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Filing Date - 2024-05-24 11:49:35 AM

Control Number - 55154

Item Number - 41

DOCKET NO. 55154

**APPLICATION OF CITY OF PHARR § PUBLIC UTILITY COMMISSION
TO AMEND ITS CERTIFICATE OF §
CONVENIENCE AND NECESSITY IN § OF TEXAS
HILDALGO COUNTY §**

NOTICE OF APPROVAL

This Notice of Approval addresses the application of the City of Pharr to amend its certificate of convenience and necessity (CCN) number 20643 in Hidalgo County. The Commission amends Pharr's CCN number 20643 to add the requested area, to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Pharr is a home rule Texas municipality located in Hidalgo County.
2. Pharr holds CCN number 20643 which obligates it to provide retail sewer service in its certificated service area in Hidalgo County.
3. Pharr owns and operates a wastewater treatment plant permitted by the Texas Commission on Environmental (TCEQ) under wastewater discharge permit number WQ0010596001.

Application

4. On June 16, 2023, Pharr filed the application at issue in this proceeding.
5. On September 6 and 21, December 18 and 21, 2023, and February 9, and March 11 and 20, 2024, Pharr filed supplements to the application.
6. Pharr's application, as supplemented, seeks to amend its sewer CCN number 20643 to add a total of 678.9 acres of uncertificated land, 1,006 current connections, and 234 potential future connections. The requested area is divided into the requested area north and the requested area south.
7. The requested area north is comprised of 510 acres and is located approximately 3.4 miles north of downtown Pharr, Texas, and is generally bounded on the north by Owassa Road,

on the east by Raul Longoria Road (Farm-to-Market Road 1426), on the south by Minnesota Road, and on the west by North Jackson Road (Farm-to-Market Road 3362).

8. The requested area south is comprised of 168.9 acres and is located approximately 7.1 miles south of downtown Pharr, Texas, and is generally bounded on the north by Military Highway (United States Highway 281), on the east by Steward Road (County Road 4015), on the south by Doffing Road, and on the west by South I Road.
9. In Order No. 4 filed on October 10, 2023, the administrative law judge (ALJ) found the application, as supplemented, administratively complete.

Notice

10. On December 18, 2023, Pharr filed:
 - a. the affidavit of Rae Fregeolle-Burk, authorized representative for Pharr, attesting that notice was provided to current customers and affected parties between November 27 and December 18, 2023;
 - b. the affidavit of Ms. Fregeolle-Burk attesting that notice was sent to all landowners owning tracts of land over 25 acres wholly or partially inside the requested area; and
 - c. a publisher's affidavit attesting to publication of notice in *The Advance News Journal*, a newspaper of general circulation in Hidalgo County, on October 25 and November 1, 2023.
11. On December 21, 2023, Pharr filed the affidavit of Rae Fregeolle-Burk, attesting that notice was provided to neighboring systems between November 27 and December 21, 2023.
12. In Order No. 7 filed on January 25, 2024, the ALJ found the notice sufficient.

Evidentiary Record

13. In Order No. 11 filed on May 1, 2024, the ALJ admitted the following evidence into the record of this proceeding:
 - a. Application of Pharr to amend its certificate of convenience and necessity in Hidalgo County filed on June 16, 2023;
 - b. Pharr's response to Order No. 2 filed on September 6, 2023;

- c. Pharr's letter to Central Records re-filing of requested shapefiles filed on September 21, 2023;
 - d. Commission Staff's supplemental recommendation on administrative completeness and notice and proposed procedural schedule filed on October 9, 2023;
 - e. Pharr's proof of notice filed on December 18 and 21,;
 - f. Commission Staff's recommendation on sufficiency of notice and proposed procedural schedule filed on January 24, 2024;
 - g. Pharr's response to Commission Staff's first request for information filed on February 9, 2024
 - h. Pharr's consent form filed on March 11, 2024;
 - i. Pharr's wastewater system master plan filed on March 20, 2024; and
 - j. Commission Staff's final recommendation filed on April 11, 2024.
14. In Order No. 12 filed on May 8, 2024, the ALJ admitted the following evidence into the record of this proceeding:
- a. The final maps and certificate attached to Commission Staff's response to Order No. 11 and motion to admit additional evidence filed on May 7, 2024.
15. In Order No. 14 filed on May 24, 2024, the ALJ admitted the following evidence into the record of this proceeding:
- a. Pharr's response to Order No. 13 filed on May 22, 2024.

Adequacy of Existing Service

16. Pharr currently provides sewer service to 1,006 customers in the requested area north through a TCEQ-permitted wastewater treatment plant authorized under wastewater treatment plant discharge permit number WQ0010596001 and such service has been continuous.

17. Pharr has violations listed in the TCEQ database. On June 28, 2023, Pharr responded to TCEQ's correspondence regarding the violations. Pharr is currently addressing the violations.
18. The Commission's complaint records, which go back five years, show six complaints against Pharr. All the complaints have been reviewed and closed by the Commission's Customer Protection Division.

Need for Service

19. There are 1,006 existing customers in the requested area north that have an ongoing need for sewer service.
20. There are potential new customers in the requested areas that will need sewer service.

Effect of Granting the Amendment

21. Pharr will be the certificated sewer utility for the requested areas and will be required to provide continuous and adequate service to customers in the requested areas.
22. Landowners in the requested areas will have a sewer provider available when they need to request service.
23. All retail public utilities in the proximate area were provided notice of the application and none sought to intervene.
24. There will be no effect on any retail public utility servicing the proximate area.

Ability to Serve: Managerial and Technical

25. Pharr employees or contracts with qualified TCEQ-licensed operators that will be responsible for operating the sewer system.
26. Pharr has violations listed in the TCEQ database. On June 28, 2023, Pharr responded to TCEQ's correspondence regarding the violations. Pharr is currently addressing the violations.
27. The Commission's complaint records, which go back five years, show six complaints against Pharr. All the complaints have been reviewed and closed by the Commission's Customer Protection Division.

28. Pharr has the managerial and technical capability to provide continuous and adequate sewer service to the requested areas.

Feasibility of Obtaining Service from Adjacent Utilities

29. The requested area north is within the city limits of Pharr and the requested area south has been or will be annexed into Pharr's city limits.
30. Pharr's code of ordinances requires that all subdivisions within the city limits connect to an approved sewage collection system unless a variance is granted by Pharr.
31. The only approved sewage collection system in the city limits is Pharr's wastewater collection system.
32. Pharr is currently serving customers in the requested area north.
33. Pharr received requests for service for the requested areas from the developers of the requested areas.
34. Pharr has sufficient capacity to serve the requested areas.
35. It is not feasible to obtain service from an adjacent retail public utility.

Regionalization or Consolidation

36. Pharr will not need to construct a physically separate sewer system to serve the requested areas; therefore, consideration of regionalization or consolidation with another retail public utility is not required.

Ability to Serve: Financial Capability and Stability

37. Pharr is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio of less than one, satisfying the leverage test.
38. Pharr 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.
39. Commission Staff requested a good-cause exception to the requirement that Pharr provide loan approval documents or firm capital commitments for the amount needed to make improvements to the system because, under Pharr's city ordinances, developers in the

requested areas are required to fund any necessary improvements to provide service to the requested areas.

40. Pharr demonstrated the financial capability and stability to provide continuous and adequate sewer service to the requested area.

Financial Assurance

41. There is no need to require Pharr to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

Environmental Integrity and Effect on the Land

42. The environmental integrity of the land will be minimally affected as existing facilities are constructed to provide service to the requested area.

Improvement in Service or Lowering of Cost

43. Pharr will continue to provide sewer service to the existing customers in the area and provide service to any new customers in the requested area.
44. There will be no change in the quality or cost of service to customers.

Map and Certificate

45. On March 5, 2024, Commission Staff emailed the proposed final map and certificate to Pharr.
46. On March 11, 2024, Pharr filed its consent to the proposed final map and certificate.
47. On May 7, 2024, Commission Staff filed the final map and certificate.

Informal Disposition

48. More than 15 days have passed since the completion of notice provided in this docket.
49. No person filed a protest or motion to intervene.
50. Pharr and Commission Staff are the only parties to this proceeding.
51. No party requested a hearing, and no hearing is needed.
52. Commission Staff recommended approval of the application.
53. This 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 Texas Water Code (TWC) §§ 13.041, 13.241, 13.242, 13.244, and 13.246.
2. Pharr is a retail public utility as defined in TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. Pharr's application meets the requirements of TWC § 13.244 and 16 TAC §§ 24.227 and 24.233.
4. Pharr provided notice of the application that complies with TWC § 13.246 and 16 TAC § 24.235.
5. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,¹ the TWC, and Commission rules.
6. After consideration of the factors in TWC §§ 13.241(a) and 13.246(c) and 16 TAC § 24.227(a) and (e), Pharr demonstrated adequate financial, managerial, and technical capability to provide continuous and adequate service to the requested area, as required by TWC § 13.241(a) and 16 TAC § 24.227.
7. Regionalization and consolidation concerns under TWC §13.241(d) do not apply in this proceeding because construction of a physically separate sewer system is not required.
8. It is not necessary for Pharr to provide a bond or financial assurance under TWC § 13.246(d) or 16 TAC § 24.227(f).
9. Pharr demonstrated that granting CCN number 20643 for the requested area is necessary for the service, accommodation, convenience, or safety of the public, as required by TWC § 13.246(b) and 16 TAC § 24.227(d).
10. Under TWC § 13.257(r) and (s), Pharr must record a certified copy of the approved map and certificate, along with the boundary description of the service area, in the real property

¹ Tex. Gov't Code §§ 2001.001-.903.

records of Hidalgo County within 31 days of this Notice of Approval and must submit evidence of the recording to the Commission.

11. 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 amends Pharr's CCN number 20643 to add the requested area as described in this Notice of Approval and shown on the attached maps.
2. The Commission approves the maps attached to this Notice of Approval.
3. The Commission issues the certificate attached to this Notice of Approval.
4. Under 16 TAC § 24.2(b), the Commission grants Pharr a good-cause exception to the requirements of 16 TAC § 24.11(e)(5)(A).
5. Pharr must provide service to every customer or applicant for service within the approved areas under sewer CCN number 20643 who requests sewer service and meets the terms of Pharr's sewer service policies, and such service must be continuous and adequate.
6. Pharr must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Hidalgo County affected by the application and must submit to the Commission evidence of the recording no later than 45 days after receipt of the Notice of Approval.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

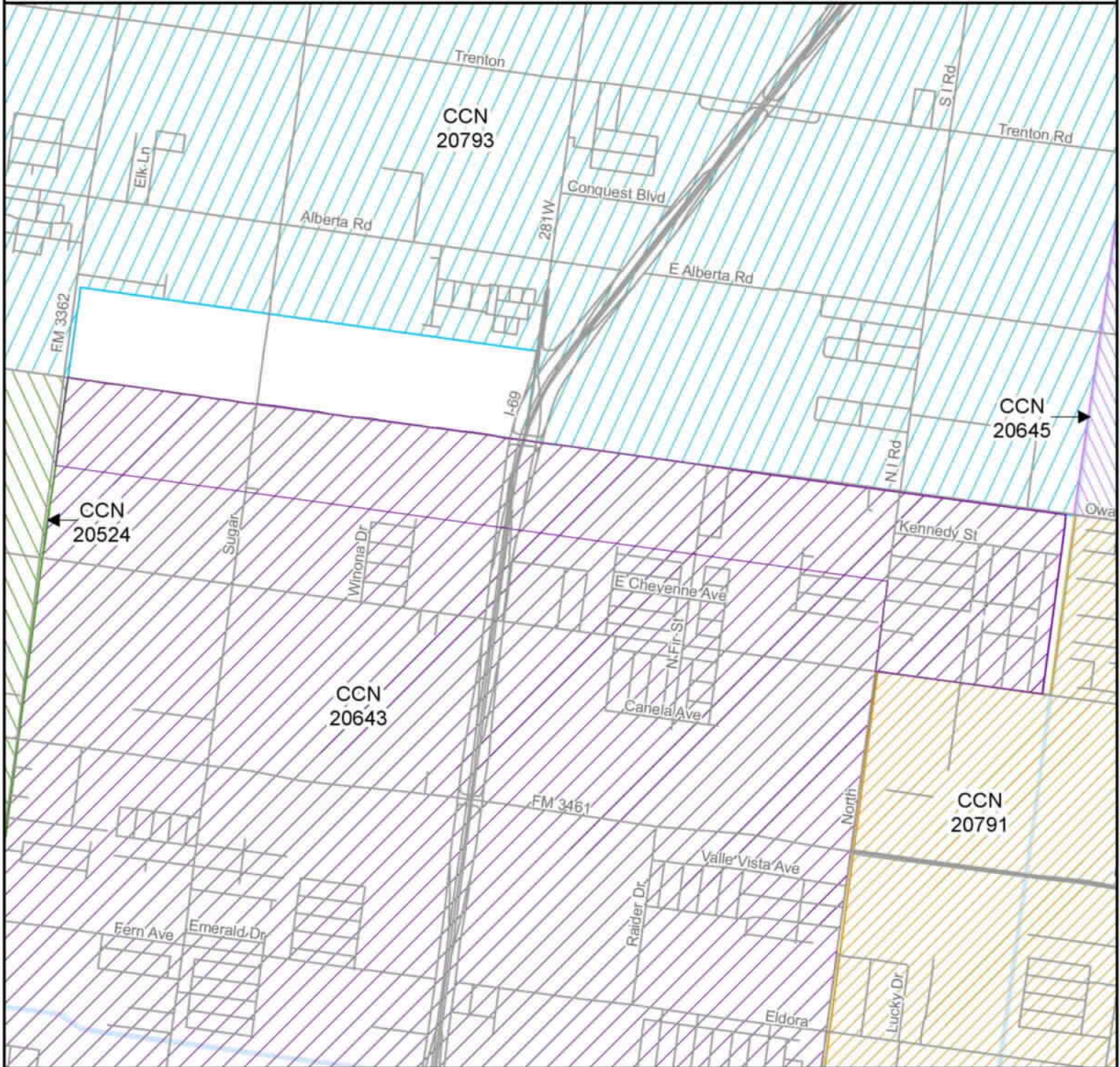
Signed at Austin, Texas on the 24th day of May 2024.

PUBLIC UTILITY COMMISSION OF TEXAS




A handwritten signature in black ink, appearing to read "Eric Yoon", is written over a horizontal line.

ERIC YOON
ADMINISTRATIVE LAW JUDGE

PUCT Docket No. 55154
 City of Pharr
 Portion of Sewer CCN No. 20643
 Amend CCN No. 20643 in Hidalgo County

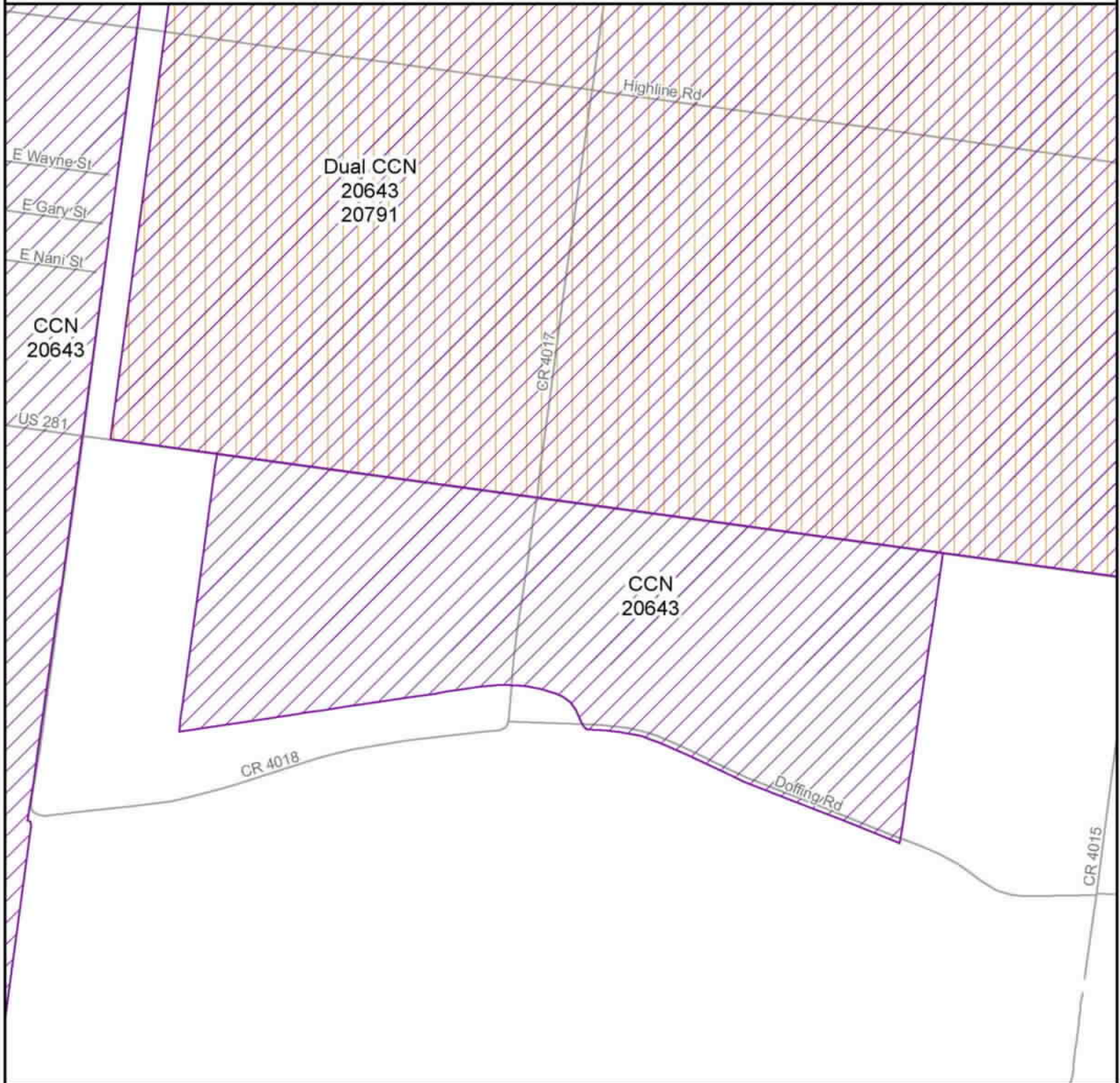


Sewer CCN



-  20643 - City of Pharr
-  20524 - City of McAllen
-  20793 - City of Edinburg
-  20645 - North Alamo WSC
-  20791 - City of San Juan



PUCT Docket No. 55154
City of Pharr
Portion of Sewer CCN No. 20643
Amend CCN No. 20643 in Hidalgo County



Sewer CCN

-  20643 - City Pharr
-  20791 - City of San Juan





Public Utility Commission of Texas

By These Presents Be It Known To All That

City of Pharr

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, City of Pharr is entitled to this

Certificate of Convenience and Necessity No. 20643

to provide continuous and adequate sewer utility service to that service area or those service areas in Hidalgo County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 55154 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 City of Pharr 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.