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| APPLICATION OF SOUTHWEST | § | PUBLIC UTILITY COMMISSION |
| ENVIRONMENTAL RESOURCES AND | § | |
| MANVEL TERRACE UTILITIES, INC. | § | OF TEXAS |
| FOR SALE, TRANSFER, OR MERGER | § | |
| OF FACILITIES AND CERTIFICATE | § | |
| RIGHTS IN FORT BEND COUNTY | § | |

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

On July 16, 2021, Manvel Terrace Utilities, Inc. (Manvel Terrace) and the Southwest Environmental Resources (Southwest) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Fort Bend County. Specifically, Manvel Terrace seeks approval to acquire facilities and to transfer water service area held under Southwest’s Certificate of Convenience and Necessity (CCN) No. 11648 to Manvel Terrace’s CCN No. 12080.

On February 23, 2022, the Administrative Law Judge (ALJ) filed Order No. 6, establishing a deadline of March 30, 2022 for the Staff (Staff) of the Public Utility Commission of Texas (Commission) and the Applicants 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 July 16, 2021 (Interchange Item No. 1);
- B. Manvel Terrace’s request for additional information, filed on August 3, 2021 (Interchange Item No. 3);
- C. Manvel Terrace’s confidential financial information bate stamp 1 to 9, filed on August 13, 2021 (Interchange Item No. 4);
- D. Manvel Terrace’s Requested info, filed on September 21, 2021 (Interchange Item No. 7);
- E. Manvel Terrace’s confidential financial information bate stamp 1 - 9, filed on September 22, 2021 (Interchange Item No. 8);

- F. Marvel Terrace's maps, filed on October 12, 2021 (Interchange Item No. 9);
- G. Staff's Supplemental Recommendation on Administrative Completeness and Proposed Notice, filed on November 15, 2021 (Interchange Item No. 12);
- H. Marvel Terrace's notice, filed on December 18, 2021 (Interchange Item No. 14);
- I. Staff's Recommendation on Sufficiency of Notice, filed on December 29, 2021 (Interchange Item No. 15);
- J. Marvel Terrace's request for information 1, filed on March 2, 2022 (Interchange Item No. 21);
- K. Marvel Terrace's financial information, copies of articles on incorporation and amendments, filed on March 2, 2022 (Interchange Item No. 22);
- L. Marvel Terrace's response and affidavit, filed on March 2, 2022 (Interchange Item No. 23);
- M. Marvel Terrace's Appendix B, filed on March 8, 2022 (Interchange Item No. 24);
- N. Staff's Recommendation on Approval of the Transaction, filed on December 29, 2021 (Interchange Item No. 25); and
- O. Staff's confidential -attachment FB-1, filed on March 16, 2022 (Interchange Item No. 26).

II. PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

The parties respectfully request the adoption of the attached Agreed Proposed Order Approving Sale and Allowing Transaction to Proceed, which would authorize the transfer all of Southwest's service area under CCN No. 11648 to Marvel Terrace.

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: March 30, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Sneha Patel
Managing Attorney

/s/ Mildred Anaele
Mildred Anaele
State Bar No. 24100119
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7345
(512) 936-7268 (facsimile)
Mildred.Anaele@puc.texas.gov

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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 on March 30, 2022 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Mildred Anaele
Mildred Anaele

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PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

This Order addresses the application of Manvel Terrace Utilities, Inc. and Southwest Environmental Resources for approval of the sale and transfer of Certificate of Convenience and Necessity (CCN) rights in Fort Bend County dated July 16, 2021. Manvel Terrace seeks approval to transfer all of Southwest’s service area under CCN number 11648. On March 16, 2022, Staff recommended that the transaction in this docket be allowed to proceed. 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.

Applicants

1. Manvel Terrace is a Texas corporation registered with the Texas secretary of state under file number 0078001700.
2. Manvel Terrace owns and operates facilities for providing water service under CCN number 11280 in Fort Bend County.
3. Southwest is a limited liability company registered with the Texas secretary of state under file number 801737099.
4. Southwest owns and operates facilities for providing water service under CCN number 11648 in Fort Bend County.
5. Southwest owns Southwest Environmental Resources public water system, which is registered with the Texas Commission on Environmental Quality (TCEQ) under public water system identification number 0790144.

Application

5. On July 16, 2021, the applicants filed an application for approval of the sale of facilities and the transfer of all of Southwest's water service area under CCN number 11648 to Manvel Terrace.
6. The applicants filed supplemental information on August 3 and August 13, 2021.
7. The area subject to this transaction consists of 83 acres and 167 current connections.
8. The area subject to this transaction is located approximately 3.6 miles south of downtown Rosenberg, Texas, and is generally bounded on the north by Geronino Lane; on the east by North Highway 36; on the south by Ustinik Road; and on the west by Apache Lane.
9. In Order No. 4 filed on November 16, 2021, the ALJ deemed the application administratively complete.

Notice

10. On December 18, 2021, the applicants filed the affidavit of Harrison Williams, President of Manvel Terrace, attesting that notice was provided to current customers, neighboring utilities, and affected parties on December 3, 2021.
11. In Order No. 5 filed on January 5, 2022, the ALJ deemed the notice sufficient.

Evidentiary Record

12. On March 30, 2022, the parties filed a joint motion to admit evidence.
13. In Order No. 7 filed on _____, 2022, the ALJ admitted the following evidence into the record: (a) the application for sale, transfer or merger of facilities, filed on July 16, 2021; (b) Manvel Terrace's request for additional information, filed on August 3, 2021; (c) Manvel Terrace's confidential financial information bate stamp 1 to 9, filed on August 13, 2021; (d) Manvel Terrace's requested info, filed on September 21, 2021; (e) Manvel Terrace's confidential financial information bate stamp 1 - 9, filed on September 22, 2021; (f) Manvel Terrace's maps, filed on October 12, 2021; (g) Commission Staff's supplemental recommendation on administrative completeness and proposed Notice, filed on November 15, 2021; (h) Marvel Terrace's notice, filed on December 18, 2021; (i) Commission Staff's recommendation on sufficiency of notice, filed on December 29, 2021; (j) Marvel Terrace's request for information 1, filed on March 2, 2022; (k) Marvel Terrace's financial information, copies of articles on incorporation and amendments, filed on March 2, 2022; (l) Marvel Terrace's response and affidavit, filed on March 2, 2022; (m)

Marvel Terrace's Appendix B, filed on March 8, 2022; (n) Commission Staff's recommendation on approval of the transaction, filed on December 29, 2021; and (o) Commission Staff's confidential -attachment FB-1, filed on March 16, 2022.

System Compliance

14. The last TCEQ compliance investigation of the Southwest system was on January 22, 2020. Southwest received some violations as a result of that investigation.
15. Marvel Terrace indicated that an engineer will submit plans to the TCEQ for a larger storage tank to increase storage capacity at Southwest's water treatment plant. Marvel Terrace also stated that there are plans in place to address the remaining TCEQ violations at Southwest once the system is acquired.
16. The Commission's complaint records, which date back to 2017, show no complaints against Southwest.

Adequacy of Existing Service

17. The requested area has approximately 167 connections that are currently served by Southwest through TCEQ-approved Southwest Environmental Resources, public water system number 0790144, and such service has been continuous and adequate.
18. No additional construction is necessary for Marvel Terrace to serve the requested area.

Need for Additional Service

19. There are currently 167 existing customer connections in the requested area; therefore, there is a need for service.
20. No additional service is needed at this time.

Effect of Approving the Transaction and Granting the Amendment

21. Marvel Terrace will become the certificated entity for the requested area and will be required to provide adequate and continuous service to the requested area.
22. For the requested area subject to the transaction, there will be no effect on landowners as the area is currently certificated and will remain certificated and all customers will be charged the same rates as they were charged before the transaction.
23. There will be no effect on any retail public utility servicing the proximate area. All retail public utilities in the proximate area were provided notice of the transaction and did not request to intervene.

Ability to Serve; Managerial and Technical

24. Manvel Terrace has the ability to provide adequate service in the requested area.
25. Manvel Terrace has a TCEQ-approved public water system registered as Marvel Road Terrace Subdivision, PWS ID No. 0200102.
26. Manvel Road Terrace does not have any violations listed in the TCEQ database.
27. The Commission's complaint records, which date back to 2017, show no complaints against Manvel Terrace.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

28. The construction of a physically separate system is not necessary for Manvel Terrace to serve the requested area. Therefore, concerns of regionalization or consolidation do not apply.
29. Southwest is currently serving customers and has sufficient capacity.
30. Manvel Terrace has a plan to improve service provided to the requested area.
31. Retail public utilities in the area received notice of the application and none intervened, protested, or requested a hearing.
32. It is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve; Financial Ability and Stability

33. Manvel Terrace, through its affiliate, Floe- Tech Utility LLC (Flow- Tech), has a debt-to-equity ratio less than 1.0, meeting the leverage test.
34. Manvel Terrace submitted an affidavit indicating Flow-Tech's commitment to providing funds necessary for cash required to purchase Southwest Environmental and make necessary capital improvements. Sufficient cash and net operating income available to cover possible future shortages provide an indication of financial stability and financial and managerial capability. Therefore, Manvel Terrace meets the operations test.
35. Manvel Terrace has demonstrated the financial ability and financial stability necessary to provide continuous and adequate service to the requested area.

Financial Assurance

36. There is no need to require Manvel Terrace to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

Environmental Integrity

37. The environmental integrity of the land will be minimally affected as the storage tank is constructed to provide additional storage capacity at the Southwest water plant.

Improvement in Service or Lowering Cost to Consumers

38. Manvel Terrace will continue to provide water service to the existing customers in the area.

39. The quality of service for transferred Southwest customers will remain high.

40. There will be no change in the quality or cost of service to customers.

Regionalization or Consolidation

41. Concerns of regionalization or consolidation do not apply because construction of a physically separate water system is not needed to serve the requested area.

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), Manvel Terrace has demonstrated adequate financial, managerial, and technical capability to provide adequate and continuous service to the requested area. TWC § 13.301(b).
3. Marvel Terrace and Southwest have demonstrated that the sale and transfer of the facilities and service under CCN No. 11648 from Southwest to Manvel Terrace is necessary for the service, accommodation, convenience, and safety of the public. 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 Manvel Terrace and Southwest 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 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 advised that the service area under CCN number 11648, and the corresponding facilities, will be held by Southwest 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 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 _____, 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE