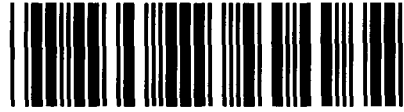




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DOCKET NO. 47899

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PUBLIC UTILITY COMMISSION
OF TEXAS

APPLICATION OF KNOB HILL §
LAKE ESTATES WATER SYSTEM §
AND KNOB HILL WATER UTILITY §
CORP FOR SALE, TRANSFER, OR §
MERGER OF FACILITIES AND §
CERTIFICATE RIGHTS IN DENTON §
COUNTY §

PUBLIC UTILITY COMMISSION
OF TEXAS

**COMMISSION STAFF'S AMENDED RECOMMENDATION
ON ADMINISTRATIVE COMPLETENESS**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and in response to Order No. 1, files this Recommendation on Administrative Completeness and Proposed Notice. Staff recommends that the application be deemed deficient and that the applicant be ordered to address the identified deficiencies. In support thereof, Staff shows the following:

I. BACKGROUND

On December 22, 2017, Knob Hill Lake Estates Water Utility Corp (Knob Hill Lake Estates or Buyer), and Knob Hill Water System (Knob Hill Water or Seller), (collectively, Applicants) filed an application for sale, transfer, or merger of facilities and certificate rights in Denton County.

On January 22, 2018, Staff filed a recommendation on Administrative Completeness, but inadvertently omitted the referenced memorandum from Debbie Reyes Tamayo. Staff now files this Amended Recommendation to include said memorandum.

II. ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum from Debbie Reyes Tamayo in the Commission's Water Utility Regulation Division, Staff has reviewed the application and recommends that it be found administratively incomplete. Specifically, Staff has identified deficiencies in the mapping information submitted. Staff recommends that Applicants submit additional financial and mapping information, as further detailed in the attached memorandum. Applicant must also provide an executed agreement between both parties and the most recent inspection report from TCEQ.

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Staff recommends that Applicants be required to cure the deficiencies by February 21, 2018, and that Staff file a supplemental recommendation on administrative completeness by March 23, 2018.

III. PROCEDURAL SCHEDULE

Due to the deficiencies in the application, Staff does not recommend a procedural schedule for further processing on the merits at this time.

IV. CONCLUSION

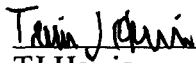
For the reasons discussed above, Staff recommends that the application be found administratively incomplete. Staff further recommends that the procedural schedule proposed above be adopted for further processing of this docket.

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

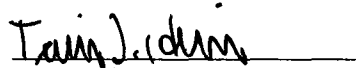


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on the January 23, 2018, in accordance with 16 TAC § 22.74.


TJ Harris

PUC Interoffice Memorandum

To: TJ Harris, Attorney
Legal Division

Thru: Lisa Fuentes, Manager
Water Utility Regulation Division

From: Debbie Reyes Tamayo, Program Specialist
Water Utility Regulation Division

Date: January 19, 2018

Subject: *Docket 47899, Application of Knob Hill Lake Estates Water System and Knob Hill Water Utility Corp for Sale, Transfer, or Merger of Facilities and Certificate Rights in Denton County*

On December 22, 2017, Knob Hill Lake Estates Water Utility Corp (Knob Hill Lake Estates or Buyer), and Knob Hill Water System (Knob Hill Water or Seller), (collectively, Applicants) filed an application for Sale, Transfer, or Merger (STM) of facilities in Denton County, Texas, pursuant to Texas Water Code (TWC) §§ 13.241, 13.246, 13.301 and 16 Tex. Admin. Code §§ 24.102 and 24.109. Specifically, Knob Hill Lake Estates seeks approval to acquire all of water system assets and water service area from Knob Hill Water, Certificate of Convenience and Necessity (CCN) No. 11414.

Staff has reviewed the information provided by the Applicant and recommends the application be deemed administratively incomplete and insufficient for filing due to the deficiencies detailed below:

Mapping Content:

The requested area shown on the maps and digital data modifies Knob Hill Water System's CCN boundaries. The Applicants must clarify if the intent is to transfer Knob Hill Water System's entire service area or just portions of the service area. The detailed maps are not to scale and a general location map was not included in the filing.

The Applicants must file the following items to resolve the mapping deficiencies:

- A general location map identifying the requested area in reference to the nearest county boundary, city, or town.
- A revised detailed map identifying the requested area in reference to verifiable man-made and natural landmarks, such as roads, rivers, and railroads.
- Clarification of the approximate total acres included in the requested area. The Applicant's digital data includes approximately 90 acres, whereas the application and the notice documents state approximately 40 acres.

Application Content:

The Applicants must file the following items to resolve the application deficiencies:

- Pursuant to 16 Tex. Admin. Code § 24.105(a)(13) (TAC), provide an executed agreement between both parties
- The most recent inspection report from TCEQ.

Financial:

The Applicants must file the following items to resolve the financial deficiencies:

- Completed section 13.c of the application,
- The tariff for the system being purchased,
- A statement indicating how the Buyer intends to pay for the system,
- Supporting documentation demonstrating the Buyer's ability to pay for the system including current financial statements or tax return, bank statements, and any other type of supporting documentation.
- A statement specifying which entity and time period the historical and projected financial statements in the application (pages 9 thru 13) represent, and the owner(s) of the entity(ies).