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APPLICATION OF BOSQUE §
UTILITIES CORPORATION AND §
THRC UTILITY, LLC FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE OF §
CONVENIENCE AND NECESSITY §
RIGHTS IN NAVARRO COUNTY §

PUBLIC UTILITY COMMISSION
OF TEXAS
FILED
CLERK

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER

COME NOW Bosque Utilities Corporation (Bosque), THRC Utility, LLC (THRC), and the Staff of the Public Utility Commission of Texas (Staff), 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 would show the following:

I. BACKGROUND

On March 7, 2019, Bosque and THRC filed an application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Navarro County. Specifically, the applicants sought to transfer Bosque Utilities’ Pelican Isle facilities and service area under water certificate of convenience and necessity (CCN) No. 12379 and sewer CCN No. 20728 to THRC. The requested area includes approximately 83 acres and 170 connections.

On April 4, 2019, Order No. 2 was issued, finding the application administratively complete. On June 3, 2019, Order No. 5 was issued, finding notice sufficient. On July 22, 2019, Order No. 6 was issued, requesting that the parties file a joint motion to admit evidence and proposed order approving the transfer to proceed by August 19, 2019. This pleading, therefore, is timely filed.

II. JOINT MOTION TO ADMIT EVIDENCE

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

- (a) The applicants’ application, filed March 7, 2019, as supplemented on March 25, 2019, and April 30, 2019;
- (b) The applicants’ proof of notice and supporting documentation, filed May 23, 2019;

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- (c) The applicants' responses to Staff's first request for information, filed on May 23, 2019; and
- (d) Staff's recommendation on the sale to proceed, filed on July 18, 2019.

III. JOINT PROPOSED ORDER

The attached Joint Proposed Order would authorize the transfer of the Pelican Isle facilities and service area under water CCN No. 12379 and sewer CCN No. 20728 from Bosque to THRC.

IV. CONCLUSION

The Parties respectfully request that the Commission authorize the proposed transaction to proceed.

Dated: August 15, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney




Creighton R. McMurray
State Bar No. 24109536
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7275
(512) 936-7268 (facsimile)
creighton.mcmurray@puc.texas.gov

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 15th day of August, 2019, in accordance with 16 TAC § 22.74.

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

Creighton R. McMurray

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APPLICATION OF BOSQUE	§	PUBLIC UTILITY COMMISSION
UTILITIES CORPORATION AND	§	
THRC UTILITY, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE OF	§	
CONVENIENCE AND NECESSITY	§	
RIGHTS IN NAVARRO COUNTY	§	

JOINT PROPOSED ORDER

This Order addresses the application of Bosque Utilities Corporation (Seller) and THRC Utility, LLC (Purchaser) (collectively, applicants) for approval of a sale, transfer, or merger of facilities and certificate rights in Navarro County. The applicants seek to transfer all of Seller’s facilities and service area under sewer certificate and convenience (CCN) number 20728 and water CCN No. 12379. The Purchaser is also seeking to obtain the water and sewer CCNs for the requested area which contains approximately 83 acres and 170 existing customers. On July 18, 2019, Commission Staff recommended that the transaction in this docket be allowed to proceed. The administrative law judge grants that the transaction proposed in this application may proceed and be consummated.

I. FINDINGS OF FACT

Applicants

1. Seller is a Texas corporation registered with the Texas Secretary of State under file No. 800593168.
2. Seller is an investor owned utility that provides water and sewer service in Texas under CCN Nos. 12379 and 20728.
3. Purchaser is a domestic limited liability company registered with the Texas Secretary of State under file No. 0803166927.
4. Purchaser is proposing to be an investor-owned utility that provides water and sewer service in Texas under CCN Nos. 12379 and 20728.

Applicants

5. On March 7, 2019, the applicants filed an application for approval to transfer all of Seller's facilities and service area under sewer CCN number 20728 and water CCN No. 12379 to Purchaser and for Purchaser to assume service to those service areas under those CCN numbers.
6. The requested service area subject to this transaction consists of 170 customers and approximately 83 acres located in the Pelican Isle Subdivision approximately 12 miles southeast of downtown Kerens, Texas and 5 miles northeast of Winkler, Texas. The area is generally bound on the north by undeveloped land, on the east by SE County Road 3300, on the south by Richland Chambers Reservoir, and on the west by Richland Chambers Reservoir.
7. In Order No. 2 issued on April 4, 2019, the administrative law judge (ALJ) deemed the application administratively complete.

Notice

8. On May 23, 2019, the applicants filed the affidavit of James Deal, Purchaser's President, attesting that notice was provided to current customers, neighboring utilities, and affected parties on May 20, 2019.
9. In Order No. 5 issued June 3, 2019, the ALJ deemed the notice sufficient.

Evidentiary Record

10. On August __, 2019, the parties filed a joint motion to admit evidence.
11. In Order No. 7 issued on _____, 2019, the ALJ admitted the following evidence into the record: (a) the applicants' application, filed on March 7, 2019, as supplemented on March 25, 2019, and April 30, 2019; (b) the applicants' proof of notice and supporting documentation, filed May 23, 2019; (c) the applicants' responses to Staff's first request for information, filed on May 23, 2019; and (d) Staff's recommendation on the sale to proceed, filed on July 18, 2019.

System Compliance—Texas Water Code (TWC) § 13.246(c)(1); 16 Tex. Admin. Code (TAC) §§ 24.227(d)(1), 24.239(j)(5)(B)

12. Seller and Purchaser have not been subject to any unresolved enforcement actions by the Commission, Texas Commission on Environmental Quality (TCEQ), the Texas Department of Health, the Office of the Attorney General, or the United States Environmental Protection Agency.

13. Seller and Purchaser do not have any violations listed in the TCEQ database.

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

14. The Seller has a public water system (PWS) registered with TCEQ under PWS ID No. 1750036 and a sewer discharge permit registered under No. WQ0013528001.

15. Seller does not have any violations listed in the TCEQ database.

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

16. There are approximately 170 existing customers in the requested area to be transferred, therefore, there is a need for service.

17. Purchaser has received no new requests for service and is not requesting to add additional uncertificated area.

18. This application is to transfer only existing facilities, customers, and service area.

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)

19. The transaction will transfer ownership to the Purchaser. There will be no effect on any retail public utility of the same kind servicing the proximate area as there are no other water providers in the requested area.

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

20. Purchaser does not have any past experience in water and waste water service; however, the Purchaser is committed to compliance with TCEQ's rules and regulations and to provide continuous and adequate service to the requested area.

21. Seller has sufficient capacity to serve the customers and no additional construction is necessary for Purchaser to serve the requested area.

22. Seller has existing wastewater discharge permits from the TCEQ under WQ0013528001 (Pelican Isle). Purchaser does not have any violations listed in the TCEQ database. Sufficient capacity exists with Purchaser's and Seller's existing sewer facilities and wastewater discharge permits, therefore, no additional construction is necessary to serve the requested area.

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 currently being served by Seller.
24. Utilities within a two mile radius were given proper notice and no protests or requests to opt out were received regarding the proposed transaction.
25. The Seller is currently providing water service to the requested area and has sufficient capacity, therefore, the feasibility of obtaining service from another adjacent retail public utility was not considered.

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)

26. Purchaser meets the leverage test with both an effective debt service coverage ratio greater than 1.25 and a debt to equity ratio of less than 1.00.
27. Purchaser has demonstrated the financial capability and stability to provide continuous and adequate sewer service.

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

28. Purchaser's projected operating revenues are sufficient to cover the projected operations and maintenance expense for the first five years after the completion of the proposed sale and transfer.
29. 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); and Effect on the Land—TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)

30. The environmental integrity of the land will not be effected as no additional construction is needed to provide service to the requested area.

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

31. Through the proposed transaction, the Purchaser will continue to provide the same level of water service to the existing customers in the requested area and rates will not be affected.

II. CONCLUSIONS OF LAW

1. 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. TWC § 13.301(b).
2. Seller and Purchaser have demonstrated that transferring the sewer service area held under CCN No. 20728 and the water service are held under CCN No. 12379 from Seller to Purchaser 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 sale 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 § 24.109(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 certificate of convenience and necessity numbers 20728 and 12379 will be held by Seller until the sale and transfer transaction is complete in accordance with the Commission's rules.
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 August 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE