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Filing Date - 2023-10-12 02:55:12 PM

Control Number - 52445

Item Number - 81

DOCKET NO. 52445

APPLICATION OF HYDROTEX, LLC	§	PUBLIC UTILITY COMMISSION
FOR A CERTIFICATE OF	§	
CONVENIENCE AND NECESSITY AND	§	OF TEXAS
FOR DECERTIFICATION OF A	§	
PORTION OF SOUTHERN HORIZON	§	
DEVELOPMENT'S CERTIFICATE OF	§	
CONVENIENCE AND NECESSITY IN	§	
LIBERTY COUNTY	§	

COMMISSION STAFF'S RESPONSE TO ORDER NO. 19

I. INTRODUCTION

On August 18, 2021, HydroTex, LLC (HydroTex) filed an application to obtain a water certificate of convenience and necessity in Liberty County under Subchapter G of Texas Water Code Chapter 13.

On August 8, 2023, Staff (Staff) of the Public Utility Commission of Texas (Commission) along with HydroTex, LLC (HydroTex) (collectively, the "Parties") filed their Joint Motion to Admit Evidence pursuant to Order No. 17. On August 21, 2023, the administrative law judge (ALJ) filed Order No. 18, requiring the Parties to file a corrected joint supplemental motion. On August 22, 2023, the Joint Motion to Admit Supplemental Evidence was filed.

On September 11, 2023, the ALJ filed Order No. 19, directing Staff to file a supplemental recommendation on whether HydroTex met the requirements of 16 TAC § 24.11(e)(5)(B) by October 13, 2023. Therefore, this pleading is timely filed.

II. STAFF'S SUPPLEMENTAL RECOMMENDATION

Staff has reviewed the documents, information, and photos provided by HydroTex, and as described in the attached memorandum by Fred Bednarski of the Rate Regulation Division, recommends that HydroTex be found to have provided a firm capital commitment meeting the requirements of 16 TAC § 24.11(e)(5)(B), and that, if necessary, a good cause exception should be granted.

III. CONCLUSION

For the reasons specified above, Staff respectfully requests that HydroTex be found to have met the requirements of 16 TAC § 24.11(e)(5)(B).

Dated: October 12, 2023

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Marisa Lopez Wagley
Division Director

/s/ John Harrison
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document will be provided to all parties of record via electronic mail on October 12, 2023, in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ John Harrison
John Harrison

Public Utility Commission of Texas

Memorandum

TO: John Harrison, Attorney
Legal Division

FROM: Fred Bednarski III, Financial Analyst
Rate Regulation Division

DATE: October 12, 2023

RE: Docket No. 52445 *Application of HydroTex, LLC for a Certificate of Convenience and Necessity in Liberty County*

On August 18, 2021, HydroTex, LLC (HydroTex) filed an application to obtain a water certificate of convenience and necessity in Liberty County under Subchapter G of Texas Water Code Chapter 13.

On September 22, 2023, the administrative law judge issued Order No. 19, requiring Commission Staff to file a supplemental recommendation on whether HydroTex meet the requirements of 16 TAC 24.11(e)(5)(B).

HydroTex provided invoices, payment information, and photos indicating the water well, plant, and system infrastructure needed to provide water service to the requested area has been purchased, installed, and paid for,¹ as shown in confidential attachment FB-1.1. The remaining capital improvements required to be to be purchased and installed are water meters, which will be paid for with tap fees charged by HydroTex as shown in confidential attachment FB-1.1.² Additionally, HydroTex's affiliate provided a written guarantee to pay for the capital improvements,³ a letter of credit, and has sufficient cash reserves to pay for the water meters, as shown in confidential

¹ Response to Commission Staff's Second Request for Information at 3-4 (Jan. 9, 2023) and Infrastructure Photos to Applicant's Supplemental Response to Commission Staff's Request for Additional Documents, Bates labeled 073-091 at 2-20 (Jun. 28, 2023).

² Applicant's Supplemental Response to Commission Staff's Request for Additional Documents at 3 (Jun. 26, 2023).

³ Response to the PUC for Control No. 52445, item 27, at 4-5 (Sept. 16, 2022).

attachment FB-1.1. Therefore, I recommend a finding that HydroTex provided a firm capital commitment meeting the requirements established by 16 TAC § 24.11(e)(5)(B) and that, if necessary, a good cause exception should be granted.