



Control Number: 50792



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DOCKET NO. 50792

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**PETITION OF VAL VERDE UTILITY
COMPANY, LLC TO DECERTIFY ITS
CERTIFICATED WATER AREA AND
CANCEL ITS WATER CERTIFICATE
OF CONVENIENCE AND NECESSITY
IN VAL VERDE COUNTY**

**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 April 20, 2020, Val Verde Utility Company, LLC (Val Verde) filed petition under 16 Texas Administrative Code (TAC) § 24.249 to decertify the water service area held under its Certificate of Convenience and Necessity (CCN) No. 13179 in Val Verde County. Val Verde stated that no water services have ever been provided after the CCN was initially obtained, and there have never been any customers. On August 5, 2020 and August 14, 2020, Val Verde filed proof of notice.

On August 26, 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 October 1, 2020. Therefore, this pleading is timely filed.

II. NOTICE SUFFICIENCY

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. 13179 be cancelled.

IV. CONCLUSION

Staff recommends that Val Verde's petition be approved and that its CCN No. 13179 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: October 1, 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 October 1, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/Courtney Dean
Courtney N. Dean

Public Utility Commission of Texas

Memorandum

TO: Courtney Dean, Attorney
Legal Division

FROM: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

DATE: October 1, 2020

RE: Docket No. 50792 – *Petition of Val Verde Utility Company, LLC to Decertify its Certificated Water Area and Cancel its Water Certificate of Convenience and Necessity in Val Verde County*

On April 20, 2020, Val Verde Utility Company, LLC (Val Verde) filed a petition to discontinue water service and cancel Certificate of Convenience and Necessity (CCN) No. 13179 in Val Verde County. Val Verde asserts that no utility services have ever been provided in the water service area, which includes approximately 3,103 acres and no customers.

Factors 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 water utility service, the commission shall consider, but is not limited to, the following factors.” Therefore, the following factors were considered:

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 cancellation of the CCN.

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

Val Verde has a non-public Texas Commission on Environmental Quality (TCEQ) public water system (PWS), SE Ranch, PWS ID No. 2330059. The water system is listed as inactive. Service has never been provided to the area.

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

There is no need for Val Verde to locate alternate sources of service because the current landowner, Val Verde County, requested cancellation of the CCN.

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.

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 utility will not sell any facilities as there are none located within the service area.

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, the CCN holder requesting cancellation of the CCN.

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 cancellation of the CCN.

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 and the landowner, Val Verde County, requested cancellation of the CCN.

Val Verde meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations. Therefore, Staff recommends cancellation of water CCN No. 13179. The exempt utility's water 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.