

Control Number: 49074



Item Number: 21

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DOCKET NO. 49074

**APPLICATION OF GONZALES COUNTY §
WATER SUPPLY CORPORATION AND §
RIVERWOOD WATER SUPPLY §
CORPORATION FOR SALE, TRANSFER, §
OR MERGER OF FACILITIES AND §
CERTIFICATE RIGHTS IN GONZALES §
COUNTY §**

PUBLIC UTILITY COMMISSION

OF TEXAS

2019/08/23 2:14:24

FILED

**JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER APPROVING
SALE/TRANSFER TO PROCEED**

COMES NOW Gonzales County Water Supply Corporation and Riverwood Water Supply Corporation, (collectively, the “Applicants”), together with the staff of the Public Utility Commission of Texas (“Staff”) (collectively, the “Parties”), and file this Joint Motion to Admit Evidence and Proposed Order Approving Sale/Transfer to Proceed. In support thereof, the Parties show the following:

I. BACKGROUND

On January 4, 2019, Gonzales County Water Supply Corporation (Purchaser) and Riverwood Water Supply Corporation (Seller) (collectively, Applicants) filed with the Public Utility Commission of Texas (Commission) an application for Sale, Transfer, or Merger of facilities and certificate rights in Gonzales County, Texas pursuant to Texas Water Code Ann. (TWC) §§ 13.241, 13.246, and 13.301 and 16 Texas Administrative Code (TAC) §§ 24.227 and 24.239. Specifically, Purchaser, Certificate of Convenience and Necessity (CCN) No. 10704, seeks approval to acquire facilities and transfer all of Seller’s water service area held under CCN No. 10711 and to cancel Seller’s sewer CCN 20311.

Order No. 7, issued August 15, 2019, established a deadline of September 3, 2019 for the Parties to file a joint motion to admit evidence and a proposed order approving the sale and allowing the transaction to proceed. Therefore, this pleading is timely filed.

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II. MOTION TO ADMIT EVIDENCE

The Parties request the entry of the following items into the record of this proceeding: (a) Application of Gonzales County Water Supply Corporation and Riverwood Water Supply Corporation for Sale, Transfer, or Merger of Certificate Rights in Gonzales County (filed on January 4, 2019, AIS Item No. 1); (b) Affidavits of Notice (filed on May 8, 2019, AIS Item No. 10); (c) Affidavit of Notification #2 Notice (filed on June 7, 2019, AIS Item No. 14) ((d) Affidavit of Publication – Consecutive Weeks (filed on June 28, 2019, AIS Item No. 16); and (e) Commission Staff's Final Recommendation (filed on August 13, 2019, AIS Item No. 19).

III. JOINT PROPOSED ORDER APPROVING SALE/TRANSFER TO PROCEED

The attached Joint Proposed Order Approving Sale/Transfer to Proceed would authorize the sale and transfer to Purchaser of all of Seller's water facilities and service area under water CCN No. 10711.

IV. CONCLUSION

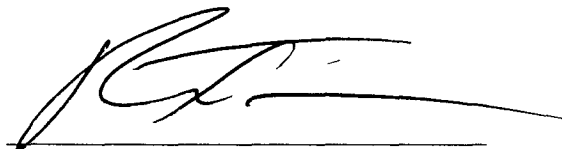
The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the Commission authorize the proposed transaction to proceed.

Dated: August 29, 2019

Respectfully Submitted,
PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney

A handwritten signature in black ink, appearing to read 'R. Tawater', written over a horizontal line.

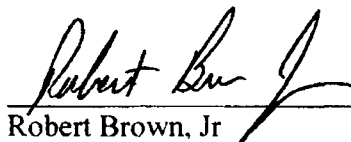
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**DOCKET NO. 49074
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on August 27th, 2019, in accordance with 16 Texas Administrative Code § 22.74.



Rustin Tawater

DOCKET NO. 49074

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| APPLICATION OF GONZALES COUNTY | § | |
| WATER SUPPLY CORPORATION AND | § | PUBLIC UTILITY COMMISSION |
| RIVERWOOD WATER SUPPLY | § | |
| CORPORATION FOR SALE, TRANSFER, | § | |
| OR MERGER OF FACILITIES AND | § | OF TEXAS |
| CERTIFICATE RIGHTS IN GONZALES | § | |
| COUNTY | § | |

JOINT PROPOSED ORDER APPROVING SALE/TRANSFER TO PROCEED

This Order addresses the application of the Gonzales County Water Supply Corporation (“Purchaser”) and Riverwood Water Supply (“Seller”) (collectively, the “Applicants”) for a sale, transfer, or merger of facilities and certificate of convenience and necessity (“CCN”) rights in Gonzales County (the “Application”). The Staff of the Public Utility Commission (Staff) recommended approval of the application. The Administrative Law Judge grants that the transaction proposed in this Application may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Seller is an investor owned water utility operating under water CCN No. 10711.
2. Purchaser is a Texas corporation registered with the Texas Secretary of State under file No. 0029892601.

Application

3. On January 4, 2019, Applicants filed the Application for approval to transfer all of Seller’s facilities and service area under water CCN No. 10711 to Purchaser’s water CCN No. 10704.
4. The requested areas subject to this transaction consists of:
 - Approximately 5 current customers and 32 acres located approximately 5 miles southwest of downtown Gonzales, TX, and is generally bounded on the west, south, and east by the Guadalupe River.

5. The total area affected by the transfer comprises approximately 32 acres and 5 current customers.
6. In Order No. 3 issued on April 12, 2019, the Administrative Law Judge (“ALJ”) deemed the Application administratively complete.

Notice

7. On May 8, 2019, June 7, 2019, and June 28, 2019, Purchaser filed affidavits attesting to the provision of notice to landowners, neighboring utilities, and cities.
8. In Order No. 6 issued July 11, 2019, the ALJ deemed the notice sufficient.

Evidentiary Record

9. On August 29, 2019, the parties filed a joint motion to admit evidence.
10. In Order No. _____, issued on _____, 2019, the ALJ admitted the following evidence into the record: (a) Application of Gonzales County Water Supply Corporation and Riverwood Water Supply Corporation for Sale, Transfer, or Merger of Certificate Rights in Gonzales County (filed on January 4, 2019, AIS Item No. 1); (b) Affidavits of Notice (filed on May 8, 2019, AIS Item No. 10); (c) Affidavit of Notification #2 Notice (filed on June 7, 2019, AIS Item No. 14) (d) Affidavit of Publication – Consecutive Weeks (filed on June 28, 2019, AIS Item No. 16); and (e) Commission Staff’s Final Recommendation (filed on August 13, 2019, AIS Item No. 19).

System Compliance – Texas Water Code (“TWC”) § 13.301(e)(3)(A); 16 Texas Administrative Code (“TAC”) §§ 24.227(a), 24.239(j)(3)(A), (j)(5)(A)

11. Applicants have not been subject to any unresolved enforcement action by the TCEQ.

Adequacy of Existing Service – TWC 13.301(c)(1); 16 TAC §§ 24.227(d)(1), (j)(5)(B)

12. Seller owns and operates Riverwood Water Supply Corporation and does not have any unresolved violations from the TCEQ.

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

13. The Application is to transfer only exiting facilities, customers, and service area.
14. Purchaser has received no new requests for service and is not requesting to add additional uncertificated area.
15. Seller’s existing customers in the requested area have a need for service.

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

16. Seller and Purchaser are the only utilities affected by this sale and transfer.
17. All customers will be charged the same rates as they were charged before the transaction.

Ability to Serve: Managerial and Technical – TWC §§ 13.241(a), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (d)(4), 24.239(g), (j)(5)(E)

18. Purchaser has a sufficient number of licensed operators and the managerial and technical capability to provide adequate and continuous service to the requested service area.
19. Seller and Purchaser have sufficient capacity to serve the customers and no additional construction is necessary.

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), (d)(6), 24.239(g), (j)(5)(G)

20. Purchaser meets the leverage test with an effective debt service coverage ratio greater than 1.25.
21. Purchaser has demonstrated that it has the available cash levels to serve the requested service area.
22. Purchaser has demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

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

23. The requested area has existing facilities and is not currently being served by Seller.
24. Utilities within a two mile radius were noticed and no protests or requests to opt out were received regarding the proposed transaction.
25. The feasibility of an adjacent utility providing service to the requested area was not considered because the existing facilities possess sufficient capacity.

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

26. Purchaser's projected operating revenues are sufficient to cover projected operations and maintenance expenses for the first five years after the completion of the proposed sale and transfer.
27. There is no need to require Purchaser to provide a bond or other financial assurance to ensure continuous and adequate service.

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

28. The proposed transaction will not adversely impact the environmental integrity of the land because the requested area is currently receiving service.

Effect on Land – TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)

29. The effect on the land should be minimal as the requested area will be served by existing systems and facilities and no additional construction is needed.

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

30. The proposed transaction will improve customer service to existing customers because the water systems will be operated and maintained by a sufficient number of licensed operators, and the rates will not change.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. After consideration of the factors in TWC § 13.246(c), Purchaser has demonstrated adequate financial, managerial, and technical capability to provide continuous and adequate service to the requested area. TWC § 13.301(b).
2. Seller and Purchaser have demonstrated that transferring all of Seller's water facilities and service area under water CCN No. 10711 to Purchaser's new water CCN No. 10704 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 these findings of fact and conclusions of law, the Commission issues the following orders.

1. The sale is approved and the transaction between the 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, if any, have been addressed.
3. The Applicants have 180 days to complete the transaction.
4. Under 16 TAC § 24.109(o), if the transaction is not consummated within this 180-day 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 Riverwood Water Supply and the corresponding service areas will remain under water CCN No. 10711 and held by Seller until the sale and transfer transaction is complete in accordance with Commission rules.
6. In an effort to finalize this proceeding as soon as possible, the Applicants must 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 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 procedural schedule for continued processing of this docket.

SIGNED AT AUSTIN, TEXAS on the ____ day of _____, 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE