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DOCKET NO. 49260

APPLICATION OF TEXAS WATER	§	PUBLIC UTILITY COMMISSION
SYSTEMS, INC. AND UNDINE TEXAS,	§	
LLC FOR SALE, TRANSFER, OR	§	OF TEXAS
MERGER OF FACILITIES AND	§	
CERTIFICATE RIGHTS IN GREGG,	§	
HENDERSON, LIMESTONE, SMITH,	§	
AND UPSHUR COUNTIES	§	

**COMMISSION STAFF'S SECOND SUPPLEMENTAL RECOMMENDATION ON
ADMINISTRATIVE COMPLETENESS AND PROPOSED PROCEDURAL SCHEDULE**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and in response to Order No. 7, files this Supplemental Recommendation on Administrative Completeness and Proposed Procedural Schedule. Staff recommends that the application be deemed administratively incomplete and that the applicants be ordered to address the identified deficiencies. In support thereof, Staff shows the following:

I. BACKGROUND

On February 25, 2019, Undine Texas, LLC (Undine) and Texas Water Systems, Inc. (TWS) (collectively, Applicants) filed an application for sale, transfer, or merger of facilities and certificate rights in Gregg, Henderson, Limestone, Smith, and Upshur Counties, Texas. On March 11, 2019, Applicants filed an amended application. Specifically, Undine seeks approval to acquire facilities and to transfer a portion of water service area currently owned by TWS under Certificate of Convenience and Necessity (CCN) No. 12473. The requested transfer includes approximately 6,478 acres and 997 current customers.

On August 26, 2019, Order No. 7 was issued, establishing a deadline of October 23, 2019 for Staff to file a supplemental recommendation on the administrative completeness of the application and notice and propose a procedural schedule for further processing of the application. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum of Greg Charles in the Commission's Water Utility Regulation Division, Staff has reviewed the application and recommends that it be found

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administratively incomplete. Specifically, Staff has identified deficiencies in the mapping and application information supplied with the application. Staff recommends that Applicants submit additional mapping and application information resolving the deficiencies, as further detailed in the attached memorandum.

III. PROCEDURAL SCHEDULE

Staff recommends that the application be found administratively incomplete. Therefore, Staff recommends that a deadline of December 23, 2019 be established for Applicants to supplement the application. Staff further recommends that a deadline of January 23, 2019 be established for Staff to review Applicants' supplemental information and make a supplemental recommendation on the administrative completeness of the application. Staff notes that Applicants should not issue notice until the application is found administratively complete.

IV. CONCLUSION

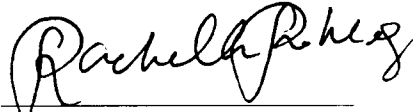
For the reasons discussed above, Staff respectfully recommends that the application be found administratively incomplete. Staff further recommends that the procedural schedule proposed above be adopted for further processing of this docket.

Dated: October 23, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

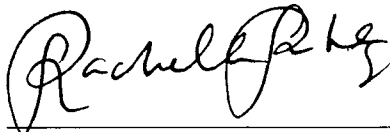


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 23, 2019, in accordance with 16 TAC § 22.74.



Rachelle Nicolette Robles

PUC Interoffice Memorandum

To: Rachelle Robles, Attorney
Legal Division

Thru: Heidi Graham, Manager
Infrastructure Division

From: Greg Charles, Engineer
Infrastructure Division

Date: October 23, 2019

Re: **Docket No. 49260**, *Application of Texas Water Systems, Inc. and Undine Texas, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Gregg, Henderson, Limestone, Smith, and Upshur Counties*

On February 25, 2019, Undine Texas, LLC (Undine or Buyer) and the Texas Water Systems, Inc., (Texas Water Systems or Seller), (collectively, Applicants), filed an application for Sale, Transfer, or Merger (STM) of facilities and certificate rights in Gregg, Henderson, Limestone, Smith and Upshur Counties, Texas, pursuant to Texas Water Code Ann. (TWC) § 13.301 and the 16 Texas Administrative Code (TAC) § 24.239.

On March 11, and August 1, 2019, Applicants filed amendments to the application. Specifically, the Buyer seeks approval to acquire facilities and to transfer a portion of water service area from Texas Water Systems under Certificate of Convenience and Necessity (CCN) No. 12473.

Staff reviewed the revised maps and agreements filed by the Applicants on August 1, August 8, and September 13, 2019. The application now requests the following:

- STM of Texas Water Systems to Undine;
- Amendment of uncertificated areas;
- Decertification of portions of the certificated area of Texas Water Systems;
- Dual Certification with portions of Crystal Systems Texas, Inc. (CCN No. 10804); and
- Dual Certification with portions of Pritchett WSC (CCN No. 10478).

As of September 13, 2019, the approximate total acreage and customer connections for the requested areas may be summarized as follows:

- Areas to be transferred include 5,245 acres and 811 customer connections;
- Amended areas include 5,094 acres and 186 customer connections;
- Decertified areas from Texas Water Systems include 12 acres and 0 customer connections;
- Dually certificated area with Crystal Systems (CCN No. 10804) includes 21 acres and 6 customers; and
- Dually certificated with Pritchett WSC (CCN No. 10478) includes 8 acres and 2 customers.

Application Deficiencies

While the maps and agreements submitted on August 1, 8, and September 13, 2019 are sufficient, the maps and digital data may need to be revised, if a need for service in some of the uncertificated areas cannot be demonstrated, pursuant to TWC § 13.244(d). Additionally, other areas of the application are deficient, therefore, Staff recommends the application be deemed administratively incomplete and not accepted for filing.

To cure the deficiencies:

1. Provide detailed maps showing potential customers with requests for service located within the requested areas.
2. Provide detailed maps showing existing and proposed water transmission and distribution lines within the requested areas.
3. Provide a copy of construction approval letters from TCEQ for the necessary facilities, such as distribution systems, that will serve the uncertificated area.
4. Provide supplemental information for the public water system capacity to support the ability of the Buyer to provide adequate service that includes the uncertificated area.
5. Provide a copy of any developer agreements or requests for service within the uncertificated area that has no existing customers.
6. Provide a copy of projected financial statements that include all connections added to this application after the initial filing from February 25, 2019.

Staff recommends the Applicant continue to work with PUC Staff to resolve these deficiencies.