



## Filing Receipt

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**DOCKET NO. 51814**

<b>APPLICATION OF UIC 13, LLC TO</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>AMEND ITS CERTIFICATES OF</b>	<b>§</b>	
<b>CONVENIENCE AND NECESSITY IN</b>	<b>§</b>	<b>OF TEXAS</b>
<b>HARRIS COUNTY</b>	<b>§</b>	
	<b>§</b>	

**COMMISSION STAFF'S RESPONSE TO ORDER NO. 6**

On February 18, 2021, Utilities Investment Company, Inc. dba UIC 13, LLC (UIC) filed with the Public Utility Commission of Texas (Commission) an application to amend its water certificate of convenience and necessity (CCN) No. 13242 and sewer CCN No. 21091 in Harris County, Texas under Texas Water Code (TWC) §§ 13.242 to 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237. The requested area includes nine current customers and is comprised of approximately 67 acres of uncertificated area. The result of the application will be the addition of approximately 67 acres to CCN Nos. 13242 and 21091.

On August 13, 2021, the administrative law judge (ALJ) filed Order No. 6, requiring the Staff to file a status update regarding whether its recommendation remained unchanged or revised recommendations pertaining to the information provided by UIC 13 on or before September 8, 2021. Therefore, this pleading is timely filed.

**I. STAFF'S RESPONSE TO THE REQUEST FOR CLARIFICATION**

On August 12, 2021, Shelley Young filed on behalf of UIC 13, LLC a clarification in response to Order No. 5 and clarified that UIC 13, LLC is not a d/b/a of Utilities Investment Company, Inc. but rather is a separate entity with common ownership. Finally, Ms. Young clarifies in her response to Order No. 5 that Aldine Village Subdivision, as well as three other water systems, are all owned solely by UIC 13, LLC and that a clerical error will be corrected by UIC 13, LLC with the TCEQ regarding those systems. Ms. Young on behalf of UIC 13, LLC also filed financial information on August 18, 2021.

As detailed in the attached memoranda by Ms. Patricia Garcia, Infrastructure division, and Fred Bednarski III, Rate Regulation Division, Staff's recommendations pertaining to UIC 13, LLC is unaffected by the additional financial information filed by the UIC 13, LLC on August 18, 2021. Therefore, Staff respectfully requests that a deadline of September 24, 2021 be set for the parties

to file a Revised Joint Motion to Admit Evidence and Proposed Order for the continued processing of this matter.

## **II. CONCLUSION**

For the reasons detailed above, Staff respectfully states that its recommendation remains unchanged and requests that a deadline of September 24, 2021 be set for the parties to file a Revised Joint Motion to Admit Evidence and Proposed Order.

Dated: September 8, 2021

Respectfully submitted,

### **PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION**

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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 September 8, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Kevin R. Bartz  
Kevin R. Bartz

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Kevin Bartz, Attorney  
Legal Division

**FROM:** Patricia Garcia, Senior Engineering Specialist  
Infrastructure Division

**DATE:** September 8, 2021

**RE:** Docket No. 51814 – *Application of Utilities Investment Company, Inc. dba UIC13, LLC to Amend its Certificates of Convenience and Necessity in Harris County*

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### **1. Application**

UIC 13, LLC (UIC) filed with the Public Utility Commission of Texas (Commission) an application to amend its water certificate of convenience and necessity (CCN) No. 13242 and sewer CCN No. 21091 in Harris County, Texas under Texas Water Code (TWC) §§ 13.242 to 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237.

UIC is seeking to amend water and sewer CCNs for the service area containing 9 current customers and is comprised of approximately 67 acres of uncertificated area.

The application proposes the addition of approximately 67 acres to CCN Nos. 13242 and 21091.

The application indicates that the utility requesting this CCN amendment is Utilities Investment Company, Inc. dba UIC 13, LLC, however CCN Nos. 13242 and 21091 were assigned to UIC 13, LLC. Utilities Investment Company, Inc. has its own separate water and sewer CCN numbers.

### **2. Notice**

The deadline to intervene was May 27, 2021; there were no motions to intervene, protests, or opt-out requests received.

### **3. Factors Considered**

TWC §§ 13.241 and 13.246, and 16 TAC §§ 24.11(e) and 24.227 require the Commission to consider certain factors when granting or amending a water or sewer CCN. Therefore, the following factors were considered.

**3.1. *Consideration of the adequacy of service currently provided to the requested area and system compliance (TWC § 13.246(c)(1); 16 TAC § 24.227(a) and (e)(1)).***

UIC has several Texas Commission on Environmental Quality (TCEQ) approved public water systems (PWS) and one wastewater treatment plant (WWTP). The PWS that will provide service to the requested area is registered as Aldine Village Subdivision, PWS ID No. 1010931. The WWTP providing sewer service to the area is registered as Aldine Village, Wastewater Discharge Permit No. WQ1388201. UIC does not have any violations listed in the TCEQ databases. No additional construction is necessary for UIC to serve the requested area. The Commission's complaint records, which go back to 2014, show 9 complaints on file under UIC's water CCN and no complaints on file under UIC's sewer CCN.

**3.2. *Consideration of the need for additional service in the requested area (TWC § 13.246(c)(2); 16 TAC § 24.227(e)(2)).***

There is a need for service as there are 9 existing water and sewer customers in the requested area.

**3.3. *Consideration of the effect of granting an amendment on the recipient of the certificate or amendment, on the landowners in the area, and on any other retail public utility of the same kind already servicing the proximate area (TWC §§ 13.241(b) and 13.246(c)(3), 16 TAC § 24.227(e)(3)).***

UIC will be the certificated entity for the requested area and will be required to provide adequate and continuous service to the requested area.

The landowners in the area will have a water and sewer provider available when they need to request water and sewer service.

There will be no effect on any retail public utility servicing the proximate area. All retail public utilities in the proximate area were provided notice of the CCN amendment requested in this application and did not request to intervene.

**3.4. *Consideration of the managerial and technical ability of the applicant to provide adequate service (TWC § 13.246(c)(4); 16 TAC § 24.227(a) and (e)(4)).***

UIC has several TCEQ approved public water systems and one WWTP. The PWS that will provide service to the requested area is registered as Aldine Village Subdivision, PWS ID No. 1010931. The WWTP providing sewer service to the area is registered as Aldine Village, Wastewater Discharge Permit No. WQ1388201. UIC does not have any violations listed in the TCEQ databases. No additional construction is necessary for UIC to serve the requested area. The Commission's complaint records, which go back to 2014, show 9 complaints on file under UIC's water CCN and no complaints on file under UIC's sewer CCN.

**3.5. *The applicants' demonstration that regionalization or consolidation with another retail public utility is not economically feasible when construction of a physically separate water or sewer system is required to provide service to the requested area. (TWC § 13.241(d); 16 TAC § 24.227(b)).***

UIC is currently serving customers in the requested area. Therefore, concerns of regionalization or consolidation do not apply.

**3.6. *Consideration of the feasibility of obtaining service from an adjacent retail public utility (TWC § 13.246(c)(5); 16 TAC § 24.227(e)(5)).***

UIC is currently serving customers in the requested area, has facilities in the requested area to serve any future customers, and has sufficient capacity. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

**3.7. *Consideration of the financial ability of the applicant to pay for facilities necessary to provide continuous and adequate service (TWC § 13.246(c)(6); 16 TAC §§ 24.227(a) and (e)(6), 24.11(e)).***

Fred Bednarski III, Financial Analyst in the Rate Regulation Division, provided the following.

UIC demonstrates the financial and managerial capability needed to provide continuous and adequate service to the area subject to this application. These conclusions are based on information provided by UIC before the date of this memorandum and may not reflect any changes in UIC's status after this review.

An owner or operator of a retail public utility must have the financial resources to operate and manage the utility and to provide continuous and adequate service to the current and requested utility service areas, as established by 16 TAC § 24.11. UIC must demonstrate that it meets one of the five leverage tests under 16 TAC § 24.11(e)(2) as well as the operations test under 16 TAC § 24.11(e)(3).

*Leverage test*

This analysis is based on confidential financial statements ending December 31, 2020. These financial statements were compiled by Alan Maxcy. The financial statements report a debt-to-equity ratio of 0.00 as provided in confidential attachment FB-1. Because the ratio is less than 1.0, UIC meets the leverage test specified in 16 TAC § 24.11(e)(2)(A).

*Operations test*

An owner or operator must demonstrate sufficient available cash to cover projected cash shortages for operations and maintenance expense during the first five years of operations, as required by 16 TAC § 24.11(e)(3).

UIC's financial statements include operating income and cash flow information that indicate UIC will have sufficient cash to cover projected shortages as provided in confidential attachment FB-1. No capital improvements are needed to provide continuous and adequate service to the requested area. Sufficient cash and net operating income available to cover possible future shortages provide an indication of financial stability and financial and managerial capability. Therefore, UIC meets the operations test specified in 16 TAC § 24.11(e)(3).

- 3.8. *Requirement of the applicant to provide a bond or other financial assurance in a form and amount specified by the Commission to ensure that continuous and adequate utility service is provided (TWC §§ 13.246(d); 16 TAC § 24.227(f)).*

Mr. Bednarski provided the following.

Because UIC meets the financial tests, no additional financial assurance is needed.

- 3.9. *Consideration of the environmental integrity and the effect on the land to be included in the certificated area (TWC § 13.246(c)(7) and (9); and 16 TAC § 24.227(e)(7) and (9)).*

The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested area.

- 3.10. *Consideration of the probable improvement in service or lowering of cost to consumers (TWC § 13.246(c)(8); 16 TAC § 24.227(e)(8)).*

UIC will continue to provide water service to the existing customers in the area with no change to the cost to customers.

#### **4. Recommendation**

Based on the mapping review by Tracy Montes, Infrastructure Division, the financial and managerial review by Fred Bednarski III, Rate Regulation Division, and my technical and managerial review, I recommend that UIC meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations, is capable of providing continuous and adequate service. I further recommend that approving this application to amend the water CCN No. 13242 and sewer CCN No. 21091 is necessary for the service, accommodation, convenience, and safety of the public.

UIC consented to the attached map, tariff, and certificate on June 24, 2021.



# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Patricia Garcia, Engineering Specialist  
Infrastructure Division

**FROM:** Fred Bednarski III, Financial Analyst  
Rate Regulation Division

**DATE:** September 8, 2021

**RE:** Docket No. 51814 - *Application of Utilities Investment Company, Inc. dba UIC 13, LLC to Amend its Certificates of Convenience and Necessity in Harris County*

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On February 18, 2021, UIC 13, LLC (UIC) filed an application to add approximately 67 acres to its certificates of convenience and necessity (CCN) Nos. 13242 and 21091 to provide water or sewer service.

I recommend that UIC demonstrates the financial and managerial capability needed to provide continuous and adequate service to the area subject to this application. My conclusions are based on information provided by UIC before the date of this memorandum and may not reflect any changes in UIC's status after this review.

***Ability to serve: financial ability and stability (TWC §§ 13.241(a) and 13.246(c)(6))***

An owner or operator of a retail public utility must have the financial resources to operate and manage the utility and to provide continuous and adequate service to the current and requested utility service areas, as established by 16 TAC § 24.11. UIC must demonstrate that it meets one of the five leverage tests under 16 TAC § 24.11(e)(2) as well as the operations test under 16 TAC § 24.11(e)(3).

**Leverage test**

My analysis is based on UIC's confidential financial statements ending December 31, 2020. These financial statements were compiled by Alan Maxcy, CPA. The financial statements report a debt-to-equity ratio of 0.00 as provided in confidential Attachment FB-1. Because the ratio is less than 1.0, UIC meets the leverage test specified in 16 TAC § 24.11(e)(2)(A).

**Operations test**

An owner or operator must demonstrate sufficient available cash to cover projected cash shortages for operations and maintenance expense during the first five years of operations, as required by 16 TAC § 24.11(e)(3).

UIC's financial statements include operating income and cash flow information that indicate UIC will have sufficient cash to cover projected shortages as provided in confidential Attachment FB-

1. No capital improvements are needed to provide continuous and adequate service to the requested area. Sufficient cash and net operating income available to cover possible future shortages provide an indication of financial stability and financial and managerial capability. Therefore, UIC meets the operations test specified in 16 TAC § 24.11(e)(3).

***Financial assurance (TWC § 13.246(d))***

Because UIC meets the financial tests, I do not recommend that the Commission require additional financial assurance.