



Control Number: 46135



Item Number: 6

Addendum StartPage: 0

<b>APPLICATION OF QUADVEST, L.P. TO AMEND ITS WATER AND SEWER CERTIFICATES OF CONVENIENCE AND NECESSITY AND TO DECERTIFY A PORTION OF ORCHARD CROSSING'S WATER AND SEWER CERTIFICATES IN LIBERTY COUNTY</b>	§ § § § § § § §	<div style="text-align: right;"> <b>RECEIVED</b>  2016 AUG -8 AM 11:46  PUBLIC UTILITY COMMISSION  FILING CLERK  OF TEXAS </div>
---	--------------------------------------	--

### COMMISSION STAFF'S ADMINISTRATIVE COMPLETENESS RECOMMENDATION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this response to Order No. 1, Staff's Administrative Completeness Recommendation. In support thereof, Staff shows the following:

#### I. BACKGROUND

On July 7, 2014, Quadvest, L.P. (Quadvest or the Applicant) filed with the Commission an application to amend two certificates of convenience and necessity (CCN) in Liberty County, Texas: water CCN No. 11612 and sewer CCN No. 20952. Quadvest's application also seeks to decertify a portion of Orchard Crossing's water CCN No. 12671 and sewer CCN No. 20765 in Liberty County.

On July 13, 2016, the administrative law judge (ALJ) issued Order No. 1, requiring Staff to file a recommendation regarding administrative completeness by August 8, 2016 and for the both the Applicant and Staff to file comments regarding how the application should be processed and proposing a procedural schedule. Therefore, this pleading is timely filed.

#### II. STAFF'S RECOMMENDATION ON NOTICE AND THE APPLICATION

As detailed in the attached memorandum of Debbie Reyes Tamayo, Kristy Nguyen, and Andrew Novak of the Commission's Water Utilities Division (Attachment A), Staff has reviewed Quadvest's application and recommends that the application be deemed sufficient and accordingly accepted for filing.

Staff has included as Attachments B and C notice for the Applicant to provide that meets the requirements of 16 TEX. ADMIN. CODE § 24.106 (TAC). Staff recommends that the

Applicant be directed to provide this approved notice to any districts, utilities, and cities within two (2) miles of the proposed service area, the county judge of each county wholly or partly included in the proposed area to be certified, each groundwater conservation district that is wholly or partly included in the proposed service area, each city with an extraterritorial jurisdiction which overlaps with the proposed service area, and any landowners who own a tract of at least 25 acres which is wholly or party located in the proposed service area. The attached memorandum includes a non-exhaustive list of entities to whom Quadvest should give notice. The Applicant should include a copy of a map showing the proposed service area with the individual notices, pursuant to 16 TAC § 24.106(a)(2). Additionally, Staff recommends that the Applicant publish the approved notice once each week for two consecutive weeks in a newspaper of general circulation in Liberty County, as required by 16 TAC § 24.106(c).

After Quadvest has completed issuing such notice, Staff further recommends that the Applicant file by September 23, 2016 a copy of the actual notice sent, including attachments, as well as the attached signed affidavits (Attachments D and E) affirming that such notice was issued.

### **III. PROPOSED PROCEDURAL SCHEDULE**

In support of the recommendation stated above, Staff proposes the following procedural schedule:

<b>Event</b>	<b>Date</b>
Deadline for Applicant to file with the Commission signed affidavits that the notice was given along with a copy of the notice sent to the affected parties and published in a newspaper of general circulation	September 23, 2016
Deadline for Staff to file a recommendation regarding the sufficiency of the notice	Within 10 days of the Applicant filing proof of completed notice with the Commission
Deadline to intervene	30 days after notice is issued

Staff intends to include an additional proposed procedural schedule with Staff's recommendation on the sufficiency of notice that includes deadlines for Staff to provide final maps and certificates, for the Applicant to file signed consent forms, and for Staff's recommendation on final disposition.

#### **IV. ADDITIONAL DOCUMENTATION REQUIRED FOR REVIEW ON THE MERITS**

As also detailed in Staff's attached memorandum, Quadvest will need to provide further information and documentation during the merits-review stage of this application. First, Quadvest must provide written consent from the City of Plum Creek and from Liberty Lakes F.WSD 1 allowing Quadvest to provide retail utility service within the city limits and the district boundaries respectively. Second, in regards to Quadvest's new water system to serve the Camino Real Subdivision, Quadvest must provide an approval letter from TCEQ for either the plans and specifications or the Engineering Report and it must provide documentation indicating that the subdivision plat has been approved by Liberty County. Third, Quadvest should file a copy of its audited financial statements, including a balance sheet and income statement, for years ending on December 31, 2014 and December 31, 2015. If Quadvest does not have audited financial statements, it should file its unaudited statements from those same two years. Fourth, Quadvest should provide a three year business / financial plan supporting Quadvest's ability to provide continuous and adequate service to the certificated area and/or current customers remaining in the proposed area. The plan should include narrative support, income and expenses, and balance sheet information, including projected balance sheets, income statements, and expense statements. Finally, Quadvest must provide a copy of all debt issuances attributable to Quadvest, including the forms of debt issuance devices listed in the attached memorandum.

#### **V. CONCLUSION**

For the above stated reasons, Staff respectfully requests that the ALJ issue an order deeming Quadvest's application administratively complete, requiring the Quadvest to provide notice in accordance with Staff's recommendation, and adopting the above proposed procedural schedule.

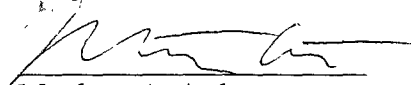
**Dated: August 8, 2016**

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Katherine Lengieza Gross  
Managing Attorney



Matthew A. Arth  
State Bar No. 24090806  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7021  
(512) 936-7268 (facsimile)  
Matthew.Arth@puc.texas.gov

**DOCKET NO. 46135  
CERTIFICATE OF SERVICE**

I, Matthew Arth, Attorney – Legal Division of the Public Utility Commission of Texas, certify that a copy of this document was served on all parties of record in this proceeding on August 8, 2016 in the following manner: via facsimile.



Matthew A. Arth

# **Attachment A**

## PUC Interoffice Memorandum

---

**To:** Mathew Arth, Attorney  
Legal Division

**Through:** Tammy Benter, Director  
Lisa Fuentes, Manager  
Water Utilities Division

**From:** Debbie Reyes Tamayo, Program Specialist  
Kristy Nguyen, GIS Specialist  
Andrew Novak, Financial and Managerial Review Specialist  
Water Utilities Division

**Date:** July 26, 2016

**Subject:** **Docket No. 46135** *Application of Quadvest, L.P. to amend Certificate of Convenience and Necessity's and decertifying portions of Orchard Crossing's Water and Sewer service areas in Liberty County*

On July 7, 2016, Quadvest, L.P. (Quadvest) filed with the Public Utility Commission (Commission) an application to amend its water certificate of convenience (CCN) No. 11612 and sewer CCN No. 20952 and to decertify a portion of Orchard Crossing's water CCN No. 12671 and sewer CCN No. 20765 in Liberty County, Texas. Quadvest seeks to amend its CCNs to provide water and sewer utility services to Camino Real Subdivision Sections 1-3, consisting of 1,698 acres with zero current customers.

Staff has reviewed the information provided by the Applicant and recommends that the application be deemed administratively complete and sufficient for filing. Staff further recommends the following:

- 1) The Applicant be ordered to provide correct notice of the application to the following:
  - a) any districts, utilities, and cities within two (2) miles of the proposed service area;
  - b) the county judge of each county and each groundwater conservation district that is wholly or partly included in the proposed area to be certified;
  - c) each city with an extraterritorial jurisdiction (ETJ) that is wholly or partly included in the proposed area to be certified;
  - d) landowners who own a tract of land that is at least 25 acres and is wholly or partly located in the proposed area to be certified. The landowner information may be obtained from the county appraisal district tax rolls for the county or counties in which the proposed CCN is located; and
  - e) publish notice once each week for two (2) consecutive weeks in a newspaper of general circulation in Liberty County.
- 2) Provide notice to the following entities:
  - Aqua Texas
  - City of Splendora
  - Orchard Crossing
  - Tarkington SUD
  - City of Plum Grove
  - Liberty Lakes FWSD 1

- Harris County FCD
- Gulf Coast Waste Disposal Authority
- Coastal Water Authority
- C & R Water Supply
- East River Estates Water Supply
- T & W Water Service
- City of Roman Forest
- San Jacinto River Authority
- East Montgomery County Improvement District
- Plum Creek FWSD 1
- Port of Houston
- Liberty County – The Honorable Judge Jay Knight

- 3) The Applicant be ordered to 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 from the TCEQ's web site located at <http://www14.tceq.texas.gov/iwud/>. And

Staff recommends the Applicant file within 30 days of the Commission order, a copy of the actual notice and map issued, along with signed affidavits indicating that the notice was given. It is recommended that the Applicant use the attached notices and affidavits to meet these requirements.



## **Technical Review**

The items listed below will be addressed during Staff's technical review of the application. Failure to provide the requested information may delay processing of the application.

- 1) Written consent from both *City of Plum Creek* and *Liberty Lakes FWSD 1* allowing the Applicant to provide retail service within the city limits and district boundaries.
- 2) For the Applicant's new water system to serve the Camino Real Subdivision Addition:
  - Provide a plans and specifications approval letter or Engineering Report approval letter from the TCEQ; and
  - Documentation confirming subdivision plat approval by Liberty County.

## **Financial Review**

- 1) Please provide Quadvest L.P.'s audited financial statements including a balance sheet and income statement for the years ending:
  - December 31, 2014; and
  - December 31, 2015.
- 2) If Quadvest L.P.'s financial statements are unaudited, please still provide a copy of those financial statements (income statement and balance sheet) for the years ending:
  - December 31, 2014; and
  - December 31, 2015.
- 3) Please provide a three year business/financial plan including narrative, income and expenses, and balance sheet information supporting Quadvest L.P.'s ability to provide continuous and adequate service to the certificated area and/or current customers remaining in the proposed area. The plan should include projected balance sheets, income statements, and expense statements.
- 4) Provide all debt issuances attributable to Quadvest L.P., including:
  - Date of issue,
  - Date of maturity,
  - Amount issued,
  - Amount outstanding,
  - Nominal rate of interest,
  - Issuance expenses,
  - Net proceeds,
  - Effective interest rate,
  - Type of debt,
  - Payee, and
  - Purpose of proceeds.

# **Attachment B**

***Notice to Neighboring Systems, Landowners and Cities***

NOTICE OF APPLICATION TO AMEND WATER AND SEWER CERTIFICATES OF  
CONVENIENCE AND NECESSITY IN LIBERTY COUNTY, TEXAS

To: \_\_\_\_\_  
(Neighboring System, Landowner or City)

Date Notice Mailed: \_\_\_\_\_, 2016

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City State Zip)

Quadvest L.P., has submitted an application with the Public Utility Commission of Texas to amend its water and sewer Certificates of Convenience and Necessity (CCN) Nos. 11612 and 20952 and to decertify a portion of Orchard Crossing's water and sewer CCN Nos. 12671 and 20765 service area in Liberty County, Texas.

The proposed utility service area is located approximately 1 mile southeast from downtown Plum Creek, Texas, and is generally bounded on the north by .66 mile south of County Rd 343; on the east by 2.6 miles east of County Rd 3475 (Pa W Campbell Rd); on the south by 15 miles south of County RD 3475; and on the west by County Rd 347 S (Paul Campbell Rd)

**See enclosed map of the proposed service area.**

The total area being requested includes approximately 1,698 acres and serves 0 current customers.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Public Utility Commission of Texas  
Central Records  
1701 N. Congress, P. O. Box 13326  
Austin, TX 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the Commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a large scale map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Public Utility Commission of Texas  
Central Records  
1701 N. Congress, P. O. Box 13326  
Austin, TX 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-512-936-7221.

# Attachment C

## NOTICE FOR PUBLICATION

### NOTICE OF APPLICATION TO AMEND WATER AND SEWER CERTIFICATES OF CONVENIENCE AND NECESSITY IN LIBERTY COUNTY, TEXAS

Quadvest L.P., has submitted an application with the Public Utility Commission of Texas to amend its water and sewer Certificates of Convenience and Necessity (CCN) Nos. 11612 and 20952 and to decertify a portion of Orchard Crossing's water and sewer CCN Nos. 12671 and 20765 service area in Liberty County, Texas.

The proposed utility service area is located approximately 1 mile southeast from downtown Plum Creek, Texas, and is generally bounded on the north by .66 mile south of County Rd 343; on the east by 2.6 miles east of County Rd 3475 (Pa W Camphell Rd); on the south by 15 miles south of County RD 3475; and on the west by County Rd 347 S (Paul Campbell Rd)

The total area being requested includes approximately 1,698 acres and serves 0 current customers.

A copy of the proposed service area map is available at: 26926 FM 2978, Magnolia, Texas 77354, 281-305-1124

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Public Utility Commission of Texas  
Central Records  
1701 N. Congress, P. O. Box 13326  
Austin, TX 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the Commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a large scale map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Public Utility Commission of Texas  
Central Records  
1701 N. Congress, P. O. Box 13326  
Austin, TX 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-512-936-7221.

# Attachment D



# PUBLIC UTILITY COMMISSION



## AFFIDAVIT OF NOTICE TO NEIGHBORING SYSTEMS, LANDOWNERS AND CITIES

DOCKET NO. 46135

STATE OF TEXAS

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared

\_\_\_\_\_

who being by me duly sworn, deposes and that (s)he is the

\_\_\_\_\_ of the \_\_\_\_\_  
(TITLE) (NAME OF UTILITY)

that the attached notice was provided to landowners and other affected parties by

\_\_\_\_\_  
(METHOD USED TO PROVIDE NOTICE)

on or about the following date, to wit \_\_\_\_\_,  
(DATE)

\_\_\_\_\_  
(SIGNATURE OF UTILITY OFFICIAL)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
to certify which witness my hand and seal of office.

\_\_\_\_\_  
Notary Public in and for the State of Texas

\_\_\_\_\_  
Print or Type Name of Notary Public

Commission Expires \_\_\_\_\_

# Attachment E

# PUBLIC UTILITY COMMISSION



## PUBLISHER'S AFFIDAVIT

DOCKET NO. 46135

STATE OF TEXAS

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared

\_\_\_\_\_

who being by me duly sworn, deposes and that (s)he is the

\_\_\_\_\_ of the \_\_\_\_\_  
(TITLE) (NAME OF NEWSPAPER)

that said newspaper is regularly published in \_\_\_\_\_  
(COUNTY/COUNTIES)

and generally circulated in \_\_\_\_\_, Texas;  
(COUNTY/COUNTIES)

and that the attached notice was published in said newspaper on the following dates, to wit:

\_\_\_\_\_  
(DATES)

\_\_\_\_\_  
(SIGNATURE OF NEWSPAPER REPRESENTATIVE)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
to certify which witness my hand and seal of office.

\_\_\_\_\_  
Notary Public in and for the State of Texas

\_\_\_\_\_  
Print or Type Name of Notary Public

Commission Expires \_\_\_\_\_