



Control Number: 47268



Item Number: 18

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DOCKET NO. 47268

RECEIVED

APPLICATION OF RPM WATER §
SUPPLY CORPORATION TO AMEND A §
WATER CERTIFICATE OF §
CONVENIENCE AND NECESSITY IN §
VAN ZANDT COUNTY §

2018 FEB 21 AM 10:02
PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

COMMISSION STAFF'S FINAL RECOMMENDATION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Final Recommendation. In support thereof, Staff shows the following:

I. BACKGROUND

On June 7, 2017, RPM Water Supply Corporation (RPM WSC) filed an application to amend water Certificate of Convenience and Necessity (CCN) Number 10787 in Van Zandt County. The total new service area being requested includes approximately 22 acres and 11 current customers. In Order No. 4, issued October 27, 2017, Staff was ordered to file a final recommendation on the application by February 21, 2018. This pleading is therefore timely filed.

II. RECOMMENDATION

Staff has reviewed the application and recommends that this application for a CCN amendment be approved. As supported by Attachment A to this pleading, the memorandum of Debbie Reyes Tamayo of the Water Utility Regulation Division, Staff recommends that the application be found to comply with the criteria outlined for CCN amendments in the Texas Water Code §§ 13.241-250 (TWC) and 16 Tex. Admin Code §§ 24.101-107. The final water map and certificate (Attachment B) were consented by RPM WSC and the consent form was filed with the Commission on January 31, 2018. Staff further recommends that RPM WSC file certified copies of the CCN map along with a written description of the CCN service area in the county clerk's office of Van Zandt County, pursuant to TWC §§ 13.257 (r)-(s).

III. CONCLUSION

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

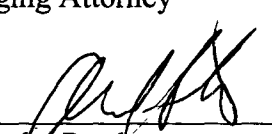
Dated: February 21, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

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**DOCKET NO. 47268
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record February 21, 2018, in accordance with 16 Texas Admin. Code § 22.74.



Alexander Petak

ATTACHMENT A

PUC Interoffice Memorandum

To: Alexander Petak, Attorney
Legal Division

Thru: Lisa Fuentes, Manager
Water Utility Regulation Division

From: Debbie Reyes Tamayo, Program Specialist
Water Utility Regulation Division

Date: February 1, 2018

Docket No. 47268: *Application of RPM Water Supply Corporation to Amend a Water Certificate of Convenience and Necessity in Van Zandt County*

On June 7, 2017, RPM Water Supply Corporation (Applicant or RPM WSC) filed an application to amend its water Certificate of Convenience and Necessity (CCN) No. 10787 in Van Zandt County. The application is being reviewed pursuant to Texas Water Code Ann. §§ 13.242 to 13.250 (West 2008) (TWC) and the 16 Tex. Admin Code §§ 24.101 to 24.107 (TAC).

The requested area includes approximately 22 acres and 11 current customers.

The comment period ended October 14, 2017, 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. The Applicant is currently serving all affected customers.

TWC § 13.246(c)(2) requires the commission to consider the need for service in the requested area. The Applicant is currently serving in the requested area; therefore, there is a need for service.

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 are no other water providers in the requested area; therefore, the effect on other retail public utilities was not considered.

TWC § 13.246(c)(4) requires the commission to consider the ability of the Applicant to provide adequate service. The Applicant has a Texas Commission on Environmental Quality approved public water system, PWS ID No. 2340016. The PWS has no current drinking water violations and is in compliance with TCEQ rules. Per TCEQ rules, the Applicant is required to currently employ a minimum of one "Class C" water operator at the facility. The Applicant currently employs two "Class C" operators.

TWC § 13.246(c)(5) requires the commission to consider the feasibility of obtaining service from an adjacent retail public utility. There are no other water providers in the requested area.

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.

The Applicant provided audited financial statements for the year ended December 31, 2016 with an opinion from Acker & Company, Certified Public Accountants, P.C. The unqualified auditor's opinion reflects well on the Applicant with regard to accounting, reporting, and internal controls, which are essential to good management practices.

Financial Test

TWC § 13.246(c)(6) requires the PUC to consider the financial ability of the applicant to pay for facilities necessary to provide continuous and adequate service and the financial stability of the applicant.

The requirements for the financial test to meet financial assurance are described in 16 TAC § 24.11(e) and include the requirement that the applicant meet one or more of several leverage tests and an operations test. The Applicant has a debt service coverage ratio of 3.72. A ratio of more than 1.25 is preferred because it demonstrates that the Applicant can pay its annual debt service obligation, plus a cushion. Therefore, the Applicant meets the leverage test requirement.

The operations test requires that the owner or operator must demonstrate sufficient cash is available to cover any projected operations and maintenance shortages in the first five years of operations. The Applicant is already serving the additional customers, and does not project any net losses in the first five years after the transfer. The Applicant also does not show any net losses for the year ending December 31, 2016. Therefore, the Applicant meets the operations test requirement.

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 not be effected for the requested area because construction is not necessary to serve the requested area.

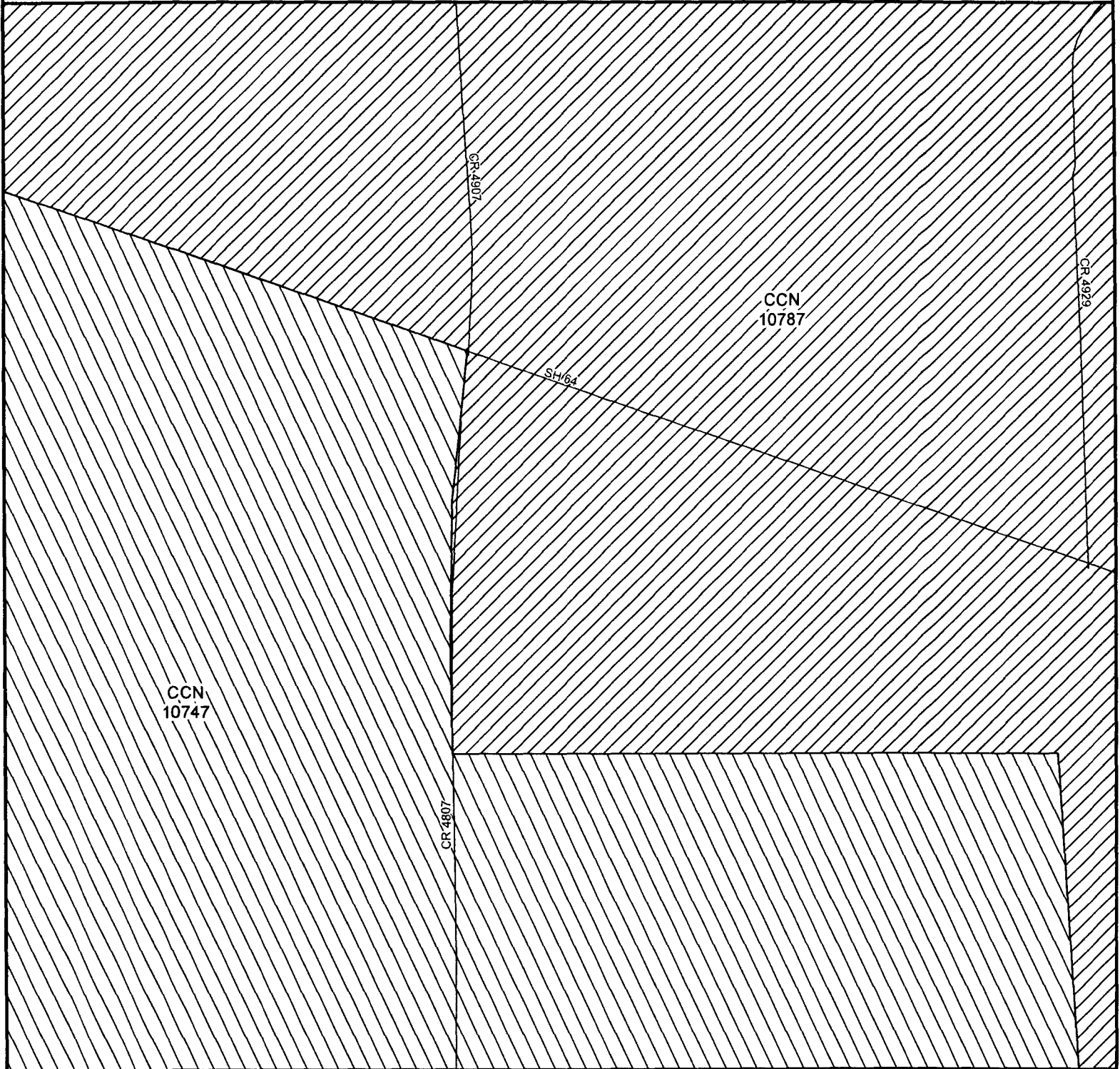
TWC § 13.246(8) requires the commission to consider the probable improvement in service or lowering of cost to consumers. There are no current customers in the requested area.

Staff recommends that the Applicant meets all of the statutory requirements of TWC Chapter 13 and 16 TAC Chapter 24 rules and regulations and is capable of providing continuous and adequate service. Approving this application is necessary for the service, accommodation, convenience and safety of the public. The Applicant consented to the attached map and certificate on January 31, 2018.

Based on the information above, Staff recommends the Commission issue an order approving the application and provide the attached map and certificate to RPM WSC. Staff further recommends that the Applicant file a certified copy 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).



ATTACHMENT B

RPM Water Supply Corporation
Portion of Water CCN No. 10787
PUC Docket No. 47268
Amended CCN No. 10787 in Van Zandt County



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

Water CCN

-  10787 - RPM WSC
-  10747 - Edom WSC

0 250 500
Feet



Map by: Komal Patel
Date created: January 12, 2018
Project Path: n:\finalmapping\47268RPMWSC.mxd



Public Utility Commission of Texas

By These Presents Be It Known To All That
RPM 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, RPM WSC is entitled to this

Certificate of Convenience and Necessity No. 10787

to provide continuous and adequate water utility service to that service area or those service areas in Henderson, Smith, and Van Zandt Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47268 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 RPM 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, this _____ day of _____ 2018.