



## Filing Receipt

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Commissioner




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Executive Director

## *Public Utility Commission of Texas*

TO: Stephen Journey  
Commission Counsel

All Parties of Record  


FROM: Hunter Burkhalter  
Chief Administrative Law Judge

RE: **Docket No. 52739** – *Petition of Sater, LP to Amend Marilee Special Utility District's Certificate of Convenience and Necessity in Collin County by Expedited Release*

DATE: July 21, 2022

Enclosed is the Proposed Order in the above-referenced case. By copy of this memo, the parties to this proceeding are being served with the Proposed Order.

Please place this docket on an open meeting agenda for the Commissioners' consideration. Please notify me and the parties of the open meeting date. The parties must file corrections or exceptions to the Proposed Order by August 4, 2022.

**If a party proposes a correction or exception, the party must fully explain the correction or exception and must provide a citation to the record to support the correction or exception.**

**If there are no corrections or exceptions, no response is necessary.**

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**DOCKET NO. 52739**

**PETITION OF SATER, LP TO AMEND § PUBLIC UTILITY COMMISSION  
MARILEE SPECIAL UTILITY §  
DISTRICT'S CERTIFICATE OF § OF TEXAS  
CONVENIENCE AND NECESSITY IN §  
COLLIN COUNTY BY EXPEDITED §  
RELEASE §**

**PROPOSED ORDER**

This Order addresses the second amended petition by Sater, LP for streamlined expedited release of a tract of land in Collin County from Marilee Special Utility District's service area under certificate of convenience and necessity (CCN) number 10150. For the reasons stated in this Order, the Commission releases the tract of land from Marilee SUD's certificated service area. In addition, the Commission amends Marilee SUD's CCN number 10150 to reflect the removal of the tract of land from the service area.

Following entry of this Order, the Commission will determine the amount of compensation, if any, to be awarded to Marilee SUD, which will be addressed by separate order.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Petitioner**

1. Sater is a Texas limited partnership registered with the Texas secretary of state under filing number 10654310.

**CCN Holder**

2. Marilee SUD is a special utility district operating under chapter 65 of the Texas Water Code (TWC).
3. Marilee SUD holds CCN number 10150 that obligates it to provide retail water service in its certificated service area in Collin County.
4. On November 2, 2021, Marilee SUD and Mustang Special Utility District were consolidated into a single entity.

**Petition, Amended Petitions, and Supplemental Materials**

5. On October 20, 2021, the petitioner filed a petition for streamlined expedited release of a tract of land from the CCN holder's service area under CCN number 10150.
6. The petition includes an affidavit, dated October 18, 2021, of Jacob Allen, manager of Allen's Happy Place LLC, the petitioner's general partner; maps; a special warranty deed dated March 13, 1998; a warranty deed dated April 23, 2014; a special warranty deed with vendor's lien with an effective date of December 29, 2015; a warranty deed with vendor's lien dated April 1, 2019; and a special warranty deed dated July 16, 2001.
7. On November 9, 2021, the petitioner supplemented the petition with additional maps; a metes-and-bounds description of the subject tract of land; and digital mapping data.
8. On December 3, 2021, the petitioner filed a first amended petition, which includes an affidavit, dated December 1, 2021, of Mr. Allen; maps; a metes-and-bounds description of the subject tract of land; duplicate copies of the deeds included with the original petition; and digital mapping data.
9. In Order No. 6 filed on January 10, 2022, the administrative law judge (ALJ) found the first amended petition administratively complete.
10. On March 10, 2022, the petitioner stated that it intended to file a second amended petition in which it would revise the acreage for which it would be requesting release, with revised mapping.
11. In Order No. 9 filed on March 10, 2022, the ALJ withdrew his previous finding of administrative completeness in Order No. 6 and explained that, because the petitioner was amending the mapping and acreage, a new determination as to administrative completeness would have to be made.
12. On March 22, 2022, the petitioner filed a second amended petition, which includes an unsigned and undated affidavit of Mr. Allen; an affidavit, dated March 21, 2022, of Frank G. Abbott, the petitioner's engineer; revised maps; a revised metes-and-bounds description of the subject tract of land; an aerial photograph of the tract of land; duplicate copies of the deeds included with the original petition; and digital mapping data.

13. On March 23, 2022, the petitioner supplemented the second amended petition with the signed affidavit, dated March 22, 2022, of Mr. Allen.
14. In Order No. 11 filed on May 13, 2022, the ALJ found the second amended petition administratively complete.

**Notice**

15. The petitioner sent a copy of the petition via certified mail, return receipt requested, to the CCN holder on October 20, 2021.
16. In Order No. 6 filed on January 10, 2022, the ALJ found the notice sufficient.

**Intervention and Response to the Petition**

17. In Order No. 3 filed on November 22, 2021, the ALJ granted the CCN holder's motion to intervene.
18. On March 3, 2022, the CCN holder filed a response to the petition.
19. The response includes an affidavit, dated March 3, 2022, of Michael Garrison, the CCN holder's assistant manager; customer detail billing for account number 257, Greg Allen; a service application, dated February 17, 2016, by the petitioner and Greg Allen; a not-fully-executed and undated service agreement between the petitioner and the CCN holder; a cost of service notice between the CCN holder and the petitioner, dated February 17, 2016; customer detail billing for account number 1301, Greg Allen; a not-fully-executed service application and agreement, dated June 20, 2001, between Greg and Sherri Allen and Gunter Rural Water Supply Corporation; customer detail billing for account number 45, Stephen and Caroline Bond; a cost of service notice between Greg Allen and the petitioner, dated April 2, 2019; a service application from Gregg Allen to the CCN holder dated April 2, 2019; a not-fully-executed and undated service agreement between Greg Allen and the CCN holder; a portion of warranty deed with vendor's lien; a loan commitment letter from Live Oak Bank to the CCN holder dated April 13, 2021; a letter concerning a loan from the United States Department of Agriculture to the CCN holder dated July 19, 2021, with attachments; a voting proposition form from the CCN holder dated November 2, 2021; a summary results report of general and special elections held by the CCN holder on November 2, 2021, dated November 8, 2021; an affidavit, dated March 3, 2022, of Eddy

Daniel, the CCN holder's engineer; a map; an affidavit, dated March 3, 2022, of Chris Boyd, general manager for Mustang SUD; an active contests options list dated November 2, 2021 for Mustang SUD; and a cumulative results report for a Mustang SUD election held on November 2, 2021, dated November 9, 2021.

20. On June 2, 2022, the CCN holder filed a response to the second amended petition, which includes duplicates of the materials filed by the CCN holder on March 3, 2022; plus an affidavit, dated May 26, 2022, of Mr. Daniel; and an updated map.

### **The Tract of Land**

21. The petitioner owns property in Collin County that is approximately 300 acres.
22. The tract of land for which the petitioner seeks streamlined expedited release is a portion of the petitioner's property that is approximately 265.50 acres.
23. The tract of land is located within the CCN holder's certificated service area.

### **Ownership of the Tract of Land**

24. The petitioner acquired the property via four transactions.
25. The petitioner acquired an approximately 192.24-acre portion of the property by a special warranty deed dated March 13, 1998.
26. The petitioner acquired an approximately 38.730-acre portion of the property by a warranty deed dated April 23, 2014.
27. The petitioner acquired an approximately 39.516-acre portion of the property by a special warranty deed with vendor's lien dated December 29, 2015.
28. The petitioner acquired an approximately 52.399-acre portion of the property by a warranty deed with vendor's lien dated April 1, 2019.
29. The petitioner sold an approximately 22.795-acre portion of the property by a special warranty deed dated July 16, 2001, leaving the petitioner with a property with a net acreage of approximately 300 acres.

### **Qualifying County**

30. Collin County has a population of more than 47,500 and is adjacent to Dallas County.
31. Dallas County has a population of at least one million.

*Water Service*

32. The tract of land is not receiving actual water service from the CCN holder.
33. The petitioner has not requested that the CCN holder provide water service to the tract of land.
34. The petitioner has not paid any charges or fees to the CCN holder to initiate or maintain water service for the tract of land, and there are no billing records or other documents indicating an existing account with the CCN holder for the tract of land.
35. The CCN holder owns and operates a water meter, meter number 257, that is located just inside of the northeastern boundary of the petitioner's property, but outside of the tract of land.
36. The CCN holder owns and operates a water meter, meter number 1301, that is located just inside the western boundary of the petitioner's property, but outside of the tract of land.
37. The CCN holder owns and operates a water meter, meter number 20, that is located just inside the western boundary of the petitioner's property, but outside of the tract of land.
38. The CCN holder owns and operates two water meters, meter numbers 45 and 299, that are located just inside the southern boundary of the petitioner's property, but outside of the tract of land.
39. The CCN holder owns and operates a two-inch water line which runs parallel to and just inside the northern boundary of the tract of land.
40. The CCN holder owns and operates a four-inch water line which runs parallel to and just inside the western boundary of the tract of land.
41. The CCN holder owns and operates a six-inch water line which runs parallel to and just inside the southern boundary of the tract of land.
42. None of these meters or water lines provides water service to the tract of land.
43. The CCN holder owns and operates additional water system infrastructure located outside of, but in proximity to, the tract of land. None of this infrastructure provides water service to the tract of land.

44. The CCN holder has not committed or dedicated any facilities or lines to the tract of land for water service.
45. The CCN holder has no facilities or lines that provide water service to the tract of land.
46. The CCN holder has not performed any acts for or supplied anything to the tract of land.

**Map and Certificate**

47. On July 1, 2022, Commission Staff filed its revised final recommendation that included a certificate and a map on which it identified the tract of land in relationship to the CCN holder's certificated service area.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. The Commission has authority over this petition for streamlined expedited release under TWC §§ 13.254 and 13.2541.
2. The petitioner provided notice of the petition in compliance with 16 Texas Administrative Code (TAC) § 24.245(h)(3)(F).
3. No opportunity for a hearing on a petition for streamlined expedited release is provided under TWC §§ 13.254 or 13.2541 and, under 16 TAC § 24.245(h)(7), no hearing will be held on such a petition.
4. Petitions for streamlined expedited release filed under TWC §§ 13.254 or 13.2541 and 16 TAC § 24.245(h)(7) are not contested cases.
5. Landowners seeking streamlined expedited release under TWC §§ 13.254 and 13.2541 and 16 TAC § 24.245(h) are required to submit a verified petition through a notarized affidavit, and the CCN holder may submit a response to the petition that must be verified by a notarized affidavit.
6. Under 16 TAC § 24.245(h)(7), the Commission's decision is based on the information submitted by the landowner, the CCN holder, and Commission Staff.
7. To obtain release under TWC § 13.2541(b), a landowner must demonstrate that the landowner owns a tract of land that is at least 25 acres, that the tract of land is located in a



- qualifying county, and that the tract of land is not receiving service of the type that the current CCN holder is authorized to provide under the applicable CCN.
8. The time that the petition is filed is the only relevant time period to consider when evaluating whether a tract of land is receiving water service under TWC § 13.2541(b). Whether a tract of land might have previously received water service is irrelevant.
  9. A landowner is not required to seek the streamlined expedited release of all of its property.
  10. The petitioner owns the tract of land that is at least 25 acres for which it seeks streamlined expedited release.
  11. Collin County is a qualifying county under TWC § 13.2541(b) and 16 TAC § 24.245(h)(2).
  12. The tract of land is not receiving water service under TWC §§ 13.002(21) and 13.2541(b) and 16 TAC § 24.245(h), as interpreted in *Texas General Land Office v. Crystal Clear Water Supply Corporation*, 449 S.W.3d 130 (Tex. App.—Austin 2014, pet. denied).
  13. The petitioner is entitled under TWC § 13.2541(b) to the release of the tract of land from the CCN holder's certificated service area.
  14. After the date of this Order, the CCN holder has no obligation under TWC § 13.254(h) to provide retail water service to the tract of land.
  15. The Commission may release only the property of the landowner from a CCN under TWC § 13.2541(b). The Commission has no authority to decertify any facilities or equipment owned and operated by the CCN holder to provide retail water service through the streamlined-expedited-release process under TWC § 13.2541(b).
  16. The Commission processed the petition in accordance with the TWC and Commission rules.
  17. Under TWC § 13.257(r) and (s), the CCN holder is required to record certified copies of the approved certificate and map, along with a boundary description of the service area, in the real property records of Collin County no later than the 31st day after the date the CCN holder receives this Order.

18. A retail public utility may not under TWC § 13.254(d) provide retail water service to the public within the tract of land unless just and adequate compensation under TWC § 13.254(g) has been paid to the CCN holder.

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission releases the tract of land identified in the second amended petition from the CCN holder's certificated service area under CCN number 10150.
2. The Commission does not decertificate any of the CCN holder's equipment or facilities that may lay on or under the tract of land.
3. The Commission amends CCN number 10150 in accordance with this Order.
4. The Commission approves the map attached to this Order.
5. The Commission issues the certificate attached to this Order.
6. The CCN holder must file in this docket proof of the recording required in TWC § 13.257(r) and (s) within 45 days of the date of this Order.
7. The proceeding to determine the amount of compensation to be awarded to the CCN holder, if any, commences on the date of this Order in accordance with the schedule adopted in Order No. 11. Any decision on compensation will be made by a separate order.
8. The Commission denies all other motions and any other requests for general or specific relief not expressly granted by this Order.

Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2022.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**PETER M. LAKE, CHAIRMAN**

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**WILL MCADAMS, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**



# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

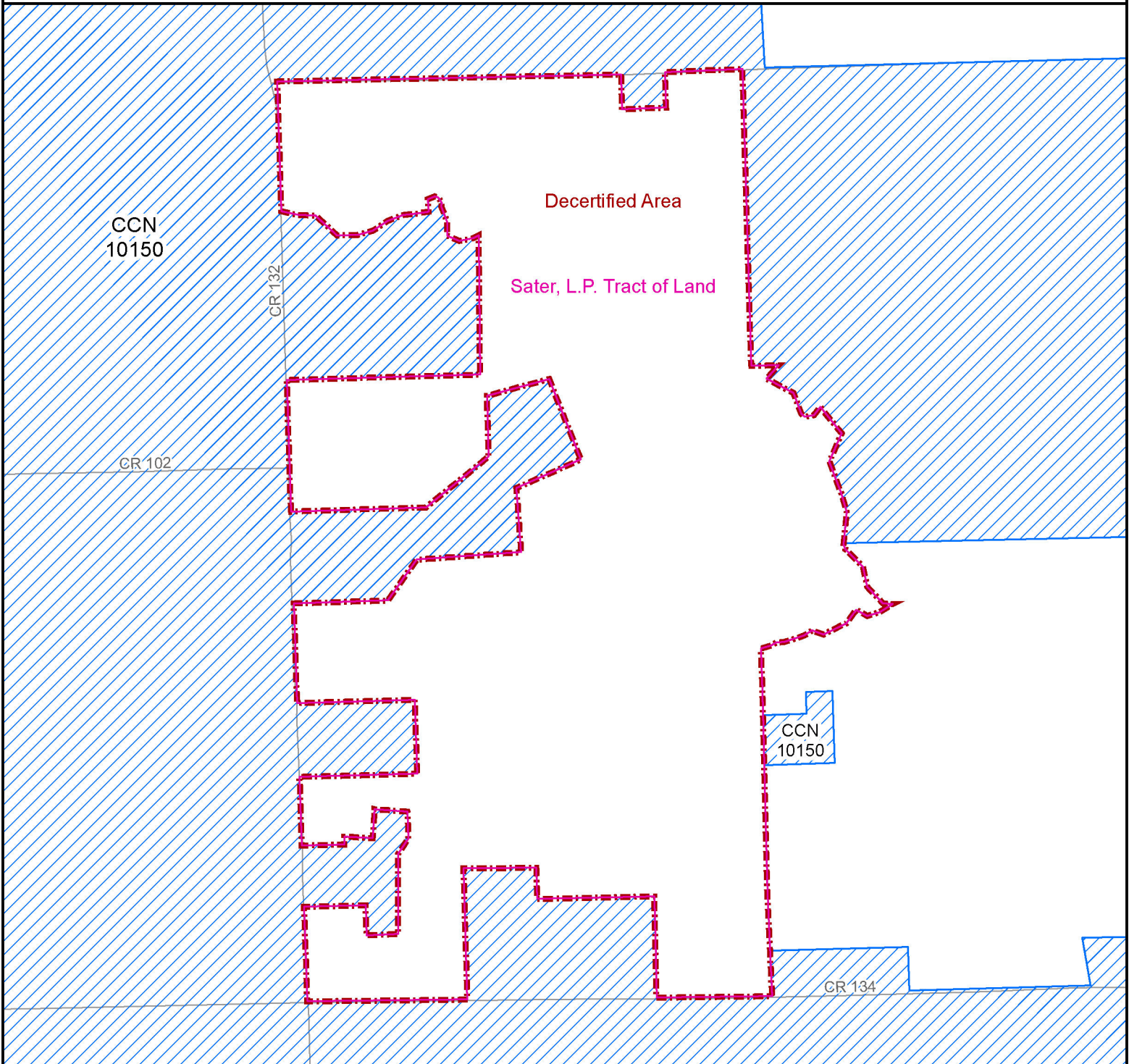
## **Marilee Special Utility District**


having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Marilee Special Utility District is entitled to this



### **Certificate of Convenience and Necessity No. 10150**

to provide continuous and adequate water utility service to that service area or those service areas in Collin and Grayson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52739 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Marilee Special Utility District to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Marilee Special Utility District  
Portion of Water CCN No. 10150  
PUC Docket No. 52739  
Petition by Sater, L.P. to Amend  
Marilee Special Utility District's CCN by Streamlined Expedited Release in Collin County



**Water CCN**  
 10150 - Marilee SUD

 Decertified Area  
 Tract of Land

0 400 800  
Feet

