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DOCKET NO. 49299

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

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PUBLIC UTILITY COMMISSION  
OF TEXAS

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ORDER NO. 7  
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the March 7, 2019, application of Bosque Utilities Corporation and THRC Utility, LLC for approval of a sale, transfer, or merger of facilities and certificate rights in Navarro County. The application seeks approval for the sale of Bosque Utilities' water and wastewater facilities and the transfer of all the related water service area held under certificate of convenience and necessity (CCN) number 12379 and sewer service area held under CCN number 20728 to THRC Utility. On July 18, 2019, Commission Staff recommended that the transaction proceed in this docket. The administrative law judge (ALJ) 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. Bosque Utilities is a domestic for-profit corporation registered with the Texas secretary of state under file number 800593168.
2. Bosque Utilities is an investor owned utility that provides water service under CCN number 12379 and sewer service under CCN number 20728 in Navarro County.
3. Bosque Utilities owns a public water system (PWS) registered with TCEQ under PWS number 1750036 and a wastewater treatment plant registered under number WQ0013528001.
4. THRC Utility is a domestic limited company registered with the Texas secretary of state under file number 803166927.

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**Application**

5. On March 7, 2019, the applicants filed an application for approval of the sale of Bosque Utilities' water system, PWS number 1750036, and wastewater treatment plant, number WQ0013528001, and transfer of the water service area held under CCN number 12379 and sewer service area held under CCN number 20728 to THRC Utility.
6. The requested area is located approximately 10 miles south of downtown Kerens, Texas, and is generally bounded on the north by Richland Chambers Reservoir, on the east by SE County Road 3300, on the south by Richland Chambers Reservoir, and on the west by Richland Chambers Reservoir.
7. The requested area comprises approximately 75 acres and 170 current customers within the Pelican Isle subdivision.
8. In Order No. 2 issued on April 4, 2019, the ALJ found the application administratively complete.

**Notice**

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

**Evidentiary Record**

11. On August 15, 2019, the parties filed a joint motion to admit evidence.
12. In Order No. 6 issued on August 23, 2019, the ALJ admitted the following evidence into the record: (a) the applicants' application filed on March 7, 2019 and supplemented on March 25, 2019, and April 30, 2019; (b) the applicants' proof of notice and supporting documentation filed on May 23, 2019; (c) the applicants' responses to Commission Staff's first request for information, filed May 23, 2109; and (d) Commission Staff's recommendation on the sale to proceed filed on July 18, 2019.

**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)**

13. Bosque Utilities and THRC Utility have not been subject to any unresolved enforcement action by the Commission, TCEQ, the Texas Department of Health, the Office of Attorney General, or the United States Environmental Protection Agency.
14. Bosque Utilities and THRC Utility 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)**

15. Bosque Utilities has been the water and sewer utility in the requested area and has been providing adequate and continuous service through its PWS and wastewater treatment plant.
16. No additional facilities or improvements are currently needed by THRC Utility to serve the requested area.

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

17. There are approximately 170 existing customers in the requested area to be transferred; therefore, there is a need for service.
18. THRC Utility has received no new requests for service and is not requesting to add additional uncertificated area.
19. 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)**

20. Bosque Utilities and THRC Utility are the only utilities affected by this sale and transfer.
21. The landowners in the requested area will continue to be provided adequate and continuous service after the approval of the transaction.

**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), and 24.239(g), (j)(5)(E)**

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

23. THRC Utility will operate the water and wastewater systems with the management and operators utilized by Bosque Utilities.

**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)**

24. Bosque Utilities is currently serving the 170 customers and its existing PWS has sufficient capacity; therefore, it is not feasible to obtain service from another adjacent retail public utility.
25. Utilities within a two-mile radius were noticed and no protests were received regarding the proposed transaction.

**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), and 24.239(g), (j)(5)(G)**

26. THRC Utility 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. THRC Utility 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(e), 24.239(h)**

28. THRC Utility's projected operating revenues are sufficient to cover projected operations and maintenance expenses for the first five years after the completion of the sale and transfer.
29. There is no need to require THRC Utility 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 Land —TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)**

30. The requested area will continue to be served by existing facilities and no additional construction is needed; therefore, the effect on the land should be minimal.

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

31. The THRC Utility will provide the same level of service to all existing customers in the requested area and all customers will be charged the same rates they were charged before the transaction.

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

32. Since THRC Utility does not anticipate building any new facilities to continue serving the requested area, regionalization or consolidation is not applicable.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. Notice of the application was provided in compliance with TWC §§ 13.246 and 13.301(a)(2), and 16 TAC § 24.239.
2. After consideration of the factors in TWC § 13.246(c), THRC Utility has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area. TWC § 13.301(b).
33. Bosque Utilities and THRC Utility have demonstrated that the sale of Bosque Utilities' water system, PWS number 1750036, and wastewater treatment plant, number WQ0013528001, and transfer of the water service area under CCN number 12379 and sewer service area under CCN number 20728 to THRC Utility 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 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 shall 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 water CCN number 12379 and sewer CCN number 20728 will be held by Bosque Utilities 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 shall 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 shall file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 29<sup>th</sup> day of August 2019.

**PUBLIC UTILITY COMMISSION OF TEXAS**



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**CHRISTOPHER OAKLEY**  
**ADMINISTRATIVE LAW JUDGE**