

Control Number: 47730



Item Number: 23

Addendum StartPage: 0

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APPLICATION OF GUADALUPE §
BLANCO RIVER AUTHORITY TO §
AMEND A SEWER CERTIFICATE OF §
CONVENIENCE AND NECESSITY IN §
GUADALUPE COUNTY §

PUBLIC UTILITY COMMISSION
OF TEXAS
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 and in support thereof shows the following:

I. BACKGROUND

On October 25, 2017, Guadalupe-Blanco River Authority (GBRA) filed an application to amend its sewer Certificate of Convenience and Necessity (CCN) No. 20892 in Guadalupe County. The service area being requested includes an area totaling approximately 7,423 acres, with no current customers.

The Administrative Law Judge issued Order No. 5 finding GBRA's revised mapping to reflect opt out requests sufficient and ordering Staff to send the final maps and certificates to GBRA by May 4, 2018. GBRA filed its consent to the final maps and certificates on May 15, 2018. Order No. 5 also required Staff to file its recommendation on final disposition by May 25, 2018. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON FINAL DISPOSITION

Staff has reviewed GBRA's application, and as detailed in the memorandum of Greg Charles of the Commission's Water Utility Regulation Division (Attachment A), Staff recommends that the application be approved. In accordance with this recommendation, the corresponding map (Attachment B) and certificate (Attachment C) that GBRA consented to in its May 15, 2018 filing are attached. On or before June 1, 2018, the parties will jointly file proposed findings of fact and conclusions of law.

23

III. CONCLUSION

Staff respectfully recommends that the Commission approve GBRA's application.

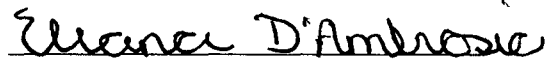
Dated: May 25, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
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**DOCKET NO. 47730
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on May 25, 2018, in accordance with 16 Texas Administrative Code § 22.74.


Eleanor D'Ambrosio

Attachment A

PUC Interoffice Memorandum

To: Eleanor D'Ambrosio, Attorney
Legal Division

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

From: Greg Charles, Engineering Specialist
Water Utility Regulation Division

Date: May 25, 2018

Subject: **Docket No. 47730; Application Guadalupe-Blanco River Authority to Amend a Sewer Certificate of Convenience and Necessity in Guadalupe County**

On October 25, 2017, Guadalupe-Blanco River Authority (Applicant) filed an application to amend its sewer Certificate of Convenience and Necessity (CCN) No. 20892 in Guadalupe County pursuant to Texas Water Code Ann. (TWC), §§ 13.242 - 13.250 and 16 Tex. Administrative Code (TAC) §§ 24.101-.107. The revised service area being requested includes approximately 6,951 acres with zero customers.

Notice

The comment period ended January 30, 2018, and opt-out requests from Wilfred Bartoskewitz (Bartoskewitz Farm Foundation), Dennis Weidner, and Melissa Snow were received and granted. The Barbarosa Ranch, LLC requested to intervene, but later withdrew the request and instead decided to opt out after talking with the Applicant.

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 are no customers currently being served in the requested area.
- ***TWC § 13.246(c)(2) requires the Commission to consider the need for service in the requested area.***
The Applicant is tasked with protecting the water resources of the Guadalupe River Basin. By granting the proposed amendment, the Applicant can provide central wastewater service and eliminate the need for septic systems in 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. No other retail public utility serves in the proximate area.
- ***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 (TCEQ) approved Water Quality Permit No. WQ0011378-001, that is capable of providing adequate wastewater treatment to the Applicant's 1,217 existing connections, and 1,553 proposed future connections. Furthermore, the Applicant has a wastewater treatment agreement with New Braunfels Utilities for additional capacity, as needed in the future.

The Applicant has no outstanding violations and has a Class A licensed operator that is knowledgeable about operations, as well as the requirements for continuous and adequate service.

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

According to the application there is no other retail public utility servicing the proximate area. Therefore, it would not be feasible to obtain service from an adjacent retail public utility.

- ***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.***

Pursuant to 16 TAC § 24.11(e), the owner or operator must meet both a leverage test and an operations test.

The Applicant meets one of the five leverage tests and is only required to meet one. The Applicant meets the leverage test by possessing an investment-grade credit rating from Moody's and Standard and Poor's of Aa3 or greater.

Pursuant to 16 TAC § 24.11(e)(3) and § 24.11(e)(4)(B), the Applicant must meet the operations test, which states that the owner or operator must demonstrate sufficient cash is available to cover any projected operations and maintenance shortages in the next five years of operations for an existing utility. The projected operations and maintenance for the next five years are not available at this time; however, based on the comprehensive annual financial report, the Applicant has unrestricted retained earnings of \$40.02 million, restricted for debt service of \$9.45 million, and cash and cash equivalents and unrestricted assets of \$26.94 million as of August 31, 2017. In addition, the Applicant does not show any operations and maintenance shortages for the next five years. Since the Applicant currently operates existing utilities with sufficient current and future capacity to provide service to the requested area, no shortages are projected. Furthermore, the cash balances are sufficient to cover any potential operation shortages based on the Applicant's past financial experience.

- ***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 positively affected, since the need for the installation of individual septic systems will be eliminated.

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

The Applicant will continue to provide sewer service to the customers in its existing service area and the proposed customers in 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, and approving this application to amend sewer CCN No. 20892 is necessary for the service, accommodation, convenience and safety of the public.

The Applicant consented to the attached map and certificate on May 4, 2018.

Attachment B

Attachment C



Public Utility Commission Of Texas

By These Presents Be It Known To All That

Guadalupe Blanco River Authority

having obtained certification to provide sewer 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, Guadalupe Blanco River Authority, is entitled to this

Certificate of Convenience and Necessity No. 20892

to provide continuous and adequate sewer utility service to that service area or those service areas in Comal, Guadalupe, Hays and Kendall Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47730 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 Guadalupe Blanco River Authority, 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.