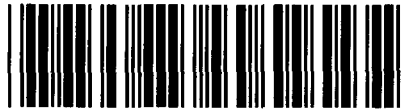




Control Number: 48680



Item Number: 44

Addendum StartPage: 0

APPLICATION OF BLUEBONNET
HILLS WATER SUPPLY
CORPORATION AND THE CITY OF
CRESSON FOR SALE, TRANSFER,
OR MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN PARKER
COUNTY

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PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

**AGREED MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER APPROVING
SALE AND ALLOWING TRANSACTION TO PROCEED**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Motion to Admit Evidence and Proposed Order Approving Sale and Allowing Transaction to Proceed, with the agreement of Bluebonnet Hills Water Supply Corporation (Bluebonnet) and the City of Cresson (the City), (collectively, Parties). In support thereof, Staff shows the following:

I. BACKGROUND

On September 12, 2018, Bluebonnet and the City filed an application for sale, transfer, or merger of facilities and certificate rights in Parker and Johnson counties, Texas. Specifically, the City seeks approval to acquire facilities and to transfer water service area from Bluebonnet under water Certificate of Convenience and Necessity (CCN) No. 12290. The requested area includes approximately 436 acres and 164 connections. The Applicants filed supplemental information on September 27, 2018 and December 7, 2018.

On July 22, 2019, the instant docket was referred to the State Office of Administrative Hearings (SOAH). On September 5, 2019, the SOAH administrative law judge (ALJ) issued SOAH Order No. 2, finding the Applicants' notice sufficient, cancelling the previously scheduled prehearing conference, and ordering Staff to file a status report by October 4, 2019.

On October 4, 2019, Staff filed a status report requesting an additional 30 days to complete its review of the application. On October 7, 2019, the SOAH ALJ issued Order No. 3, requiring Staff to file a status report by November 4, 2019. On November 1, 2019, Staff filed a Motion to Remand to allow for continued processing of the Applicants' application. On November 5, 2019,

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the SOAH ALJ issued Order No. 4, dismissing the docket from SOAH and remanding it to the Commission.

On December 3, 2019, the Commission ALJ issued Order No. 6, adopting Staff's proposed procedural schedule and directing Staff to request a hearing or file a recommendation on approval of the sale by December 20, 2019. On December 20, 2019, Staff filed Staff's Recommendation on the Transaction and recommended an order be issued permitting the proposed transaction to proceed.

II. MOTION TO ADMIT EVIDENCE

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

1. The Application, filed on September 12, 2018;
2. The Applicants' supplement to the Application, filed on September 27, 2018;
3. The Applicants' supplement to the Application, filed on December 7, 2018;
4. The Applicants' supplement to the Application, filed on December 2, 2019;
5. Commission Staff's supplemental recommendation on administrative completeness, filed on February 14, 2019;
6. The Applicants' proof of notice and supporting documentation, filed on May 21, 2019 and July 10, 2019;
7. Commission Staff's recommendation on notice, filed on July 22, 2019; and
8. Commission Staff's recommendation requesting the entry of an order permitting the proposed transaction to proceed, and attachments thereto, filed on December 20, 2019.

III. PROPOSED ORDER APPROVING SALE AND ALLOWING PROPOSED TRANSACTION TO PROCEED

The attached Agreed Proposed Order Approving Sale and Allowing Proposed Transaction to Proceed would authorize the transfer to the City of all Bluebonnet's water facilities and water service area held under CCN number 12290, the cancellation of CCN No. 12290, and the issuance of CCN No. 13284 to the City. The Parties request that the Commission approve the proposed Order.

IV. CONCLUSION

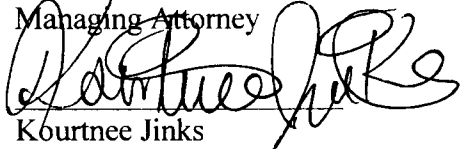
The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the Order proposed by the Parties be adopted.

Dated: January 24, 2020

Respectfully submitted,
**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Thomas S. Hunter
Division Director

Rachelle Nicolette Robles
Managing Attorney

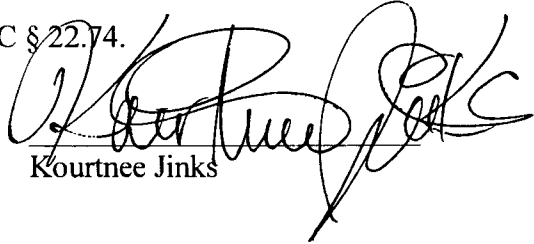


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DOCKET NO. 48680

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on January 24, 2020 in accordance with 16 TAC § 22.74.



Kourtnee Jinks

DOCKET NO. 48680

APPLICATION OF BLUEBONNET	§	PUBLIC UTILITY COMMISSION
HILLS WATER SUPPLY	§	
CORPORATION AND THE CITY OF	§	
CRESSON FOR SALE, TRANSFER,	§	
OR MERGER OF FACILITIES AND	§	OF TEXAS
CERTIFICATE RIGHTS IN PARKER	§	
COUNTY	§	

AGREED PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

This Order addresses the September 12, 2018, application of Bluebonnet Hills Water Supply Corporation (Bluebonnet) and the City of Cresson (Cresson) (collectively, Applicants) for the sale, transfer, or merger of facilities and certificate of convenience and necessity rights in Parker and Johnson Counties, Texas. Specifically, Cresson seeks approval to acquire facilities and to transfer water service area from Bluebonnet under water Certificate of Convenience and Necessity (CCN) No. 12290, the cancellation of CCN No. 12290, and the issuance of CCN No. 13284 to Cresson. The requested area includes approximately 436 acres and 164 connections. On December 20, 2019, Commission Staff recommended that the transaction in this docket be allowed to proceed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Transferor, Bluebonnet, is a non-profit corporation registered with the state of Texas.
2. Bluebonnet controls facilities that are registered with the TCEQ under public water system (PWS) ID No. 1840086 and which provide water service under CCN No. 12290 in Parker and Johnson counties, Texas.
3. Transferee, Cresson, is a municipality in the state of Texas.

Application

4. On September 12, 2018, Bluebonnet and Cresson, filed an application for the approval of a transfer of the water service area from Bluebonnet under CCN No. 12290 to Cresson.
5. Applicants filed supplemental information on September 27, 2018 and December 7, 2018.

6. Cresson amended the application on December 2, 2019 to request the cancellation of CCN No. 12290 and petition the Commission for a new CCN number.
7. The requested service area subject to this transaction includes the Bluebonnet Hills subdivision.
8. The requested area is located approximately two miles north of downtown Cresson, Texas, and is generally bounded on the north by a line one mile north of Parker/Johnson county line; on the east by a line 3/4 mile east of US 377; on the south by a line 400' south of South Skyline Court; and on the west by US 377.
9. The total area affected by the transfer is comprised of approximately 436 acres and 164 existing customers.
10. In SOAH Order No. 2 issued on September 5, 2019, the administrative law judge (ALJ) deemed the application administratively complete.

Notice

11. On March 15, 2019 Bluebonnet filed an affidavit, attesting that notice was provided to all current customers of Bluebonnet Hills Water Supply Corporation, neighboring utilities, and affected parties on March 5, 2019.
12. On July 22, 2019 the instant docket was referred to the State Office of Administrative Hearings (SOAH) to address the issue of notice.
13. On September 5, 2019 the SOAH ALJ issued SOAH Order No. 2 finding Applicants' notice sufficient, cancelling the previously scheduled prehearing conference, and ordering Staff to file a status report by October 4, 2019.
14. On October 4, 2019 Staff filed a status report requesting an additional 30 days to complete its review of the application and on October 7, 2019 SOAH ALJ issued Order No. 3 requiring staff to file a status report by November 4, 2019.
On November 1, 2019 Staff filed a Motion to Remand to allow for continued processing of the Applicants' application and on November 5, 2019 the SOAH ALJ issued Order No. 4 dismissing the docket and remanding it to the Commission.

Evidentiary Record

15. On January 24, 2020, the parties filed an agreed motion to admit evidence.

16. In Order No. 8 issued on _____, the ALJ admitted the following evidence into the record:
 - a. The Application, filed on September 12, 2018;
 - b. The Applicants' supplement to the Application, filed on September 27, 2018;
 - c. The Applicants' supplement to the Application, filed on December 7, 2018;
 - d. The Applicants' supplement to the Application, filed on December 2, 2019;
 - e. Commission Staff's supplemental recommendation on administrative completeness, filed on February 14, 2019;
 - f. The Applicants' proof of notice and supporting documentation, filed on May 21, 2019 and July 10, 2019;
 - g. Commission Staff's recommendation on notice, filed on July 22, 2019; and
 - h. Commission Staff's recommendation requesting the entry of an order permitting the proposed transaction to proceed, and attachments thereto, filed on December 20, 2019.

Texas Water Code (TWC) 13.301(e)(3)(A) System Compliance

17. Cresson stated it is working with the Texas Commission on Environmental Quality (TCEQ) to resolve any open violations.

TWC § 13.246(c)(1) Adequacy of Existing Service

18. Bluebonnet's public water system has a violation listed in the TCEQ database for insufficient production capacity.
19. Cresson has filed documentation demonstrating that the needed improvements to the public water system will be implemented and that the construction of a new well has been approved by the TCEQ.
20. Additionally, the City has received a grant from the Texas Department of Agriculture which will fund the necessary improvements.

TWC § 13.246(c)(2) Needed for Additional Services in the Requested Area

21. There are currently 164 existing customers in the requested area who are receiving water from Bluebonnet's public water system.
22. This is an application to transfer only existing facilities, customers, and service area.

TWC § 13.246(c)(3) Effect of Approving the Transaction and Granting the Amendment

23. Bluebonnet and Cresson are the only entities affected by this transfer.
24. Any landowners in the area that do not currently receive service from Bluebonnet will need to request service from Cresson if they require service after the transaction has been completed.

TWC § 13.241(b), 13.246(c)(4) Adequacy of Existing Service

25. Cresson has a public water system registered with the TCEQ under PWS ID No. 1260053 and does not have any violations listed in the TCEQ database.

TWC § 13.241(d) Regionalization or Consolidation of Another Public Utility

26. The requested water service area will be consolidated with the City's existing water CCN service area and will not require construction of a physically separate water system.

TWC § 13.246(c)(5) Feasibility of Obtaining Service from Adjacent Retail Public Utility

27. The area is currently being served by Bluebonnet and there will be no changes to land uses or existing CCN boundaries; therefore, it is not feasible to obtain service from another utility.

TWC §§ 13.241(a), 13.301(b), (e)(2) Ability to Serve; Managerial and Technical

28. The Applicants are currently serving customers and have sufficient capacity.
29. Cresson has filed documentation demonstrating that the needed improvements to the public water system will be implemented and that the construction of a new well has been approved by the TCEQ.

TWC § 13.246(c)(6) Ability to Serve; Financial Ability and Stability

30. The City meets two out of the five leverage tests; First, Cresson has a debt to equity ratio of 0.16 calculated by dividing long-term debt (\$326,369) by the net position (\$2,012,211); Second, Cresson has cash reserves (\$455,561) that are greater than two years of debt service (\$96,550).

31. Cresson also meets the operations test. Cresson is in a good financial position to pay for facilities or obtain funding if any improvements are required; Additionally, Cresson's financial statements for the year ending in 2018 show cash and equivalents of \$455,561.
32. There is no need to require Cresson to provide a bond or other financial assurance to ensure continuous and adequate service.

TWC § 13.246(c)(7) and (9) Environmental Integrity

33. The environmental integrity of the land will be minimally affected by the construction aimed at improving the public water system.

TWC § 13.246(c)(8) Improvement of Service or Lowering Cost to Consumers

34. The City will continue to provide water service to the existing customers in the requested area and will make improvements to better serve the customers.
35. It is expected that the customers of Bluebonnet will receive lower monthly charges as a result of the transfer to the City.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. After consideration of the factors in 13.246(c), Cresson has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area. TWC § 13.301(b).
2. Bluebonnet and Cresson have demonstrated that transferring the water facilities and water service area held under CCN number 12290 from Bluebonnet to Cresson, the cancellation of CCN No. 12290, and the issuance of CCN No. 13284 to Cresson, will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public. TWC § 13.301(d),(e).

III. Ordering Paragraphs

In accordance with the preceding findings of fact and conclusions of law, the Commission issues the following orders.

1. The transfer is approved and the transaction between applicants may proceed and be consummated.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been consummated and customer deposits have been addressed.
3. The applicants have 180 days to complete the transaction.
4. Under 16 TAC § 24.239(o), if the transaction is not consummated within this period, or an extension is not granted, this approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that CCN No. 12290 will not be canceled until the transfer transaction is complete in accordance with the Commission's rules, at which time CCN No. 13284 will take effect.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
7. Within 15 days following the filing of the applicants' proof that the transaction has been consummated and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the _____ day of January, 2020

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE