



Control Number: 51005



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DOCKET NO. 51005



**APPLICATION OF OLAN JOHNSON §
DBA NORTH UNIVERSITY ESTATES §
WATER COMPANY AND §
INTERMEDIARY SOLUTIONS §
HOLDING, LLC FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN LUBBOCK COUNTY §**

**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 in response to Order No. 2, files this Recommendation on Administrative Completeness and Proposed Notice. 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 July 6, 2020, Olan Johnson dba North University Estates Water Company (Olan Johnson) and Intermediary Solutions Holding, LLC (ISH) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Lubbock County. ISH seeks approval to acquire facilities and to transfer Olan Johnson's water service area held under Certificate of Convenience and Necessity (CCN) No. 12179. The requested area includes approximately 106 acres and 192 connections.

On August 7, 2020, the administrative law judge (ALJ) issued Order No. 2, establishing a deadline of August 17, 2020, for Staff to file comments on the administrative completeness of the application and proposed notice and to file a recommendation regarding how to proceed with the application and propose a procedural schedule. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memorandum from Reginald Tuvilla, Infrastructure Division, recommends that it be found administratively incomplete. Staff further recommends that the Applicants submit information to resolve the

deficiencies by September 16, 2020 and that Staff be given a deadline of October 16, 2020 to file a supplemental recommendation on the administrative completeness of the application.

III. COMMENTS ON PROCEDURAL SCHEDULE

In accordance with Staff's deficiency recommendation, Staff does not propose a procedural schedule for further processing of the docket at this time. Staff recommends that the Applicants be ordered to cure the deficiencies identified in Mr. Tuvilla's memorandum by September 16, 2020, and that Staff be given a deadline of October 16, 2020, to file a supplemental recommendation on the administrative completeness of the application. Staff notes that the Applicants should not issue notice until the application is found administratively complete. Staff intends to propose a procedural schedule alongside a subsequent recommendation for application sufficiency.

IV. CONCLUSION

For the reasons stated above, Staff respectfully recommends that the application be found administratively incomplete at this time, and that the Applicants be ordered to file a supplement addressing the identified deficiencies in the application by September 16, 2020.

Dated: August 17, 2020

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Kourtnee Jinks
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on August 17, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Kourtnee Jinks
Kourtnee Jinks

PUC Interoffice Memorandum

To: Kourtnee Jinks, Attorney
Legal Division

From: Reginald Tuvilla, Infrastructure Analyst
Infrastructure Division

Date: August 17, 2020

Subject: **Docket No. 51005**, *Application of Olan Johnson dba North University Estates Water Company and Intermediary Solutions Holdings, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Lubbock County*

On July 6, 2020, Intermediary Solutions Holding, LLC (Purchaser) and Olan Johnson dba North University Estates Water Company (Seller) (collectively, Applicants) filed an application for Sale, Transfer, or Merger (STM) of facilities and certificate rights in Lubbock County, Texas, pursuant to Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.

Specifically, the Purchaser seeks approval to acquire facilities and to transfer all of the seller's water service area under Certificate of Convenience and Necessity No. 12179. The requested area includes approximately 106 acres and 192 connections.

Staff has reviewed the information filed by the Applicants and recommends that the application be deemed administratively complete. Staff further recommends that the Applicants provide the following information to cure the deficiencies:

1. An updated Appendix B so the total of line C for each projected year equals the combined total of the liabilities on line F plus equity total on line G. This total should be placed on the line Labeled "TOTAL LIABILITIES+EQUITY (F + G) = C".
2. An updated answer to question number 14, including an acquisition adjustment as appropriate. The sum of the debits and credits should equal zero. Indicate credit amounts with – or in parenthesis (xx.xx),
3. The most recent 2 years of the Purchaser's financial statements, including a balance sheet and income statement for each year,
4. A copy of the Purchaser's pre-approval loan documents and amortization schedule for the loan enabling the purchase of the Seller's assets,
5. An inventory list of each asset to be transferred including the following:
 - a) Plant in service date,
 - b) Original plant in service cost, and
 - c) Accumulated depreciation expense amount.