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DOCKET NO. 47283

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APPLICATION OF RANGLAND §
PROPERTY OWNERS ASSOCIATION, §
INC. AND CITY OF KOUNTZE FOR §
SALE AND TRANSFER OF FACILITIES §
AND CERTIFICATE RIGHTS IN §
HARDIN COUNTY §

PUBLIC UTILITY COMMISSION
OF TEXAS

COMMISSION STAFF'S RECOMMENDATION ON APPROVAL OF SALE

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

I. BACKGROUND

On June 14, 2017, Ranchland Property Owners' Association, Inc. (Ranchland) and the City of Kountze (Kountze) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Hardin County, Texas. Specifically, Kountze seeks to acquire all of the water assets and certificated service area of Ranchland under water certificate of convenience and necessity (CCN) No. 12945. The area being requested is approximately 220 acres and serves 15 current customers.

Order No. 3, issued August 23, 2017, required Staff to request a hearing or file a recommendation on the approval of sale and CCN amendment by September 20, 2017. Therefore, this pleading is timely filed.

II. RECOMMENDATION

As supported by the attached memorandum of Andrew Novak, Elisabeth English, and Tracy Montes of the Water Utility Division, Staff recommends that the Applicants be approved to proceed with the proposed transaction. Staff recommends that the application satisfies the requirements of Tex. Water Code §§ 13.241, 13.246, and 13.301, and 16 Tex. Admin. Code §§ 24.102 and 24.109 (TAC), and that a public hearing is not necessary. Staff further recommends if the proposed transaction is permitted to proceed, that the Applicants be required to file evidence that all assets have been transferred to the acquiring entity.

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III. CONCLUSION

Staff respectfully requests the entry of an order consistent with the above recommendations.

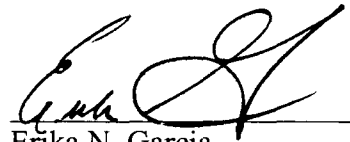
Dated: September 20, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

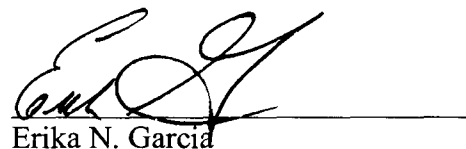
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**DOCKET NO. 47283
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record September 20, 2017, in accordance with 16 TAC § 22.74.



Erika N. Garcia

PUC Interoffice Memorandum

To: Erika Garcia, Attorney
Legal Division

Thru: Lisa Fuentes, Manager
Heidi Graham, Manager
Water Utilities Regulation Division

From: Andrew Novak, Financial Analyst
Elisabeth English, Engineering Specialist
Tracy Montes, GIS Specialist
Water Utilities Regulation Division

Date: September 20, 2017

Subject: **Docket 47283**, *Application of Ranchland Property Owners Association and City of Kountze for Sale and Transfer of Facilities and Certificate Rights in Hardin County.*

On June 14, 2017, Ranchland Property Owners Association (Ranchland) and the City of Kountze (City) (collectively, Applicants) filed an application with the Public Utility Commission of Texas (Commission) for sale, transfer, or merger of facilities and Certificate of Convenience and Necessity (CCN) rights in Hardin County. Specifically, the City seeks approval to acquire all of the certificated area, business property, and water system assets of Ranchland held under water CCN No. 12945. The application was filed pursuant to the criteria in Texas Water Code § 13.301 (TWC) and the 16 Tex. Admin. Code §§ 24.109 (TAC).

TWC § 13.246(c) requires the Commission to consider nine criteria when granting or amending a CCN. Staff's recommendation is based on the following:

- TWC § 13.426(c)(1) requires the Commission to consider the adequacy of service currently provided to the requested area. The City has TCEQ approved public water system (PWS) No. 1000001 and is in compliance with TCEQ rules.
- TWC § 13.246(c)(2) requires the Commission to consider the need for service in the requested area. There are existing customers in the requested area; therefore, a demonstration of the need for service in the area is already established.
- TWC § 13.246(c)(3) requires the Commission to consider the effect of granting an amendment on the recipient and on any other retail utility servicing the proximate area. Only the Applicants and the current customers will be affected by this transaction. The requested transaction is part of a consolidated effort by the Applicants, to transfer operations to the City.
- TWC § 13.246(c)(4) requires the Commission to consider the ability of the City to provide adequate retail water service in the requested area. The City has access to an adequate supply of water and has the capacity to serve the requested area. The City employs TCEQ

certified water operators and is in compliance with TCEQ rules. Utility service to the 15 transferred customers in the requested area will be provided by the Ranchland, PWS No. 1000070, which will be transferred to the City upon the completion of the sale. In addition, once the City begins operations, a water meter will be installed at each of the 15 customer connections.

- TWC § 13.246(c)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. Only the Applicants and the current customers will be affected by this transaction. Therefore, Staff did not consider service from an adjacent retail public utility.
- TWC § 13.246(c)(6) requires the Commission to consider the financial ability of the City to pay for facilities necessary to provide continuous and adequate service and financial stability. This application proposes to transfer 15 customers to the City, which would account for approximately 1.5% of its current customer base. The existing water system is already in place and no improvements are needed to provide adequate water service to the requested area. Therefore, Staff recommends that the City has the ability to pay for facilities necessary to provide continuous and adequate service and financial stability.
- 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 minimal impact because the existing water system is already in place and no improvements are needed to provide adequate water service to the requested area.
- TWC § 13.246(c)(8) requires the Commission to consider the probable improvement in service or lowering of cost to consumers. Upon approval of the proposed transaction, the 15 customers in the requested area will be transferred to the City and will be charged the City's rates.

The intervention period ended on August 21, 2017 and no hearing requests were received. Staff recommends that a public hearing is not necessary.

As detailed above, the City has demonstrated adequate financial, managerial and technical capability to provide continuous and adequate service to the area subject to this application. Staff recommends the Commission find that the transaction will serve the public interest and allow the Applicants to proceed with the proposed transaction. In addition, Staff recommends that the Applicants be ordered to file documentation as evidence that all assets have been transferred from Ranchland to the City and that the disposition of any remaining deposits have been addressed as soon as possible pursuant to 16 TAC § 24.109(n).

The approval of the sale expires 180 days from the date of the Commission's written approval of the sale. If the sale has not been consummated within that period and unless the Applicants have requested and received an extension from the Commission, the approval is void and the Applicants must re-apply for the approval of the sale. In addition, the Applicants should be informed that the CCN will remain in the name of Ranchland Property Owners Association until the transfer is complete and approved in accordance with the Commission rules and regulations as required by 16 TAC §§ 24.109(o), and (q).