



Control Number: 47229



Item Number: 33

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<p>APPLICATION OF CITY OF AUSTIN TO AMEND A WATER CERTIFICATE OF CONVENIENCE AND NECESSITY AND TO DECERTIFY SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 4 IN HAYS COUNTY</p>	<p>§ § § § § § §</p>	<p>PUBLIC UTILITY COMMISSION OF TEXAS 2018 AUG 9 AM 11:29 FILING CLERK</p>
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COMMISSION STAFF'S RECOMMENDATION ON FINAL DISPOSITION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Commission Staff's Recommendation on Final Disposition and would show the following:

I. BACKGROUND

On May 31, 2017, the City of Austin filed an application to amend its water certificate of convenience and necessity (CCN) No. 11322 and Sunfield MUD No. 4's CCN No. 13116 in Hays County. Sunfield MUD No. 4 is in a portion of CCN No. 13116 and seeks to be decertified and transferred to the City of Austin's CCN No. 11322. The total area being requested includes approximately 575 acres and includes 0 current customers.

On May 15, 2018, the administrative law judge (ALJ) issued Order No. 9, deeming notice sufficient, and requiring Staff to file a final recommendation on the application by August 10, 2018. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON FINAL DISPOSITION

As detailed in the attached memorandum from Debbie Reyes in the Commission's Water Utility Regulation Division, Staff has reviewed the application and recommends that it be approved.

III. CONCLUSION

Staff respectfully requests that the ALJ issue an order consistent with the above recommendation.

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

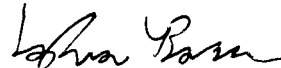
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on August 3, 2018 in accordance with 16 TAC § 22.74.



Joshua Adam Barron

PUC Interoffice Memorandum

To: Joshua Barron, Attorney
Legal Division

Thru: Tammy Benter, Director
Heidi Graham, Manager
Water Utility Regulation Division

From: Debbie Reyes, Program Specialist
Water Utility Regulation Division

Date: August 2, 2018

Subject: **Docket No. 47229:** *Application of City of Austin to Amend a Water Certificate of Convenience and Necessity and to Decertify Sunfield Municipal Utility District No. 4 in Hays County*

On May 31, 2017, the City of Austin (City) filed with the Public Utility Commission of Texas (Commission) an application to amend their water Certificate of Convenience and Necessity (CCN) No. 11322 and to decertify a portion of Sunfield Municipal Utility District (MUD) No. 4's CCN No. 13116, in Hays and Travis Counties. This application is being reviewed pursuant to Texas Water Code (TWC), §§ 13.242 to 13.250 and 16 Tex. Admin. Code (TAC) §§ 24.101 to 24.107.

Background

The requested area is a portion of Sunfield MUD No. 4's CCN which contains approximately 575 acres and 0 current customers. The requested area comprises a portion of Sunfield MUD No. 4.

Notice

The comment period ended May 21, 2018, and no protests or opt-out requests were received.

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.

There is currently no service provided to the requested area.

TWC § 13.246(c)(2) requires the commission to consider the need for service in the requested area.

There is a need for service because the City has an agreement with Sunfield MUD No. 4 to provide retail water service to the requested area.

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.

There will be no effect on any retail public utility servicing the proximate area because the City has an agreement with Sunfield MUD No. 4 to provide retail water service to the requested area.

TWC § 13.246(c)(4) requires the commission to consider the ability of the Applicant to provide

adequate service.

The City has a public water system (PWS) registered by TCEQ under PWS ID No. 2270001. The City filed a letter stating that it has sufficient capacity to serve the requested area. In addition no plans are required to be submitted to the Texas Commission on Environmental Quality (TCEQ) because the distribution system for the proposed area will not exceed 10% of the City's existing capacity. The City's public water system has no active violations.

TWC § 13.246(c)(5) requires the commission to consider the feasibility of obtaining service from an adjacent retail public utility.

The City has an agreement with Sunfield MUD No. 4 to provide retail water service to the requested area, therefore, this criterion was 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 utility and to provide continuous and adequate service to the current and proposed utility service area. 16 TAC § 24.11(e) lists the financial tests. The applicant must meet one of the leverage tests and the operations test. Staff notes that the following discussion shows that the Applicant does meet the required criteria:

1. 16 TAC § 24.11(e)(2)(A) states the owner or operator must have a debt service coverage ratio of 1.25 or greater, using net operating income and the current portion of long term debt.
 - a. Net Operating Income 2016= \$325,514,000
 - b. Yearly debt service= \$103,078,000
 - c. Ratio = $\$325,514,000 / \$103,078,000 = 3.16$
2. 16 TAC § 24.11(e)(3) refers to the operations test. This states that the owner or operator must demonstrate that sufficient cash is available to cover any projected operations and maintenance shortages in the first five years of operations. The Applicant projects no shortages in operations, and possesses sufficient cash and liquid assets to cover any potential shortages due to this transaction in the future.

Based on the above discussion, the City possesses adequate financial and managerial ability to provide continuous and adequate service.

TWC §§ 13.246(7) and (9) require the commission to consider the environmental integrity and the effect on the land to be included in the certificate.

The environmental integrity of the land will be minimally affected because additional construction is needed to provide service to the requested area.

TWC § 13.246(8) requires the commission to consider the probable improvement in service or lowering of cost to consumers.

There is currently no service provided to the requested area.

Staff recommends that the Applicant meets all of the statutory requirements of TWC Chapter 13 and the Commission's Chapter 24 rules and regulations, is capable of providing continuous and adequate service. Approving this application to amend the City's water CCN No. 11322 and to decertify a portion of Sunfield MUD No. 4's CCN No. 13116, in Hays and Travis Counties is necessary for the service, accommodation, convenience and safety of the public.

The Applicants consented to the map and certificates on August 1, 2018.

Recommendation

Based on the above information, Staff recommends the Commission approve the application, issue an order and provide the attached map(s), and certificate(s) to the City and Sunfield MUD No. 4. Staff further recommends that the Applicant file certified copies of the CCN map along with a written description of the CCN service area in the county clerk's office pursuant to TWC §§ 13.257 (r)-(s).



Public Utility Commission of Texas

By These Presents Be It Known To All That

City of Austin

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, City of Austin, is entitled to this

Certificate of Convenience and Necessity No. 11322

to provide continuous and adequate water utility service to that service area or those service areas in Bastrop, Hays, Travis and Williamson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47229 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Austin, 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, this _____ day of _____ 2018.



Public Utility Commission of Texas

By These Presents Be It Known To All That

Sunfield Municipal Utility District No. 4

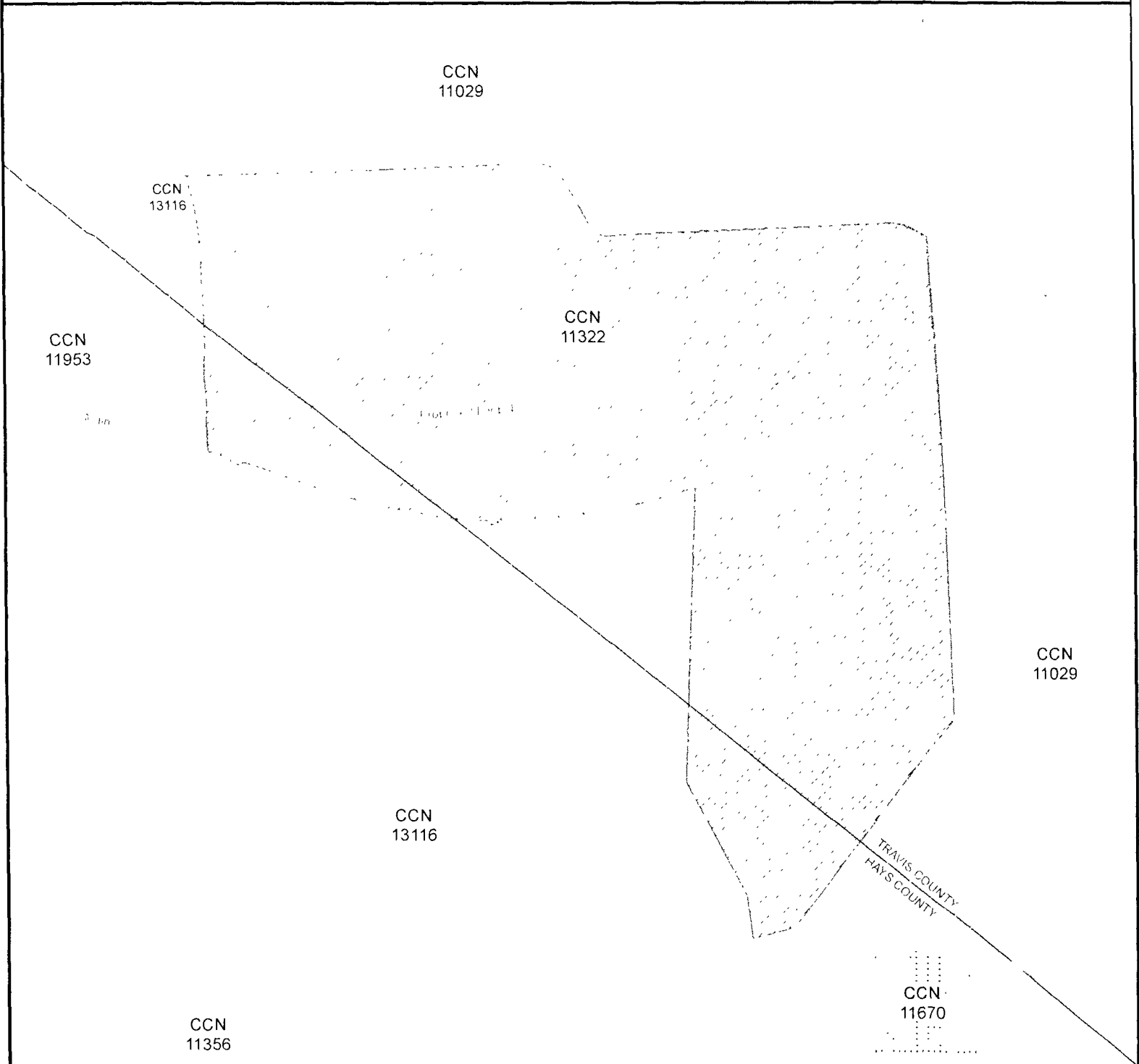
having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Sun Field MUD No. 4, is entitled to this

Certificate of Convenience and Necessity No. 13116




to provide continuous and adequate water utility service to that service area or those service areas in Hays and Travis Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47229 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Sunfield Municipal Utility District No. 4, 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, this _____ day of _____ 2018.

City of Austin
 Portion of Water CCN No.11322
 PUC Docket No. 47229
 Amended CCN No. 11322 and
 Decertified a Portion of Sunfield MUD No. 4, CCN No. 13116 in Hays and Travis Counties



Water CCN

-  11322 - City of Austin
-  13116 - Sunfield MUD No. 4
-  11029 - Creedmoor Maha WSC

-  11670 - Lower Colordao RA
-  11356 - Goforth SUD
-  11953 - City of Buda

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