

Control Number: 49178



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DOCKET NO. 49178

APPLICATION OF VINEYARD	§	PUBLIC UTILITY COMMISSION
RIDGE, LLC AND VINEYARD RIDGE	§	
WATER SUPPLY, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN GILLESPIE COUNTY	§	

NOTICE OF APPROVAL

This Notice of Approval addresses the February 6, 2019, application of Vineyard Ridge, LLC (Seller) and Vineyard Ridge Water Supply, LLC (Purchaser) for approval of a sale, transfer, or merger of facilities and certificate rights in Gillespie County. The Commission approves the transfer of all of Vineyard Seller’s facilities and service area under water certificate of convenience and necessity (CCN) number 13265 to Purchaser.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Seller is a Delaware limited liability company registered with the Texas secretary of state under file number 802519222.
2. Seller is an investor owned water utility that provides water service in Texas under water CCN number 13265 in Gillespie County.
3. Purchaser is a domestic limited liability company registered with the Texas secretary of state under file number 802658376.
4. Purchaser owns a public water system (PWS) in Gillespie County registered with the Texas Commission on Environmental Quality (TCEQ) under PWS identification number 0860144.

Application

5. On February 6, 2019, the applicants filed an application for approval to transfer all of Seller’s facilities and service area held under water CCN number 13265 to Purchaser, who will serve the requested area under water CCN number 13265.

6. The requested area is located in the Vineyard Ridge Subdivision approximately 14 miles northeast of downtown Fredericksburg, Texas, and generally bounded on the north by North Grape Creek Road, on the east by North Grape Creek Road, on the south by Farm-to-Market Road 2721, and on the west by Dry Hollow Road (County Road 109).
7. The requested area comprises approximately 660 acres and 17 existing connections.
8. In Order No. 2 filed on March 21, 2019, the administrative law judge (ALJ) deemed the application administratively complete.

Notice

9. On March 18, 2019, the applicants filed the affidavits of Brett Fenner, Purchaser's authorized representative, and Brent Taylor, Seller's President, attesting that notice was provided to current customers, neighboring utilities, counties, groundwater conservation districts, and affected parties on March 13 and 14, 2019.
10. In Order No. 3 filed on March 25, 2019, the ALJ deemed the notice sufficient.

Evidentiary Record

11. On July 15, 2019, the parties filed a joint motion to admit evidence.
12. In Order No. 5 filed on August 1, 2019, the ALJ admitted the following evidence into the record: (a) applicants' application filed on February 6, 2019; (b) applicants' proof of notice and supporting documentation filed on March 18, 2019; (c) applicants' responses to Commission Staff's first request for information filed on March 27, 2019; and (d) Commission Staff's recommendation on the sale to proceed filed on May 13, 2019.
13. On January 9, 2020, the parties filed a supplemental joint motion to admit evidence.
14. In Order No. 9 filed on March 27, 2020, the ALJ admitted the following evidence into the record: (a) applicants' notice of completed transaction filed on October 21, 2019; (b) Commission Staff's sufficiency recommendation on the closing documents filed on October 28, 2019; (c) applicants' consent forms filed on November 14 and 18, 2019; and (d) the map, certificate, and tariff attached to the joint motion to admit evidence and proposed notice of approval filed on January 9, 2020.

Sale

15. In Order No. 6 filed August 9, 2019, 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.
16. On October 9 and 21, 2019, the applicants filed notice that the sale had closed and that there were no customer deposits held by Seller.
17. In Order No. 7 filed on October 31, 2019, the ALJ found the closing documents sufficient.

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)

18. There are no violations associated with Seller's facilities in the TCEQ's database.
19. Purchaser has not been subject to any enforcement action by the Commission the TCEQ, the Texas Health and Human Services Commission, the Office of the Attorney General, or the United States Environmental Protection Agency within the last five years.
20. The applicants have demonstrated a compliance status that is adequate for approval of the application.

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

21. The existing water facilities and water customers have been transferred to Purchaser.
22. Existing facilities and service are continuous and adequate and there is no further construction necessary at this time to maintain existing service to the requested area.

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

23. There are 17 existing connections in the requested area that continue to need 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)

24. Applicants are the only utilities affected by this sale and transfer.
25. Approving the transaction will allow Purchaser to continue serving the requested area and to construct additional facilities to meet projected growth, which will eliminate the need for landowners to use wells on an individual basis.
26. There transaction will not affect adjacent utilities because there are no utilities within the proximate area.

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

27. The operations, maintenance, management, and customer service for the facilities being transferred were previously being provided by Purchaser via an operating agreement; therefore, the service currently being provided is not expected to change as a result of the transaction.
28. A TCEQ-licensed operator is currently employed to operate the PWS in accordance with TCEQ requirements and will continue to be employed by Purchaser for this purpose.
29. Purchaser has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of Chapter 341 of the Texas Health and Safety Code, Chapter 13 of the TWC, and the rules of the Commission.
30. Purchaser has the managerial and technical capability to provide continuous and adequate service to the requested area.

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)

31. Purchaser has a debt-to-equity ratio of less than one, satisfying the leverage test.
32. Purchaser has sufficient cash available to cover any projected operations and maintenance shortages during the first five years after the completion of the proposed sale and transfer, satisfying the operations test.
33. Purchaser has demonstrated the financial ability and stability to provide continuous and adequate water service to the requested area.

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

34. There is no need to require Purchaser to provide a bond or other financial assurance to ensure continuous and adequate service.

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)

35. It is not feasible for an adjacent utility to provide service to the requested area because there are no other water providers in the proximate area.

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

36. Because Purchaser does not anticipate building a physically separate water system, it is not necessary to consider regionalization or consolidation.

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

37. Approval of the transaction will not adversely impact the environmental integrity of the land because the requested area is currently receiving service and will eliminate the need for landowners to use wells on an individual basis.

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

38. Additional construction will be necessary for Purchaser to meet anticipated demand in the requested area and applicants have included construction approval letters from TCEQ in this docket; therefore, the effect on the land will be within TCEQ mandated standards.

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

39. The proposed transaction will maintain current levels of service to existing customers because the water system will continue to be operated and maintained by the same licensed operator.
40. The rates charged to customers will not change as a result of the transaction.

Tariff, Map, and Certificate

41. On November 12, 2019, Commission Staff emailed to the applicants the final proposed map, certificate, and water tariff related to this docket.
42. On November 14 and 18, 2019, the applicants filed their consent forms concurring with proposed the map, certificate, and water tariff.
43. The final map, certificate, and tariff were filed as an attachment to the supplemental joint motion to admit evidence and proposed notice of approval filed on January 9, 2020.

Informal Disposition

44. More than 15 days have passed since the completion of notice provided in this docket.
45. No person filed a protest or motion to intervene.
46. Seller, Purchaser, and Commission Staff are the only parties to this proceeding.

47. No party requested a hearing and no hearing is needed.
48. Commission Staff recommended approval of the application.
49. 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. Seller and Purchaser are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(59).
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. Purchaser and Seller completed the sale within the time required by 16 TAC § 24.239(o).
6. After consideration of the factors in TWC § 13.246(c), Purchaser has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area, as required by TWC §§ 13.301(b).
7. Purchaser and Seller have demonstrated that the sale of Seller's water system and transfer of the water service area held under water CCN number 13265 will serve the public interest and is necessary for the service, accommodation, convenience, or safety of the public, as required by TWC §§ 13.246(b), 13.301(d).
8. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

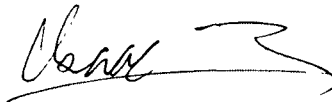
¹ Tex. Gov't Code ch. 2001.

III. Ordering Paragraphs

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

1. The Commission approves Purchaser's purchase of Seller's water system and the transfer of Seller's water service area under water CCN number 13265 to Purchaser, to the extent provided in this Notice of Approval. The Commission must revise its records to reflect Purchaser as the holder of water CCN number 13265.
2. The Commission grants the tariff and approves the map and certificate attached to this Notice of Approval.
3. Purchaser must serve every customer and applicant for service within the approved area under water CCN number 13265 that requests water service and meets the terms of Purchaser's water service, and such service must be continuous and adequate.
4. Purchaser must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Gillespie County affected by the application and submit to the Commission evidence of the recording no later than 31 days after receipt of this Notice of Approval.
5. 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.
6. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 22nd day of April 2020.



**ISAAC TA
ADMINISTRATIVE LAW JUDGE**



Public Utility Commission of Texas

By These Presents Be It Known To All That

Vineyard Ridge Water Supply, LLC

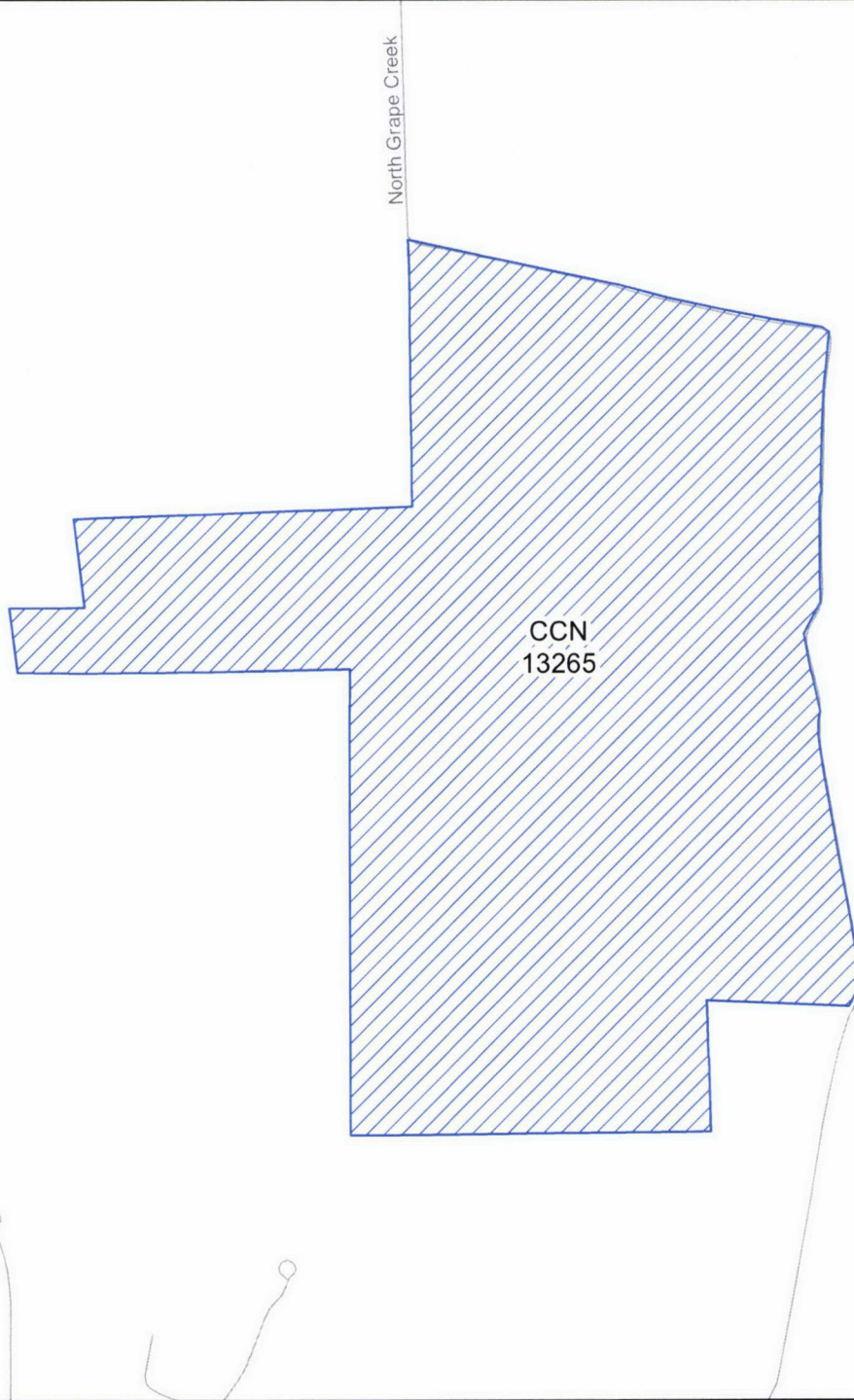
having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Vineyard Ridge Water Supply, LLC is entitled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

Certificate of Convenience and Necessity No. 13265

to provide continuous and adequate water utility service to that service area or those service areas in Gillespie County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 49178 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 Vineyard Ridge Water Supply, LLC 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 22nd day of April 2020.

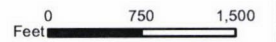
Vineyard Ridge Water Supply, LLC
Water CCN No. 13265
PUC Docket No. 49178
Transferred all of Vineyard Ridge, LLC, CCN No. 13265 in Gillespie County



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

Water CCN

 13265 - Vineyard Ridge WS LLC



Map by: Komal Patel
Date created: November 7, 2019
Project Path: n:\finalmapping\
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