



## Filing Receipt

**Received - 2021-11-19 01:14:39 PM**  
**Control Number - 51999**  
**ItemNumber - 28**

**DOCKET NO. 51999**

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

**ORDER NO. 9**  
**APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of T&W Water Service Company and Belle Oaks Water and Sewer Co., Inc. for the sale, transfer, or merger of facilities and certificate rights in Jefferson County. The applicants seek approval to sell and transfer all of Belle Oaks' facilities and service area under water certificate of convenience and necessity (CCN) number 13067 and sewer CCN number 20965 to T&W Water's water CCN number 12892, 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) approves the sale and authorizes the transaction between T&W Water and Belle Oaks to 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 operates, maintains, 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 WQ0013565001.
5. T&W Water is a Texas corporation registered with the Texas secretary of state under file number 46041000.
6. T&W Water operates, maintains, and controls facilities for providing water service under CCN number 12892 in multiple counties.

**Application**

7. On April 9, 2021, T&W Water and Belle Oaks filed the application at issue in this proceeding.
8. On April 30, June 9 and September 14 and 15, 2021, the applicants supplemented the application.
9. In the application, as supplemented, the applicants seek approval of the sale, transfer, or merger of facilities and certificate rights in Jefferson County. 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 number 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.
10. The requested area includes 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 requested area is located approximately 15 miles south of downtown Beaumont 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 jointly moved to admit evidence.
16. In Order No. 6 filed on November 16, 2021, the ALJ admitted the following evidence into the record: (a) the application filed on April 9, 2021; (b) T&W Water's confidential-asset purchase agreement and first amendment to asset purchase agreement 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 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 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 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 WQ0013565001 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.

21. T&W Water has demonstrated a compliance status that is adequate for approval of the sale to proceed.

**Adequacy of Existing Service**

22. There are currently 49 water connections in the requested area 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.
23. There are currently 49 water connections in the requested area that are being served by Belle Oaks through its sewer system, TPDES permit number WQ0013565001, and such service has been continuous and adequate.
24. No additional construction is necessary for T&W Water to serve the requested area.

**Need for Additional Service**

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

**Effect of Approving the Transaction and Granting the Amendments**

27. T&W Water will be the certificated entity for the requested area and be required to provide adequate and continuous water and sewer service to the requested area.
28. There will be no effect on landowners as the area is currently certificated.
29. 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**

30. T&W Water operates 17 TCEQ-approved public water systems.
31. 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.

32. Belle Oaks public water system number 1230075 and Belle Oaks wastewater system, TPDES permit number WQ0013565001, do not have any violations listed in the TCEQ database and have adequate capacity to meet the demands in the requested area.
33. 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.
34. T&W Water has a sufficient number of TCEQ-licensed operators and an experienced management team.
35. T&W Water has the managerial and technical capability to provide continuous and adequate service to the requested area.

**Ability to Serve: Financial Ability and Stability**

36. T&W Water has a debt service coverage ratio greater than 1.25, satisfying the leverage test.
37. 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.
38. T&W Water has demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

**Financial Assurance**

39. 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.

**Feasibility of Obtaining Service from Adjacent Retail Public Utility**

40. Belle Oaks is currently serving customers in the requested area and there will be no changes to land uses or existing CCN boundaries.
41. 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.

42. Retail public utilities in the proximate area received notice of the application and none intervened, protested, or requested a hearing.
43. It is not feasible to obtain service from an adjacent retail public utility.

**Regionalization or Consolidation**

44. Because the requested area will not require the construction of a physically separate water system, consideration of regionalization or consolidation with another retail public utility is not required.

**Environmental Integrity and Effect on the Land**

45. 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 area.

**Improvement in Service or Lowering Cost to Consumers**

46. 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.
47. The quality of service for transferred Belle Oaks customers will remain high.
48. 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.

**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(c).
2. After consideration of the factors in TWC § 13.246(c), T&W Water demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251
3. T&W Water demonstrated adequate financial, managerial, and technical capability to provide adequate and continuous service to the requested area as required by TWC §§ 13.241(a) and 13.301(b).
4. 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 is 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. T&W Water and Belle Oaks have 180 days to complete the transaction.
4. Under 16 TAC § 29.239(m), if the transaction is not consummated within this period, or an extension has not been granted, this approval is void and T&W Water and Belle Oaks will have to reapply for approval.
5. T&W Water and Belle Oaks are advised that the requested area will be held by Belle Oaks until the sale and transfer transaction is completed 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 19th day of November 2021.

**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**