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DOCKET NO. 52324

APPLICATION OF SOUTHWEST ENVIRONMENTAL RESOURCES AND MANVEL TERRACE UTILITIES, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN FORT BEND COUNTY	§ § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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COMMISSION STAFF’S RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS AND NOTICE AND PROPOSED PROCEDURAL SCHEDULE

On July 14, 2021, Manvel Terrace Utilities, Inc. (Manvel Terrace) and the Southwest Environmental Resources (Southwest) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Fort Bend County. Specifically, Manvel Terrace seeks approval to acquire facilities and to transfer water service area held under Southwest’s Certificate of Convenience and Necessity (CCN) number 11648. On August 3, 2021, Applicants filed supplemental information.

On July 20, 2021, the administrative law judge (ALJ) filed Order No. 1, establishing a deadline of August 16, 2021 for the Staff of the Public Utility Commission of Texas (Staff) to file comments on the administrative completeness of the application and proposed notice and to propose a procedural schedule for the further processing of this docket. Therefore, this pleading is timely filed.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and supplemental information and, as detailed in the attached memorandum from Patricia Garcia, Infrastructure Division, recommends that the application is administratively incomplete from a managerial and technical perspective. As detailed in the attached memorandum from Fred Bednarski and Kathryn Eiland, Rate Regulation Division, Staff recommends that the application is also administratively incomplete from a financial perspective. Staff further recommends that Applicants be ordered to cure the deficiencies identified in Ms. Garcia, Mr. Bednarski and Ms. Eiland’s memoranda by September 15, 2021 and that Staff be given a deadline of October 15, 2021 to file a supplemental recommendation on the administrative completeness of the application.

II. PROPOSED 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 intends to propose a procedural schedule alongside a subsequent recommendation that the application be found administratively complete. Staff notes that Applicants should not issue notice until the application is deemed sufficient.

III. CONCLUSION

For the reasons detailed above, Staff recommends that the application be found administratively incomplete and that Applicants be ordered to file supplemental information to cure the deficiencies in the application by September 15, 2021. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: August 16, 2021

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

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/s/Mildred Anaele
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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 16, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/Mildred Anaele
Mildred Anaele

Public Utility Commission of Texas

Memorandum

TO: Mildred Anaele, Attorney
Legal Division

FROM: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

DATE: August 16, 2021

RE: Docket No. 52324 – *Application of Southwest Environmental Resources and Manvel Terrace Utilities, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Fort Bend County*

On July 14, 2021, Manvel Terrace Utilities, Inc. (Manvel Terrace) and the Southwest Environmental Resources (Southwest) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Fort Bend County, Texas, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.

Specifically, Manvel Terrace, certificate of convenience and necessity (CCN) No. 12080, seeks approval to acquire facilities and to transfer all of the water service area from Southwest under water CCN No. 11648.

Based on the mapping review by Tracy Montes, Infrastructure Division, and my technical and managerial review of the information filed by the Applicants, I recommend that the application be deemed administratively incomplete and not accepted for filing due to the deficiencies detailed below:

Application Content:

The following deficiencies must be remedied:

1. Application question number 7 lists the corporation number as 80056503. The Secretary of State (SOS) filing for this number belongs to J & S Water Company, L.L.C. Based on the Franchise Tax Account Status provided with the application the correct SOS file number for Manvel Terrace is 0078001700. Please correct this in the application.
2. The application indicates the president of the utility is Harrison Williams, however SOS indicates management is Jennifer Jamison. Please provide an explanation about why Harrison Williams is not listed in SOS.
3. Please provide proof that Texas Commission on Environmental Quality (TCEQ) regulatory assessment fees for CCN No. 12080 are current for 2008, and CCN No. 11648 is current for 2005, 2007, 2008, and 2015.

4. File annual reports for 2020 for Manvel Terrace and Southwest.
5. Provide a list of all organizations affiliated with Manvel Terrace.
6. Provide an explanation about how Manvel Terrace will resolve violations for Southwest when the system is transferred to Manvel.

Mapping Content:

The detailed and general location maps filed with the application are deficient. Both maps must clearly identify the requested area and state the intent of this application including the name of and CCN number to be transferred. The maps must also include a scale bar. Staff recommends the Applicant obtain additional mapping guidance on how to use the Water and Sewer CCN Viewer to update the maps from the PUC's mapping staff, Ms. Tracy Montes by email at tracy.montes@puc.texas.gov to resolve the mapping deficiencies.

Applicant must submit the following items to resolve the mapping deficiencies:

- A revised general location map identifying only the requested area, in reference to the nearest county boundary, city, or town.
- A revised detailed map identifying only the requested area, in reference to verifiable man-made and natural landmarks, such as roads, rivers, and railroads.

Please note Staff will need a minimum of 30 days to review the documentation provided by the Applicants in response to these deficiencies.

Public Utility Commission of Texas

Memorandum

TO: Mildred Anaele, Attorney
Legal Division

FROM: Fred Bednarski III, Financial Analyst
Kathryn Eiland, Financial Analyst
Rate Regulation Division

DATE: August 16, 2021

RE: Docket No. 52324 – *Application of Southwest Environmental Resources and Manvel Terrace Utilities, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Fort Bend County*

On July 14, 2021, Manvel Terrace Utilities, Inc. (Manvel Terrace) and the Southwest Environmental Resources (Southwest) filed an application for the sale and transfer of facilities and certificate rights in Fort Bend County under the provisions of Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239.

I reviewed the answers provided to questions 4, 10, 11, 12, and 14 of the application and recommend the application be deemed administratively incomplete, and Manvel Terrace and Southwest be required to provide the following information to cure the deficiencies:

1. Revised confidential historical and projected Appendix B financial statements so the totals equal the sum of the detailed amounts.