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DOCKET NO. 53660

APPLICATION OF CLEARWATER	§	PUBLIC UTILITY COMMISSION
OPERATING SERVICES LLC AND	§	
Knob Hill Water System for	§	OF TEXAS
sale, transfer, or merger of	§	
facilities and certificate	§	
rights in Denton County	§	

ORDER NO. 12
MAKING A DETERMINATION TO HOLD A HEARING,
REQUIRING SUPPLEMENTAL INFORMATION AND A
SUPPLEMENTAL RECOMMENDATION FROM COMMISSION STAFF ON NOTICE,
REQUIRING JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER,
AND ESTABLISHING DEADLINES

This Order addresses the application of Clearwater Operating Services, LLC and Knob Hill Water System for the sale transfer or merger (STM) of facilities and certificate rights in Denton County, and Clearwater's May 30, 2023 request for additional time to file a joint motion to admit evidence and a proposed order approving the sale and allowing the transaction to proceed. Clearwater seeks to acquire Knob Hill's water system facilities and certificated service area held under certificate of convenience and necessity (CCN) number 11414.

During the Commission's discussion of No. 51646¹ at the May 11, 2023 open meeting and the order remanding Docket No. 51646² to docket management for further processing, the Commission clarified its requirements regarding 16 Texas Administrative Code (TAC) § 24.235(b)(2) and the requirement to provide notice to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the area proposed to be certified. The administrative law judge (ALJ) does not see this issue addressed in this application or in Commission Staff's recommendation on notice; therefore, clarification and supplemental information and a supplemental recommendation from Commission Staff is required.

Notice

Under 16 TAC § 24.239(e)(1), notice of a STM application must be provided to affected customers and other affected parties. Under TWC § 13.246(a-1) and 16 TAC § 24.239(b)(2),

¹ Open Meeting at 1:22 (May 11, 2023), Item No. 2 ([available at https://adminmonitor.com/tx/puct/open_meeting/202305112/](https://adminmonitor.com/tx/puct/open_meeting/202305112/)).

² *Application of Waters of Vista Ranch Water Supply Corporation and Aqua Water Supply Corporation for Sale, Transfer or Merger of Facilities and Certificate Rights in Fayette County*, Docket No. 51646, Order Remanding Proceeding to Docket Management (May 11, 2023)

notice of an application for an amendment to a CCN must be mailed to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the requested area.

Attached to the proof of notice filed by the applicants is a list of persons and entities who received notice of the application. However, there is insufficient evidence in the record to support a finding that notice has been provided to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the requested area according to the most current tax appraisal rolls of the applicable central appraisal district at the time the Commission received the application for the amendment. Specifically, the record does not identify the tracts of land that are at least 25 acres and are wholly or partially in the requested area nor does the record show who owns those tracts of land. Further, there is no affidavit attesting that notice was mailed to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the requested area. Therefore, the record does not show that notice has been mailed to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the requested area.

By June 15, 2023, the applicants must supplement their proof of notice by providing a copy of applicable appraisal district maps overlaid with the requested area, a list of the landowners with properties wholly or partially in the requested area, the acreage owned by each listed owner, and an affidavit attesting that notice was provided to any owner of a tract of land that is at least 25 acres and is wholly or partially included in the requested area.

By July 17, 2023, Commission Staff must file a supplemental recommendation on the applicants' supplemented notice.

Requiring Motion to Admit Evidence and Joint Proposed Order Approving the Sale

This docket was restarted on December 8, 2022 in Order No. 7. Prior to the restart, on November 15, 2022, the parties filed an agreed motion to admit evidence and proposed order approving the sale and allowing the transaction to proceed. However, due to the restart, no evidence has yet to be admitted in this docket. Further, after the filing of the November 15, 2022 agreed motion to admit evidence, the applicants have filed supplemental information for the application and relating to notice and by this Order, supplemental evidence may be provided regarding notice.

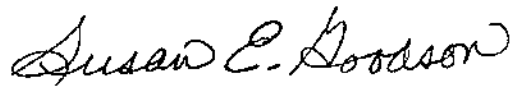
By July 17, 2023, the parties must file an updated joint motion to admit evidence and an updated proposed order approving the sale and allowing the transaction to proceed.

Notice of Hearing

To give the parties time to make the supplemental filings required by this Order and to give Commission Staff the time to file a supplemental recommendation, and in accordance with TWC § 13.301(e), this Order serves as notice to the parties and to the Office of Public Utility Counsel that the Commission has determined that it will hold a hearing to determine if the transaction will serve the public interest. The determination to hold a hearing may be withdrawn following the consideration of the supplemental material.

Signed at Austin, Texas the 31st day of May 2023.

PUBLIC UTILITY COMMISSION OF TEXAS



SUSAN E. GOODSON
ADMINISTRATIVE LAW JUDGE