



## Filing Receipt

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**PUC DOCKET NO. 53935**

APPLICATION OF STONETOWN	§	PUBLIC UTILITY COMMISSION
ROYAL COACH UTILITIES, LLC AND	§	
TRINITY RCT GP LLC FOR SALE,	§	
TRANSFER, OR MERGER OF	§	OF TEXAS
FACILITIES AND CERTIFICATE	§	
RIGHTS IN HARRIS COUNTY	§	

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

Stonetown Royal Coach Utilities, LLC (Royal Coach) and Trinity RCT GP LLC (Trinity) (collectively, the Applicants), together with the Staff (Staff) of the Public Utility Commission of Texas (Commission), (collectively, the Parties), file this Joint Motion to Admit Evidence and Proposed Order Approving Sale to Proceed. In support thereof, the Parties would show the following:

**I. BACKGROUND**

On August 5, 2022 the Applicants filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Harris County. Specifically, Royal Coach seeks approval to acquire facilities and to transfer all of the water and sewer service area from Trinity under water Certificate of Convenience and Necessity (CCN) No. 13241 and sewer CCN No. 21090 (the Application). Royal Coach also seeks to obtain CCN No. 13305 for water service and CCN No. 21133 for sewer utility service. The requested water and sewer service area includes approximately 15 acres and 118 customer connections.

On January 9, 2023, the Administrative Law Judge (ALJ) issued Order No. 6, establishing a deadline of February 2, 2023 for the Parties to file a joint motion to admit evidence and proposed order approving the sale to proceed. Therefore, this pleading is timely filed.

**II. MOTION TO ADMIT EVIDENCE**

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

- (a) the Application and all attachments filed on August 5, 2022 (Interchange Item Nos. 1, 2 and 3);

- (b) the amendment to the Application filed on August 31, 2022 (Interchange Item No. 5);
- (c) the supplemental mapping information filed on August 31, 2022 (Interchange Item No. 6);
- (d) the supplemental information filed on September 22 and 26, 2022 and January 11, 2023 (Interchange Item Nos. 10, 11, 14, 22, and 23, respectively);
- (e) Commission Staff's recommendation on administrative completeness and all attachments filed on September 30, 2022 (Interchange Item No. 15);
- (f) Royal Coach's Proof of Notice filed on November 3, 2022 (Interchange Item No. 17);
- (g) Commission Staff's recommendation on sufficiency of notice and all attachments filed on November 30, 2022 (Interchange Item No. 18);
- (h) Commission Staff's recommendation on approval of the sale and all attachments filed January 13, 2023, (Interchange Item Nos. 24 and 25);
- (i) Royal Coach's response to Commission Staff's recommendation on approval of the sale filed on January 20, 2023 (Interchange Item No. 26).

### **III. JOINT PROPOSED NOTICE OF APPROVAL**

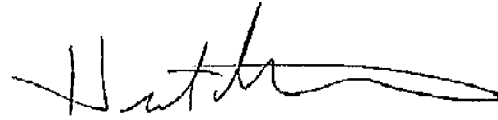
The Parties request that the Commission approve the attached Joint Proposed Order Approving Sale to Proceed, which would grant the Applicants' application for sale, transfer, or merger of certificate rights in Harris County, Texas.

### **IV. CONCLUSION**

The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the findings of fact, conclusions of law, and ordering paragraphs from the attached Joint Proposed Order Approving Sale to Proceed be adopted.

Respectfully submitted,

JACKSON WALKER L.L.P.



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/s/ Bradley Reynolds

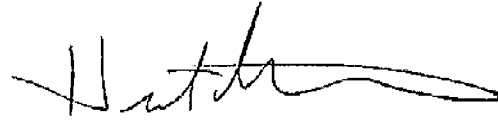
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**PUBLIC UTILITY COMMISSION OF  
TEXAS LEGAL DIVISION**

**CERTIFICATE OF SERVICE**

I certify that notice of the filing of this document was provided to all parties of record via electronic mail on February 2, 2023, in accordance with the Order Suspending Rules, issued in Project No. 50664.

A handwritten signature in black ink, appearing to read 'Heath', followed by a long, horizontal, wavy line that extends to the right.

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Heath D. Armstrong

**PUC DOCKET NO. 53935**

<b>APPLICATION OF STONETOWN</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ROYAL COACH UTILITIES, LLC AND</b>	<b>§</b>	
<b>TRINITY RCT GP LLC FOR SALE,</b>	<b>§</b>	<b>OF TEXAS</b>
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	
<b>RIGHTS IN HARRIS COUNTY</b>	<b>§</b>	

**JOINT PROPOSED ORDER APPROVING SALE TO PROCEED**

This Joint Proposed Order Approving Sale to Proceed addresses the application of Stonetown Royal Coach Utilities, LLC (Royal Coach) and Trinity RCT GP LLC (Trinity) for an amendment for sale, transfer, or merger of certificate rights in Harris County, Texas. Royal Coach, seeks approval to acquire facilities and to transfer all of the water and sewer service area from Trinity RCT under water Certificate of Convenience and Necessity (CCN) No. 13241 and sewer CCN No. 21090. Royal Coach also seeks to obtain CCN numbers for water and sewer utility service.

The Staff (Staff) of the Public Utility Commission (Commission) recommended approval of the application. Consistent with Staff's recommendation, the application is approved.

**I. Findings of Fact**

The Commission adopts the following findings of fact and conclusions of law:

**Applicants**

1. Trinity is a domestic limited liability company registered with the Texas secretary of state under filing number 801181234.
2. Trinity owns a water and sewer utility that provides water and sewer service in Harris County, Texas under CCN numbers 13241 and 21090.
3. Trinity owns a public water system (PWS) registered with the Texas Commission on Environmental Quality (TCEQ) under PWS identification number 1010339.
4. Royal Coach is a domestic limited liability company registered with the Texas secretary of state under filing number 804516533.
5. Royal Coach owns a water quality facility permitted as TCEQ water quality permit WQ0012450001.

### **Application**

6. On August 5, 2022, the Applicants filed the application at issue in this proceeding.
7. The Applicants amended the application on August 31, 2022 and filed supplemental information on August 31, 2022, September 22 and 26, 2022, and January 11, 2023.
8. The requested area includes 15 acres and 118 customer connections in Harris County.
9. The requested area is located approximately 9 miles southwest of downtown Humble, Texas, and is generally bounded on the north by the intersection of Kaylan Street and West Hardy Road; on the east by East Hardy Road; on the south by Hollyvale Drive; and on the west by Henry Road.
10. In Order No. 4 filed on October 4, 2022, the administrative law judge (ALJ) found the application administratively complete.

### **Notice**

11. On November 3, 2022, Royal Coach filed Affidavits of Notice to Current Customers, Neighboring Utilities and Affected Parties indicating that notice of the application was mailed to the entities listed on the affidavits on October 18 and 19, 2022.
12. In Order No. 5, issued on December 1, 2022, the ALJ deemed the notice sufficient.

### **Evidentiary Record**

13. On February 2, 2023, the parties filed a joint motion to admit evidence.
14. In Order No. \_\_\_, issued on \_\_\_\_\_, 2023 the ALJ admitted the following evidence into the record: (a) the Application and all attachments filed on August 5, 2022; (b) the supplemental mapping information filed on August 31, 2022; (c) the amendment to the Application filed on August 31, 2022; (d) the supplemental information filed on September 22 and 26, 2022 and January 11, 2023; (e) Commission Staff's recommendation on administrative completeness and all attachments filed on September 30, 2022; (f) Royal Coach's Proof of Notice filed on November 3, 2022; (g) Commission Staff's recommendation on sufficiency of notice and all attachments filed on November 30, 2022; (h) Commission Staff's recommendation on approval of the sale and all attachments filed January 13, 2023; and (i) Royal Coach's response to Commission Staff's recommendation on approval of the sale filed on January 20, 2023.

**System Compliance—Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative Code (TAC) §§ 24.227(a), 24.239(j)(3)(A), (j)(5)(A)**

15. Neither Trinity or Royal Coach is subject to any unresolved enforcement action by the Commission, TCEQ, the Texas Department of State Health Services, the Office of Attorney General, or the United States Environmental Protection Agency.
16. The applicants have demonstrated a compliance status that is adequate for approval of the sale to proceed.

**Adequacy of Existing Service-TWC § 13.246(c)(1); 16 TAC §§ 24.227(e)(2), 24.239(h)(5)(A)**

17. Trinity has a PWS registered with the TCEQ, PWS No. 1010339 and Royal Coach possesses Wastewater Discharge Permit No. WQ001245001.

**Need for Additional Service-TWC § 13.246(c)(2); 16 TAC §§ 24.227(e)(2), 24.239(h)(5)(B)**

18. There are currently 118 existing water and sewer customers in the requested area, therefore, there is a need for service.
19. No additional service is needed at this time.
20. This application does not seek to certify any currently uncertificated area.

**Effect of Approving the Transaction and Granting the Amendment-TWC § 13.246(c)(3); 16 TAC §§ 24.227(e)(3), 24.239(h)(5)(C)**

21. There will be no effect on any retail public utility servicing the proximate area.
22. All retail public utilities in the proximate area were provided notice of the transaction taking place in this application and did not request to intervene.

**Ability to Serve: Managerial and Technical-TWC §§ 13.241(a), 13.246(c)(4), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (e)(4), and 24.239(e), (h)(5)(D)**

23. Royal Coach will have licensed operators to run the system operations. A Class C operator will be the responsible operator for the systems.
24. Royal Coach has the ability to provide adequate service in the requested area and Royal Coach has requested a water and sewer CCN to serve the requested area.
25. No additional construction is necessary for Royal Coach to serve the requested area.
26. Trinity is currently serving customers and has sufficient capacity to serve the requested area.
27. Royal Coach has the managerial and technical capability to provide continuous and adequate service to the requested area.

**Ability to Serve: Financial Ability and Stability-TWC §§ 13.241(a), 13.246(c)(6), 13.301(b); 16 TAC §§ 24.11(e), 24.227(a), (e)(6), and 24.239(e), (h)(5)(F)**

28. Stonetown MRE Texas, LLC, the parent company of Royal Coach, is capable, available, and willing to cover temporary cash shortages and has a debt service coverage ratio greater than 1.25, thereby satisfying the leverage test.
29. Royal Coach's affiliate, Stonetown MRE Texas, LLC provided a written guarantee of coverage of temporary cash shortages. Stonetown MRE Texas, LLC also provided documentation demonstrating adequate cash funding of the purchase price for this application as well as affiliate applications 53936 and 53937. There are no projected operations and maintenance shortages in the first five years of operations and no capital improvements are needed. Therefore, Royal Coach satisfies the operations test.
30. Royal Coach has demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

**Financial Assurance-TWC §§ 13.246(d), 13.301(c); 16 TAC §§ 24.227(f), 24.239(f)**

31. There is no need to require Royal Coach to provide a bond or other financial assurance to ensure continuous and adequate service.

**Feasibility of Obtaining Service from Adjacent Retail Public Utility-TWC § 13.246(c)(5); 16 TAC §§ 24.227(e)(5), 24.239(h)(5)(E)**

32. Utilities within a two-mile radius were noticed and no protests were received regarding the proposed transaction.

**Environmental Integrity and Effect on the Land-TWC §§ 13.246(c)(7), (c)(9); 16 TAC §§ 24.227(e)(7), (d)(9), 24.239(h)(5)(G)**

33. The requested area will continue to be served with existing infrastructure.
34. The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested area.

**Improvement in Service or Lowering Cost to Consumers-TWC § 13.246(c)(8); 16 TAC §§ 24.227(e)(8), 24.239(h)(5)(H)**

35. Royal Coach will continue to provide water and sewer service to the existing and future customers in the requested area.
36. The rates charged to customers in the requested area will not change as a result of the proposed transaction because Royal Coach will adopt the currently in effect tariffs for Trinity's water and sewer systems upon consummation of the transaction.

**Regionalization or Consolidation-TWC § 13.241(d); 16 TAC § 24.227(b)**

37. No construction is required to provide service to the requested area; therefore, this criterion is not applicable.

**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)(1), and 16 TAC § 24.239(c).
2. After consideration of the factors in TWC § 13.246(c), Royal Coach has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area. TWC § 13.301(b) and 16 TAC § 24.239(e).
3. It is not necessary for Royal Coach to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
4. The applicants have demonstrated that the sale of Trinity's facilities to Royal Coach will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public under 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 order:

1. The sale is approved and the transaction between Applicants 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 shall file proof that the transaction has been consummated and 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 Tex. Admin Code (TAC) § 24.239(m), if the transaction is not consummated within this 180-day period and no extension has been granted, this approval is void and the applicants will have to reapply for approval.

5. The applicants are advised that water CCN number 13241 and sewer CCN number 21090 will be held by Seller until the sale transaction is complete in accordance with the Commission's rules. Upon consummation of the transaction Royal Coach will be issued water CCN number 13305 and sewer CCN number 21133 and the transferred area will be included.
6. In an effort to finalize this case as soon as possible, the applicants shall continue to 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 shall 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 \_\_\_\_\_ 2023.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**ISAAC TA  
ADMINISTRATIVE LAW JUDGE**