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

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PUBLIC UTILITY COMMISSION 9:38

PUBLIC UTILITY COMMISSION
OF TEXAS FILING CLERK

NOTICE OF APPROVAL

This Notice addresses the application of Bethel-Ash Water Supply Corporation to amend a water certificate of convenience and necessity (CCN) in Henderson County. The Commission amends Bethel-Ash's CCN number 10821 to include 418 acres with five current customers in Henderson County.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Applicant

1. Bethel-Ash is a domestic nonprofit corporation registered with the Texas Secretary of State on July 27, 1967, under file number 23618901.
2. Bethel-Ash serves approximately 1,887 connections through nine public water systems that it owns and operates.
3. Bethel-Ash is authorized to provide water service under CCN number 10821 in Henderson and Van Zandt counties.

Application

4. On November 14, 2017, Bethel-Ash filed an application to amend water CCN number 10821 to include an area in Henderson County. The proposed service-area addition includes 418 acres and has five current customers to be served by public water system number 1070251.
5. Bethel-Ash filed supplemental application information on December 27, 2017.
6. The proposed service-area addition is located 2.2 miles northwest of downtown Athens. The proposed service-area addition is identified on maps submitted with the application.

7. The proposed service-area addition is not within an incorporated city or district and is not inside another utility's CCN.
8. In Order No. 3 issued on February 20, 2018, the administrative law judge (ALJ) found the application administratively complete.

Notice

9. Notice of the application appeared in the December 1, 2017 issue of the *Texas Register*.
10. Bethel-Ash mailed notice of the application to neighboring systems, landowners, cities, and affected parties on March 7, 2018.
11. On May 9, 2018, Bethel-Ash filed an affidavit in which Tyler N. Hendrickson attested that Bethel-Ash had complied with all notice requirements in the application and application acceptance letter. Mr. Hendrickson also attested specifically in his affidavit that Bethel-Ash had provided notice to the following entities on March 7, 2018: Crescent Heights Water Supply Corporation, the City of Athens, Dal High Water, Neches and Trinity Valleys Groundwater Conservation District, and the Trinity River Authority of Texas.
12. On March 1, 2018, and March 8, 2018, notice of the application appeared in the *Athens Daily Review*, a newspaper of general circulation in Henderson County.
13. On May 9, 2018, Bethel-Ash filed an affidavit in which Lange Svehlak, the publisher of the *Athens Daily Review*, published notice of the application in that newspaper on March 1, 2018 and March 8, 2018.
14. In Order No. 5 issued on May 22, 2018, the ALJ found the notice of the application sufficient.
15. The Commission did not receive any protests or requests by landowners to opt out of the proposed service-area addition.

Adequacy of Existing Service

16. Bethel-Ash currently provides water service to the proposed service-area addition with existing infrastructure under public water system number 1070251. No additional facilities need to be constructed to serve the proposed service-area addition.

17. Bethel-Ash's public water system number 1070251 is capable of providing drinking water that meets the requirements of Texas Health and Safety Code chapter 341 and TCEQ rules.
18. Bethel-Ash's public water system has no unaddressed TCEQ violations.
19. Bethel-Ash's public water system has access to an adequate supply of water and has the capacity necessary to serve its customers. No construction is needed to provide water service to the proposed service-area addition.

Need for Service

20. There is a need for water service because Bethel-Ash is currently serving five existing customers within the proposed service-area addition.

Effect of Granting the CCN Amendment

21. Granting the CCN amendment will enable five current customers to receive water service in the proposed service-area addition.
22. Bethel-Ash's application has no effect on any other retail public utility serving the surrounding area because there are no other retail public utilities in the area.

Applicant's Ability to Provide Adequate Service

23. Bethel-Ash's public water system number 1070251, which currently provides water service in the proposed service-area addition, is registered with the Texas Commission on Environmental Quality (TCEQ) and is in compliance with TCEQ regulations. No construction is needed to provide water service to the proposed service-area addition.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

24. Service from other providers to the proposed service-area addition is not currently feasible because there are no other retail public utilities in the area.

Applicant's Financial Ability to Provide Adequate Service

25. Commission rule 16 Texas Administrative Code (TAC) § 24.11(e)(1) requires the owner or operator of a retail public utility to demonstrate financial assurance by satisfying the requirements of a financial test, including leverage and operations tests.
26. Commission rule 16 TAC § 24.11(e)(2) requires the owner or operator of a retail public utility to meet the requirements of one or more of the listed criteria for a leverage test.

27. Bethel-Ash meets the requirements of two listed criteria for a leverage test: the debt-to-equity-ratio criterion and the debt-service-coverage-ratio criterion.
28. Commission Staff determined that Bethel-Ash has a debt-to-equity ratio of less than one because it does not have any long-term debt and has equity of \$5.1 million.
29. Commission Staff determined that Bethel-Ash has a debt-service-coverage ratio of more than 1.25 because it does not have any long-term debt.
30. Commission rule 16 TAC § 24.11(e)(3) requires an owner or operator of a retail public utility to demonstrate as an operations test that sufficient cash is available to cover any projected operations and maintenance shortages in the first five years of the operations.
31. Bethel-Ash showed in its 2016 balance sheet that it had retained earnings of \$5 million as well as cash and cash equivalents in the amount of \$287,923.
32. Commission Staff determined that there are no projected operations and maintenance shortages to cover.
33. Bethel-Ash has demonstrated that it has the financial ability to finance the facilities necessary to operate and manage the utility and to provide continuous and adequate service to the proposed service-area addition.

Applicant's Managerial Ability to Provide Adequate Service

34. Bethel-Ash has a general manager named Mike Herrington.
35. Bethel-Ash's application identified three licensed water operators working for the utility: two class D operators and one class C operator.
36. Bethel-Ash has demonstrated that it has the managerial ability to provide adequate service.

Applicant's Technical Ability to Provide Adequate Service

37. Bethel-Ash's application identified three licensed water operators working for the utility.
38. Bethel-Ash's application stated that none of the components of its public water system are operating above 85%.
39. Bethel-Ash has the technical capability to provide continuous and adequate service to the proposed service-area addition.

Environmental Integrity and Effect on the Land to be Included in the Certificate

40. Bethel-Ash's application will have no impact on the environmental integrity of the land because no additional construction is needed to provide water service to the proposed service-area addition.
41. Bethel-Ash's application will have no effect on the land because no additional construction is needed to provide water service to the proposed service-area addition.

Probable Improvement in Service or Lowering of Cost to Consumers

42. Bethel-Ash will continue to provide water service to existing customers in the proposed service-area addition; therefore it is likely that there will be minimal improvements in service or lowering of costs to consumers in the proposed service-area addition.

Evidentiary Record

43. On July 16, 2018, Bethel-Ash filed a form concurring with the map and certificate prepared by Commission Staff.
44. In Order No. 6 issued on August 14, 2018, the ALJ admitted the following evidence into the record of this proceeding: (a) Bethel-Ash's application and attachments filed on November 14, 2017; (b) Bethel-Ash's supplement to the application filed on December 27, 2017; (c) Bethel-Ash's affidavits of mailed and published notice with attachments filed on May 9, 2018; (d) Bethel-Ash's signed consent form with the attached map and certificate filed on July 16, 2018; (e) Commission Staff's recommendation on final disposition and attachments filed on July 27, 2018; and (f) Commission Staff's correction to its recommendation on final disposition identifying the correct acreage filed on August 1, 2018.

Informal Disposition

45. More than 15 days have passed since completion of the notice.
46. No person filed a protest or motion to intervene.
47. Bethel-Ash and Commission Staff are the only parties in this proceeding.
48. No party requested a hearing, and no hearing is necessary.
49. The decision reflected in this Notice is not adverse to any party.

II. Conclusions of Law

1. Bethel-Ash is a retail public utility as defined in Texas Water Code (TWC) § 13.002(19) and 16 TAC § 24.3(59) and a water supply corporation as defined in TWC § 13.002(24) and 16 TAC § 24.3(77).
2. The Commission has jurisdiction over Bethel-Ash's application under TWC §§ 13.041, 13.241, 13.244, and 13.246.
3. Bethel-Ash provided notice of the application in compliance with TWC § 13.246 and 16 TAC § 24.235.
4. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,¹ TWC, and Commission rules.
5. Bethel-Ash, as the applicant, has the burden of proof in this case under 16 TAC § 24.12 and 1 TAC § 155.427.
6. Bethel-Ash has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the proposed service-area addition and its current service area as required by TWC § 13.241 and 16 TAC § 24.227.
7. Bethel-Ash has demonstrated that TCEQ has approved its public water system and determined that it is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, TCEQ rules, and the requirements of TWC § 13.241(b)(1) and 16 TAC § 24.227(a)(1)(A).
8. Bethel-Ash has demonstrated that the application meets the requirements set forth in TWC §§ 13.241, 13.244, and 13.246 and 16 TAC §§ 24.225 through 24.227 to be granted an amendment to its CCN.
9. Bethel-Ash has demonstrated that amendment to CCN number 10821 is necessary for the service, accommodation, convenience, or safety of the public as required by TWC § 13.246(b) and 16 TAC § 24.227(c).
10. Under TWC § 13.257(r) and (s), Bethel-Ash is required to record a certified copy of the approved CCN and map, along with a boundary description of the service area, in the real

¹ Administrative Procedure Act, Tex. Gov't Code §§ 20001.001–.902.

property records of each county in which the service area or a portion of the service area is located, and submit to the Commission evidence of the recording.

11. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

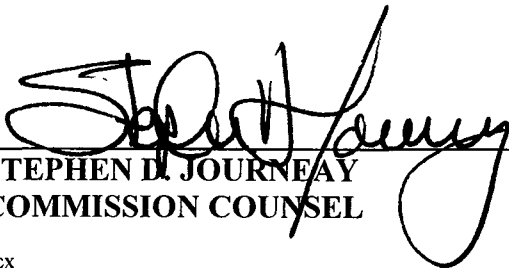
III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves the application, as supplemented, to the extent provided by this Notice.
2. The Commission amends Bethel-Ash's CCN number 10821, as provided in this Notice, and a certificate is attached to this Notice as attachment 1.
3. Bethel-Ash must provide service to every customer and applicant for service within the area certified under CCN number 10821, shown on attachment 2 to this Notice, and such service must be continuous and adequate.
4. Bethel-Ash must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Henderson County affected by the application and submit to the Commission evidence of the recording no later than 31 days after receipt of this Notice.
5. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 22nd day of January 2019.

PUBLIC UTILITY COMMISSION OF TEXAS


STEPHEN D. JOURNEY
COMMISSION COUNSEL

