

Control Number: 48565



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Addendum StartPage: 0

DOCKET NO. 48565

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APPLICATION OF AQUA TEXAS,	§
INC. AND TOWN OF BUFFALO GAP	§
FOR SALE, TRANSFER, OR	§
MERGER OF FACILITIES AND	§
CERTIFICATE RIGHTS IN TAYLOR	§
COUNTY (GAP WATER SYSTEM)	§

OF TEXAS

PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application of Aqua Texas, Inc. (Aqua) and the Town of Buffalo Gap (Town) for the sale, transfer, or merger of facilities and certificate rights in Taylor County. The applicants seek to transfer the Gap Water System, public water system (PWS) number 2210023, and the associated portion of Aqua's water service area to the Town. In addition, the Town seeks to obtain a new water CCN. The Commission approves the transfer of the Gap Water System and the associated portion of Aqua's service area to the Town. The Commission also issues new water CCN number 13273 to the Town.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

- 1. Aqua is a domestic for-profit corporation registered with the Texas Secretary of State under file number 0800304878.
- 2. Aqua is a wholly owned subsidiary of Essential Utilities, Inc., formerly known as Aqua America, Inc., a Pennsylvania corporation.
- 3. Aqua owns and operates various water and wastewater systems throughout the State of Texas under water CCN numbers 13201, 13203, and 13254 and sewer CCN numbers, 21059, 21065, and 21116.

- 4. The Town is a Type-A general law municipality incorporated in 1959 under Chapter 6 of the Texas Local Government Code.
- 5. The Town owns and operates a water system and a wastewater system in Taylor County and does not currently hold a water or sewer CCN.

Application

- 6. On August 2, 2018, Aqua and the Town filed an application for the sale and transfer of Aqua's Gap Water System, PWS number 2210023, and the associated water service area under Aqua's CCN number 13201 in Taylor County to the Town. In addition, the Town requests to obtain a water CCN.
- 7. The total area affected by the transfer comprises approximately 1,782 acres and includes 269 current customers. The area affected by the transfer is located approximately 0 miles east of downtown Town of Buffalo Gap, Texas, and is generally bounded on the north by Buffalo Gap Road and Bell Plains Road; on the east by County Road 650; on the south by County Road 150; and on the west by East Street.
- 8. In Order No. 2 filed on September 5, 2018, the administrative law judge (ALJ) deemed the application administratively complete.

Notice

- 9. Notice of the application was published in the *Texas Register* on August 17, 2018.
- 10. On September 26, 2018, Aqua filed a publishers' affidavit attesting that notice of the application appeared in the *Abilene Court Reporter* on September 11, 2018 and September 18, 2018.
- 11. On September 26, 2018, Aqua filed an affidavit attesting that notice was provided to current customers, neighboring utilities, and affected parties on September 13, 2018.

12. In Order No. 3 filed on October 9, 2018, the ALJ deemed the notice sufficient.

Evidentiary Record

- 13. On January 12, 2021, the parties filed a joint motion to admit evidence.
- 14. In Order No. filed on January , 2021, the ALJ admitted the following into evidence: (1) The application of Aqua and Town for sale, transfer, or merger of facilities and certificate rights in Taylor county, filed on August 2, 2018; (2) The Applicants' response to Order No. 1, filed on August 9, 2018; (3) Aqua's Publisher's Affidavit, filed on September 26, 2018; (4) Aqua Texas' affidavit of notice to customers and entities, filed on September 26, 2018; (5) Staff's Recommendation on Approval of the Transaction, filed November 16, 2018; (6) Town's supplemental information, filed on June 2, 2020; (7) Applicants' Final Closing Documents filed on October 19, 2020; (8) Aqua's confidential filing containing customer deposit information filed on October 20, 2020; (9) Staff's Recommendation on Sufficiency of Closing Documents filed on November 10, 2020; (10) Aqua's consent form filed on December 22, 2020; (11) Town's consent form filed on December 28, 2020; (12) Supplemental information related to the assignment of a Developer Extension Agreement between Aqua and Dale Morrison filed on January 12, 2021; and (13) the attached map and certificates.

Sale

- 15. On November 16, 2018, Commission Staff recommended approval of the transaction.
- 16. In Order No. 4 filed on November 28, 2018, the ALJ approved the transaction to proceed and required the applicants to file proof that the transaction had closed and that customer deposits had been addressed.

- 17. In Order No. 5 filed on May 23, 2019, the ALJ granted the Town's first request for a good cause extension of the 180-day deadline to complete the transaction.
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- 21. On October 20, 2020, the applicants filed a list of the customer deposits that were refunded.
- 22. In Order No. 10 filed on November 12, 2020, the ALJ found the closing documents sufficient.

<u>System Compliance – Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative</u> Code (TAC) §§ 24.227(a), 24.239(h)(3)(A), (h)(5)(A)

- 23. The Gap Water System is a Texas Commission on Environmental Quality (TCEQ) approved PWS that meet the requirements of Texas Health and Safety Code, Chapter 341 and the applicable TCEQ rules.
- 24. The applicants do not currently have any outstanding compliance issues listed in the TCEQ database.
- 25. The Town has worked with TCEQ to resolve compliance issues as they arise and intends to continue that practice following the approval of the proposed transaction.

26. The Town has not been subject to any enforcement action by the Commission, the Texas Department of State Health Services, the Office of the Attorney General, or the Environmental Protection Agency in the past three years for non-compliance with rules, orders, or state statutes.

Adequacy of Existing Service – TWC § 13.246(c)(1); 16 TAC §§ 24.227(e)(1), 24.239(h)(5)(A)

- 27. The Gap Water System requested for transfer is adequate. It is an approved TCEQ PWS that meets the requirements of Texas Health and Safety Code, Chapter 341 and the applicable TCEQ rules.
- 28. Aqua Texas has no existing violations for the Gap Water System, PWS number 2210023, listed in the TCEQ database.

Need for Additional Service - TWC § 13.246(c)(2); 16 TAC §§ 24.227(e)(2), 24.239(h)(5)(B)

- 29. There will be no additional service in the area subject to the transaction.
- 30. The purpose of the transaction is to transfer to currently certificated area and the associated facilities from Aqua to the Town.

Effect of Approving the Transaction – TWC § 13.246(c)(3); 16 TAC §§ 24.227(e)(3), 24.239(h)(5)(C)

- 31. This transaction will serve the public interest by enabling Gap Water System customers to have access to City of Abilene water, which is a reliable and consistent regional water source in the area.
- 32. On September 28, 2020, the Town closed with the United States Department of Agriculture on a project to receive its wholesale water supply directly from the City of Abilene and plans to use that water source to establish even better service in terms of reliability for both current and future customers in the requested area. There will be no

effect on any other retail public utility serving the proximate area as the application transfers existing assets used to serve customers in an area that is currently certificated.

Ability to Serve: Managerial and Technical – TWC §§ 13.241(a), 13.246(c)(4), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (e)(4), 24.239(g), (h)(5)(D)

- 33. The Town is currently serving customers through its water system.
- 34. The Town employs an experienced water system operator, Dana Sowell, who holds a Class C water license (License No. WD0006649).
- 35. The Town has consulted and will continue to consult with its engineers, Jacob & Martin LLC (TBPE Firm #2448), regarding the operation of the Gap Water System.
- 36. The Town has the managerial and technical capability to provide continuous and adequate service to the areas being transferred.

Ability to Serve: Financial Ability and Stability – TWC §§ 13.241(a), 13.246(c)(6), 13.301(b); 16 TAC §§ 24.11(e), 24.227(a), (e)(6), 24.239(g), (h)(5)(F)

- 37. The Town levies ad valorem taxes at the rate of 0.4125% on all real property located within the Town under Chapter 26 of the Texas Tax Code. The Town assesses a general sales and use tax of one and one-half percent under Chapter 321 of the Texas Tax Code.
- 38. The Town has a debt to equity ratio of less than one, satisfying the leverage test.
- 39. The Town has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations, satisfying the operations test.
- 40. The Town received a loan of \$2,885,000 from the United States Department of Agriculture to connect its water system and the Gap Water System to City of Abilene water.

41. The Town has demonstrated adequate financial capability and stability to provide continuous and adequate service to the requested areas.

Feasibility of Obtaining Service from Adjacent Retail Public Utility – TWC §§ 13.246(c)(5); 16 TAC §§ 24.227(e)(5), 24.239(h)(5)(E)

- 42. The requested area has existing facilities and, up until September 30, 2020, was being served by Aqua and, beginning October 1, 2020, is currently being served by the Town.
- 43. Utilities within a two-mile radius were noticed and no protests or requests to opt out were received regarding the proposed transaction.
- 44. The applicants are currently serving customers and have sufficient capacity; therefore, it is not feasible to obtain service from another adjacent retail public utility.

Environmental Integrity – TWC § 13.246(c)(7); 16 TAC §§ 24.227(e)(7), 24.239(h)(5)(G) and Effect on the Land – TWC § 13.246(c)(9); 16 TAC § 24.227(e)(9)

45. There will be no negative impact with respect to environmental integrity and no impact or disruption to the land in the requested area as a result of the proposed transaction.

Gap Water System will no longer need to be fully reliant on groundwater wells within this arid region of Texas, which will improve environmental integrity, particularly in times of drought.

Improvement of Service or Lowering Cost to Consumers – TWC § 13.246(c)(8); 16 TAC §§ 24.227(e)(8), 24.239(h)(5)(H)

46. Immediately following the proposed transfer of the Gap Water System and service area to the Town, the Town will continue to provide water service to existing customers in those areas at the same rates.

47. The quality of service to Gap Water System customers will remain at a high level due to the Town's experienced water system operator. The quality of water provided to Gap Water System customers will improve after completion of the Town's construction project to connect to City of Abilene water.

Regionalization or Consolidation—TWC § 13.241(d): 16 TAC § 24.227(b)

48. Construction of a physically separate water system is not required to serve the requested area; therefore, concerns of regionalization do not apply.

Map and Certificate

- 49. On December 15, 2020, Commission Staff emailed its proposed map and certificates to the applicants.
- 50. On December 22, 2020, Aqua filed its consent to the map and certificates proposed by Commission Staff.
- 51. On December 28, 2020, Town filed its consent to the map and certificates proposed by Commission Staff.
- 52. On January 12, 2021, the proposed map and certificates were filed as attachments to the joint motion to admit evidence and proposed notice of approval.

Informal Disposition

- 53. More than 15 days have passed since the completion of notice provided in this docket.
- 54. No person filed a protest or motion to intervene.
- 55. Aqua, Town, and Commission Staff are the only parties to this proceeding.
- 56. No party requested a hearing and no hearing is needed.
- 57. Commission Staff recommended approval of the application.
- 58. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

- The Commission has jurisdiction over this proceeding under TWC §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, and 13.301.
- 2. Aqua is a retail public utility as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
- 3. Town is a Type A general-law municipality operating under Chapter 6 of the Texas Local Government Code.
- 4. Public notice of the application was provided as required by TWC § 13.301(a) and 16 TAC § 24.239(a) through (c).
- 5. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act, the TWC, and Commission rules.
- 6. The applicants completed the sale within the time required by 16 TAC § 24.239(m).
- 7. After consideration of the factors in TWC § 13.246(c), Town has demonstrated the financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b).
- 8. The applicants have demonstrated that the sale and transfer of the Gap Water System and the associated service area to Town will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d), (e).
- 9. Town must record a copy of the certificate granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Taylor County within 31 days of receiving this Notice of Approval and

¹ Tex. Gov't Code ch. 2001.

submit to the Commission evidence of the recording within 45 days of receiving this

Notice of Approval in accordance with TWC § 13.257(r), (s).

10. The requirements for informal disposition in 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 orders.

1. The Commission approves the application to sell and transfer the Gap Water System

and the corresponding portion of the service area under CCN number 13201 to Town,

to the extent provided in this Notice of Approval.

2. The Commission approves the attached map and grants the attached certificates.

3. The Commission issues water CCN number 13273 to Town.

4. Town must serve every customer and applicant for service within the approved area

under CCN number 13273 who requests water service and meets the terms of Town's

water service policies, and such service must be continuous and adequate.

5. Town must comply with the recording requirements in TWC § 13.257(r) and (s) for the

area of Taylor County affected by this application and must file in this docket proof of

evidence of the recording no later than 31 days after receipt of this Notice of Approval.

6. The Commission denies all other motions and any other requests for general or specific

relief that have not been expressly granted.

Signed at Austin, Texas the day of January 2021.

ADMINISTRATIVE LAW JUDGE

DOCKET NO. 48565

APPLICATION OF AQUA TEXAS,	§	PUBLIC UTILITY COMMISSION
INC. AND TOWN OF BUFFALO GAP	§	
FOR SALE, TRANSFER, OR	§	OF TEXAS
MERGER OF FACILITIES AND	§	
CERTIFICATE RIGHTS IN TAYLOR	§	
COUNTY (GAP WATER SYSTEM)	§	

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

COME NOW, Aqua Texas, Inc. ("Aqua") and the Town of Buffalo Gap ("Town") (collectively, the "Applicants") together with the Staff of the Public Utility Commission of Texas, representing the public interest, (collectively, the "Parties") and file this Joint Motion to Admit Evidence and Proposed Notice of Approval. In support thereof, the Parties show the following:

I. BACKGROUND

On August 2, 2018, the Applicants filed an application for Sale, Transfer or Merger of Facilities and Certificate Rights in Taylor County related to the Gap Water System. Specifically, Aqua seeks approval to sell and transfer its Gap Water System facilities, along with Aqua's certificated area that corresponds to that system, to the Town. The Town does not currently hold a Certificate of Convenience and Necessity, but the Town provides retail public water utility service to an uncertificated area adjacent to Aqua's Gap Water System.

II. JOINT MOTION TO ADMIT EVIDENCE

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

1. The application of Aqua and Town for sale, transfer, or merger of facilities and certificate rights in Taylor county, filed on August 2, 2018 (Interchange Item No. 1);

- 2. The Applicants' response to Order No. 1, filed on August 9, 2018 (Interchange Item No. 4);
- Aqua's Publisher's Affidavit, filed on September 26, 2018 (Interchange Item No. 10);
- Aqua Texas' affidavit of notice to customers and entities, filed on September 26,
 2018 (Interchange Item No. 11);
- 5. Staff's Recommendation on Approval of the Transaction, filed November 16, 2018 (Interchange Item No. 14);
- 6. Town's supplemental information, filed on June 2, 2020 (Interchange Item No. 40);
- 7. Applicants' Final Closing Documents filed on October 19, 2020 (Interchange Item No. 47);
- 8. Aqua's confidential filing containing customer deposit information filed on October 20, 2020 (Interchange Item No. 50);
- 9. Staff's Recommendation on Sufficiency of Closing Documents filed on November 10, 2020 (Interchange Item No. 52);
- 10. Aqua's consent form filed on December 22, 2020 (Interchange Item No. 54);
- 11. Town's consent form filed on December 28, 2020 (Interchange Item No. 55);
- 12. Supplemental information related to the assignment of a Developer Extension Agreement between Aqua and Dale Morrison filed on January 12, 2021; and
- 13. The map and certificates included with the attached Proposed Notice of Approval.

III. PROPOSED NOTICE OF APPROVAL

The Parties move for adoption of the attached Proposed Notice of Approval.

IV. CONCLUSION

The Parties respectfully request that the Commission grant the Joint Motion to Admit Evidence and adopt the attached Proposed Notice of Approval.

Respectfully submitted,

By: /s/ Eileen M. Hayman

Eileen M. Hayman State Bar No. 24076684

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ATTORNEY FOR TOWN OF BUFFALO GAP

Geoffrey P. Kirshbaum State Bar No. 24029665 TERRILL & WALDROP 810 West 10th Street Austin, Texas 78701

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gkirshbaum@terrillwaldrop.com

ATTORNEY FOR AQUA TEXAS, INC.

John Harrison State Bar No. 24097806 1701 N. Congress Avenue P.O. Box 13326 Austin, Texas 78711-3326 Tel: (512) 936-7277 / Fax: (512) 936-7268 John.Harrison@puc.texas.gov

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record on January 12, 2021, in accordance with the Order Suspending Rules, filed in Project No. 50664.

/s/ Eileen M. Hayman
Eileen M. Hayman

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48. Construction of a physically separate water system is not required to serve the requested area; therefore, concerns of regionalization do not apply.

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- 52. On January 12, 2021, the proposed map and certificates were filed as attachments to the joint motion to admit evidence and proposed notice of approval.

Informal Disposition

- 53. More than 15 days have passed since the completion of notice provided in this docket.
- 54. No person filed a protest or motion to intervene.
- 55. Aqua, Town, and Commission Staff are the only parties to this proceeding.
- 56. No party requested a hearing and no hearing is needed.
- 57. Commission Staff recommended approval of the application.
- 58. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

- 1. The Commission has jurisdiction over this proceeding under TWC §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, and 13.301.
- 2. Aqua is a retail public utility as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
- 3. Town is a Type A general-law municipality operating under Chapter 6 of the Texas Local Government Code.
- 4. Public notice of the application was provided as required by TWC § 13.301(a) and 16 TAC § 24.239(a) through (c).
- 5. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act, the TWC, and Commission rules.
- 6. The applicants completed the sale within the time required by 16 TAC § 24.239(m).
- 7. After consideration of the factors in TWC § 13.246(c), Town has demonstrated the financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b).
- 8. The applicants have demonstrated that the sale and transfer of the Gap Water System and the associated service area to Town will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d), (e).
- 9. Town must record a copy of the certificate granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Taylor County within 31 days of receiving this Notice of Approval and

¹ Tex. Gov't Code ch. 2001.

submit to the Commission evidence of the recording within 45 days of receiving this

Notice of Approval in accordance with TWC § 13.257(r), (s).

10. The requirements for informal disposition in 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 orders.

1. The Commission approves the application to sell and transfer the Gap Water System

and the corresponding portion of the service area under CCN number 13201 to Town,

to the extent provided in this Notice of Approval.

2. The Commission approves the attached map and grants the attached certificates.

3. The Commission issues water CCN number 13273 to Town.

4. Town must serve every customer and applicant for service within the approved area

under CCN number 13273 who requests water service and meets the terms of Town's

water service policies, and such service must be continuous and adequate.

5. Town must comply with the recording requirements in TWC § 13.257(r) and (s) for the

area of Taylor County affected by this application and must file in this docket proof of

evidence of the recording no later than 31 days after receipt of this Notice of Approval.

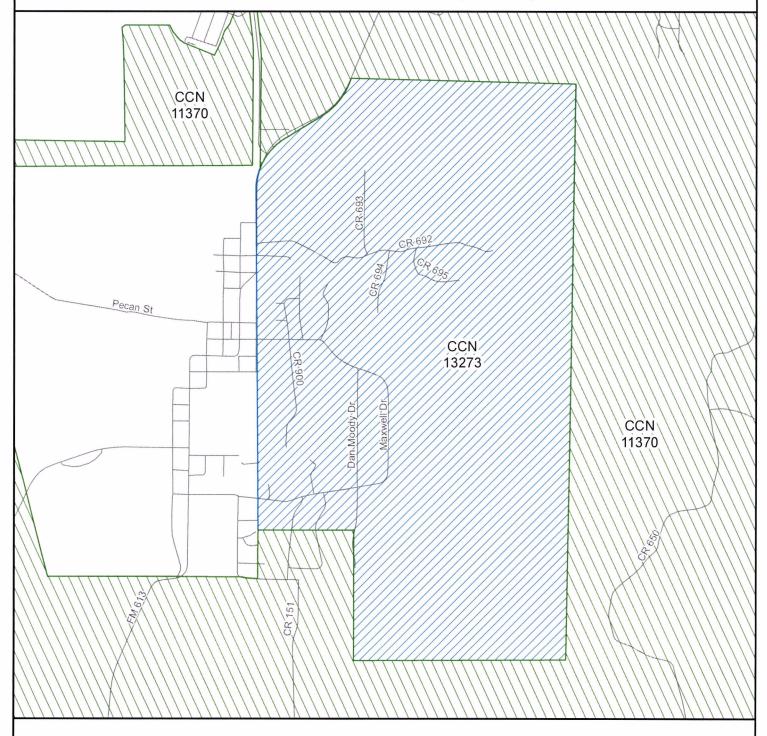
6. The Commission denies all other motions and any other requests for general or specific

relief that have not been expressly granted.

Signed at Austin, Texas the _____ day of January 2021.

ADMINISTRATIVE LAW JUDGE

Town of Buffalo Gap Water CCN No. 13273 PUC Docket No. 48565 Transferred a Portion of Aqua Texas, Inc., CCN No. 13201 and Obtained a New Water CCN in Taylor County



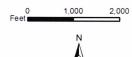


Public Utility Commission of Texas 1701 N. Congress Ave Austin, TX 78701

Water CCN

13273 - Town of Buffalo Gap

√ 11370 - Steamboat Mountain WSC



Map by: Komal Patel Date created: December 2, 2020 Project Path: n:\finalmapping\ 48565TownofBuffaloGap.mxd



Public Utility Commission of Texas

By These Presents Be It Known To All That Aqua Texas, 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, Aqua Texas, Inc. is entitled to this

Certificate of Convenience and Necessity No. 13201

to provide continuous and adequate water utility service to that service area or those service areas in Anderson, Bosque, Camp, Cherokee, Cooke, Denton, Erath, Grayson, Gregg, Henderson, Hood, Hunt, Johnson, Marion, McLennan, Parker, Smith, Somervell, Tarrant, Wise, and Wood Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48565 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Aqua Texas, 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 amend 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.	the	day of	2020
issued at Austin, Texas.	. me	uay or	2020



Public Utility Commission of Texas

By These Presents Be It Known To All That Town of Buffalo Gap

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, Town of Buffalo Gap is entitled to this

Certificate of Convenience and Necessity No. 13273

to provide continuous and adequate water utility service to that service area or those service areas in Taylor County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48565 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Town of Buffalo Gap 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 amend 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, t	theday of _	2020
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