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Received - 2022-06-06 02:28:22 PM

Control Number - 53472

ItemNumber - 10

DOCKET NO. 53472

APPLICATION OF MONARCH UTILITIES I L.P. TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AND TO DECERTIFY PORTIONS OF JOHNSON COUNTY SPECIAL UTILITY DISTRICT AND MOUNTAIN PEAK SPECIAL UTILITY DISTRICT IN JOHNSON COUNTY	§ § § § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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COMMISSION STAFF’S RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS AND NOTICE AND PROPOSED PROCEDURAL SCHEDULE

On April 8, 2022, Monarch Utilities I L.P. (Monarch) filed an application to amend its water Certificate of Convenience and Necessity (CCN) number 12983 in Johnson County and for partial decertification of Johnson County Special Utility District' s CCN number 10081 and Mountain Peak Special Utility District's CCN number 10908. Monarch seeks to add 160 acres and no current customer connections. On April 27, 2022 and May 23, 2022, Monarch filed supplemental information.

On May 9, 2022, the administrative law judge filed Order No. 2 setting a deadline of June 6, 2022 for the Staff (Staff) of the Public Utility Commission (Commission) to file comments on the administrative completeness of the application and proposed notice and to propose a procedural schedule for the further processing of this docket. Therefore, this pleading is timely filed.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and supplemental information and as detailed in the attached memoranda from Patricia Garcia, of the Infrastructure Division, and Ethan Blanchard, of the Rate Regulation Division, recommends that the application is administratively complete. Staff’s recommendation on administrative completeness is not a comment on the merits of the application.

II. NOTICE

At this time, Staff recommends that Monarch proceed with providing public notice to all landowners, neighboring utilities, political subdivisions, and other persons listed in the attached memorandum using the notice form provided by Ms. Garcia. Along with each individual notice,

Staff recommends that Monarch provide an accurate map delineating the requested service area. Staff further recommends that Monarch publish notice of the application for two consecutive weeks in a newspaper of general circulation in Johnson County.

Once notice has been provided, Staff recommends that Monarch file proof of notice as described in the attached memorandum, including an affidavit specifying the name and address of every person and entity to whom notice was provided, the date that the notice was provided, and a copy of the map provided with the notice. Monarch should also provide a completed publisher's affidavit and a copy of the newspaper tear sheets demonstrating publication. Finally, Staff recommends that Monarch use the attached notices and affidavits to meet these requirements.

III. PROCEDURAL SCHEDULE

Staff recommends the application be found administratively complete. Staff therefore proposes the following procedural schedule:

Event	Date
Deadline for Monarch to file with the Commission signed affidavits that the notice was given along with a copy of the notice and map sent to the affected parties and published in a newspaper of general circulation	July 21, 2022
Deadline for Staff to file a recommendation on sufficiency of notice	August 1, 2022
Deadline to intervene	30 days after notice is issued

IV. CONCLUSION

For the reasons detailed above, Staff recommends that the application be found administratively complete, that Monarch be directed to provide notice as described in Ms. Garcia's attached memorandum, and that the proposed procedural schedule be adopted. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: June 6, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

Marisa Lopez Wagley
Managing Attorney

/s/ John Harrison

John Harrison
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DOCKET NO. 53472

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 June 6, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ John Harrison

John Harrison

Public Utility Commission of Texas

Memorandum

TO: Anthony Kanalas, Attorney
Legal Division

FROM: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

DATE: June 6, 2022

RE: Docket No. 53472 – *Application of Monarch Utilities I L.P. to Amend Its Certificate of Convenience and Necessity and to Decertify Portions of Johnson County Special Utility District and Mountain Peak Special Utility District in Johnson County*

On April 8, 2022, Monarch Utilities I L.P. (Monarch) filed with the Public Utility Commission of Texas (Commission) an application to amend its water Certificate of Convenience and Necessity (CCN) No. 12983 with area decertified from portions of Johnson County Special Utility District (Johnson County SUD), CCN No. 10081, and Mountain Peak Special Utility District (Mountain Peak SUD), CCN No. 10908 in Johnson County, Texas under Texas Water Code (TWC) §§ 13.242 through 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 through 24.237 and § 24.245(d)(1)(E).

The utility's information in the Secretary of State website indicates that Monarch's name was changed to Texas Water Utilities, L.P. as of April 22, 2022. The Commission approved certificate was issued to "Monarch Utilities I L.P." most recently in Docket No. 52035 approved on February 22, 2022. Monarch has submitted a request to officially change their name to Texas Water Utilities, L.P. in Docket No. 53636 until that docket is complete the legal utility name the Commission has on record is Monarch Utilities I L.P.

Based on the mapping review by Tracy Montes, Infrastructure Division, the revised maps and digital data submitted with Item 5 on April 27, 2022 are sufficient.

- The requested area includes 0 customer connections and approximately 160 acres, comprised of:
 - 154 acres of decertified area from Johnson County SUD (CCN No. 10081); and
 - 6 acres of decertified area from Mountain Peak SUD (CCN No. 10908).
- The application proposes the subtraction of approximately 154 acres from Johnson County SUD (CCN No. 10081) and the addition of approximately 154 acres to

Monarch Utilities I LP (CCN No. 12983).

- The application proposes the subtraction of approximately 6 acres from Mountain Peak SUD (CCN No. 10908) and the addition of approximately 6 acres to Monarch (CCN No. 12983).

Based on the mapping review and my technical and managerial review of the information filed by Monarch, I recommend that the application be deemed administratively complete. I further recommend that Monarch be ordered to do the following:

- 1) Provide notice of the application by first-class mail to the following:
 - a. Cities, districts, and neighboring retail public utilities providing the same utility service whose corporate boundaries or certificated service area are located within two miles from the outer boundary of the requested area:
 - *Bethesda Water Supply Corporation (WSC) (CCN No. 10089)*
 - *James A Dyche dba Crest Water Company (CCN No. 12037)*
 - *Johnson County Fresh Water Supply District (CCN No. 13111)*
 - *Johnson County Special Utility District (SUD) (CCN No. 10081)*
 - *Mansfield*
 - *Mauka Water LTD (CCN No. 12917)*
 - *Mountain Peak SUD (CCN No. 10908)*
 - b. The county judge of each county that is wholly or partially included in the requested area:
 - *Johnson County Judge*
 - c. Each groundwater conservation district that is wholly or partially included in the requested area:
 - *Prairielands Groundwater Conservation District*
 - d. Each landowner of a tract of land that is at least 25 acres and is wholly or partly located in the requested area. Notice must be mailed to the owner of the tract of land according to the most current tax appraisal rolls of the applicable central appraisal district at the time the application was filed.
 - e. Any affected customers, and other affected parties in the requested area.

Addresses can be obtained from the Water Utility Database at <http://www.puc.texas.gov/watersearch>. District information and addresses can be obtained from the Texas Commission on Environmental Quality's (TCEQ) web site located at <https://www14.tceq.texas.gov/iwud/index.cfm>.

- 2) Publish notice once each week for two consecutive weeks in a newspaper having general circulation in the county where the requested area is located. Proof in the form of a publisher's affidavit must be filed within 30 days of the publication date. The affidavit must state with specificity each county in which the newspaper is of general circulation. Within 30 days of the date the notice was mailed, Monarch must file an

affidavit specifying the notice that was provided to every person and entity to whom notice was provided and the date the notice was mailed.

- 3) Provide notice using the attached notice forms.
- 4) Provide a copy of the map(s) deemed sufficient during administrative review delineating the requested area with each individual notice to neighboring utilities, other affected parties, landowners and customers.
- 5) File in the docket a copy of notice and the map(s) deemed sufficient during administrative review along with the signed affidavit specifying every person and entity to whom notice was provided, the date that the notice was provided, and the publisher's affidavit and tear sheets for proof of newspaper publication.

Staff may determine that additional information is needed to make a final recommendation in this docket. If additional information is needed, Staff may send requests for information (RFI) to Monarch. Monarch will have 20 days from the receipt of the RFI to respond.

Public Utility Commission of Texas

Memorandum

TO: Anthony Kanalas, Attorney
Legal Division

FROM: Ethan Blanchard, Financial Analyst
Rate Regulation Division

DATE: May 31, 2022

RE: Docket No. 53472 – *Application of Monarch Utilities I, L.P. to Amend its Certificate of Convenience and Necessity and to Decertify Portions of Johnson County Special Utility District and Mountain Peak Special Utility District in Johnson County*

On April 8, 2022, Monarch Utilities I, L.P. (Monarch) filed an application to amend its water certificate of convenience and necessity (CCN) number 12983 in Brazoria County under Subchapter G of Texas Water Code Chapter 13.

An owner or operator of a retail public utility must have the financial resources to operate and manage the utility and to provide continuous and adequate service to the current and requested utility service areas, as established by 16 Texas Administrative Code (TAC) § 24.11. Monarch must demonstrate that it meets one of the five leverage tests under 16 TAC § 24.11(e)(2) as well as the operations test under 16 TAC § 24.11(e)(3).

Leverage Test

My analysis is based on financial statements ending December 31, 2020. These financial statements contain an unqualified auditor's opinion from PricewaterhouseCoopers LLP stating that the financial statements present fairly, in all material respects, the financial position of Monarch as of December 31, 2020.

Based upon my review of Monarch's financial statements, I calculate debt service equal to 9.38. The debt service coverage ratio is net operating income (before depreciation and non-

cash expenses) of \$9,729,000 divided by annual debt service of \$1,037,000.¹ Because the ratio is greater than 1.25, I recommend a finding that Monarch meets the leverage test specified in 16 TAC § 24.11(e)(2)(B).

Operations Test

An owner or operator must demonstrate sufficient available cash to cover projected cash shortages for operations and maintenance expense during the first five years of operations, as required by 16 TAC § 24.11(e)(3).

Monarch's total capital expenditure plan sums to a cost of \$1,600,000². Monarch reports cash and cash flow from operations of \$7,000,000³ which is sufficient to cover any projected operations and maintenance shortages. Therefore, I recommend a finding that Monarch meets the operations test specified in 16 TAC § 24.11(e)(3).

Recommendation

Because Monarch meets the financial tests, I do not recommend that the Commission require additional financial assurance.

Consequently, I recommend a finding that Monarch demonstrates the financial and managerial capability needed to provide continuous and adequate service to the area subject to this application. My conclusions are based on information provided by Monarch before the date of this memorandum and may not reflect any changes in Monarch's status after this review.

¹ Application, Confidential Attachments at bates 10 (Apr. 8, 2022).

² *Id.*, at bates 2.

³ *Id.*, at bates 10.

Notice for Publication

NOTICE OF APPLICATION OF MONARCH UTILITIES I L.P. TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY WITH AREA DECERTIFIED FROM PORTIONS OF JOHNSON COUNTY SPECIAL UTILITY DISTRICT AND MOUNTAIN PEAK SPECIAL UTILITY DISTRICT CERTIFICATES OF CONVENIENCE AND NECESSITY TO PROVIDE WATER UTILITY SERVICE IN JOHNSON COUNTY, TEXAS

Monarch Utilities I L.P. has filed an application with the Public Utility Commission of Texas to amend its water Certificate of Convenience and Necessity (CCN) No. 12983 with area decertified from portions of Johnson County Special Utility District's CCN No. 10081 and Mountain Peak Special Utility District's CCN No. 10908 for the provision of retail water utility service in Johnson County, Texas.

The requested area includes 0 customer connections, is located approximately 6 miles south of downtown Mansfield, Texas, and is generally bounded on the north by intersection of Gina Lane and County Road 616; on the east by intersection of County Road 616 and County Road 615; on the south by intersection of Farm to Market Road 2738 (Wilkinson Road) and Thompson Road; and on the west by Farm to Market Road 2738 (Wilkinson Road).

The requested area includes approximately 160 total acres, comprised of:

154 acres of decertified area from Johnson County SUD (CCN No. 10081); and
6 acres of decertified area from Mountain Peak SUD (CCN No. 10908).

- The application proposes the subtraction of approximately 154 acres from Johnson County SUD (CCN No. 10081) and the addition of approximately 154 acres to Monarch Utilities I LP (CCN No. 12983).
- The application proposes the subtraction of approximately 6 acres from Mountain Peak SUD (CCN No. 10908) and the addition of approximately 6 acres to Monarch Utilities I LP (CCN No. 12983).

A copy of the map showing the requested area is available at: SouthWest Water Company, 12535 Reed Road, Sugar Land, TX 77478

Persons who wish to intervene in the proceeding or comment upon action sought should contact the Public Utility Commission, P.O. Box 13326, Austin, Texas 78711-3326, or call the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136. The deadline for intervention in the proceeding is (30 days from the mailing or publication of notice, whichever occurs later, unless otherwise provided by the presiding officer). You must send a letter requesting intervention to the commission which is received by that date. The letter must include the person's name, address, email address and fax number if applicable.

If a valid public hearing is requested, the Commission will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, SOAH will submit a recommendation to the Commission for a final decision. An evidentiary hearing is a legal proceeding similar to a civil trial in state district court.

A landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the requested area, may file a written request with the Commission to be excluded from the requested area ("opt out") within (30) days from the date that notice was provided by the Utility.

All opt out requests must include a large-scale map, a metes and bounds description of the landowner's tract of land, landowner's name, address, email address and fax number, if applicable.

Persons who wish to request this option should file the required documents with the:

Public Utility Commission of Texas
Central Records
1701 N. Congress, P. O. Box 13326
Austin, TX 78711-3326

In addition, the landowner must also send a copy of the opt out request to the Utility. Staff may request additional information regarding your request.

Si desea información en español, puede llamar al 1-888-782-8477.

Notice to Neighboring Systems, Landowners, Customers, and Cities

NOTICE OF APPLICATION OF MONARCH UTILITIES I L.P. TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY WITH AREA DECERTIFIED FROM PORTIONS OF JOHNSON COUNTY SPECIAL UTILITY DISTRICT AND MOUNTAIN PEAK SPECIAL UTILITY DISTRICT CERTIFICATES OF CONVENIENCE AND NECESSITY TO PROVIDE WATER UTILITY SERVICE IN JOHNSON COUNTY, TEXAS

To: _____
(Neighboring System, Landowner, Customer or City)

Date Notice Mailed: _____, 20__

(Address)

(City State Zip)

Monarch Utilities I L.P. has filed an application with the Public Utility Commission of Texas to amend its water Certificate of Convenience and Necessity (CCN) No. 12983 with area decertified from portions of Johnson County Special Utility District's CCN No. 10081 and Mountain Peak Special Utility District's CCN No. 10908 for the provision of retail water utility service in Johnson County, Texas.

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See enclosed map showing the requested area.

Persons who wish to intervene in the proceeding or comment upon action sought should contact the Public Utility Commission, P.O. Box 13326, Austin, Texas 78711-3326, or call the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136. The deadline for intervention in the proceeding is (30 days from the mailing or publication of notice, whichever occurs later, unless otherwise provided by the presiding officer). You must send a letter requesting intervention to the commission which is received by that date. The letter must include the person's name, address, email address and fax number if applicable.

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Si desea información en español, puede llamar al 1-888-782-8477.

PUBLIC UTILITY COMMISSION OF TEXAS



AFFIDAVIT OF NOTICE TO CURRENT CUSTOMERS, LANDOWNERS, NEIGHBORING UTILITIES, AND AFFECTED PARTIES

DOCKET NO. 53472

STATE OF TEXAS

COUNTY OF _____

_____ has provided individual notice to the following entities, landowners and customers:

DATE OF NOTICE

OATH

I, _____, being duly sworn, file this form as _____ (indicate relationship to applicant, that is, owner, member of partnership, title of officer of corporation, or other authorized representative of applicant); that in such capacity, I am qualified and authorized to file and verify such form, am personally familiar with the notices given with this application, and have complied with all notice requirements in the application and application acceptance letter; and that all such statements made and matters set for therein are true and correct.

Applicant's Authorized Representative

If the applicant to this form is any person other than the sole owner, partner, officer of the applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

Subscribed and sworn to before me this _____ day of _____, 20____, to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

Print or Type Name of Notary Public

Commission Expires _____

PUBLIC UTILITY COMMISSION OF TEXAS



PUBLISHER'S AFFIDAVIT
DOCKET NO. 53472

STATE OF TEXAS
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____,

who being by me duly sworn, deposes and that (s)he is the

_____ of the _____
(TITLE) (NAME OF NEWSPAPER)

that said newspaper is regularly published in _____
(COUNTY/COUNTIES)

and generally circulated in _____, Texas;
(COUNTY/COUNTIES)

and that the attached notice was published in said newspaper on the following dates, to wit:

(DATES)

(SIGNATURE OF NEWSPAPER REPRESENTATIVE)

Subscribed and sworn to before me this _____ day of _____, 20 ____,
to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

Print or Type Name of Notary Public

Commission Expires _____