



Control Number: 50711



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DOCKET NO. 50711

2020 JUL 13 PM 12:37

**PETITION OF VAL VERDE UTILITY
COMPANY, LLC TO DISCONTINUE
SEWER SERVICE IN VAL VERDE
COUNTY AND CANCEL
CERTIFICATE OF CONVENIENCE
AND NECESSITY NUMBER 21047**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

COMMISSION STAFF'S RECOMMENDATION ON FINAL DISPOSITION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Commission Staff's Recommendation on Final Disposition. Staff recommends that the petition be approved. In support thereof, Staff shows the following:

I. BACKGROUND

On March 30, 2020, Val Verde Utility Company, LLC (Val Verde) filed a petition under 16 Texas Administrative Code (TAC) § 24.249 seeking approval to discontinue sewer service and cancel its sewer Certificate of Convenience and Necessity (CCN) No. 21047 in Val Verde County. In its petition, Val Verde stated that no sewer service has ever been provided under the CCN and, therefore, that there have never been any customers. Val Verde filed proof of notice on May 7, 2020, May 27, 2020, and June 11, 2020.

On June 16, 2020, Order No. 3 in this proceeding was issued, finding notice sufficient and requiring Staff to file a recommendation on final disposition of the petition by July 13, 2020. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON FINAL DISPOSITION

Staff has reviewed Val Verde's petition and, as detailed in the attached memorandum from Patricia Garcia, Infrastructure Division, recommends that the petition be approved. Staff's recommendation is based on an assessment of Val Verde's petition in accordance with the factors listed under 16 TAC § 24.249(i). Specifically, because Val Verde has never provided service to customers under its CCN, Staff recommends that granting the petition will have no impact on

customers or landowners,¹ that there are no relevant costs associated with bringing the utility into compliance,² and that Val Verde should not be required to identify alternate sources of service³ or attempt to sell its facilities.⁴ Additionally, Staff recommends that Val Verde's relationship with the original developer of the service area should not prohibit approval of the petition.⁵ Furthermore, because no customer has ever been served under the CCN, Staff recommends that the availability⁶ and feasibility⁷ of obtaining sewer service from an alternate source should not prohibit approval of Val Verde's petition. Therefore, Staff recommends that Val Verde's petition be approved and that its CCN No. 21047 be cancelled.

IV. CONCLUSION

Staff recommends that Val Verde's petition be approved and that its CCN No. 21047 be cancelled. Staff respectfully requests that an order be issued consistent with the foregoing recommendation.

¹ 16 Tex. Admin. Code (TAC) § 24.249(i)(1).

² 16 TAC § 24.249(i)(2).

³ 16 TAC § 24.249(i)(3).

⁴ 16 TAC §§ 24.249(i)(4)-(5).

⁵ 16 TAC § 24.249(i)(6). Val Verde was established by the original developer of the service area.

⁶ 16 TAC § 24.249(i)(7).

⁷ 16 TAC § 24.249(i)(8).

Dated: July 13, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/Courtney Dean
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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 13, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/Courtney Dean
Courtney N. Dean

PUC Interoffice Memorandum

To: Courtney Dean, Attorney
Legal Division

From: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

Date: July 13, 2020

Subject: **Docket No. 50711**, *Petition of Val Verde Utility Company, LLC to Discontinue Sewer Service in Val Verde County and Cancel Certificate of Convenience and Necessity Number 21047*

On March 30, 2020, Val Verde Utility Company, LLC (Applicant) filed a petition to discontinue sewer service and cancel Certificate of Convenience and Necessity (CCN) No. 21047 in Val Verde County. The Applicant asserts that no utility services have ever been provided in the sewer service area, which includes approximately 3,103 acres and no customers.

Criteria Considered

16 Texas Administrative Code (TAC) § 24.249(i) states “In determining whether to authorize a retail public utility to discontinue, reduce, or impair retail water or sewer utility service, the commission shall consider, but is not limited to, the following factors.” Therefore, the following criteria were considered:

16 TAC § 24.249(i)(1) requires the Commission to consider the effect on the customers and landowners.

There will be no effect on customers and landowners. There are no customers in the area. The land was conveyed to Val Verde County. As the current landowner, Val Verde County requested for the CCN to be cancelled.

16 TAC § 24.249(i)(2) requires the Commission to consider the costs associated with bringing the utility into compliance.

The Applicant has a proposed Texas Commission on Environmental Quality (TCEQ) approved Texas Pollutant Discharge Elimination System (TPDES) permit No. WQ0014777001. The TPDES permit is active through September 1, 2020. In order to renew the permit, the Applicant has to provide the TCEQ a request for renewal at least 6 months prior to the expiration date and provide notice to the area of the TPDES permit discharge location which can be expensive. As there are no customers at this time, the applicant did not request to renew the permit within the 6-month timeline and is therefore now requesting to cancel the associated sewer CCN.

16 TAC § 24.249(i)(3) requires the Commission to consider the applicant’s diligence in locating alternative sources of service.

This was not done as the current landowner, Val Verde County, requested for the cancellation of the CCN.

16 TAC § 24.249(i)(4) requires the Commission to consider the applicant’s efforts to sell the

utility, such as running advertisements, contacting other retail public utilities, or discussing cooperative organization with the customers.

The land within the service area was conveyed to Val Verde County who requested cancellation of the CCN.

16 TAC § 24.249(i)(5) requires the Commission to consider the asking price for purchase of the utility as it relates to the undepreciated original cost of the system for ratemaking purposes.

The land within the service area was conveyed to Val Verde County.

16 TAC § 24.249(i)(6) requires the Commission to consider the relationship between the applicant and the original developer of the area services.

SE Ranch Holdings, Ltd. was the original developer for the service area. The officers of SE Ranch Holdings, Ltd. established Val Verde Utility Company, LLC, which is the CCN holder requesting cancellation of the CCN.

16 TAC § 24.249(i)(7) requires the Commission to consider the availability of alternative sources of service, such as adjacent retail public utilities or groundwater.

This was not done as the current landowner, Val Verde County, requested for the cancellation of the CCN.

16 TAC § 24.249(i)(8) requires the Commission to consider the feasibility of customers and landowners obtaining service from alternative sources, considering the costs to the customer, quality of service available from the alternative source, and length of time before full service can be provided.

There are no customers in the area.

The applicant meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations. Therefore, Staff recommends the cancellation of sewer CCN No. 21047. The utility's sewer service area has been removed from the PUC database and will be removed from the online map viewer during the next PUC Staff mapping update.