



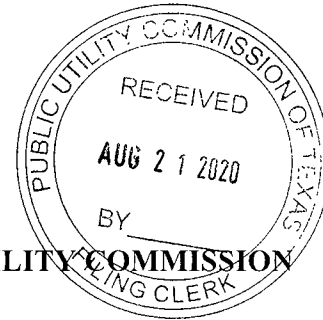
Control Number: 49683



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DOCKET NO. 49683



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

PUBLIC UTILITY COMMISSION  
OF TEXAS

### NOTICE OF APPROVAL

This Notice of Approval addresses the June 26, 2019 application of Point Royal Property Owners Improvement Association, (Point Royal POIA), on behalf of Point Royal Water System (Point Royal) 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. The Commission approves the application and grants the transfer of Point Royal POIA's facilities and service area under water certificate of convenience and necessity (CCN) No. 12390 to Point Royal WSC.

#### I. Findings of Fact

The Commission makes the following findings of fact.

##### Applicants

1. Point Royal is a retail public utility that operates, maintains, and controls facilities that provide water service in Henderson County under CCN number 12390.
2. Point Royal is owned and managed by The Point Royal Property Owners Improvement Association of Henderson County, a domestic nonprofit corporation registered with the Texas secretary of state on September 29, 1986, under filing number 101266501.
3. Point Royal owns a public water system in Henderson County registered with the Texas Commission on Environmental Quality (TCEQ) under public water system identification number 1070151.
4. Point Royal WSC is a domestic non-profit corporation registered with the Texas secretary of state on August 8, 2018, under filing number 803091008.

5. Point Royal WSC does not currently provide water service and does not currently hold a water CCN issued by the Commission.
6. Point Royal WSC was recently formed by the Point Royal Property Owners Improvement Association for the purpose of providing water service to the Point Royal subdivision.

**Application**

7. On June 26, 2019, Point Royal POIA and Point Royal WSC, filed an application requesting approval for Point Royal to sell public water system number 1070151 and all associated facilities to Point Royal WSC, and also to transfer the water service area held under CCN number 12390 to Point Royal WSC.
8. The requested 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.
9. The total area affected by the transfer is comprised of approximately 80 acres and includes 67 connections within the Point Royal subdivision.
10. In Order No. 2 filed on July 26, 2019, the administrative law judge (ALJ) found the application administratively complete.

**Notice**

11. On August 6, 2019, Point Royal WSC filed an affidavit of Michael Goebel, President of Point Royal WSC, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on August 2, 2019. A list of customers was not provided.
12. On August 21, 2019, Point Royal WSC filed a second affidavit of Michael Goebel, President of Point Royal WSC, attesting that notice was provided to all current customers of Point Royal subdivision on August 16, 2019. The list of customers was included.
13. In Order No. 4 filed on September 4, 2019, the ALJ deemed the notice sufficient.

**Evidentiary Record**

14. On November 15, 2019, the parties filed an agreed motion to admit evidence.

15. In Order No. 5 filed on December 16, 2019, the ALJ admitted the following evidence into the record: (a) The application, filed on June 26, 2019; (b) Commission Staff's recommendation on administrative completeness, filed on July 24, 2019; (c) the applicants' proof of notice and supporting documentation, filed on August 6, 2019; (d) Commission Staff's recommendation on notice, filed on August 16, 2019; (e) The applicants' supplemental proof of notice and supporting documentation, filed on August 21, 2019; (f) Commission Staff's second recommendation on notice, filed on August 30, 2019; and (g) Commission Staff's recommendation on final disposition, and all attachments thereto, filed on October 10, 2019.
16. On July 20, 2020, Commission Staff filed an agreed supplemental motion to admit evidence.
17. In Order No. 9 filed on July 28, 2020, the ALJ admitted the following into the record: (a) the applicants' closing documents, filed on April 30, 2020; (b) Commission Staff's recommendation on the sufficiency of the closing documents, filed on May 15, 2020; (c) the applicants' consent forms, filed on June 22, 2020; and (d) the final map and certificate attached to the supplemental agreed motion to admit evidence and proposed notice of approval, filed on July 20, 2020.

### **Sale**

18. In Order No. 6 filed January 7, 2020, 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.
19. On April 30, 2020, the applicants filed notice that the sale had closed effective as of April 29, 2020 and that Point Royal held no customer deposits to transfer as part of the transaction.
20. In Order No. 8 filed on May 18, 2020, 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)**

21. Point Royal has a public water system registered with the TCEQ as the Point Royal Water System, under public water system number 1070151. According to the TCEQ database, there are no violations for the public water system.

22. Point Royal has not been subject to any unresolved enforcement action by the Commission, the TCEQ, the Texas Department of Health, the Office of Attorney General, or the United States Environmental Protection Agency.

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

23. Point Royal has been the water utility in the requested area and has been providing adequate service through its public water system.
24. No additional facilities or improvements are currently needed by Point Royal WSC to serve the requested area.

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

25. There are approximately 67 existing customers in the requested area to be transferred; therefore, there is a need for continued water service.
26. No new requests for service have been received and the applications are not requesting to add additional uncertificated area.
27. 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(e)(3), 24.239(j)(5)(D)**

28. Utilities within a two-mile radius were noticed and no protests were received regarding the proposed transaction.
29. Point Royal and Point Royal WSC are the only utilities affected by this transfer.
30. The existing customers 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), (b), 13.246(c)(4), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (e)(4), and 24.239(g), (j)(5)(E)**

31. Point Royal WSC will acquire public water system number 1070151 as a result of the proposed transaction. The customers are currently receiving water service from the Point Royal Water System.
32. Point Royal WSC will operate the water system with the management and operators utilized by Point Royal.

**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), (e)(6), and 24.239(g), (j)(5)(G)**

33. Point Royal WSC has a debt-to-equity ratio of less than one, satisfying the leverage test.
34. Point Royal WSC'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, satisfying the operations test.
35. Point Royal WSC has demonstrated the financial capability and financial stability to provide continuous and adequate service to the requested area.

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

36. 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(e)(5), 24.239(j)(5)(F)**

37. Point Royal is currently serving the 67 customers and its existing public water system has sufficient capacity; therefore, it is not feasible to obtain service from another adjacent retail public utility.

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

38. Since Point Royal WSC does not anticipate building any new facilities to continue serving the requested area, regionalization or consolidation is not applicable.

**Environmental Integrity and Effect on the Land—TWC §§ 13.246(c)(7) and (c)(9); 16 TAC §§ 24.227(e)(7) and (e)(9), 24.239(j)(5)(H)**

39. The proposed transaction will not adversely impact the environmental integrity of the land because the requested area is currently receiving service.
40. The requested area will continue to be served by existing facilities and no additional construction is needed; therefore, there will be no effect on the land.

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

41. The proposed transaction will improve customer service and all customers will be charged the same rates as they were charged before the transaction.

**Map and Certificate**

42. On June 19, 2020, Commission Staff emailed to the applicants the final proposed map and certificate related to this docket.
43. On June 22, 2020, the applicants filed their consent forms concurring with the final map and certificate.
44. The final map and certificate were filed as an attachment to the proposed Notice of Approval.
45. Point Royal has sold and transferred all of its facilities and service area under water CCN number 12390 to Point Royal WSC.

**Informal Disposition**

46. More than 15 days have passed since the completion of the notice provided in this docket.
47. No person filed a protest or motion to intervene.
48. Point Royal, Point Royal WSC, and Commission Staff are the only parties to this proceeding.
49. No party requested a hearing and no hearing is needed.
50. Commission Staff recommended approval of the application.
51. 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. Point Royal and Point Royal WSC are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. Upon issuance of the Notice of Approval, Point Royal will no longer be a retail public utility as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
4. Public notice of the application was provided as required by 13.301(a), and 16 TAC § 24.239(a) through (c).

5. The Commission processed the application as required by the TWC, the Administrative Procedure Act,<sup>1</sup> and Commission Rules.
6. Point Royal and Point Royal WSC completed the transfer within the time required by 16 TAC § 24.239(o).
7. The applicants complied with the requirements of 16 TAC § 24.239(m) with respect to customer deposits.
8. After consideration of the factors in TWC §§ 13.246(c) and 13.301(b), Point Royal WSC has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area.
9. Point Royal and Point Royal WSC have demonstrated that transferring the water service area held under CCN number 12390 from Point Royal 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).
10. Point Royal WSC must record a certified copy of the certificate granted and map approved by this Notice of Approval, along with a boundary description of the service areas, in the real property records of Henderson County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording. TWC § 13.257(r), (s).
11. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

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

1. The Commission approves the application.
2. The Commission approves Point Royal WSC's purchase of the Point Royal Water System and the transfer of Point Royal's CCN number 12390 and the water service area held under that CCN to Point Royal WSC, to the extent provided in this Notice of Approval.

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<sup>1</sup> Tex. Gov't Code §§ 2001.001-.903.



3. The Commission approves the certificate and map attached to this Notice of Approval.
4. Point Royal WSC must serve every customer and applicant for service within the approved area under water CCN number 12390 that requests water service and meets the terms of Point Royal WSC's water service, and such service must be continuous and adequate.
5. Point Royal WSC must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Henderson 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.
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 21st day of August, 2020.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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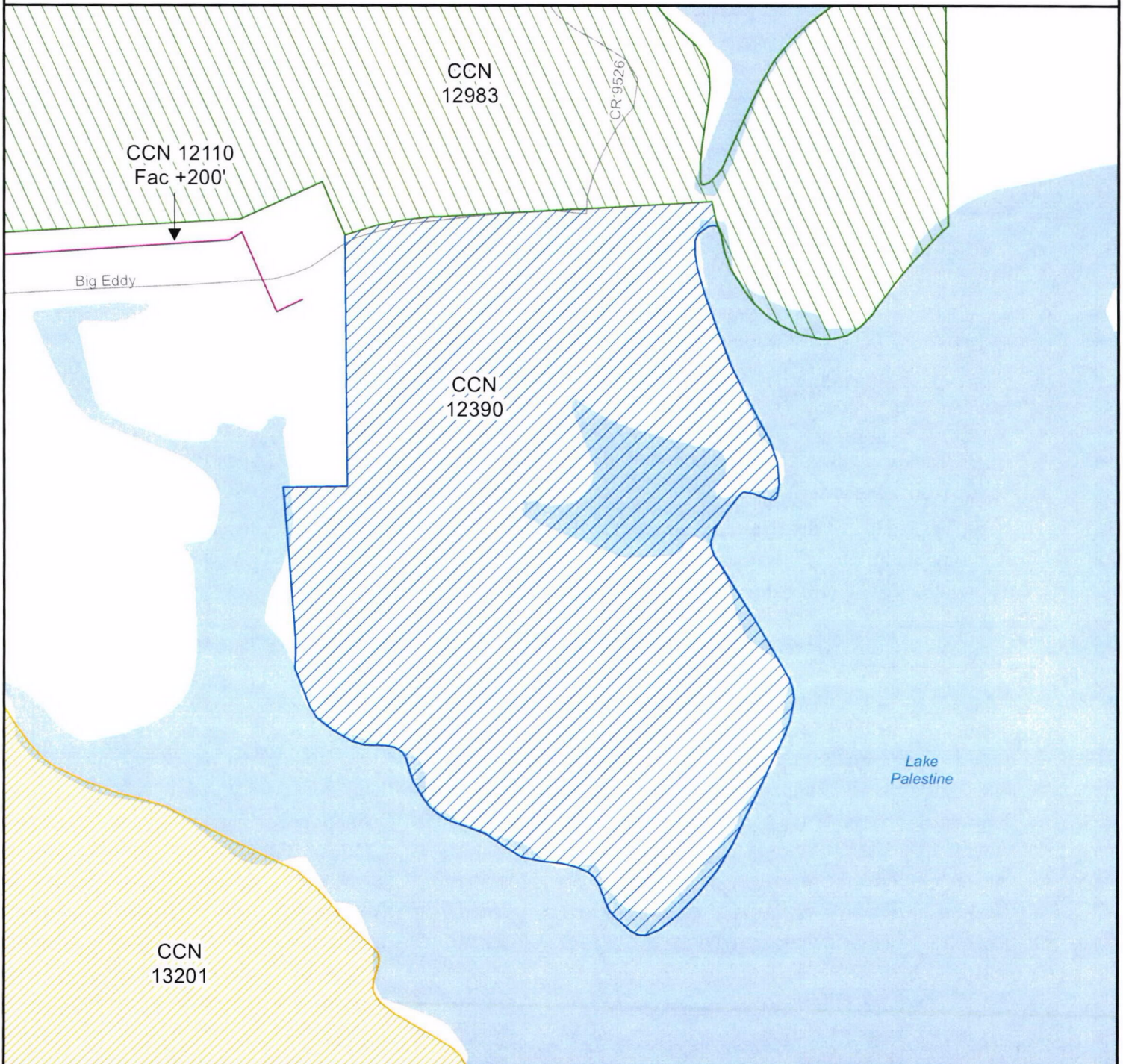
**GREGORY R. SIEMANKOWSKI  
ADMINISTRATIVE LAW JUDGE**

Point Royal Water Supply Corporation

Water CCN No. 12390




PUC Docket No. 49683

Transferred all of Point Royal Property Owners Improvement Association, CCN No. 12390 in  
Henderson County




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

**Water CCN**

-  12390 - Point Royal WSC
-  12983 - Monarch Utilities I LP
-  13201 - Aqua Texas Inc

**Water CCN**

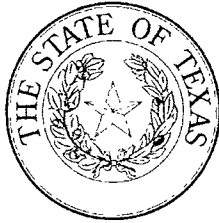
**Facilities +200'**

-  12110 - Three Community WSC



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Feet

Map by: Komal Patel  
Date created: June 11, 2020  
Project Path: n:\finalmapping\  
49683PointRoyalWSC.mxd



# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **Point Royal Water Supply Corporation**

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, Point Royal Water Supply Corporation is entitled to this

### **Certificate of Convenience and Necessity No. 12390**

to provide continuous and adequate water utility service to that service area or those service areas in Henderson County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 49683 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Point Royal Water Supply Corporation 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, the 21<sup>st</sup> day of August 2020.