



Control Number: 49387



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APPLICATION OF LAS LOMAS §
 MUNICIPAL UTILITY DISTRICT NO. §
 4A OF KAUFMAN COUNTY, §
 FORMERLY KNOWN AS LAS LOMAS §
 MUNICIPAL UTILITY DISTRICT NO §
 4 OF KAUFMAN COUNTY AND LAS §
 LOMAS MUNICIPAL UTILITY §
 DISTRICT NO. 4B OF KAUFMAN §
 COUNTY FOR SALE, TRANSFER, OR §
 MERGER OF SEWER FACILITIES §
 AND CERTIFICATE RIGHTS IN §
 KAUFMAN COUNTY §

2019 MAY -1 PM 2:24 PUBLIC UTILITY COMMISSION

PUBLIC UTILITY COMMISSION
OF TEXAS

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

COMES NOW the Commission Staff of the Public Utility Commission of Texas (Commission), representing the public interest, and in response to Order No. 1, files this 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 March 28, 2019, Las Lomas Municipal Utility District No. 4B of Kaufman County (Las Lomas 4B) and Las Lomas Municipal Utility District No. 4A of Kaufman County, formerly known as Las Lomas Municipal Utility District No 4 of Kaufman County (Las Lomas 4A) (collectively, Applicants) filed an application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Kaufman County, Texas. Specifically, Las Lomas 4B seeks approval to acquire facilities and to transfer all of the Las Lomas 4A's Water Certificate of Convenience and Necessity No. 13121. The requested area includes approximately 2,896 acres and 0 connections.

On April 3, 2019, Order No. 1 was issued establishing a deadline of May 1, 2019 for Staff to file a 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 supported in the attached memorandum from Roshan Pokhrel 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 application content, financial and technical information. Staff recommends that Applicants submit additional application content, financial and technical information, 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 May 31, 2019 be established for Applicants to supplement the application. Staff further recommends that a deadline of July 1, 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: May 1, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
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 May 1, 2019,
in accordance with 16 TAC § 22.74.



Alexander Petak

3. The developer agreement for contributions in aid of construction for the installation of facilities to serve the requested area.
4. A letter from the districts' financial advisor indicating that the district is able to issue debt (bonds) in an amount sufficient to cover the construction, operation and maintenance of the new water system or provide any loan agreements, letters of credit, or other documents confirming the availability of funds for the construction and installation of facilities to serve the requested area.

Technical Information:

The Applicants must provide the following technical information for sufficiency:

1. A written description of how water service will be provided to future customers.
2. A list or written description of all water facilities owned by the Applicants.

Note: Any confidential items should be submitted as confidential filings with the PUC. The instructions for filing confidential documents can be found on our website at: (<http://www.puc.texas.gov/industry/filings/FilingProceed.aspx>).

PUC Interoffice Memorandum

To: Alexander Petak, Attorney
Legal Division

Thru: Lisa Fuentes, Manager
Water Utility Regulation Division

From: Roshan Pokhrel, Engineering Specialist
Water Utility Regulation Division

Date: May 1, 2019

Subject: **Docket No. 49387**, *Application of Las Lomas Municipal Utility District No. 4A of Kaufman County, formerly known as Las Lomas Municipal Utility District No 4 of Kaufman County and Las Lomas Municipal Utility District No. 4B of Kaufman County for Sale, Transfer, or Merger of Sewer Facilities and Certificate Rights in Kaufman County*

On March 28, 2019, Las Lomas Municipal Utility District No. 4B of Kaufman County (Purchaser) and Las Lomas Municipal Utility District No. 4A of Kaufman County, formerly known as Las Lomas Municipal Utility District No 4 of Kaufman County (Seller) (collectively, Applicants) filed an application for Sale, Transfer, or Merger (STM) of facilities and certificate rights in Kaufman County, Texas, pursuant to Texas Water Code Ann. (TWC) § 13.301 and the 16 Texas Administrative Code (TAC) § 24.239.

Specifically, Purchaser seeks approval to acquire facilities and to transfer all of the Seller's water CCN No. 13121. The requested area includes approximately 2,896 acres and 0 connections.

Staff has reviewed the information provided by the Applicant and recommends the application be deemed administratively incomplete and not accepted for filing due to the deficiencies detailed below:

Application Content:

Portions of the application were incomplete. The Applicants must provide responses to the following questions:

- 13, 14, 27, 28 and 31.

Financial Information:

The Applicants must provide the following financial information for sufficiency:

1. Projections for the first five years of operation including the following documents:
 - i. Profit and loss statements;
 - ii. Cash flow worksheets; and
 - iii. Balance sheets.

NOTE: Income from rates should correlate to the projected growth in connections, shown on the projected profit and loss statement.

2. A business plan based on the current progress of the development. The plan should include a capital improvement plan, including a budget and an estimated timeline for construction of all facilities necessary to provide full service to the requested area, keyed to a map showing where such facilities will be located to provide service.