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PUBLIC UTILITY COMMISSION

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**APPLICATION OF OLAN JOHNSON §
DBA NORTH UNIVERSITY ESTATES §
WATER COMPANY AND §
INTERMEDIARY SOLUTIONS §
HOLDING, LLC FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN LUBBOCK COUNTY §**

**ORDER NO. 12
APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Olan Johnson dba North University Estates Water Company and Intermediary Solutions Holding, LLC for the sale, transfer, or merger of facilities and certificate rights in Lubbock County. The applicants seek to sell and transfer the facilities and water service area held by North University Estates under water certificate of convenience and necessity (CCN) number 12179 to Intermediary Solutions. The administrative law judge (ALJ) grants that the sale is approved and the transaction between North University Estates and Intermediary Solutions may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Olan Johnson is a sole proprietorship doing business under the name North University Estates Water Company.
2. North University Estates operates, maintains, and controls facilities for providing retail water service in Lubbock County under water CCN number 12179.
3. North University Estates controls facilities that are registered with the Texas Commission on Environmental Quality (TCEQ) under public water system identification number 1520159.
4. Intermediary Solutions is a Texas limited liability company registered with the Texas secretary of state under file number 703025822.

Application

5. On July 6, 2020, the applicants filed the application at issue in this proceeding.
6. The applicants filed supplemental information on July 24 and August 25, 2020.
7. In the application, the applicants seek approval of the sale and transfer the facilities and water service area held by North University Estates under water CCN number 12179 to Intermediary Solutions.
8. The requested area subject to this transaction is located approximately eight miles northwest of Lubbock, and is generally bounded on the north by Farm-to-Market Road 1294; on the east by Farm-to-Market Road 1264; on the south by County Road 2100; and on the west by County Road 2100.
9. The requested area includes approximately 140 acres and 192 current customers.
10. In Order No. 4 filed on October 19, 2020, the ALJ found the application administratively complete.

Notice

11. On November 10, 2020, the applicants requested a waiver from the requirement that they publish notice of the application in a newspaper of general circulation in Lubbock County.
12. In Order No. 6 filed on November 30, 2020, the ALJ granted the applicants' November 10, 2020 waiver request.
13. On January 7, 2021, North University Estates filed the affidavit of Olan Johnson, North University Estate's utility representative, attesting that notice was provided to customers, cities, districts, neighboring retail public utilities, county officials, and affected parties on October 20, 2020.
14. In Order No. 8 filed on January 22, 2021, the ALJ found the notice sufficient.

Evidentiary Record

15. On March 4, 2021, the parties filed an agreed motion to admit evidence.
16. In Order No. 11 filed on March 12, 2021, the ALJ admitted the following evidence into the record: (a) the application filed on July 6, 2020; (b) applicants' response to Order No. 1 filed on July 24, 2020; (c) applicants' supplement to the application filed on August 25,

2020; (d) Commission Staff's supplemental recommendation on administrative completeness filed on October 16, 2020; (e) applicants' proof of notice and supporting documentation filed on January 7, 2021; (f) Commission Staff's supplemental recommendation on sufficiency of notice filed on January 20, 2021; and (g) Commission Staff's recommendation on approval of the sale and all attachments filed on February 12, 2021.

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)

17. North University Estates does not have any violations listed in the TCEQ database.
18. Intermediary Solutions has not been under an enforcement action by the Commission, TCEQ, Texas Department of State Health Services, the Office of the Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
19. Intermediary Solutions has demonstrated a compliance status that is adequate for approval of the application.

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

20. North University Estates's public water system number 1520159 does not have any violations listed in the TCEQ database.
21. North University Estates is currently providing continuous and adequate service to customers in the requested area and no additional construction is necessary.

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

22. There are currently 192 existing customers in the requested area that are receiving water service from North University Estates's public water system number 1520159 and have an ongoing need for service.
23. There is no evidence in the record indicating a need for additional service.

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

24. This application is to transfer only existing facilities, customers, and service area.

25. North University Estates and Intermediary Solutions are the only utilities affected by this transfer.
26. There will be no effect on any other retail public utility servicing the proximate area because this transaction does not include any uncertificated area.
27. Approving the transaction will obligate Intermediary Solutions to provide service to current and future customers in the requested area. Any landowners in the requested area that do not currently receive service from North University Estates will need to request service from Intermediary Solutions if they require service after the transaction has been completed.

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)

28. North University Estates has a public water system registered with TCEQ under public water system identification number 1520159 and does not have violations listed in the TCEQ database.
29. Intermediary Solutions employs a TCEQ-licensed operator who is responsible for the operations of its public water system.
30. Intermediary Solutions has access to an adequate supply of water 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.
31. Intermediary Solutions 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)

32. Intermediary Solutions has a debt service coverage ratio greater than 1.25, satisfying the leverage test.
33. Intermediary Solutions demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations after completion of the transaction, satisfying the operations test.

34. Intermediary Solutions 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)

35. There is no need to require Intermediary Solutions to provide a bond or other financial assurance to ensure continuous and adequate service.

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

36. Intermediary Solutions will not need to construct a physically separate water system to continue serving the existing customers in the requested area; therefore, concerns of regionalization or consolidation are not applicable.

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)

37. North University Estates is currently serving customers in the requested area and has sufficient capacity; therefore, the feasibility of obtaining service from an adjacent retail public utility was not considered.

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)

38. There will be minimal effect on the land and on the environmental integrity of the requested area because 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)

39. Intermediary Solutions will continue to provide the same quality of service to customers in the requested area.
40. All customers will be charged the same rates they were charged before the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies 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), Intermediary Solutions demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC § 13.301(b).

3. North University Estates and Intermediary Solutions demonstrated that the sale and transfer of the water facilities and water service area held by North University Estates under water CCN number 12179 to Intermediary Solutions 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).

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 North University Estates to Intermediary Solutions 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 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 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 the requested area will remain under water CCN number 12179 and be held by North University Estates 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 customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 12th day of March 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read "Isaac TA", written over a horizontal line.

ISAAC TA
ADMINISTRATIVE LAW JUDGE