



Filing Receipt

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DOCKET NO. 52502

APPLICATION OF TEXAS WATER	§	PUBLIC UTILITY COMMISSION
SYSTEMS, INC. AND UNDINE	§	
DEVELOPMENT, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN GREGG, HENDERSON,	§	
SMITH, AND UPSHUR COUNTIES	§	

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

On September 2, 2021, Texas Water Systems, Inc. (TWS) and Undine Development, LLC (Undine) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Gregg, Henderson, Smith, and Upshur counties. The Applicants seek approval of the sale and transfer of a portion of TWS’s service area held under water certificate of convenience and necessity (CCN) No. 12473 and the associated facilities to Undine’s water CCN number 12407. In addition, Undine appears to be requesting to amend its CCN with uncertificated service area and with area that would require dual certification with portions of Pritchett Water Supply Corporation’s CCN No. 10478 and Crystal Systems Texas’s CCN No. 10804. The Applicants filed supplemental information on September 14 and 27, 2021 and November 4 and 5, 2021.

On October 8, 2021, the administrative law judge filed Order No. 2, establishing a deadline of November 8, 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 Fred Bednarski and Kathryn Eiland of the Commission’s Rate Regulation Division, recommends that the application is administratively complete from a financial perspective. However, based on the attached memorandum from Patricia Garcia of the Commission’s Infrastructure Division, Staff recommends that the application is administratively

incomplete from a managerial and technical perspective. Staff further recommends that the Applicants be ordered to cure the deficiencies identified in Ms. Garcia's memorandum by December 7, 2021 and that Staff be given a deadline of January 7, 2022 to file a supplemental recommendation on the administrative completeness of the application. Staff respectfully requests adoption of these proposed deadlines as some of the noted deficiencies are related to mapping information. Staff's mapping experts may be required to assist the Applicants regarding the supplemental mapping information needed to cure the mapping deficiencies and will require at least thirty days to review same.

II. 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 the 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 the Applicants be ordered to file supplemental information to cure the deficiencies in the application by December 7, 2021. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: November 8, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Jenna Keller
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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 November 8, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Jenna Keller
Jenna Keller

Public Utility Commission of Texas

Memorandum

TO: Jenna Keller, Attorney
Legal Division

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

DATE: November 8, 2021

RE: Docket No. 52502 - *Application of Texas Water Systems, Inc. and Undine Development, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Gregg, Henderson, Smith, and Upshur Counties*

On September 2, 2021, Texas Water Systems, Inc. and Undine Development, LLC filed an application for the sale and transfer of facilities and certificate rights in Gregg, Henderson, Smith, and Upshur Counties under Subchapter G of Texas Water Code Chapter 13.

I reviewed the answers provided to questions 4, 10, 11, 12, and 14 of the application. I did not identify any deficiencies in those answers for purposes of determining whether the application is administratively complete. Therefore, I recommend that the Commission deem the application administratively complete from a financial perspective.

Public Utility Commission of Texas

Memorandum

TO: Jenna Keller, Attorney
Legal Division

FROM: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

DATE: November 8, 2021

RE: Docket No. 52502 - *Application of Texas Water Systems, Inc. and Undine Development, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Gregg, Henderson, Smith, and Upshur Counties*

On September 2, 2021, Undine Development, LLC (Undine) and Texas Water Systems, Inc. (TWS) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Gregg, Henderson, Smith, and Upshur Counties, pursuant to Texas Water Code (TWC) §§ 13.242 through 13.250 and § 13.301 and 16 Texas Administrative Code (TAC) §§ 24.225 through 24.237 and § 24.239.

Specifically, Undine, water certificate of convenience and necessity (CCN) No. 12407, seeks approval to acquire facilities and to transfer a portion of the water service area from TWS under water CCN No. 12473. Additionally, Undine is seeking a CCN amendment to add uncertificated service area and decertify area. In the area to be added, it appears that Undine is seeking dual certification with two utilities in addition to obtaining uncertificated area. Staff will be requesting clarification on this below.

Based on the mapping review by Tracy Montes, Infrastructure Division, and my technical and managerial review of the additional 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. Please provide:

1. Responses to Question Nos. 24-27 for the following public water systems (PWS):

PWS Name	PWS ID:
Cape Tranquility System	1070176
Country Club Estates	2300021

PWS Name	PWS ID:
Friendship Water System	2300020
Garden Acres System	0920031
Garden Valley Resort	2120081
Mount Sylvan Water System	2120034
Rosewood Water System	2300026
Stallion Lake Ranch	2120104

2. Proof that the Texas Commission on Environmental Quality (TCEQ) violations have been resolved or that TWS is working towards resolution of the violations for the following public water systems:

PWS Name	PWS ID:
Brookshires Camp Joy Water System	2300015
Country Club Estates	2300021
Rosewood Water System	2300026
Stallion Lake Ranch	2120104

3. Any approval letters from the TCEQ for plans for facilities needed to provide service to the areas that are proposed to be added to Undine's CCN area.

Mapping Content:

The mapping documentation submitted on September 2 and 27, 2021 is deficient. Please clarify if the intent of the application is to transfer portions of TWS's, CCN No. 12473, to be amended to Undine, CCN No. 12407. In addition, clarify if Undine is also seeking to amend its CCN No. 12407 by obtaining dual certification with portions of Pritchett Water Supply Corporation, CCN No. 10478, and Crystal Systems Texas, CCN No. 10804.

In addition, the requested area appears to overlap with the corporate boundaries of the City of Gilmer. Undine may either remove the overlap with Gilmer's corporate boundaries by filing revised mapping as requested below, or provide written consent allowing Undine to provide retail water service within Gilmer's corporate boundaries.

Undine may need to submit the following items to resolve the mapping deficiencies:

4. Revised general location maps identifying only the requested areas, in reference to the nearest county boundary, city, or town.
5. Revised detailed maps identifying only the requested areas, in reference to verifiable man-made and natural landmarks, such as roads, rivers, and railroads.
6. Digital mapping data for the requested areas, provided as a single polygon record, in a shapefile (SHP) format, georeferenced in either NAD83 Texas Statewide Mapping System (Meters) or NAD83 Texas State Plane Coordinate System (US Feet).
7. If seeking dual certification with Crystal Systems Texas, CCN No. 10804, then submit a revised need for service map identifying the requested area and dual certification with CCN No. 10804.

Staff recommends that the Applicants obtain additional mapping guidance from the PUC's mapping staff, Ms. Tracy Montes, by email at tracy.montes@puc.texas.gov to resolve the mapping deficiencies.

Additional Information:

Undine is proposing to amend uncertificated area to its CCN. Staff will require additional information to determine whether there is a need for service in the requested area. In order to show that there is a need for service, Staff requests that the Applicants also provide the following:

8. A copy of executed developer agreements to serve the requested area, along with the date development is expected to begin.
9. Detailed maps identifying the location of each of the following items and the acreage, current customer count, and potential customer count for items a and b:
 - a. Boundary of existing water CCN;
 - b. Boundary of the requested areas in the current docket;
 - c. Potential customers requesting service within the requested areas; and
 - d. Existing customers within the requested area.
10. Detailed maps identifying the location of the following items within the boundaries of the existing CCN and requested areas:
 - a. Existing water facilities for production, transmission, distribution, collection, and treatment; and
 - b. Proposed water facilities for production, distribution, collection, and treatment.

Note: Facilities should be identified on subdivision plats, engineering planning maps, or detailed maps. Please use color coding to distinguish different types of facilities and boundaries.

11. A copy of each map that the Applicant uses to respond to item numbers 4, 5, 7, 9, and 10 in an Adobe PDF file format. Electronically file a copy of each map and the digital mapping data responding to item number 6 to the Commission Interchange Filer and email to CentralRecords@puc.texas.gov.

Staff will need at least 30 days to review the documentation, maps, and digital data provided by the Applicants and to draft a recommendation.

Note: Any confidential items should be submitted as confidential filings with the PUC. The instructions for filing confidential documents can be found on our website at: (<http://www.puc.texas.gov/industry/filings/FilingProceed.aspx>).