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APPLICATION OF SWWC UTILITIES, §
INC. DBA INVERNESS UTILITY §
COMPANY, INC. AND MONARCH §
UTILITIES I, L.P. FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN TRAVIS COUNTY §

PUBLIC UTILITY COMMISSION OF TEXAS
FILING CLEAR

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

COME NOW, SWWC Utilities, Inc. dba Inverness Utility Company, Inc. (SWWC) and Monarch Utilities I, L.P. (Monarch) (collectively, 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 March 27, 2019, applicants filed an application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Travis County, Texas. Specifically, the applicants seek to transfer all facilities and service area held by SWWC under water Certificate of Convenience and Necessity Number 11170 to Monarch. The requested transfer includes approximately 325 acres and 177 current customers.

Staff filed a recommendation requesting the entry of an order permitting the proposed transaction to proceed on July 1, 2019. Order No. 4, issued on July 2, 2019, requested the parties to submit a motion to admit evidence and a proposed order approving the sale. This pleading is therefore 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 on March 27, 2019;
- (b) The applicants' proof of notice and supporting documentation, filed on May 1, 2019;

(c) Commission Staff's recommendation on the approval of the transaction, filed on July 1, 2019.

III. JOINT PROPOSED ORDER APPROVING SALE/TRANSFER TO PROCEED

The attached Joint Proposed Order Approving Sale/Transfer to Proceed would authorize the transaction to Monarch all of SWWC's facilities and service area under sewer Certificate of Convenience and Necessity Number 11170.

IV. CONCLUSION

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

Dated: August 8, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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PUC DOCKET NO. 49383

I certify that a copy of this document will be served on all parties of record August 8, 2019
in accordance with 16 TAC § 22.74.



Rashmin J. Asher

PUC DOCKET NO. 49383

APPLICATION OF SWWC UTILITIES, INC. DBA INVERNESS UTILITY COMPANY, INC. AND MONARCH UTILITIES I, L.P. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN TRAVIS COUNTY § **PUBLIC UTILITY COMMISSION OF TEXAS**

JOINT PROPOSED ORDER APPROVING SALE/TRANSFER TO PROCEED

This Order addresses the application of SWWC Utilities, Inc. dba Inverness Utility Company, Inc. (SWWC) and Monarch Utilities I, L.P. (Monarch) (collectively, applicants) for the sale, transfer, or merger of facilities and certificate rights in Travis County. The Commission approves the sale and authorizes the transaction proposed in this application to proceed.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. SWWC is a retail public utility that operates, maintains, and controls facilities for providing water service in Travis County under Certificate of Convenience and Necessity (CCN) No. 11170.
2. Monarch is a retail public utility that operates, maintains, and controls facilities for providing water service in Travis County under CCN No. 12983.

Application

3. On March 27, 2019, applicants filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Travis County.
4. Applicants seek to transfer all of SWWC's facilities and service area under water CCN No. 11170 to Monarch cancel SWWC's water CCN No. 11170, and amend Monarch's CCN No. 12983.
5. The total area requested in this application includes approximately 325 acres and 177 current customers and includes the Crosswinds, Hidden Hills, Inverness Point, Lakehurst, and Summit at Lake Travis subdivisions.

6. The requested service area subject to this transaction is generally bounded on the North and East by Lake Travis, on the south by Bee Creek Road, and on the west by Lake Travis and Lakehurst Loop.
7. In Order No. 2 issued on April 29, 2019, the administrative law judge (ALJ) found the application administratively complete.

Notice

8. On May 1, 2019, George Freitag filed an affidavit on behalf of Monarch Utilities I L.P. attesting that notice was provided to all current customers, neighboring utilities, and affected parties on May 1, 2019.
9. In Order No. 3, issued on May 13, 2019, the ALJ deemed the notice sufficient.

Evidentiary Record

10. On August 9, 2019, the parties filed a joint motion to admit evidence.
11. In Order No. __ issued on ____, 2019, the ALJ admitted the following evidence into the record: The applicants' application, filed on March 27, 2019; the applicants' proof of notice and supporting documentation, filed on May 1, 2019; and Commission Staff's recommendation on the sale to proceed, filed on July 1, 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)

12. SWWC and Monarch 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.
13. SWWC and Monarch 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), (j)(5)(B)

14. The requested area is currently served by SWWC. No additional facilities or improvements are currently needed by Monarch 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)

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

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

17. SWWC'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)

18. SWWC and Monarch are the only utilities affected by this sale and transfer.

19. 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)

20. Monarch has a sufficient number of licensed operators and the managerial and technical capability to provide adequate and continuous service to the requested service area.

21. Monarch has 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)

22. Monarch's long term debt, divided by equity, produces a debt to equity ratio of less than one.

23. Monarch demonstrated that it has the available cash levels to serve the requested service area.

24. Monarch 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)

25. The requested area has existing facilities and is currently being served by SWWC.

26. Utilities within a two mile radius were noticed and no protests or requests to opt out were received regarding the proposed transaction.

27. It is not feasible for an adjacent utility to provide service to the requested area.

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

28. Monarch’s projected operating revenues are sufficient to cover 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 Monarch 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)

30. 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)

31. 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.

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

32. The proposed transaction will improve customer service to existing customers and the rates will not change.

II. Conclusions of Law

1. After consideration of the factors in TWC § 13.246(c), Monarch has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area. TWC § 13.301(b).
2. SWWC and Monarch have demonstrated that the transfer of all of SWWC’s facilities and service area under water CCN No. 11170 to Monarch’s CCN No. 12983 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 applicants may proceed and be consummated.
2. As soon as possible after the effective date of the transactions, 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 the corresponding service area will remain under CCN No. 11170 and held by SWWC until the sale and transfer transaction is complete in accordance with Commission 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 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