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DOCKET NO. 48791

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APPLICATION OF PENDLETON § PUBLIC UTILITY COMMISSION
HARBOR WATER SUPPLY §
CORPORATION AND G-M WATER § OF TEXAS
SUPPLY CORPORATION FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN SABINE COUNTY §

NOTICE OF APPROVAL

This Notice of Approval addresses the October 17, 2018 application of Pendleton Harbor Water Supply Corporation and G-M Water Supply Corporation for the sale, transfer, or merger of facilities and certificate rights in Sabine County. The Commission approves the transfer of all of Pendleton Harbor WSC's facilities and service area under water certificate of convenience and necessity (CCN) number 10737 to G-M WSC's CCN number 11393, the cancellation of Pendleton Harbor WSC's CCN number 10737, and the amendment of G-M WSC's water CCN number 11393 to include the transferred service area. Further, the Commission approves the addition of approximately 306 acres of uncertificated service area to G-M WSC's water CCN number 11393.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Pendleton Harbor WSC is a domestic non-profit corporation registered with the Texas secretary of state on June 26, 2012, under filing number 801617755.
2. Pendleton Harbor WSC is a retail public utility that operates, maintains, and controls facilities for providing water service in Sabine County under CCN number 10737.
3. Pendleton Harbor WSC owns a public water system (PWS) registered with the Texas Commission on Environmental Quality (TCEQ) under PWS number 2020020.
4. G-M WSC is a domestic non-profit corporation registered with the Texas secretary of state on August 2, 1968, under filing number 25002701.

5. G-M WSC is a retail public utility that operates, maintains, and controls facilities for providing water service in Sabine County under CCN number 11393.

Application

6. On October 17, 2018, the applicants filed an application, and supplemented that application on March 6 and April 9, 2019, for approval of: (a) the sale of Pendleton Harbor WSC's PWS number 2020020 and transfer of the service area, consisting of approximately 718 acres and 234 current customers held under water CCN number 10737, to G-M WSC; (b) the cancellation of Pendleton WSC's water CCN number 10737; (c) the amendment of G-M WSC's CCN number 11393 to include the requested area; and (d) the amendment of G-M WSC's CCN number 11393 to add an additional approximately 306 acres of currently uncertificated land in order to connect the requested area to be transferred to G-M WSC's currently certificated area.
7. The requested area to be transferred and the approximately 306-acre area to be added are located approximately nine miles northeast of downtown Hemphill, Texas, and are generally bounded on the north and east by Toledo Bend Reservoir, on the south by State Highway 21 and Toledo Bend Reservoir, and on the west by the intersection of Cedar Grove Road and Elma Lane.
8. In Order No. 5 filed on April 16, 2019, the administrative law judge (ALJ) found the application administratively complete.

Notice

9. Notice of the application appeared in the *Texas Register* on November 2, 2018.
10. On May 10, 2019, the applicants filed the affidavit of April Prince, attorney for G-M WSC, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on April 24 and 25, 2019.
11. On May 14, 2019, the applicants filed a publisher's affidavit of Danielle Ebarb Price, attesting that notice appeared in the *Sabine County Reporter* on May 1 and 8, 2019.
12. On June 17, 2019, the applicants filed another affidavit of April Prince, attesting that revised notice was provided to all current customers on June 6, 2019, and neighboring utilities and affected parties on June 10, 2019.

13. In Order No. 7 filed on July 1, 2019, the ALJ deemed the notice sufficient.

Evidentiary Record

14. On September 11, 2019, the parties filed a joint motion to admit evidence.
15. In Order No. 12 filed on September 19, 2019, the ALJ admitted the following evidence into the record: (a) the applicants' application filed on October 17, 2018, as supplemented on March 6 and April 9, 2019; (b) the applicants' revised proof of notice and supporting documentation filed on June 17, 2019; (c) Commission Staff's recommendation on sale to proceed filed on June 27, 2019; and (d) Commission Staff's amended final recommendation for the transaction to proceed filed on September 11, 2019, including the memorandum dated August 9, 2019, from Kathryn Eiland, recommending approval of the proposed transaction.
16. On November 15, 2019, the parties filed a supplemental joint motion to admit evidence.
17. In Order No. 16 filed on November 22, 2019, the ALJ admitted the following evidence into the record: (a) G-M WSC's responses to Commission Staff's second request for information filed on November 1, 2019; and (b) Commission Staff's supplemental Texas Water Code (TWC) § 13.246(c) analysis, attached to the parties' supplemental joint motion to admit evidence.
18. On June 8, 2020, the parties filed a second supplemental joint motion to admit evidence.
19. In Order No. 19 filed June 23, 2020, the ALJ admitted the following evidence into the record: (a) the applicants' closing documentation filed on April 9, 2020; (b) Commission Staff's closing documents sufficiency recommendation filed on April 23, 2020; (c) Pendleton Harbor WSC's consent form for final map filed on May 13, 2020; (d) G-M WSC's consent form for final map and revised water certificate filed on May 18, 2020; and (e) the final map and G-M WSC's revised water certificate as attached to the parties' second supplemental motion to admit evidence filed on June 8, 2020.

Sale

20. In Order No. 17 filed on January 29, 2020, the ALJ approved the sale and transfer to proceed and required the applicants to file proof that the transaction had closed and that customer deposits had been addressed.

21. On April 9, 2020, the applicants filed notice that the sale had closed effective as of April 1, 2020, and that Pendleton Harbor WSC held no customer deposits to transfer as part of the transaction.

22. In Order No. 18 filed on May 5, 2020, the ALJ found the closing documents sufficient.

System Compliance—Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative Code (TAC) § 24.239(j)(3)(A), (j)(5)(A)

23. G-M WSC and Pendleton Harbor WSC have not been the subject of any unresolved enforcement action by the Commission, the TCEQ, the Texas Department of Health, the Office of the Attorney General of Texas, or the United States Environmental Protection Agency.

24. G-M WSC and Pendleton Harbor WSC do not have any violations listed in the TCEQ database.

Adequacy of Existing Service—TWC § 13.246(c)(1); 16 TAC §§ 24.227(e)(1), 24.239(j)(5)(B)

25. G-M WSC is capable of providing continuous and adequate service through its existing PWS to the requested area.

26. The public will be better served through G-M WSC's ownership of the PWS, the transfer of the requested area, and the addition of the approximately 306-acre area due to improvements in customer service and operations and maintenance.

Need for Additional Service—TWC § 13.246(c)(2); 16 TAC §§ 24.227(e)(2), 24.239(j)(5)(C)

27. The approximately 306-acre area to be added to G-M WSC's service area will eliminate the gap between G-M WSC's current service area and the requested area to be transferred from Pendleton Harbor WSC.

28. Neither Pendleton Harbor WSC nor G-M WSC have received any new requests for service.

29. Pendleton Harbor WSC's existing customers in the requested area have an ongoing need for service.

Effect of Approving the Transaction and Granting the Amendment—TWC § 13.246(c)(3); 16 TAC §§ 24.227(e)(3), 24.239(j)(5)(D)

30. Pendleton Harbor WSC and G-M WSC are the only utilities affected by this sale, transfer, and amendment.

31. Landowners in the area will benefit from the transaction because they will receive an improved level of service.

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), (j)(5)(E)

32. The PWS to be transferred has been registered with the TCEQ, is capable of providing drinking water that meets the requirements of the Texas Health and Safety Code, Chapter 341 and TCEQ rules, and has access to an adequate supply of water through G-M WSC.
33. G-M WSC has a sufficient number of licensed operators and the managerial and technical capability to provide adequate and continuous service to the requested area and the approximately 306-acre area to be added.
34. G-M WSC currently sells Pendleton Harbor WSC 100% of its water to serve the requested area.
35. G-M WSC has sufficient capacity to adequately and continuously serve customers of the requested area and any customers in the approximately 306-acre area to be added.

Feasibility of Obtaining Service from Adjacent Retail Public Utility—TWC § 13.246(c)(5); 16 TAC §§ 24.227(e)(5), 24.239(j)(5)(F)

36. The requested area has existing facilities and is currently being served by Pendleton Harbor WSC.
37. G-M WSC will be able to provide service to the approximately 306 acres to be added through existing facilities.
38. It is not feasible for an adjacent utility to provide service to the requested area or the approximately 306-acre area to be added.

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), (j)(5)(G)

39. G-M WSC's long term-debt, divided by equity, produces a debt-to-equity ratio of less than one, thus meeting the leverage test.
40. G-M WSC has sufficient cash available to cover any projected operations and maintenance shortages for the first five years of operations, thus meeting the operations test.

41. G-M WSC has demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

Financial Assurance—TWC §§ 13.246(d), 13.301(c); 16 TAC §§ 24.227(f), 24.239(h)

42. There is no need to require G-M WSC to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

Environmental Integrity—TWC § 13.246(c)(7); 16 TAC §§ 24.227(e)(7), 24.239(j)(5)(H)

43. The proposed transaction will not adversely impact the environmental integrity of the land because the area to be transferred is currently receiving service.
44. The addition of the approximately 306-acre area will not adversely impact the environmental integrity of the land because no additional construction is needed.

Effect on the Land—TWC §§ 13.246(c)(9); 16 TAC §§ 24.227(e)(9)

45. The requested area will continue to be served by existing systems and facilities, and no additional construction is needed; therefore, the effect on the land should be minimal.
46. The addition of the approximately 306-acre area will have a positive effect of the land because the area will be provided with continuous and adequate water service from G-M WSC.

Improvement in Service or Lowering Cost to Consumers—TWC § 13.246(c)(8); 16 TAC §§ 24.227(e)(8,) 24.239(j)(5)(I)

47. The proposed transaction will improve service to existing customers because the water system will be integrated into the system of G-M WSC, and G-M WSC plans improvements to infrastructure over time that will improve water pressure to the requested area.
48. G-M WSC anticipates that the rates for affected customers will decrease to match the rates charged to G-M WSC's current customers.
49. Any new customers from the approximately 306-acre area to be added will receive the same level of water service received by the current customers of G-M WSC.

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

50. Because G-M WSC does not anticipate building any new facilities to serve the requested area, concerns of regionalization or consolidation are not applicable.

Map and Certificate

51. On May 8, 2020, Commission Staff emailed to Pendleton Harbor WSC a proposed final map related to this docket.
52. On May 8, 2020, Commission Staff emailed to G-M WSC a proposed final map and a revised water certificate related to this docket.
53. On May 13, 2020, Pendleton Harbor WSC filed a consent form concurring with the proposed final map.
54. On May 18, 2020, G-M WSC filed a consent form concurring with the proposed final map and its revised water certificate.
55. On June 8, 2020, the final map and revised water certificate were filed as an attachment to the parties' second supplemental joint motion to admit evidence and joint proposed Notice of Approval.

Informal Disposition

56. More than 15 days have passed since the completion of notice provided in this docket.
57. No person filed a protest or motion to intervene.
58. Pendleton Harbor WSC, G-M WSC, and Commission Staff are the only parties to this proceeding.
59. No party requested a hearing and no hearing is needed.
60. Commission Staff recommended approval of the application.
61. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC §§ 13.041, 13.241, 13.244, 13.246, 13.251, and 13.301.
2. Pendleton Harbor WSC and G-M WSC are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).

3. Public notice of the application was provided as required by TWC § 13.301(a)(2) and 16 TAC § 24.239(a) through (c).
4. The Commission processed the application as required by the TWC, the Administrative Procedure Act,¹ and Commission Rules
5. Pendleton Harbor WSC and G-M WSC completed the sale within the time required by 16 TAC § 24.239(o).
6. The applicants complied with the requirements of 16 TAC § 24.239(m) with respect to customer deposits.
7. After consideration of the factors in TWC § 13.246(c), G-M WSC has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area. TWC § 13.301(b).
8. Pendleton Harbor WSC and G-M WSC have demonstrated that the sale of Pendleton Harbor WSC's PWS, transfer of the water service area held under CCN number 10737, cancellation of Pendleton Harbor WSC's CCN number 10737, and the amendment of G-M WSC's CCN number 11393 to include the transferred service area and the addition of 306 acres of uncertificated service area will serve the public interest and is necessary for the service, accommodation, convenience, or safety of the public. TWC § 13.301(d).
9. G-M WSC must record a certified 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 Sabine County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording. TWC § 13.257(r), (s).
10. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

¹ Tex. Gov't Code ch. 2001.

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, as supplemented.
2. The Commission approves G-M WSC's purchase of Pendleton Harbor WSC's PWS, the transfer of Pendleton Harbor WSC's water service area under CCN number 10737 to G-M WSC, the cancellation of Pendleton WSC's water CCN number 10737, and the amendment of G-M WSC's water CCN number 11393 to include the transferred service area and the addition of approximately 306 acres of uncertificated service area, to the extent provided in this Notice of Approval.
3. The Commission grants the attached certificate and approves the attached map.
4. G-M WSC must serve every customer and applicant for service within the approved area under water CCN number 11393 that requests water service and meets the terms of G-M WSC's water service, and such service must be continuous and adequate.
5. G-M WSC must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Sabine County affected by the application and submit to the Commission evidence of the recording no later than 45 days after receipt of this Notice of Approval.
6. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved by this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff books.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 25th day of June 2020.

PUBLIC UTILITY COMMISSION OF TEXAS



HUNTER BURKHALTER
CHIEF ADMINISTRATIVE LAW JUDGE

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Public Utility Commission Of Texas

By These Presents Be It Known To All That

G-M Water Supply Corporation

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, G-M Water Supply Corporation is entitled to this

Certificate of Convenience and Necessity No. 11393

to provide continuous and adequate water utility service to that service area or those service areas in Sabine County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48791 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 G-M Water Supply Corporation 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, this 25th day of June 2020.

G-M Water Supply Corporation
Portion of Water CCN No. 11393
PUC Docket No. 48791

Transferred all of Pendleton Harbor Water Supply Corporation, CCN No. 10737 in Sabine County



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

Water CCN

 11393 - G-M Water Supply Corporation

0 800 1,600
Feet



Map by: Komal Patel
Date created: May 6, 2020
Project Path: n:\finalmapping\
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