires the Commission to consider the probable improvement in service or lowering of cost to consumers. This system was in receivership from 2004 to 2016. Service is currently being provided to the customers in the requested area through a temporary manager. The temporary manager has been in place since July 2016. As a water supply corporation, the member ownership and member control of the retail public utility will ensure that continuous and adequate service is provided.

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

The Applicant consented to the attached map and certificate on October 27, 2017.

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

Staff also recommends the Applicant file a copy of the CCN map along with a written description of the CCN service area with the county.



Public Utility Commission of Texas

By These Presents Be It Known To All That

Lil Countryside WSC

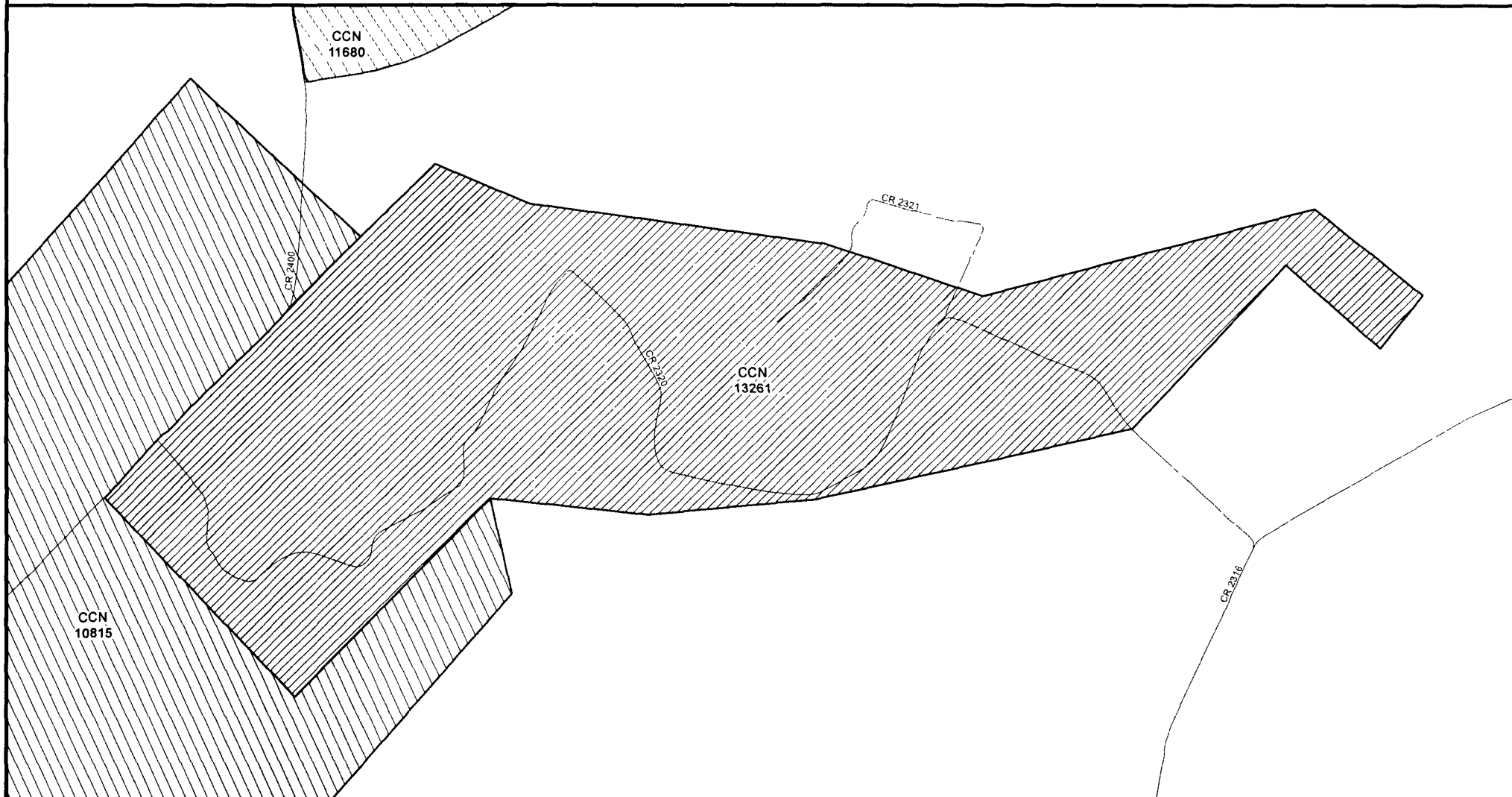
having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Lil Countryside WSC is entitled to this

Certificate of Convenience and Necessity No. 13261

to provide continuous and adequate water utility service to that service area or those service areas in Hunt County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 46986 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Lil Countryside WSC, 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, the _____ day of _____ 2017.

Lil Countryside WSC
Water CCN No. 13261
PUC Docket No. 46986
Obtained New CCN in Hunt County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN

-  13261 - Lil Countryside WSC
-  10815 - Poetry WSC
-  11680 - Whispering Oaks Water Coop

0 450 900
Feet



Map by: Komal Patel
Date created: September 1, 2017
Project Path: n\finalmapping\46986LilCountrysideWSC.mxd