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Received - 2022-12-08 12:13:10 PM
Control Number - 53660
ItemNumber - 18

DOCKET NO. 53660

APPLICATION OF CLEARWATER	§	PUBLIC UTILITY COMMISSION
INVESTMENTS LLC AND KNOB HILL	§	
WATER SYSTEM FOR SALE,	§	
TRANSFER, OR MERGER OF	§	OF TEXAS
FACILITIES AND CERTIFICATE	§	
RIGHTS IN DENTON COUNTY	§	

COMMISSION STAFF'S RESPONSE TO ORDER NO. 6

On May 26, 2022, Clearwater Investments, LLC (Clearwater) and Knob Hill Water System (Knob Hill) (collectively, Applicants) filed an application for the sale and transfer of facilities and certificate rights in Denton County under the provisions of Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239. The Applicants filed supplemental information on December 2, 2022.

On December 6, 2022, the administrative law judge (ALJ) filed Order No. 6, requiring the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file comments on the application, address restyling the docket and confirm whether the information provided by Knob Hill is correct and complete, and that the transferee and transferor portions of the amended application are sufficiently complete by December 8, 2022. Therefore, this pleading is timely.

I. STAFF'S RESPONSE

Staff has reviewed the supplemental information filed by the Applicants on December 2, 2022, in which additional information was provided correcting the name of the purchasing company to Clearwater Operating Services LLC (Clearwater Operating Services). As detailed in the attached memorandum by Ms. Mathis and Ms. Garcia of the Commission's Infrastructure Division, Staff recommends that the revised application be found administratively incomplete at this time. Staff recommends that Clearwater Operating Services be required to re-issue notice under its correct operating name to reflect the correct name of the purchasing company which matches the name of the company in the Texas Secretary of State records. Furthermore, Staff recommends that Applicants be ordered to cure deficiencies with the company name and ownership structure, accompanied by revised mapping documents and a revised Purchase Agreement to indicate the correct purchasing company, by December 19, 2022, and that Staff be

given a deadline of January 10, 2023 to file a joint response clarifying or confirming the full and correct names of the buyer and seller.

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 petition be found administratively complete.

III. REQUEST TO RESTYLE DOCKET

The Applicants filed supplemental information on December 2, 2022 correcting the name of the of the purchasing company to Clearwater Operating Services LLC and which properly reflects the correct name of the company by the Texas Secretary of State as noted by Order No. 4, filed by the ALJ on November 28, 2022. As currently styled, the docket indicates that Clearwater Investments LLC is one of the Applicants. However, based on the supplementary filing by the Applicants, Staff recommends that the docket be restyled to reflect the correct parties to the application. Therefore, Staff respectfully requests that the docket be restyled to "*APPLICATION OF CLEARWATER OPERATING SERVICES LLC AND KNOB HILL WATER SYSTEM FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN DENTON COUNY.*"

IV. CONCLUSION

Staff respectfully requests the issuance of an order consistent with the foregoing recommendation

Dated: December 8, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

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/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 December 8, 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: Jolie Mathis, Utility Engineering Specialist
Patricia Garcia, Infrastructure Analysis Section Director
Infrastructure Division

DATE: December 8, 2022

RE: Docket No. 53660 – *Application of Clearwater Investments LLC and Knob Hill Water System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Denton County*

1. Application

Clearwater Investments, LLC (Clearwater) and the Knob Hill Water System (Knob Hill) (collectively Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Denton County, Texas, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.

On December 2, 2022, a revised application was submitted correcting the name of the purchasing company to Clearwater Operating Services LLC (Clearwater Operating Services) which matches the name of the company in the Texas secretary of state file number 803563376 as pointed out by the Administrative Law Judge (ALJ) in Order No. 4. An additional issue the ALJ pointed out in Order No. 4 is regarding the Purchase Agreement filed with the original application states the purchaser as Mark Vargas as an individual not a company representative (see attached).

In the revised application, Clearwater Operating Services, seeks approval to acquire facilities and to transfer and obtain all of the water service area and Certificate of Convenience and Necessity (CCN) number from Knob Hill under water CCN No. 11414.

2. Notice

Clearwater provided notice consistent under 16 TAC § 24.239(c). As the purchasing company name has changed Staff recommends notice to be reissued by Clearwater Operating Services.

I recommend that the revised application filed on December 2, 2022, be deemed administratively incomplete and not accepted for filing. In order to revise the notice and make

a recommendation on sufficiency of the revised application Staff recommends Clearwater Operating Services provide revised mapping documents and a revised Purchase Agreement to indicate the correct purchasing company.