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Received - 2021-11-12 08:52:36 AM
Control Number - 51999
ItemNumber - 26

DOCKET NO. 51999

APPLICATION OF T&W WATER	§	PUBLIC UTILITY COMMISSION
SERVICE COMPANY AND BELLE	§	
OAKS WATER AND SEWER CO., INC.	§	OF TEXAS
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN JEFFERSON COUNTY	§	

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

On April 9, 2021, T&W Water Service Company (T&W Water) and Belle Oaks Water and Sewer Co., Inc. (Belle Oaks) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Jefferson County. Specifically, T&W Water seeks approval to acquire facilities and to transfer water service area held under Belle Oaks' certificate of convenience and necessity (CCN) number 13067 and to acquire facilities and to transfer sewer service area held under Belle Oaks' CCN No. 20965. Applicants also seek the amendment of T&W Water's water CCN number 12892, the cancellation of Belle Oaks' water and sewer CCN numbers, and the issuance of a new sewer CCN number to T&W Water. The requested water service area includes approximately 450 acres, and the requested sewer service area includes approximately 445 acres.

On October 15, 2021, the administrative law judge filed Order No. 5, establishing a deadline of November 12, 2021 for the Staff (Staff) of the Public Utility Commission of Texas (Commission) and Applicants (collectively, Parties) to file a joint motion to admit evidence and proposed order approving sale and allowing transaction to proceed. Therefore, this pleading is timely filed.

I. MOTION TO ADMIT EVIDENCE

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

- A. Applicants' application for sale, transfer, or merger of facilities, filed on April 9, 2021 (Interchange Item No. 3);
- B. T&W Water's confidential-asset purchase agreement & first amendment to asset purchase agreement bate stamp TW 00001 to TW 000020, filed on April 30, 2021 (Interchange Item No. 6);

- C. T&W Water's response to Order No. 2, filed on June 9, 2021 (Interchange Item No. 9);
- D. T&W Water's confidential- organizational chart bate stamp- T&W 000021, filed on June 9, 2021 (Interchange Item No. 11);
- E. Staff's supplemental recommendation on administrative completeness and proposed notice, filed on July 8, 2021 (Interchange Item No. 12);
- F. Affidavit of mailed notice, filed on August 17, 2021 (Interchange Item No. 15);
- G. T&W Water's confidential- customer mailing list bate stamp- TW 000022-23, filed on August 17, 2021 (Interchange Item No. 17);
- H. Staff's recommendation on sufficiency of notice, filed on August 26, 2021 (Interchange Item No. 18);
- I. T&W Water Service Company's supplemental application information, filed on September 14, 2021 (Interchange Item No. 20);
- J. T&W Water's confidential- depreciation schedule bate stamp- T&W 000024, filed on September 15, 2021 (Interchange Item No. 22); and
- K. Staff's recommendation on the transaction, filed on October 14, 2021 (Interchange Item No. 24).

II. PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

The Parties respectfully request the approval of the attached Agreed Proposed Order Approving Sale and Allowing Transaction to Proceed, which would: authorize the transfer of all of the water service and facilities held under Belle Oaks' CCN number 13067 to T&W Water and the transfer all of the sewer service area and facilities held under Belle Oaks' CCN No. 20965 to T&W Water; the amendment of T&W Water's water CCN number 12892; the cancellation of Belle Oaks' water and sewer CCN numbers; and the issuance of a new sewer CCN number to T&W Water.

III. CONCLUSION

The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the Order proposed by the Parties be adopted.

Dated: November 12, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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DOCKET NO. 51999

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 on November 12, 2021 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Merritt Lander
Merritt Lander

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**PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO
PROCEED**

This Order addresses the April 9, 2021 application of T&W Water Service Company and Belle Oaks Water and Sewer Co., Inc. for approval of the sale and transfer of certificate of convenience and necessity (CCN) rights in Jefferson County. T&W Water and Belle Oaks seek the sale and transfer of all facilities and service areas held under Belle Oaks' water CCN number 13067 and sewer CCN No. 20965 to T&W Water, the amendment of T&W Water's water CCN number 12892 to include the area previously included in Belle Oaks' water CCN number 13067, the cancellation of Belle Oaks' water and sewer CCN numbers, and the issuance of a new sewer CCN number to T&W Water to include the area previously included in Belle Oaks' sewer CCN number 20965. The administrative law judge (ALJ) grants that the sale is approved and the transaction between T&W and Belle Oaks may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Belle Oaks is a Texas corporation registered with the Texas secretary of state under file number 0800245099.
2. Belle Oaks is an investor-owned utility that owns, operates, and controls facilities for providing water and sewer service under CCN numbers 13067 and 20965 in Jefferson County.
3. Belle Oaks owns and operates the Belle Oaks public water system registered with the Texas Commission on Environmental Quality (TCEQ) under public water system identification number 1230075.

4. Belle Oaks owns and operates the Belle Oaks sewer system under Texas Pollutant Discharge Elimination System (TPDES) permit number WQ13565001.
5. T&W Water is a corporation registered with the Texas secretary of state under file number 46041000.
6. T&W Water is an investor-owned utility that owns, operates, and controls facilities for providing water service under CCN number 12892 in multiple counties.

Application

7. On April 9, 2021, Belle Oaks and T&W Water filed the application at issue in this proceeding.
8. In the application, Belle Oaks and T&W Water seek approval of the following transaction: (a) T&W Water will acquire all of Belle Oaks' facilities and service area under water CCN number 13067 and sewer CCN No. 20965; (b) Belle Oaks' water CCN number 13067 and sewer CCN number 20965 will be cancelled; (c) T&W Water's water CCN number 12892 will be amended to include the area previously included in Belle Oaks' water CCN number 13067; and (d) T&W Water will be issued a new sewer CCN number to include the areas previously included in Belle Oaks' sewer CCN number 20965.
9. On June 9, 2021 and September 14, 2021, the applicants supplemented the application.
10. The requested areas include 49 customers and is comprised of a water service area of approximately 450 acres and a sewer service area of approximately 445 acres.
11. The area subject to this transaction is located approximately 15 miles south of downtown Beaumont, Texas, and is generally bounded on the north by Taylor Bayou; on the east by Port Arthur County Club Road and Taylor Bayou; on the south by State Highway 73; and on the west by Labelle Road.
12. In Order No. 3 filed on August 10, 2021, the ALJ deemed the supplemented application administratively complete.

Notice

13. On August 17, 2021, the applicants filed the affidavit of Ron Payne, general manager for T&W Water, attesting that notice was provided to all current customers of Belle Oaks, neighboring utilities, and affected parties on August 11, 2021.
14. In Order No. 4 filed on August 31, 2021, the ALJ deemed the notice sufficient.

Evidentiary Record

15. On November 12, 2021, the parties filed a joint motion to admit evidence.
16. In Order No. 6 filed on _____, 2021, the ALJ admitted the following evidence into the record: (a) applicants' application for sale, transfer, or merger of facilities, filed on April 9, 2021; (b) T&W Water's confidential- asset purchase agreement & first amendment to asset purchase agreement bate stamp 1 to 20, filed on April 30, 2021; (c) T&W Water's response to Order No. 2, filed on June 9, 2021; (d) T&W Water's confidential- organizational chart bate stamp- T&W 000021, filed on June 9, 2021; (e) Commission Staff's supplemental recommendation on administrative completeness and proposed notice, filed on July 8, 2021; (f) affidavit of mailed notice, filed on August 17, 2021; (g) T&W Water's confidential- customer mailing list bate stamp- 22-23, filed on August 17, 2021; (h) Commission Staff's recommendation on sufficiency of notice, filed on August 26, 2021; (i) T&W Water's supplemental application information, filed on September 14, 2021; (j) T&W Water's confidential- depreciation schedule bate stamp- 24, filed on September 15, 2021; and (k) Commission Staff's recommendation on the transaction, filed on October 14, 2021.

System Compliance

17. T&W Water has one TCEQ-approved public water system and no TPDES permit.
18. The last TCEQ compliance investigation of the Belle Oaks water system, which is registered under public water system identification number 1230075, was on November 30, 2020. No violations or concerns were noted as a result of that investigation.
19. The last TCEQ compliance investigation of the Belle Oaks wastewater system, which is registered under TPDES permit number WQ13565001 was on November 30, 2020. No violations or concerns were noted as a result of that investigation.

20. The Commission's complaint records, which date back to 2014, show no complaints against Belle Oaks.

Adequacy of Existing Service

21. There are currently 49 water connections in the requested areas that are being served by Belle Oaks through the Belle Oaks public water system under identification number 1230075, and such service has been continuous and adequate.
22. There are currently 49 water connections in the requested areas that are being served by Belle Oaks through its sewer system, TPDES permit number WQ13565001, and such service has been continuous and adequate.
23. No additional construction is necessary for T&W Water to serve the requested areas.

Need for Additional Service

24. There are currently 49 existing customer connections in the requested areas, which are currently served by Belle Oaks, and there is a need for those customers to continue receiving water and sewer service.
25. No additional service has been requested or is needed at this time.

Effect of Approving the Transaction and Granting the Amendment

26. T&W Water will become the certificated entity for the requested area and will be required to provide adequate and continuous water and sewer service to the requested areas.
27. There will be no effect on landowners as the area is currently certificated.
28. Because this application is to transfer only existing facilities, customers, and service areas, there will be no effect on any other retail public utility servicing the proximate area. All retail public utilities in the proximate area were provided notice of the transaction proposed in this application and did not request to intervene.

Ability to Serve; Managerial and Technical

29. T&W Water operates 17 TCEQ-approved public water systems.
30. T&W Water has one violation listed in the TCEQ database, but T&W Water has shown that it is actively working with TCEQ to resolve that outstanding violation.

31. Belle Oaks public water system number 1230075 and Belle Oaks wastewater system, TPDES permit number WQ13565001, do not have any violations listed in the TCEQ database and have adequate capacity to meet the demands in the requested areas.
32. T&W Water 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 Texas Water Code (TWC), and the TCEQ's rules.
33. T&W Water has a sufficient number TCEQ licensed operators and an experienced management team.
34. T&W Water has the managerial and technical ability to provide continuous and adequate service to the requested areas.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

35. Belle Oaks is currently serving customers in the requested areas and there will be no changes to land uses or existing CCN boundaries.
36. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed; at a minimum, an interconnect would need to be installed.
37. Retail public utilities in the proximate area received notice of the application and none intervened, protested, or requested a hearing.
38. It is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve; Financial Ability and Stability

39. T&W Water has a debt-to-equity ratio of less than one, satisfying the leverage test.
40. T&W Water submitted projected financial statements with the application and reported sufficient operating income and cash on hand to cover any operations and maintenance shortages in the next five years of operations and to pay for any future improvements needed to provide continuous and adequate service to the requested area satisfying the operations test.
41. T&W Water has demonstrated the financial ability and financial stability to provide continuous and adequate service to the requested area.

Financial Assurance

42. There is no need to require T&W Water to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

Environmental Integrity and Effect on the Land

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

Improvement in Service or Lowering Cost to Consumers

44. T&W Water will continue to provide water and sewer service to existing customers at the same rates charged by Belle Oaks immediately following the transfer.
45. The quality of service for transferred Belle Oaks customers will remain high.
46. There will be no change in the quality or cost of service to Belle Oaks public water system or Belle Oaks sewer system customers as a result of the transaction.

Regionalization or Consolidation

47. The construction of physically separate water or wastewater system is not needed to serve the requested area; therefore, concerns about 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 Texas Administrative Code (TAC) § 24.239.
2. After consideration of the factors in TWC § 13.246(c), T&W Water has demonstrated adequate financial, managerial, and technical capability to provide adequate and continuous service to the requested area. TWC § 13.301(b).
3. T&W Water and Belle Oaks demonstrated that the sale of Belle Oaks' water and sewer facilities and the service areas under water CCN number 13067 and sewer CCN number 20965 to T&W Water 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 and transfers proposed in the application are approved and the transaction between T&W Water and Belle Oaks 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 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 and the requested water and sewer service areas and associated facilities will remain under CCN numbers 13067 and 20965 and be held by Belle Oaks until the sale and transfer transactions are complete in accordance with Commission rules.
6. In an effort to finalize this case 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 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, on the _____ day of _____, 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE