



Control Number: 45026



Item Number: 25

Addendum StartPage: 0

RECEIVED

APPLICATION OF T. JOHNSON  
INDUSTRIES AND WATER  
NECESSITIES, INC. FOR SALE,  
TRANSFER, OR MERGER OF  
FACILITIES AND CERTIFICATE  
RIGHTS IN HARDIN COUNTY

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PUBLIC UTILITY COMMISSION

2016 JUN 30 PM 4:29  
PUBLIC UTILITY COMMISSION  
OF TEXAS  
FILING CLERK

**JOINT PROPOSED NOTICE OF APPROVAL  
AND MOTION TO ADMIT EVIDENCE**

COMES NOW the Staff (Staff) of the Public Utility Commission (Commission), T. Johnson Industries (Johnson) and Water Necessities, Inc. (Water Necessities) (collectively, the Parties) and jointly file this Motion to Admit Evidence and Proposed Notice of Approval, including findings of fact, conclusions of law, and ordering paragraphs.

**I. Background**

On August 6, 2015, Johnson and Water Necessities (collectively, Applicants) filed an application for approval of a sale, transfer, or merger (STM) of facilities and certificate rights in Hardin County pursuant to Tex. Water Code §§ 13.301, 13.246, and 13.301 (TWC) and 16 Tex. Admin. Code §§ 24.102, 24.109, and 24.112 (TAC). Water Necessities seeks approval to acquire the water assets and Certificate of Convenience and Necessity (CCN) No. 12647 of Johnson. On May 3, 2016, the administrative law judge (ALJ) issued Order No. 6, which found the closing documentation sufficient and established deadlines for the Parties to file signed consent forms, Staff to file its recommendation on final disposition, and the Parties to file a joint proposed notice of approval. Staff filed its recommendation regarding the consent forms and on final disposition on June 13, 2016, recommending approval.

This Joint Proposed Notice of Approval and Request to Admit Evidence includes findings of fact, conclusions of law, and ordering paragraphs. The Applicants have reviewed and agree to the Proposed Notice of Approval attached hereto. This Proposed Notice of Approval is timely filed on or before July 5, 2016.

**I. Motion to Admit Evidence**

The Parties jointly request to admit the following evidence into the record of this proceeding:

- a) Application of T. Johnson Industries and Water Necessities, Inc. and all attachments, filed August 6, 2015;

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- b) Additional Information Provided, including a revised page 7 of the application and a list of the CCNs and PWS numbers for Water Necessities, Inc., filed August 24, 2015;
- c) Affidavit regarding notice to customers, neighboring utilities, and other affected parties, filed on October 22, 2015;
- d) Publisher's Affidavit, filed October 22, 2015;
- e) 2014 Income Tax Return of Water Necessities, Inc., filed confidentially on January 13, 2016;
- f) Staff's Final Recommendation, including Staff's recommendation that the sale be approved to move forwards, and all attachments, filed on February 19, 2016;
- g) Letter and Documents Regarding Sale and Transfer, filed on March 18, 2016;
- h) Staff's Recommendation on Sufficiency, regarding the sufficiency of closing documents, and all attachments, filed on April 29, 2016;
- i) Consent Forms and Final Map of Water Necessities, Inc. and Johnson Water Service, filed May 26, 2016; and
- j) Staff's Recommendation on Consent and Final Recommendation and all attachments, filed on June 13, 2016.

## **II. Proposed Notice of Approval**

The Proposed Notice of Approval, included herein as Attachment A, would grant Johnson's and Water Necessities' STM application and thus would effectuate the transfer of facilities and certificate rights in Hardin County, Texas currently held under Johnson's certificate of convenience and necessity (CCN) No. 12647 to Water Necessities. This docket was processed in accordance with applicable statutes and Commission rules. Notice of the application was provided to interested parties. Johnson, Water Necessities, and Commission Staff are the only parties to this proceeding. No other party filed a request to intervene, filed comments on the application, protested this filing, or requested a hearing in this proceeding. The Parties respectfully request that the ALJ approve the application and adopt the attached proposed Notice of Approval.

## **III. Conclusion**

Staff has reviewed the application and recommends its approval. The Parties respectfully request that the ALJ approve the application, grant the admittance of the specified evidence, and adopt the attached proposed notice of approval. The final map and CCN are attached as Attachments B and C.

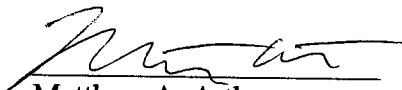
**DATED: June 30, 2016**

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Katherine Lengieza Gross  
Managing Attorney



Matthew A. Arth  
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Austin, Texas 78711-3326  
(512) 936-7021  
(512) 936-7268 (facsimile)

**DOCKET NO. 45026**

**CERTIFICATE OF SERVICE**

I, Matthew Arth, Attorney – Legal Division of the Public Utility Commission of Texas, certify that a copy of this document will be served on all parties of record on June 30, 2016 in accordance with the requirements of 16 TAC § 22.74.



Matthew A. Arth

# **Attachment A**

**DOCKET NO. 45026**

**APPLICATION OF T. JOHNSON  
INDUSTRIES AND WATER  
NECESSITIES, INC. FOR SALE,  
TRANSFER, OR MERGER OF  
FACILITIES AND CERTIFICATE  
RIGHTS IN HARDIN COUNTY**

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**PUBLIC UTILITY COMMISSION  
  
OF TEXAS**

**PROPOSED NOTICE OF APPROVAL**

This Proposed Notice of Approval addresses the application for the sale, transfer, or merger of facilities and certificate rights in Hardin County, Texas currently held by T. Johnson Industries (Johnson or Seller) to Water Necessities, Inc. (Water Necessities or Purchaser) (collectively, Applicants). Through this application, Water Necessities seeks approval to transfer Johnson's water Certificate of Convenience (CCN) No. 12647 and associated facilities to Water Necessities. On June 13, 2016, Staff (Staff) of the Public Utility Commission of Texas (Commission) recommended approval of the application. The application is approved.

Consistent with the above discussion, the Administrative Law Judge (ALJ) makes the following findings of fact and conclusions of law:

**I. Findings of Fact**

**Procedural History, Description, and Background**

1. On August 6, 2015, the Applicants filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Hardin County, Texas.
2. T. Johnson Industries holds water CCN No. 12647 in Hardin County, Texas.
3. Approval of the application would transfer the service area and facilities of CCN No. 12647 held by Johnson to Water Necessities.
4. On August 11, 2015, the Administrative Law Judge (ALJ) issued Order No. 1 requiring Staff to file a recommendation regarding the administrative completeness of the application.
5. On August 24, 2015, Water Necessities filed Additional Information, containing a revised page 7 of the application and a list of the CCNs and PWS numbers for Water Necessities.
6. On September 4, 2015, Staff filed its Response to Order No. 1 recommending that the application be found administratively complete.

7. On September 8, 2015, the ALJ issued Order No. 2 Finding Application Sufficient and Complete; Finding Proposed Notice Sufficient and Requiring Notice; and Establishing Procedural Schedule.
8. On October 22, 2015, Water Necessities filed a Publisher's Affidavit and an Affidavit of Notice to Neighboring Utilities and Affected Parties.
9. On October 23, 2015, Staff filed its Response to Order No. 2 in which Staff recommended that the Applicants' affidavit of mailed notice be found sufficient, but that published notice was insufficient for failure to publish for two consecutive weeks.
10. On October 27, 2015, the ALJ issued Order No. 3 finding the Applicants' mailed notice sufficient, but requiring the Applicants' to provide evidence that notice was published for two consecutive weeks.
11. On December 8, 2015, Staff filed its Response to Order No. 3, recommending that the Applicants' Publisher's Affidavit filed on December 7, 2015 be found sufficient.
12. On December 10, 2015, the ALJ issued Order No. 4 Finding Published Notice Sufficient and Establishing Deadlines.
13. On January 13, 2016, Water Necessities filed confidentially its 2014 Income Tax Return.
14. On February 19, 2016, Staff filed its Final Recommendation, recommending that no hearing was necessary and that the Applicants be allowed to proceed with the proposed transaction.
15. On February 24, 2016, the ALJ issued Order No. 5 Approving Sale and Transfer Transaction to Proceed.
16. On March 18, 2016, Water Necessities filed closing documents and a letter indicating that all customer deposits were transferred from Johnson to Water Necessities.
17. On April 29, 2016, Staff filed its Recommendation on Sufficiency, recommending that the closing documents filed by the Applicants be deemed sufficient.
18. On May 3, 2016, the ALJ issued Order No. 6 Finding Documentation Sufficient and Establishing Deadlines for Remainder of Proceeding.
19. On May 26, 2016, Johnson and Water Necessities filed consent forms agreeing to the final map and tariff, as prepared by Staff.
20. On June 13, 2016, Staff filed its Recommendation on Consent and Final Recommendation, recommending that consent forms and closing documents are consistent with Staff's final recommendation and that the STM application be approved.

21. On July 5, 2016, Johnson, Water Necessities, and Staff filed their Proposed Notice of Approval.

#### **Notice**

22. On August 21, 2015, notice of the application was published in the *Texas Register*.
23. Notice of the application was mailed to neighboring utilities, cities, and affected parties on September 25, 2015.
24. On December 7, 2015, Water Necessities filed an affidavit regarding the publication of notice of its application.

#### **Evidentiary Record**

25. On July 5, 2016, Johnson, Water Necessities, and Staff filed a request to admit evidence.
26. On \_\_\_\_\_, the ALJ issued Order No. \_\_\_ admitting the following requested evidence into the record: (1) Application of T. Johnson Industries and Water Necessities, Inc. and all attachments, filed August 6, 2015; (2) Additional Information Provided, including a revised page 7 of the application and a list of the CCNs and PWS numbers for Water Necessities, Inc., filed August 24, 2015; (3) Affidavit regarding notice to customers, neighboring utilities, and other affected parties, filed on October 22, 2015; (4) Publisher's Affidavit, filed October 22, 2015; (5) 2014 Income Tax Return of Water Necessities, Inc., filed confidentially on January 13, 2016; (6) Staff's Final Recommendation, including Staff's recommendation that the sale be approved to move forwards, and all attachments, filed on February 19, 2016; (7) Letter and Documents Regarding Sale and Transfer, filed on March 18, 2016; (8) Staff's Recommendation on Sufficiency, regarding the sufficiency of closing documents, and all attachments, filed on April 29, 2016; (9) Consent Forms and Final Map of Water Necessities, Inc. and Johnson Water Service, filed May 26, 2016; and (10) Staff's Recommendation on Consent and Final Recommendation and all attachments, filed on June 13, 2016.

#### **Informal Disposition**

27. More than 15 days have passed since completion of the notice provided in this docket.
28. No request for hearing was submitted.

### **II. Conclusions of Law**

1. The Commission has jurisdiction over these matters pursuant to Tex. Water Code § 13.041 (TWC).



2. Water Necessities and Johnson are retail public utilities as defined in TWC § 13.002(19) and 16 Tex. Admin. Code § 24.3(58) (TAC).
3. Public notice of the application was provided as required by TWC § 13.301(a)(2).
4. The application was processed in accordance with the requirements of the Tex. Administrative Procedures Act, TWC §§ 13.242, 13.246, 13.254, and 13.301 and 16 TAC §§ 24.101, 24.109, and 24.112.
5. In accordance with 16 TAC § 24.109(e), the administrative law judge's approval to proceed with the sale was an administrative approval of the sale and was issued before the expiration of the 120-day notification period.
6. Water Necessities and Johnson completed the sale within one year from the date of the Commission's approval of the sale, consistent with 16 TAC § 24.112(e).
7. Water Necessities and Johnson have demonstrated that the sale and transfer of service area and facilities for CCN No. 12647 requested in this application are necessary for the service, accommodation, convenience, and safety of the public.
8. The application does not constitute a major rate proceeding as defined by 16 TAC § 22.2(27).
9. 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. Water Necessities, Inc. and T. Johnson Industries' application for sale, transfer, or merger is approved.
2. The service area and facilities in Hardin County associated with CCN No. 12647 are transferred to Water Necessities, Inc.
3. Water Necessities, Inc. shall comply with the recording requirements of TWC § 13.257(r) for the area in Hardin County affected by the transfer and submit to the Commission evidence of the recording no later than 31 days after receipt of this Order.
4. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied.

**SIGNED AT AUSTIN, TEXAS the \_\_\_\_\_ day of \_\_\_\_\_, 2016.**

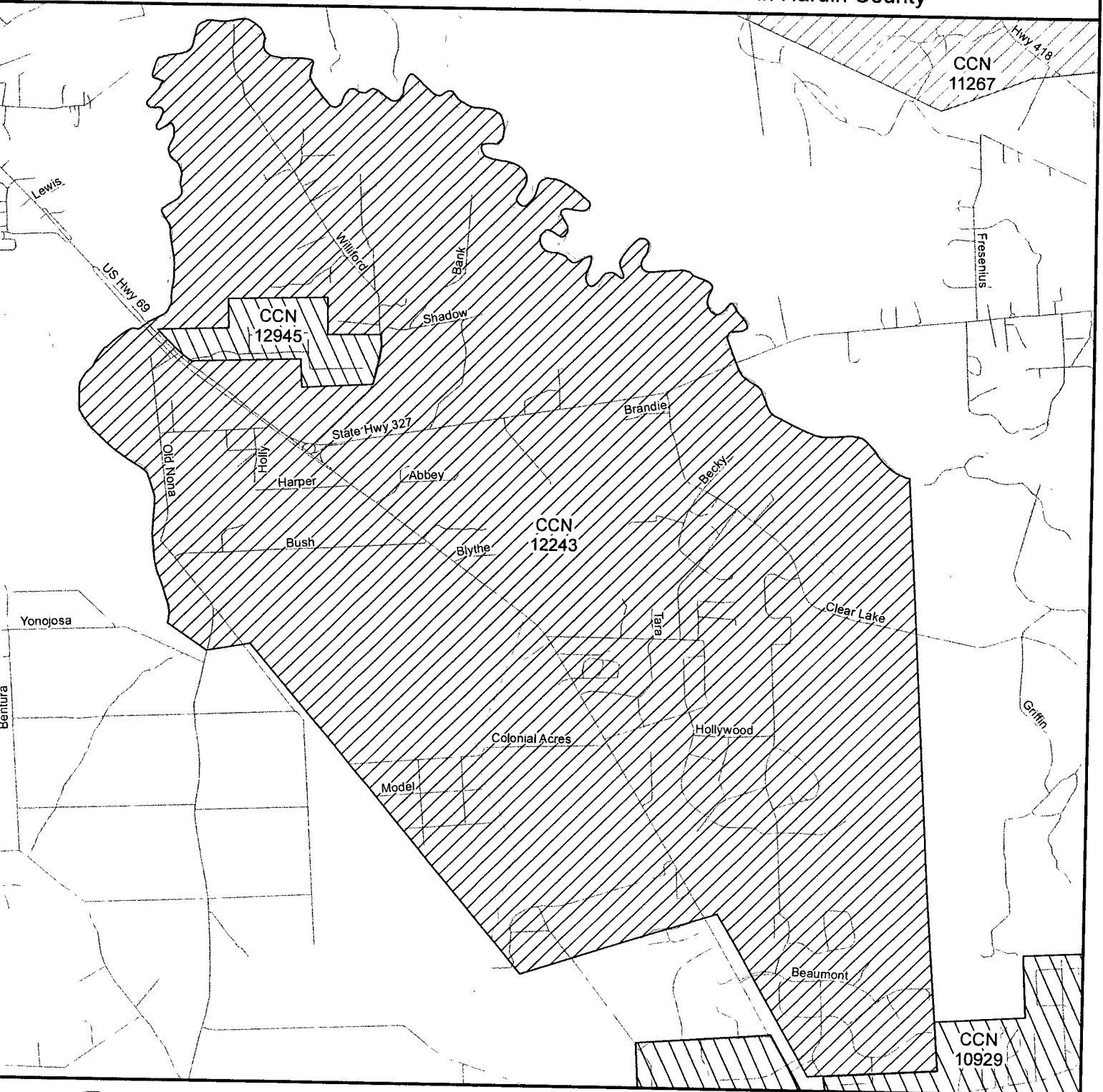
**PUBLIC UTILITY COMMISSION OF TEXAS**

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**JEFFREY J. HUHNS**  
**ADMINISTRATIVE LAW JUDGE**





# **Attachment B**

Water Necessities, Inc.  
 Water Service Area  
 CCN No. 12243  
 PUC Docket No. 45026  
 Transferred all of Johnson Water Service, CCN No. 12647 in Hardin County



Public Utility Commission of Texas  
 701 N. Congress Ave  
 Austin, TX 78701

**Water CCN Service Areas**

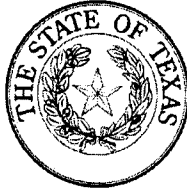
-  12243 - Water Necessities Inc
-  12945 - Ranchland POA Inc
-  10929 - Lumberton MUD
-  11267 - North Hardin WSC

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Map by: Komal Patel  
 Date created: April 21, 2016  
 Project Path n \finalmapping\45026WaterNecessities.mxd

# Attachment C



# **Public Utility Commission of Texas**

## **By These Presents Be It Known To All That Water Necessities, Inc.**

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Water Necessities, Inc., is entitled to this

### **Certificate of Convenience and Necessity No. 12243**

to provide continuous and adequate water utility service to that service area or those service areas in Hardin County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 45026 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Water Necessities, Inc. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or obtain this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this \_\_\_\_\_ day of \_\_\_\_\_ 2016