



Control Number: 47464



Item Number: 21

Addendum StartPage: 0

DOCKET NO. 47464

APPLICATION OF DRIPPING
SPRINGS WATER SUPPLY
CORPORATION TO AMEND A
WATER CERTIFICATE OF
CONVENIENCE AND NECESSITY
IN HAYS COUNTY

§
§
§
§
§
§

PUBLIC UTILITY COMMISSION

OF TEXAS

2018 JUN -8 PM 1:54

FILED
FILING CLERK

COMMISSION STAFF'S FINAL RECOMMENDATION

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

I. BACKGROUND

On August 1, 2017, Dripping Springs Water Supply Corporation (DSWSC) filed an application to amend its water Certificate of Convenience and Necessity No. 10315 in Hays County. DSWSC supplemented its application on December 19, 2017.

On March 13, 2018, Order No. 6 was issued, establishing a deadline of June 15, 2018, for Staff to file a final recommendation on the application. This pleading is therefore timely filed.

II. NOTICE

As detailed in the attached memorandum from Andrew Novak and Sean Scaff in the Commission's Water Utility Regulation Division, Staff has reviewed DSWSC's application and all supplemental information that has been provided. As detailed in the attached memorandum, Staff's review indicates that DSWSC meets the applicable technical, managerial, and financial 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 DSWSC's application is necessary for the service, accommodation, convenience, and safety of the public. Staff therefore recommends that the application be approved.

III. CONCLUSION

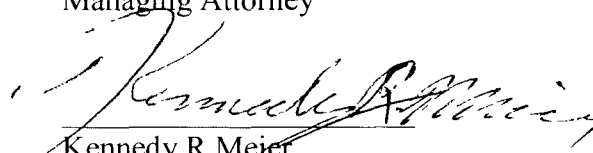
For the reasons detailed above, Staff recommends approval of the application. Joint proposed findings of fact and conclusions of law will be filed in accordance with the schedule established in Order No. 6.

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

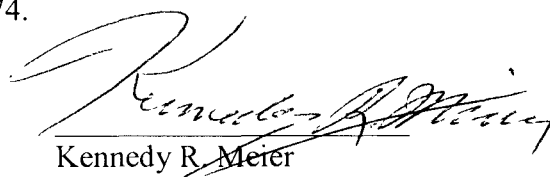


Kennedy R Meier
State Bar No. 24092819
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7265
(512) 936-7268 (facsimile)
kennedy.meier@puc.texas.gov

DOCKET NO. 47464

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 8th of June, 2018 in accordance with 16 TAC § 22.74.



Kennedy R. Meier

PUC Interoffice Memorandum

To: Kennedy Meier, Attorney
Legal Division

From: Andrew Novak, Financial Analyst
Sean Scaff, Engineering Specialist
Water Utility Regulation Division

Through: Heidi Graham, Manager
Water Utility Regulation Division

Date: June 8, 2018

Subject: **Docket 47464**, *Application of Dripping Springs Water Supply Corporation to Amend a Water Certificate of Convenience and Necessity in Hays County*

On August 1, 2017, Dripping Springs Water Supply Corporation (Dripping Springs WSC or Applicant) filed an application to amend water Certificate of Convenience and Necessity (CCN) No. 10315 in Hays County, Texas, pursuant to Texas Water Code (TWC) §§ 13.241-250 and 16 Texas Administrative Code (TAC) §§ 24.101-107.

The comment period ended March 26, 2018, and the Commission did not receive any protests or landowner opt outs.

TWC § 13.246(c) requires the Commission to consider nine criteria when granting or amending a CCN. 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. Currently, there are no customers in the requested area, so the adequacy of service currently provided to the requested area was not considered.

TWC § 13.246(c)(2) requires the Commission to consider the need for service in the requested area. Dripping Springs WSC received a request for service from a landowner that intends on developing the land into a neighborhood called “Bunker Ranch Subdivision” that would add an additional 108 connections to the utility.

TWC § 13.246(c)(3) requires the Commission to consider the effect of granting an amendment on the recipient, on the landowners in the requested area, and on any other retail water and sewer utility providing the same service to the proximate area. The Applicant’s CCN boundaries will be amended to include the requested areas. The requested areas abut areas already certificated to the Applicant. There is no effect on any other retail providers. Landowners in the area will be affected in the regard that any landowner in the requested area will have access to water service.

TWC § 13.246(c)(4) requires the Commission to consider the ability of the Applicant to provide adequate service, including meeting the standards of the Texas Commission on Environmental Quality (TCEQ), taking into consideration the current and projected density and land use of the area. The Applicant currently operates a TCEQ-approved public water system (PWS), Dripping Springs WSC, PWS No. 1050013. The public water system does not have any current drinking water violations. Dripping Springs WSC also submitted a signed

and sealed engineering report indicating that they currently meet all capacity requirements and have the excess capacity necessary to serve the additional 108 proposed connections. The report also describes how they will install additional service pumps and additional elevated storage when future connections utilize and exceed their current capacity requirements. In addition, the distribution system to be constructed is less than 10% of their current connections and therefore construction is not required to be approved by TCEQ.

TWC § 13.246(c)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. The requested area may be served by the Applicant's existing infrastructure. Therefore, it is not necessary to consider the feasibility of obtaining service from another entity.

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.

- 1) 16 TAC § 24.11(e)(2) refers to the leverage test. 16 TAC § 24.11(e)(2)(B) states the owner or operator must have a debt service coverage ratio of more than 1.25 using annual net operating income before depreciation and non-cash expenses divided by annual combined long term debt payments.
 - i. Annual Net Operating Income before depreciation and non-cash expenses = \$2,287,216
 - ii. Annual Long-term debt payments = \$117,813
 - iii. Ratio = $\$2,287,216 / \$117,813 = 19.41$
- 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. There are no projected operations and maintenance shortages.

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. The land will be affected during the installation of the water meter and distribution lines to serve each new customer. In addition, the land will be affected when the Applicant will install additional service pumps and additional elevated storage when future connections utilize and exceed their current capacity requirements. These impacts on the environmental integrity on the requested area should be minimal.

TWC § 13.246(c)(8) requires the Commission to consider the probable improvement in service or lowering of cost to consumers. As there are no current customers within the requested area, the lowering of cost to consumers was not considered.

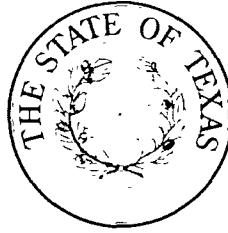
Based on Staff's review of the application and information provided by the Applicant, the Applicant has demonstrated adequate financial, managerial, and technical capabilities to provide service to the requested areas.

Recommendation:

Staff recommends that the Applicant meets all of the statutory requirements of TWC Chapter 13 and the 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 May 30, 2018.

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



Public Utility Commission of Texas

By These Presents Be It Known To All That

Dripping Springs Water Supply Corporation

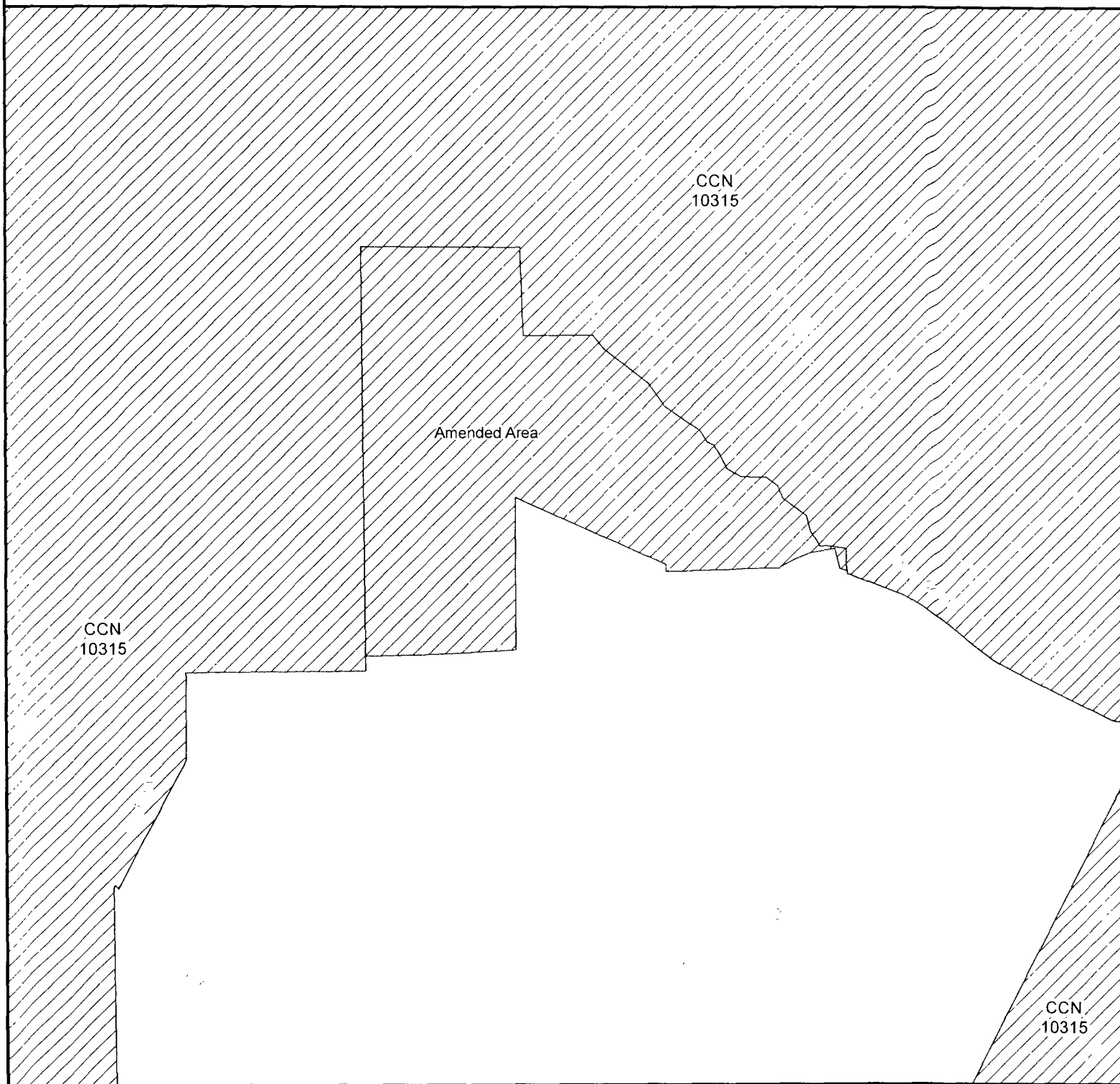
having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Dripping Springs Water Supply Corporation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

Certificate of Convenience and Necessity No. 10315

to provide continuous and adequate water utility service to that service area or those service areas in Hays County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47464 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 Dripping Springs Water Supply Corporation 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 _____ 2018.

Dripping Springs Water Supply Corporation
Portion of Water CCN No. 10315
PUC Docket No. 47464
Amended CCN No. 10315 in Hays County



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

Water CCN



10315 - Dripping Springs WSC

0 500 1,000
Feet



Map by Komal Patel
Date created May 22, 2018
Project Path n:\finalmapping\
47464DrippingSprings.mxd