



Control Number: 47653



Item Number: 7

Addendum StartPage: 0

PUC DOCKET NO. 47653

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MUSTANG SPECIAL UTILITY
DISTRICT'S NOTICE OF INTENT
TO PROVIDE RETAIL WATER
SERVICE TO AREA DECERTIFIED
FROM TERRA SOUTHWEST INC.
IN DENTON COUNTY

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PUBLIC UTILITY COMMISSION

PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

COMMISSION STAFF'S RECOMMENDATION ON FINAL DISPOSITION

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

I. BACKGROUND

On September 28, 2017, Mustang Special Utility District (Mustang) filed a notice of intent to provide retail water service to an area decertified from Terra Southwest Inc.'s (Terra) water certificate of convenience and necessity (CCN) No. 11608 in Denton County, Texas. Mustang provided this notice pursuant to Texas Water Code § 13.254(e) (TWC) and 16 Texas Administrative Code § 24.113(o) (TAC)

On October 2, 2017, the Commission Administrative Law Judge (ALJ) issued Order No. 1, providing notice and establishing deadlines. On October 9, 2017, the Commission ALJ issued Order No. 2 adopting the parties' proposed procedural schedule and establishing a deadline of October 19, 2017 for Staff to file a final recommendation. Therefore, this pleading is timely filed.

II. RECOMMENDATION

In Application No. 37386-C, the Texas Commission on Environmental Quality (TCEQ) granted Shahan Prairie L.P.'s (Shahan) petition for expedited release to decertify a portion of CCN No. 11608 from Terra in Denton County. Pursuant to TWC § 13.254(d) and 16 TAC § 24.113(o)(1), an entity that seeks to serve a decertified area may not provide service to that area until compensation for property rendered useless or valueless by the release, if any, is rendered to the former CCN holder. The former CCN holder and the prospective retail public utility seeking to provide service to the decertified area may reach an agreement regarding what property is

useless or valueless and the appropriate amount of compensation for such property. Pursuant to 16 TAC § 24.113(o)(6), if such an agreement is reached, the agreement shall be presented to the Commission at an open meeting for consideration and action.

As noted, on September 28, 2017, Mustang filed a compensation agreement that it reached with DRH Land Opportunities I, Inc. (successor interest to Shahan) and with the former CCN holder, Terra. In its filing, Mustang affirmed that it is not rendering retail utility service in the decertified area. After reviewing Mustang's filings in this docket, Staff recommends that it is appropriate to present this filed agreement on compensation to the Commission at an open meeting.

III. CONCLUSION

For the reasons stated above, Staff respectfully recommends that the compensation agreement filed by Mustang on September 28, 2017 be presented to the Commission at an open meeting for consideration and action.

Dated: October 19, 2017

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

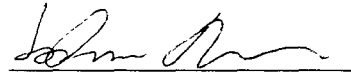
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 19, 2017 in accordance with 16 TAC § 22.74.


Joshua Adam Barron