



Control Number: 49879



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APPLICATION OF SWIFT WATER § PUBLIC UTILITY COMMISSION
SUPPLY CORPORATION TO §
AMEND ITS WATER CERTIFICATE § OF TEXAS
OF CONVENIENCE AND §
NECESSITY IN NACOGDOCHES §
COUNTY

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 and would show the following:

I. BACKGROUND

On August 21, 2019, Swift Water Supply Corporation (Swift WSC) filed an application to amend its water certificate of convenience and necessity (CCN) No. 11420 in Nacogdoches County. The original requested area consisted of approximately 3,123 acres and 62 current customers. Swift WSC revised its application to reduce the requested area to 1,969 acres and 62 current customers.

Order No. 10, filed October 15, 2020, directed Staff to send the final maps, certificates, and tariffs (if applicable) to Swift WSC by December 12, 2020. Swift WSC filed its consent to the map and certificate on December 15, 2020. Order No. 10 also directed Staff to file a final recommendation on the application by January 11, 2021. Therefore, this pleading is timely filed.

II. FINAL RECOMMENDATION ON THE APPLICATION

Staff has reviewed Swift WSC's application and, as detailed in the memorandum of Patricia Garcia of the Commission's Infrastructure Division (Attachment A), Staff recommends that the application be approved. Staff's review indicates that Swift WSC meets all of the statutory requirements of Texas Water Code Chapter 13, and the Commission's Chapter 24 rules and regulations, and is capable of providing continuous and adequate service. Additionally, Staff's review suggests that approval of the application is necessary for the service, accommodation, convenience, and safety of the public.

In accordance with this recommendation, the corresponding map (Attachment B), and certificate (Attachment C), consented to by Swift WSC are included with this pleading. On or before January 18, 2021, the parties will jointly file proposed findings of fact and conclusions of law.

III. CONCLUSION

For the reasons detailed above, Staff respectfully recommends that the Commission approve Swift WSC's application.

Dated: January 11, 2021

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Rachelle Nicolette Robles
Division Director

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/s/ John Harrison
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DOCKET NO. 49879 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 January 11, 2021, in accordance with the Order Suspending Rules, filed in Project No. 50664.

/s/ John Harrison
John Harrison

Public Utility Commission of Texas

Memorandum

TO: John Harrison, Attorney
Legal Division

FROM: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

DATE: January 11, 2021

RE: Docket No. 49879 – *Application of Swift Water Supply Corporation to Amend its Water Certificate of Convenience and Necessity in Nacogdoches County*

Swift Water Supply Corporation (Swift WSC) filed with the Public Utility Commission of Texas (Commission) an application to amend its water certificate of convenience and necessity (CCN) No. 11420 in Nacogdoches County, Texas under Texas Water Code (TWC) §§ 13.242 to 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237.

Background

Swift WSC's original request to amend its water CCN service area included approximately 3,123 acres and 62 customers. The requested area was reduced as shown in Swift WSC's October 13, 2020 filing. The revised service area being requested by Swift WSC has customers or facilities within each of the individual parcels include in the area. Swift WSC is seeking to amend its CCN service area to add approximately 1,969 acres and 62 existing customers to its CCN service area.

Notice

Swift WSC provided notice consistent with 16 TAC § 24.235. The comment period ended July 31, 2020. There was one opt-out request filed on May 11, 2020. Swift WSC submitted revised mapping documentation to remove the opt-out from the requested area.

Factors Considered

TWC §§ 13.241 and 13.246, and 16 TAC §§ 24.11(e) and 24.227 require the Commission to consider certain factors 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(a), (e)(1) require the Commission to consider the adequacy of service currently provided to the requested area.

Swift WSC has a Texas Commission on Environmental Quality (TCEQ) approved Public Water System (PWS) registered under PWS ID No. 1740019. Swift WSC does not have any

violations listed in the TCEQ database. No additional construction is necessary for Swift WSC to serve the requested area.

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

There is a need for service as there are 62 existing customers in the requested area.

TWC §§ 13.241(b) and 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.

Swift WSC will be the certificated entity for the requested area and be required to provide adequate and continuous service to the requested area.

The landowners in the areas will have a water provider available when they need to request water service.

There will be no effect on any retail public utility servicing the proximate area. All retail public utilities in the proximate area were provided notice of the CCN amendment requested in this application and did not request to intervene.

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

Swift WSC has a TCEQ approved PWS registered under PWS ID No. 1740019. Swift WSC does not have any violations listed in the TCEQ database. No additional construction is necessary for Swift WSC 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.

Swift WSC is currently serving customers in the requested area, has facilities in the requested area to serve any future customers, and has sufficient capacity. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

TWC § 13.246(c)(6) and 16 TAC §§ 24.227(a), (e)(6), and 24.11(e) require the Commission to consider the financial ability of the applicant to pay for facilities necessary to provide continuous and adequate service.

Fred Bednarski, III, Financial Analyst in the Rate Regulation Division, provided me with the following analysis:

16 TAC § 24.11 establishes the 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. The financial tests include a leverage test and operations test.

Leverage tests

This analysis is based on financial statements ending December 31, 2018 and December 31, 2017.

Swift WSC's 2018 financial statements report long-term debt of \$0.00 and equity of \$1,802,876. The debt-to-equity ratio is 0.00. Because the ratio is less than 1.0, Swift WSC meets the test specified in 16 TAC § 24.11(e)(2)(A).

Operations test

An owner or operator must demonstrate sufficient available cash to cover projected cash shortages for operations and maintenance expense during the first five years of operations, as required by 16 TAC § 24.11(e)(3). Swift WSC's financial statements indicate income of \$157,557, excluding depreciation expense, and a cash balance of \$374,200. This information indicates that Swift WSC will have sufficient cash to cover projected shortages.

No capital improvements are needed to provide continuous and adequate service to the requested area. If improvements are required in the future Swift WSC has cash reserves, the ability to increase its rates, as well as the ability to obtain loans. Sufficient cash and net income available to cover possible future shortages provide an indication of financial stability and financial and managerial capability. Therefore, Swift WSC meets the operations test specified in 16 TAC § 24.11(e)(3).

TWC § 13.246(d) and 16 TAC § 24.227(f) allow 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.

Fred Bednarski, III, provided the following.

As explained in the discussion of TWC § 13.246(c)(6) and 16 TAC §§ 24.227(a), (e)(6), and 24.11(e), Swift WSC meets the financial tests. Therefore, Swift WSC is not required to provide a bond or other financial assurance to ensure continuous and adequate service.

TWC §§ 13.246(c)(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 certificate.

The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested area.

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

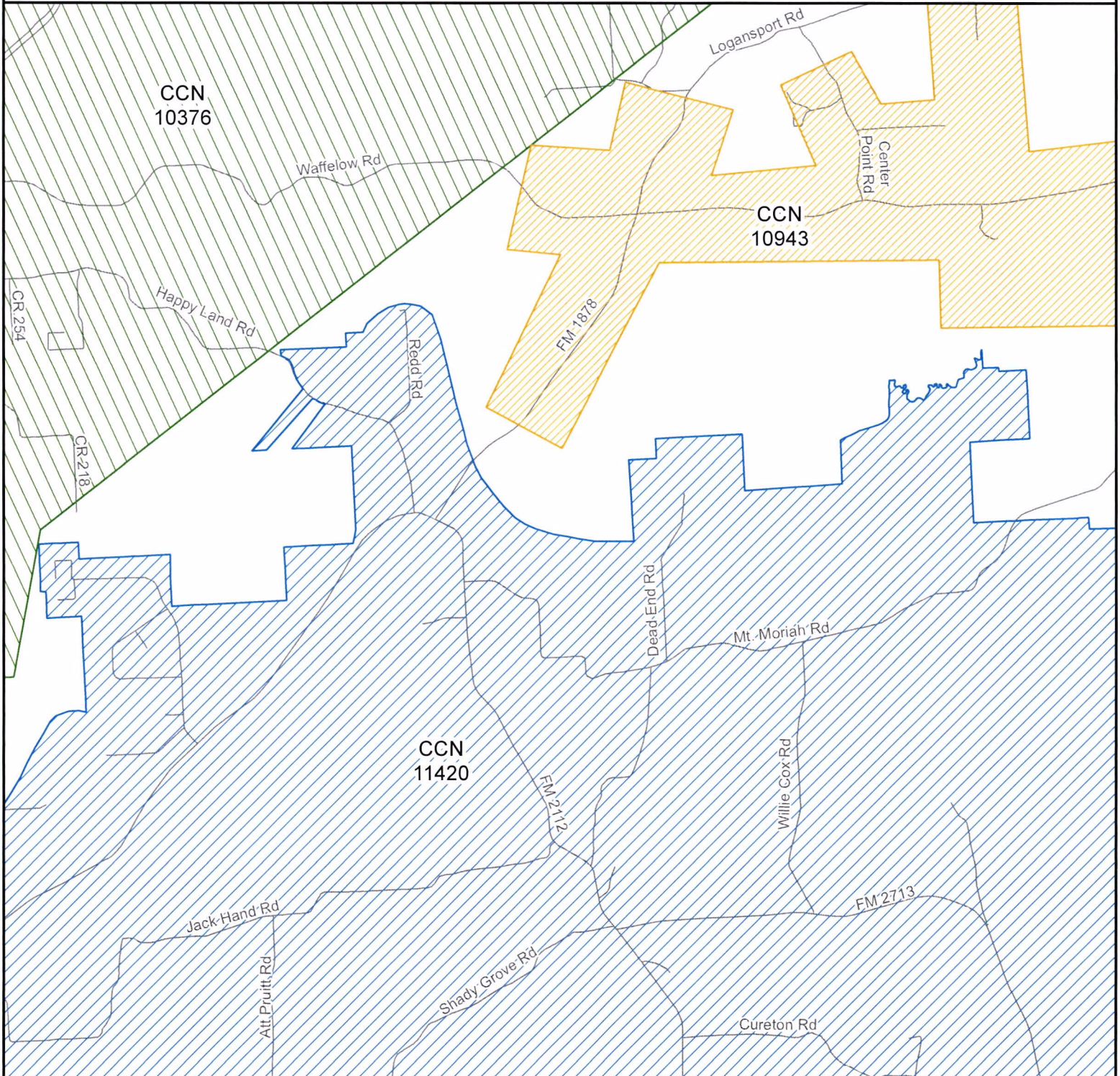
Swift WSC will continue to provide water service to the existing customers in the area with no change to the cost to customers.

Based on the mapping review by Gary Horton, Infrastructure Division, the financial and managerial review by Fred Bednarski III, Rate Regulation Division, and my technical and managerial review, I recommend that Swift WSC meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations and is capable of providing continuous and adequate service. I further recommend that approving this application to amend water CCN No. 11420 is necessary for the service, accommodation, convenience and safety of the public.

Swift WSC consented to the attached map and certificate on December 15, 2020.

Based on the above information, I recommend the Commission approve the application, issue an order and provide the attached map and certificate to Swift WSC.

Swift Water Supply Corporation
Portion CCN No. 11420
PUC Docket No. 49879
Amended CCN No. 11420 in Nacogdoches County



Water CCN

-  11420 - Swift WSC
-  10376 - Appleby WSC
-  10943 - Libby WSC

0 2,250 4,500
Feet





Public Utility Commission of Texas

By These Presents Be It Known To All That

Swift Water Supply Corporation

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, Swift Water Supply Corporation is entitled to this

Certificate of Convenience and Necessity No. 11420

to provide continuous and adequate water utility service to that service area or those service areas in Nacogdoches County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 49789 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 Swift Water Supply Corporation 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 _____ 20__.