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APPLICATION OF GRISTMILL  
UTILITY COMPANY, LLC TO  
OBTAIN A SEWER CERTIFICATE OF  
CONVENIENCE AND NECESSITY IN  
HAYS COUNTY

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PUBLIC UTILITY COMMISSION  
OF TEXAS

### NOTICE OF APPROVAL

This Notice of Approval addresses the application of the Gristmill Utility Company, LLC (Gristmill) to obtain a sewer certificate of convenience and necessity (CCN) in Hays County. The Commission issues sewer CCN number 21122 to Gristmill.

#### I. Findings of Fact

The Commission makes the following findings of fact.

##### Applicant

1. Gristmill is a limited liability company registered with the Texas Secretary of State under file number 0802973644 on March 27, 2018.
2. Gristmill is a retail public utility that provides sewer service to approximately 55 current customers in Hays County.
3. Gristmill operates, maintains, and controls facilities that provide sewer service registered with the Texas Commission on Environmental Quality (TCEQ) under wastewater discharge permit number WQ-0015635001 in Hays County.

##### Application

4. On December 6, 2019, Gristmill filed an application to obtain a sewer CCN in Hays County.
5. Gristmill filed supplemental information on January 31, 2020, April 3, 2020, and June 10, 2020.
6. The requested area consists of 260 acres and 55 existing customers.
7. The requested area is located approximately between 2 miles northwest and 1 mile north of downtown Uhland, Texas, and is generally bounded on the north by the intersection of

High Road and Railyard Drive; on the east by Camino Real and State Highway 21; on the south by South Plum Creek Road; and on the west by Grist Mill Road.

8. In Order No. 7 filed on August 17, 2020, the administrative law judge (ALJ) found the application administratively complete.

#### **Notice**

9. On September 18, 2020, Gristmill filed the affidavit of Mia Natalino, General Manager for Gristmill, testifying that notice was mailed to neighboring utilities, county authorities, municipalities, and affected parties on August 24, 2020.
10. On October 12, 2020, Gristmill supplemented its notice providing a comprehensive list of the affected parties that notice was sent to on October 8, 2020.
11. On September 18, 2020, Gristmill filed a publisher's affidavit attesting to publication of notice in the *San Marcos Daily Record*, a publication of general circulation in Hays County, on August 23, 2020 and August 30, 2020.
12. In Order No. 9 filed on October 23, 2020, the ALJ found the notice sufficient.

#### **Tariff, Map, and Certificate**

13. On February 3, 2021, Commission Staff emailed the proposed map, tariff, and certificate to Gristmill.
14. On February 11, 2021, Gristmill filed its consent to the proposed map, tariff, and certificate.
15. On March 12, 2021, Commission Staff filed the proposed map, tariff, and certificate as attachments to the agreed motion to admit evidence.

#### **Evidentiary Record**

16. On March 12, 2021, Commission Staff filed an agreed motion to admit evidence and proposed notice of approval.
17. In Order No. 13 filed on March 25, 2021, the ALJ admitted the following into evidence: (a) Gristmill's application filed on December 6, 2019; (b) Gristmill's response to Order No. 1 filed on December 20, 2019; (c) Gristmill's supplements to the application filed on January 31, 2020, April 3, 2020, June 10, 2020, and July 17, 2021; (d) Commission Staff's third supplemental recommendation on administrative completeness filed on

August 14, 2020; (e) Gristmill's proof of notice filed on September 18, 2020 and October 12, 2020; (f) Commission Staff's recommendation on sufficiency of notice filed on October 23, 2020; (g) Gristmill's consent form filed on February 11, 2021; (h) Commission Staff's final recommendation and attachments filed on February 26, 2020; and (i) the map, tariff, and certificate attached to the agreed motion to admit evidence and proposed notice of approval filed on March 12, 2021.

**Adequacy of Existing Service – Texas Water Code (TWC) § 13.246(c)(1); 16 Texas Administrative Code (TAC) § 24.227(e)(1)**

18. The requested service area is currently being served by Gristmill.
19. Gristmill has a TCEQ approved wastewater discharge permit registered as Plum Creek Utility Wastewater Treatment Facility (Plum Creek), Wastewater Discharge Permit No. WQ-0015635001.
20. Plum Creek will provide wholesale wastewater treatment service to Gristmill.
21. The collection systems for the Gristmill Highlands subdivision was completed at the time of the application, and the collection system for the Harmony Hills subdivision was scheduled to be completed in 2020.

**Need for Service - TWC § 13.246(c)(2); 16 TAC § 24.227(e)(2)**

22. There are 55 existing customer connections in the requested area.
23. In addition to the 55 existing customers, there are currently two new residential subdivisions being constructed in the requested area.

**Effect of Granting the Certificate - TWC § 13.246(c)(3); 16 TAC § 24.227(e)(3)**

24. Granting the CCN request will obligate Gristmill to provide sewer service to future customers in the 260-acre requested service area.
25. No protests, adverse comments, or motions to intervene were filed by any adjacent retail public utility in this docket.
26. There will be no effect on any retail public utility serving the proximate area

**Ability to Serve: Managerial and Technical - TWC §§ 13.241(a), (b), 13.246(c)(4); 16 TAC § 24.227(a), (e)(4)**

27. Gristmill currently provides sewer service to 55 customers.
28. Gristmill provides sewer service from a TCEQ-permitted wastewater discharge permit as Plum Creek registered under Wastewater Discharge Permit No. WQ-0015635001.
29. Gristmill does not have any unresolved violations listed in the TCEQ's database associated with its sewer collection system and sewer treatment.
30. Additional construction for collection lines may be required in the future.
31. Gristmill is capable of meeting the TCEQ's design criteria for sewer treatment plants and the requirements of chapter 13 of the Texas Water Code (TWC).
32. Gristmill has the managerial and technical capability to provide continuous and adequate service to the requested area.

**Feasibility of Obtaining Service from Adjacent Utilities - TWC § 13.246(c)(5) and 16 TAC § 24.227(e)(5)**

33. The requested area is already being served by Gristmill.
34. It is not feasible for an adjacent utility to provide service to the requested area.

**Ability to Serve: Financial Ability and Stability - TWC §§ 13.241(a), 13.246(c)(6); 16 TAC §§ 24.11(e), 24.227(a), (e)(6)**

35. Gristmill has sufficient unrestricted cash available as a cushion for two years of debt service, which meets one of the five leverage tests.
36. Gristmill demonstrated it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations after approval of the CCN amendment, satisfying the operations test.
37. Gristmill demonstrated the financial ability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

**Financial Assurance - TWC § 13.246(d); 16 TAC § 24.227(f)**

38. There is no need to require Gristmill to provide a bond or other financial assurance to ensure continuous and adequate service.

**Environmental Integrity - TWC § 13.246(c)(7); 16 TAC § 24.227(e)(7)**

39. The environmental integrity of the land will be minimally affected as collection lines are installed to provide service to the requested area.

**Effect on the Land - TWC § 13.246(c)(9); 16 TAC § 24.227(e)(9)**

40. The effect on the land will be minimal as collection lines are installed to provide service to the requested area.

**Improvement in Service or Lowering of Cost—TWC § 13.246(c)(8), 16 TAC § 24.227(e)(8)**

41. Sewer service to the requested area will improve because Gristmill will be obligated to serve future customers in the requested area.
42. No lowering of cost to customers in the requested area will result from granting the CCN.

**Regionalization or Consolidation - TWC § 13.241(d) and 16 TAC § 24.227(b)**

43. There are no other sewer service providers in the adjacent area that can serve the requested area.
44. Construction of a physically separate water system is not needed to serve the requested area.

**Informal Disposition**

45. More than 15 days have passed since the completion of notice provided in this docket.
46. No person filed a protest or motion to intervene.
47. Commission Staff and Gristmill are the only parties to this proceeding.
48. No party requested a hearing and no hearing is needed.
49. The decision is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC §§ 13.041, 13.241, 13.244, and 13.246.
2. Gristmill is a retail public utility as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).

3. Gristmill's notice complies with TWC § 13.246 and 16 TAC § 24.235.
4. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,<sup>1</sup> the TWC, and Commission rules.
5. The application meets the requirements set forth in TWC § 13.244 and 16 TAC §§ 24.25 and 24.227.
6. After consideration of the factors in TWC § 13.246(c) and 16 TAC § 24.227(e), Gristmill has demonstrated adequate financial, managerial, and technical capability to providing continuous and adequate service to the requested service area as required by TWC § 13.241 and 16 TAC § 24.227.
7. It is not necessary for Gristmill to provide a bond or other financial assurance under TWC § 13.246(d).
8. Gristmill has demonstrated that issuing sewer CCN number 21122 is necessary for the service, accommodation, convenience, and safety of the public as required by TWC § 13.246(b) and 16 TAC § 24.227(d).
9. Under TWC § 13.257(r) and (s), Gristmill must record a certified copy of the approved map and certificate, along with a boundary description of the service area, in the real property records of Hays County within 30 days of this Order and must submit evidence of the recording to the Commission.
10. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission grants Gristmill's sewer CCN number 21122 as described in this notice of approval and shown on the attached map.

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<sup>1</sup> Tex. Gov't Code §§ 2001.001-.903.

2. The Commission approves the certificate and map attached to this Notice of Approval.
3. Gristmill must serve every customer and applicant for service within the approved area under CCN number 21122 who requests sewer service and meets the terms of Gristmill's sewer service tariff, and such service must be continuous and adequate.
4. Gristmill must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Hays County affected by this application and file in this docket proof of the recording no later than 30 days after the date of this notice of approval.
5. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the 29th day of March, 2021.

PUBLIC UTILITY COMMISSION OF TEXAS



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GREGORY R. SIEMANKOWSKI  
ADMINISTRATIVE LAW JUDGE





# **Public Utility Commission of Texas**

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

## **Gristmill Utility Company, LLC**

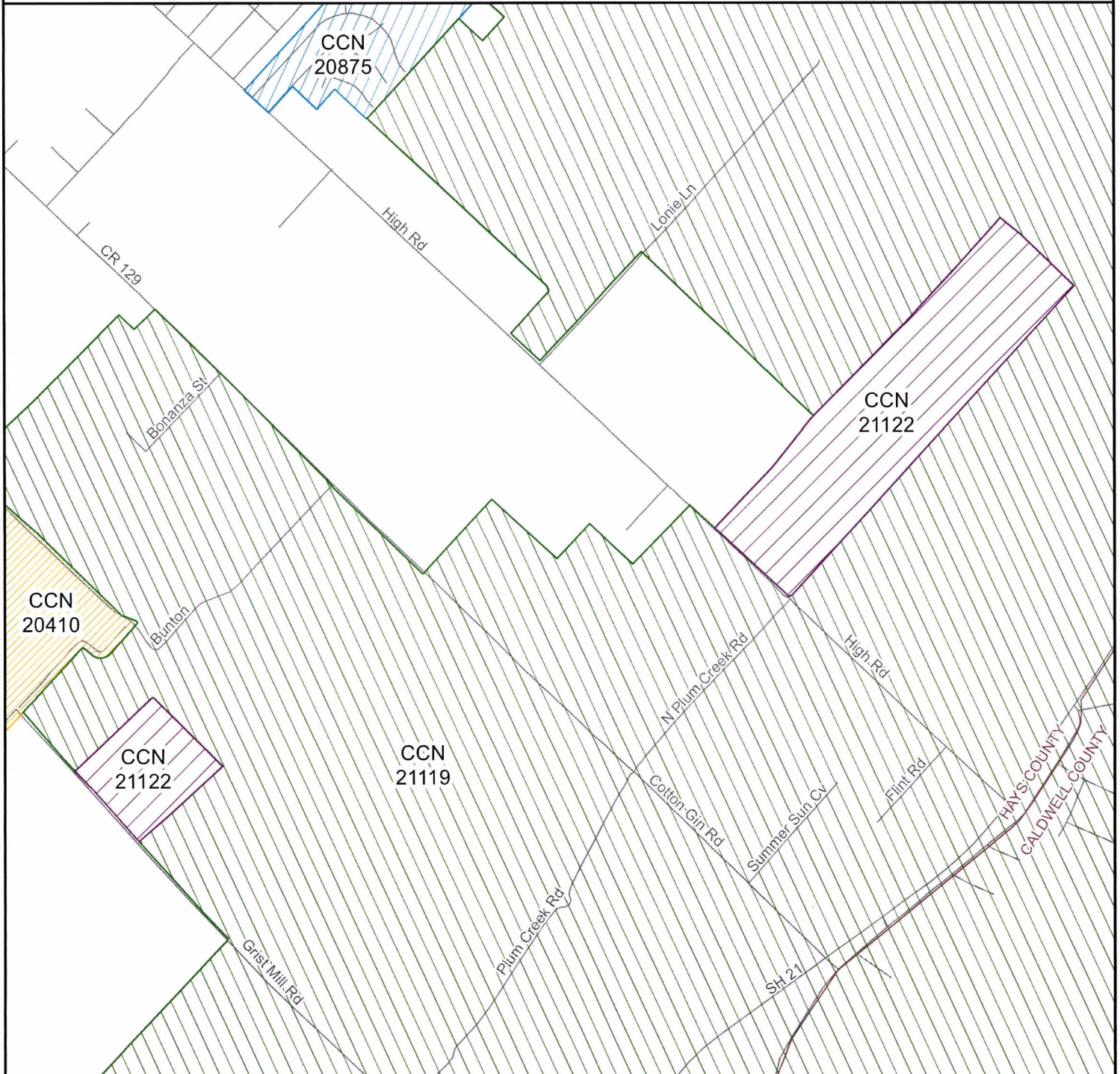
having obtained certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Gristmill Utility Company, LLC is entitled to this

### **Certificate of Convenience and Necessity No. 21122**

to provide continuous and adequate sewer utility service to that service area or those service areas in Hays County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 50325 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 Gristmill Utility Company, LLC 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 29<sup>th</sup> day of March 2021.

Gristmill Utility Company, LLC  
Sewer CCN No. 21122  
PUC Docket No. 50325  
Obtained New CCN in Hays County



**Sewer CCN**

-  21122 - Gristmill Utility Company LLC
-  21119 - County Line SUD
-  20410 - City of Kyle
-  20875 - The Railyard WWTP

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