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Received - 2022-10-19 10:28:20 AM
Control Number - 52890
ItemNumber - 32

DOCKET NO. 52890

APPLICATION OF FLAT FORK	§	PUBLIC UTILITY COMMISSION
WATER SUPPLY CORPORATION AND	§	
CITY OF CENTER FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN SHELBY COUNTY	§	

ORDER NO. 14
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Flat Fork Water Supply Corporation and the City of Center for approval of the sale, transfer, or merger of facilities and certificate rights in Shelby County. The applicants seek approval of the transfer of 39 meters under Flat Fork WSC's certificate of convenience and necessity (CCN) number 11711 to Center. The administrative law judge (ALJ) approves the transaction between Flat Fork WSC and Center and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Flat Fork WSC is a Texas non-profit water supply corporation organized under chapter 67 of the Texas Water Code (TWC).
2. Flat Fork WSC is registered with the Texas secretary of state under file number 21371601.
3. Flat Fork WSC operates, maintains, and controls facilities for providing retail water service under CCN number 11711 in Shelby County.
4. Flat Fork WSC owns and operates one public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 2100007.
5. Center is a municipality in Shelby County, Texas.
6. Center operates, maintains, and controls facilities for providing retail water service under CCN number 10397 in Shelby County.

7. Center owns and operates a public water system registered with the TCEQ under identification number 2100001.

Application

8. On November 29, 2021, Flat Fork WSC and Center filed the application at issue in this proceeding.
9. On February 17 and August 31, 2022, the applicants filed supplements to the application.
10. In the application, the applicants seek approval of the transfer of 39 meters from Flat Fork WSC's certificated service area under CCN number 11711 to Center.
11. The 39 meters are located approximately one mile north of downtown Center, Texas, and are generally bounded on the north by County Road 3736, on the east by Loop 500, on the south by Henrietta Road, and on the west by County Road 3754 and County Road 3780.
12. In Order No. 8 filed on June 6, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

13. On July 15, 2022, Flat Fork WSC filed the affidavit of Glynn Russell, president of Flat Fork WSC, attesting that notice was provided to current customers on July 14, 2022.
14. In Order No. 9 filed on July 18, 2022, the ALJ found notice sufficient.

Evidentiary Record

15. In Order No. 13 filed on October 19, 2022, the ALJ admitted the following evidence into the record: (a) the application and all attachments filed on November 29, 2021; (b) the applicants' supplement to the application filed on February 17, 2022; (c) Commission Staff's supplemental recommendation on administrative completeness and proposed procedural schedule filed on February 23, 2022; (d) Commission Staff's supplemental amended recommendation on administrative completeness and proposed procedural schedule filed on June 3, 2022; (e) the applicants' affidavit of notice filed on July 15, 2022; (f) Commission Staff's recommendation on sufficiency of notice filed on July 15, 2022; (g) the applicants' supplement to the application filed on August 31, 2022; and (h) Commission Staff's recommendation on approval of the transaction filed on September 2, 2022.

Center's Compliance History

16. Center has no unaddressed violations listed in the TCEQ database associated with its public water system, identification number 2100001.
17. The Commission's complaint records, which date back to 2017, show one complaint against Center.
18. Center does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
19. Center demonstrated a compliance status that is adequate for approval of the transfer to proceed.

Adequacy of Existing Service

20. There is no evidence in the record that Flat Fork WSC has failed to comply with any Commission or TCEQ order.
21. Center currently supplies water to the 39 meters under a purchase water agreement with Flat Fork WSC, and such service has been continuous and adequate.

Need for Additional Service

22. There are currently 39 existing meters that are receiving service and have an ongoing need for service.
23. This is an application to transfer only existing meters and customers.
24. There is no evidence in the record indicating a need for additional service.

Effect of Approving the Transaction

25. Approving the transfer to proceed will obligate Center to provide continuous and adequate water service to current and future customers served by the 39 meters.
26. Because this application is to transfer only existing meters and customers, there will be no effect on any other retail public utility servicing the proximate area.
27. There will be no adverse effect on current customers served by the 39 meters because they are already receiving service from Center.

Ability to Serve: Managerial and Technical

28. Center currently serves the 39 meters through its public water system identification number 2100001.
29. Center employs or contracts with TCEQ-licensed water operators who operate its public water system through which it will provide service to the 39 meters.
30. No additional construction is necessary for Center to serve the 39 meters.
31. Center has access to an adequate supply of water and is capable of providing drinking 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.
32. Center has the technical and managerial capability to provide continuous and adequate service to the 39 meters.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

33. Center is an adjacent utility and is currently serving the 39 meters through a purchase water agreement with Flat Fork WSC, and such service has been continuous and adequate.
34. It is not feasible to obtain service from another adjacent retail public utility.

Regionalization or Consolidation

35. It will not be necessary for Center to construct a physically separate water system to serve the 39 meters.
36. Because construction of a physically separate water system is unnecessary, consideration of regionalization or consolidation with another retail public utility is not required.

Ability to Serve: Financial Ability and Stability

37. Center has a debt-to-equity ratio of less than one, satisfying the leverage test.
38. Center has sufficient cash and net operating income available to cover any projected operations and maintenance shortages in the first five years of operations after completion of the transaction, satisfying the operations test.
39. Center demonstrated the financial and managerial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the 39 meters.

Financial Assurance

40. There is no need to require Center to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

41. The 39 existing meters will continue to be served by Center with existing facilities and no additional construction is necessary.
42. There will be no effects on environmental integrity or the land as a result of the proposed transaction.

Improvement of Service or Lowering Cost to Consumers

43. The rates charged to existing customers will not change as a result of the proposed transaction because Center already provides service to the customers.
44. There will be no change to the reliability and quality of water service from Center, as service is already provided through existing facilities.

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(a) through (c).
2. After consideration of the factors in TWC § 13.246(c), Center demonstrated that it is capable of rendering continuous and adequate service to the 39 meters, as required by TWC § 13.251.
3. Center demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the 39 meters, as required by TWC §§ 13.241(a) and 13.301(b).
4. The applicants demonstrated that the transfer of the 39 meters from Flat Fork WSC under CCN number 11711 to Center will serve the public interest and is necessary for the continued service, accommodation, convenience, or safety of the public as required by TWC §§ 13.246(b) and 13.301(d) and (e).

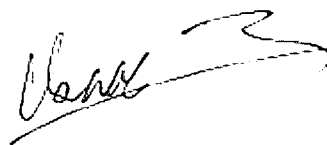
III. Ordering Paragraphs

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

1. The transaction between Flat Fork WSC and Center in this proceeding is approved and may be completed as proposed.
2. As soon as possible after the effective date of the transfer, but not later than 30 days after the effective date, the applicants must file proof that the transfer has been completed and that customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(in), if the transaction is not completed within this period, or an extension is not granted, this approval is void and the applicants must reapply for approval.
5. The applicants are advised that the 39 meters will remain under CCN number 11711 and continue to be held by Flat Fork WSC until the final order or notice of approval is issued in this matter, in accordance with Commission 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 completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed 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 October 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



**ISAAC TA
ADMINISTRATIVE LAW JUDGE**