



Control Number: 42961



Item Number: 12

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OPEN MEETING COVER SHEET

MEETING DATE: November 14, 2014

DATE DELIVERED: November 7, 2014

AGENDA ITEM NO.: 5

CAPTION: Docket No. 42961; SOAH Docket No. 473-15-0614
- Request of Greenwood Water Corporation for
Approval of Water Utility Stock Transfer CCN No.
11792

ACTION REQUESTED: Discussion and possible action with respect
to Corrected Draft Preliminary Order

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TO: Chairman Donna L. Nelson
Commissioner Kenneth W. Anderson, Jr.
Commissioner Brandy D. Marty

All Parties of Record

FROM: Davida Dwyer, Commission Advising *DD*

RE: November 14, 2014, Open Meeting Agenda Item No. 5
Correction to Draft Preliminary Order, PUC Docket No. 42961; SOAH Docket
No. 473-15-0614 - *Request of Greenwood Water Corporation for Approval of
Water Utility Stock Transfer CCN No. 11792*

DATE: November 7, 2014

Please find enclosed the corrected draft preliminary order filed by Commission Advising in the above-referenced docket. This corrected draft preliminary order rectifies a grammatical error previously found in the fourth issue to be addressed. The Commission will consider this corrected draft preliminary order at the November 14, 2014 open meeting. Parties shall not file responses or comments addressing this corrected draft preliminary order.

Any modifications to the corrected draft preliminary order that are proposed by one or more Commissioners will be filed simultaneously prior to the consideration of the matter at the November 14, 2014 open meeting.

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**SOAH DOCKET NO. 473-15-0614
PUC DOCKET NO. 42961**

REQUEST OF GREENWOOD WATER CORPORATION FOR APPROVAL OF WATER UTILITY STOCK TRANSFER CCN NO. 11792	§ § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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DRAFT PRELIMINARY ORDER

On August 20, 2014, Greenwood Water Corporation filed with the Texas Commission on Environmental Quality (TCEQ) an application for approval of the transfer of 100% of the stock and ownership interest in Greenwood from Mr. Paul R. Wilhite to Permian Basin Water Resources, LLC.

On September 1, 2014, jurisdiction over this proceeding transferred to the Public Utility Commission of Texas (Commission)¹ and on October 1, Commission Staff requested a hearing. On October 6, the Commission referred this proceeding to the State Office of Administrative Hearings (SOAH) and directed Greenwood and Permian and allowed Commission Staff and any other interested party to file a list of issues to be addressed in the docket by October 22, 2014.² Lists of issues were timely filed by Permian and Commission Staff.

Greenwood provides service in Midland County to approximately 289 metered connections.³ Greenwood recently reported approximately \$355,000 in annual revenues and \$379,000 in annual expenses, including nonrecurring expenses for treatment mandated by the United States Environmental Protection Agency.⁴

¹ Act of May 13, 2013, 83rd Leg., R.S., ch. 170 (HB 1600), § 2.96, 2013 Tex. Gen. Laws 725, 730; Act of May 13, 2013, 83rd Leg., R.S., ch. 171 (SB 567), § 96, 2013 Tex. Gen. Laws 772.

² Order of Referral at 1 (Oct. 6, 2014).

³ Greenwood Application at 11, 15 (Aug. 20, 2014).

⁴ Greenwood's First Supplement to Its Application at 5 (Oct 21, 2014).

- c. Are any capital investments currently needed to ensure the provision of continuous and adequate service? If so, has Permian demonstrated it has the ability to provide the necessary capital investment(s)?
- d. Has Permian demonstrated that customer deposits or advance payments, if any, would be kept in an escrow account or segregated cash account? If not, should the Commission require Permian to acquire and maintain financial assurance, such as an irrevocable stand-by letter of credit payable to the commission, in an amount sufficient to cover 100% of the outstanding customer deposits and advance payments held at the close of each month? TWC § 13.302(c) and P.U.C. SUBST. R. 24.111(c), 16 TAC § 24.111(c).

Managerial Capability

- e. What experience do Permian's principals or permanent employees in managerial positions have in water utility finances, accounting, planning and engineering, operations and maintenance, regulatory compliance, and customer service?

Technical Capability

- f. What technical experience do Permian's designated permanent employees have in operating a water utility and ensuring continuous and adequate provision of service?
 - g. What relevant certifications or degrees are held by Permian's designated permanent employees?
 - h. Would Permian or Greenwood continuously maintain an office located within Texas for the purpose of overseeing technical operations and maintenance, providing customer service, accepting service of process, and making available in that office books and records sufficient to establish Permian's and Greenwood's compliance with the Texas Water Code and applicable Commission rules?
3. If Permian has not demonstrated adequate financial capability, should the Commission require that Permian provide a bond, irrevocable standby letter of credit, or other financial assurance to ensure continuous and adequate utility service is provided, consistent with TWC § 13.302(c) and P.U.C. SUBST. R. 24.111(c), 16 TAC § 24.111(c)?
 4. If the Commission requires Permian to provide financial assurance, what form and amount of financial assurance should the Commission require?

SIGNED AT AUSTIN, TEXAS the _____ day of November, 2014.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY D. MARTY, COMMISSIONER