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DOCKET NO. 51128

APPLICATION OF HARRISON §
WILLIAMS AND MANVEL TERRACE §
UTILITIES, INC. FOR WATER §
UTILITY STOCK TRANSFER §

PUBLIC UTILITY COMMISSION
OF TEXAS

**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS, PROPOSED NOTICE, AND 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. 1, files this Recommendation on Administrative Completeness, Proposed Notice, and Procedural Schedule. Staff recommends that the application be deemed administratively incomplete and that applicants be ordered to address the identified deficiencies. In support thereof, Staff shows the following:

I. BACKGROUND

On July 31, 2020, Harrison Williams (Williams) and Manvel Terrace Utilities, Inc. (Manvel) (collectively, Applicants) filed a request for approval of a water utility stock transfer pursuant to Texas Water Code (TWC) § 13.302 and 16 Texas Administrative Code (TAC) § 24.243. Under the transaction, Jennifer Jamison (Jamison) would sell 100% of her stock and ownership interest in Manvel to Williams.

On August 3, 2020, the Administrative Law Judge (ALJ) issued Order No. 1, requiring Staff to file a recommendation on the administrative completeness of the application and notice, and to propose a procedural schedule for continued processing by August 21, 2020. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memorandum from Leila Guerrero of the Commission's Rate Regulation Division, recommends that it be found administratively incomplete at this time. Staff requests that the Applicants be ordered to submit additional documentation as further detailed in the attached memorandum and that Applicants be required to propose an effective date for the transaction that complies with the 60-day requirement in 16 TAC § 24.243(a).

III. NOTICE

Pursuant to 16 TAC § 22.55, the presiding officer may require a party to provide reasonable notice to affected persons. Staff believes there are only two affected parties in this docket, both of whom are aware of the transaction for which they are seeking approval. Therefore, Staff recommends that no further notice be required.

IV. 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 recommends that the Applicants be ordered to cure the deficiencies identified in Ms. Guerrero's memorandum by September 20, 2020, and that Staff be given a deadline of October 20, 2020 to file a supplemental recommendation on the administrative completeness of the application.

V. CONCLUSION

Based on the discussion above, Staff respectfully recommends that the application be deemed administratively incomplete at this time, and that the Applicants be ordered to file a supplement addressing the identified deficiencies in the application by September 20, 2020.

Dated: August 21, 2020

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Rachelle N. Robles
Division Director

Eleanor D'Ambrosio
Managing Attorney

/s/ Justin C. Adkins
Justin C. Adkins
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1701 N. Congress Avenue
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DOCKET NO. 51128

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 21, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Justin C. Adkins
Justin C. Adkins

Public Utility Commission of Texas

Memorandum

TO: Justin Adkins, Attorney
Legal Division

FROM: Leila Guerrero, Regulatory Accountant/Auditor
Rate Regulation Division

DATE: August 21, 2020

RE: **Docket No. 51128** – *Application of Harrison Williams and Manvel Terrace Utilities, Inc. For Water Utility Stock Transfer*

On July 31, 2020, Harrison Williams and Manvel Terrace Utilities, Inc. (Manvel) (collectively, Applicants) filed a request for approval of a water utility stock transfer. Approval is requested for the transfer of 100% of the stock and ownership interest in Manvel from Jennifer Jamison (Seller) to Harrison Williams (Purchaser).

In support of this request, the Purchaser provided the following information and documents:

1. Recent correspondence between various parties including Manvel, the Seller, the Purchaser, the Texas Commission on Environmental Quality (TCEQ), and the U.S. Environmental Protection Agency (EPA) regarding system deficiencies and/or noncompliance;
2. Evidence of the Purchaser's capability to ensure continuous and adequate utility service;
3. Evidence that the Purchaser owns two water systems and one sewer system (Exhibit C);
4. A copy of the Texas Comptroller's statement of Franchise Tax Account Status for Manvel (Exhibit D);
5. The proposed effective date of the stock transfer of September 25, 2020; and
6. The new address for Manvel after the transfer is completed:

Manvel Terrace Utilities, Inc.
P.O. Box 690521
Houston, TX 77269

Based on a review of the information in the application, Staff recommends that the application be deemed insufficient for filing and administratively incomplete. Staff further recommends that the Applicants provide the following to ensure administrative completeness:

- 1) A written agreement for the stock transfer signed by both the Purchaser and the Seller;
- 2) Copies of Annual Reports for Water and Wastewater for SP Utility Company, Inc. and South Coast Utilities, Inc. for the years 2018-2019; and
- 3) Audited annual financial statements and related auditor's reports for the year 2019, and financial statements and reports current as of June 30, 2020, for the Purchaser. The Purchaser may provide the relevant financial statements for the utilities he currently owns (SP Utility Company, Inc. and South Coast Utilities, Inc.). If the audited financial

statements are not available, unaudited financial statements, including a balance sheet and income statement for the period ending after July 31, 2020, will suffice.

- 4) A new proposed effective date for the proposed stock transfer that is at least 60 days from July 31, 2020, the date the application was filed. September 25, 2020 is less than 60 days after July 31, 2020.

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