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DOCKET NO. 53243

**APPLICATION OF MAUKA WATER LP § PUBLIC UTILITY COMMISSION
AND JAMES A. DYCHE DBA CREST §
WATER COMPANY FOR SALE, § OF TEXAS
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHT IN JOHNSON COUNTY §**

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

On February 18, 2022, Mauka Water LP (Mauka Water) and James A. Dyche dba Crest Water Company (Crest Water) (jointly, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Johnson County. Applicants seek approval to sell and transfer Mauka Water’s facilities and all of Mauka Water’s certificated area under CCN No. 12917 to Crest Water. The application reflects a requested area of 340 acres and 339 customers. Applicants filed supplemental information on March 2, 2022.

On February 22, 2022, the administrative law judge filed Order No. 1, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation regarding the administrative completeness of the application and propose a procedural schedule by March 18, 2022. Therefore, this pleading is timely filed.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memoranda by James Harville of the Infrastructure Division, recommends that the application is incomplete from a managerial and technical perspective.

However, as detailed in the attached memorandum from Fred Bednarski III of the Rate Regulation Division, Staff recommends that the application is administratively complete from a financial perspective.

Staff further recommends that Applicants be ordered to cure the deficiencies identified in the attached memorandum by Mr. Harville by April 18, 2022, and that Staff be given a deadline of May 18, 2022, to file a supplemental recommendation on the administrative completeness of

the application. Staff notes that Applicants should not issue notice until the application is found administratively complete.

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.

III. CONCLUSION

For the reasons detailed above, Staff recommends that the application be found administratively incomplete, that the Applicants be ordered to file supplemental information to cure the deficiencies in the application by April 18, 2022, and that Staff be given a deadline of May 18, 2022, to file a supplemental recommendation on the administrative completeness of the application. Staff respectfully requests an order consistent with these recommendations.

Dated: March 18, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rustin Tawater
Managing Attorney

/s/ Ian Groetsch
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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 March 18, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch
Ian Groetsch

Public Utility Commission of Texas

Memorandum

TO: Kevin Bartz, Attorney
Legal Division

FROM: James Harville, Infrastructure Analyst
Infrastructure Division

DATE: March 15, 2022

RE: Docket No. 53243 – *Application of Mauka Water LP and James A. Dyche DBA Crest Water Company for Sale, Transfer, or Merger of Facilities and Certificate Right in Johnson County*

James A. Dyche dba Crest Water Company (Crest Water) and the Mauka Water LP (Mauka Water) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Johnson County, Texas, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.

Specifically, Crest Water, Certificate of Convenience and Necessity (CCN) No. 12037, seeks approval to acquire facilities and to transfer all of the water service area from Mauka Water under water CCN No. 12917.

Based on the technical and managerial review of the additional information filed by the Applicants on March 2, 2022, it is recommended 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. Purchase Agreement

Please submit a signed notarized copy of the purchase agreement in question 1.

2. Customer Deposits Held by Transferor

Question 5 of the application indicates that Mauka Water does not have any deposits held for its customers, however a list of customer deposits was submitted confidentially. Please revise the response to Question 5 to accurately reflect the number of deposits held by Mauka Water.

3. Rate Modification

Please provide the following for notice purposes:

- a) A link to the tariff or details about the rates to be charged, and
- b) An email and phone number for interested parties to contact to request a tariff.

Public Utility Commission of Texas

Memorandum

TO: Kevin Bartz, Attorney
Legal Division

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

DATE: March 18, 2022

RE: Docket No. 53243 - *Application of Mauka Water LP and James A. Dyche dba Crest Water Company for Sale, Transfer, or Merger of Facilities and Certificate Right in Johnson County*

On February 18, 2022, Mauka Water LP (Mauka Water) and James A. Dyche dba Crest Water Company (Crest Water) filed an application for the sale and transfer of facilities and certificate rights in Johnson County under the provisions of Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239.

We reviewed the answers provided to questions 4, 10, 11, 12, and 14 of the application and recommend the application be deemed administratively incomplete, and Mauka Water and Crest Water be required to provide the following information to cure the deficiencies:

1. The most recent approved tariff for Mauka Water, and
2. Mauka Water's and Crest Water's most recent 2 years of PUC annual reports,
3. A detailed listing of each asset including the date in service, in service amount that sum to \$700,000, and accumulated depreciation amount that sum to \$300,000 as indicated on application page 7 of 20,
4. Supporting documentation such as bank statements or loan approval documents that indicate Crest Water possess the funds for the purchase price. If the funds will be provided by an affiliate of Crest Water, provide an affidavit of written guarantee from the affiliate of coverage for the purchase price and coverage of any temporary cash shortages and proof the affiliated interest satisfies the leverage test.
5. Supporting documentation indicating how the companies are affiliated and legal proof of affiliation.

Please file any confidential information using our procedures at the following link: <http://puc.texas.gov/industry/filings/FilingProceed.aspx>