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APPLICATION OF MONARCH UTILITIES I L.P. AND GOINS UTILITY SERVICE LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND UNCERTIFICATED AREA IN POLK COUNTY	§ § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

Monarch Utilities I L.P. (Monarch) and Goins Utility Service LLC (Goins) (together, Applicants) together with the Staff (Commission Staff) of the Public Utility Commission of Texas (Commission) (collectively, the Parties), file this Joint Motion to Admit Evidence and Proposed Notice of Approval. In support thereof, the Parties would show the following:

I. BACKGROUND

On January 8, 2020, Applicants filed an application for approval of the sale, transfer, or merger of facilities and uncertificated area in Polk County. Monarch seeks to purchase all the water and wastewater assets of Goins. The requested sale and transfer includes 36 connections and approximately 17 total acres for the requested water service area and approximately 24 total acres for the requested sewer service area. The Applicants filed supplemental information to their application on March 10, 2020, April 7, 2020, April 27, 2020, July 15, 2020, July 20, 2020, August 6, 2020, August 31, 2020, and on June 1, 2021. On June 14, 2021, the Applicants filed proof of closing documents with the Commission, and the Commission Staff filed its sufficiency recommendation as to the closing documents on June 29, 2021.

On July 1, 2021, Order No. 18 was issued, requiring the Parties to file a joint motion to admit evidence and proposed notice of approval by August 24, 2021. Motions for extension of the filing deadlines in Order No. 18 were filed on August 23, September 7, and September 10, 2021,

ultimately amending the deadline to file a joint motion to admit evidence and proposed notice of approval to October 8, 2021. Therefore, this pleading is timely filed.

II. JOINT MOTION TO ADMIT EVIDENCE

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

1. The applicants' proof of closing documents, filed on June 14, 2021 (Interchange Item No. 54);
2. Commission Staff's recommendation on the sufficiency of the closing documents, filed on June 29, 2021 (Interchange Item No. 55);
3. Monarch's signed consent form concurring with Commission Staff's proposed final maps, certificate, and tariff filed on October 1, 2021 (Interchange Item No. 66); and
4. Goins's signed consent forms concurring with Commission Staff's proposed final maps, certificate, and tariff filed on October 4, 2021 (Interchange Item No. 67).

III. PROPOSED NOTICE OF APPROVAL

The parties respectfully request that the Commission adopt the findings of fact, conclusions of law, and ordering paragraphs contained in the attached proposed notice of approval.

IV. CONCLUSION

The Parties respectfully request that the Commission grant the joint supplemental motion to admit evidence and adopt the attached proposed notice of approval.

Date: October 8, 2021

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on October 8, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ William A. Faulk, III

WILLIAM A. FAULK, III

DOCKET NO. 50424

APPLICATION OF MONARCH UTILITIES I L.P. AND GOINS UTILITY SERVICE LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND UNCERTIFICATED AREA IN POLK COUNTY	§ § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the January 8, 2020, application of Monarch Utilities I L.P. (Monarch) and Goins Utility Service LLC (Goins) (collectively, Applicants) for the sale, transfer, or merger of facilities and uncertificated area in Polk County. The Commission approves the sale and transfer of all of Goins’s facilities and assets to Monarch and the amendment of Monarch’s water certificate of convenience and necessity (CCN) number 12983 and sewer CCN number 20899 to add previously uncertificated water and sewer service areas to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Monarch is a limited partnership registered with the Texas Secretary of State under file number 800034797.
2. Monarch is a retail public utility that provides water and sewer service in Texas under CCN numbers 12983 and 20899.
3. Goins is a limited liability company registered with the Texas secretary of state under file number 802505389.
4. Goins is a retail public utility that provides uncertificated water service in Polk County.
5. Goins owns and operates one public water system (PWS) in Polk County registered with the Texas Commission on Environmental Quality (TCEQ) under PWS identification number 1870016.

6. Goins owns one wastewater system in Polk County permitted by the TCEQ under TCEQ Water Quality (WQ) Discharge Permit Number WQ 13637-001.

Procedural History and Application

7. On January 8, 2020, the Applicants filed an application for approval to transfer all uncertificated facilities and water and sewer service areas held by Goins to Monarch's CCN numbers 12983 and 20899.
8. The requested area includes approximately 17 acres and 36 current customers for water service and approximately 24 acres for sewer service.
9. The requested area consists of one subdivision and two systems; maps of the requested service areas subject to this transaction are provided in Attachment A.
10. In Order No. 5 filed on July 7, 2020, the ALJ found the application administratively complete.

Notice

11. On August 6, 2020, the Applicants filed the affidavit of George Freitag, the Regulatory Manager for Monarch, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on July 28, 2020. Notice was also published in the Polk County Enterprise, a newspaper of general circulation in Polk County, on July 26, 2020, and August 2, 2020.
12. In Order No. 7 filed on September 2, 2020, the ALJ found notice sufficient.

Evidentiary Record

13. On April 26, 2021, the parties filed a joint motion to admit evidence and proposed order approving the sale and transfer to proceed.
14. In Order No. 16 issued on April 29, 2021, the ALJ admitted the following evidence into the record: (a) Application of Monarch Utilities I L.P. and Goins Utility Service LLC for Sale, Transfer, or Merger of Facilities and Uncertificated Area in Polk County, including confidential information, filed on January 8, 2020; (b) Applicant's supplemental information, including confidential information, filed on March 10, 2020; (c) Monarch's

revised maps and shapefiles filed on April 7, 2020; (d) Applicant's supplemental information, and confidential information, filed on April 27 and April 29, 2020; (e) Monarch's affidavit of notice filed on August 6, 2020; (f) Monarch's affidavit regarding 25-acre tracts filed August 31, 2020; and (g) Commission Staff's Amended Recommendation on Final Disposition, filed on April 26, 2021.

15. On October 8, 2021, applicants and Commission Staff filed a joint supplemental motion to admit evidence and proposed notice of approval.
16. In Order No. __, issued on _____, the ALJ admitted the following additional evidence into the record: (a) the applicants' proof of closing documents filed on June 14, 2021; (b) Commission Staff's recommendation on the sufficiency of the closing documents filed on June 29, 2021; and (c) Monarch's signed consent form concurring with Commission Staff's proposed final maps, certificate, and tariff filed on October 1, 2021; and (d) Goins's signed consent form concurring with Commission Staff's proposed final maps, certificate, and tariff filed on October 4, 2021.

Sale

17. In Order No. 17 filed on May 3, 2021, the ALJ approved the transaction to proceed and required applicants to file proof that the transaction had closed and that customer deposits had been addressed.
18. On June 1, 2021, applicants filed a status report regarding efforts to complete the transaction.
19. On June 14, 2021, applicants filed proof that the sale had closed effective June 3, 2021.
20. In Order No. 18 filed on July 1, 2021, 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(h)(3)(A), (h)(5)(I)

21. Monarch has been subject to enforcement actions by the Commission, TCEQ, Texas Department of Health, the Office of the Attorney General, or the Environmental Protection Agency in the past five (5) years for non-compliance with rules, orders, or state statutes.

22. Monarch has either resolved the non-compliance issues or has entered into compliance agreements that are leading to resolution of the violations.
23. At the time of the Application, Goins had not been subject to any enforcement action by the Commission, TCEQ, the Texas Health and Human Services Commission, 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(h)(5)(A)

24. Certain additional facilities or improvements may be needed to meet the TCEQ's and Commission's minimum requirements or to provide continuous and adequate service to the requested service areas.
25. Goins has been providing adequate service to the areas being transferred.

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

26. There are approximately 36 current connections in the requested area, who will continue to need service.

Effect of Approving the Transaction and Granting the Amendment—TWC § 13.246(c)(3); 16 TAC §§ 24.227(e)(3), 24.239(h)(5)(C)

27. A portion of the water service area transferred was in the area of Lake Livingston Water Supply and Sewer Service Corporation (CCN 10147) and LLWSSC agreed to be decertified.
28. The transaction will not affect landowners in the vicinity of the requested area or adjacent utilities.

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), 24.239(e), (h)(5)(D)

29. The operations, maintenance, management, and customer services will be provided by Monarch. Monarch employs experienced operators that are knowledgeable about operations, as well as the requirements for continuous and adequate service, and will continue to employ such operators for this purpose.

30. The service currently being provided is not expected to negatively change as a result of the transaction.
31. Monarch owns and operates 106 other PWSs. Some of Monarch's other PWSs have minor unresolved TCEQ violations that are unrelated to capacity and will not affect Monarch's ability to provide adequate service to the requested area.
32. Monarch obtained approval for the transfer of the existing wastewater discharge permit—TCEQ Permit No. WQ0013637001—from Goins by application from TCEQ.
33. Monarch has the technical and managerial capability to provide continuous and adequate service to the requested area.

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(e), (h)(5)(D)

34. Monarch has a debt-to-equity ratio of less than one and a debt-service ratio of greater than 1.25, satisfying the leverage test.
35. Monarch has sufficient cash available to cover any projected operations and maintenance shortages during the first five years after the completion of the proposed sale and transfer, satisfying the operations test.
36. Monarch has demonstrated the financial capability and stability to provide continuous and adequate water service.

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

37. There is no need to require Monarch 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(h)(5)(E)

38. It is not feasible for an adjacent utility to provide service to the requested area because Monarch's and Goins's existing facilities possess sufficient capacity to provide continuous and adequate service.
39. Utilities within a two-mile radius were noticed, and no protests were received.

1. The Commission has jurisdiction over this proceeding under TWC §§ 13.041, 13.241, 13.244, 13.246, 13.251, and 13.301.
The Commission makes the following conclusions of law.

II. Conclusions of Law

50. The decision is not adverse to any party.
49. Commission Staff recommended approval of the application.
48. No party requested a hearing, and no hearing is necessary.
47. Monarch, Goins, and Commission Staff are the only parties to this proceeding.
46. No party filed a protest or motion to intervene.
45. More than 15 days have passed since completion of the notice provided in this docket.

Informal Disposition

44. Because Monarch does not anticipate building any new facilities to continue serving the requested area, it is not necessary to consider regionalization or consolidation.

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

43. The rates charged to customers will not change as a result of the transaction.
by a sufficient number of licensed operators.
42. The proposed transaction will maintain or improve current levels of customer service to existing customers because the water system will continue to be operated and maintained

§§ 24.227(e)(8), 24.239(h)(5)(H)

Improvement of Service or Lowering Cost to Consumers—TWC § 13.246(c)(8); 16 TAC

41. The effect on the land should be minimal as the requested area will be served by existing systems and facilities and no additional construction is needed.
because the requested area is currently receiving service.
40. The proposed transaction will not adversely impact the environmental integrity of the land

§§ 24.227(e)(7) (d)(9), 24.239(h)(5)(G)

Environmental Integrity and Effect on the Land—TWC § 13.246(c)(7), (c)(9); 16 TAC

2. Goins and Monarch are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. Goins and Monarch provided notice of the application that complies with TWC § 13.301(a) and 16 TAC § 24.239(a)–(c).
4. The Commission processed the application as required by the TWC, the Administrative Procedure Act,¹ and Commission Rules.
5. Goins and Monarch completed the sale within the time required by 16 TAC § 24.239(m).
6. Goins and Monarch complied with the requirements of 16 TAC § 24.239(k) and (l) with respect to customer deposits.
7. After consideration of the factors in TWC § 13.246(c) and 16 TAC §§ 24.227(e) and 24.239(h)(5), Monarch has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested areas as required by TWC § 13.301(b) and 16 TAC § 24.239(e).
8. It is not necessary for Monarch to provide a bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
9. Goins and Monarch have demonstrated that the sale of Goins’s water and sewer facilities and the transfer of the uncertificated service areas CCN from Goins to Monarch and the amendment of Monarch’s CCN number 12983 will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC § 13.301(d) and (e).
10. Monarch must record a certified copy of its certificate granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Polk County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording as required by TWC § 13.257(r) and (s).

¹ Tex. Gov’t Code §§ 2001.001–.903.

11. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with the preceding findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves the sale and transfer of all of Goins's facilities and uncertificated water service areas to Monarch, and the amendment of Monarch's water and wastewater CCN numbers 12983 and 20899 to include the facilities and service areas previously belonging to Goins, to the extent provided in this Notice of Approval.
2. The Commission approves the maps and tariff attached to this Notice of Approval.
3. The Commission issues the certificate attached to this Notice of Approval.
4. Monarch must provide service to every customer or applicant for service within Goins's previous uncertificated service area that requests water and wastewater service and meets the terms of Monarch's water and wastewater service, and such service must be continuous and adequate.
5. Monarch must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Polk County affected by the application and must submit to the Commission evidence of recording no later than 31 days after receipt of this Notice of Approval.
6. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved by this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff books.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas this ___ day of _____, 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE