



Control Number: 50819



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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 §**

**PUBLIC UTILITY COMMISSION**

**OF TEXAS**

**ORDER NO. 8  
APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Sheroll Richardson, administrator of the Estate of Herb Madison (Estate) and Sheroll and Roger Richardson dba Northtown Acres Water Supply for an amendment for sale, transfer, or merger of facilities and certificate rights in Navarro County. The applicants seek to transfer all of the Estate’s water facilities and certificate of convenience and necessity (CCN) number 11704 to Northtown Acres, and to amend the CCN to include additional service territory. 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. The Estate operates, maintains, and controls facilities for providing retail water service in Navarro County under CCN number 11704.
4. The Estate owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1750037.

5. Sheroll and Roger Richardson dba Northtown Acres have been operating the water system and providing retail water service to the public for several decades.

**Application**

6. On May 5, 2020, the applicants filed the application at issue in this proceeding.
7. The applicants filed supplemental information on June 29, 2020.
8. The combined requested areas include 2,042 acres and 211 current customers.
9. The service area currently covered by the CCN consists of 1,810 acres and 167 current customers. The 1,810-acre requested area consists of the North Town Acres subdivision and is located approximately three miles northwest of downtown Corsicana 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.
10. The additional service area requested consists of 232 acres and 44 current customers. The 232-acre requested area consists of the North Petty Chapel neighborhood and is located approximately two miles northeast of downtown Corsicana 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 (also known as W. Roane Road); and on the west by IH 45.
11. In Order No. 2 filed on June 11, 2020, the administrative law judge (ALJ) found the application administratively complete.

**Notice**

12. On July 7, 2020, Northtown Acres filed its proof of notice and the affidavit of Roger Richardson, owner of Northtown Acres, attesting that notice was provided to all current customers of Northtown Acres, the City of Corsicana, neighboring utilities, counties, and affected parties on June 29, 2020.
13. On July 7, 2020, Northtown Acres filed the affidavit of Haley Jenkins, office manager, attesting that notice was published in the *Corsicana Daily Sun*, a newspaper of general circulation in Navarro County, on June 20 27, 2020.
14. On July 22, 2020, Northtown Acres filed a supplemental proof of notice and affidavit.
15. In Order No. 7, filed on August 28, 2020, the ALJ deemed the notice sufficient.

**Evidentiary Record**

16. On October 7, 2020, the parties jointly moved to admit evidence.
17. In Order No. 8, filed on October 12, 2020, the ALJ admitted the following evidence into the record of this proceeding: (a) the 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's response to Commission Staff's first request for information filed on June 29, 2020; (d) Northtown's proof of notice and affidavit filed on July 7, 2020; (e) Northtown's 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 (g) 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)**

18. North Town Acres's public water system number 1750037 does not have any violations listed in the TCEQ database.
19. The applicants have demonstrated a compliance status that is adequate for approval of the sale to proceed.

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

20. Northtown Acres has been operating the North Town Acres public water system and providing retail adequate and continuous water service to current customers for several decades.
21. 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)**

22. The purpose of the transaction is to transfer water CCN number 11704 from the Estate to Northtown Acres. Additionally, Northtown Acres seeks to add the service area for the North Petty Chapel Service Area to CCN number 11704.
23. 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.

24. No additional service is needed at this time.

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

25. 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.

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

27. 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 public water system.

28. There will be no effect on landowners as the existing customers in both subdivisions are currently being served by the North Town Acres public water system.

**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(h)(2), (h)(5)(D)**

29. Northtown Acres has been operating the system and providing service to the area for 20 years.

30. Roger Richardson holds a water operator's license issued by the TCEQ.

31. Northtown Acres purchases the water needed to serve customers from the City of Corsicana and is capable of providing water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the TWC, and the TCEQ's rules.

32. The operations, maintenance, management, and customer services will continue to be provided by Northtown Acres.

33. Northtown Acres has the managerial and technical 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), (e)(6), 24.239(e), (h)(5)(F)**

34. Northtown Acres has a debt-to-equity ratio of less than one and meets the financial leverage test.

35. 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.

36. Northtown Acres has demonstrated the financial capability and 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(f)**

37. 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)**

Northtown Acres is currently serving customers in the requested areas and has sufficient capacity through the purchase of water from the City of Corsicana.

38. Water utilities within a two-mile radius were properly noticed and no protests or opt-out requests were received.
39. It is not feasible to obtain service from another utility other than Northtown Acres.

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

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

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

41. 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.
42. Northtown Acres has a pending rate case at the Commission that may impact rates.
43. 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)**

44. No construction is required to provide service to the requested area; therefore, this criterion is not applicable.

## 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 adequate and continuous 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 public water system from the Estate 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 these findings of fact and conclusions of law, the Commission issues the following orders:

1. The sale 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, the applicants must file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
3. The applicants have 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 the applicants will have to reapply for approval.
5. The applicants are advised that water CCN number 11704 will be held by the Estate until the sale and 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 customers 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 16th day of October 2020.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

A handwritten signature in black ink, appearing to read 'G. R. Siemankowski', written in a cursive style.

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**GREGORY R. SIEMANKOWSKI  
ADMINISTRATIVE LAW JUDGE**