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**DOCKET NO. 53538**

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

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

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

On June 7, 2022, the administrative law judge (ALJ) filed Order No. 2, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a supplemental recommendation regarding the administrative completeness of the application and propose a procedural schedule by July 5, 2022. Therefore, this pleading is timely filed.

**I. ADMINISTRATIVE COMPLETENESS**

Staff has reviewed the application and supplemental information and, as detailed in the attached memoranda from Ethan Blanchard of the Rate Regulation Division and Patricia Garcia of the Infrastructure Division, recommends that the application be found administratively complete. Staff’s recommendation on administrative completeness is not a comment on the merits of the application.

**II. NOTICE**

At this time, Staff recommends that the Applicants proceed with providing public notice to all current customers, neighboring utilities, political subdivisions, and other persons listed in the attached memorandum using the notice form provided by Ms. Garcia. Along with each individual notice, Staff recommends that the Applicants provide an accurate map delineating the requested service area.

Once notice has been provided, Staff recommends that the Applicants file proof of notice as described in the attached memorandum, including an affidavit specifying the name and address

of every person and entity to whom notice was provided, the date that the notice was provided, and a copy of the map provided with the notice. Finally, Staff recommends that the Applicants use the attached notice and affidavit to meet these requirements.

**III. PROCEDURAL SCHEDULE**

Staff recommends that the application be found administratively complete. Therefore, Staff proposes the following procedural schedule:

Event	Date
Deadline for the Applicants to file with the Commission signed affidavits that the notice was given along with a copy of the notice and map sent to the affected parties	August 5, 2022
Deadline for Staff to file a recommendation on sufficiency of notice	August 15, 2022
Deadline to intervene	30 days after notice is issued

**IV. CONCLUSION**

For the reasons detailed above, Staff recommends that the application be found administratively complete, that the Applicants be directed to provide notice as described in the attached memorandum, and that the proposed procedural schedule be adopted. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: July 5, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

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Division Director

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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 July 5, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch  
Ian Groetsch

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Forrest Smith  
Legal Division

**FROM:** Ethan Blanchard  
Rate Regulation Division

**DATE:** July 5, 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*

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

An owner or operator of a retail public utility must have the financial resources to operate and manage the utility and to provide continuous and adequate service to the current and requested utility service areas, as established by 16 Texas Administrative Code (TAC) § 24.11. CSWR-TUOC must demonstrate that it meets one of the five leverage tests under 16 TAC § 24.11(e)(2) as well as the operations test under 16 TAC § 24.11(e)(3).

### ***Leverage Test***

CSWR-TUOC filed an affidavit stating that CSWR, LLC is capable, available, and willing to cover any temporary cash shortages.<sup>1</sup>

My analysis is based on financial statements ending December 31, 2021. These financial statements contain an unqualified auditor's opinion from RSM US LLP stating that the financial

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<sup>1</sup> Application, *Confidential 53538 CSWR Supplemental Attachment G-1 to Application*, at bates 7 (June 20, 2022).

statements present fairly, in all material respects, the financial position of CSWR, LLC as of December 31, 2021.<sup>2</sup>

CSWR-TUOC provided the financial statements CSWR, LLC, which demonstrates debt-to-equity ratio of 0.11. Based upon my review of the financial statements of CSWR, LLC, I recommend a finding that CSWR, LLC meets the leverage test specified in 16 TAC § 24.11(e)(2)(A). Therefore, I recommend a finding that—through its affiliate—CSWR-TUOC meets the leverage test as specified in 16 TAC § 24.11(e)(2)(E).

### ***Operations Test***

An owner or operator must demonstrate sufficient available cash to cover projected cash shortages for operations and maintenance expense during the first five years of operations, as required by 16 TAC § 24.11(e)(3).

The affidavit provided by CSWR, LLC demonstrates a written guarantee of coverage of temporary cash shortages from an affiliated interest. Therefore, I recommend a finding that CSWR-TUOC meets the operations test specified in 16 TAC § 24.11(e)(3).

### ***Recommendation***

Because CSWR-TUOC meets the financial tests, I do not recommend that the Commission require additional financial assurance.

Consequently, I recommend a finding that CSWR-TUOC demonstrates the financial and managerial capability needed to provide continuous and adequate service to the area subject to this application. My conclusions are based on information provided by CSWR-TUOC before the date of this memorandum and may not reflect any changes in CSWR-TUOC's status after this review.

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<sup>2</sup> Application, *Confidential 53538 Attachment F to the Application*, at bates 5 (Apr. 28, 2022).

# *Public Utility Commission of Texas*

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## **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*

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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.



***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 1<sup>st</sup> 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.

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Utility Representative

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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