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DOCKET NO. 53290

APPLICATION OF SOUTHEAST	§	PUBLIC UTILITY COMMISSION
WATER SUPPLY CORPORATION AND	§	
CONCORD ROBBINS WATER SUPPLY	§	OF TEXAS
CORPORATION FOR SALE,	§	
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN LEON COUNTY	§	

AGREED MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

On March 1, 2022, the Southeast Water Supply Corporation (Southeast WSC) and Concord Robbins Water Supply Corporation (Concord WSC) (collectively, the Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Leon County. Concord WSC, water CCN No. 11717, seeks approval to acquire facilities and to transfer all of the water service area from Southeast WSC under water CCN No. 12180. On March 14, 2022, March 21, 2022, March 22, 2022, March 24, 2022, and March 25, 2022, the Applicants filed supplemental information.

On August 19, 2022, the administrative law judge (ALJ) filed Order No. 6, which required the parties to submit a joint motion to admit evidence and proposed notice of approval by October 3, 2022. Therefore, this pleading is timely filed.

I. MOTION TO ADMIT EVIDENCE

The Parties request the entry of the following items into the record of this proceeding:

- (a) The application filed on March 1, 2022 (Interchange Item No. 1);
- (b) First supplement filed on March 14, 2022 (Interchange Item No. 3);
- (c) Second Supplement filed on March 21, 2022 (Interchange Item No. 4);
- (d) Third Supplement filed on March 22, 2022 (Interchange Item No. 5);
- (e) Fourth Supplement filed on March 24, 2022 (Interchange Item No. 6);
- (f) Fifth Supplement filed on March 25, 2022 (Interchange Item No. 7);
- (g) USDA Letter filed on April 13, 2022 (Interchange Item No. 10);

- (h) Commission Staff's Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule filed on April 18, 2022 (Interchange Item No. 11);
- (i) Second Proof of Notice filed on June 20, 2022 (Interchange Item No. 17);
- (j) Commission Staff's Recommendation on Sufficiency of Notice filed on July 8, 2022 (Interchange Item No. 18);
- (k) Commission Staff's First Request for Information filed on August 4, 2022 (Interchange Item No. 20);
- (l) Concord WSC's Responses to Commission Staff's First Request for Information filed on August 16, 2022 (Interchange Item No. 21);
- (m) Commission Staff's Second Request for Information filed on August 19, 2022 (Interchange Item No. 25);
- (n) Concord WSC's Responses to Commission Staff's Second Request for Information filed on August 29, 2022 (Interchange Item No. 27); and
- (o) Commission Staff's Recommendation on Approval of Sale filed on September 19, 2022 (Interchange Item No. 28).

II. JOINT PROPOSED NOTICE OF APPROVAL

The Parties move for the adoption of the attached Proposed Order Approving the Sale and Transfer to Proceed, which would authorize the transfer of all of Southeast WSC's service area under water CCN number 12180 to Concord WSC's water CCN No. 11717.

III. CONCLUSION

The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the attached proposed notice of approval be adopted.

Dated: October 3, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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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 via electronic mail on October 3, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Arnett D. Caviel
Arnett D. Caviel

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**PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO
PROCEED**

This Order addresses the application of Southeast Water Supply Corporation (Southeast WSC) and Concord Robbins Water Supply Corporation (Concord WSC) (collectively, the Applicants) for the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Leon County. The Applicants seek approval to sell and transfer all of Southeast WSC's facilities and water service area under water CCN number 12180 to Concord WSC's water CCN number 11717. On September 19, 2022, Commission Staff recommended that the transaction proceed in this docket. 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:

Applicant

1. Southeast WSC is a Texas non-profit water supply corporation, organized under Chapter 67 of the Texas Water Code (TWC), and registered with the Texas secretary of state under file number 0100898601.
2. Southeast WSC owns four public water systems (PWS) registered with the Texas Commission on Environmental Quality (TCEQ) as Southeast WSC System 1, PWS ID No. 1450027, Southeast WSC System 2, PWS ID No. 1450028, Southeast WSC System 3, PWS ID No. 1450029, and Southeast WSC System 4, PWS ID No. 1450031.
3. Southeast WSC owns, operates, and controls water facilities for providing water service under CCN number 12180 in Leon County.

4. Concord WSC is a Texas non-profit water supply corporation, organized under Chapter 67 of the Texas Water Code (TWC), and registered with the Texas secretary of state under file number 0049830901.
5. Concord WSC owns two TCEQ approved public water systems registered as Concord-Robbins WSC, PWS ID No. 1450018 and Lakeside Village, PWS ID No. 1450021.
6. Concord WSC owns, operates, and controls facilities for providing water service under CCN number 11717 in Leon County.

Application

7. On March 1, 2022, Southeast WSC and Concord WSC filed an application for sale, transfer, or merger of facilities and certificate rights in Leon County. The Applicants seek approval to sell and transfer all of Southeast WSC's facilities and water service area under CCN Number 12180 to Concord WSC under CCN number 11717 and to cancel Southeast WSC's CCN.
8. The Applicants filed supplemental information on March 14, 2022, March 21, 2022, March 22, 2022, March 24, 2022, and March 25, 2022.
9. The requested area is located approximately 10 miles southeast of downtown Buffalo, Texas, and is generally bounded on the north by approximately 3 miles north of State Highway 7 East; on the east by Leon and Houston County Line; on the south by Old San Antonio Road (OSR) and the Leon and Madison County Line; and on the east by Farm to Market 39 South.
10. The total area affected subject to this transaction is comprised of approximately 87,681 acres and 1,340 existing customers.
11. In Order No. 3 filed on April 19, 2022, the ALJ found the application administratively complete.

Notice

12. On June 20, 2022, the Applicants filed the affidavit of Elaine Trefry, President of Concord WSC attesting that notice was provided to current customers, neighboring utilities, and affected parties on June 17, 2022.
13. In Order No. 5 filed on July 12, 2022, the ALJ found the notice sufficient.

Evidentiary Record

14. On October 3, 2022, the parties jointly moved to admit evidence.

15. In Order No. 7 filed on _____, 2022, the ALJ admitted the following into evidence: (a) The application filed on March 1, 2022; (b) First supplement filed on March 14, 2022; (c) Second Supplement filed on March 21, 2022; (d) Third Supplement filed on March 22, 2022; (e) Fourth Supplement filed on March 24, 2022 ; (f) Fifth Supplement filed on March 25, 2022; (g) USDA Letter filed on April 13, 2022; (h) Commission Staff's Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule filed on April 18, 2022; (i) Second Proof of Notice filed on June 20, 2022; (j) Commission Staff's Recommendation on Sufficiency of Notice filed on July 8, 2022; (k) Commission Staff's First Request for Information filed on August 4, 2022; (l) Concord WSC's Responses to Commission Staff's First Request for Information filed on August 16, 2022; (m) Commission Staff's Second Request for Information filed on August 19, 2022; (n) Concord WSC's Responses to Commission Staff's Second Request for Information filed on August 29, 2022; and Commission Staff's Recommendation on Approval of Sale filed on September 19, 2022.

System Compliance

16. The last TCEQ compliance investigation of Southeast WSC were held at each system in 2020 and 2021.
17. None of the public water systems had any violations alleged as a result of the investigations. Southeast WSC does not have any violations listed in the TCEQ database.
18. The Commission's complaint records, which date back to 2017, show one complaint against Southeast WSC for denial of service, however Southeast WSC needed additional information regarding the request for service including the location of service.

Adequacy of Existing Service

19. Southeast WSC has several TCEQ PWS registered as Southeast WSC System 1, PWS ID No. 1450027, Southeast WSC System 2, PWS ID No. 1450028, Southeast WSC System 3, PWS ID No. 1450029, and Southeast WSC System 4, PWS ID No. 1450031.
20. Southeast WSC does not have any violations listed in the TCEQ database.
21. Southeast WSC has sufficient capacity for providing service at each PWS.

Need for Additional Service

22. There are currently 1,340 customers currently receiving water service from Southeast WSC's water systems.
23. There are existing customers in the requested areas, therefore, there is a need for service. No additional service is needed at this time.

Effect of Approving the Transaction and Granting the Amendment

24. There will be no effect on landowners as the area is currently certificated.
25. There will be no effect on any retail public utility servicing the proximate area.
26. All retail public utilities in the proximate area were provided notice of the transaction and CCN amendment proposed in this application and did not request to intervene.

Ability to Serve: Managerial and Technical

27. Concord WSC has two TCEQ approved public water systems registered as Concord-Robbins WSC, PWS ID No. 1450018 and Lakeside Village, PWS ID No. 1450021.
28. Concord WSC will have licensed operators to run the system operations. Concord WSC listed three Class C operators and one Class D operator who will be the responsible operators for the systems.
29. Concord WSC does not have any violations listed in the TCEQ database for either public water system.
30. The Commission's complaint records, which date back to 2017, show one complaint against Concord WSC. The investigation determined Concord WSC acted consistently with 16 Texas Administrative Code (TAC) § 24.161.
31. Concord WSC has the managerial and technical ability to provide continuous and adequate service to the requested area.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

32. Southeast WSC is currently serving customers and has sufficient capacity.
33. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At the minimum, an interconnect would need to be installed in order to connect to a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability and Stability

34. Concord WSC has debt service equal to 1.43, meeting the leverage test.
35. Concord WSC's financial statements demonstrated it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations after approval of the CCN amendment. Concord WSC's financial projections show that there could be shortages in 2024, however these potential shortages amount to 15% of Concord's available cash.
36. Concord WSC meets the operations test specified in 16 TAC § 24.11(e)(3).
37. Concord WSC has demonstrated the financial ability and financial stability necessary to provide continuous and adequate service to the requested area.

Financial Assurance

38. There is no need to require Concord WSC to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

39. The environmental integrity and effect on the land will be minimally affected as facilities are constructed to provide service to the requested area.

Improvement in Service or Lowering of Cost

40. Concord WSC will continue to provide water service to the existing customers in the area.
41. The customers' rates will be lower than the current rates for the Southeast WSC water systems.

Regional or Consolidation

42. The construction of a physically separate system is not necessary for Concord WSC to serve the requested area; therefore, concerns of regionalization or consolidation do not apply.

III. Conclusion of Law

The Commission makes the following conclusions of law:

1. The Applicants provided notice of the application that complies 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), Concord WSC demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC § 13.301(b).
3. The Applicants have demonstrated that the sale of Southeast WSC's facilities to Concord WSC 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).

IV. Ordering Paragraphs

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

1. The Commission approves the sale and transfer of all facilities and service area held under Southeast WSC's water CCN No. 12180 to Concord WSC, the cancellation of Southeast WSC's water CCN No. 12180, and the amendment of Concord WSC's water CCN No. 11717 to include the area previously included in Southeast WSC's water CCN No. 12180.
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. 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.
6. 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 _____ day of _____ 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

JEFFREY J. HUHN
ADMINISTRATIVE LAW JUDGE