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APPLICATION OF CHAMPS WATER §
COMPANY AND MIDWAY WATER §
UTILITIES, INC. FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN HARRIS AND §
MONTGOMERY COUNTIES §

PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

**JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER
APPROVING SALE AND TRANSFER TO PROCEED**

COMES NOW Champs Water Company (Champs) and Midway Water Utilities, Inc. (Midway), and the Staff (Staff) of the Public Utility Commission of Texas (Commission) (collectively, Parties), and hereby submit this Joint Motion to Admit Evidence and Proposed Order Approving Sale and Transfer to Proceed. In support thereof, the Parties show the following:

I. BACKGROUND

On June 1, 2020, Champs and Midway (collectively, Applicants) filed an application for approval of the sale, transfer, or merger (STM) of facilities and certificate rights in Harris and Montgomery Counties, in accordance with Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. Specifically, Midway seeks approval to acquire facilities and to transfer all of Champs' water and sewer service area under Champs' water Certificate of Convenience and Necessity (CCN) No. 10972 and sewer CCN No. 20385 to Midway. The requested area includes approximately 708 acres of water service area and 1,500 water service connections and 543 acres of sewer service area and 1,273 sewer service connections. On August 3, 2020, August 4, 2020, August 10, 2020, and August 18, 2020, Applicants filed supplements to the application.

On October 16, 2020, the administrative law judge filed Order No. 6, establishing a deadline of December 15, 2020 for the Parties to file a joint motion to admit evidence and proposed order approving the sale and allowing the transaction to proceed. Therefore, this pleading is timely filed.

II. MOTION TO ADMIT EVIDENCE

The Parties request the entry of the following items into the record of this proceeding:

- a. The application and all attachments, filed on June 1, 2020 (Interchange Item Nos. 1 and 2);
- b. Commission Staff's Recommendation on Administrative Completeness and Proposed Notice and attached memorandum, filed on July 1, 2020 (Interchange Item No. 6);
- c. Midway's Supplemental Information to Cure Deficiencies in Response to Order No. 3, filed on August 4, 2020 (Interchange Item No. 10);
- d. Midway's confidential Response to Application Deficiencies, filed on August 10, 2020 (Interchange Item No. 12);
- e. Midway's filing providing additional information requested by Staff, filed on August 18, 2020 (Interchange Item No. 13);
- f. Commission Staff's Supplemental Recommendation on Administrative Completeness and Proposed Procedural Schedule, filed on September 3, 2020 (Interchange Item No. 14);
- g. Midway's proof of notice, filed on September 23, 2020 (Interchange Item No. 16);
- h. Midway's confidential notice mailing list, filed on September 24, 2020 (Interchange Item No. 17);
- i. Commission Staff's Recommendation on Sufficiency of Notice, filed on October 15, 2020 (Interchange Item No. 18); and
- j. Commission Staff's Recommendation on Approval of the Transaction to Proceed and attached memorandum, filed on November 2, 2020 (Interchange Item No. 20).

III. JOINT PROPOSED NOTICE OF APPROVAL

The Parties respectfully request that the Commission approve the attached Joint Proposed Order Approving Sale and Transfer to Proceed, which would grant the Applicants' application for sale, transfer, or merger of facilities and certificate rights in Harris and Montgomery Counties, Texas.

IV. CONCLUSION

The Parties respectfully request that the Commission grant this Motion to Admit Evidence and adopt the attached Joint Proposed Order.

Dated: December 15, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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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 December 15, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Justin C. Adkins
Justin C. Adkins

DOCKET NO. 50895

APPLICATION OF CHAMPS WATER	§	PUBLIC UTILITY COMMISSION
COMPANY AND MIDWAY WATER	§	
UTILITIES, INC. FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN HARRIS AND	§	
MONTGOMERY COUNTIES	§	

JOINT PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Champs Water Company, Inc. (Champs) and Midway Water Utilities, Inc. (Midway) (collectively, Applicants) for approval of a sale, transfer, or merger of facilities and certificate rights in Harris and Montgomery Counties. The applicants seek to transfer all of Champs' water and sewer facilities, service area, and certificate rights under water certificate of convenience and necessity (CCN) number 10972 and sewer CCN number 20385 to Midway. The Commission approves the transaction and transfers facilities and service area as requested.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Champs is a domestic for-profit corporation registered with the Texas secretary of state under filing number 0107050700 that operates, maintains, and controls facilities for providing water service in Texas under CCN number 10972 and sewer service in Texas under CCN number 20385.
2. Champs has several public water systems (PWS) registered with the Texas Commission on Environmental Quality (TCEQ) under PWS identification numbers 1010028, 1010192, 1010410, 1010517, 1010670, 1011708, 1011999, and 1700684.
3. Champs owns and operates seven sewer systems registered with the TCEQ under WQ identification numbers 11739-001, 11005-001, 12571-001, 11158-001, 10436-001, and 12730-001.
4. Midway is a domestic for-profit corporation registered with the Texas secretary of state under filing number 0111387200 that operates, maintains, and controls facilities for

providing water service in Texas under CCN number 12087 and sewer service in Texas under CCN number 20705.

Application

5. On June 1, 2020, the applicants filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Harris and Montgomery Counties. Specifically, Midway seeks approval to acquire facilities and to transfer all of Champs' water and sewer service area under Champs' water Certificate of Convenience and Necessity (CCN) No. 10972 and sewer CCN No. 20385 to Midway.
6. On August 3, 2020, August 4, 2020, August 10, 2020, and August 18, 2020, the applicants filed supplemental information to the docket.
7. The portion of the requested area that includes the Aldine Forest subdivision (PWS 1010410; WQ 11739-001) is in Harris County, comprises approximately 16.1 acres, is located approximately 8.6 miles southwest of downtown Humble, Texas, and is generally bounded on the north by approximately 1,200 feet north of Lauder Road, on the east by Chrisman Road, on the south by Lauder Road, and on the west by Reeveston Road.
8. The portion of the requested area that includes the Mading Lane subdivision (PWS 1010517) is in Harris County, comprises approximately 32.1 acres, is located approximately 10.8 miles southwest of downtown Humble, Texas, and is generally bounded on the north by Blue Bell Road, on the east by Airline Drive, on the south by Shane Street, and on the west by North Freeway (IH-45).
9. The portion of the requested area that includes the Whisper Meadows subdivision (PWS 1011708; WQ 12730-001) is in Harris County, comprises approximately 16.4 acres, is located approximately 4.6 miles southeast of downtown Tomball, Texas, and is generally bounded on the north by the intersection of Huffsmith Kohrville Road and Wind Pine Lane, on the east by Hufsmith Kohrville Road, on the south by Solomon Road, and on the west by Coons Road.
10. The portion of the requested area that includes the West Montgomery subdivision (PWS 1010670; WQ 11005-001) is in Harris County, comprises approximately 218.2 acres, is located approximately 13.6 miles southwest of downtown Humble, Texas, and is generally bounded on the north by West Mount Houston Road, on the east by Cora Street, on the south by Vega Drive, and on the west by Streamside Drive.

11. The portion of the requested area that includes the Parkland Estates subdivision (PWS 1010192; WQ 11158-001) is in Harris County, comprises approximately 19.6 acres, is located approximately 5.4 miles southwest of downtown Humble, Texas, and is generally bounded on the north by Aldine Bender Road, on the east by Rawlings Street, on the south by Nueces Park Drive, and on the west by Old Humble Drive.
12. The portion of the requested area that includes the Western Homes subdivision (PWS 1010028; WQ 10436-001) is in Harris County, comprises approximately 63.1 acres, is located approximately 9.5 miles south of downtown Houston, Texas, and is generally bounded on the north by Connorvale Road, on the east by Aldine Westfield Road, on the south by Aldine Mail Route Road, and on the west by Chrisman Road.
13. The portion of the requested area that includes the North Belt Forest subdivision (PWS 1011999; WQ 12571-001) is in Harris County, comprises approximately 206.4 acres, is located approximately 3.2 miles south of downtown Humble, Texas, and is generally bounded on the north by Lexus Drive, on the east by 2,100 feet east of Wilson Road, on the south by Loggia Lane, and on the west by Mesa Road.
14. The portion of the requested area that includes the Rolling Forest subdivision (PWS 1700684) is in Montgomery County, comprises approximately 137.2 acres, is located approximately 3.5 miles northeast of downtown Magnolia, Texas, and is generally bounded on the north by the intersection of FM 149 and Allyson Road, on the east by FM 149, on the south by FM 1488, and on the west by Mill Creek Road.
15. The requested area includes 708 acres of water service area and 1,500 water service connections and 543 acres of sewer service area and 1,273 sewer service connections in Harris and Montgomery Counties.
16. In Order No. 5, filed on September 8, 2020, the administrative law judge (ALJ) found the application administratively complete.

Notice

17. On September 23, 2020 and September 24, 2020 Midway filed the affidavit of George Freitag, Texas Regulatory Manager of Midway, attesting that notice was provided to current customers, neighboring utilities, county authorities, municipalities, ground water conservation districts, and affected parties on September 18, 2020, with supporting documentation.

18. In Order No. 6 filed on October 16, 2020, the ALJ deemed the notice sufficient.

Evidentiary Record

19. On December 15, 2020, the parties jointly moved to admit evidence.

20. In Order No. 7, filed on _____, 2020 the ALJ admitted the following evidence into the record: (a) the application and all attachments, filed on June 1, 2020; (b) Commission Staff's Recommendation on Administrative Completeness and Proposed Notice and attached memorandum, filed on July 1, 2020; (c) Midway's Supplemental Information to Cure Deficiencies in Response to Order No. 3, filed on August 4, 2020; (d) Midway's confidential Response to Application Deficiencies, filed on August 10, 2020; (e) Midway's filing providing additional information requested by Staff, filed on August 18, 2020; (f) Commission Staff's Supplemental Recommendation on Administrative Completeness and Proposed Procedural Schedule, filed on September 3, 2020; (g) Midway's proof of notice, filed on September 23, 2020; (h) Midway's confidential notice mailing list, filed on September 24, 2020; (i) Commission Staff's Recommendation on Sufficiency of Notice; and (j) Commission Staff's Recommendation on Approval of the Transaction to Proceed and attached memorandum, filed on November 2, 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)

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

22. Champs has several violations identified in the TCEQ database. Midway has indicated that there is a plan to resolve these violations and bring Champs' PWS to standard following transfer.

23. The applicants have demonstrated a compliance status that is adequate for approval of the sale and transfer to proceed.

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

24. Champs has several public water systems (PWS) registered with the TCEQ, PWS Nos. 1010028, 1010192, 1010410, 1010517, 1010670, 1011708, 1011999, and 1700684. The existing water facilities and water customers are being transferred to Midway.
25. Champs has several Wastewater Discharge Permits registered with the TCEQ, Wastewater Permit Nos. 11739-001, 11005-001, 12571-001, 11158-001, 10436-001, and 12730-001. The existing wastewater facilities and customers are being transferred to Midway.
26. As the existing facilities and service are adequate, there is no further construction necessary to provide 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)

27. There are currently 1,500 existing water customers and 1,273 existing sewer customers in the requested area; therefore, there is a need for service.
28. 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)

29. Champs and Midway are the only utilities affected by this sale and transfer.
30. Midway will be the certificated entity for the requested area and be required to provide adequate and continuous service to the requested area.
31. The transaction will not affect landowners in the vicinity, as the area is currently certificated.

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

32. Midway has a sufficient number of licensed water operators to provide adequate and continuous service to the requested water service area.
33. Midway does not have any violations listed in the TCEQ database. Operators with a Class A, B, and D water and wastewater licenses will be responsible for the operations and maintenance of the water system.
34. No additional construction is necessary for Midway to serve the requested area.
35. Champs currently serves customers and has sufficient capacity to serve the requested area and Midway will continue to provide service when the transaction is complete.

36. Midway 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), and 24.239(e), (h)(5)(F)

37. Midway has a debt service coverage ratio of 23.01, satisfying the leverage test.

38. Midway 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.

39. Midway 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(f), 24.239(f)

40. There is no need to require Midway 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)

41. It is not feasible for an adjacent utility to provide service to the requested area, because Champs' existing facilities possess sufficient capacity to provide continuous and adequate service.

42. Utilities within a two-mile radius were noticed and no protests were received regarding the proposed transaction.

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)

43. The environmental integrity of the land will be only minimally affected, when needed improvements are made.

44. For the same reason, there will be only potentially minimal adverse 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(h)(5)(H)

45. Midway will continue to provide water service to the existing and future customers in the requested area.

46. All customers will be charged the same rates as they were charged before the transaction.

47. There will be no change in the quality of service.

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

48. Construction of a physically separate system is not required to provide water 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), Midway has demonstrated adequate financial, managerial, and technical capability to provide continuous and adequate service to the requested area, in satisfaction of TWC § 13.301(b) and 16 TAC § 24.239(g).
3. Applicants demonstrated that transferring facilities, certificate rights, and the water and sewer service area held under water CCN number 12196 and sewer CCN number 20385 from Champs to Midway will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public, under 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 applicants may proceed and be consummated.
2. The applicants have 180 days from the date of this order to complete the transaction.
3. Under 16 TAC § 24.239(m), if the transaction is not consummated within this 180-day period, or in an extension is not granted, this approval is void and the applicants will have to reapply for approval.
4. The applicants are advised that water CCN number 12196, sewer CCN number 20385, and the requested areas will be held by Champs until the sale and transfer transaction is complete in accordance with Commission rules.

5. In an effort to finalize this case as soon as possible, the applicants must file, within 30 days of this order and every 30 days thereafter, updates regarding the status of the transaction until the transaction is complete.
6. Not later than 30 days after the effective date of the transaction, the applicants must file proof that the transaction has been consummated and customer deposits have been addressed in satisfaction of 16 TAC § 24.239(k) and (l).
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 procedural schedule for continued processing of this docket.

Signed at Austin, Texas the ___ day of December 2020.

PUBLIC UTILITY COMMISSION OF TEXAS

**GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE**