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DOCKET NO. 55328

APPLICATION OF SP UTILITY	§	PUBLIC UTILITY COMMISSION
COMPANY, INC. AND MUNICIPAL	§	
OPERATIONS, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN HARRIS COUNTY	§	

**COMMISSION STAFF’S RECOMMENDATION ON THE SUFFICIENCY OF THE
SUPPLEMENTAL INFORMATION**

I. INTRODUCTION

On August 7, 2023, SP Utility Company, Inc. (SP Utility) and Municipal Operations, LLC (Municipal) (collectively, “Applicants”) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Harris County. The Applicants filed supplemental information on August 8, 2023, August 25, 2023, December 8, 2023, March 4, 2024, and May 1, 2024.

On April 30, 2024, the administrative law judge (ALJ) filed Order No. 9, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation on the sufficiency of the supplemental information by May 13, 2024. Therefore, this pleading is timely filed.

II. SUFFICIENCY OF SUPPLEMENTAL INFORMATION

Staff has reviewed the Applicants’ supplemental information and, as detailed in the attached memorandum from James Harville of the Infrastructure Division, recommends that the supplemental information be deemed sufficient.

III. CONCLUSION

For the reasons detailed above, Staff recommends that the supplemental information be deemed sufficient. Staff respectfully requests the entry of an order consistent with the foregoing.

Dated: May 13, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Cheri Hasz
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DOCKET NO. 55328

CERTIFICATE OF SERVICE

I certify that unless otherwise ordered by the presiding officer, notice of the filing of this document will be provided to all parties of record via electronic mail on May 13, 2024, in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Cheri Hasz
Cheri Hasz

Public Utility Commission of Texas

Memorandum

TO: Cheri Hasz, Attorney
Legal Division

FROM: James Harville, Infrastructure Analyst
Infrastructure Division

DATE: May 13, 2024

RE: Docket No. 55328 – *Application of SP Utility Company, Inc. and Municipal Operations, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*

1. Application

SP Utility Company, Inc. (SP Utility) and the Municipal Operations, LLC (Municipal Operations) (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) §§ 13.242 through 13.250 and § 13.301 and 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237 and § 24.239.

Specifically, SP Utility, Certificate of Convenience and Necessity (CCN) No. 12978, seeks approval to acquire facilities and to transfer all of the water service area from Municipal Operations under water CCN No. 11872.

Based on the mapping review by Hank Journeay, Infrastructure Division, the revised maps submitted with Item 4 on August 25, 2023 are sufficient.

- The requested area includes 37 customer connections and approximately 14.4 acres of transferred area from Municipal Operations (CCN No. 11872) to SP Utility (CCN No. 12978).
- The application proposes the subtraction of approximately 14.4 acres from CCN No. 11872 and the addition of approximately 14.4 acres to CCN No. 12978.

2. Notice

Affidavits were provided affirming that notices were submitted to customers, cities, districts, neighboring retail public utilities, the county judge, groundwater conservation districts, and that there are no landowners owning 25 acres partially or wholly located in the requested area.

SP Utility provided notice consistent with 16 TAC § 24.239(e). The deadline to intervene was February 11, 2024; there were no motions to intervene, protests, or opt-out requests received.

3. Clarification

On April 30, 2024, the administrative law judge (ALJ) requested a clarification from the applicants regarding the names and registration numbers of their other public water systems, and any associated compliance history. Commission Staff (Staff) has reviewed the information detailed in Harrison Williams filings on May 1, 2024, including data for Municipal Operations.

In the Texas Commission on Environmental Quality's (TCEQ) central registry database, Municipal Operations has ownership of one public water system (PWS) for SWEA Garden Estates, PWS ID No. 1010218, with no active violations.

In TCEQ's central registry database, SP Utility has ownership of five PWS's for the following:

Blue Heron Estates, PWS ID No. 0790615 (pending)
Cypresswood Subdivision Water System, PWS ID No. 1700918 (pending)
Johnsons Water Service, PWS ID No. 0200158 (active), no current violations
Savannah Plantation, PWS ID No. 0200599 (active), no current violations
Tejas Trails Subdivision, PWS ID No. 0790593, (active), no current violations

Additional systems in the TCEQ's central registry database based on the filing from Harrison Williams on May 1, 2024:

Southwest Environmental Resources, PWS ID No. 0790144, eight current violations
Manvel Road Terrace Subdivision, PWS ID No. 0200102, no current violations
Cypress Gardens Mobile Home Subdivision, PWS ID No. 1012048, no current violations
Pine Knob, PWS ID No. 1700652, no current violations
Mount Houston Square, PWS ID No. 1011957, no current violations
Riverton Ranch, PWS ID No. 1013366, no current violations

Staff confirms that the information filed by Harrison Williams on May 1, 2024, adequately addresses each referenced, non-pending system.

4. Recommendation

The Applicants meet all of the applicable statutory requirements of TWC Chapter 13 and the Commission's Chapter 24 rules. Approving this application is in the public interest and necessary for the service, accommodation, convenience and safety of the public.

Based on the above information, I recommend that the Commission find that the transaction will serve the public interest and that the Applicants be allowed to proceed with the proposed transaction. There are no deposits held by Municipal Operations for the customers being served by Municipal Operations in the SWEA Garden Estates subdivision. I further recommend that a public hearing is not necessary.