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Received - 2021-09-30 09:43:17 AM
Control Number - 52477
ItemNumber - 5

DOCKET NO. 52477

APPLICATION OF HARRISON	§	PUBLIC UTILITY COMMISSION
WILLIAMS AND PINE KNOB ESTATE	§	
WATER, INC. FOR WATER UTILITY	§	OF TEXAS
STOCK TRANSFER	§	

**COMMISSION STAFF’S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS, NOTICE, AND PROCEDURAL SCHEDULE**

On August 26, 2021, Harrison Williams and Pine Knob Estate Water, Inc. (Pine Knob) (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, Scott and Judy Robinson (Seller) would sell 100% of their stock and ownership interest in Pine Knob to Harrison Williams (Purchaser).

On September 15, 2021, the administrative law judge (ALJ) filed Order No. 2, establishing a deadline of September 30, 2021 for Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation on the administrative completeness of the application and notice, and to propose a procedural schedule for continued processing. Therefore, this pleading is timely filed.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memorandum from Leila Guerrero, Rate Regulation Division, recommends that it be found administratively incomplete at this time.

II. 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.

III. PROCEDURAL SCHEDULE

In accordance with Staff's deficiency recommendation, Staff does not propose a procedural schedule for continued processing. Staff recommends that the Applicants be ordered to cure the deficiencies identified in Ms. Guerrero's memorandum by October 14, 2021, and that Staff be given a deadline of October 28, 2021 to file a supplemental recommendation on the administrative completeness of the application and to propose a procedural schedule.

IV. CONCLUSION

Based on the reasons above, Staff respectfully recommends that the application be deemed administratively incomplete at this time and that the above deadlines be established for the Applicants to cure deficiencies and for Staff to file a supplemental recommendation on the administrative completeness of the application. Staff respectfully requests the entry of an order consistent with the foregoing recommendations.

Dated: September 30, 2021

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

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/s/ Scott Miles
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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 30, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Scott Miles
Scott Miles

Public Utility Commission of Texas

Memorandum

TO: Scott Miles, Attorney
Legal Division

FROM: Leila Guerrero, Regulatory Accountant
Rate Regulation Division

DATE: September 30, 2021

RE: **Docket No. 52477** – *Application of Harrison Williams and Pine Knob Estate Water, Inc. For Water Utility Stock Transfer*

On August 26, 2021, Harrison Williams and Pine Knob Estate Water, Inc. (Pine Knob) (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 Pine Knob Estate Water, Inc. from Scott and Judy Robinson (Seller) to Harrison Williams (Purchaser). I have conducted an administrative review of the application according to Texas Water Code (TWC) § 13.302(a) through (c) and 16 Texas Administrative Code (TAC) § 24.243(a) through (c).

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

1. Recent correspondence between various parties including Pine Knob, the Seller, the Purchaser, and the Texas Commission on Environmental Quality (TCEQ) (Attachment A to the August 26, 2021 filing);
2. Evidence of the capability to ensure continuous and adequate utility service, including a copy of the Purchaser's resume (Attachment B to the August 26, 2021 filing), which demonstrates that the Purchaser has over 20 years of experience owning and operating investor-owned public water and wastewater utilities. The application identifies the Purchaser as the responsible party for SP Utility Company, Inc. (SP Utility), which holds Certificate of Convenience and Necessity (CCN) numbers 12978 and 20817, as well as South Coast Utilities, Inc. (South Coast Utilities), with no CCN listed on the application. The Purchaser proposes to be responsible for Pine Knob, CCN No. 12948;
3. Evidence that the Purchaser owns seven water systems and one sewer system (Attachment C to the August 26, 2021 filing);
4. A copy of the Texas Comptroller's statement of Franchise Tax Account Status for Pine Knob (Attachment D to the August 26, 2021 filing);
5. The proposed effective date of the stock transfer of December 19, 2021; and
6. The new address for Pine Knob after the transfer is completed:

Pine Knob Estate Water, Inc.
P.O. Box 690521
Houston, TX 77269

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

- 1) A written agreement for the stock transfer signed by both the Purchaser and the Seller;
- 2) Supplement to Attachment C, demonstrating each water and sewer utility for which the Purchaser is currently responsible, to include the up-to-date information for each utility, including the CCN number(s).
 - a. For example, in my review, I determined that the Purchaser is also the responsible party for Manvel Terrace Utilities, Inc. (Manvel Terrace Utilities), acquired in Docket No. 51128.¹
- 3) Copies of Annual Reports for Water and Wastewater for SP Utility, South Coast Utilities, and Manvel Terrace Utilities for the years 2018 through 2020. The Annual Reports must be submitted to the PUC, using the relevant project numbers 51720 for 2020, 50316 for 2019, and 48918 for 2018 Annual Reports;
- 4) The Purchaser's audited annual financial statements and the accompanying auditor's reports for the years 2019 and 2020, plus financial statements and reports as of June 30, 2021. The Purchaser may provide the relevant financial statements for the utilities he currently owns (SP Utility, South Coast Utilities, and Manvel Terrace Utilities). If the audited financial statements are not available, unaudited financial statements, including a balance sheet and income statement for the years 2019, 2020, and period ending July 31, 2021, will suffice; and
- 5) In addition, I recommend that the Purchaser provide copies of invoices from the Texas Commission on Environmental Quality (TCEQ) for the one percent Regulatory Assessment Fees (RAF) paid for the year 2020 and prior three years for all the water and sewer utilities owned by Harrison Williams, including but not limited to SP Utility, South Coast Utilities, and Manvel Terrace Utilities. Further, if SP Utility, South Coast Utilities, and Manvel Terrace Utilities did not remit or pay the one percent RAF to the TCEQ for the year 2020 and prior three years (2019, 2018, 2017), please coordinate with the TCEQ and pay the amounts due. Provide the PUC with copies of invoices relating to the RAF paid and refer to Docket No. 52477. Similarly, please file with the PUC Interchange your Annual Reports mentioned in Item 2 above. However, please note that although we are requiring copies of invoices for the one percent RAF dating back to 2017, we are not waiving, or otherwise opining upon, additional existing unpaid fees and penalties, if any.

¹ *Application of Harrison Williams and Manvel Terrace Utilities, Inc. for Water Utility Stock Transfer, Notice of Approval (Dec. 29, 2020).*