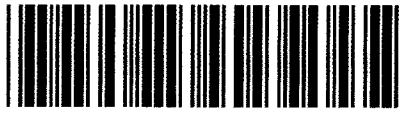
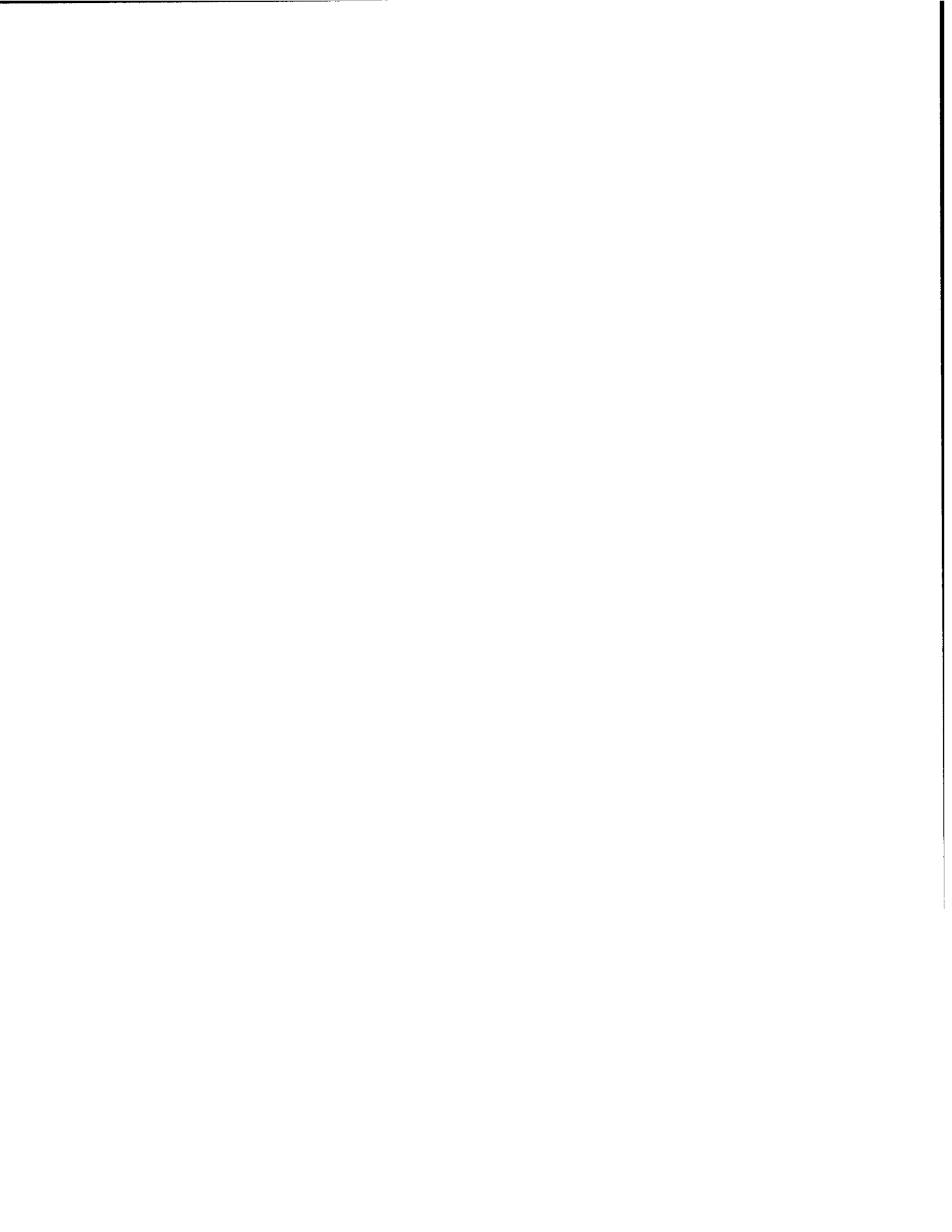


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Item Number: 12

Addendum StartPage: 0



DOCKET NO. 43175

APPLICATION OF COMMUNITY §
WATER SERVICE, INC. AND §
WALTER J. CARROLL FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERIFICATE §
RIGHTS IN ELLIS COUNTY (37981-S) §

PUBLIC UTILITY COMMISSION

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STAFF'S RESPONSE TO ORDER NO. 3

COMES NOW the Staff of the Public Utility Commission of Texas ("Staff"), representing the public interest and files this Staff's Response to Order No. 3, and would show the following:

I. BACKGROUND AND DISCUSSION

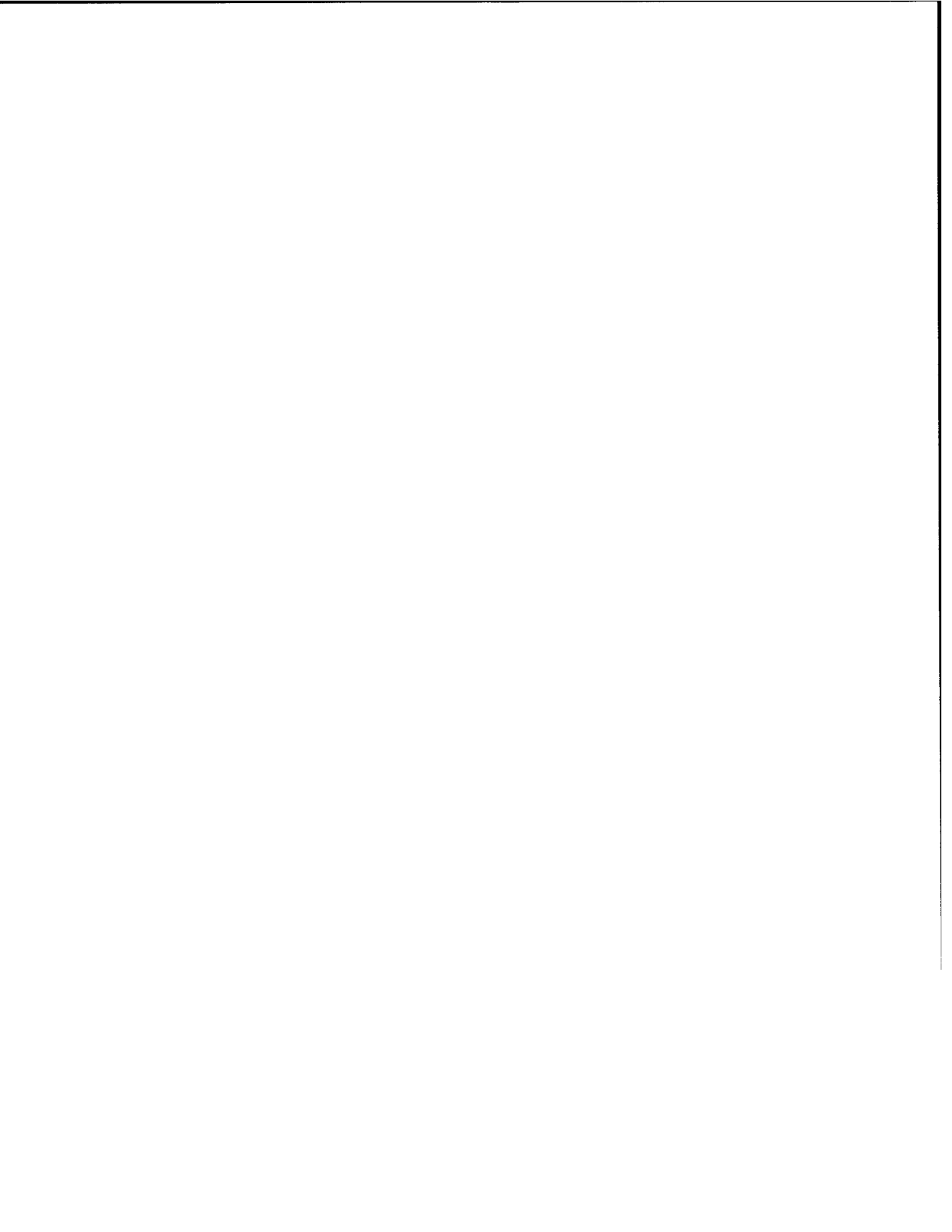
On July 11, 2014, Community Water Service, Inc. ("Community") and Walter J. Carroll Water Company, Inc. ("Purchaser") filed an application for the sale, transfer, or merger ("STM") of facilities and certificate rights in Ellis County. This proceeding is governed by TEX. WATER CODE ANN. §§ 13.251 and 13.301, which are implemented by P.U.C. SUBST. Rs. 24.109 and 24.122.

In Staff's Response to Order No. 2, Staff recommended the application be deemed administratively incomplete and detailed information needed to cure the application's deficiencies. In Order No. 3, the Administrative Law Judge ("ALJ") allowed the Purchaser until November 19, 2014. On November 10, 2014, the Purchaser filed supplemental information. In Order No. 3, the ALJ also required Staff to file a recommendation on administrative completeness by Dec. 2, 2014. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum from Fred Bednarsky of the Water Utilities Division (Exhibit A), Staff finds the deficiencies in the application are cured, and recommends the application be deemed administratively complete.

12



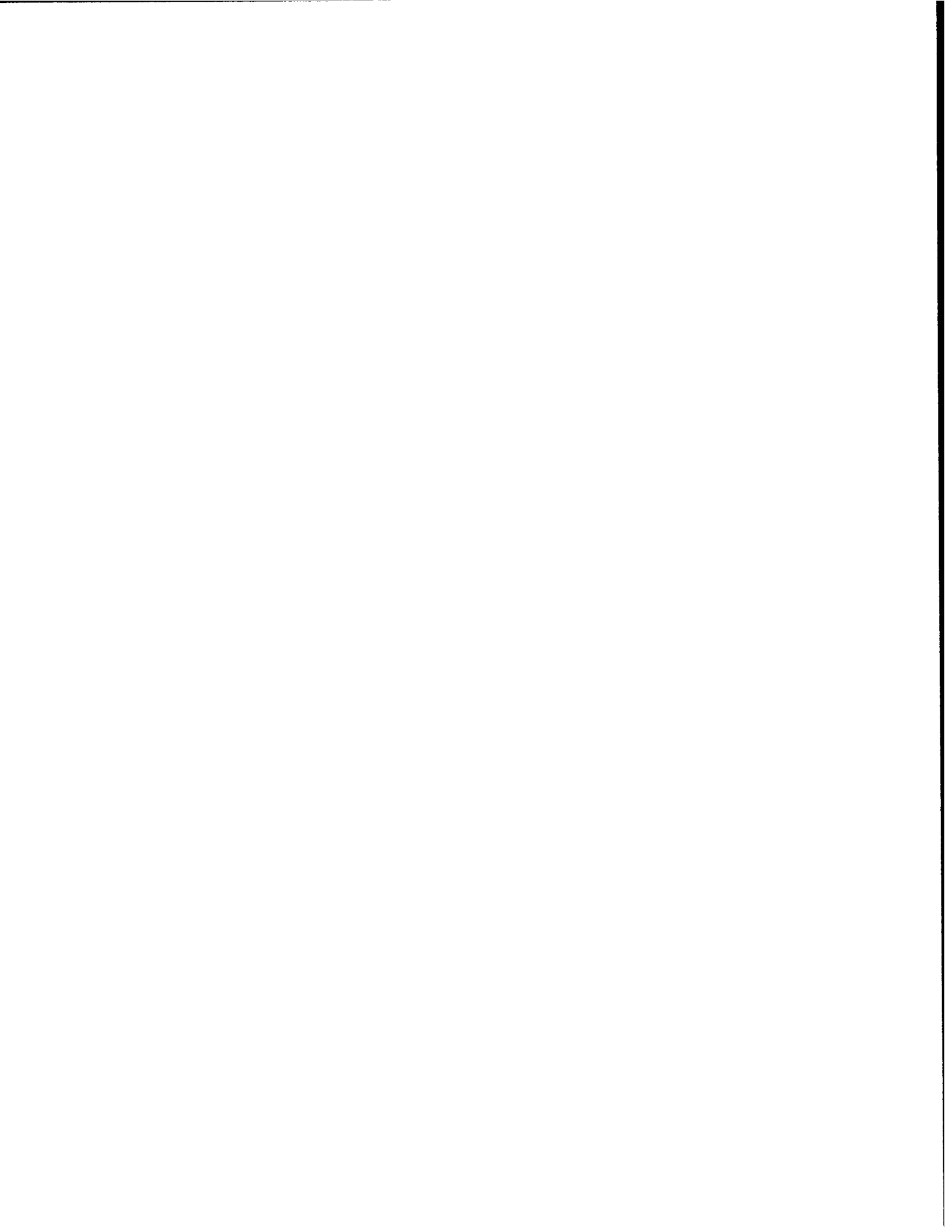
III. RECOMMENDATION ON NOTICE

As detailed in the attached memorandum from Fred Bednarsky of the Water Utilities Division (Exhibit A), Staff recommends that the Applicant provide notice of the application to a) any districts, groundwater conservation districts, counties, utilities, cities, cities with an extraterritorial jurisdiction within two miles of the proposed service area; b) any city with an extraterritorial jurisdiction which overlaps the proposed service area; and c) any customers transferred, or other affected parties in the requested area.

Staff recommends that notice be provided in the form filed by Applicant with the Commission on November 10, 2014, except that the notice should be reworded to note that the Applicant proposes "to sell facilities and transfer a portion" of the certificate of convenience and necessity.

Further, Staff recommends that Applicant include copy of a map showing the proposed service area with the individual notices to neighboring utilities, other affected parties and each landowner.

Applicant should be required to file an affidavit attesting to notice within thirty days of the date of an order approving notice.



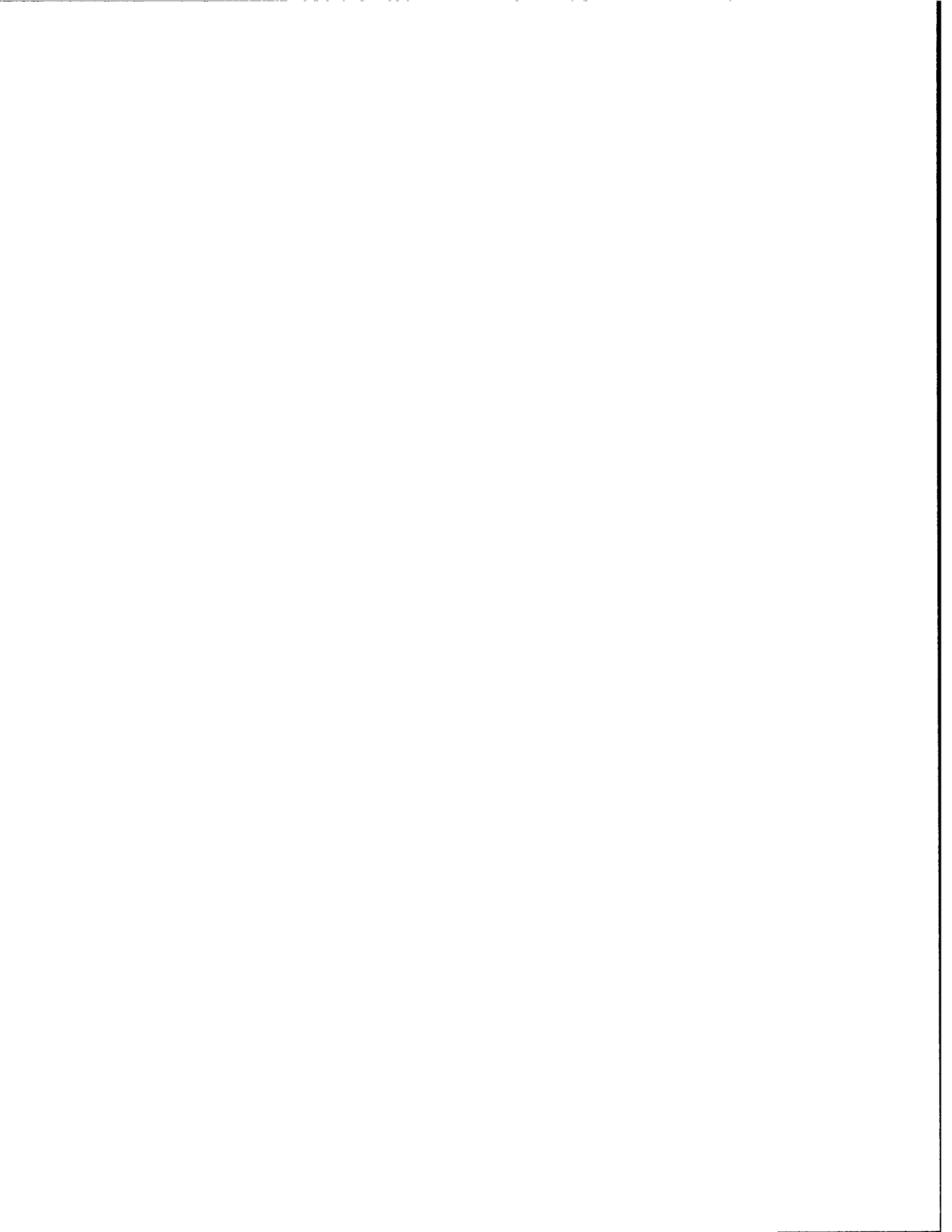
IV. PROPOSED PROCEDURAL SCHEDULE

Staff recommends the following procedural schedule apply to this proceeding:

Proposed deadline for Purchaser to provide the Commission with affidavit of notice.	January 1, 2015
Deadline to file a motion to intervene.	January 19, 2015
Deadline for Intervenors to file comments or request a hearing.	January 26, 2015
Proposed deadline for Staff to recommend referral to SOAH or file a final recommendation.	March 2, 2015
Proposed deadline for Purchaser to file a response to Staff's recommendation or file a Joint Proposed Notice of Approval.	March 16, 2015
Deadline for final disposition.	120 days from the date the Purchaser provided notice.

V. CONCLUSION

Staff respectfully requests the entry of an order consistent with the above recommendations.



DATE: December 2, 2014

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Stephen Mack
Managing Attorney
Legal Division

Doug Brown *w/permission*
Douglas M. Brown
Attorney-Legal Division
State Bar No. 24048366
(512) 936-7602
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

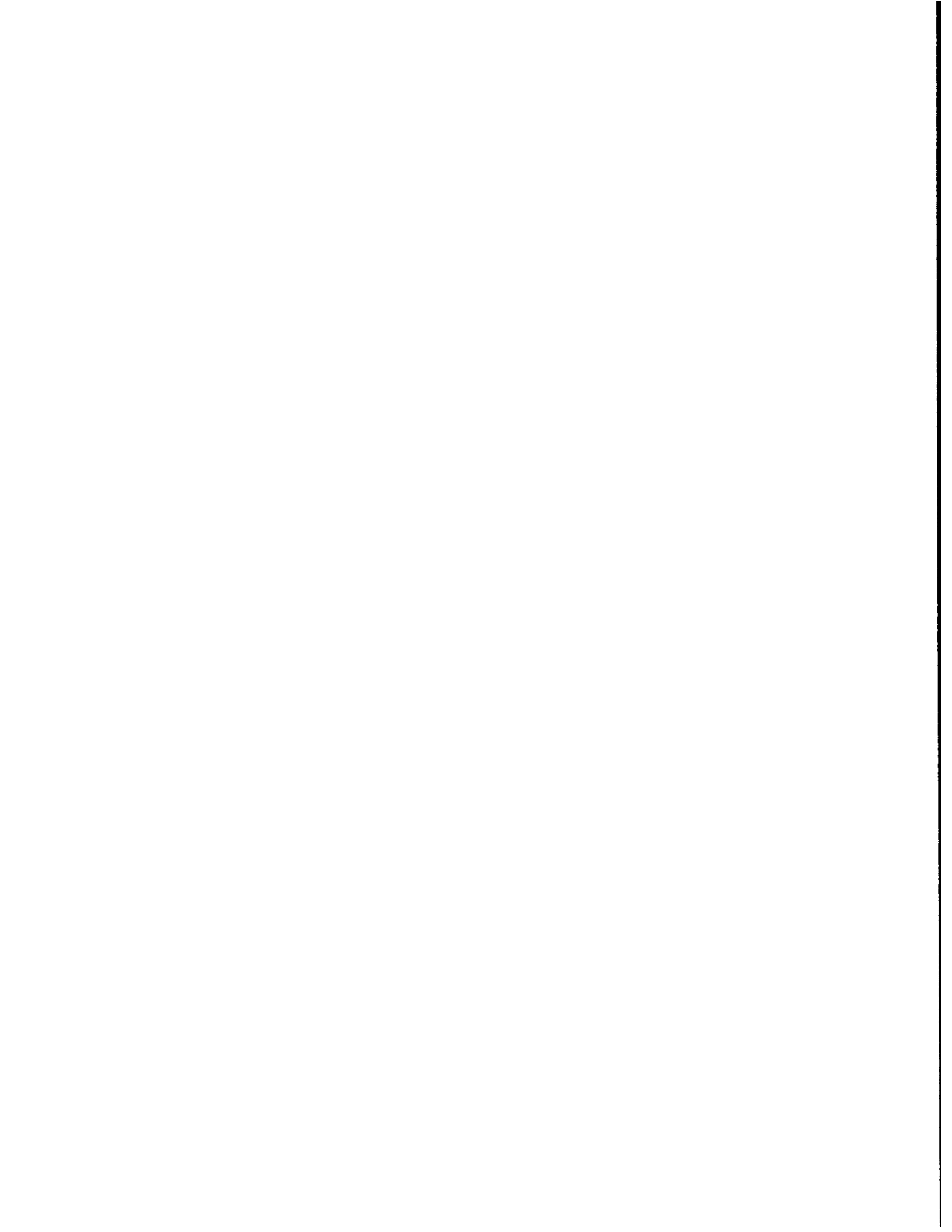
Stephen Mack

DOCKET NO. 43175

CERTIFICATE OF SERVICE

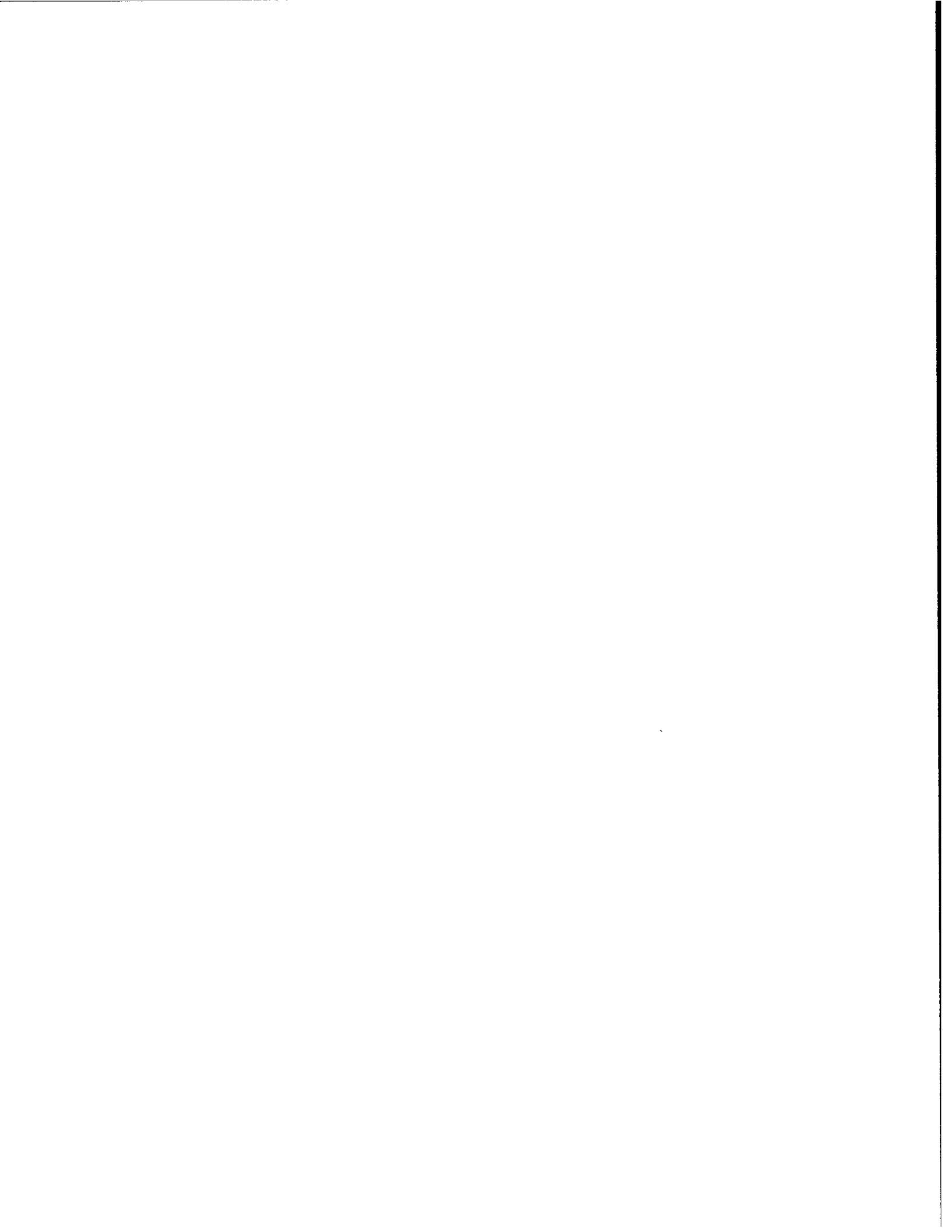
I certify that a copy of this document will be served on all parties of record on December 2, 2014 in accordance with P.U.C. Procedural Rule 22.74.

Doug Brown *w/permission*
Douglas M. Brown
Stephen Mack



Attachment A

(Subject Matter Expert's Memorandum)



PUC Interoffice Memorandum

To: Doug Brown, Attorney
Legal Division

Through: Tammy Benter, Director
Water Utilities Division

From: Fred Bednarski, Regulatory Financial and Managerial Review Specialist
Water Utilities Division

Date: November 21, 2014

Subject: Docket No. 43175, Application of Community Water Service, Inc. and Walter Carroll Water Company, Inc. for Sale, Transfer or Merger of Facilities and Certificate of Convenience and Necessity in Ellis County (37981-S)

On July 11, 2014, Walter J. Carroll Water Company, Inc. (Applicant), Certificate of Convenience and Necessity (CCN) No. 11543, filed an application with the Texas Commission on Environmental Quality (TCEQ) to purchase facilities and a portion of CCN No. 10091 service area held by Community Water Service, Inc., in Ellis County, pursuant to the criteria in the Texas Water Code, Chapter 13, and the TCEQ's rules outlined in Title 30, Texas Administrative Code (TAC), Sections 291.109 and 291.112. On September 1, 2014, the rates and CCN programs were transferred from the TCEQ to the Public Utility Commission (PUC). This application was part of the transfer and is now under the PUC's purview. The application is now being reviewed under the PUC's Substantive Rules in Chapter 24, §§24.109 and 24.112.

Based on my review of the information in the application, I recommend that the application be deemed sufficient for filing. I further recommend the following:

- 1) The Applicant be ordered to provide notice of the application to the following:
 - a) any districts, groundwater conservation districts, counties, utilities, cities, cities with an extraterritorial jurisdiction within two miles of the proposed service area;
 - b) any city with an extraterritorial jurisdiction which overlaps the proposed service area; and
 - c) any customers transferred, or other affected parties in the requested area.
- 2) The Applicants notices reworded to read "to sell facilities and transfer a portion".
- 3) The Applicant include copy of a map showing the proposed service area with the individual notices to neighboring utilities, other affected parties and each landowner. It is the Applicant's burden to provide an accurate map delineating the proposed area with each individual notice. Information related to districts including addresses can be obtained by the Applicant from the TCEQ web site located at <http://www14.tceq.texas.gov/iwud/>.
- 4) The Applicant be ordered to return within 30 days of the Commission order, a copy of the actual notice sent with attached signed affidavit that the notice was given.

