

Filing Receipt

Received - 2021-11-12 11:27:17 AM Control Number - 52201 ItemNumber - 29

DOCKET NO. 52201

APPLICATION OF UTILITIES	§			
INVESTMENT COMPANY, INC. AND	§	DEFODE THE		
UIC 13 LLC AND MONARCH	§	BEFORE THE		
UTILITIES I L.P. FOR SALE,	§			
TRANSFER, OR MERGER OF	§	PUBLIC UTILITY COMMISSION		
FACILITIES AND CERTIFICATE	§	0.77		
RIGHTS IN HARRIS, LIBERTY, AND	§	OF TEXAS		
CHAMBERS COUNTIES	§			

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

COME NOW Utilities Investment Company, Inc. (UIC) and UIC 13 LLC (UIC 13) and Monarch Utilities I L.P. (Monarch) (collectively, applicants), together with the Staff (Commission Staff) of the Public Utility Commission of Texas (Commission) (collectively, the parties), and file this Joint Motion to Admit Evidence and Proposed Order Approving Sale and Transfer to Proceed. In support thereof, the parties would show the following:

I. BACKGROUND

On June 1, 2021, the applicants filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Harris, Liberty, and Chambers counties under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. Specifically, the applicants seek to: (1) transfer a portion of associated facilities and water service area currently held under UIC's water Certificate of Convenience and Necessity (CCN) number 12671 and all of associated facilities and water service area under UIC 13's CCN number 13242 to Monarch's water CCN number 12983; (2) transfer a portion of associated facilities and sewer service area currently held under UIC's sewer CCN number 20765 and all of associated facilities and sewer service area under UIC 13's CCN number 21091 to Monarch's sewer CCN number 20899; and (3) subsequently cancel UIC 13's water CCN number 13242 and sewer CCN number 21091. The requested sale and transfer includes approximately 1,760.2 acres and 2,040 customers.

On August 31, 2021, Order No. 5 was issued, requiring the parties to file a joint motion to admit evidence and proposed order approving the sale and allowing the transaction to proceed by November 12, 2021. Therefore, this pleading is timely filed.

II. JOINT MOTION TO ADMIT EVIDENCE

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

- 1. The application of UIC, UIC 13, and Monarch, filed on June 1, 2021 (Interchange Item Nos. 1, 2, and 3);
- 2. The applicants' supplemental information filed on June 17, 2021, June 23, 2021, June 25, 2021, July 1, 2021, and July 14, 2020 (Interchange Item Nos. 5, 6, 7, 8, 11, 13, and 14);
- 3. The applicants' proof of notice and supporting documentation, filed on August 2, 2021 (Interchange Item Nos. 18 and 19); and
- 4. Commission Staff's recommendation on approval of sale, filed on September 30, 2021 (Interchange Item Nos. 24 and 25).

III. JOINT PROPOSED FINAL ORDER

The attached Joint Proposed Order Approving Sale and Transfer to Proceed would grant applicants' application for sale, transfer, or merger of facilities and certificate rights in Harris, Liberty, and Chambers counties.

IV. CONCLUSION

The parties respectfully request that the Commission grant the Joint Motion to Admit Evidence and adopt the attached Joint Proposed Order Approving Sale and Transfer to Proceed.

Dated: November 12, 2021

Respectfully submitted,

LLOYD GOSSELINK ROCHELLE & TOWNSEND, P.C.

816 Congress Avenue, Suite 1900

Austin, Texas 78701

Telephone: (512) 322-5800 Facsimile: (512) 472-0532

/s/ William A. Faulk, III

LAMBETH TOWNSEND State Bar No. 20167500 ltownsend@lglawfirm.com

WILLIAM A. FAULK, III State Bar No. 24075674 cfaulk@lglawfirm.com

TAYLOR P. DENISON State Bar No. 24116344 tdenison@lglawfirm.com

ATTORNEYS FOR MONARCH UTILITIES I L.P.

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Rachelle Nicolette Robles Division Director

/s/ Kourtnee Jinks

Kourtnee Jinks
State Bar No. 24097146
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7265
(512) 936-7268 (facsimile)
kourtnee.jinks@puc.texas.gov

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

/s/ W	Villiam A. Faulk, III	
Will	iam A. Faulk, III	

8328291/3176/33

DOCKET NO. 52201

APPLICATION OF UTILITIES	§			
INVESTMENT COMPANY, INC. AND	§	DEFODE THE		
UIC 13 LLC AND MONARCH	§	BEFORE THE		
UTILITIES I L.P. FOR SALE,	§			
TRANSFER, OR MERGER OF	§	PUBLIC UTILITY COMMISSION		
FACILITIES AND CERTIFICATE	§			
RIGHTS IN HARRIS, LIBERTY, AND	§	OF TEXAS		
CHAMBERS COUNTIES	Š			

JOINT PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the June 1, 2021, application of Utilities Investment Company, Inc. (UIC) and UIC 13 LLC (UIC 13) and Monarch Utilities I L.P. (Monarch) (collectively, applicants) for the sale, transfer, or merger of facilities and certificate rights in Harris, Liberty, and Chambers counties. The applicants seek to: (1) transfer a portion of associated facilities and water service area currently held under UIC's water Certificate of Convenience and Necessity (CCN) number 12671 and all of associated facilities and water service area under UIC 13's CCN number 13242 to Monarch's water CCN number 12983; (2) transfer a portion of associated facilities and sewer service area currently held under UIC's sewer CCN number 20765 and all of associated facilities and sewer service area under UIC 13's CCN number 21091 to Monarch's sewer CCN number 20899; and (3) subsequently cancel UIC 13's water CCN number 13242 and sewer CCN number 21091. The area being transferred includes approximately 1,760.2 acres and 2,040 customers. 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.

<u>Applicants</u>

- 1. Monarch is a limited partnership registered with the Texas secretary of state under file number 800034797.
- Monarch is a retail public utility that provides water service in Texas under water CCN number 12983 and sewer CCN number 20899.

- 3. UIC is a for-profit corporation registered with the Texas secretary of state under filing number 142230500.
- 4. UIC 13 is a limited liability company registered with the Texas secretary of state under filing number 801915189.
- 5. UIC and UIC 13 are retail public utilities that provide water and sewer service in Texas under water CCN numbers 12671 and 13242 and sewer CCN numbers 20765 and 21091 in Harris, Liberty, and Chambers counties.
- UIC and UIC 13 own and operate 15 public water systems (PWS) in Harris County registered with the Texas Commission on Environmental Quality (TCEQ) under PWS identification numbers 1010931, 1012450, 1010706, 1011492, 1010640, 1011792, 1011253, 1011556, 1011734, 1012174, 1010112, 1012995, 1013172, 1013316, and 1010283.
- 7. UIC owns and operates one public water system in Liberty County registered with the TCEQ under PWS identification number 1460086.
- 8. UIC own and operate one public water system in Chambers County registered with the TCEQ under PWS identification number 0360111.
- UIC and UIC 13 own and operate three public wastewater systems in Harris County registered with the TCEQ under PWS identification numbers WQ13882001, WQ12863001, and WQ14172001.

Procedural History and Application

10. On June 1, 2021, the applicants filed an application for approval to: (1) transfer a portion of associated facilities and water service area currently held under UIC's water Certificate of Convenience and Necessity (CCN) number 12671 and all of associated facilities and water service area under UIC 13's CCN number 13242 to Monarch's water CCN number 12983; (2) transfer a portion of associated facilities and sewer service area currently held under UIC's sewer CCN number 20765 and all of associated facilities and sewer service area under UIC 13's CCN number 21091 to Monarch's sewer CCN number

- 20899; and (3) subsequently cancel UIC 13's water CCN number 13242 and sewer CCN number 21091.
- 11. On June 17, 2021, June 23, 2021, June 25, 2021, July 1, 2021, and July 14, 2020, the applicants supplemented the application.
- 12. The requested area includes approximately 1,760.2 acres and 2,040 current customers.
- 13. The requested area consists of 17 water subdivisions and 17 water systems, and 3 wastewater subdivisions and 3 wastewater systems. The requested service areas subject to this transaction are detailed in Attachment A.
- 14. In Order No. 4 filed on July 30, 2021, the ALJ found the application administratively complete.
- 15. On August 25, 2021, Cypress Hill Homeowners Association, Inc. (Cypress Hill) filed a Motion to Intervene.
- 16. On October 12, 2021, Cypress Hill filed a Motion to Withdraw. The ALJ granted the Motion to Withdraw in Order No. 6, filed on the same day.

Notice

- On August 2, 2021, the applicants filed the affidavit of Brian Bahr, Director of Rates and Regulatory for Monarch, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on July 26, 2021.
- 18. In Order No. 5 filed on August 31, 2021, the ALJ found notice sufficient.

Evidentiary Record

- 19. On November 12, 2021, the parties filed a joint motion to admit evidence and proposed order approving the sale and transfer to proceed.
- 20. In Order No. ____ issued on November ___, 2021, the ALJ admitted the following evidence into the record: (a) the application of UIC, UIC 13, and Monarch, filed on June 1, 2021 (Interchange Item Nos. 1, 2, and 3); (b) the applicants' supplemental information filed on June 17, 2021, June 23, 2021, June 25, 2021, July 1, 2021, and July 14, 2020 (Interchange Item Nos. 5, 6, 7, 8, 11, 13, and 14); (3) the applicants' proof of notice and

supporting documentation, filed on August 2, 2021 (Interchange Item Nos. 18 and 19); and (4) Commission Staff's recommendation on approval of sale, filed on September 30, 2021 (Interchange Item Nos. 24 and 25).

<u>System Compliance—Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative</u> <u>Code (TAC) §§ 24.227(a), 24.239(h)(3)(A), (h)(5)(I)</u>

- 21. UIC and UIC 13 have not been subject to any enforcement action by the Commission, TCEQ, the Texas Health and Human Services Commission, the Office of Attorney General, or the United States Environmental Protection Agency.
- 22. Monarch has been subject to enforcement actions by the Commission, TCEQ, Texas Department of Health, the Office of the Attorney General, or the Environmental Protection Agency in the past five (5) years for non-compliance with rules, orders, or state statutes.
- 23. Monarch has either resolved the non-compliance issues or has entered into compliance agreements that are leading to resolution of the violations.

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

- 24. A portion of UIC's existing water facilities and water customers are being transferred to Monarch.
- 25. All of UIC 13's existing water facilities and water customers are being transferred to Monarch.
- 26. A portion of UIC's existing sewer facilities and sewer customers are being transferred to Monarch.
- 27. All of UIC 13's existing sewer facilities and sewer customers are being transferred to Monarch.
- 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)

29. There are approximately 2,040 current connections in the requested area, who will continue to need service.

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)

- 30. Approving the transaction obligates Monarch to provide service to current and future customers in the requested area.
- 31. UIC, UIC 13, and Monarch are the only utilities affected by this sale and transfer.
- 32. Because no construction or changes in service are anticipated, the transaction will not affect landowners in the vicinity of the requested area or adjacent utilities.

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)

- 33. The operations, maintenance, management, and customer services will be provided by Monarch through TCEQ-licensed operators who will operate the public water and wastewater systems.
- 34. The service currently being provided is not expected to change as a result of the transaction.
- 35. Monarch owns and operates 106 other PWS. Some of Monarch's other PWS have minor unresolved TCEQ violations that are unrelated to capacity and will not affect Monarch's ability to provide adequate service to the requested area.
- Monarch 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.
- 37. Monarch has the technical and managerial 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), (d)(6), 24.239(e), (h)(5)(D)

- 38. Monarch has a debt-to-equity ratio of less than one and a debt-service ratio of greater than 1.25, satisfying the leverage test.
- 39. Monarch 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.
- 40. Monarch 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(e), 24.239(h)

41. There is no need to require Monarch 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)

- 42. It is not feasible for an adjacent utility to provide service to the requested area because UIC and UIC 13's existing facilities possess sufficient capacity to provide continuous and adequate service.
- 43. Utilities within a two-mile radius were noticed and no protests were received.

Environmental Integrity—TWC § 13.246(c)(7); 16 TAC §§ 24.227(d)(7), 24.239(j)(5)(H)

44. The proposed transaction will not adversely impact the environmental integrity of the land because the requested area is currently receiving service.

Effect on the Land—TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)

45. The effect on the land should be minimal as the requested area will be served by existing systems and facilities and no additional construction is needed.

<u>Improvement of Service or Lowering Cost to Consumers—TWC § 13.246(c)(8); 16 TAC</u> <u>§§ 24.227(e)(8), 24.239(h)(5)(H)</u>

46. The proposed transaction will maintain current levels of customer service to existing customers because the water system will continue to be operated and maintained by a sufficient number of licensed operators.

47. The rates charged to customers will not change as a result of the transaction.

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

48. Because Monarch does not anticipate building any new facilities to continue serving the requested area, it is not necessary to consider regionalization or consolidation.

<u>Informal Disposition</u>

- 49. More than 15 days have passed since completion of the notice provided in this docket.
- 50. No party filed a protest and the motion to intervene has been withdrawn.
- 51. Monarch, UIC, UIC 13, and Commission Staff are the only parties to this proceeding.
- 52. No party requested a hearing, and no hearing is needed.
- 53. Commission Staff recommended approval of this application.
- 54. The decision is not adverse to any party.

II. CONCLUSIONS OF LAW

The Commission makes the following conclusions of law.

- 1. The Commission has authority over this proceeding under TWC §§ 13.041, 13.241, 13.244, 13.246, 13.251, and 13.301.
- 2. UIC, UIC 13, and Monarch are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
- 3. Notice of the application was provided in compliance with TWC §§ 13.246 and 13.301(a)(2), and 16 TAC § 24.239.
- 4. The Commission processed the application as required by the TWC, the Administrative Procedure Act, and Commission Rules.
- 5. After consideration of the factors in TWC § 13.246(c), Monarch has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC § 13.301(b).

¹ Tex. Gov't Code §§ 2001.001–.903.

- 6. It is not necessary for Monarch to provide a bond or other financial assurance under TWC §§ 13.246(d) and 113.301(c).
- 7. The applicants have demonstrated that the sale of UIC and UIC 13's water and sewer facilities and the transfer of all of the service area under water CCN number 13242 and a portion of the service area under water CCN number 12671, and all of the service area under sewer CCN number 21091 and a portion of the service area under sewer CCN number 20765 to Monarch 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).
- 8. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

In accordance with the preceding findings of fact and conclusions of law, the Commission issues the following orders.

- 1. The sale is approved and the transaction between UIC, UIC 13, and Monarch 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 shall 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 notified that the corresponding service area will remain under water CCN numbers 12671 and 13242, and sewer CCN numbers 20765 and 21091 and held by UIC and UIC 13 until the sale and transfer transaction is 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 shall file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

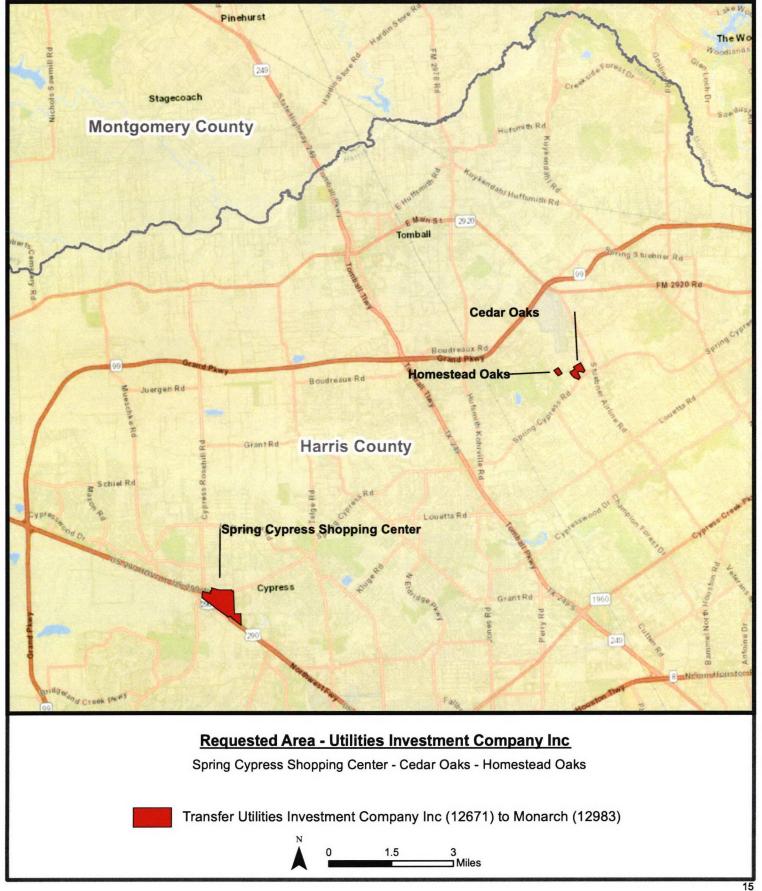
Signed at Austin,	Texas this	day of	, 2021

PUBLIC UTILITY COMMISSION OF TEXAS

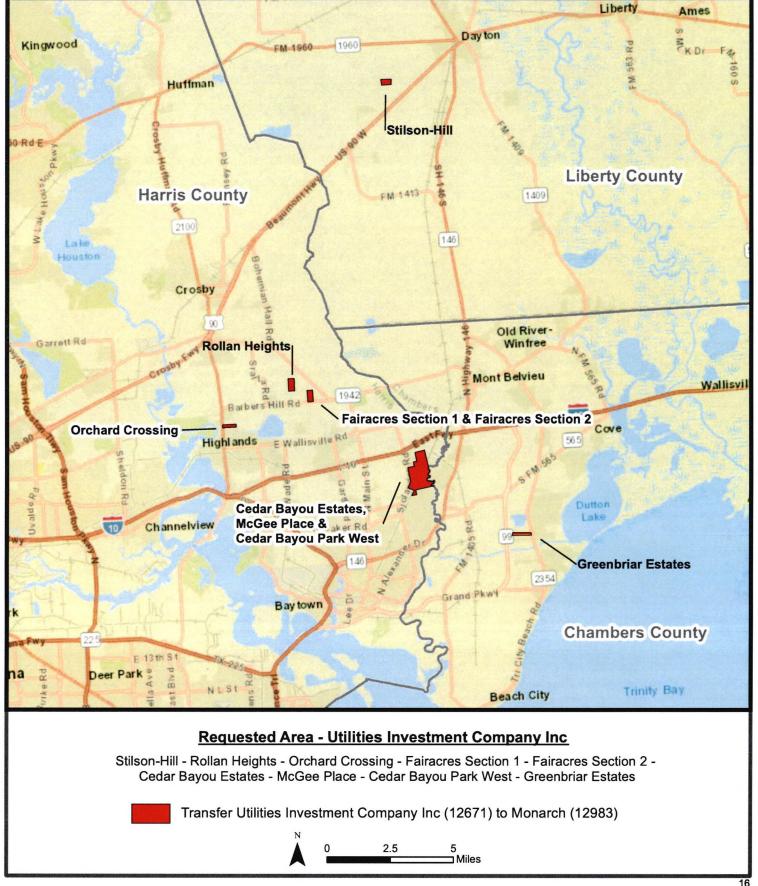
GREGORY R. SIEMANKOWSKI ADMINISTRATIVE LAW JUDGE

Attachment A

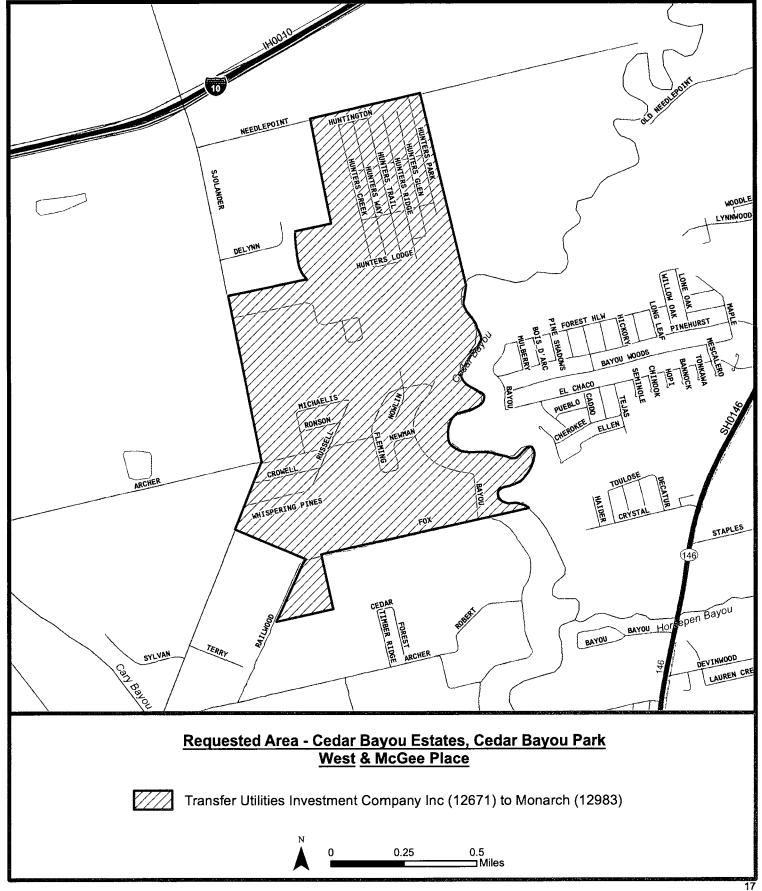
Sale Transfer Merger for Monarch Utilities I LP - Requested Area Map 1 **Harris County**



Sale Transfer Merger for Monarch Utilities I LP - Requested Area Map 2 Harris County, Liberty County, Chambers County

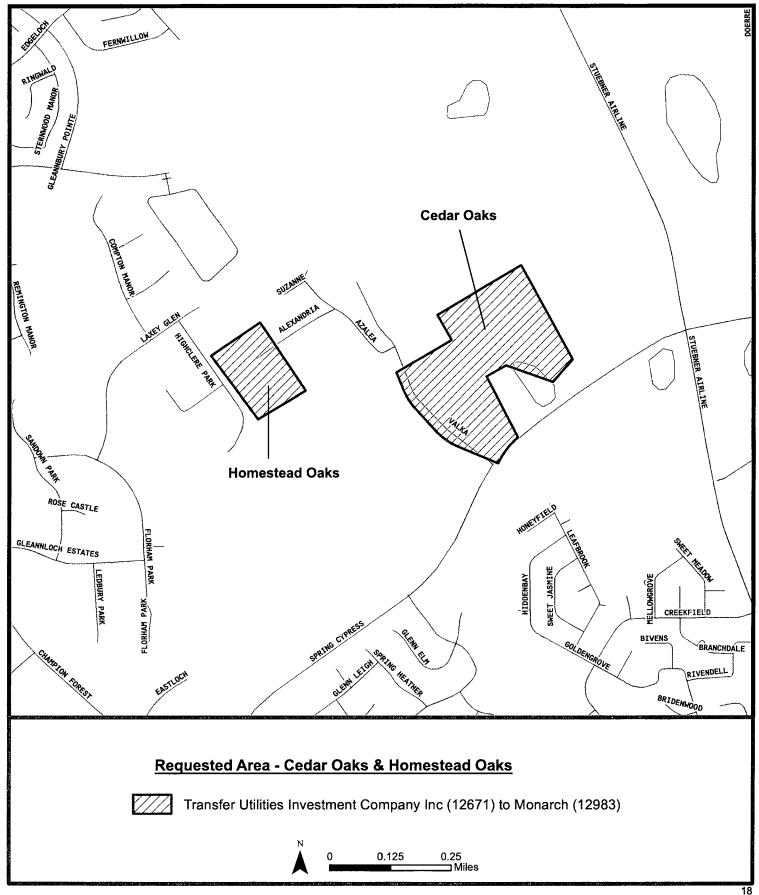


Sale Transfer Merger for Monarch Utilities I LP - Requested Area Cedar Bayou Estates, Cedar Bayou Park West & McGee Place Map 3 Harris County

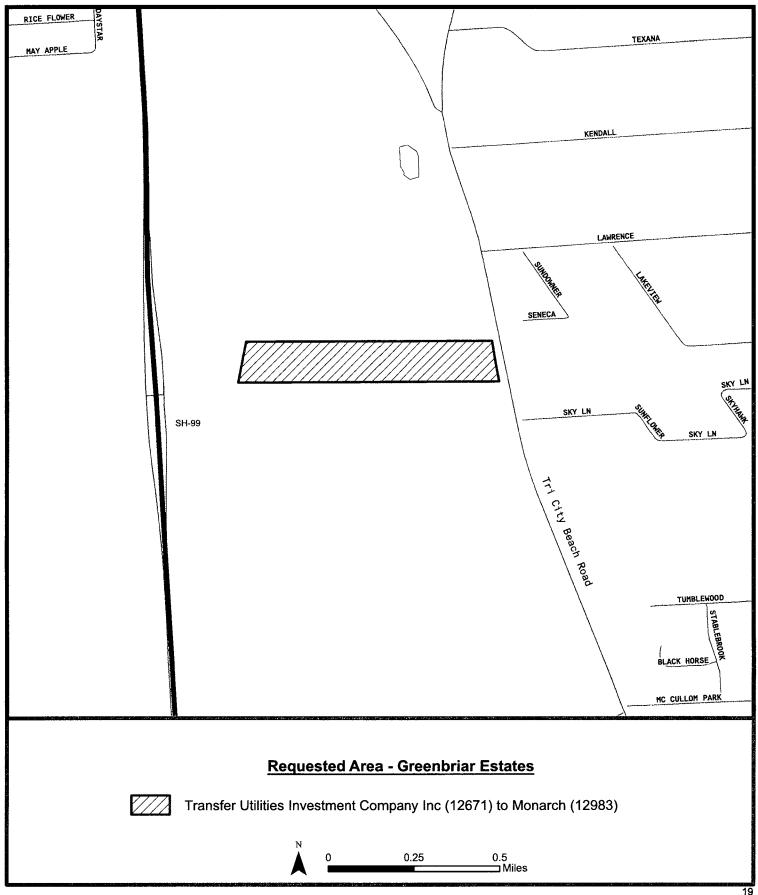


17

Sale Transfer Merger for Monarch Utilities I LP - Requested Area Cedar Oaks & Homestead Oaks Map 4 **Harris County**

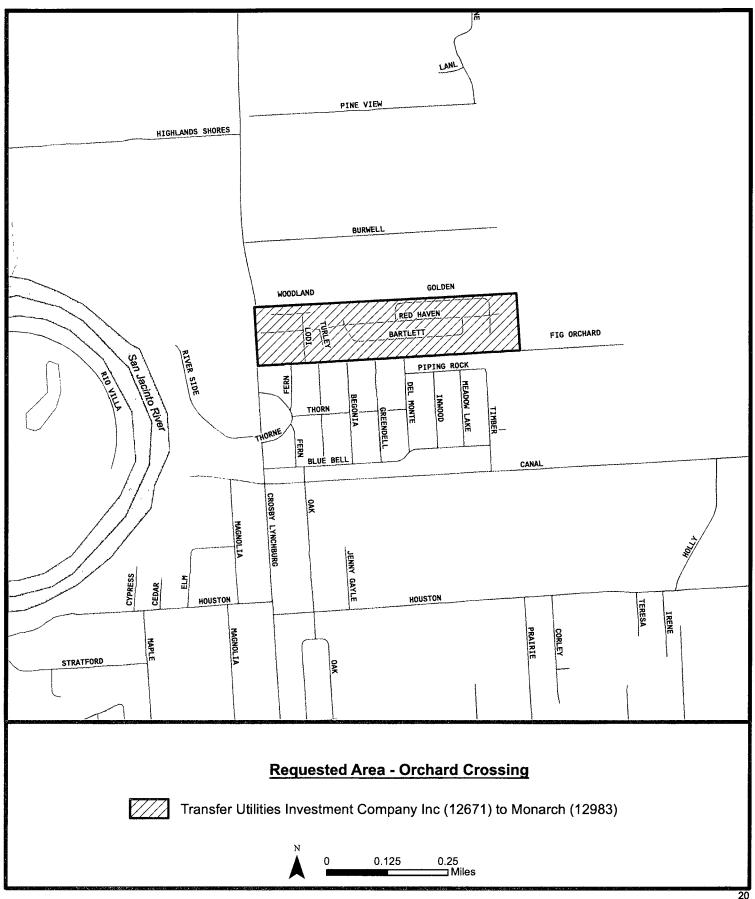


Sale Transfer Merger for Monarch Utilities I LP - Requested Area **Greenbriar Estates** Map 5 **Chambers County**

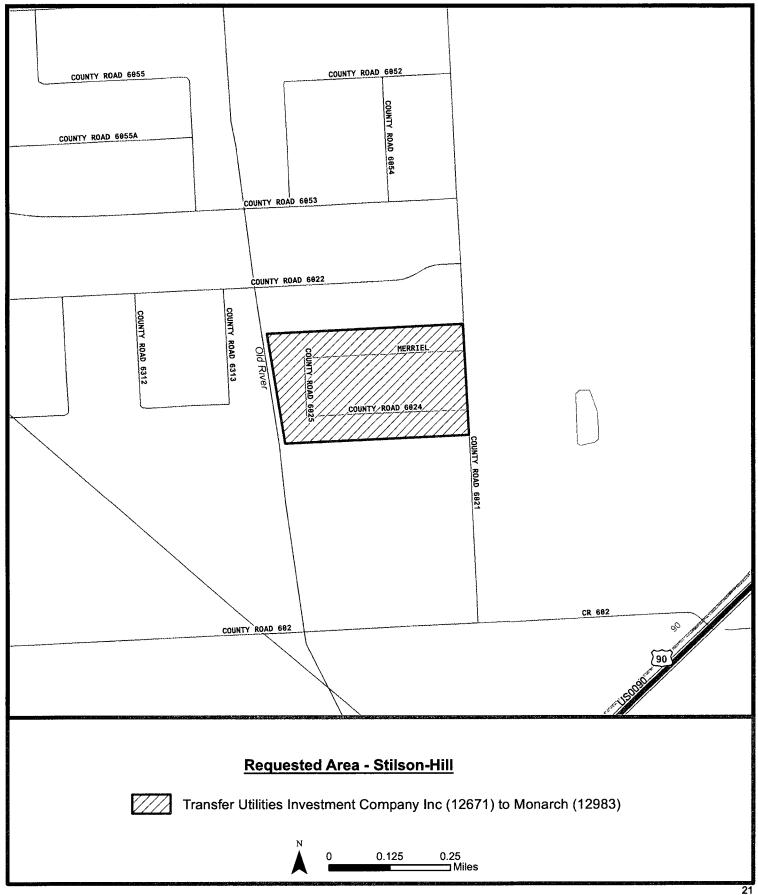


19

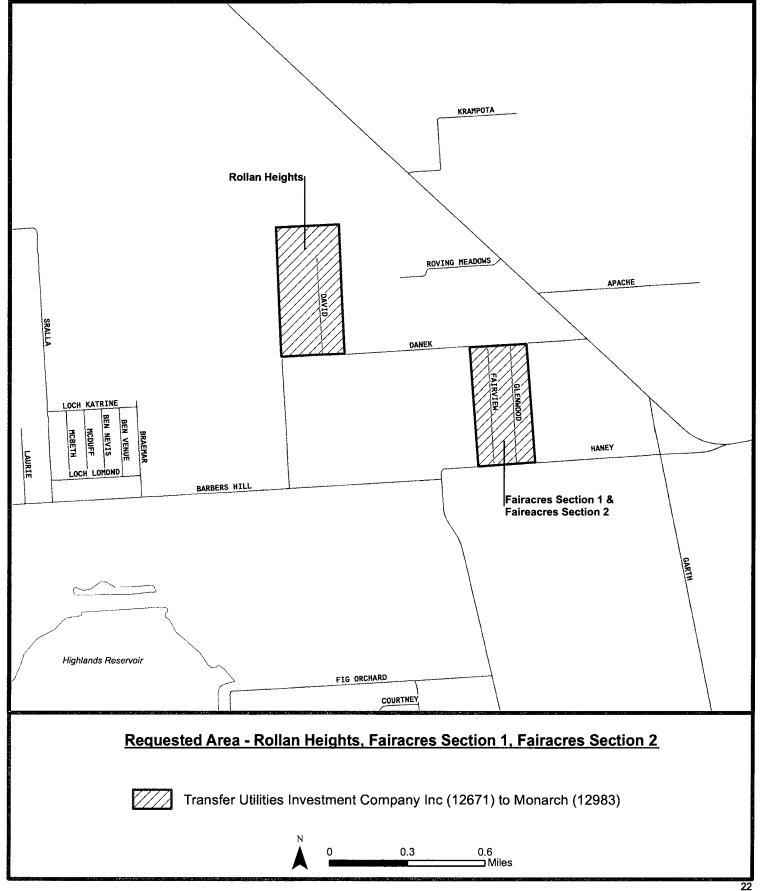
Sale Transfer Merger for Monarch Utilities I LP - Requested Area **Orchard Crossing** Map 6 **Harris County**



Sale Transfer Merger for Monarch Utilities I LP - Requested Area Stilson-Hill Map 7 **Liberty County**

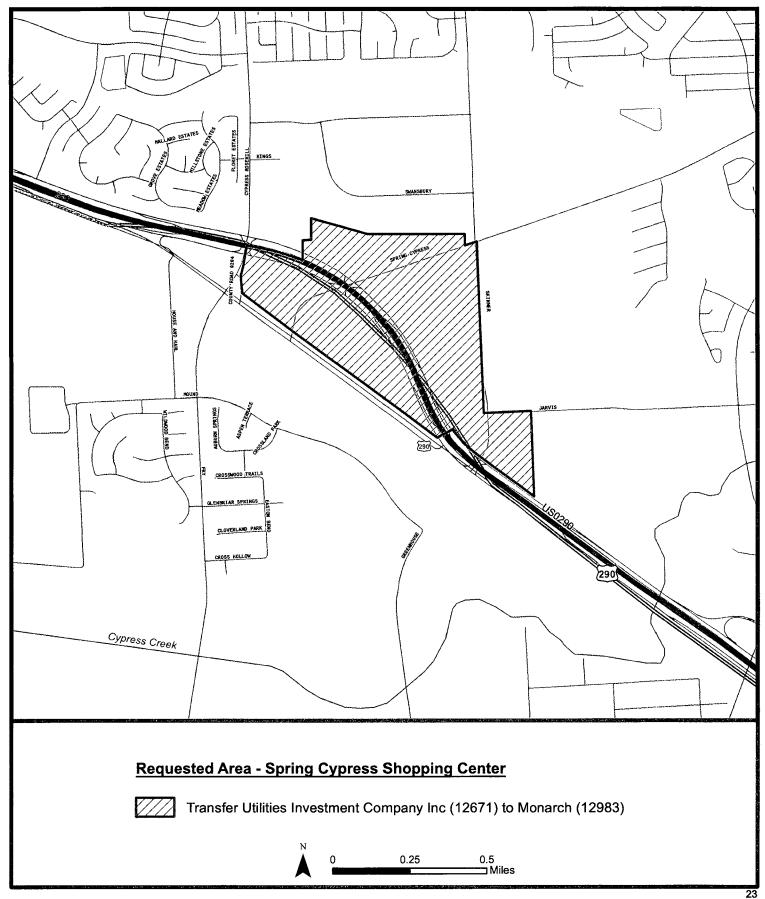


Sale Transfer Merger for Monarch Utilities I LP - Requested Area Rollan Heights, Fairacres Section 1, Fairacres Section 2 Map 8 Harris County



22

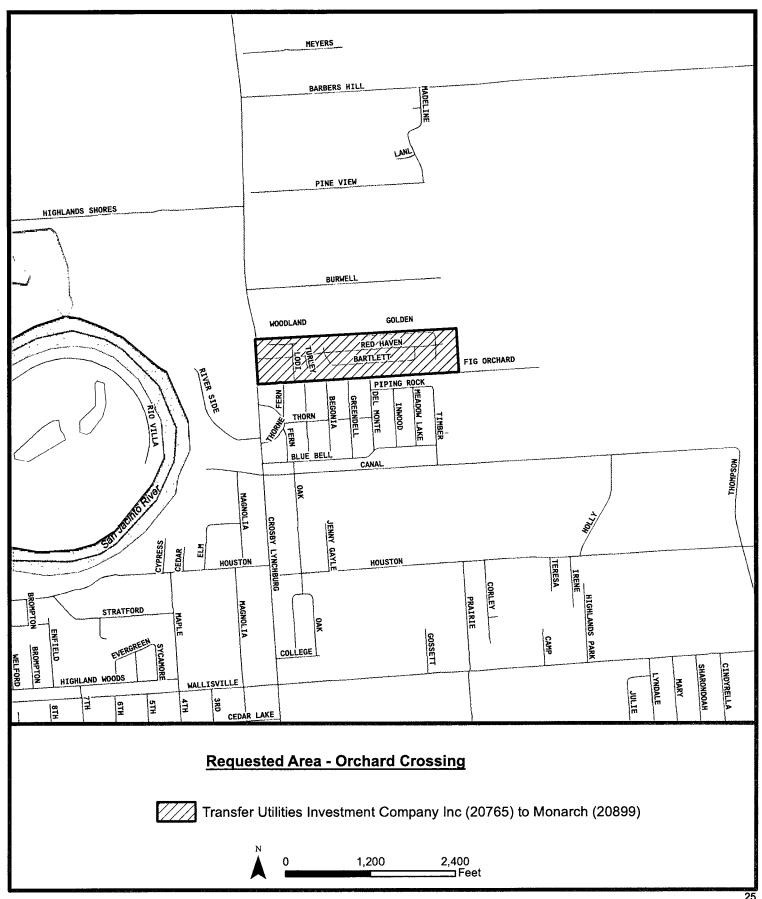
Sale Transfer Merger for Monarch Utilities I LP - Requested Area **Spring Cypress Shopping Center** Map 9 **Harris County**



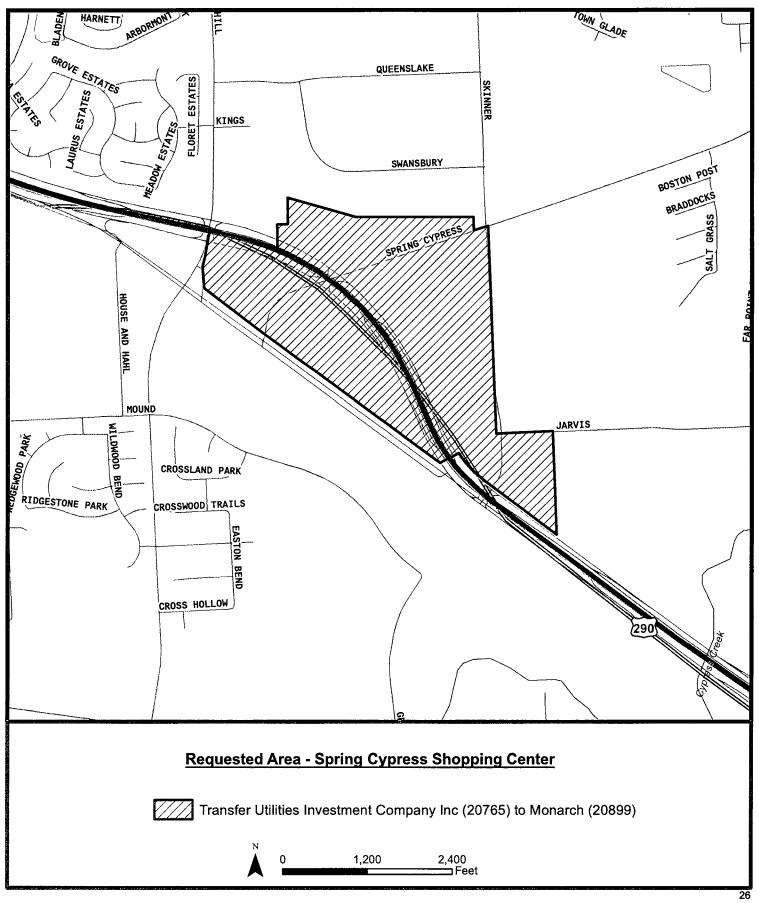
Sale Transfer Merger for Monarch Utilities I LP - Requested Area **Spring Cypress Shopping Center, Orchard Crossing** Map 10 **Harris County**



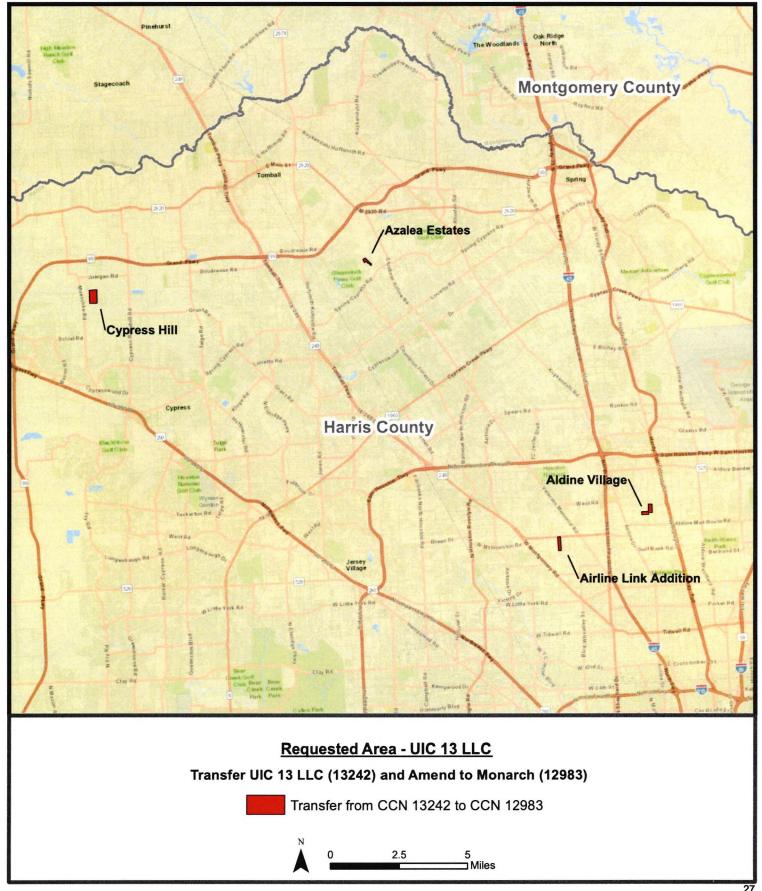
Sale Transfer Merger for Monarch Utilities I LP - Requested Area **Orchard Crossing Map 11 Harris County**



Sale Transfer Merger for Monarch Utilities I LP - Requested Area **Spring Cypress Shopping Center** Map 12 **Harris County**



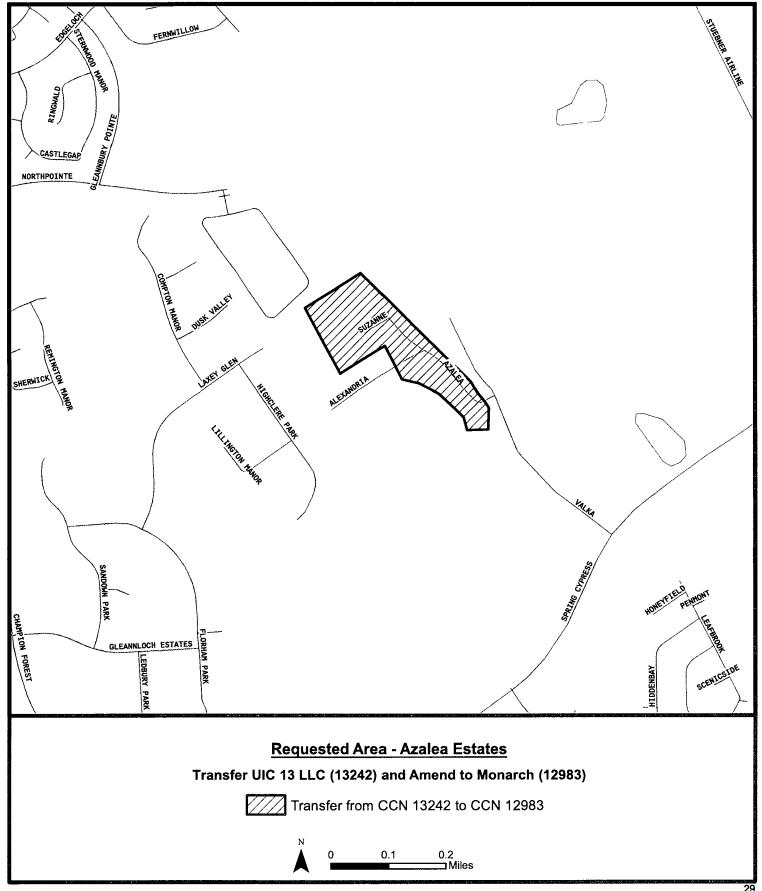
Sale Transfer Merger for Monarch Utilities I LP - Requested Area Cypress Hill, Azalea Estates, Airline Link Addition, Aldine Village Map 13 Systems Harris County



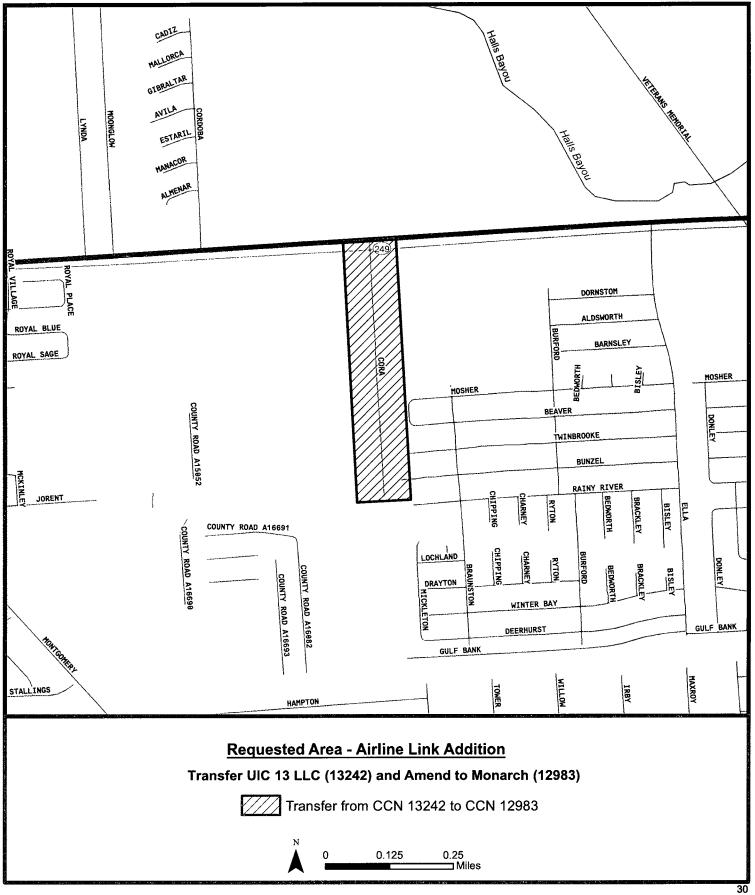
Sale Transfer Merger for Monarch Utilities I LP - Requested Area Aldine Village **Map 14 Harris County**



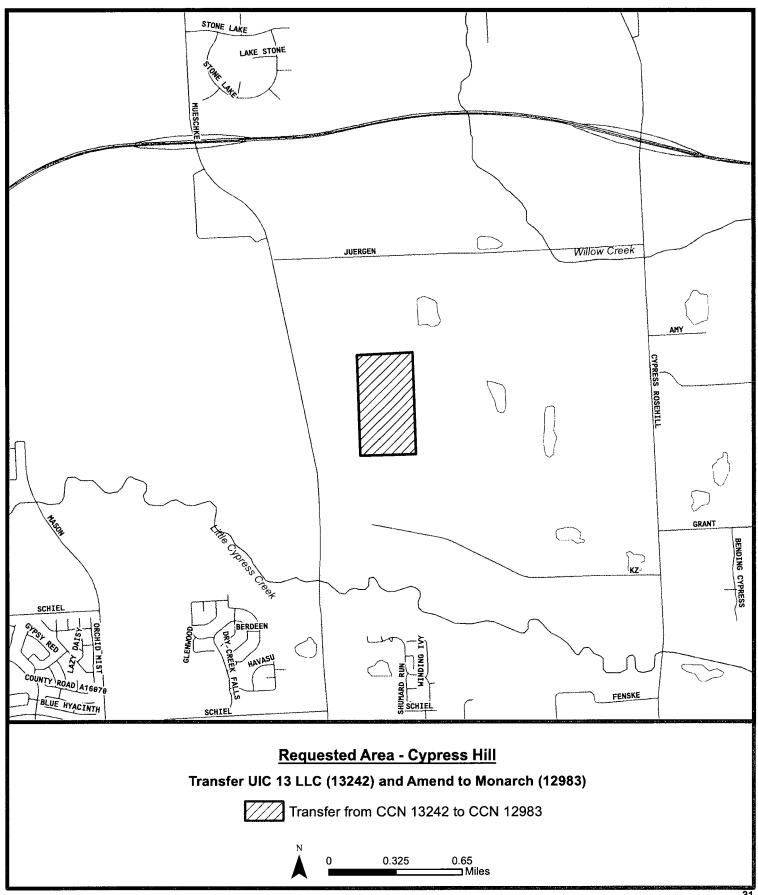
Sale Transfer Merger for Monarch Utilities I LP - Requested Area Azalea Estates Map 15 Harris County



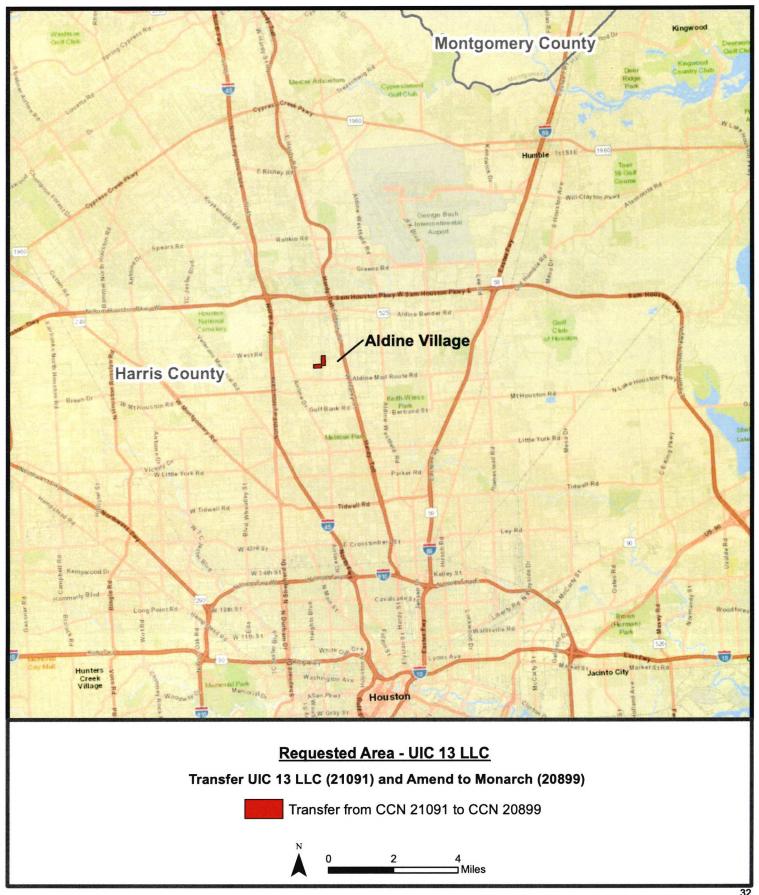
Sale Transfer Merger for Monach Utilities I LP - Requested Area **Airline Link Addition Map 16 Harris County**



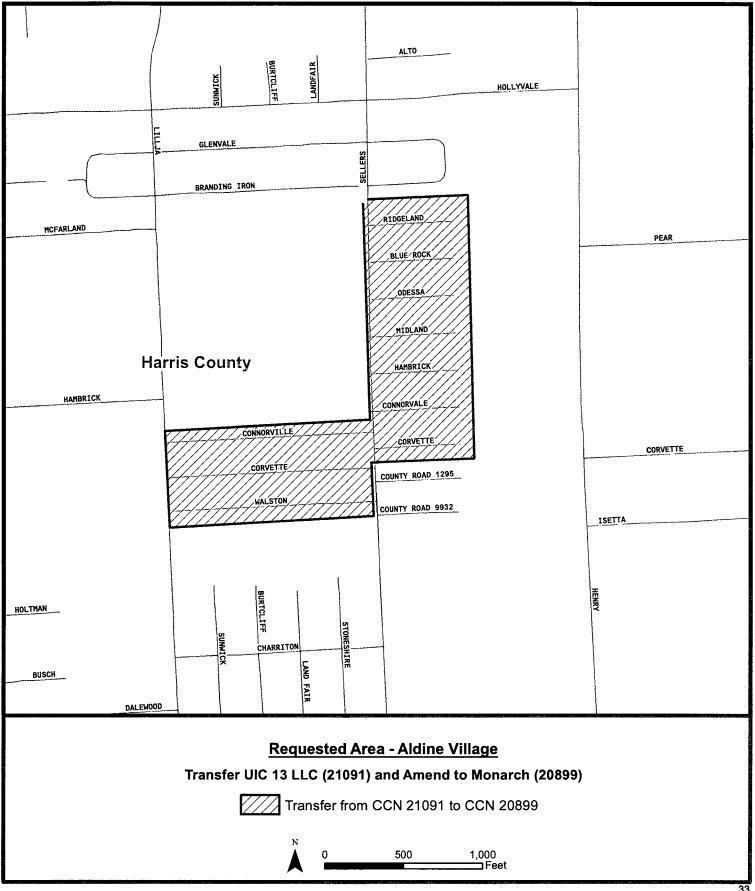
Sale Transfer Merger for Monarch Utilities I LP - Requested Area Cypress Hill Map 17 Harris County



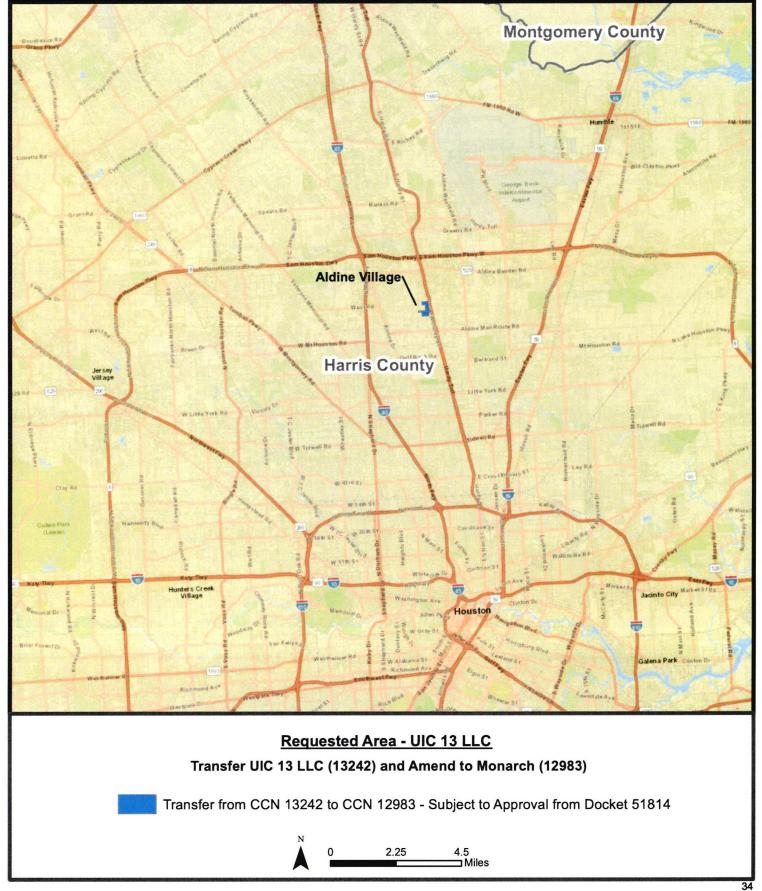
Sale Transfer Merger for Monarch Utilities I LP - Requested Area **Aldine Village Map 18 Harris County**



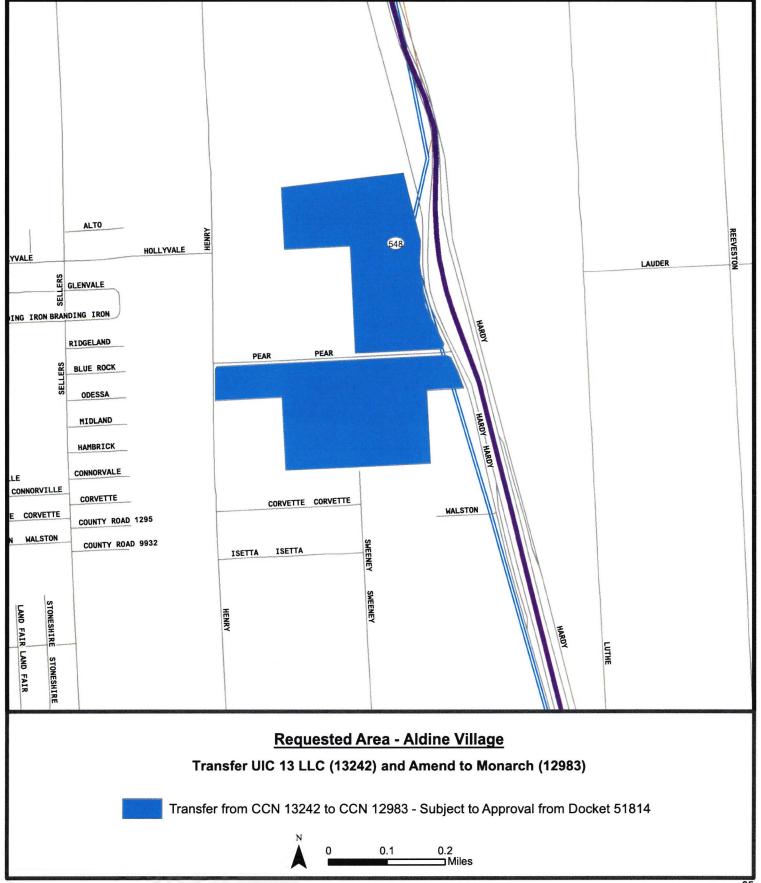
Sale Transfer Merger for Monarch Utilities I LP - Requested Area Aldine Village Map 19 Harris County



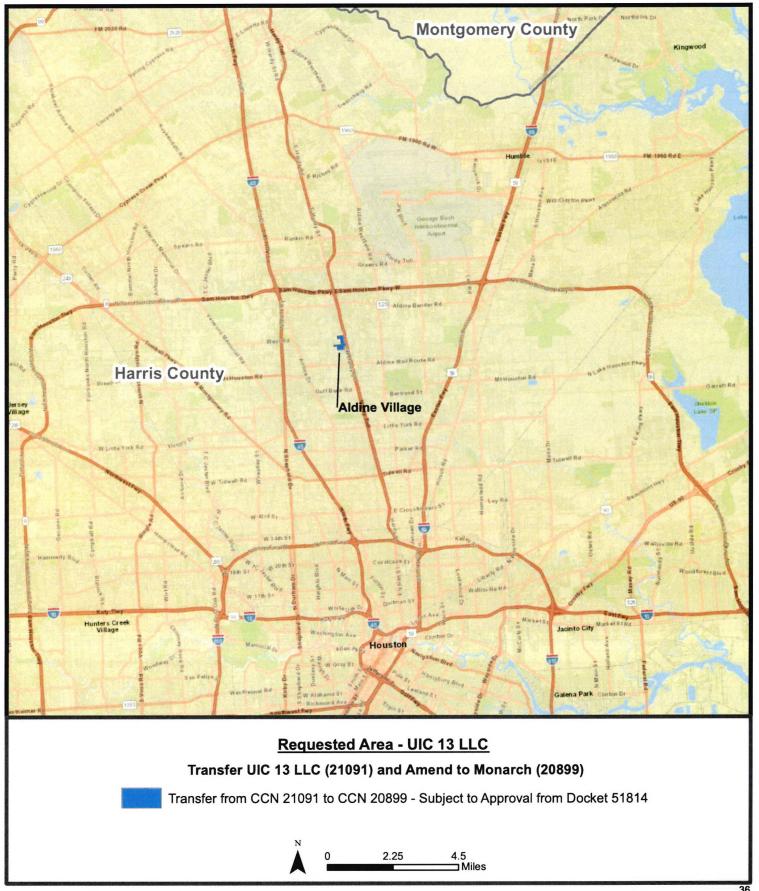
Sale Transfer Merger for Monarch Utilities I LP - Requested Area Aldine Village Map 20 **Harris County**



Sale Transfer Merger for Monarch Utilities I LP - Requested Area Aldine Village Map 21 Harris County



Sale Transfer Merger for Monarch Utilities I LP - Requested Area Aldine Village Map 22 Harris County



Sale Transfer Merger for Monarch Utilities I LP - Requested Area **Aldine Village** Map 23 **Harris County**

