



Control Number: 42961



Item Number: 25

Addendum StartPage: 0

Donna L. Nelson
Chairman

Kenneth W. Anderson, Jr.
Commissioner

Brandy Marty Marquez
Commissioner

Brian H. Lloyd
Executive Director



Greg Abbott
Governor

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Public Utility Commission of Texas
PUBLIC UTILITY COMMISSION
BILLING CLERK

TO: Donna L. Nelson, Chairman
Kenneth W. Anderson, Jr., Commissioner
Brandy Marty Marquez, Commissioner

All Parties of Record

FROM: Irene Montelongo
Director, Docket Management

RE: **Open Meeting of June 18, 2015**
PUC Docket No. 42961
SOAH Docket No. 473-15-0614.WS – *Request of Greenwood Water Corporation for Approval of Water Utility Stock Transfer CCN No. 11792*

DATE: May 13, 2015

Enclosed is a copy of the Proposed Order in the above-referenced docket. The Commission will consider this docket at an open meeting presently scheduled to begin at 9:30 a.m. on Thursday, June 18, 2015, at the Commission's offices, 1701 North Congress Avenue, Austin, Texas. The parties shall file corrections or exceptions to the Proposed Order on or before Wednesday, June 10, 2015.

On October 6, 2014, this proceeding was referred to the State Office of Administrative Hearings. Subsequently, the docket was returned to the Commission, and the Docket Management Section prepared this Proposed Order.

If there are no corrections or exceptions, no response is necessary.

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PUC DOCKET NO. 42961
SOAH DOCKET NO. 473-15-0614.WS

REQUEST OF GREENWOOD WATER CORPORATION FOR APPROVAL OF WATER UTILITY STOCK TRANSFER CCN NO. 11792	§ § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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PROPOSED ORDER

This Order addresses the application by Greenwood Water Corporation (Greenwood) for approval to transfer 100% of the stock and ownership interest in Greenwood from Mr. Paul R. Wilhite to Permian Basin Water Resources, LLC (Permian). A Unanimous Stipulation (Stipulation) was entered which resolves all of the issues in this proceeding. Consistent with the Stipulation, as modified by this Order, Greenwood’s application is approved.

The Public Utility Commission of Texas (Commission) adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Procedural History

1. On August 20, 2014, Greenwood and Permian filed with the Texas Commission on Environmental Quality (TCEQ) an application for approval to transfer 100% of the stock and ownership interest in Greenwood from Mr. Paul R. Wilhite to Permian.
2. Greenwood is an investor-owned water utility holding Certificate of Convenience and Necessity (CCN) No. 11792 and provides retail water service in Midland County to approximately 289 metered connections.
3. On September 1, 2014, jurisdiction over this proceeding transferred to the Commission.
4. On October 1, 2014, Commission Staff requested a hearing.
5. On October 6, 2014, the Commission referred this proceeding to the State Office of Administrative Hearings (SOAH) for processing.

6. On October 27, 2014, the SOAH Administrative Law Judge (ALJ) held a prehearing conference. Greenwood, Permian, and Commission Staff participated in the prehearing conference.
7. On October 30, 2014, SOAH Order No. 1 was filed setting a procedural schedule for this docket.
8. On October 21, 2014, and November 6, 2014, Greenwood filed first and second supplements to the application for approval of the proposed stock transfer.
9. On November 6, 2014, Greenwood filed an affidavit verifying that notice of the requested approval of the proposed stock transfer was provided to each of its customers by first class mail, postage prepaid, on or before October 31, 2014. No comments or requests to intervene in this proceeding were filed by any customers of Greenwood.
10. On November 14, 2014, the Commission approved the Preliminary Order for this proceeding.
11. TCEQ identified reporting and approval issues regarding two water wells and associated reverse osmosis treatment systems (New Wells A and B). The letter from TCEQ described actions needed to resolve these issues and achieve compliance with TCEQ's Chapter 290 Rules and Regulations for Public Water Systems.
12. On March 26, 2015, Greenwood, Permian, and Commission Staff (collectively, Signatories) filed a joint motion to approve Stipulation and a joint motion to admit evidence, and remand the proceeding to the Commission.
13. On April 3, 2015, the SOAH ALJ issued SOAH Order No. 5, admitting evidence, returning this proceeding to the Commission, and dismissing the SOAH docket. The following evidence was admitted into the record in support of the Stipulation:
 - a. Request for approval of the application, filed on September 8, 2014;
 - b. Greenwood's first supplement to the application, filed on October 21, 2014;
 - c. Greenwood's second supplement to the application, filed on November 6, 2014;
 - d. Greenwood's third supplement to the application, filed on December 2, 2014;
 - e. Greenwood's proof of notice, filed on November 6, 2014;
 - f. Stipulation and all attachments thereto, filed on March 26, 2015; and

- g. Commission Staff memorandum in support of the Stipulation, filed on March 26, 2015.

Description of the Stipulation

14. The Signatories agreed that adequate and reasonable notice has been provided to affected persons consistent with 16 Tex. Admin. Code § 22.55 (TAC).
15. The Signatories agreed that the transfer of Greenwood's stock may be completed only after the date that a final order of approval is entered in this proceeding.
16. The Signatories agreed that Greenwood generates sufficient revenues for independent operation without the need for financial Assurant to ensure continuous and adequate water utility service.
17. The Signatories agreed that Permian will provide an affidavit of a professional engineer attesting that no construction costs are necessary to complete the remediation of the reporting and approval issues identified by TCEQ. The affidavit of the professional engineer is attached to the Stipulation as Attachment C.
18. The Signatories agreed that, unless Greenwood has previously received and filed with the Commission written confirmation from the TCEQ that the comprehensive compliance investigation issues have been completely resolved, within 45 days of the date of this Order, Permian agrees to post a letter of credit with the Commission in the amount of \$20,000.00 as financial assurance to ensure the remediation of the issues arising from the TCEQ's comprehensive compliance investigation relating to New Wells A and B.
19. The Signatories agreed that within a reasonable period of time after Greenwood or Permian receives notice or instructions from the TCEQ that additional construction is needed to resolve the comprehensive compliance investigation issues, Permian agrees to post an additional letter of credit with the Commission in the amount of any anticipated construction costs. Permian agrees that failure to timely provide the required financial assurance for construction costs will subject Permian to administrative fines or other penalties.

20. The Signatories agreed that any letter of credit would be in the form attached to the Stipulation as Attachment A.
21. The Signatories agreed that any letter of credit remains in effect until the Commission authorizes the release of the letter of credit. The Signatories agreed that the decision regarding release of the letter of credit may be delegated by the Commission to the Commission's Executive Director.
22. The Signatories agreed that after the stock transfer is complete Greenwood will continue to maintain its existing office within the certificated area of CCN No. 11792.
23. The CCN will remain in the name of Greenwood Water Corporation until the appropriate application for CCN transfer is approved.
24. In light of Greenwood's request for stock transfer and supplemental documents, the Stipulation is the result of good faith negotiations between the Signatories, and these efforts, as well as the overall result of the Stipulation viewed in light of the record as a whole, support the reasonableness and benefits of the terms of the Stipulation.

II. Conclusions of Law

1. The Commission has jurisdiction over the subject matter of this proceeding pursuant to Tex. Water Code (TWC) § 13.302.
2. This docket was processed in accordance with the requirements of the TWC, the Texas Administrative Procedure Act, Tex. Gov't Code, Chapter 2001 (West 2008 & Supp. 2014) (APA), and 16 TAC § 24.111.
3. Proper notice of the request for approval of stock transfer was provided in compliance with 16 TAC § 22.55.
4. The Stipulation, taken as a whole, is a just and reasonable resolution of all the issues it addresses, is consistent with the relevant provisions of TWC Chapter 13 and the Commission's rules, and is consistent with the public interest.
5. The Stipulation resolves all issues pending in this docket.

6. The Commission's adoption of a final order satisfies the requirements of the APA without the necessity of a decision on contested case issues resulting from a hearing on the merits.
7. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. Consistent with the Stipulation, as modified by this Order, Greenwood's request for transfer of stock is approved.
2. Within 45 days of the date of this Order, Permian shall post a letter of credit with the Commission in the amount of \$20,000.00 as financial assurance to ensure the remediation of the issues arising from the TCEQ's comprehensive compliance investigation relating to New Wells A and B, unless Greenwood has previously received and filed with the Commission written confirmation from the TCEQ that the comprehensive compliance investigation issues have been completely resolved.
3. Within 60 days after Greenwood or Permian receives notice or instructions from the TCEQ that additional construction is needed to resolve the comprehensive compliance investigation issues, Permian shall post an additional letter of credit with the Commission in the amount of any anticipated construction costs.
4. Entry of this Order consistent with the Stipulation does not indicate the Commission's endorsement of any principle or methodology that may underlie the Stipulation. Entry of this Order shall not be regarded as binding holding or precedent as to the appropriateness of any principle or methodology underlying the Stipulation.
5. All other motions, requests for entry of specific findings of fact, conclusions of law, and ordering paragraphs, and any other requests for general or specific relief, if not expressly granted in this Order, are denied.

SIGNED AT AUSTIN, TEXAS the _____ day of June 2015.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY MARTY MARQUEZ, COMMISSIONER

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