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Received - 2022-05-31 12:45:54 PM

Control Number - 53538

ItemNumber - 11

DOCKET NO. 53538

APPLICATION OF AMBERWOOD	§	PUBLIC UTILITY COMMISSION
UTILITY AND CSWR-TEXAS UTILITY	§	
OPERATING COMPANY, LLC FOR	§	OF TEXAS
SALE, TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN HARRIS COUNTY	§	

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

On April 28, 2022, the CSWR-Texas Utility Operating Company LLC (CSWR-TUOC) and Amberwood Utility (Amberwood) (jointly, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Harris County, Texas. Applicants filed supplemental information on May 9, 2022.

On April 29, 2022, the administrative law judge (ALJ) 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 May 31, 2022. 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 Patricia Garcia, Infrastructure Division, recommends that the application is administratively complete from a managerial and technical perspective. As detailed in the attached memorandum from Ethan Blanchard, Rate Regulation Division, Staff recommends that the application is administratively incomplete from a financial perspective. Staff further recommends that the Applicants be ordered to cure the deficiencies identified in Mr. Blanchard’s memorandum by June 14, 2022, and that Staff be given a deadline of June 28, 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. 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 June 14, 2022. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: May 31, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

Robert Dakota Parish
Managing Attorney

/s/ Forrest Smith
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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 May 31, 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: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

DATE: May 31, 2022

RE: Docket No. 53538 – *Application of Amberwood Utility and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*

On May 28, 2022, CSWR-Texas Utility Operating Company, LLC (CSWR-TUOC) and Amberwood Utility Co (Amberwood) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Harris County, Texas, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.

Specifically, CSWR-TUOC, water Certificate of Convenience and Necessity (CCN) No. 13290, seeks approval to acquire facilities and to transfer all of the water service area from Amberwood under water CCN No. 12163.

Based on the mapping review by Hank Journey, Infrastructure Division, the maps submitted with Item 9 on May 9, 2022 are sufficient.

- The requested area includes 54 customer connections and approximately 78 acres of transferred area from Amberwood Utility Co. (CCN No. 12163) to CSWR-Texas (CCN No. 13290).
- The application proposes the subtraction of approximately 78 acres from CCN No. 12163 and the addition of approximately 78 acres to CCN No. 13290.
- The application indicates that the total acreage being requested is approximately 80 acres, however, the mapping review determined the requested area is approximately 78 acres.

Based on my technical and managerial review of the information filed, I recommend that the application be deemed administratively complete. I further recommend that the Applicants be ordered to do the following:

- 1) Provide notice of the application by first-class mail to the following:
 - a. Cities, districts, and neighboring retail public utilities providing the same utility service whose corporate boundaries or certificated service area are located within two miles from the outer boundary of the requested area:
 - *City of Houston*
 - *City of Humble*
 - *Coastal Water Authority*
 - *Gulf Coast Authority*
 - *Harris County Flood Control District*
 - *Harris County Municipal Utility District (MUD) 26*
 - *Harris Montgomery Counties Management District*
 - *Hunter's Glen MUD*
 - *North Harris County Regional Water Authority*
 - *Oak Hill Estates Water Company (CCN No. 12861)*
 - *Port of Houston Authority*
 - *Quadvest LP (CCN No. 11612)*
 - *San Jacinto River Authority*
 - *Serenity Estate Utilities LLC (CCN No. 13113)*
 - *Tattor Road Municipal District*
 - b. The county judge of each county that is wholly or partially included in the requested area:
 - *Harris County Judge*
 - c. Each groundwater conservation district that is wholly or partially included in the requested area:
 - *Harris Galveston Subsidence District*
 - d. Any affected customers, and other affected parties in the requested area.

Addresses can be obtained from the Water Utility Database at <http://www.puc.texas.gov/watersearch>. District information and addresses can be obtained from the Texas Commission on Environmental Quality's (TCEQ) web site located at <https://www14.tceq.texas.gov/iwud/index.cfm>.

- 2) Provide notice using the attached notice form(s).
- 3) Provide a copy of the map(s) deemed sufficient during administrative review delineating the requested area with each individual notice to neighboring utilities, other affected parties, and customers.
- 4) File in the docket copy of notice and the map(s) deemed sufficient during administrative review along with the signed affidavit specifying every person and entity to whom notice was provided, and the date that the notice was provided.

Public Utility Commission of Texas

Memorandum

TO: Forrest Smith
Legal Division

FROM: Ethan Blanchard, Financial Analyst
Kathryn Eiland, Rate Analyst
Rate Regulation Division

DATE: May 31, 2022

RE: Docket No. 53538 – *Application of Amberwood Utility and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*

On April 28, 2022, Amberwood Utility (Amberwood), CCN No. 12163, and CSWR-Texas Utility Operating Company (CSWR-TUOC), CCN No. 13290, filed an application for the sale and transfer of facilities and certificate rights in Harris County, Texas under the provisions of Texas Water Code § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.

We reviewed the answers provided to questions 4, 10, 11, 12, and 14 of the application. We recommend the application be deemed administratively incomplete, and that CSWR-TUOC be required to provide the following information to cure the deficiencies:

1. To satisfy the Leverage Test outlined in 16 TAC § 24.11(e)(2)(E), the affiliate of CSWR-TUOC—CSWR, LLC—must demonstrate that it is capable, available, and willing to cover temporary cash shortages. CSWR-TUOC must file a signed letter from CSWR, LLC containing such language.
2. In the Purchase and Sale Agreement, the buyer is named as “Central States Water Resources, Inc.”,¹ but in the Application, the transferee is listed as “CSWR-Texas Utility Operating Company, LLC”.² CSWR-TUOC must clarify the discrepancy.

¹ Application, Confidential Attachment A at bates 1 (Apr. 28, 2022).

² Application, Question No. 6 (Apr. 28, 2022).

Notice to Current Customers, Neighboring Systems, and Cities
CSWR-TEXAS UTILITY OPERATING COMPANY, LLC, CERTIFICATE OF
CONVENIENCE AND NECESSITY (CCN) NO. 13290, NOTICE OF INTENT TO
PURCHASE WATER FACILITIES AND TO TRANSFER WATER SERVICE AREA UNDER
CCN NO. 12163 FROM AMBERWOOD UTILITY CO IN HARRIS COUNTY, TEXAS

To: _____ Date Notice Mailed: _____, 20____
(Name of Customer, Neighboring System, or City)

(Address)

(City State Zip)

CSWR-Texas Utility Operating Company, LLC 1650 Des Peres Rd, Suite 303
(Purchaser's Name) (Address)
St. Louis, MO 63131
(City), (State) (Zip Code)

has submitted an application with the Public Utility Commission of Texas (Commission) to purchase all of the water facilities and to transfer water certificated service area under CCN No. 12163, in Harris County, TX from:

Amberwood Utility Co 1900 1st St. Humble, TX 77338
(Seller's Name) (Address) (City), (State) (Zip Code)

The sale is scheduled to take place if approved by the Commission (Texas Water Code § 13.301). The transaction and the transfer of the CCN includes the following subdivision:
Amberwood Subdivision.

The requested area includes 54 customer connections, is located approximately 3-mile(s) northwest of downtown Humble, Texas, and is generally bounded on the north by Spring Creek; on the east by Maple Harvest Lane; on the south by Arbury Glen Lane; and on the west by Lee Road.

The requested area includes approximately 78 acres of transferred area from Amberwood Utility Co. (CCN No. 12163) to CSWR-Texas (CCN No. 13290).

The application proposes the subtraction of approximately 78 acres from CCN No. 12163 and the addition of approximately 78 acres to CCN No. 13290.

See enclosed map showing the requested area.

This transaction will not have an effect on the current customer's rates and services.

Persons who wish to intervene in the proceeding or comment upon action sought should contact the Public Utility Commission, P.O. Box 13326, Austin, Texas 78711-3326, or call the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136. The

deadline for intervention in the proceeding is (30 days from the mailing or publication of notice, whichever occurs later, unless otherwise provided by the presiding officer). You must send a letter requesting intervention to the commission which is received by that date. The letter must include the person's name, address, email address and fax number if applicable.

If a valid public hearing is requested, the Commission will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, SOAH will submit a recommendation to the Commission for final decision. An evidentiary hearing is a legal proceeding similar to a civil trial in state district court.

Si desea información en español, puede llamar al 1-888-782-8477.

Utility Representative

Utility Name

PUBLIC UTILITY COMMISSION OF TEXAS



AFFIDAVIT OF NOTICE TO CURRENT CUSTOMERS, NEIGHBORING UTILITIES, AND
AFFECTED PARTIES
DOCKET NO. 53538

STATE OF TEXAS
COUNTY OF _____

_____ has provided individual
notice to the following entities and customers:

DATE OF NOTICE

OATH

I, _____, being duly sworn, file this form as
_____ (indicate relationship to applicant, that is,
owner, member of partnership, title of officer of corporation, or other authorized representative of
applicant); that in such capacity, I am qualified and authorized to file and verify such form, am
personally familiar with the notices given with this application, and have complied with all notice
requirements in the application and application acceptance letter; and that all such statements made
and matters set for therein are true and correct.

Applicant's Authorized Representative

If the applicant to this form is any person other than the sole owner, partner, officer of the applicant,
or its attorney, a properly verified Power of Attorney must be enclosed.

Subscribed and sworn to before me this _____ day of _____, 20____,
to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

Print or Type Name of Notary Public

Commission Expires _____

Notice Form Updated: March 31, 2022