



Control Number: 49150



Item Number: 16

Addendum StartPage: 0

**DOCKET NO. 49150**

**APPLICATION OF T&W WATER  
SERVICE COMPANY TO AMEND A  
WATER CERTIFICATE OF  
CONVENIENCE AND NECESSITY IN  
MONTGOMERY COUNTY** §  
§  
§  
§

**PUBLIC UTILITY COMMISSION  
OF TEXAS**  
2019 JUL 9 11:58 AM  
PUBLIC UTILITY COMMISSION  
FILINGS CLERK

**COMMISSION STAFF’S FINAL RECOMMENDATION**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest and files this Staff’s Final Recommendation, and would show the following:

**I. BACKGROUND**

On January 28, 2019, T&W Water Service Company (Applicant) filed an application to amend a water certificate of convenience and necessity (CCN) to serve the proposed Deer Pines Subdivision in Montgomery County, Texas. Applicant filed supplemental information on January 31, 2019, February 21, 2019, and again on March 19, 2019.

On July 9, 2019, Order No. 4 was issued granting Staff’s request for extension and requiring Staff to file a final recommendation on or before August 1, 2019. Therefore, this pleading is timely filed.

**II. STAFF RECOMMENDATION**

As detailed in the attached redacted memorandum and workpapers from Jolie Mathis in the Commission's Water Utility Regulation Division (Attachment A), Staff has reviewed the Amended Application, including Applicant’s supplemental filings on January 31, 2019, February 21, 2019, and March 19, 2019, and recommends that it be approved. A non-redacted memo will be filed confidentially concurrently with this filing. Staff s review indicates that Applicant meets the applicable technical, managerial, and financial requirements of Chapter 13 of the Texas Water Code and Title 16, Chapter 24 of the Texas Administrative Code and, therefore, is capable of providing continuous and adequate service. Additionally, Staff s review suggests that approval of

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Applicant application, and the amendment of water CCN No. 12892 is necessary for the service, accommodation, convenience, and safety of the public. The final map (Attachment B) and certificate No. 12892 (Attachment C) were consented to by Applicant via a consent form filed with the Commission on June 12, 2019. Staff further recommends that Applicant file a certified copy of the CCN map, a certified copy of their amended certificate, and a boundary description of the CCN service area in the county clerk's office of Montgomery County, pursuant to Texas Water Code (TWC) § 13.257(r)-(s).2019.

### **III. CONCLUSION**

For the reasons stated above, Staff respectfully requests the issuance of an order consistent with the above recommendation. Staff and Applicant shall jointly propose findings of fact and conclusions of law by the deadline established in Order No. 4.

Date: July 31, 2019

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. 49150**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on July 31, 2019, in accordance with 16 TAC § 22.74.

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Rustin Tawater

# **ATTACHMENT A**

## PUC Interoffice Memorandum

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**To:** Rustin Tawater, Attorney  
Legal Division

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

**From:** Jolie Mathis, Staff Engineer  
Water Utility Regulation Division

**Date:** July 26, 2019

**Subject:** *Docket 49150*, Application of T&W Water Service Company to Amend its Certificate of Convenience and Necessity (CCN) in Montgomery County

On January 28, 2019, T&W Water Service Company (T & W or Applicant) filed with the Public Utility Commission of Texas (Commission) an application to amend its water Certificate of Convenience and Necessity (CCN) No. 12892 in Montgomery County, Texas pursuant to Texas Water Code Ann. (TWC) §§ 13.242 to 13.250 and the 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237.

### **Background**

The Applicant is seeking to amend a water CCN for the service area containing approximately 892 acres and no existing customers.

### **Notice**

On March 14, 2019, Applicant filed an affidavit in the docket attesting to the provision of notice to affected parties and customers. Based on a final publication date of March 8, 2019, the comment period concluded April 8, 2019. The Commission received no protests or opt-out requests.

### **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 is currently no water 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 property will be developed into the Deer Pines Subdivision which will consist of approximately 700 residential lots. T&W Water Service Company was asked by the developer to provide the water service to the subdivision.

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

The Applicant's public water system (PWS) was approved for construction on May 7, 2019 by the Texas Commission on Environmental Quality (TCEQ) and registered under PWS No. 1700895. The construction approval letter will be filed by the Applicant in this docket. The water system will have an adequate supply of water and is capable of providing drinking water that meets the requirements of Chapter 341 of the Texas Health and Safety Code and TCEQ rules.

***TWC § 13.241(d) requires the applicant to demonstrate to the commission that regionalization or consolidation with another retail public utility is not economically feasible when construction of a physically separate water or sewer system is required to provide service to the requested area.***

No other retail providers are available for 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.***

The Applicant provided company-produced financial statements in a confidential filing for the fiscal years ending September 30, 2014 through September 30, 2018, and projections for five fiscal years in the future. The Applicant meets the leverage test with a debt to equity ratio of 0.33 which is less than one. The ratio is calculated as follows:

[REDACTED]

T&W indicates that it will be paid for from available cash funds or a loan from Amegy Bank. T&W's debt to equity ratio supports the ability to obtain financing. Therefore, Staff believes that the Applicant has the financial and managerial capability to provide continuous and adequate service with regard to the requirements in 16 TAC § 24.11.

***TWC § 13.246(d)(6) The Commission may require an applicant to provide a bond or other financial assurance in a form and amount specified by the commission to ensure that continuous and adequate utility service is provided.***

Staff does not currently recommend that the Applicant be required to provide a bond or other financial assurance to ensure continuous and adequate service.

***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 minimally affected during the land clearing and construction necessary to provide service to the requested area. The land is currently undeveloped.

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<sup>1</sup> Confidential financial statements, 1/31/19, at 62-63.

<sup>2</sup> *Id.* at 73.

<sup>3</sup> [REDACTED]

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

No improvement of service or lowering of costs to customers in the requested area will result from granting the amendment because T&W Water Service Co. will be serving new customers that have not been served previously.

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 a water CCN No. 12892 is necessary for the service, accommodation, convenience and safety of the public.

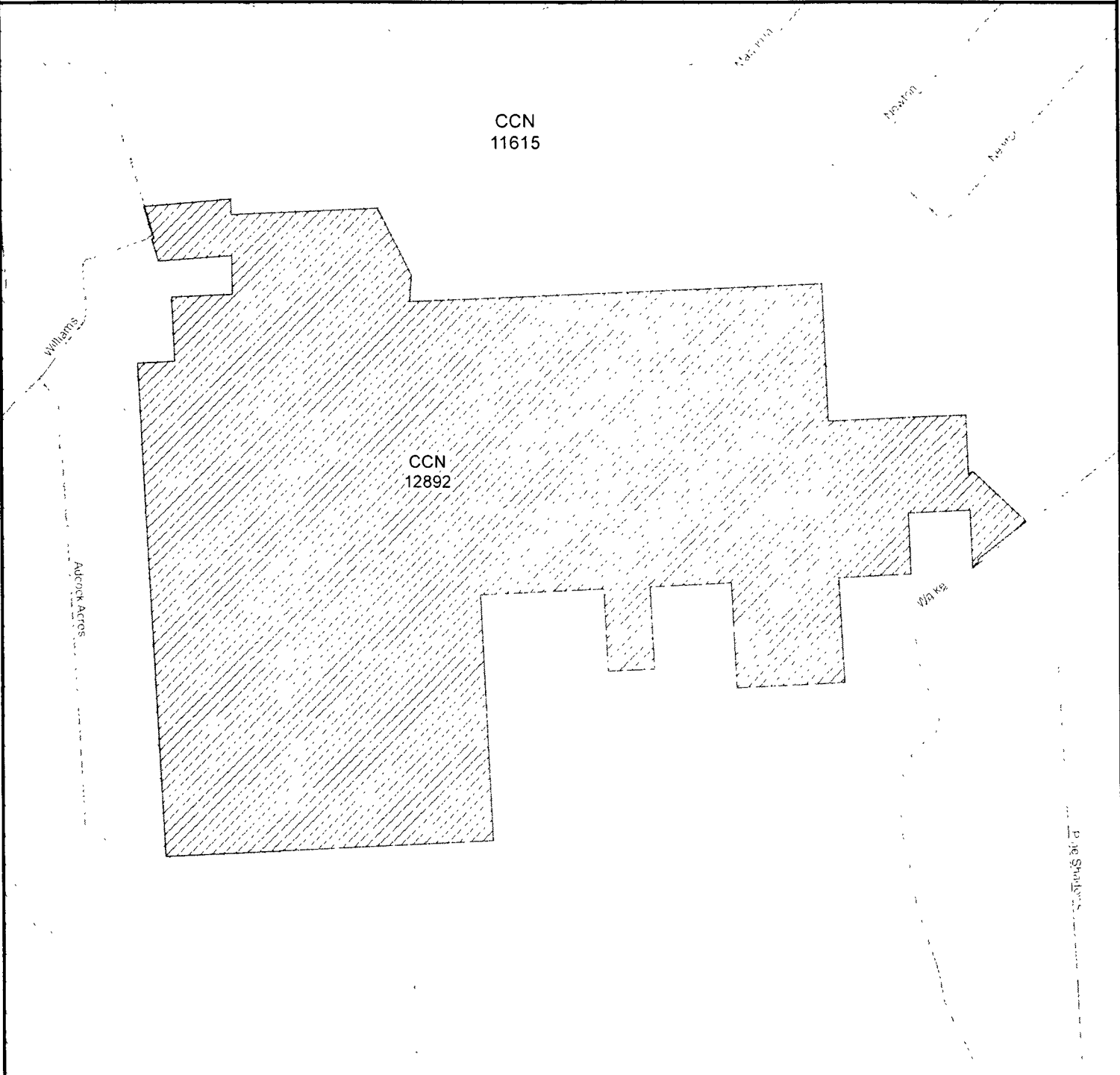
The Applicant consented to the attached map, tariff and certificate on June 12, 2019.

Based on the above information, Staff recommends the application be approved and that the attached map, tariff and certificate be provided to Applicant. 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**

T & W Water Service Company  
Portion of Water CCN No. 12892  
PUC Docket No. 49150  
Amended CCN No. 12892 in Montgomery County



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

**Water CCN**

-  12892 - T & W Water Service Company
-  11615 - Town of Cut and Shoot

0 750 1,500  
Feet



Map by Komal Patel  
Date created June 5, 2019  
Project Path n:\finalmapping\  
49150T&WWSC.mxd

# **ATTACHMENT C**



# **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. 49150 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 \_\_\_\_\_ 2019.