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DOCKET NO. 43003

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PUBLIC UTILITY COMMISSION
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**APPLICATION OF CINDY RILEY D/B/A
C&R WATER SUPPLY AND UTILITIES
INVESTMENT COMPANY, INC. D/B/A
ORCHARD CROSSING FOR SALE,
TRASNFER, OR MERGER OF
FACILITIES AND TO AMEND A
CERTIFICATE OF CONVENIENCE
AND NECESSITY IN HARRIS AND
LIBERY COUNTIES (37831-S)**

**PUBLIC UTILITY COMMISSION
OF TEXAS**

COMMISSION STAFF'S RESPONSE TO ORDER NO. 2

COMES NOW the Staff ("Staff") of the Public Utility Commission of Texas ("Commission"), representing the public interest and files this Response to Order No. 2 and would show the following:

I. BACKGROUND

On January 10, 2014, 2014, Cindy Riley d/b/a C&R Water Supply, Inc. ("C & R") and Utilities Investment Company, Inc. d/b/a Orchard Crossing ("Orchard Crossing") filed with the Texas Commission on Environmental Quality ("TCEQ") an application for the sale, transfer, or merger of facilities and to amend a certificate of convenience and necessity ("CCN") pursuant to TEX. WATER CODE ANN. §§ 13.254 and 13.301, P.U.C. SUBST. R. 24.109, and P.U.C. SUBST. R. 24.112. The application addressed the proposed sale of the water utility system owned by C & R to Orchard Crossing and the transfer of CCN No. 11019 in Harris and Liberty Counties. On April 1, 2014 and on May 5, 2014, affidavits were provided attesting to the provision of notice.

On June 13, 2014, the TCEQ issued a letter indicating that a hearing would not be requested and administratively approving the proposed transaction. The TCEQ's letter instructed the parties to proceed with the proposed transaction as scheduled. The letter also stated that, within 30 days after the effective date of the transaction, C & R and Orchard Crossing were required to provide the TCEQ with a copy of the signed contract or bill of sale, and documents

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supporting the disposition of customer deposits in order to permit the transfer of CCN No. 11019 to Orchard Crossing. These documents were provided to the TCEQ and are available in the Commission's Central Records as an attachment to the TCEQ's June 13, 2014 letter.

On September 1, 2014, the Commission began the economic regulation of water and sewer utilities and this case was transferred from the TCEQ to the Commission for further review.¹ On September 26, 2014, the Administrative Law Judge ("ALJ") issued Order No. 2, requiring Staff to file an update on the status of the proceeding, a recommendation on the application if appropriate, or a proposed procedural schedule by October 15, 2014. This response is timely filed.

II. STATUS REPORT

Pursuant to P.U.C. SUBST. R. 24.112, the approval of the transfer of a CCN expires one year from the date of the written approval if the sale has not been consummated within that period. As stated above, documents indicating the consummation of the sale are on file with the Commission. Accordingly, this deadline has been met.

Staff continues to confer with Orchard Crossing regarding the development of any necessary maps, certificates, and tariffs in order to permit the final processing of this proceeding. Staff and a representative for C & R and Orchard Crossing have agreed to file a further status report or a recommendation and proposed order as necessary by **November 17, 2014**.

Staff respectfully requests the entry of an order consistent with this status report.

¹ See House Bill (HB) 1600 and Senate Bill (SB) 567, the 83rd Legislature.

Date: October 15, 2014

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 15, 2014 in accordance with P.U.C. PROC. R. 22.74.



A. J. Smullen