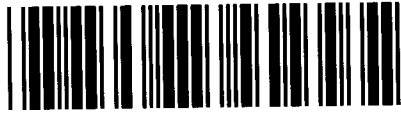


Control Number: 44608



Item Number: 8

Addendum StartPage: 0

DOCKET NO. 44608

RECEIVED

APPLICATION OF LASS WATER
COMPANY, INC. AND SANDRA
BARBEY FOR SALE, TRANSFER, OR
MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN
GRAYSON COUNTY

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PUBLIC UTILITY COMMISSION

2015 MAY 29 AM 10:30
PUBLIC UTILITY COMMISSION
FILING CLERK

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.

I. Background

On April 3, 2015, Lass Water Company, Inc. (Lass) and Sandra Barbey filed an Application for the Sale, Transfer, or Merger of a Retail Public Utility in Grayson County, Texas (Application) pursuant to Tex. Water Code Ann. § 13.301 and Title 16, Tex. Admin. Code (16 TAC) Subchapter G. Specifically, Sandra Barbey, on behalf of SRC Water Supply, Inc., (SRC Water Supply) seeks approval to acquire all of the water system assets of Lass held under water Certificate of Convenience and Necessity (CCN) No. 12258.

On April 30, 2015, Staff filed a Request for Extension pursuant to 16 TAC § 24.8(a) to provide time for Staff to meet with Sandra Barbey to discuss deficiencies identified in the Application. On May 5, 2015, the Administrative Law Judge (ALJ) issued Order No. 2 granting Staff's request and requiring Staff to file a recommendation regarding the administrative completeness of the Application, whether additional notice may be required, and propose a schedule for processing by May 29, 2015. Therefore, this Response to Order No. 2 is timely filed.

II. Comments on Administrative Completeness

As detailed in the attached memorandum of Elisabeth English, in the Commission's Water Utilities Division, Staff has reviewed the Application and recommends the Application be found administratively incomplete pursuant to 16 TAC §§ 24.109 and 24.112. Staff identified deficiencies in the Application, mapping requirements, and proposed notice submitted by Sandra Barbey.

Specifically, Sandra Barbey failed to include all necessary documentation in the Application as required by 16 TAC § 24.109. Staff respectfully requests Sandra Barbey clarify if

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the purchaser is an individual (Sandra Barbey) or a corporation (SRC Water Supply). Further, Staff requests specific information be completed if the purchaser is an individual or a corporation as detailed in the attached memorandum. Staff also requests Sandra Barbey provide a list of assets included in the transfer and TCEQ Public Water or Sewer System information for each individual public water system that is operating under CCN No. 12258 as required for Questions 17-20. Staff requests Sandra Barbey provide documentation supporting her title as office of Lass and complete an oath that reflects the purchaser as SRC Water Supply or Sandra Barbey. If the purchaser is SRC Water Supply, then the purchaser's oath should be signed by a registered agent of SRC Water Supply.

Staff also identified deficiencies in the proposed notice. Staff recommends Sandra Barbey only be required to complete Form A for the proposed notice documents. Staff recommends Sandra Barbey provide separate notices for each county containing a portion of the certified area of Lass that reflect the correct purchaser as SCR Water Supply or Sandra Barbey and include the number of the CCN being transferred.

Staff identified deficiencies in the maps provided with the Application pursuant to 16 TAC § 24.105(a)(2). Staff recommends Sandra Barbey amend the small scale maps by including a title for each map that reflects the Application's docket number. Staff also recommends Sandra Barbey provide small-scale maps for all of the certified areas including areas in Grayson and Wise counties and remove two CCN areas in Harris County that no longer belong to Lass.

III. Proposed Procedural Schedule

Due to the deficiencies in the Application, Staff does not recommend a procedural schedule for the evaluation of the merits of the Application at this time. On May 12, 2015, Staff had a telephone conference with Sandra Barbey to discuss the deficiencies Staff identified in the Application and was advised that compiling the requested information will take some time. Staff recommends that Sandra Barbey be given until June 29, 2015 to cure the deficiencies identified by Staff. Staff proposes a deadline of July 29, 2015 for Staff to file additional comments regarding administrative completeness, along with a proposed procedural schedule.

IV. Conclusion

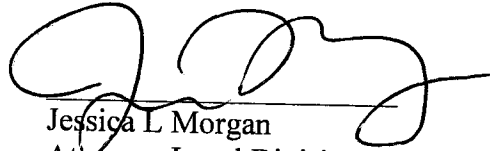
Staff respectfully requests that the ALJ issue an order consistent with this Response.

Dated: May 29, 2015

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Karen S. Hubbard
Managing Attorney
Legal Division

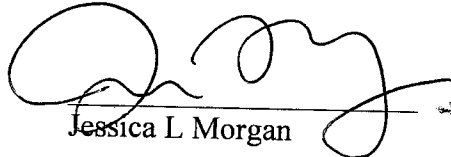


Jessica L Morgan
Attorney-Legal Division
State Bar No. 24079023
(512) 936-7229
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

DOCKET NO. 44608

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this May 29, 2015 in accordance with 16 TAC § 22.74.



Jessica L Morgan

Public Utility Commission of Texas

Memorandum

TO: Jessica Morgan, Attorney
Legal Division

FROM: Elisabeth English, Engineering Specialist
Suzanne Burt, GIS Specialist
Water Utilities Division

THRU: Tammy Benter, Director
Water Utilities Division

DATE: May 12, 2015

RE: Docket No. 44608: *Application of Lass Water Company Inc. and Sandra Barbey for Sale, Transfer or Merger of Facilities and Certificate Rights in Grayson County*

On April 3, 2015, Lass Water Company, Inc. (Lass) and Sandra Barbey filed an application for sale, transfer, or merger (STM) of facilities and certificate of convenience and necessity (CCN) rights. Specifically, Sandra Barbey (Applicant) is seeking approval to acquire all of the service area and water system assets of Lass Water Company, Inc. held under water CCN No. 12258 pursuant to Texas Water Code (TWC) §13.301 and 16 Tex. Admin. Code (TAC) §24.109.

Order No. 1 requested that Staff provide a recommendation regarding administrative completeness of this application by May 10, 2015. Staff requested an extension for good cause in order to afford the Applicant the opportunity to meet with Staff to cure the deficiencies and provide a more thorough analysis of the Application. Order No. 2 granted the requested extension and required Staff to provide a recommendation by May 29, 2015.

Staff conducted a teleconference with the Applicant on May 12, 2015 to discuss, in detail, the deficiencies in the application, proposed notices, and the required mapping information. The Applicant expressed that the proposed transaction will transfer CCN. No 12258 from Lass to SRC Water Supply, Inc., contrary to the contents of the application.

Staff has reviewed the above referenced application and has found that it is deficient in the content, proposed notice, and the required mapping information; accordingly, Staff recommends that the application be deemed administratively incomplete and not accepted for filing.

In regards to Application Content:

Lass has certificated areas in in Harris, McLennan, Jim Wells, Shelby, Waller, Wise, Grayson, Denton, Walker and Limestone Counties and is responsible for eleven distinct public water supply systems. The Applicant must include information that addresses all facilities and certificated areas of CCN No. 12258, and clearly state how the resulting transaction will proceed once approved. Specifically, Staff recommends the following items be addressed:

1. Clarification of the purchaser; specifically, is the purchaser an individual (Sandra Barbey) or a corporation (SRC Water Supply, Inc.).

- a. For a corporation, include the Texas Secretary of State's (SOS) assigned charter number, Certification of Account Status (from the Texas State Comptroller), remove response to Question 8 and complete Question 9.
 - b. If the purchaser is a corporation, list the names of the stockholders, percentage of ownership for each stockholder, and the names and titles of the directors of the corporation.
2. Provide a list of assets to be shown in the books that are included in the proposed transfer.
 3. TCEQ Public Water or Sewer System information (Questions 17-20) should be repeated for each individual public water system that is operating under the CCN in question.

In regards to Notarized Oaths and Notice Documents

The notarized oaths for the 'seller' and 'purchaser' support a transaction between Lass and Sandra Barbey; furthermore, the 'seller' oath is signed by Sandra Barbey (vice president). Staff requests that the following items be amended:

1. Provide documentation that supports Sandra Barbey's title as officer of Lass. This documentation may include, but is not limited to the Public Information Report (from SOS) or the Articles of Incorporation for Lass.
2. Complete an oath that reflects the purchaser as SRC Water Supply, Inc. The purchaser's oath should be signed by a registered agent of SRC Water Supply, Inc.

The Applicant is only required to complete Form A for the notice documents. Staff recommends that the notices be proposed as following:

1. Separate notices for each county that includes a portion of the certificated area of Lass. The notices shall provide the affected subdivision, a description(s) of the area subject to the transaction, the acreage, and current customers within the county;
2. Reflecting the correct buyer "SRC Water Supply, Inc."; and
3. Including the CCN number to be transferred.

In regards to Required Mapping Documents

The Applicant has not satisfied the mapping requirements as listed on page 17 of the application and as required in the 16 TAC § 24.105(a)(2). Staff recommends the Applicant amend the small scale maps to resolve the mapping deficiencies by providing the following:

1. Each map should include a title that reflects the pending application
 - a. The maps included in the application include titles that reference prior CCN proceedings.

2. The Application should include all small-scale maps of all certificated areas
 - a. Areas in Grayson and Wise County were omitted,
 - b. Submitted maps included two CCN areas in Harris County that have since been transferred to other utilities and no longer belong to Lass.