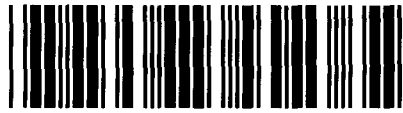


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Addendum StartPage: 0

DOCKET NO. 50543

**APPLICATION OF SP UTILITY, INC.
TO AMEND ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY AND
FOR DUAL CERTIFICATION WITH
DREW T. SPENCER DBA
CYPRESSWOOD ESTATES IN
MONTGOMERY COUNTY**

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PUBLIC UTILITY COMMISSION

OF TEXAS

**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS AND PROPOSED NOTICE**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation on Administrative Completeness and Proposed Notice, in response to Order No. 1. 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 February 12, 2020, SP Utility, Inc. (SP Utility or Applicant) filed an application to amend its water certificate of convenience and necessity (CCN) No. 12978 and for dual certification with Drew T. Spencer dba Cypresswood Estates Water System in Montgomery County, Texas. The requested area consists of 253 acres and 150 to 160 customers connections.

On February 21, 2020, the Administrative Law Judge (ALJ) issued Order No. 1, establishing a deadline of March 12, 2020 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

Staff has reviewed the application filed by SP Utility and, as detailed in the attached memorandum from Patricia Garcia, Infrastructure Division, recommends that it be found administratively incomplete at this time. Staff recommends that the Applicant be ordered to cure the deficiencies identified in Ms. Garcia's memorandum by April 13, 2020, and that Staff be given a deadline of May 8, 2020, to file a supplemental recommendation on administrative

completeness and proposed notice. Staff notes that the Applicant should not issue notice until the application is found administratively complete.

III. COMMENTS ON PROCEDURAL SCHEDULE

In accordance with Staff's deficiency recommendation, Staff does not propose a procedural schedule for further processing of this docket at this time. Staff intends to propose a procedural schedule alongside a subsequent recommendation on administrative completeness.

IV. CONCLUSION

For the reasons discussed above, Staff respectfully recommends that the application be found administratively incomplete at this time and that the Applicant be ordered to file a supplement addressing the identified deficiencies in the application by April 13, 2020.

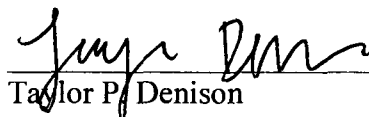
Dated: March 12, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

Heath D. Armstrong
Managing Attorney

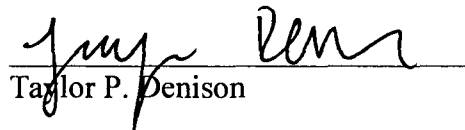


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DOCKET NO. 50543

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on March 12, 2020, in accordance with 16 TAC § 22.74.



Taylor P. Denison

PUC Interoffice Memorandum

To: Taylor Denison, Attorney
Legal Division

From: Patricia Garcia, Engineering Specialist
Infrastructure Division

Date: March 12, 2020

Subject: **Docket No. 50543**, *Application of SP Utility, Inc. to Amend its Certificate of Convenience and Necessity and for Dual Certification with Drew T. Spencer dba Cypresswood Estates in Montgomery County*

On February 12, 2020, SP Utility, Inc. (Applicant) filed with the Public Utility Commission of Texas (Commission) an application to amend its water Certificate of Convenience and Necessity (CCN) No. 12978 and for dual certification with Drew T. Spencer dba Cypresswood Estates Water System in Montgomery County, Texas pursuant to Texas Water Code (TWC) §§ 13.242 to 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237.

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

1. There is no agreement or consent between the parties to allow for dual certification; and
2. The application does not address the ability of SP Utility, Inc. to serve the existing customers or identify the facilities necessary to provide service to the existing customers in the requested area. In order for an applicant to be granted dual certification, it must be able to provide service with its own facilities. A utility's facilities can only be transferred through a Sale, Transfer, Merger (STM) application.

If the Applicant intends to move forward with this application, Staff recommends the Applicant submit the following:

1. An agreement between SP Utility, Inc. and Cypresswood Estates Water System;
2. An explanation as to how service will be provided to the requested area by SP Utility, Inc;
3. Clarification on the number of existing customers in both Cypresswood Estates and the FM 2854 tract (Garden West System);
4. SP Utility, Inc.'s annual report for years 2018 and 2019, (report forms available at <http://puc.texas.gov/industry/water/Forms/Forms.aspx>) or SP Utility Inc.'s most recent audited financial statements; and
5. A completed Appendix B of the application to serve the requested area.

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