

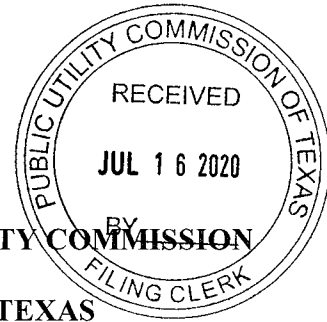
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DOCKET NO. 49263



APPLICATION OF THE CITY OF §  
FLORESVILLE TO AMEND A WATER §  
CERTIFICATE OF CONVENIENCE AND §  
NECESSITY IN WILSON COUNTY §

PUBLIC UTILITY COMMISSION  
OF TEXAS

**COMMISSION STAFF’S FINAL RECOMMENDATION**

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

**I. BACKGROUND**

On February 26, 2019, the City of Floresville (Floresville) filed an application to amend its water Certificate of Convenience and Necessity (CCN) No. 10688, in Wilson County, Texas. The requested area includes approximately 4,201 acres and 171 connections.

On May 31, 2019, the Commission administrative law judge (ALJ) issued Order No. 3, finding the application administratively complete and requiring notice. On April 9, 2020, the ALJ issued Order No. 12, finding Floresville’s notice sufficient.

On May 4, 2020, the ALJ issued Order No. 13, requiring Staff to provide final maps, certificates, and tariffs (if applicable) to Floresville for review and consent by June 25, 2020. Order No. 13 also required Floresville to file signed consent forms with the Commission by July 9, 2020. On June 25, 2020, Staff provided Floresville with the final map and certificate for review and consent via email. On July 1, 2020, Floresville filed its signed consent form, concurring with the map and certificate transmitted by email on June 25, 2020.

Order No. 13 also required Staff to file a final recommendation on the application by July 16, 2020. Therefore, this pleading is timely filed.

**II. RECOMMENDATION ON FINAL DISPOSITION**

Staff has reviewed the application and, as detailed in the attached memoranda from Spencer English, Rate Regulation Division, and Roshan Pokhrel, Infrastructure Division, recommends that it be approved. Staff further recommends that Floresville file certified copies of the attached CCN map along with a written description of the CCN service areas in the county clerk’s office pursuant

to TWC §§ 13.257 (r)-(s). Copies of the final map and CCN certificate consented to by Floresville are attached.

### III. CONCLUSION

Staff respectfully requests that the ALJ issue an order consistent with Staff's recommendations.

Dated: July 16, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

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/s/ Taylor P. Denison  
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**DOCKET NO. 49263**

**CERTIFICATE OF SERVICE**

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on July 16, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Taylor P. Denison  
Taylor P. Denison

## PUC Interoffice Memorandum

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**To:** Taylor Denison, Attorney  
Legal Division

**From:** Spencer English, Financial Analyst  
Rate Regulation Division

Roshan Pokhrel, Engineering Specialist  
Infrastructure Division

**Date:** July 16, 2020

**Subject:** **Docket No. 49263**, *Application of the City of Floresville to Amend a Water Certificate of Convenience and Necessity in Wilson County*

On February 26, 2019, the City of Floresville (Applicant) filed with the Public Utility Commission of Texas (Commission) an application to amend its water Certificate of Convenience and Necessity (CCN) No. 10688 in Wilson County, Texas pursuant to Texas Water Code (TWC) §§ 13.242 to 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237.

### **Background**

The Applicant is seeking to amend its water CCN for the service area containing approximately 4,201 acres and 171 existing customers.

### **Notice**

The comment period ended March 4, 2020, and no protests or opt-out requests were received from customers within the service area.

### **Criteria Considered**

TWC Chapter 13 and 16 TAC Chapter 24 require the Commission to consider nine criteria when granting or amending a water or sewer CCN. Therefore, the following criteria were considered:

***TWC § 13.246(c)(1) and 16 TAC § 24.227(e)(1) require the Commission to consider the adequacy of service currently provided to the requested area.***

The Applicant is already serving all of the requested area with its existing public water system (PWS), PWS ID 2470001, which is registered with the Texas Commission on Environmental Quality (TCEQ).

***TWC § 13.246(c)(2) and 16 TAC § 24.227(e)(2) require the Commission to consider the need for additional service in the requested area.***

There is a need for service as the Applicant is already serving 171 customers in the requested area.

***TWC § 13.246(c)(3) and 16 TAC § 24.227(e)(3) require the Commission to consider the effect of granting an amendment on the recipient of the certificate or amendment, on the landowners in the area, and on any other retail public utility of the same kind already servicing the proximate area.***

The Applicant will incorporate the 171 outlying customers into their CCN. The landowners will benefit because they will not have to drill individual wells. There are no other retail public utilities in the vicinity of the requested area.

***TWC § 13.246(c)(4) and 16 TAC § 24.227(e)(4) require the Commission to consider the ability of the Applicant to provide adequate service.***

The Applicant has an existing PWS registered with the TCEQ under City of Floresville, PWS ID 2470001. The Applicant is capable of providing drinking water that meets the requirements of Chapter 341, Health and Safety Code, and has access to an adequate supply of water. The Applicant does not have any violations listed in the TCEQ database.

***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.***

This criterion is not applicable because no additional construction is required to serve the requested area.

***TWC § 13.246(c)(5) and 16 TAC § 24.227(e)(5) require the Commission to consider the feasibility of obtaining service from an adjacent retail public utility.***

This criterion is not applicable because the requested area already receives water services from the Applicant.

***TWC § 13.246(c)(6) and 16 TAC § 24.227(e)(6) require 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 one out of four leverage tests for which the Applicant is only required to meet one.

16 TAC § 24.11(e)(2) refers to the leverage test. Below is a summary of the leverage tests met by the Applicant:

- a. 16 TAC § 24.11(e)(2)(D) states the owner or operator must have an investment-grade credit rating from Standard & Poor's Financial Services LLC, Moody's Investors Service, or Fitch Ratings Inc. The Applicant currently has a BBB- credit rating from Standard & Poor's Financial Services LLC, so they do meet the leverage test.

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 already serves 171 existing connections in the requested area. No improvements are needed to provide continuous and adequate service to the requested area and no cash shortages are projected for the future.

***TWC § 13.246(d) and 16 TAC § 24.227(f) allows the Commission to 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 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) and 16 TAC §§ 24.227(e)(7) and (9) require the Commission to consider the environmental integrity and the effect on the land to be included in the requested area.***

The environmental integrity of the land will not be impacted or disrupted because no additional construction is required.

***TWC § 13.246(8) and 16 TAC § 24.227(e)(8) require the Commission to consider the probable improvement in service or lowering of cost to consumers.***

There will be no impact or change to the quality of utility services as the Applicant already provides water services to all of the requested area. The Applicant mentioned in its application cover letter that upon entering the Applicant's CCN, the outlying customers' rates will be lowered by approximately 50 percent.

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. 10688 is necessary for the service, accommodation, convenience, and safety of the public. The Applicant consented to the attached map and certificate on July 1, 2020. Staff recommends the Commission approve the application and provide the attached map and certificate to the City of Floresville. 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).



# **Public Utility Commission of Texas**

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

## **City of Floresville**

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, City of Floresville is entitled to this

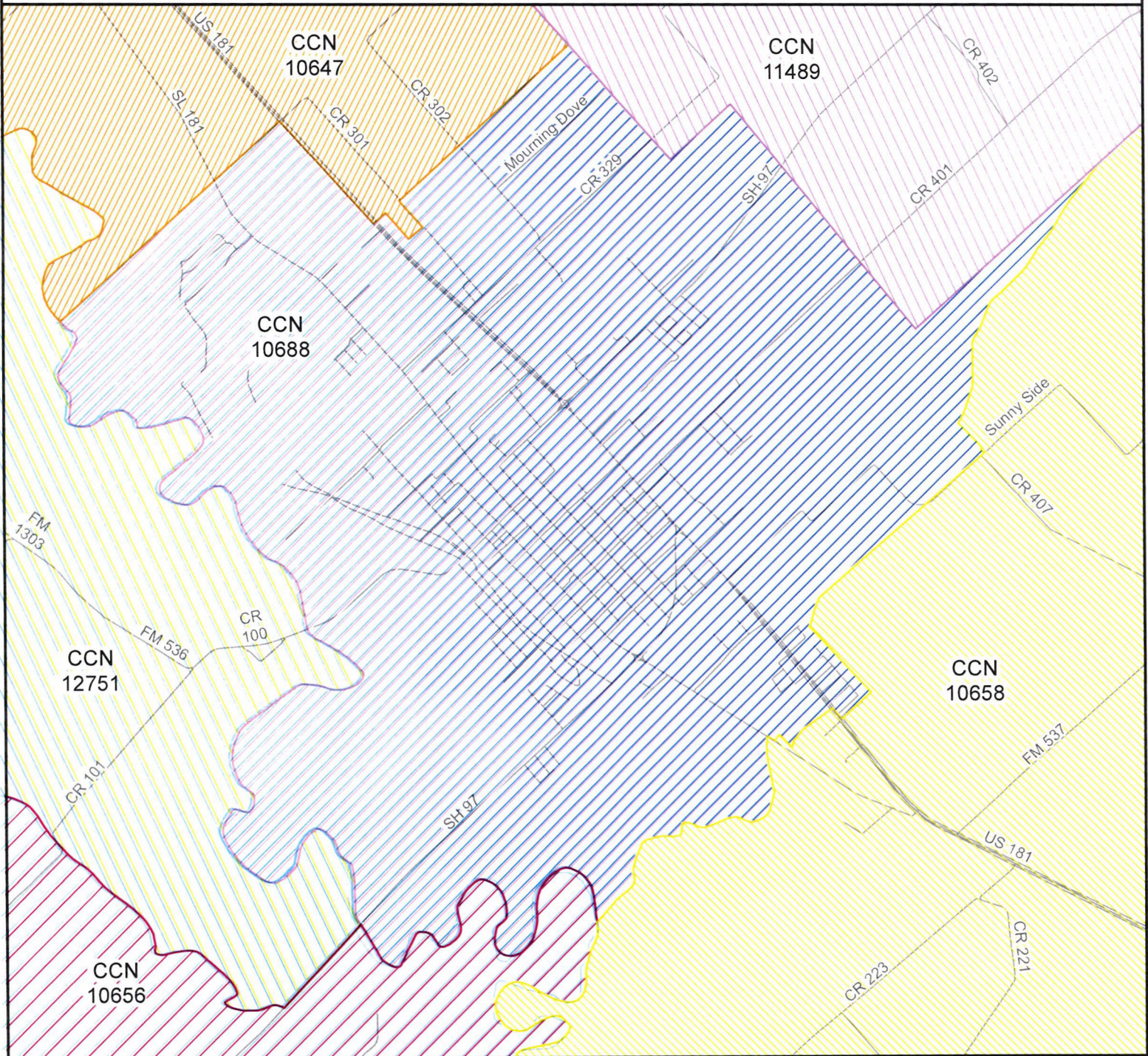
### **Certificate of Convenience and Necessity No. 10688**

to provide continuous and adequate water utility service to that service area or those service areas in Wilson County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 49263 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 City of Floresville 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 \_\_\_\_\_ 2020.



City of Floresville  
 Portion of Water CCN No. 10688  
 PUC Docket No. 49263  
 Amended CCN No. 10688 in Wilson County



**Water CCN**

-  10688 - City of Floresville
-  12751 - Picoso WSC
-  10647 - Oak Hills WSC
-  11489 - S S WSC
-  10658 - Sunko WSC
-  10656 - Three Oaks WSC

