

Control Number: 48250



Item Number: 17

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DOCKET NO. 48250

**APPLICATION OF STANLEY LAKE §
MUNICIPAL UTILITY DISTRICT TO §
AMEND CERTIFICATES OF §
CONVENIENCE AND NECESSITY §
AND TO DECERTIFY PORTIONS OF §
SC UTILITIES AND T&W WATER §
SERVICE COMPANY'S §
CERTIFICATED SERVICE AREAS §
IN MONTGOMERY COUNTY §**

**PUBLIC UTILITY COMMISSION
OF TEXAS**

2018 OCT 31 AM 11:21
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 Commission Staff's Recommendation on Final Disposition and would show the following:

I. BACKGROUND

On April 10, 2018, Stanley Lake Municipal Utility District (Stanley Lake) filed an application to amend Certificates of Convenience and Necessity (CCN) Nos. 11222 (water) and 20483 (sewer) and to decertify a portion of T&W Water Service's (T&W) CCN No. 12892 and SC Utilities' (SC) CCN No. 20586 service area in Montgomery County. The requested area consists of approximately 739 total acres including nine (9) acres decertified from T&W Water Service and nine (9) acres decertified from SC Utilities, and six (6) current customers.

On August 3, 2018, the administrative law judge (ALJ) issued Order No. 4, finding notice sufficient, and requiring Staff to file a final recommendation on the application by September 25, 2018. Since not all of the consent forms were filed, Staff requested an extension to the filing deadlines. The ALJ granted this request in Order No. 5 on September 21, 2018, and set a new deadline for Staff to file a final recommendation on the application by November 1, 2018. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON FINAL DISPOSITION

Staff has reviewed Stanley Lake's application, and as detailed in the memorandum of Debbie Reyes of the Commission's Water Utility Regulation Division (Attachment A), Staff recommends that the application be approved. In accordance with this recommendation, the

corresponding maps (Attachment B), and certificates (Attachment C), that Stanley Lake, T&W and SC consented to in their September 20, 2018 and October 2, 2018 filings are attached. On or before November 8, 2018, the parties will jointly file proposed findings of fact and conclusions of law.

III. CONCLUSION

Staff respectfully requests that the ALJ issue an order consistent with the above recommendation.

Dated: October 31, 2018

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

A handwritten signature in black ink, appearing to read "Patrick D. Todd", written over a horizontal line.

Patrick D. Todd
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DOCKET NO. 48250

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 31, 2018 in accordance with 16 TAC § 22.74.

A handwritten signature in black ink, appearing to read "Patrick D. Todd", written over a horizontal line.

Patrick D. Todd

Attachment A

PUC Interoffice Memorandum

To: Patrick Todd, Attorney
Legal Division

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

From: Debbie Reyes, Program Specialist
Water Utilities Regulation Division

Date: October 30, 2018

Subject: **Docket No. 48250:** *Application of Stanley Lake Municipal Utility District to Amend Certificates of Convenience and Necessity and to Decertify Portions of SC Utilities and T&W Water Service Company's Certificated Service Areas in Montgomery County*

On April 10, 2018, Stanley Lake Municipal Utility District (Applicant), filed with the Public Utility Commission of Texas (Commission) an application to amend Certificate of Convenience and Necessity (CCN) Nos. 11222 (water) and 20483 (sewer) and to decertify a portion of T&W Water Service's CCN No. 12892 and SC Utilities' CCN No. 20586 in Montgomery County, Texas pursuant to Texas Water Code Ann. (TWC), §§ 13.242 - 13.250 and 16 Tex. Admin Code (TAC) §§ 24.225-.237 (formerly §§ 24.101 - 24.107).

Background

The Applicant is seeking to amend its water and sewer CCN boundaries to align with its district boundaries. The requested area consists of approximately 906 acres, which includes approximately 149 acres of area that was previously certificated to the Applicant as facility lines, the addition of approximately 739 acres of uncertificated area and the addition of approximately 9 acres to be decertified from T&W Water Service, and the addition of approximately 9 acres to be decertified from SC Utilities.

Notice

The deadline for intervention was July 6, 2018. No requests for hearing or intervention were received by the Commission.

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.

Currently, the Applicant has adequate water and sewer services for its customers within the district. The update of its CCN boundary to align with the district boundary, will not alter the adequacy of service provided to the requested area.

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

The requested area encompasses the Applicant's district boundary. The Applicant is requesting to amend its CCN boundaries to align with its district boundaries.

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.

The Applicant has provided signed agreements with the existing CCN holders, SC Utilities, and T&W Water Service Company, for the areas to be decertified that are located in the requested area.

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

The Applicant is a municipal utility district and is obligated to provide adequate water supply and sewer treatment within its district boundaries. The requested area will be served by its existing public water facilities, Stanley Lake MUD (PWS ID No. TX1700097), which is that is registered with the Texas Commission on Environmental Quality (TCEQ) and in compliance with TCEQ requirements.

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

The consideration of an adjacent retail utility to serve the area is not applicable, since there was an agreement between the Applicant and SC Utilities, and T&W Water Service Company to update its CCN boundaries.

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 and the financial stability of the applicant. 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 proposed utility service area. 16 TAC § 24.11(e) lists the financial tests.

The Applicant meets one of the five leverage tests. The Applicant has an A credit rating from Standard and Poor's, which is above the minimum of BBB-, and meets the credit rating leverage test of investment grade.

The Applicant meets the operations test. 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 has not submitted any projections in its application; however, based on the 2017 Stanley Lake MUD Annual Audit Report, specifically the Water Utility Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, the District had \$95,928 in operating income. Thus, there are no 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 and the effect on the land will be minimally impacted from the Applicant providing water and sewer services to the requested area as it develops.

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

Services to the requested area will be comparable to the services currently provided to the existing customers by the Applicant.

The Applicant meets all of the statutory requirements of TWC Chapter 13 and the Commission's Chapter 24 rules and regulations, and is capable of providing continuous and adequate service, approving this application to amend the CCN is necessary for the service, accommodation, convenience and safety of the public.

The Applicant, SC Utilities, and T&W Water Service Company consented to the attached map and certificates on September 20, 2018, respectively.

Based on the above information, Staff recommends the Commission approve the application, issue an order and provide the attached maps, and certificates to the Stanley Lake MUD, T&W Water Service and SC Utilities. Staff further recommends that the Applicant file certified copies of the CCN map 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

Stanley Lake MUD
Water CCN No. 11222
PUC Docket No. 48250
Amended CCN No. 11222 and
Decertified a Portion of T&W Water Service, CCN No. 12892 in Montgomery County



Water CCN

-  11222 - Stanley Lake MUD
-  12892 - T&W Water Service
-  12103 - Del Lago Estates WSC
-  11942 - Conroe Resort Utilities LLC
-  12769 - Havenshire Subdivision WS
-  13259 - Simply Aquatics Inc

-  11357 - Lake Lorraine Civic Organization
-  12941 - Pine Lake WSC Inc
-  13203 - Aqua Texas Inc
-  11612 - Quadvest LP



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



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Map by: Komal Patel
 Date created: August 31, 2018
 Project Path: n:\finalmapping\48250StanleyLakeWater.mxd

Stanley Lake MUD
Sewer CCN No. 20483
PUC Docket No. 48250
Amended CCN No. 20483 and
Decertified a Portion of SC Utilities, CCN No. 20586 in Montgomery County



Sewer CCN

-  20483 - Stanley Lake MUD
-  20586 - SC Utilities
-  20691 - Del Lago Estates WSC
-  20638 - Conroe Resort Utilities LLC
-  21065 - Aqua Texas Inc

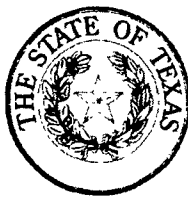
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Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Map by: Komal Patel
Date created: August 31, 2018
Project Path: n:\finalmapping\
48250StanleyLakeSewer.mxd

Attachment C



Public Utility Commission of Texas

By These Presents Be It Known To All That

Stanley Lake Municipal Utility District

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, Stanley Lake Municipal Utility District is entitled to this

Certificate of Convenience and Necessity No. 11222

to provide continuous and adequate water utility service to that service area or those service areas in Montgomery County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48250 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 Stanley Lake Municipal Utility District 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.



Public Utility Commission of Texas

By These Presents Be It Known To All That

Stanley Lake Municipal Utility District

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, Stanley Lake Municipal Utility District is entitled to this

Certificate of Convenience and Necessity No. 20483

to provide continuous and adequate sewer utility service to that service area or those service areas in Montgomery County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48250 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 Stanley Lake Municipal Utility District 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.



Public Utility Commission of Texas

By These Presents Be It Known To All That

T&W Water Service Company

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, T&W Water Service Company, is entitled to this

Certificate of Convenience and Necessity No. 12892

to provide continuous and adequate water utility service to that service area or those service areas in Harris, Liberty, and Montgomery Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48250 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 T&W Water Service Company, 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.



Public Utility Commission of Texas

By These Presents Be It Known To All That

SC Utilities

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, SC Utilities, is entitled to this

Certificate of Convenience and Necessity No. 20586

to provide continuous and adequate sewer utility service to that service area or those service areas in Harris and Montgomery Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48250 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 SC Utilities, 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.