



Control Number: 47776



Item Number: 18

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DOCKET NO. 47776

RECEIVED

PETITION OF BETHEL-ASH §  
WATER SUPPLY CORPORATION TO §  
AMEND A WATER CERTIFICATE §  
OF CONVENIENCE AND NECESSITY §  
IN HENDERSON COUNTY §

PUBLIC UTILITY COMMISSION

OF TEXAS

2018 JUL 27 PM 2:17

PUBLIC UTILITY COMMISSION  
FILING CLERK

### COMMISSION STAFF'S RECOMMENDATION ON FINAL DISPOSITION

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

#### I. BACKGROUND

On November 14, 2017, Bethel-Ash Water Supply Corporation (Bethel-Ash) filed an application to amend its Water Certificate of Convenience (CCN) No. 10821 in Henderson County, Texas. The service area being requested totals approximately 478 acres and 5 current customers. The Administrative Law Judge issued order No. 5 finding Bethel-Ash's notice sufficient and ordering Staff to send the final map and certificate to Bethel-Ash by July 9, 2018. Bethel-Ash filed its consent to the final map and certificate on July 16, 2018. Order No. 5 also required Staff to file its recommendation on final disposition by July 30, 2018. Therefore, this pleading is timely filed.

#### II. FINAL RECOMMENDATION

Staff has reviewed Bethel-Ash's application, and as detailed in the memorandum of Kathryn Eiland of the 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 Bethel-Ash consented to in its July 16, 2018, filing are attached. On or before August 6, 2018, the parties will jointly file proposed findings of fact and conclusions of law.

#### III. CONCLUSION

Staff respectfully recommends that the Commission approve Bethel-Ash's application.

Dated: July 27, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Karen S. Hubbard  
Managing Attorney

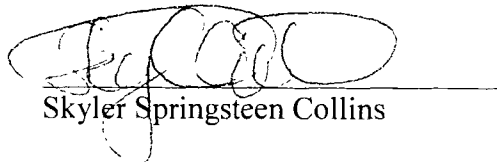


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**DOCKET NO. 47776**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on July 27, 2018, in accordance with 16 TAC § 22.74.



Skyler Springsteen Collins

# ATTACHMENT A

## PUC Interoffice Memorandum

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**To:** Skyler Collins, Attorney  
Legal Division

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

**From:** Kathryn Eiland, Financial Analyst  
Water Utility Regulation Division

**Date:** July 18, 2018

**Subject:** **Docket 47776.** *Application of Bethel-Ash Water Supply Corporation to Amend its Certificate of Convenience and Necessity (CCN) in Henderson County*

On November 14, 2017, Bethel-Ash Water Supply Corporation (WSC or Applicant) filed with the Public Utility Commission of Texas (Commission) an application to amend its water Certificate of Convenience and Necessity (CCN) No. 10821 in Henderson County, Texas pursuant to Texas Water Code Ann. (TWC) §§ 13.242 to 13.250 and the 16 Tex. Admin Code (TAC) §§ 24.101 to 24.107.

### **Background**

The total service area being requested includes approximately 418 acres and 5 existing customers.

### **Notice**

The comment period ended June 8, 2018, 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 WSC has a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under Identification No. 1070251 that is capable of providing drinking water that meets the requirements of Texas Health and Safety Code, Chapter 341 and the TCEQ rules, and has access to an adequate supply of water. In addition, the WSC's public water system does not have any unaddressed TCEQ violations.

#### ***TWC § 13.246(c)(2) requires the commission to consider the need for service in the requested area.***

There is a need for service as there are 5 existing customers 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 as there are no other water providers in the area.

***TWC § 13.246(c)(4) requires the commission to consider the ability of the Applicant to provide adequate service.***

The WSC has a public water system which is registered with the TCEQ, is in compliance and has adequate access to water supply and capacity to serve its current customers. No additional construction is needed to provide service to the requested area.

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

Currently, there are no other water providers in the 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.***

16 TAC § 24.11 establishes criteria to demonstrate that an owner or operator of a retail public utility has the financial resources to operate and manage the utility and to provide continuous and adequate service to the current and requested utility service area. 16 TAC § 24.11(e) lists the financial tests.

The following shows that the Applicant meets two out of four leverage tests for which the Applicant is only required to meet one. The Applicant has a debt to equity ratio of less than one because they have no long term debt and equity of \$5.1 million. In addition, the Applicant meets the leverage test with a debt service coverage ratio of more than 1.25 because they have no long term debt.

16 TAC § 24.11(e)(3) refers to the operations test which 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's 2016 Balance Sheet showed retained earnings of \$5 million and cash and cash equivalents of \$287,923. The Applicant also has existing infrastructure in place, already provides service to the area and no additional facilities need to be constructed to serve the requested area. Additionally, there are no projected operations and maintenance shortages to cover.

***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 as no additional construction is needed to provide service to the requested area.

***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 water service to the existing 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 water CCN No. 10821 is necessary for the service, accommodation, convenience and safety of the public.

The Applicant consented to the attached map and certificate on July 16, 2018.

Based on the above information, Staff recommends the Commission approve the application, issue an order and provide the attached map and certificate to Bethel-Ash Water Supply Corporation. Staff further recommends that the Applicant file certified copies of the CCN maps 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

Bethel-Ash Water Supply Corporation  
Portion of Water CCN No. 10821  
PUC Docket No. 47776  
Amended CCN No. 10821 in Henderson County

CCN  
10821

CCN  
10821

CCN  
10821

CCN  
12830



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

**Water CCN**

10821 - Bethel-Ash WSC

12830 - Dal High Water

0 625 1250  
Feet



Map by Komal Patel  
Date created June 20, 2018  
Project Path \\finalmapping\  
47776BethelAshWSC.mxd



# ATTACHMENT C



# **Public Utility Commission Of Texas**

**By These Presents Be It Known To All That**

## **Bethel-Ash 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, Bethel-Ash Water Supply Corporation, is entitled to this

### **Certificate of Convenience and Necessity No. 10821**

to provide continuous and adequate water utility service to that service area or those service areas in Henderson and Van Zandt Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47776 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 Bethel-Ash 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, this \_\_\_\_\_ day of \_\_\_\_\_ 2018.