



Control Number: 48505



Item Number: 16

Addendum StartPage: 0

RECEIVED

APPLICATION OF SHELCON §  
SERVICES AND CREST WATER §  
COMPANY FOR SALE, TRANSFER, §  
OR MERGER OF FACILITIES AND §  
CERTIFICATE RIGHTS IN TARRANT §  
COUNTY §

PUBLIC UTILITY COMMISSION: 44

2018 OCT 11 AM 11:44  
PUBLIC UTILITY COMMISSION  
OF TEXAS FILING CLERK

**COMMISSION STAFF’S SUPPLEMENTAL 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. 2, files this Staff’s Supplemental Recommendation on Administrative Completeness. In support thereof, Staff shows the following:

**I. BACKGROUND**

On July 2, 2018, Shelcon Services (Shelcon) and Crest Water Company (Crest) (collectively, Applicants) filed an application for approval of a sale, transfer, or merger (STM) of facilities and Certificate of Convenience and Necessity (CCN) rights in Tarrant County, Texas. Specifically, Applicants entered into an agreement for the purchase of Mustang Creek Estates public water system (PWS). If approved, Shelcon Services will deed the Mustang Creek Estates PWS facilities and water service area under CCN No. 13055. The total area being requested includes approximately 358 acres and 79 current customers. On July 24, 2018, Crest filed a supplement to its application in response to Order No. 1. Crest supplemented its application again on September 28, 2018 and October 8, 2018.

On August 6, 2018, the Administrative Law Judge (ALJ) issued Order No. 2, establishing a deadline of October 4, 2018 for Staff to file a supplemental recommendation on the administrative completeness of the application. On October 4, Staff filed a request to extend this deadline to October 11, 2018. On October 8, 2018, the ALJ granted Staff’s request. Therefore, this pleading is timely filed.

16

## II. STAFF'S RECOMMENDATION

After Crest's supplements to its application, the only remaining deficiency in its application is the requirement of the Oath for Transferor. Neither the original application<sup>1</sup> nor the amended application<sup>2</sup> have Shelcon's signature in the Oath for Transferor. Crest has communicated to Staff that Crest has been unable to obtain Shelcon's signature to complete this requirement.

On October 2, 2018, Crest filed a Motion for Waiver of Oath for Transferor pursuant to Tex. Water Code § 13.301 (TWC) and 16 Texas Administrative Code (TAC) § 24.2, asking that the requirement for Shelcon's signature on the STM application be waived, as well as any additional requirement of Shelcon's signature. In its motion, Crest explained that it has been unable to contact Michelle Shackelford, owner of Shelcon, or any other representative of Shelcon in order to obtain the required signature for the Oath for Transferor portion of the STM application. Crest indicated that it has made multiple attempts to obtain Shelcon's signature both prior and after filing its application and were unable to receive a response. Under 16 TAC § 24.2, the Commission may make exceptions to its substantive rules applicable to water and sewer service providers for good cause shown. Crest believes that good cause exists because it has been acting as owner and operator of the Mustang Creek PWS since entering into a contract with Shelcon on December 2016, and because Crest has been working with the Texas Commission on Environmental Quality (TCEQ) to resolve past violations when Mustang Creek PWS was under the ownership and operation of Shelcon.<sup>3</sup>

As supported by the attached memorandum from Kathryn Eiland in the Commission's Water Utility Regulation Division, Staff respectfully recommends that the ALJ grant Crest's Motion for Waiver of Oath for Transferor and find the application administratively complete.

## III. NOTICE

The Commission's notice requirement for sale, transfer, merger applications are provided by 16 TAC § 24.109. Specifically, Staff recommends that the ALJ order Crest to provide notice according to the attached memorandum.

---

<sup>1</sup> Application of Shelcon Services and Crest Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Tarrant County (July 2, 2018) at 23. (Original STM Application).

<sup>2</sup> Response to Order 2 including a cover letter, updated STM application, and letter stating comments on new well or well repair (August 14, 2018) at 14.

<sup>3</sup> Crest's Motion for Waiver of Oath for Transferor at 3. (Oct. 2, 2018).

#### IV. PROCEDURAL SCHEDULE

Staff recommends that the ALJ grant Crest's Motion for Waiver of Oath for Transferor and find its application administratively complete. Staff further proposes the following procedural schedule:

Event	Date
Deadline for Crest to file with the Commission signed affidavits that the notice was given, along with a copy of the notice sent to the affected parties	November 23, 2018
Deadline for Staff to file a recommendation on sufficiency of notice	Within 10 days of Crest filing proof of completed notice with the Commission
Deadline to intervene	30 days after notice is issued

#### V. CONCLUSION

For the reasons discussed above, Staff respectfully recommends that the ALJ grant Crest's Motion for Waiver of Oath for Transferor seller pursuant to TWC § 13.301 and 16 TAC § 24.2 and find the application administratively complete. Staff further recommends that the procedural schedule proposed above be adopted for further processing of this docket.

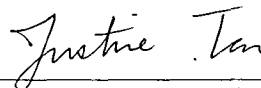
Dated: October 11, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Stephen Mack  
Managing Attorney



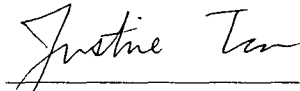
Justine Isabelle Caedo Tan  
State Bar No. 24104914  
1701 N. Congress Avenue

P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7163  
(512) 936-7268 (facsimile)  
Justine.Tan@puc.texas.gov

**DOCKET NO. 48505**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on October 11, 2018, in accordance with 16 TAC § 22.74.



---

Justine Isabelle Caedo Tan

## PUC Interoffice Memorandum

---

**To:** Justine Tan, Attorney  
Legal Division

**Thru:** Heidi Graham, Manager  
Water Utility Regulation Division

**From:** Kathryn Eiland, Financial Analyst  
Water Utility Regulation Division

**Date:** October 8, 2018

**Subject:** **Docket 48505**, *Application of Shelcon Services and Crest Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Tarrant County*

On July 2, 2018, Crest Water Company (Crest or Purchaser) and the Shelcon Services (Shelcon or Seller) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Tarrant County, Texas, pursuant to Texas Water Code Ann. (TWC) § 13.301 and the 16 Texas Administrative Code (TAC) § 24.109. Specifically, Crest seeks approval to acquire facilities and to transfer water service area from Shelcon under water Certificate of Convenience and Necessity (CCN) No. 13055. The requested area includes approximately 358 acres and 79 connections.

On October 2, 2018, Crest requested a waiver of the Oath for Transferor (Oath) for good cause. Staff recommends that the waiver of this requirement be granted, because Crest has made multiple attempts to obtain the seller's signature on the Oath, but has been unsuccessful. In addition, Crest has been operating and maintaining the system since the contracts for the operation and maintenance and the purchase of the public water system located in Tarrant County, Texas were executed in December 2016.

A Staff review of the additional information filed by the Applicant on July 24, 2018, August 14, 2018, September 28, 2018, October 2, 2018 and October 8, 2018, found that it is sufficient in the required application and mapping information. Therefore, Staff recommends that the application be deemed sufficient for filing and found administratively complete. Staff further recommends the Applicant be ordered to do the following:

- 1) Provide notice of the application to the following:
  - a) cities, districts, and neighboring retail public utilities providing the same utility service whose corporate boundaries or certificated service area are located within two miles from the outer boundary of the requested area;
  - b) the county judge of each county that is wholly or partially included in the requested area;
  - c) each groundwater conservation district that is wholly or partially included in the requested area; and
  - d) any affected customers, and other affected parties in the requested area.
  
- 2) Provide correct notice of the application to the following entities:
  - Chuck Bell Water Systems (CCN No. 12190)
  - City of Fort Worth (CCN No. 12311)
  - Monarch Utilities I LP (CCN No. 12983)
  - Shelcon Services (CCN No. 13055)
  - Undine Texas LLC (Proposed CCN for Docket 48388)
  - Northern Trinity Groundwater Conservation District

- Trinity River Authority of Texas
  - Tarrant County Judge
- 3) Provide an accurate map delineating the requested service area with each individual notice to neighboring utilities, other affected parties, and customers. 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) File in the docket an affidavit specifying every person and entity to whom notice was provided and the date that the notice was provided. It is recommended that the Applicant use the attached notice and affidavit to meet these requirements.

Please note, Staff may determine that additional information is needed to make a final recommendation in this docket. If additional information is needed Staff may send requests for information (RFI) to the Applicant(s). The Applicant(s) will have 20 days from the receipt of the RFI to respond unless a different response period is ordered by the presiding officer.

**Notice to Current Customers, Neighboring Systems, and Cities**  
CREST WATER COMPANY NOTICE OF INTENT TO PURCHASE WATER FACILITIES AND TO  
TRANSFER WATER SERVICE AREA UNDER CCN NO. 13055 FROM SHELCON SERVICES IN  
TARRANT, TEXAS

To: \_\_\_\_\_ Date Notice Mailed: \_\_\_\_\_, 201\_\_  
(Name of Customer, Neighboring System, or City)  
\_\_\_\_\_  
(Address)  
\_\_\_\_\_  
(City State Zip)

Crest Water Company PO BOX 460 Keene, TX 76059  
(Purchaser's Name) (Address) (City), (State) (Zip Code)

has submitted an application with the Public Utility Commission of Texas (Commission) to purchase Shelcon Services water facilities and to transfer water certificated service area under CCN No. 13055 in Tarrant County, TX from:

Shelcon Services 4101 W. Green Oaks Blvd., Suite 305, PMD 143 Arlington, TX 76059  
(Seller's Name) (Address) (City), (State) (Zip Code)

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code § 13.301). The transaction and the transfer of the CCN includes the following subdivision:  
Mustang Creek Estates.

The requested area subject to this transaction is located approximately 6 miles west of downtown Crowley, Texas, and is generally bounded on the north by Ben Day Murrin Road; on the east by Winscott Plover Road; on the south by Crowley Plover Road; and on the west by Crowley Plover road. The total requested area for the water or sewer CCN(s) being transferred includes approximately 358 acres and 79 current customers.

This transaction will not have an effect on the current customer's rates and services.

*Persons who wish to intervene in the proceeding or comment upon action sought should contact the Public Utility Commission, P.O. Box 13326, Austin, Texas 78711-3326, or call the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136. The deadline for intervention in the proceeding is (30 days from the mailing or publication of notice, whichever occurs later, unless otherwise provided by the presiding officer). You must send a letter requesting intervention to the commission which is received by that date.*

If a valid public hearing is requested, the Commission 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, SOAH will submit a recommendation to the Commission for final decision. An evidentiary hearing is a legal proceeding similar to a civil trial in state district court.

Si desea información en español, puede llamar al 1-888-782-8477.

James A. Dyche  
Utility Representative

Crest Water Company  
Utility Name



# PUBLIC UTILITY COMMISSION



AFFIDAVIT OF NOTICE TO CURRENT CUSTOMERS, NEIGHBORING UTILITIES AND  
AFFECTED PARTIES  
DOCKET NO. 48505

STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

\_\_\_\_\_ has provided individual  
notice to the following entities and customers:

	DATE OF NOTICE
_____	_____
_____	_____
_____	_____

### OATH

I, \_\_\_\_\_, being duly sworn, file this form as  
\_\_\_\_\_ (indicate relationship to applicant, that is,  
owner, member of partnership, title of officer of corporation, or other authorized representative of  
applicant); that in such capacity, I am qualified and authorized to file and verify such form, am  
personally familiar with the notices given with this application, and have complied with all notice  
requirements in the application and application acceptance letter; and that all such statements made  
and matters set for therein are true and correct.

\_\_\_\_\_  
Applicant's Authorized Representative

If the applicant to this form is any person other than the sole owner, partner, officer of the applicant,  
or its' attorney, a properly verified Power of Attorney must be enclosed.

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 \_\_\_\_\_