

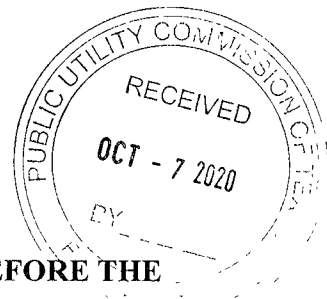


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DOCKET NO. 50819

**APPLICATION OF SHEROLL
RICHARDSON, ADMINISTRATOR OF
THE ESTATE OF HERB MADISON
AND SHEROLL AND ROGER
RICHARDSON DBA NORTHTOWN
ACRES WATER SUPPLY FOR SALE,
TRANSFER, OR MERGER OF
FACILITIES AND CERTIFICATE
RIGHTS IN NAVARRO COUNTY** §
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**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

**JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER
APPROVING THE SALE AND ALLOWING THE TRANSACTION TO PROCEED**

COMES NOW Sheroll and Roger Richardson dba Northtown Acres Water Supply 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. In support thereof, the Parties show the following:

I. BACKGROUND

On May 5, 2020, Sheroll Richardson, administrator of the Estate of Herb Madison (Estate) and Sheroll and Roger Richardson dba Northtown Acres Water Supply (Northtown Acres) (collectively, Applicants) filed an application for an amendment of a certificate of convenience and necessity (CCN) and a sale, transfer, or merger (STM) of facilities and certificate rights in Navarro County, Texas. The Applicants seek approval to acquire facilities and to transfer all of Northtown Acres' water CCN No. 11704 from the Estate to Northtown Acres. The area to be transferred is currently certificated to Northtown Acres and includes approximately 1,810 acres and 167 current customers. The uncertificated area being requested in this application, located within the North Petty Chapel Subdivision, includes approximately 232 acres and 44 current customers. The total requested area is approximately 2,042 acres and 211 current customers.

Order No. 2, issued by the Commission administrative law judge (ALJ) on June 11, 2020, found the application administratively complete and required notice. Order No. 7, issued by the Commission ALJ on August 28, 2020, found notice sufficient and set a deadline of October 7, 2020, for parties to file a joint motion to admit evidence and proposed order

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approving the sale and allowing the transaction to proceed. Therefore, this pleading is timely filed.

II. JOINT MOTION TO ADMIT EVIDENCE

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

- a) Northtown Acres' Application, filed on May 5, 2020 (Interchange Item No. 1);
- b) Staff's recommendation on administrative completeness, notice, and procedural schedule, filed on June 10, 2020 (Interchange Item No. 3);
- c) Northtown Acres' response to Staff's first request for information filed on June 29, 2020 (Interchange Item No. 6);
- d) Northtown Acres' proof of notice and affidavit, filed on July 7, 2020 (Interchange Item No. 8);
- e) Northtown Acres' supplemental proof of notice and affidavit, filed on July 22 and 24, 2020 (Interchange Item Nos. 13 & 15);
- f) Staff's supplemental recommendation on sufficiency of notice, filed on July 30, 2020 (Interchange Item No. 19); and
- g) Staff's recommendation on final disposition, filed on September 11, 2020 (Interchange Item No. 25).

III. JOINT PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

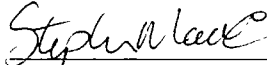
The Parties request that the Commission ALJ approve the attached Joint Proposed Order Approving the Sale and Allowing the Transaction to Proceed.

IV. CONCLUSION

The Parties respectfully request that the Commission grant the Motion to Admit Evidence and issue an Order consistent with the attached Joint Proposed Order authorizing the proposed transaction to proceed.

Dated: October 7, 2020

Respectfully submitted,




Stephen Mack
State Bar No. 24041374
Naman, Howell, Smith & Lee, PLLC
8310 North Capital of Texas Highway
Building One, Suite 490
Austin, Texas 78731
Office: (512) 807-2749
Fax: (512) 474-1901
Cell: (682) 554-7694
SMack@namanhowell.com

*Attorney for Sheroll and Roger Richardson
d.b.a. Northtown Acres Water Supply*

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 7, 2020, in accordance with 16 TAC § 22.74.



Stephen Mack

DOCKET NO. 50819

APPLICATION OF SHEROLL	§	PUBLIC UTILITY COMMISSION
RICHARDSON, ADMINISTRATOR OF	§	
THE ESTATE OF HERB MADISON	§	OF TEXAS
AND SHEROLL AND ROGER	§	
RICHARDSON DBA NORTHTOWN	§	
ACRES WATER SUPPLY FOR SALE,	§	
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN NAVARRO COUNTY	§	

JOINT PROPOSED ORDER APPROVING THE SALE AND ALLOWING THE TRANSACTION TO PROCEED

This Order addresses the May 5, 2020, application of Sheroll Richardson, administrator of the Estate of Herb Madison (Estate) and Sheroll and Roger Richardson dba Northtown Acres Water Supply (Northtown Acres) (collectively, applicants) for approval of the sale, transfer, or merger of facilities and to amend certificate of convenience and necessity (CCN) number 11704 in Navarro County, Texas. Specifically, Northtown Acres seeks to acquire all of the water facilities owned by the Estate, to transfer water CCN number 11704 from the Estate to Northtown Acres, and to amend the CCN service area to include additional service territory. The total requested area is approximately 2,042 acres and 211 current customers.

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. Sheroll and Roger Richardson are registered with the Navarro County Clerk as doing business under the assumed name of Northtown Acres Water Supply.
2. Herb Madison originally established Northtown Acres in 1975 and operated the system under water CCN number 11704.
3. Herb Madison passed away in 2013, leaving the water facilities and business to his daughter, Sheroll Richardson.
4. The Northtown Acres water system is located in Navarro County and is approved by

the Texas Commission on Environmental Quality (TCEQ) under PWS ID No. 1750037.

5. Sheroll Richardson, as Administratrix and sole heir of the Estate of Herb Madison, has authority to act on behalf of the Estate of Herb Madison.
6. Sheroll and Roger Richardson dba Northtown Acres have been operating the water system and providing retail water service to the public for 20 years.

Application

7. On May 5, 2020, Northtown Acres filed an application for the approval of the sale or transfer of all of the water facilities currently owned by the Estate of Herb Madison, PWS ID No. 1750037, and transfer of the corresponding water service area held under CCN number 11704 (Original North Town Acres Service Area) in Navarro County from the Estate of Herb Madison to Northtown Acres. The application also seeks to transfer uncertificated area that includes the North Petty Chapel subdivision (North Petty Chapel Service Area) and to amend CCN number 11704 to include the North Petty Chapel Service Area.
8. The Original North Town Acres Service Area subject to this transfer is located approximately three miles northwest of downtown Corsicana, Texas, and is generally bounded on the north by Chambers Creek; on the east by IH 45; on the south by NW County Road 0001; and on the west by NW County Road 0010.
9. The Original North Town Acres Service Area affected by the transfer comprises approximately 1,810 acres and 167 current customers in Navarro County.
10. The North Petty Chapel Service Area subject to this transfer is located approximately two miles northeast of downtown Corsicana, Texas, and is generally bounded on the north by NW County Road 0100; on the east by NE County Road 0080; on the south by FM 3041 aka W. Roane Road; and on the west by IH 45.
11. The North Petty Chapel Service Area affected by the transfer comprises approximately 232 acres and 44 current customers in Navarro County.
12. In Order No. 2 filed on June 11, 2020, the administrative law judge (ALJ) deemed the application administratively complete.

Notice

13. On July 7, 2020, Northtown Acres filed its proof of notice and affidavit attesting that notice was provided to all current customers of Northtown Acres, the City of Corsicana, neighboring utilities, counties, and affected parties.
14. On July 7, 2020, Northtown Acres filed the affidavit of Haley Jenkins attesting that notice was published in the *Corsicana Daily Sun*, a newspaper of general circulation in Navarro County, on June 20, 2020 and June 27, 2020.
15. On July 22, 2020, Northtown Acres filed its supplemental proof of notice and affidavit indicating that Northtown Acres (a) provided a copy of the map delineating the requested area that was sent with the individual notice to neighboring utilities, other affected parties, landowners, and customers; (b) provided a list of the names and addresses of the affected customers and other affected parties in both the certificated and uncertificated areas to whom notice was sent; and (c) provided a statement confirming that notice was sent to each owner of a tract of land that is 25 acres or more and wholly or partly located in the uncertificated requested area within the North Petty Chapel Service Area.
16. In Order No. 7 filed August 28, 2020, the ALJ deemed the notice sufficient.

Evidentiary Record

17. On October 7, 2020, the parties jointly moved to admit evidence.
18. In Order No. __ filed on _____, 2020, the ALJ admitted the following evidence into the record: (a) Northtown Acres' Application, filed on May 5, 2020; (b) Commission Staff's recommendation on administrative completeness, notice, and procedural schedule, filed on June 10, 2020; (c) Northtown Acres' response to Staff's first request for information filed on June 29, 2020; (d) Northtown Acres' proof of notice and affidavit, filed on July 7, 2020; (e) Northtown Acres' supplemental proof of notice and affidavit, filed on July 22 and 24, 2020; (f) Commission Staff's supplemental recommendation on sufficiency of notice, filed on July 30, 2020; and (f) Commission Staff's recommendation on final disposition, filed on September 11, 2020.

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)

19. Northtown Acres has a TCEQ approved public water system (PWS), North Town Acres, PWS ID No. 1750037, that serves both the North Town Acres Service Area and the North Petty Chapel Service Area.

20. The North Town Acres PWS does not have any violations listed in the TCEQ database.

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

21. Northtown Acres has been operating the North Town Acres PWS and providing retail water service to current customers for 20 years.

22. The Northtown Acres PWS does not have any violations listed in the TCEQ database.

23. There is no further construction necessary to provide adequate service to the requested area.

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

24. The purpose of the transaction is to transfer water CCN number 11704 from the Estate of Herb Madison to Northtown Acres. Additionally, Northtown Acres seeks to add the service area for the North Petty Chapel Service Area to CCN number 11704.

25. The 167 customers in the Northtown Acres Service Area and the 44 customers in the North Petty Chapel Service Area are currently receiving water service from the North Town Acres PWS.

26. No additional service is needed at this time.

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 small portion of the service area for the North Petty Chapel subdivision is located within the City of Corsicana's existing water service area under CCN number 10776.

28. The City of Corsicana consented to dual certification with CCN number 11704.

29. There will be no effect on other any retail public utility servicing the proximate area as the existing customers are currently being served by the North Town Acres PWS.

30. There will be no effect on landowners as the existing customers are currently being served by the North Town Acres PWS.

Ability to Serve: Managerial and Technical—TWC §§ 13.241(a), 13.246(c)(4), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (e)(4), 24.239(e), (h)(5)(D)

31. Northtown Acres has been operating the system and providing service to the area for 20 years.
32. Roger Richardson holds a water operator's license issued by the TCEQ.
33. Northtown Acres purchases the water needed to serve customers from the City of Corsicana.
34. The operations, maintenance, management, and customer services will continue to be provided by Northtown Acres.
35. Northtown Acres has the managerial and technical capability to provide continuous and adequate service to the requested areas.

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), 24.239(e), (h)(5)(F)

36. Northtown Acres has a debt to equity ratio of less than one and meets the financial leverage test.
37. Northtown Acres does not project any operations or maintenance shortages in the first five years as the North Town Acres PWS has already been constructed and has been providing retail water service. No improvements are needed to provide continuous and adequate service to the requested area.
38. Northtown Acres has demonstrated the financial ability and stability to provide continuous and adequate water service to the requested areas.

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

39. There is no need to require Northtown Acres 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)

40. Northtown Acres is currently serving customers in the requested areas and has sufficient capacity through the purchase of water from the City of Corsicana.
41. It is not feasible to obtain service from another utility other than Northtown Acres.

Environmental Integrity—TWC § 13.246(c)(7); 16 TAC §§ 24.227(e)(7), 24.239(h)(5)(G)

42. The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested areas.

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

43. The proposed transfer will have no impact on the land as no additional construction is needed to provide service to the requested areas.

Improvement of Service or Lowering of Cost to Consumers—TWC § 13.246(c)(8); 16 TAC §§ 24.227(e)(8), 24.239(h)(5)(H)

44. Northtown Acres will continue to provide water service to the existing customers in the requested areas. The cost to customers will not be changed as a result of this application.
45. Northtown Acres has a pending rate case at the Commission that may impact rates.
46. Customers will continue to receive the same level of service as there will be no change in daily customer service and operations as a result of the proposed transaction.

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

47. Northtown Acres will not need to construct a physically separate water system to continue serving the requested areas; therefore, concerns of regionalization or consolidation do not apply.

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), Northtown Acres has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area. TWC § 13.301(b).
3. Northtown Acres has demonstrated that transferring the water service area held under CCN number 11704 and North Town Acres PWS from the Estate of Herb Madison to Northtown Acres will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public. TWC §§ 13.246(b) and 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 of the water service area held under CCN number 11704 and North Town Acres PWS from the Estate to Northtown Acres is approved and the transaction between the Estate and Northtown Acres 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, Northtown Acres shall file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
3. Northtown Acres has 180 days to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not consummated within this 180-day period, or an extension is not granted, this approval is void and Northtown Acres will have to reapply for approval.
5. Northtown Acres is advised that the service area will remain under CCN number 11704 and held by the Estate until the sale and transfer transaction is complete in accordance with Commission rules.
6. In an effort to finalize this proceeding as soon as possible, the applicants must 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 Northtown Acres' 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 procedural schedule for continued processing of this docket.

Signed at Austin, Texas the _____ day of __, 2020.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE