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DOCKET NO. 56608

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

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

On May 13, 2024, 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 May 14, 2024, the administrative law judge filed Order No. 1, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) file comments on the administrative completeness of the application and proposed notice, and both Applicants and Staff must file a recommendation regarding how to proceed with the application and propose a procedural schedule by June 13, 2024. Therefore, this pleading is timely filed.

I. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memoranda from Jaspinder Singh of the Infrastructure Division and Fred Bednarski, III of the Rate Regulation Division, recommends that the application is administratively incomplete from a managerial, technical, and financial perspective. Staff recommends that the Applicants be ordered to cure the deficiencies identified in Staff’s memoranda by July 15, 2024, and that Staff be given a deadline of August 15, 2024, to file a supplemental recommendation on the administrative completeness of the application and notice.

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 the Applicants with the supplemental mapping information needed to cure the mapping deficiencies and will require at least thirty days to review. Staff notes that the Applicants should not issue notice until the supplemented application is deemed sufficient.

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.

II. REQUEST TO RESTYLE THE DOCKET

This docket is currently styled, "*Application of Henry M. Garza dba Cielo Azul Ranch Public Water System and Cielo Azul Agua LLC for Sale, Transfer, or Merger for Facilities and Certificate Rights in Hays County.*" Because Cielo Azul Ranch Water System Company is the name registered with the Texas Secretary of State, Staff respectfully requests that this docket be restyled to "*Application of Cielo Azul Ranch Water System Company and Cielo Azul Agua LLC for Sale, Transfer, or Merger for Facilities and Certificate Rights in Hays County.*"

III. CONCLUSION

For the reasons detailed above, Staff recommends that the application be found administratively incomplete. Staff further recommends that the Applicants be ordered to file supplemental information to cure the deficiencies in the application by July 15, 2024, and that Staff be given a deadline of August 15, 2024, to file a supplemental recommendation on the administrative completeness of the application and notice and to propose a procedural schedule. Finally, Staff recommends that this docket be restyled as described above. Staff respectfully requests the entry of an order consistent with these recommendations.

Date: June 13, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ 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 June 13, 2024, in accordance with the Second Order Suspending Rules, filed 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: June 13, 2024

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

On May 13, 2024, Cielo Azul Ranch Water System Company (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.

Please restyle the docket to have the correct name for Cielo Azul Ranch as Cielo Azul Ranch Water System Company based on the entity information available on Texas Secretary of State (SOS): “*Application of Cielo Azul Ranch Water System Company and Cielo Azul Agua LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hays County.*”

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 and 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:

The following deficiencies must be remedied:

1. Please provide a copy of the last Comprehensive Compliance Investigation (CCI) report from the Texas Commission on Environmental Quality (TCEQ).
2. Please provide the address to view the proposed map for published notice.

Mapping Content:

Based on the mapping review by Dave Babicki, Infrastructure Division, the maps filed with Item 1 on May 13, 2024 are deficient.

Cielo Azul Agua must file the following items to resolve the mapping deficiencies:

1. A general location map identifying only the requested area, in reference to the nearest county boundary, city, or town.
2. 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 Cielo Azul Agua obtain additional mapping guidance from the PUCT's mapping staff, Dave Babicki, by email at dave.babicki@puc.texas.gov to resolve the mapping deficiencies. In addition, the applicant is advised to carefully review the PUCT's CCN Mapping Information webpage at: <https://www.puc.texas.gov/industry/water/utilities/gis.aspx>.

Additional Information:

The items requested below stem from new statutes. Responses to these items may be filed confidentially:

- 1) Under TWC § 13.1396(b), "An affected utility shall submit to the office of emergency management of each county in which the utility has more than one customer, the utility commission, and the office of emergency management of the governor a copy of:
 - (1) the affected utility's emergency preparedness plan approved under Section 13.1395; and
 - (2) the utility commission's notification to the affected utility that the plan is accepted."

Please see new emergency preparedness plan (EPP) requirements on the TCEQ website at:

https://www.tceq.texas.gov/drinkingwater/homeland_security/disasterprep/epp

Please file one of the following in response:

- a) A statement that a copy of Cielo Azul Agua's approved EPP has been filed in Project No. 52272,
 - b) Proof that the EPP has been submitted to the TCEQ for approval, or
 - c) A copy of the waiver approval or proof that a request for waiver of the EPP requirement from the TCEQ, under Texas Water Code § 13.1395(j), has been submitted.
- 2) Under TWC § 13.1396(c) "Each affected utility shall submit to the utility commission, each electric utility that provides transmission and distribution service to the affected utility, each retail electric provider that sells electric power to the affected utility, the office of emergency management of each county in which the utility has water and wastewater facilities that qualify for critical load status under rules adopted by the utility commission, and the division of emergency management of the governor:
 - (1) information identifying the location and providing a general description of all water and wastewater facilities that qualify for critical load status; and

- (2) emergency contact information for the affected utility, including:
- (A) the person who will serve as a point of contact and the person's telephone number;
 - (B) the person who will serve as an alternative point of contact and the person's telephone number; and
 - (C) the affected utility's mailing address."

Please file a list of the information requested in TWC § 13.1396(c) for Cielo Azul Agua's in Project No. 53938.

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: Rowan Pruitt, Attorney
Legal Division

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

DATE: June 13, 2024

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

On May 13, 2024, Henry M. Garza dba Cielo Azul Ranch Public Water System and Cielo Azul Agua LLC (CAA) filed an application for approval of the sale and transfer 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. We recommend the application be deemed administratively incomplete, and that CAA be required to provide the following information to cure the deficiencies:

1. Financial statements such as a completed application Appendix B indicating that CAA passes the one of the leverage tests and the operations tests pursuant to 16 TAC § 24.11(e)(2) and (e)(3).