



Control Number: 45025



Item Number: 16

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APPLICATION OF SPRING CREEK §
TRAINS LLC AND SPRINGLIFE §
WATERWELL FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN HARRIS COUNTY §

PUBLIC UTILITY COMMISSION

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PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S RECOMMENDATION ON THE SALE

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Response to Order No. 4 and Recommendation on the Sale.

I. Background

On August 6, 2015, Spring Creek Trails LLC (Spring Creek) and Springlife Waterwell (Springlife) (collectively, Applicants) filed an application for approval of a sale, transfer, or merger of facilities and certificate rights in Harris County (Application) pursuant to Tex. Water Code Ann. §§ 13.301, 13.246, and 13.301 (TWC) and 16 Tex. Admin. Code §§ 24.102, 24.109, and 24.112 (TAC). The Applicants seek approval for Spring Creek's retail water Certificate of Convenience and Necessity (CCN) No. 11444 and associated facilities to be transferred to Springlife. In addition, Springlife seeks registration as an exempt utility.

On December 22, 2015, the Administrative Law Judge (ALJ) issued Order No. 4 deeming the proof of notice sufficient and adopting a procedural schedule for the remainder of the proceeding. Order No. 4 also required Staff to request a hearing or file a recommendation on the sale by January 22, 2016. Therefore, this Response is timely filed.

II. Staff's Recommendation

Based on the attached memorandum of Debbie Reyes Tamayo, with the Water Utility Regulation Division, Staff recommends the Applicants be approved to proceed with the proposed transaction. The attached memorandum details how the STM application satisfies Tex. Water Code §§ 13.241, 13.246, and 13.301, and 16 TAC § 24.102, 24.109, and 24.112. Staff also recommends Kempner WSC and the City of Copperas Cove be ordered to file documentation that all assets have been transferred and disposition of any remaining deposits have been addressed pursuant to 16 TAC § 24.109(f).

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III. Conclusion

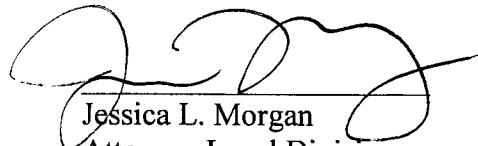
Staff respectfully requests that the ALJ issue an order consistent with this Response.

Dated: January 22, 2016

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Karen S. Hubbard
Managing Attorney
Legal Division

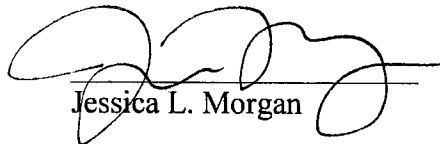


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this January 22, 2016 in accordance with 16 TAC § 22.74.



Jessica L. Morgan

PUC Interoffice Memorandum

To: Jessica Morgan
Legal Division

Thru: Tammy Benter, Director
Lisa Fuentes, Work Leader
Water Utilities Division

From: Debbie Reyes Tamayo, Program Specialist
Water Utilities Division

Date: January 19, 2016

Subject: **Docket No. 45025;** *Application of Spring Creek Trails LLC and Springlife Waterwell for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*

On August 6, 2015, Spring Creek Trails LLC (Spring Creek or Seller) and Springlife Waterwell (Springlife or Buyer) (collectively, Applicants) filed an application with the Commission for approval of the sale, transfer or merger (STM) of facilities and service area of water Certificate of Convenience and Necessity No. 11444. As a result of the transaction, Spring Creek's water CCN No. 11444 will be cancelled. In addition, Springlife will acquire the facilities and service area from Spring Creek and will be registered as an exempt utility with the Commission. The application is being reviewed pursuant to the criteria in the Tex. Water Code Ann. §§ 13.241, 13.246, and 13.301 (TWC) and 16 Tex. Admin. Code §§ 24.102, 24.109, and 24.112 (TAC).

The application was accepted for filing by the Commission on November 9, 2015. Notice to customers, neighboring systems, and affected parties was provided on November 23, 2015. The affidavit was received by the Commission on December 7, 2015. The comment period ended December 23, 2015, and no protests or requests for hearing were received by the Commission. Public notice was proper for the transaction.

Pursuant to 16 TAC § 24.103(d), a utility is exempt from the requirement to possess a Certificate of Convenience and Necessity (CCN) in order to provide retail water service if it has less than 15 potential service connections. Based on the information provided by the Applicants in the STM application, Springlife has 9 active connections and has the potential to serve less than 15 retail water service connections; therefore, Springlife meets the criteria to request exemption from the requirement of a CCN and to be registered as an exempt utility.

Pursuant to TWC § 13.301(e), before the expiration of the 120-day notification period, the Commission is required to notify all known parties to the transaction whether the Commission will hold a hearing to determine if the transaction will serve the public interest. While Spring Creek's water CCN No. 11444 will be cancelled, Springlife will acquire the facilities and service area and will be registered as an exempt utility with the Commission.

Staff recommends the Commission allow Spring Creek and Springlife to proceed with the proposed transaction. Staff further recommends that a public hearing is not necessary. Staff also

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recommends that the Spring Creek and Springlife be ordered to file documentation as evidence that all assets have been transferred from Spring Creek to the Springlife and that the disposition of any remaining deposits have been addressed as soon as possible pursuant to 16 TAC § 24.109(f).

Lastly, the approval of the sale expires one year from the date of the Commission's written approval of the sale. If the sale is not consummated within that period and unless the Spring Creek and Springlife request and received an extension from the Commission, the approval is void and the Spring Creek and Springlife must re-apply for the approval of the sale.

TB/LF/DRT