



## Filing Receipt

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**DOCKET NO. 52324**

<b>APPLICATION OF SOUTHWEST ENVIRONMENTAL RESOURCES AND MANVEL TERRACE UTILITIES, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN FORT BEND COUNTY</b>	<b>§ § § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**NOTICE OF APPROVAL**

This Notice of Approval addresses the application of Southwest Environmental Resources and Manvel Terrace Utilities, Inc. for approval of the sale, transfer, or merger of facilities and certificate rights in Fort Bend County. The Commission approves the sale and transfer of all facilities and water service area under Southwest’s certificate of convenience and necessity (CCN) number 11648 to Manvel Terrace, the cancellation of Southwest’s CCN number 11648, and the amendment of Manvel Terrace’s CCN number 12080 to include the area previously included in Southwest’s CCN number 11648.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicants**

1. Southwest is a sole proprietorship
2. Southwest operates, maintains, and controls facilities for providing retail water service in Fort Bend County under CCN number 11648.
3. Southwest owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 0790144.
4. Manvel Terrace is a Texas corporation registered with the Texas secretary of state under filing number 78001700.
5. Manvel Terrace operates, maintains, and controls facilities for providing retail water service in Harris and Brazoria counties under CCN number 12080.

6. Manvel Terrace owns and operates a public water system registered with the TCEQ under identification number 0200102.

### **Application**

7. On July 16, 2021, the applicants filed the application at issue in this proceeding.
8. The applicants filed supplemental information on August 3 and 13, September 21 and 22, and October 12, 2021.
9. In the application, Southwest and Manvel Terrace seek approval of the following transaction: (a) Manvel Terrace will acquire all of Southwest's water facilities and service area under CCN number 11648; (b) Southwest's CCN number 11648 will be cancelled; and (c) Manvel Terrace's CCN number 12080 will be amended to include the area previously included in Southwest's CCN number 11648.
10. The requested area includes approximately 83 acres and 167 current connections.
11. The requested area is located approximately 3.6 miles south of downtown Rosenberg and is generally bounded on the north by Geronimo Lane, on the east by North Highway 36, on the south by Ustinik Road, and on the west by Apache Lane.
12. In Order No. 4 filed on November 16, 2021, the administrative law judge (ALJ) found the application administratively complete.

### **Notice**

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

### **Evidentiary Record**

15. In Order No. 7 filed on April 8, 2022, the ALJ admitted the following evidence into the record of this proceeding: (a) the application filed on July 16, 2021; (b) Manvel Terrace's supplemental information filed on August 3, 2021; (c) Manvel Terrace's confidential financial information filed on August 13, 2021; (d) Manvel Terrace's supplemental information filed on September 21, 2021; (e) Manvel Terrace's confidential financial information 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) Manvel Terrace's proof of notice filed on December 18, 2021; (i) Commission Staff's recommendation on sufficiency of notice filed on December 29, 2021; (j) Manvel Terrace's responses to Commission Staff's first requests for information filed on March 2, 2022; (k) Manvel Terrace's financial information, copies of articles on incorporation and amendments filed on March 2, 2022; (l) Manvel Terrace's responses to Commission Staff's second requests for information and affidavit filed on March 2, 2022; (m) Manvel Terrace's appendix B filed on March 8, 2022; (n) Commission Staff's recommendation on the transaction filed on March 16, 2022; and (o) Commission Staff's confidential attachment FB-1 filed on March 16, 2022.

16. In Order No. 19 filed on October 3, 2022, the ALJ admitted the following additional evidence into the record: (a) the applicant's closing agreement filed May 31, 2022; (b) Commission Staff's recommendation on sufficiency of closing documents filed July 7, 2022; (c) Southwest's consent form filed on September 13, 2022; (d) Manvel Terrace's consent form filed on September 27, 2022; and (e) the map, certificate, and tariff attached to the joint supplemental motion to admit evidence and joint proposed notice of approval filed on September 29, 2022.

**Purchaser's Compliance History**

17. Manvel Terrace has not been under an enforcement action by the Commission, TCEQ, Texas Health and Human Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
18. Manvel Terrace does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
19. Manvel Terrace has demonstrated a compliance status that is adequate for approval of the transaction to proceed.

**Adequacy of Existing Service**

20. The last TCEQ compliance investigation of Southwest's public water system number 0790144 was on January 22, 2020, and violations were documented as a result of that investigation.
21. Manvel Terrace will submit, and implement, engineering plans to the TCEQ for the improvements necessary to meet the TCEQ's minimum capacity requirements and has plans to address the remaining violations once it acquires Southwest's public water system.
22. The Commission's complaint records, which date back to 2017, show no complaints against Southwest.

**Need for Additional Service**

23. There is a continuing need for service because Southwest is currently providing service to 167 connections in the requested area.
24. There have been no specific requests for additional service within the requested area.

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

25. Approving the sale and transfer and granting the CCN amendment will obligate Manvel Terrace to provide adequate and continuous service to current and future customers in the requested area.
26. Utilities within a two-mile radius were noticed and no protests or requests to intervene were filed in this docket.
27. This application is to transfer only existing facilities, customers, and service area; therefore, there will be no effect on any other retail public utility providing service in the proximate area.
28. There will be no effect on landowners as the requested area is currently certificated.

**Ability to Serve: Managerial and Technical**

29. Manvel Terrace owns and operates a public water system registered with the TCEQ and does not have any active violations listed in the TCEQ database.
30. The Commission's complaint records, which date back to 2017, show no complaints against Manvel Terrace.

31. Manvel Terrace employs or contracts with TCEQ-licensed water operators who will operate the public water system being sold and transferred.
32. Other than issues with capacity, Southwest's public water system number 0790144 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. Manvel Terrace intends to invest the capital required to make upgrades, renovations, and repairs necessary to ensure customers receive safe and reliable service.
34. Once Manvel Terrace installs the planned additional capacity, it will have access to an adequate supply of water.
35. Manvel Terrace has the technical and managerial capability to provide adequate and continuous service to the requested area.

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

36. Flow-Tech Utility LLC, Manvel Terrace's affiliate, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio that is less than one, satisfying the leverage test.
37. Flow-Tech provided a written guarantee of coverage of temporary cash shortages, demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction, and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
38. Manvel Terrace demonstrated the financial capability and stability necessary to pay for the facilities necessary to provide continuous and adequate service to the requested area.

**Financial Assurance**

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

**Regionalization or Consolidation**

40. It will not be necessary for Manvel Terrace to construct a physically separate water system to serve the requested area.

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

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

42. Southwest is currently serving customers in the requested area with existing facilities and there will be no changes to land uses or existing CCN boundaries as a result of the transaction.
43. 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 in order to connect a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

**Environmental Integrity and Effect on the Land**

44. The requested area will continue to be served with existing infrastructure.
45. There will be minimal effects on environmental integrity and on the land as a result of the planned construction of a storage tank and other planned upgrades, renovations, and repairs to the public water system being sold and transferred.

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

46. Water service to the requested area will improve because Manvel Terrace intends to make upgrades, renovations, and repairs necessary to improve the safety and reliability of service.
47. The rates charged to customers in the requested area will not change as a result of the proposed transaction because Manvel Terrace will adopt Southwest's current tariff upon consummation of the transaction.

**Map, Certificate, and Tariff**

48. On August 11, 2022, Commission Staff emailed to the applicants the final proposed map, certificate, and tariff related to this docket.
49. On September 13, 2022, Southwest filed its consent form concurring with the proposed final map, certificate, and tariff.

50. On September 27, 2022, Manvel Terrace filed its consent form concurring with the proposed final map, certificate, and tariff.
51. On September 29, 2022, the final map, certificate, and tariff were included as attachments to the joint supplemental motion to admit evidence and proposed notice of approval.

## II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC §§ 13.241, 13.242, 13.244, 13.246, and 13.301.
2. Southwest and Manvel Terrace are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. Southwest and Manvel Terrace's application meets the requirements of TWC § 13.244 and 16 TAC § 24.233.
4. Southwest and Manvel Terrace provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 TAC § 24.239(a) through (c).
5. The Commission processed the application as required by the TWC, the Administrative Procedure Act,<sup>1</sup> and Commission Rules.
6. Manvel Terrace and Southwest have complied with the requirements of 16 TAC § 24.239(k) and (l) with respect to customer deposits.
7. Manvel Terrace and Southwest completed the sale within the time frame required by 16 TAC § 24.239(m).
8. After consideration of the factors in TWC § 13.246(c) and 16 TAC §§ 24.11(e), 24.227(e) and 24.239(h), Manvel Terrace demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).

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<sup>1</sup> Tex. Gov't Code §§ 2001.001-.903.



9. Southwest and Manvel Terrace demonstrated that the sale and transfer of Southwest's facilities and water service area under CCN number 11648 to Manvel Terrace, the cancellation of Southwest's CCN number 11648, and the amendment of Manvel Terrace's CCN number 12080 will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d).
10. It is not necessary for Manvel Terrace to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
11. Manvel Terrace must record a certified copy of its certificate granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Fort Bend County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording as required by TWC § 13.257(r) and (s).
12. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

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

1. The Commission approves the sale and the transfer of all of Southwest's facilities and service area under CCN number 11648 to Manvel Terrace and the cancellation of Southwest's CCN number 11648.
2. The Commission amends Manvel Terrace's CCN number 12080 to include the facilities and area previously included in Southwest's CCN number 11648, as described in this Notice of Approval and as shown on the attached map.
3. The Commission approves the map and tariff attached to this Notice of Approval.
4. The Commission issues the certificate attached to this Notice of Approval.
5. Manvel Terrace must provide service to every customer or qualified applicant for service within the approved area under CCN number 12080 that requests service and meets the

terms of Manvel Terrace's water service policies, and such service must be continuous and adequate.

6. Manvel Terrace must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Fort Bend County affected by the application and file in this docket proof of the recording no later than 45 days after receipt of the Notice of Approval.
7. Within ten days of the date this Notice of Approval is filed, Commission Staff must provide the Commission with a clean copy of the tariff approved by this Notice of Approval to be stamped *Approved* and retained by Central Records.
8. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

**Signed at Austin, Texas the 11th day of October 2022.**

**PUBLIC UTILITY COMMISSION OF TEXAS**



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**KATIE MOORE MARX**  
**ADMINISTRATIVE LAW JUDGE**

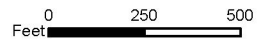
Manvel Terrace Utilities, Inc.  
Portion of Water CCN No. 12080  
PUC Docket No. 45026

Transferred all of Southwest Environmental Resources, CCN No. 11648 in Fort Bend County



**Water CCN**

 12080 - Manvel Terrace Utilities Inc





# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That  
Manvel Terrace Utilities, Inc.**

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Manvel Terrace Utilities, Inc. is entitled to this

## **Certificate of Convenience and Necessity No. 12080**

to provide continuous and adequate water utility service to that service area or those service areas in Brazoria and Fort Bend counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52324 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Manvel Terrace Utilities, Inc. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.