

Control Number: 48161



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DOCKET NO. 48161

RECEIVED

APPLICATION OF CITY OF LOS §
FRESNOS TEXAS AND EAST RIO §
HONDO WATER SUPPLY §
CORPORATION FOR APPROVAL OF §
A SERVICE AREA CONTRACT §
UNDER TEXAS WATER CODE §
CHAPTER 13.248 AND TO AMEND §
CERTIFICATES OF CONVENIENCE §
AND NECESSITY IN CAMERON §
COUNTY §
§

PUBLIC UTILITY COMMISSION

OF TEXAS

2018 JUN 27 PM 1:54
PUBLIC UTILITY COMMISSION
FILING CLERK

**COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION ON
COMPLETENESS**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Supplemental Recommendation on Completeness. In support thereof, Staff would show the following:

I. BACKGROUND

On March 13, 2018, the City of Los Fresnos (City) and East Rio Hondo Water Supply Corporation (ERHWSC) (together, Applicants) filed an application with the Public Utility Commission of Texas for approval of a service area contract under Tex. Water Code § 13.248 (TWC), to amend Certificates of Convenience and Necessity (CCN) Nos. 11554 (City) and 11552 (ERHWSC) in Cameron County, Texas. Specifically, the Applicants seek single certification in CCN service areas where they are currently dually certificated. Additionally, an approximately 33.72 acre service area with no existing customers that is singly certificated to the City will be transferred to ERHWSC.

On April 16, 2018, the Administrative Law Judge (ALJ) issued Order No. 2, finding the application deficient and giving the Applicants until May 14, 2018 to supplement their application, which they did on April 19, 2018, and requiring Staff to file a supplemental recommendation regarding administrative completeness by June 12, 2018. Staff apologizes for missing it June 12th deadline, and regrets any inconvenience this oversight has caused the Applicants and the ALJ.

II. RECOMMENDATION

As detailed in the attached memorandum by Gregory Charles of the Water Utilities Division, Staff has reviewed the application and mapping documentation filed on April 19, 2018 and recommends that the application be deemed administratively complete and sufficient for filing. Staff also recommends that the Applicant be ordered to 1) Provide correct notice of the application, with current rates, and the effective dates those rates were instituted, to all affected customers in the requested area; 2) Include a copy of an accurate map delineating the proposed area with each individual notice; and 3) within 30 days of the date of the notice, file in the docket a map and copy of notice along with an affidavit specifying every person and entity to whom notice was provided, as well as the date that the notice provided.

III. PROPOSED PROCEDURAL SCHEDULE

| Event | Date |
|--|--|
| Deadline for Applicant to file with the Commission signed affidavits that the notice was given along with a copy of the notice sent to the affected parties. | August 13, 2018 |
| Deadline for Staff to file a recommendation on sufficiency of notice | Within 10 days of Applicant filing proof of completed notice with the Commission |
| Deadline to intervene | 30 days after notice is issued |

IV. CONCLUSION

For the reasons detailed above, Staff respectfully recommends that the application be deemed administratively complete and sufficient for filing, and that the Applicant be ordered to follow Staff's recommendations as set forth in the attached memorandum.

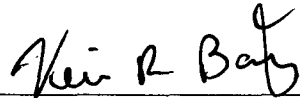
Dated: June 27, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

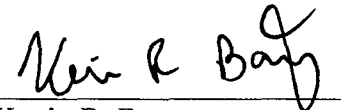


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DOCKET NO. 48161

CERTIFICATE OF SERVICE

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



Kevin R. Bartz

PUC Interoffice Memorandum

To: Kevin Bartz, Attorney
Legal Division

Through: Lisa Fuentes, Manager
Water Utilities Division

From: Gregory Charles, Engineer
Water Utilities Division

Date: June 27, 2018

Subject: **Docket No. 48161** *Application of City of Los Fresnos and East Rio Hondo Water Supply Corporation for Approval of a Service Area Contract Under Texas Water Code § 13.248 and to Amend Certificates of Convenience and Necessity in Cameron County.*

On March 13, 2018, the City of Los Fresnos (City) and East Rio Hondo Water Supply Corporation (ERHWSC), (Collectively, Applicants) filed an application with the Public Utility Commission of Texas for approval of a service area contract under Texas Water Code § 13.248 (TWC), to amend Certificates of Convenience and Necessity (CCN) Nos. 11554 (City) and 11552 (ERHWSC) in Cameron County, Texas. Specifically, the Applicants seek single certification in CCN service areas where they are currently dually certificated. Additionally, one small service area with no existing customers which is singly certificated to the City will be transferred to ERHWSC.

Based on Staff's review of the application and mapping documentation filed on April 19, 2018, staff recommends that the application be deemed administratively complete and sufficient for filing. Staff further recommends the Applicant be ordered to do the following:

- 1) Provide correct notice of the application, with current rates, and the effective dates those rates were instituted, to all affected customers in the requested area.
- 2) Include copy of an accurate map delineating the proposed area with each individual notice.
- 3) Within 30 days of the date of the notice, file in the docket a map and copy of notice along with an affidavit specifying every person and entity to whom notice was provided, the date that the notice was provided. It is recommended that the Applicants use the attached notices and affidavits to meet these requirements.

Notice to Current Customers

**NOTICE OF APPLICATION TO AMEND WATER CERTIFICATES OF CONVENIENCE
AND NECESSITY IN CAMERON COUNTY, TEXAS**

To: _____ Date Notice Mailed: _____, 2018
(Customers)

(Address)

(City State Zip)

The City of Los Fresnos (City), Certificate of Convenience and Necessity (CCN) No. 11554 and East Rio Hondo Water Supply Corporation (ERHWSC), CCN No. 11552, have submitted an application with the Public Utility Commission of Texas pursuant to Tex. Water Code § 13.248, for approval of a contract service agreement to amend their water CCN service areas in Cameron County.

The requested area is located approximately 0.5 miles north of downtown Los Fresnos, Texas, and is generally bounded on the north by Kretz Road; on the east by Tract 43 Road; on the south by Ocean Boulevard; and on the west by Olmito North Road.

The requested area includes approximately:

- 1,432 total acres of the City of Los Fresnos to be decertified,
- 34 acres from the City of Los Fresnos will be transferred to East Rio Hondo WSC.
- 1,043 total acres of East Rio Hondo WSC, CCN No. 11552 to be decertified.

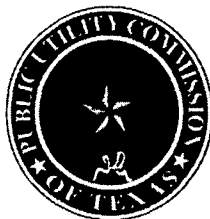
This contract service agreement will have the following effect on the customers' rates and services:
See attached City rates.

See enclosed map of the requested area.

Persons who wish to intervene in the proceeding or comment upon action sought should contact the Public Utility Commission, P.O. Box 13326, Austin, Texas 78711-3326, or call the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136. The deadline for intervention in the proceeding is (30 days from the mailing or publication of notice, whichever occurs later, unless otherwise provided by the presiding officer). You must send a letter requesting intervention to the commission which is received by that date.

If a valid public hearing is requested, the Commission will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, SOAH will submit a recommendation to the Commission for a final decision. An evidentiary hearing is a legal proceeding similar to a civil trial in state district court.

PUBLIC UTILITY COMMISSION



AFFIDAVIT OF NOTICE TO CUSTOMERS
DOCKET NO. 48161

STATE OF TEXAS
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared

_____ ,

who being by me duly sworn, deposes and that (s)he is the

_____ of the _____
(TITLE) (NAME OF UTILITY)

that the attached notice was provided to landowners and other affected parties by

(METHOD USED TO PROVIDE NOTICE)

on or about the following date, to wit _____,
(DATE)

(SIGNATURE OF UTILITY OFFICIAL)

Subscribed and sworn to before me this _____ day of _____, 20__
to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

Print or Type Name of Notary Public

Commission Expires _____

City of Los Fresnos
Water & Wastewater Rate Schedule
Inside City Limits Table I

Water Rates

| Effective Date | Base Charge | Volume Rate per 1,000 Gal | | | |
|----------------|-------------|---------------------------|---------------------------|---------------------------|------------------------|
| | | 2,001 - 10,000 Gallons | 10,001-20,000 Gallons | 20,001-40,000 Gallons | 40,001 - Above Average |
| March 2017 | \$ 23.91 | \$ <i>per gallon</i> 4.20 | \$ <i>per gallon</i> 4.35 | \$ <i>per gallon</i> 4.69 | \$ 5.09 |
| March 2018 | \$ 23.91 | \$ 4.20 | \$ 4.35 | \$ 4.69 | \$ 5.09 |
| March 2019 | \$ 29.64 | \$ 4.50 | \$ 4.70 | \$ 5.00 | \$ 5.09 |
| March 2020 | \$ 29.64 | \$ 4.50 | \$ 4.70 | \$ 5.00 | \$ 5.09 |
| March 2021 | \$ 30.83 | \$ 4.68 | \$ 4.89 | \$ 5.20 | \$ 5.29 |
| March 2022 | \$ 30.83 | \$ 4.68 | \$ 4.89 | \$ 5.20 | \$ 5.29 |
| March 2023 | \$ 31.45 | \$ 4.77 | \$ 4.99 | \$ 5.30 | \$ 5.40 |
| March 2024 | \$ 31.45 | \$ 4.77 | \$ 4.99 | \$ 5.30 | \$ 5.40 |
| March 2025 | \$ 32.08 | \$ 4.87 | \$ 5.09 | \$ 5.41 | \$ 5.51 |
| March 2026 | \$ 32.08 | \$ 4.87 | \$ 5.09 | \$ 5.41 | \$ 5.51 |

Wastewater Rates - Volume Rate per 1,000 Gal

| Effective Date | Base Charge | Above 2,000 Gallons |
|----------------|-------------|---------------------|
| March 2017 | \$ 25.99 | \$ 4.33 |
| March 2018 | \$ 25.99 | \$ 4.33 |
| March 2019 | \$ 27.03 | \$ 4.50 |
| March 2020 | \$ 27.03 | \$ 4.50 |
| March 2021 | \$ 27.57 | \$ 4.59 |
| March 2022 | \$ 27.57 | \$ 4.59 |
| March 2023 | \$ 28.12 | \$ 4.68 |
| March 2024 | \$ 28.12 | \$ 4.68 |
| March 2025 | \$ 28.68 | \$ 4.78 |
| March 2026 | \$ 28.68 | \$ 4.78 |

City of Los Fresnos
Water & Wastewater Rate Schedule
Outside City Limits Table II 25%

Water Rates

| Effective Date | Base Charge | Volume Rate per 1,000 Gal | | | |
|----------------|-------------|---------------------------|-----------------------|-----------------------|------------------------|
| | | 2,001 - 10,000 Gallons | 10,001-20,000 Gallons | 20,001-40,000 Gallons | 40,001 - Above Average |
| March 2017 | \$ 29.89 | \$ 5.25 | \$ 5.44 | \$ 5.86 | \$ 6.36 |
| March 2018 | \$ 29.89 | \$ 5.25 | \$ 5.44 | \$ 5.86 | \$ 6.36 |
| March 2019 | \$ 37.05 | \$ 5.63 | \$ 5.88 | \$ 6.25 | \$ 6.36 |
| March 2020 | \$ 37.05 | \$ 5.63 | \$ 5.88 | \$ 6.25 | \$ 6.36 |
| March 2021 | \$ 38.54 | \$ 5.85 | \$ 6.11 | \$ 6.50 | \$ 6.61 |
| March 2022 | \$ 38.54 | \$ 5.85 | \$ 6.11 | \$ 6.50 | \$ 6.61 |
| March 2023 | \$ 39.31 | \$ 5.96 | \$ 6.24 | \$ 6.63 | \$ 6.75 |
| March 2024 | \$ 39.31 | \$ 5.96 | \$ 6.24 | \$ 6.63 | \$ 6.75 |
| March 2025 | \$ 40.10 | \$ 6.09 | \$ 6.36 | \$ 6.76 | \$ 6.89 |
| March 2026 | \$ 40.10 | \$ 6.09 | \$ 6.36 | \$ 6.76 | \$ 6.89 |

Wastewater Rates - Volume Rate per 1,000 Gal

| Effective Date | Base Charge | Above 2,000 Gallons |
|----------------|-------------|---------------------|
| March 2017 | \$ 32.49 | \$ 5.41 |
| March 2018 | \$ 32.49 | \$ 5.41 |
| March 2019 | \$ 33.79 | \$ 5.63 |
| March 2020 | \$ 33.79 | \$ 5.63 |
| March 2021 | \$ 34.46 | \$ 5.74 |
| March 2022 | \$ 34.46 | \$ 5.74 |
| March 2023 | \$ 35.15 | \$ 5.85 |
| March 2024 | \$ 35.15 | \$ 5.85 |
| March 2025 | \$ 35.85 | \$ 5.98 |
| March 2026 | \$ 35.85 | \$ 5.98 |

City of Los Fresnos
Wastewater Rate Schedule
EDAP Eligible Areas Outside City Limits Table III 15%

Wastewater Rates - Volume Rate per 1,000 Gal

| Effective Date | Base Charge | Above 2,000 Gallons |
|----------------|-------------|---------------------|
| March 2017 | \$ 29.89 | \$ 4.98 |
| March 2018 | \$ 29.89 | \$ 4.98 |
| March 2019 | \$ 31.08 | \$ 5.18 |
| March 2020 | \$ 31.08 | \$ 5.18 |
| March 2021 | \$ 31.71 | \$ 5.28 |
| March 2022 | \$ 31.71 | \$ 5.28 |
| March 2023 | \$ 32.34 | \$ 5.38 |
| March 2024 | \$ 32.34 | \$ 5.38 |
| March 2025 | \$ 32.98 | \$ 5.50 |
| March 2026 | \$ 32.98 | \$ 5.50 |