

Control Number: 49683



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- b) Commission Staff's recommendation on administrative completeness, filed on July 24, 2019 (AIS item No. 3);
- c) The Applicants' proof of notice and supporting documentation, filed on August 6, 2019 (AIS item No. 5);
- d) Commission Staff's recommendation on notice, filed on August 16, 2019 (AIS item No. 6);
- e) The Applicants' supplemental proof of notice and supporting documentation, filed on August 21, 2019 (AIS item No. 8);
- f) Commission Staff's second recommendation on notice, filed on August 30, 2019 (AIS item No. 9); and
- g) Commission Staff's recommendation on final disposition, and all attachments thereto, filed on October 10, 2019 (AIS item No. 13).

III. PROPOSED ORDER APPROVING TRANSFER AND ALLOWING PROPOSED TRANSACTION TO PROCEED

The attached Agreed Proposed Order Approving Transfer and Allowing Proposed Transaction to Proceed would authorize the transfer to Point Royal WSC all of Point Royal POIA's water facilities and all of Point Royal POIA's service area under water CCN No. 12390. The Parties request that the Commission approve the Proposed Order.

IV. CONCLUSION

The Parties respectfully requests that the items listed above be admitted into the record of this proceeding as evidence and that the Order proposed by the Parties be adopted.

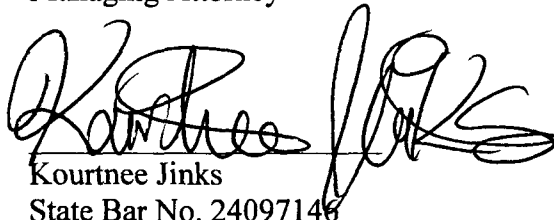
Dated: November 15, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney

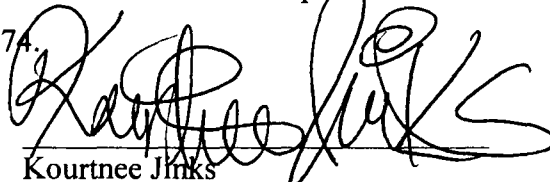
A handwritten signature in black ink, appearing to read "Kourtnee Jinks", written over a horizontal line.

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DOCKET NO. 49683

CERTIFICATE OF SERVICE

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

A handwritten signature in black ink, appearing to read "Kourtnee Jinks", written over a horizontal line.

Kourtnee Jinks

DOCKET NO. 49683

APPLICATION OF POINT ROYAL	§	PUBLIC UTILITY COMMISSION
WATER SYSTEM AND POINT ROYAL	§	
WATER SUPPLY CORPORATION FOR	§	OF TEXAS
SALE, TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN HENDERSON COUNTY	§	

**AGREED PROPOSED ORDER APPROVING TRANSFER AND ALLOWING
TRANSACTION TO PROCEED**

This Order addresses the June 26, 2019 application of Point Royal Property Owners Improvement Association, (Point Royal POIA) as Seller and Point Royal Water Supply Corporation (Point Royal WSC) as Purchaser (collectively, Applicants), for the sale, transfer, or merger of facilities and certificate of convenience and necessity rights in Henderson County. Point Royal WSC seeks approval to acquire Point Royal POIA's facilities and to transfer and retain water Certificate of Convenience and Necessity (CCN) No. 12390. The requested area includes approximately 80 acres and 67 connections. On October 10, 2019, Commission Staff recommended that the transaction in this docket be allowed to proceed. This Order approves of the transfer and authorizes the transaction proposed in this application to proceed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Point Royal POIA is a property owners' association that owns and controls facilities that provide water service under CCN No. 12390 in Henderson County.
2. Point Royal WSC is a non-profit, member owned, member controlled water supply corporation created under Texas Water Code (TWC) Chapter 67 and registered with the Texas Secretary of State under Charter number 803091008.
3. Point Royal WSC was recently formed by Point Royal POIA for the purpose of providing water service to the Point Royal subdivision.
4. Point Royal WSC does not currently provide water service and does not currently hold a water CCN issued by the Commission.

5. Point Royal WSC seeks to retain CCN No. 12390 as part of the proposed transaction.

Application

6. On June 26, 2019, Point Royal POIA and Point Royal WSC, filed an application for the approval of the transfer of PWS identification number 1070151 and the transfer of water CCN No. 12390.
7. Point Royal POIA intends to transfer all water facilities to Point Royal WSC, but no funds will be exchanged.
8. The requested service area subject to this transaction includes the Point Royal subdivision.
9. The requested service area subject to this transaction is located approximately seven miles north of downtown Chandler, Texas, and is generally bounded on the north by Big Eddy Road, on the east by Lake Palestine, on the south by Lake Palestine, and on the west by Farm to Market Road 315.
10. The total area affected by the transfer is comprised of approximately 80 acres and includes 67 connections.
11. In Order No. 2 issued on July 26, 2019, the administrative law judge (ALJ) deemed the application administratively complete.

Notice

12. On August 6, 2019, Point Royal WSC filed an affidavit, attesting that notice was provided to all neighboring utilities on August 2, 2019.
13. In Order No. 3 issued on August 20, 2019, the ALJ deemed the notice deficient.
14. On August 21, 2019, Point Royal WSC filed a second affidavit, attesting that notice was provided to all current customers of Point Royal subdivision on July 16, 2019.
15. In Order No. 4 issued on September 4, 2019, the ALJ deemed the notice sufficient.

Evidentiary Record

16. On November 15, 2019, the parties filed an agreed motion to admit evidence.
17. In Order No. 5 issued on [date], the ALJ admitted the following evidence into the record: (a) The Application, filed on June 26, 2019 (AIS item No. 1); (b) Commission Staff's recommendation on administrative completeness, filed on July 24, 2019 (AIS item No. 3);

(c) The Applicants' proof of notice and supporting documentation, filed on August 6, 2019 (AIS item No. 5); (d) Commission Staff's recommendation on notice, filed on August 16, 2019 (AIS item No. 6); (e) The Applicants' supplemental proof of notice and supporting documentation, filed on August 21, 2019 (AIS item No. 8); (f) Commission Staff's second recommendation on notice, filed on August 30, 2019 (AIS item No. 9); and (g) Commission Staff's recommendation on final disposition, and all attachments thereto, filed on October 10, 2019 (AIS item No. 13).

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

18. According to the Texas Commission on Environmental Quality (TCEQ) database, there are no violations for Point Royal POIA's Public Water System (PWS).

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

19. Point Royal POIA owns a PWS registered with the TCEQ as the Point Royal Water System, under PWS ID No. 1070151.
20. PWS ID No. 107051 has sufficient capacity to continue serving the requested area.

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

21. There are approximately 67 existing customers in the requested area; therefore, there is an existing need for service. No additional service is needed at this time.
22. This is an application 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)

23. Point Royal POIA and Point Royal WSC are the only entities affected by this transfer.
24. Point Royal WSC is already operating the facilities serving the customers within CCN No. 12390; therefore, approving the transaction will result in a single entity owning, operating, maintaining, and controlling the facilities that provide service under CCN No. 12390.
25. 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)

26. The requested area is served by existing facilities, and the PWS identification number for those facilities will be transferred to Point Royal WSC.
27. Point Royal WSC's Director of Operations, Bobby Tennison, is the current licensed operator of the water system and has been operating the water system for the past 10 years. Mr. Tennison holds Class D operator's license number WO0034884 and has the managerial and technical capability to provide adequate and continuous service to the requested service area.
28. Point Royal POIA's existing facilities 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)

29. Point Royal WSC has \$1,900 in long-term debt and \$44,572 of owner's equity. Point Royal WSC meets the debt-to-equity and debt service coverage tests because Point Royal WSC's debt-to-equity ratio is 0.04, which is below 1.00.
30. Point Royal WSC meets the operations test. Point Royal WSC submitted projected financial statements for the first five years of operations in the requested area showing there are no cash shortages to cover.
31. Point Royal WSC has the financial ability and financial stability to pay for the facilities necessary 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)

32. Point Royal WSC'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 transfer.
33. There is no need to require Point Royal WSC 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)

34. Point Royal WSC is currently operating the facilities serving the customers in the requested area, and the PWS serving the customers has sufficient capacity; therefore, the feasibility of obtaining service from another adjacent retail public utility was not considered.

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

35. The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested area.
36. Transferring CCN No. 12390 to Point Royal WSC will allow for the continued provision of water service to the requested area and eliminate the need for each customer to install a well system, which protects the environmental integrity of the land.

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

37. The integrity of the land will not be affected 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)

38. Point Royal WSC is currently the operator of the facilities to be transferred and will continue to provide water service to the existing customers in the requested area once the transaction is completed.
39. All customers will be charged the same rates as they were charged before the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. After consideration of the factors in TWC § 13.246(c), Point Royal WSC has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area. TWC § 13.301(b).
2. Point Royal POIA and Point Royal WSC have demonstrated that transferring the water service area held under CCN number 12390 from Point Royal POIA to Point Royal WSC

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 transfer 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 § 24.239(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 CCN No. 12390 will be held by Point Royal POIA until the 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 November, 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

**CHRISTOPHER OAKLEY
ADMINISTRATIVE LAW JUDGE**