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DOCKET NO. 53296

APPLICATION OF CRESSON	§	PUBLIC UTILITY COMMISSION
CROSSROADS LLC AND CRESSON	§	
CROSSROADS MUNICIPAL UTILITY	§	OF TEXAS
DISTRICT NO. 2 FOR SALE,	§	
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHT IN HOOD COUNTY	§	

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

On March 1, 2022, Cresson Crossroads LLC (Cresson) and Cresson Crossroads Municipal Utility District No. 2 (Cresson Crossroads MUD No. 2) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Hood County, Texas. Specifically, Cresson Crossroads MUD No. 2, seeks approval to acquire facilities and to transfer all of the water service area from Cresson under water Certificate of Convenience and Necessity (CCN) No. 13153.

On March 3, 2022, the administrative law judge (ALJ) filed Order No. 1, establishing a deadline of April 4, 2022 for the Staff (Staff) of the Public Utility Commission of Texas (Commission) 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 James Harville, Infrastructure Division, recommends that the application be deemed administratively incomplete from a managerial and technical perspective. Also, as detailed in the attached memorandum from Fred Bednarski, Rate Regulation Division, Staff recommends that the application be deemed administratively incomplete from a financial perspective at this time. Staff further recommends that the Applicants be ordered to cure the deficiencies identified in Mr. Harville and Mr. Bednarski’s memoranda by May 4, 2022, and that Staff be given a deadline of June 3, 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 and 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 the 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 respectfully 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 May 4, 2022. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: April 4, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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DOCKET NO. 53296

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 April 4, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Forrest Smith
Forrest Smith

Public Utility Commission of Texas

Memorandum

TO: Forrest Smith, Attorney
Legal Division

FROM: James Harville, Infrastructure Analyst
Infrastructure Division

DATE: April 4, 2022

RE: Docket No. 53296 – *Application of Cresson Crossroads LLC and Cresson Crossroads Municipal Utility District No. 2 for Sale, Transfer, or Merger of Facilities and Certificate Right in Hood County*

Cresson Crossroads Municipal Utility District No. 2 (Cresson Crossroads MUD No. 2) and Cresson Crossroads LLC (Cresson) (collectively, Applicants) filed an application for the sale, transfer, or merger (STM) of facilities and certificate rights in Hood County, Texas, under Texas Water Code (TWC) §§ 13.242 through 13.250 and § 13.301 and 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237 and § 24.239.

Specifically, Cresson Crossroads MUD No. 2, seeks approval to acquire facilities and to transfer all of the water service area from Cresson under water Certificate of Convenience and Necessity (CCN) No. 13153.

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

1. Transferor CCN

Please submit a response to question 2 indicating how Cresson's CCN will be affected by this application.

2. Customer Deposits

Please submit a completed list of customers with deposits as requested in question 5.

3. Improvements

Please provide clarification for question 12, part A and part B, whether the proposed improvements in part B are required to meet the minimum requirements of the Texas Commission on Environmental Quality (TCEQ). Please provide any supporting documentation, or plan approvals for the listed improvements.

4. TCEQ Public Water System or Sewer (Wastewater Information)

Please provide the date of the most recent TCEQ compliance investigation and submit the attachment requested in question 22.A.

5. Existing Connections and Customers

The response to question 23 indicates there are 300 water connections and 300 sewer connections. A sewer CCN is not being transferred from Cresson. Please provide an explanation for why a sewer connection count was included here.

6. Purchased Water Agreement

Please refer to question 26.A. The applicant specifies Cresson Energy provides 100.00% of the demand for capacity requirements, but we are unable to find a public water system registered under Cresson Energy. Please provide the applicable public water system identification number for the providing system, as well as a copy of the purchase agreement.

7. Capacity Requirements

Please refer to question 27 and indicate which improvements are necessary between water and sewer to reach capacity requirements for current and projected demands in the area. If any improvements are necessary, please provide supporting documentation or approval from the TCEQ.

8. Notice Information

Please refer to question 31 and provide an address where a copy of the proposed map will be located for interested parties. This will be used for the published notice.

Mapping Content:

Maps and digital mapping data submitted with Item 1 on March 1, 2022 are deficient.

Applicants must submit the following items to resolve the mapping deficiencies:

- A general location map identifying only the requested area, in reference to the nearest county boundary, city, or town;
- A detailed map identifying only the requested area, in reference to verifiable man-made and natural landmarks, such as roads, rivers, and railroads; and
- Digital mapping data for the requested area, as a single polygon record, in shapefile (SHP) format, georeferenced in either NAD83 Texas Statewide Mapping System (Meters) or NAD83 Texas State Plane Coordinate System (US Feet).

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

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

Public Utility Commission of Texas

Memorandum

TO: Forrest Smith, Attorney
Legal Division

FROM: Fred Bednarski III, Financial Analyst
Rate Regulation Division

DATE: April 4, 2022

RE: Docket No. 53296 – *Application of Cresson Crossroads LLC and Cresson Crossroads Municipal Utility District No. 2 for Sale, Transfer, or Merger of Facilities and Certificate Right in Hood County*

On March 1, 2022, Cresson Crossroads Municipal Utility District No. 2 (Cresson Crossroads MUD No. 2) and the Cresson Crossroads LLC (Cresson) filed an application for the sale and transfer of facilities and certificate rights in Hood County under the provisions of Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239.

I reviewed the answers provided to questions 4, 10, 11, 12, and 14 of the application and recommend the application be deemed administratively incomplete, and Cresson Crossroads MUD No. 2 and Cresson be required to provide the following information to cure the deficiencies:

1. An electronic copy of Cresson Crossroads MUD No. 2's and Cresson's year-end financial statements for the most recent 2 years;
2. An original copy of the sale/transfer agreement between Cresson Crossroads MUD No. 2 and Cresson; and
3. Loan approval documents or firm capital commitments indicating funds are available for the purchase of Cresson plus pay for the improvement amounts provided in response to application question 24.B.

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>).