



## Filing Receipt

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**DOCKET NO. 53300**

<b>APPLICATION OF SJWTX, INC. DBA</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>CANYON LAKE WATER SERVICE</b>	<b>§</b>	
<b>COMPANY TO AMEND ITS</b>	<b>§</b>	<b>OF TEXAS</b>
<b>CERTIFICATE OF CONVENIENCE</b>	<b>§</b>	
<b>AND NECESSITY IN BLANCO</b>	<b>§</b>	
<b>COUNTY</b>	<b>§</b>	

**COMMISSION STAFF'S FINAL RECOMMENDATION**

On March 2, 2022, SJWTX, Inc. dba Canyon Lake Water Service Company (SJWTX) filed an application to amend its water certificate of convenience and necessity (CCN) No. 10692 in Blanco County. The requested service area consists of approximately 337 acres and 40 proposed connections. SJWTX filed supplemental information on April 18, 2022.

On August 22, 2022, the administrative law judge (ALJ) filed Order No. 5, establishing a deadline of September 12, 2022, for the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a final recommendation or request a hearing. Therefore, this pleading is timely filed.

**I. FINAL RECOMMENDATION**

As described in the attached memoranda of Patricia Garcia of the Commission's Infrastructure Division and Ethan Blanchard of the Commission's Rate Regulation Division, Staff recommends that the application be approved. Staff's review indicates that SJWTX meets the applicable technical, managerial, and financial requirements of Chapter 13 of the Texas Water Code and Title 16 Chapter 24 of the Texas Administrative Code. Therefore, SJWTX is capable of providing continuous and adequate service.

Additionally, Staff's review suggests approval of SJWTX's application is necessary for the service, accommodation, convenience, and safety of the public. Staff intends to work with the Applicant to file a joint proposed findings of fact and conclusions of law by September 19, 2022, in accordance with the existing procedural schedule in this matter.

**II. CONCLUSION**

For the reasons detailed above, and as detailed in the attached memoranda of Ms. Garcia and Mr. Blanchard, Staff recommends that the application be approved.

Dated: September 12, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

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/s/ Kevin R. Bartz

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**DOCKET NO. 53300**

**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 September 12, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Kevin R. Bartz

Kevin R. Bartz

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Kevin Bartz, Attorney  
Legal Division

**FROM:** Patricia Garcia, Infrastructure Analysis Section Director  
Infrastructure Division

**DATE:** September 12, 2022

**RE:** Docket No. 53300 – *Application of SJWTX, Inc. dba Canyon Lake Water Service Company to Amend Its Certificate of Convenience and Necessity in Blanco County*

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### **1. Application**

On March 2, 2022, SJWTX, Inc. dba Canyon Lake Water Service Company (SJWTX) filed with the Public Utility Commission of Texas (Commission) an application to amend its water Certificate of Convenience and Necessity (CCN) No. 10692 in Blanco County, Texas under Texas Water Code (TWC) §§ 13.242 through 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 through 24.237.

SJWTX is seeking to amend its water CCN for the service area containing 40 customer connections and approximately 337 acres, comprised of uncertificated area. The application proposes the addition of approximately 337 acres to CCN No. 10692.

### **2. Notice**

The deadline to intervene was July 22, 2022; there were no motions to intervene, protests, or opt-out requests received.

### **3. Factors Considered**

Under TWC §§ 13.241 and 13.246, and 16 TAC §§ 24.11(e) and 24.227, the Commission must consider certain factors when granting or amending a water or sewer CCN. Therefore, the following factors were considered.

#### **3.1. *Consideration of the adequacy of service currently provided to the requested area and system compliance (TWC § 13.246(c)(1); 16 TAC § 24.227(a) and (e)(1)).***

Customers in the requested area currently receive service from SJWTX's Texas Commission on Environmental Quality (TCEQ) approved public water system (PWS)

registered as CLWSC Canyon Lake Shores, PWS ID No. 0460019. SJWTX does not have any violations listed in the TCEQ database.

No additional construction is necessary for SJWTX to serve the requested area. The Commission's complaint records, which go back to 2017, show three complaints against SJWTX d/b/a Canyon Lake Water Service Company.

**3.2. *Consideration of the need for additional service in the requested area (TWC § 13.246(c)(2); 16 TAC § 24.227(e)(2)).***

There is a need for service as there are 40 existing customers and potential new customers in the requested area.

**3.3. *Consideration of 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 (TWC §§ 13.241(b) and 13.246(c)(3), 16 TAC § 24.227(e)(3)).***

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

The landowners in the area 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.

**3.4. *Consideration of the managerial and technical ability of the applicant to provide adequate service (TWC § 13.246(c)(4); 16 TAC § 24.227(a) and (e)(4)).***

Customers in the requested area currently receive service from SJWTX's TCEQ approved PWS registered as CLWSC Canyon Lake Shores, PWS ID No. 0460019. SJWTX does not have any violations listed in the TCEQ database.

No additional construction is necessary for SJWTX to serve the requested area. The Commission's complaint records, which go back to 2017, show three complaints against SJWTX d/b/a Canyon Lake Water Service Company .

**3.5. *The applicants' demonstration 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. (TWC § 13.241(d); 16 TAC § 24.227(b)).***

SJWTX currently provides service to the requested area.

**3.6. *Consideration of the feasibility of obtaining service from an adjacent retail public utility (TWC § 13.246(c)(5); 16 TAC § 24.227(e)(5)).***

SJWTX 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.

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

The Rate Regulation Division will be addressing this criterion in a separate memo.

**3.8. *Requirement of the 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 (TWC §§ 13.246(d); 16 TAC § 24.227(f)).***

The Rate Regulation Division will be addressing this criterion in a separate memo.

**3.9. *Consideration of the environmental integrity and the effect on the land to be included in the certificated area (TWC § 13.246(c)(7) and (9); and 16 TAC § 24.227(e)(7) and (9)).***

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

**3.10. *Consideration of the probable improvement in service or lowering of cost to consumers (TWC § 13.246(c)(8); 16 TAC § 24.227(e)(8)).***

SJWTX will continue to provide water service to the existing customers in the area. There will be no change in the quality or cost of service to customers.

#### **4. Recommendation**

Based on the mapping review by Dave Babicki, Infrastructure Division, and my technical and managerial review, I recommend that SJWTX meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations, is capable of providing continuous and adequate service. I further recommend that approving this application to amend its water CCN No. 10692 is necessary for the service, accommodation, convenience and safety of the public.

SJWTX consented to the attached map, tariff, and certificate on September 1, 2022.

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Kevin Bartz  
Legal Division

**FROM:** Ethan Blanchard  
Rate Regulation Division

**DATE:** September 12, 2022

**RE:** Docket No. 53300 – *Application of SJWTX, Inc. DBA Canyon Lake Water Service to Amend Its Certificate of Convenience and Necessity in Blanco County*

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On March 2, 2022, SJWTX, Inc. DBA Canyon Lake Water Service (Canyon Lake) filed an application amend its water Certificate of Convenience and Necessity (CCN) No. 10692, in Blanco County under Subchapter G of Texas Water Code, Chapter 13.

An owner or operator of a retail public utility must have the financial resources to operate and manage the utility and to provide continuous and adequate service to the current and requested utility service areas, as established by 16 Texas Administrative Code (TAC) § 24.11.

According to Canyon Lake's application, Canyon Lake is extending its CCN area to include 40 homes already being served by Canyon Lake.<sup>1</sup> Therefore no new additional infrastructure is being built nor costs incurred. Consequently, I recommend a finding that Canyon Lake continues to meet the Leverage and Operations tests.<sup>2</sup>

Because Canyon Lake has substantiated financial capability, I do not recommend that the Commission be required to provide any additional financial assurance. Consequently, I recommend a finding that Canyon Lake continues to demonstrate the financial and managerial capability needed to provide continuous and adequate service to the area subject to this application. My conclusions are based on information provided by Canyon Lake before the date of this memorandum and may not reflect any changes in Canyon Lake's status after this review.

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<sup>1</sup> Application, at pages 4-6 (Mar. 2, 2022).

<sup>2</sup> See *Application of SJWTX, Inc. DBA Canyon Lake Water Service Company to Amend Its Certificate of Convenience and Necessity in Comal County*, Docket No. 53144, item no. 18, at 7 (Jun. 14, 2022).