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DOCKET NO. 53765

APPLICATION OF CRYSTAL SYSTEMS	§	PUBLIC UTILITY COMMISSION
TEXAS, LLC AND UNDINE TEXAS, LLC	§	
FOR SALE, TRANSFER, OR MERGER	§	OF TEXAS
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN SMITH COUNTY	§	

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

On July 1, 2022, Undine Texas, LLC (Undine) and Crystal Systems Texas, Inc. (Crystal Systems) (jointly, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Smith County.

On August 1, 2022, the administrative law judge (ALJ) filed Order No. 3, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file comments on the administrative completeness of the application and proposed notice by August 16, 2022. Therefore, this pleading is timely filed.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memorandum from Jolie Mathis of the Infrastructure Division, recommends that the application is administratively incomplete from a managerial and technical perspective. As detailed in the attached memorandum from Ethan Blanchard of the Rate Regulation Division, Staff also 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 Ms. Mathis’ and Mr. Blanchard’s memoranda by September 16, 2022, and that Staff be given a deadline of October 18, 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 Undine regarding the supplemental mapping information needed to cure the mapping deficiencies and will require at least thirty days to review 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 recommends that the application be found administratively incomplete, that the Applicants be ordered to file supplemental information to cure the deficiencies in the application by September 16, 2022, and that Staff be given a deadline of October 18, 2022, to file a supplemental recommendation on the administrative completeness of the application. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: August 16, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

/s/ Ian Groetsch
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DOCKET NO. 53765

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 August 16, 2022 in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch
Ian Groetsch

Public Utility Commission of Texas

Memorandum

TO: Ian Groetsch, Attorney
Legal Division

FROM: Jolie Mathis, Utility Engineering Specialist
Infrastructure Division

DATE: August 16, 2022

RE: Docket No. 53765 – *Application of Crystal Systems Texas, LLC and Undine Texas, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Smith County*

Undine Texas, LLC (Undine) and the Crystal Systems Texas, LLC (Crystal Systems) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Smith 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, Undine, Certificate of Convenience and Necessity (CCN) No. 13260, seeks approval to acquire facilities and to transfer all of the water service area from Crystal Systems under water CCN No. 10804.

Based on 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:

A portion of the requested area appears to be seeking dual certification with Texas Water Systems, Inc. (TWS), CCN No. 12473. Staff requests Undine provide an agreement for dual certification with TWS. The agreement should indicate the total acreage of dual certification with TWS' water CCN.

Mapping Content:

Based on the mapping review by Tracy Montes, Infrastructure Division, the maps submitted with Item 1 on July 1, 2022 are deficient. Maps need to indicate a new area of dual certification is being sought between Undine (CCN No. 13260) and TWS (CCN No. 12473).

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.

Staff recommends the Applicants 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: Ian Groetsch
Legal Division

FROM: Ethan Blanchard
Kathryn Eiland
Rate Regulation Division

DATE: July 21, 2022

RE: Docket No. 53765 – *Application of Crystal Systems Texas, Inc. and Undine Texas, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Smith County*

On July 1, 2022, Undine Texas, LLC (Undine), CCN No. 13260, and Crystal Systems Texas, Inc. filed an application for the sale and transfer of facilities and certificate rights in Smith County under the provisions of Texas Water Code § 13.301 and 16 Texas Administrative Code § 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 Undine be required to provide the following information to cure the deficiencies:

1. Provide Undine Group's unredacted financial statements ending December 31, 2021.
2. Provide a table which summarizes the purchase prices, planned capital improvements, and 5-year operating projections from each system in the following dockets: 53047; 53048; 53459; 53476; 53629; 53630; and 53765.
3. Or, in lieu of 5-year projections for each system, provide aggregated 5-year projections for Undine Group and its guaranteed affiliates in Texas.