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DOCKET NO. 56608

APPLICATION OF THE ESTATE OF	§	PUBLIC UTILITY COMMISSION
HENRY M. GARZA DBA CIELO AZUL	§	
RANCH AND CIELO AZUL AGUA LLC	§	OF TEXAS
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN HAYS COUNTY	§	

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

On May 13, 2024, the Estate of Henry M. Garza dba Cielo Azul Ranch Public Water System and Cielo Azul Agua LLC (collectively, Applicants) filed an application for the sale, transfer, or merger of facilities and certificate rights in Hays County.

On September 18, 2024, the administrative law judge filed Order No. 5, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a supplemental recommendation on the administrative completeness of the application, along with a proposed procedural schedule by October 31, 2024. Therefore, this pleading is timely filed.

I. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and supplemental information and, as detailed in the attached memoranda from Jaspinder Singh of the Infrastructure Division and David Lopez and Fred Bednarski, III of the Rate Regulation Division, recommends that the application, as supplemented, is administratively complete. Staff’s recommendation on administrative completeness is not a comment on the merits of the application.

II. RECOMMENDATION ON 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 Mr. Singh. 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. PROPOSED PROCEDURAL SCHEDULE

Staff recommends that the supplemented 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	December 2, 2024
Deadline for Staff to file a recommendation on sufficiency of notice	December 12, 2024
Deadline to intervene	30 days after notice is issued

IV. CONCLUSION

For the reasons detailed above, Staff recommends that the supplemented 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.

Date: October 31, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Marisa Lopez Wagley
Division Director

Ian Groetsch
Managing Attorney

/s/ Rowan Pruitt
Rowan Pruitt
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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 October 31, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Rowan Pruitt
Rowan Pruitt

Public Utility Commission of Texas

Memorandum

TO: Rowan Pruitt, Attorney
Legal Division

FROM: Jaspinder Singh, Engineering Specialist
Infrastructure Division

DATE: October 31, 2024

RE: Docket No. 56608 – *Application of the Estate of Henry M. Garza dba Cielo Azul Ranch and Cielo Azul Agua LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hays County*

On May 13, 2024, Estate of Henry M Garza dba Cielo Azul Ranch (Cielo Azul Ranch) and the Cielo Azul Agua LLC (Cielo Azul Agua) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Hays 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, Cielo Azul Agua, seeks approval to acquire facilities, to transfer all of the water service area, and transfer Certificate of Convenience and Necessity (CCN) number from Cielo Azul Ranch under water CCN No. 12702.

Based on the mapping review by Dave Babicki, Infrastructure Division, the revised maps filed with Item 8 on August 8, 2024, are sufficient.

The requested area includes 11 customer connections and approximately 45 acres to transfer from Cielo Azul Ranch (CCN No. 12702) to Cielo Azul Agua to retain seller's CCN No. 12702.

The application proposes the subtraction of approximately 45 acres from Cielo Azul Ranch (CCN No. 12702) and the addition of approximately 45 acres to Cielo Azul Agua to retain seller's CCN No. 12702.

The application indicates that the total acreage being requested is approximately 44.8 acres, however, the mapping review determined the requested area is approximately 45 acres.

Based on the mapping review and my technical and managerial review of the additional information filed on June 27, 2024, and August 8, 2024, 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 Wimberley*
 - *Guadalupe-Blanco River Authority*
 - *Upper San Marcos Watershed Reclamation & Flood Control District*
 - b. The county judge of each county that is wholly or partially included in the requested area:
 - *Hays County Judge*
 - c. Each groundwater conservation district that is wholly or partially included in the requested area:
 - *Hays Trinity Groundwater Control District*
 - d. Each owner of a tract of land that is at least 25 acres and is wholly or partly located in the requested area. Notice must be mailed to the owner of the tract of land according to the most current tax appraisal rolls of the applicable central appraisal district at the time the application was filed.
 - e. 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 forms.
- 3) Provide a copy of the maps deemed sufficient during administrative review delineating the requested area with each individual notice to neighboring utilities, other affected parties, landowners, and customers.
- 5) Within 30 days of the date the notice was mailed, Cielo Azul Agua must file the following as proof of notice in the docket:
 - a. A copy of the notices (1 example of each type of notice).
 - b. The general location and detailed maps deemed sufficient during administrative review.
 - c. The signed affidavits for the mailed notices.
 - d. A list specifying every person and entity to whom notice was provided.
 - e. If there are multiple landowners provide a list of the applicable county appraisal district parcels located within the requested area. The list should include the following for a landowner of a tract of land that is at least 25 acres or more and is wholly or partially within the requested area;

- i. Each property ID;
- ii. Landowner Name;
- iii. Address; and
- iv. The acreage owned by each listed landowner.

Staff may determine that additional information is needed to make a final recommendation in this docket. If additional information is needed, Staff may send requests for information (RFI) to Cielo Azul Agua and Cielo Azul Ranch. Cielo Azul Agua and Cielo Azul Ranch will have 20 days from the receipt of the RFI to respond.

Public Utility Commission of Texas

Memorandum

TO: Rowan Pruitt, Attorney
Legal Division

FROM: David Lopez, Rate Analyst
Fred Bednarski III, Financial Analyst
Rate Regulation Division

DATE: October 31, 2024

RE: Docket No. 56608 – *Application of the Estate of Henry M. Garza DBA Cielo Azul Ranch and Cielo Azul Agua LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hays County*

On May 13, 2024, the Estate of Henry M. Garza dba Cielo Azul Ranch Public Water System and Cielo Azul Agua LLC filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Hays 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 and supplemental information. We did not identify any deficiencies in those answers for purposes of determining whether the application is administratively complete. Therefore, we recommend that the Commission deem the application administratively complete from a financial perspective.

Notice to Current Customers, Neighboring Systems, and Cities

CIELO AZUL AGUA LLC NOTICE OF INTENT TO ACQUIRE WATER FACILITIES, TO TRANSFER ALL OF THE WATER SERVICE AREA, AND TO TRANSFER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) WATER NO. 12702 FROM THE ESTATE OF HENRY M. GARZA DBA CIELO AZUL RANCH (CIELO AZUL RANCH) IN HAYS COUNTY, TEXAS

To: _____ Date Notice Mailed: _____, 20____
(Name of Customer, Neighboring System, or City)

(Address)

(City State Zip)

Cielo Azul Agua LLC	PO Box 1898	San Marcos, TX	78667
(Purchaser's Name)	(Address)	(City), (State)	(Zip Code)

has submitted an application with the Public Utility Commission of Texas (Commission) to acquire facilities, to transfer all of the water service area, and transfer Certificate of Convenience and Necessity (CCN) number from Cielo Azul Ranch under water CCN No. 12702 in Hays County, TX from:

Cielo Azul Ranch	PO Box 1898	San Marcos, TX	78667
(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:

The requested area is located approximately 3.9 miles southwest of downtown Wimberley, Texas, and is generally bounded on the north by Benito Lane; on the east by Backbone Ridge; on the south by Farm to Market 32; and on the west by Dara Lane.

The requested area includes 11 customer connections and approximately 45 acres to transfer from Estate of Henry M. Garza dba Cielo Azul Ranch (CCN No. 12702) to Cielo Azul Agua LLC to retain seller's CCN No. 12702.

The application proposes the subtraction of approximately 45 acres from Estate of Henry M. Garza dba Cielo Azul Ranch (CCN No. 12702) and the addition of approximately 45 acres to Cielo Azul Agua LLC to retain seller's CCN No. 12702.

See enclosed maps 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.

A landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the requested area, may file a written request with the Commission to be excluded from the requested area ("opt out") within (30) days from the date that notice was provided by the Utility. All opt out requests must include a large-scale map, a metes and bounds description of the landowner's tract of land, landowner's name, address, email address and fax number, if applicable.

A landowner that opts out from the requested area releases the applicant's obligation to provide retail water or sewer utility service to the removed land for any reason.

Si desea información en español, puede llamar al 1-888-782-8477.

Utility Representative

Utility Name

PUBLIC UTILITY COMMISSION OF TEXAS



AFFIDAVIT OF NOTICE TO CURRENT CUSTOMERS, NEIGHBORING UTILITIES, AND AFFECTED PARTIES DOCKET NO. 56608

STATE OF TEXAS

COUNTY OF _____

_____ has provided individual
notice via first-class mail to the following entities, affected parties, 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 to Landowners

CIELO AZUL AGUA LLC NOTICE OF INTENT TO ACQUIRE WATER FACILITIES, TO TRANSFER ALL OF THE WATER SERVICE AREA, AND TO TRANSFER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) WATER NO. 12702 FROM THE ESTATE OF HENRY M. GARZA DBA CIELO AZUL RANCH (CIELO AZUL RANCH) IN HAYS COUNTY, TEXAS

To: _____ Date Notice Mailed: _____, 20____
(Name of Customer, Neighboring System, or City)

(Address)

(City State Zip)

<u>Cielo Azul Agua LLC</u>	<u>PO Box 1898</u>	<u>San Marcos, TX</u>	<u>78667</u>
(Purchaser's Name)	(Address)	(City), (State)	(Zip Code)

has submitted an application with the Public Utility Commission of Texas (Commission) to acquire facilities, to transfer all of the water service area, and transfer Certificate of Convenience and Necessity (CCN) number from Cielo Azul Ranch under water CCN No. 12702 in Hays County, TX from:

<u>Cielo Azul Ranch</u>	<u>PO Box 1898</u>	<u>San Marcos, TX</u>	<u>78667</u>
(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:

The requested area is located approximately 3.9 miles southwest of downtown Wimberley, Texas, and is generally bounded on the north by Benito Lane; on the east by Backbone Ridge; on the south by Farm to Market 32; and on the west by Dara Lane.

The requested area includes 11 customer connections and approximately 45 acres to transfer from Estate of Henry M. Garza dba Cielo Azul Ranch (CCN No. 12702) to Cielo Azul Agua LLC to retain seller's CCN No. 12702.

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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.

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A landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the requested area, may file a written request with the Commission to be excluded from the requested area ("opt out") within (30) days from the date that notice was provided by the Utility. All opt out requests must include a large-scale map, a metes and bounds description of the landowner's tract of land, landowner's name, address, email address and fax number, if applicable.

A landowner that opts out from the requested area releases the applicant's obligation to provide retail water or sewer utility service to the removed land for any reason.

Si desea información en español, puede llamar al 1-888-782-8477.

Utility Representative

Utility Name

PUBLIC UTILITY COMMISSION OF TEXAS



AFFIDAVIT OF NOTICE TO LANDOWNERS DOCKET NO. 56608

STATE OF TEXAS

COUNTY OF _____

_____ has

- ☐ Determined that there are no landowners owning tracts of land over 25 acres wholly or partly inside the requested CCN area.
- ☐ Provided individual notice via first-class mail to the following landowners owning tracts of land over 25 acres wholly or partly inside the requested area to be added.

LANDOWNER NAME

OF ACRES

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 _____