

Attachment 7 – Transferee Financial Statements (Q10)

to be provided separately under confidential seal

Attachment 8 – Transferee Capital Improvement Plan (Q10)

to be provided separately under confidential seal

Attachment 9 –Transferee Affiliated Interests (Q10)

to be provided separately under confidential seal

Attachment 10 – Transferee Enforcement Action Status (Q18)

Summary of Open Enforcement Actions
Texas Water Utilities, L.P.
Dec-22

System	Docket No.	Water/Wastewater	Violation		Date AO Signed by TCEQ	SWMW Compliance Achieved	Notice of Compliance Rec'd by SWWC	Comments
			TTHMs	Effluent Violations				
Indian Hills Harbor	2022-0888-PWS-E	Water			Awaiting TCEQ Signature			Received Proposed Agreed Order with \$3,375 administrative penalty
La Tierra	2021-1537-IWD-E	Wastewater		Effluent Violations	Awaiting TCEQ Signature			Effluent not currently in compliance.
Holiday Villages of Livingston	2022-0430-MWD-E	Wastewater		Effluent Violations	Awaiting TCEQ Signature			Effluent compliant since June 2022. Awaiting approval for SEP.
Ridgecrest	2021-0550-PWS-E	Water		HAA5s	9/15/2022	10/18/2021		HAA5s concentration has returned to compliance
Governors Point	2020-1182-PWS-E	Water		Plan Review & Pressure Tank Capacity	6/29/2021	8/28/2020		Certification statement submitted to TCEQ. New approved PT in service Jan 2022

Note: Correspondence with TCEQ regarding the above open enforcement actions is available and will be provided upon request

Attachment 11 – Transferor TCEQ Compliance Inspection (Q22A)

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 12, 2022

CERTIFIED MAIL # 9489 0090 0027 6331 5158 20
ELECTRONIC RECEIPT REQUESTED

Mr. Steven Sullivan
President
Southern Horizons Development, Inc.
Post Office Box 1076
Splendora, Texas 77372-1076

Re: Notice of Violation for the Modified Comprehensive Compliance Investigation at:
Southern Oaks Water System Phase 2, 1211 County Road 3737, Splendora, Liberty
County, Texas
Regulated Entity No.: 102322567, TCEQ ID No.: 1460150
Investigation ID No.: 1817967

Dear Mr. Sullivan:

On May 27, 2022, Mr. Dillon Johnston of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for Public Water Supply. Enclosed is a summary which lists the investigation findings. During the investigation, some concerns were **noted which were alleged noncompliance's that have been resolved as Resolved Violations based on subsequent corrective action.** In addition, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by the compliance due date listed on the Summary of Investigation Findings enclosure, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violation, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled Obtaining TCEQ Rules (GI 032) are located on our agency website at <https://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at (713) 767-3650 or the Central Office Publications Ordering Team at (512) 239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, PWS Team Leader, Ms. Nichole Batista Nunes, will schedule a violation review meeting to be conducted within 21 days from the date of this letter.

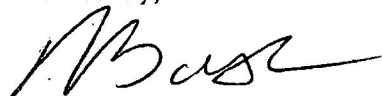
Mr. Steven Sullivan, President

Page 2

August 12, 2022

If you or members of your staff have any questions, please feel free to contact Mr. Johnston in the Houston Region Office at (713) 767-3530.

Sincerely,



Nichole Batista Nunes
Water Section Team Leader
Houston Region 12
Texas Commission on Environmental Quality

NBN/DJ/tj

cc: Ms. Jodie Hoang, Compliance Coordinator, Hydrotech Utilities, Via E-Mail

Enclosure: Summary of Investigation Findings

SOUTHERN OAKS WATER SYSTEM PHASE 2 , LIBERTY COUNTY, Additional ID(s): 1460150	Investigation # 1817967 Investigation Date: 05/27/2022
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OUTSTANDING ALLEGED VIOLATION(S)

Track No: 777744 **Compliance Due Date:** 09/16/2021
30 TAC Chapter 290.109(d)(1)(B)

Alleged Violation:

Investigation: 1722920

Comment Date: 06/08/2021

Failure by Southern Horizons Development Inc.- Southern Oaks WS to obtain routine distribution coliform samples at locations specified in the system's monitoring plan.

During the investigation, it was noted that the water system did not obtain routine distribution coliform samples at locations specified in the system's Monitoring Plan. The coliform samples were taken at the following locations on the provided dates: January 6, 2020 at 517 Southern Oaks; February 3, 2020 at 15634 CR 3737; April 13, 2020 at 1220 CR 3737; May 4, 2020 at 20150 CR 3737; June 2, 2020 at 21617 CR 3737; July 1, 2020 at 19150 CR 331; September 1, 2020 at 644 Southern Oaks NW; and March 1, 2021 at 601 CR 3737. The Monitoring Plan coliform sample site locations are 1051 CR 3737, 429 CR 3737, 534 CR 3737, 603 CR 3737, and 501 CR 3737.

Investigation: 1817967

Comment Date: 08/11/2022

Failure by Southern Horizons Development Inc.- Southern Oaks WS to obtain routine distribution coliform samples at locations specified in the system's monitoring plan.

Recommended Corrective Action: Begin obtaining routine distribution coliform samples from locations listed in the monitoring plan. Submit three months of routine distribution coliform samples with a list of the sample sites to the Beaumont Regional Office.

Track No: 821073 **Compliance Due Date:** 11/10/2022
30 TAC Chapter 291.93(3)

Alleged Violation:

Investigation: 1817967

Comment Date: 08/11/2022

Failure to provide a minimum a capacity of well capacity of 1.5 gallons per connection.

Failure, by a retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 T.A.C., to submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. A report is not required if the source of supply available to the utility service provider is reduced to below the 85% level due to a court or agency conservation order unless that order is expected to extend for more than 18 months from the date it is entered in which case a report shall be required.

After any commission field inspection, a retail public utility must analyze the system's capacity to determine if it has reached 85% of its capacity. If the retail public utility has reached 85% of its capacity, it must file this report no later than 90 days after the date of a commission letter detailing the results of the inspection. Capacity is considered to be the overall rated capacity in number of residential connection equivalents based on the most restrictive criteria for production, treatment, storage, or pumping.

(B) The report should be submitted in writing and should contain the following: (i) a brief description of the overall utility system and service area; (ii) an analysis of the plant capacity as defined in subparagraph

(A) of this paragraph; (iii) details on how the retail public utility will provide service to the remaining areas within the boundaries of its certificated area. This includes projections of cost and expected design and installation dates for additional facilities.

(C) The executive director may waive or limit the reporting requirements if the retail public utility demonstrates that the projected growth of the area will not require the retail public utility to exceed 100% of its current capacity for the next five years.

(D) Any retail public utility required to file reports under this section of the rules, including those requesting waivers, shall file updated reports within 90 days after the retail public utility receives a copy of each subsequent commission field inspection report until the system demand is below 85% capacity. Specifically, it is noted on this investigation that your well has reached 129 % of its capacity. This was based on 43 connections.

Recommended Corrective Action: Submit compliance documentation to the TCEQ Technical Review and Oversight Team or Plan Review and CC the TCEQ Houston Region Office demonstrating corrective measures have been taken to resolve the alleged violation.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request to:

Plan and Technical Review Section
Water Supply Division MC -159
TCEQ
PO Box 13087
Austin, Texas 78711-3087
512-239-4691
PTRS@tceq.texas.gov

The water system may request an exception to this requirement by writing to:

Technical Review and Oversight Team
Plan and Technical Review Section, MC-159
Texas Commission on Environmental Quality
PO Box 13087
Austin, Texas 78711-3087
512-239-4691
PTRS@tceq.texas.gov

Track No: 821074 **Compliance Due Date:** 11/10/2022
30 TAC Chapter 290.45(b)(1)(A)(i)

Alleged Violation:

Investigation: 1817967

Comment Date: 08/11/2022

Failure to provide a minimum a capacity of well capacity of 1.5 gallons per connection.

Failure to provide minimum well capacity of 1.5 gallons per minute per connection. At the time of the inspection the facility had a total of 43 connections and is required to provide 1.5 gallons per minute (gpm) per connection (conn). The well produced a total of 50 gpm and is short a total of 14.5 gpm. This is calculated in the following manner:

Required	1.5 gpm /conn X 43 conn. = 64.5 gpm Total
Short	64.5 gpm Required - 50 gpm Produced = 14.5 gpm Total

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request. The water system may request an exception to these requirements by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box

The water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Recommended Corrective Action: Submit compliance documentation to the TCEQ Houston Region Office demonstrating corrective measures have been taken to resolve the alleged violation.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request to:

Plan and Technical Review Section
 Water Supply Division MC -159
 TCEQ
 PO Box 13087
 Austin, Texas 78711-3087
 512-239-4691
 PTRS@tceq.texas.gov

The water system may request an exception to this requirement by writing to:

Technical Review and Oversight Team
 Plan and Technical Review Section, MC-159
 Texas Commission on Environmental Quality
 PO Box 13087
 Austin, Texas 78711-3087
 512-239-4691
 PTRS@tceq.texas.gov

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 777748

30 TAC Chapter 290.110(c)(4)(A)

Alleged Violation:

Investigation: 1722920

Comment Date: 05/19/2021

Failure by Southern Horizons Development Inc.- Southern Oaks WS to monitor the disinfectant residual at representative locations in the distribution system at least once every seven days.

During the investigation, it was noted that the following dates the water system failed to take the distribution chlorine residual at least every seven days: January 6-15 and 20-30, 2020; February 3-11, 11-20, and 26-March 6, 2020; March 19-27, 2020; April 13-23, 2020; May 4-13 and 20-29, 2020; June 2-10 and 17-25, 2020; July 22-30, 2020; September 14-22 and 28-October 6, 2020; October 12-12 and 27-November 4, 2020; November 10-19, 2020, December 2-10 and 29, 2020-January 7, 2021; January 12-20, 2021; and February 15-26, 2021. It was also noted that the water system does not record the sample location of the distribution disinfectant residuals.

Investigation: 1817967

Comment Date: 08/11/2022

Failure by Southern Horizons Development Inc.- Southern Oaks WS to monitor the disinfectant residual at representative locations in the distribution system at least once every

seven days.

Recommended Corrective Action: Begin monitoring the distribution disinfectant residual at least every seven days and indicating the sample location. Submit three months of residual records to the Beaumont Regional Office.

Resolution: This alleged violation was resolved on July 25, 2022, based on documentation received via email from Ms. Jodie Hoang by the TCEQ's Houston Region Office.

Track No: 777749

30 TAC Chapter 290.46(p)(2)

Alleged Violation:

Investigation: 1722920

Comment Date: 05/19/2021

Failure by Southern Horizons Development Inc.- Southern Oaks WS to provide the executive director with a written list on an annual basis of all the operators and operating companies that the public water system employs.

During the investigation, it was noted that the water system submitted a copy of a certified list of operators employed by the water system that was provided to a customer on July 27, 2018. There is no documentation showing that this was provided to the executive director.

Investigation: 1817967

Comment Date: 08/11/2022

Failure by Southern Horizons Development Inc.- Southern Oaks WS to provide the executive director with a written list on an annual basis of all the operators and operating companies that the public water system employs.

Recommended Corrective Action: Submit a written list of all operators or operating companies employed by the water system to the executive director. Submit a copy to the Beaumont Regional Office.

Resolution: This alleged violation was resolved on July 25, 2022, based on documentation received via email from Ms. Jodie Hoang by the TCEQ's Houston Region Office.

Track No: 777753

30 TAC Chapter 290.41(c)(3)(Q)

Alleged Violation:

Investigation: 1722920

Comment Date: 05/19/2021

Failure by Southern Horizons Development Inc.- Southern Oaks WS to have all well openings to the atmosphere covered with a 16-mesh or finer, corrosion-resistant screening material or an acceptable equivalent.

During the investigation, it was noted that the opening to the atmosphere on the air release device for the well was not covered with 16-mesh screen or finer. Significant Deficiencies could be subject to 40 Code of Federal Regulations (CFR) Subpart S-Groundwater Rule regarding significant deficiencies if not corrected or part of a state approved corrective action plan by the violation deadline.

Investigation: 1817967

Comment Date: 08/11/2022

Failure to properly screen the well casing vent with 16-mesh or finer corrosion-resistant screening material.

Recommended Corrective Action: Install 16-mesh screen or finer covering the opening to the atmosphere on the air release device for the well and submit photographic documentation to the Beaumont Regional Office.

Resolution: This alleged violation was resolved on May 27, 2022, based on documentation received via email from Ms. Jodie Hoang by the TCEQ's Houston Region Office.

Track No: 821070

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1817967

Comment Date: 08/11/2022

Failure to employ good maintenance and housekeeping practices to ensure the good working condition and general appearance of the system's facilities and equipment.

A public water system's facilities shall be maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause contamination of the water.

At the time of the investigation, along the southwestern edge of the fence line of Plant 1 was overgrown with vegetation.

Recommended Corrective Action: Submit compliance documentation to the TCEQ Houston Region Office demonstrating corrective measures have been taken to resolve the alleged violation.

Resolution: This alleged violation was resolved on June 6, 2022, based on documentation received via email from Ms. Jodie Hoang by the TCEQ's Houston Region Office.

Track No: 821071

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1817967

Comment Date: 08/11/2022

Failure to employ good maintenance and housekeeping practices to ensure the good working condition and general appearance of the system's facilities and equipment.

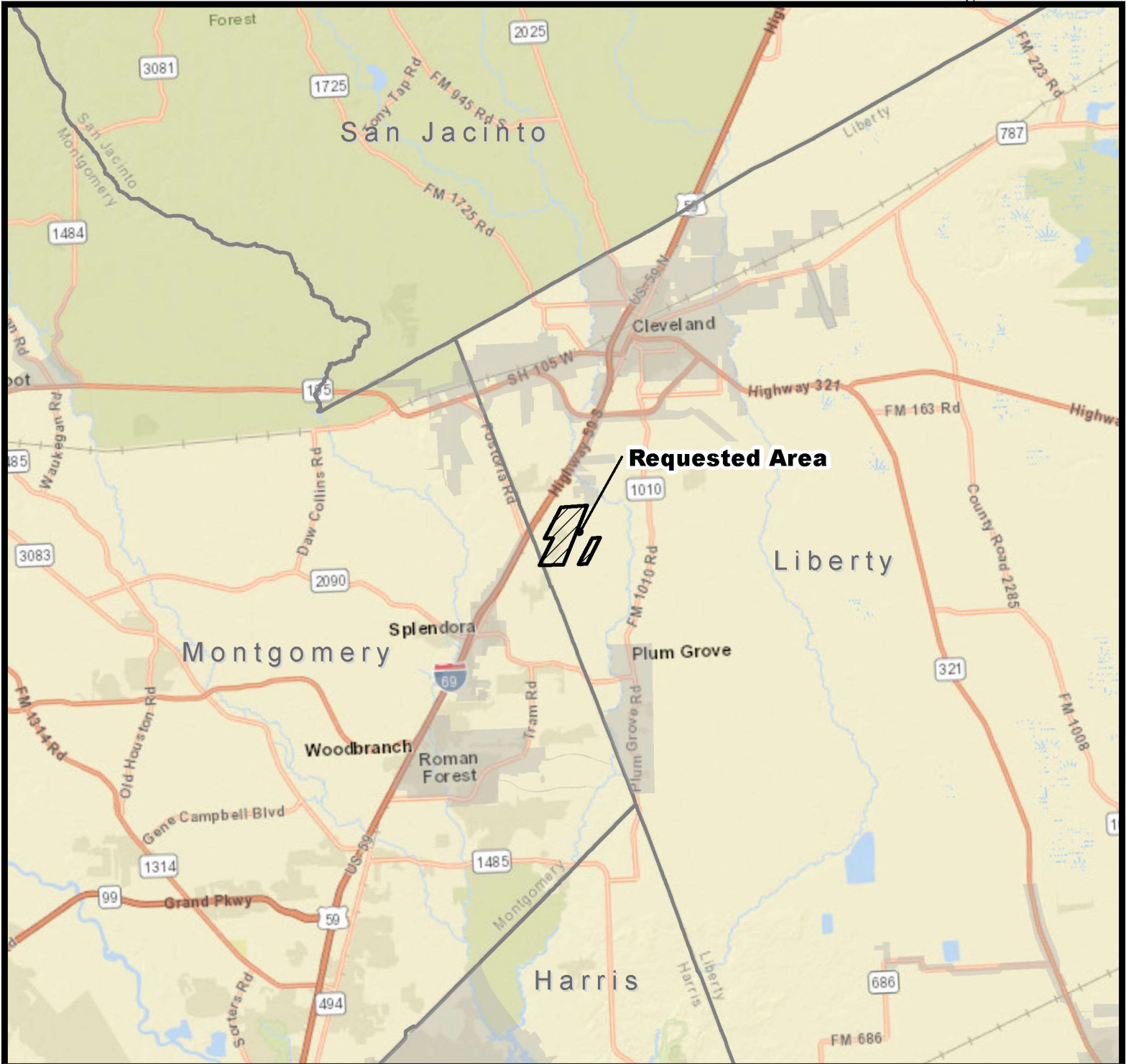
A public water system's facilities shall be maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause contamination of the water.

At the time of the investigation, along the southwestern edge of the fence line of Plant 1 the barbed wire was being compressed by vegetation hanging over the fence and the barbed wire had come loose from the support arms.

Recommended Corrective Action: Submit compliance documentation to the TCEQ Houston Region Office demonstrating corrective measures have been taken to resolve the alleged violation.

Resolution: This alleged violation was resolved on June 6, 2022, based on documentation received via email from Ms. Jodie Hoang by the TCEQ's Houston Region Office.


Attachment 12 – Large and Small Scale Maps (Q29)



General Location

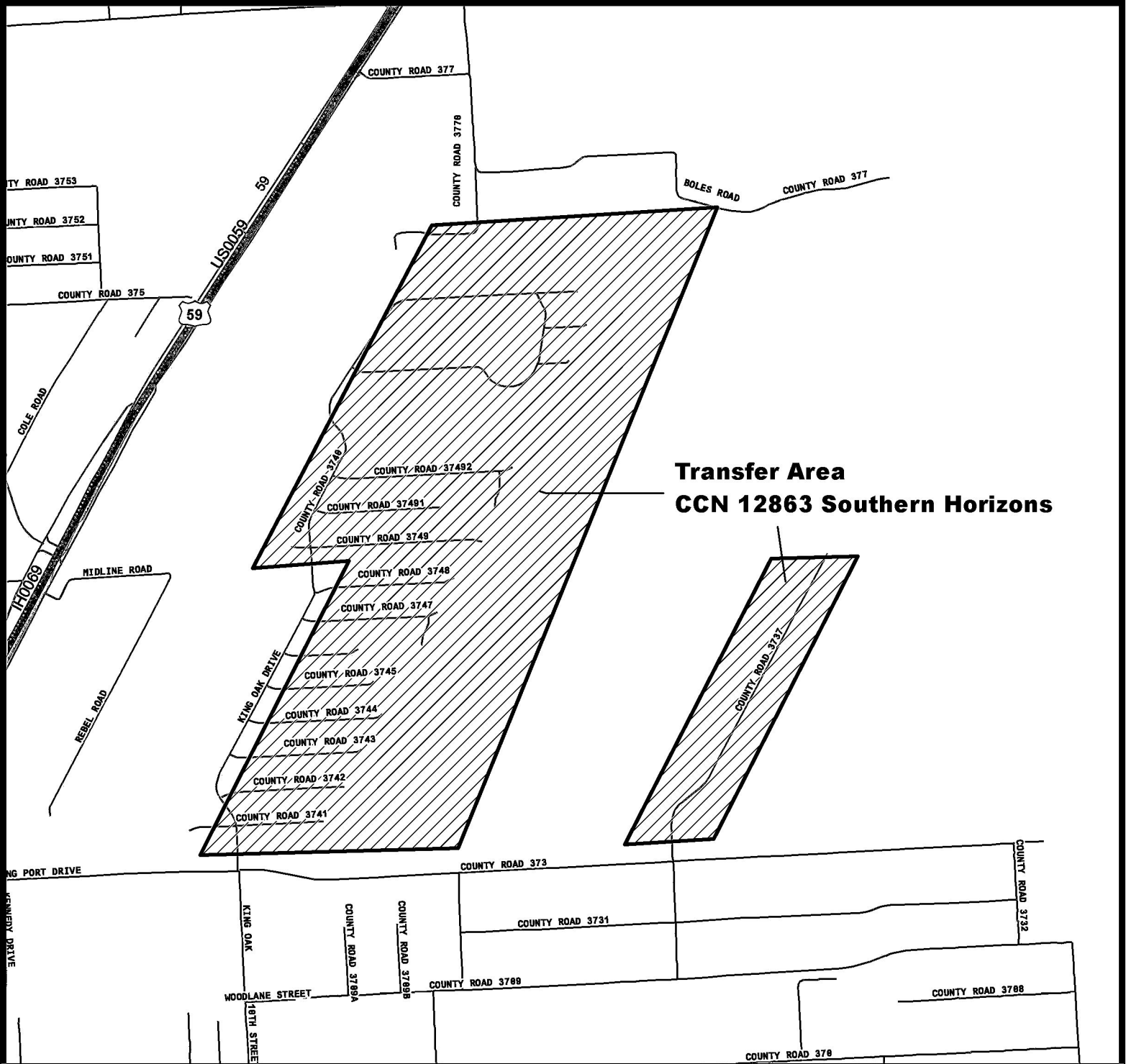
Application to Transfer Southern Horizons Development, Inc. CCN No. 12863
to Texas Water Utilities, L.P, CCN No. 12983
in Liberty County

Requested Water Service Area to Transfer

 CCN 12863 - Southern Horizons Development, Inc.



0 10,000 20,000
Feet



Requested Area - Detail Location

Application to Transfer Southern Horizons Development, Inc. CCN No. 12863
to Texas Water Utilities, L.P., CCN No. 12983
in Liberty County

Requested Water Service Area to Transfer

 CCN 12863 - Southern Horizons Development, Inc.



0 950 1,900
Feet

Attachment 13 – Fair Market Value Reports (Q11)

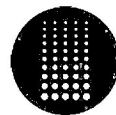
to be provided separately under confidential seal

Attachment 14 – Fair Market Value Invoices (Q11)

to be provided separately under confidential seal

Supplement 1

Filed February 16, 2023



**Texas
Water Utilities**

A SouthWest Water Company

12535 Reed Road
Sugar Land, TX 77478
Email: TXCustomerCare@swwc.com
Phone: 866.654.7992
www.swwc.com

February 16, 2023

Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711

Re: Docket No. 54617 – APPLICATION OF TEXAS WATER UTILITIES, LP AND SOUTHERN HORIZONS
DEVELOPMENT, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS
IN LIBERTY AND MONTGOMERY COUNTIES

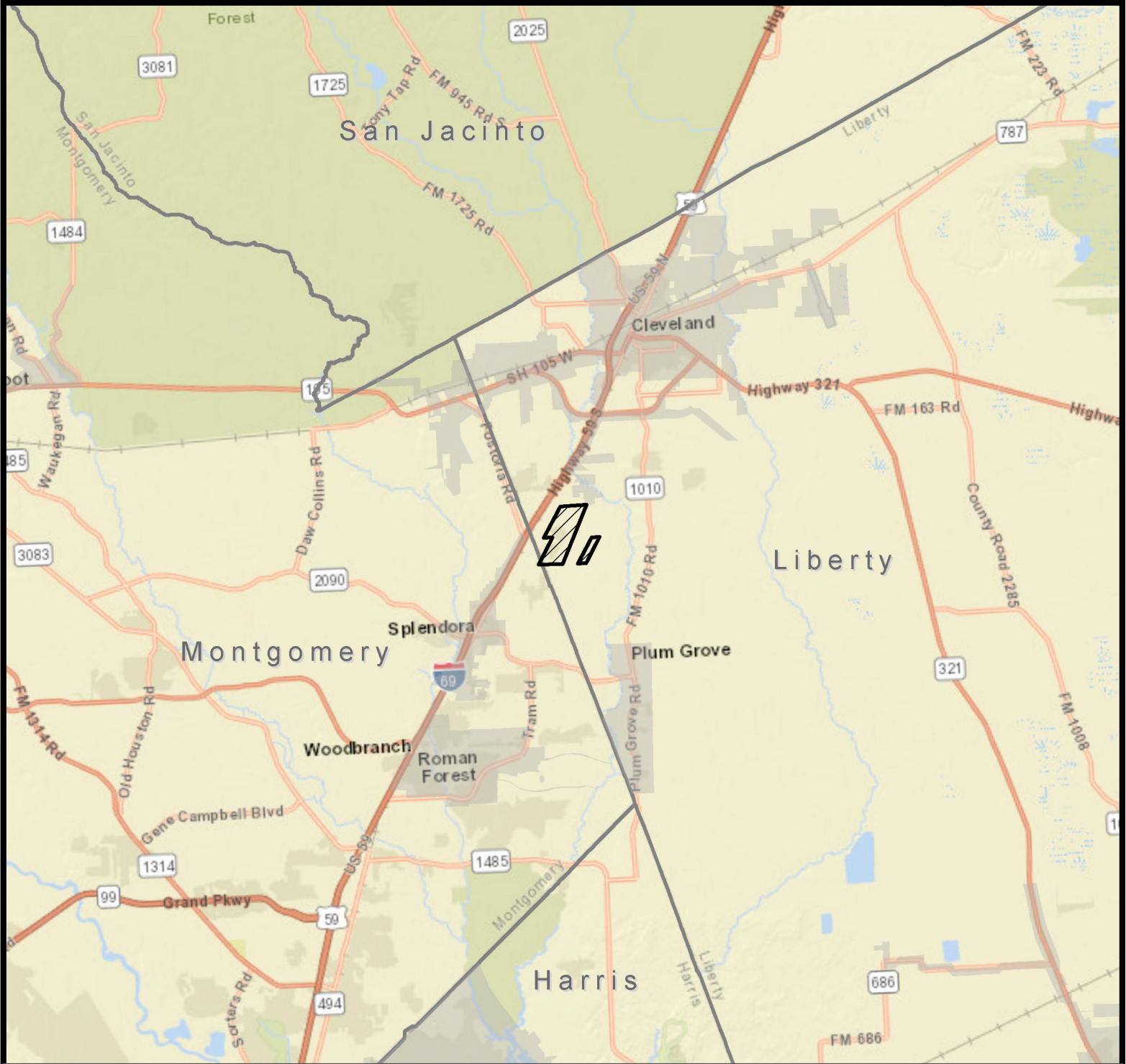
To the Commission:

Texas Water Utilities, L.P. (TWU) files this supplement to the application filed on February 2, 2023 in this docket. Included as attachments to this cover letter are a revised detailed map and a revised general location map of the requested service area to be transferred that have been revised consistent with guidance from Commission mapping staff. As a result of the mapping revisions, the total acreage of the requested service area to be transferred (Question 30 of the application) should be revised from 884 acres to 711 acres.

Please direct any questions you may have on this matter to me using the contact information listed below.
Thank you.


Sincerely,

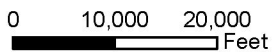
Brian Bahr
Director, Rates & Regulatory
Texas Water Utilities
bbahr@swwc.com
(512) 219-2261



Requested Area - General Location

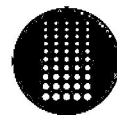
Transfer All of Southern Horizons Development, Inc. (CCN No. 12863) to
Texas Water Utilities, L.P. (CCN No. 12983)
in Liberty and Montgomery Counties

 Requested Area to Transfer from CCN No. 12863 to CCN No. 12983



Supplement 2

Filed March 15, 2023



Texas Water Utilities

A SouthWest Water Company

12535 Reed Road
Sugar Land, TX 77478
Email: TXCustomerCare@swwc.com
Phone: 866.654.7992
www.swwc.com

March 14, 2023

Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711

Re: Docket No. 54617 – APPLICATION OF TEXAS WATER UTILITIES, LP AND SOUTHERN HORIZONS DEVELOPMENT, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN LIBERTY AND MONTGOMERY COUNTIES

To the Commission:

Consistent with discussions with and guidance from Commission staff, Texas Water Utilities, L.P. (TWU) files this supplement to the application filed on February 2, 2023 in this docket. Included as attachments to this cover letter are the following:

- Revised general location and detail maps, with accompanying digital mapping files (shape files)
- Affidavit from Southern Horizons regarding amendment to CCN area to be transferred
- Affidavit from FMV expert Schwertz
- CONFIDENTIAL engagement letters of FMV experts Festa and Schwertz
- CONFIDENTIAL proof of payment to FMV experts Schwertz, Festa, and Fenner

Please note that as a result of the revisions to the requested CCN area to be amended and/or transferred, the total acreage of the request service area to be transferred (Question 30 of the application) should be revised as follows:

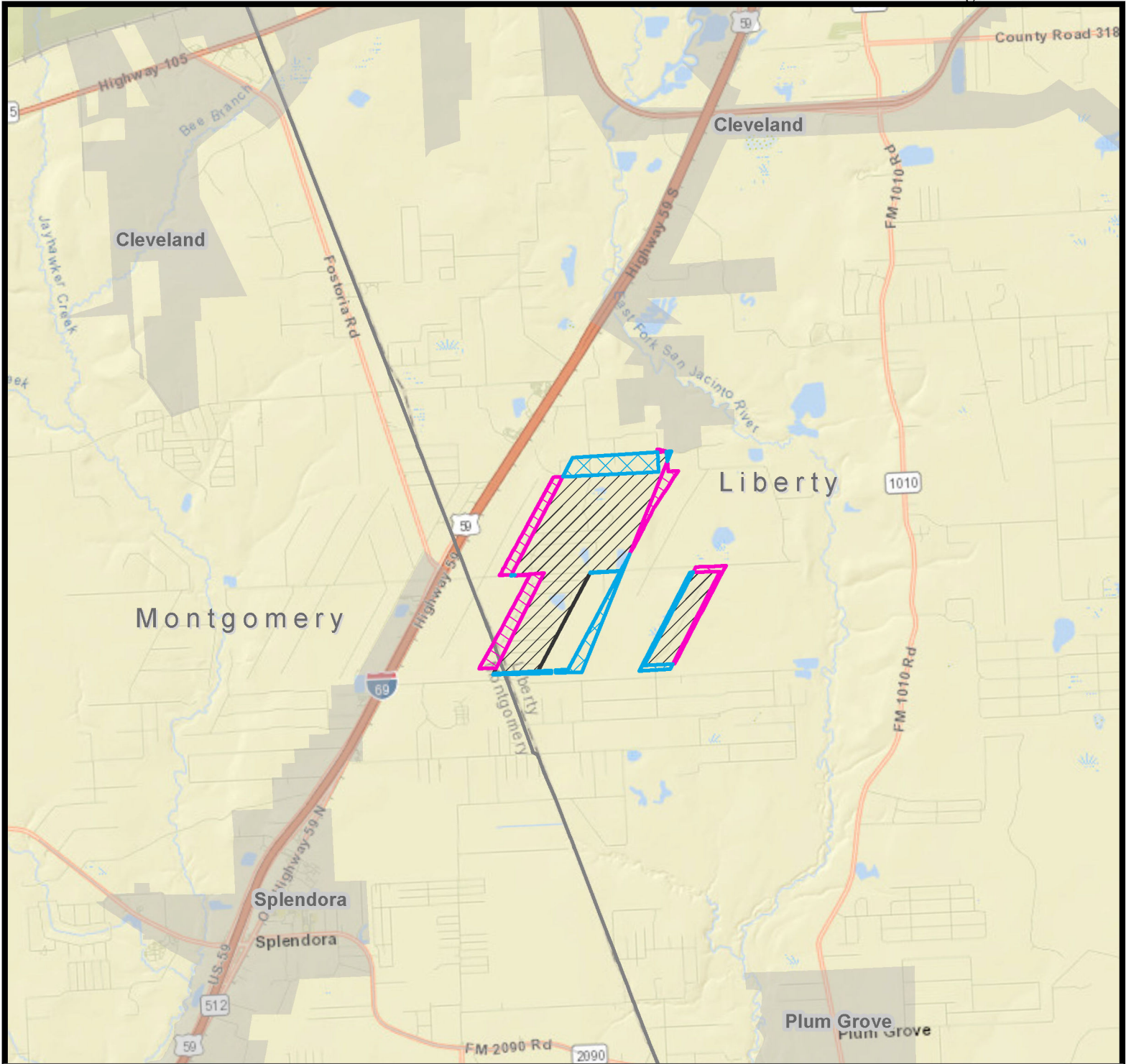
- Requested Area to Transfer = 527 acres
- Requested Area to Decertify = 98.7 acres
- Requested Area to Amend = 102.5 acres

Please direct any questions you may have on this matter to me using the contact information listed below. Thank you.

Sincerely,

Brian Bahr
Director, Rates & Regulatory
Texas Water Utilities
bbahr@swwc.com
(512) 219-2261




Revised General and Detail Location Maps



Requested Area - General Location

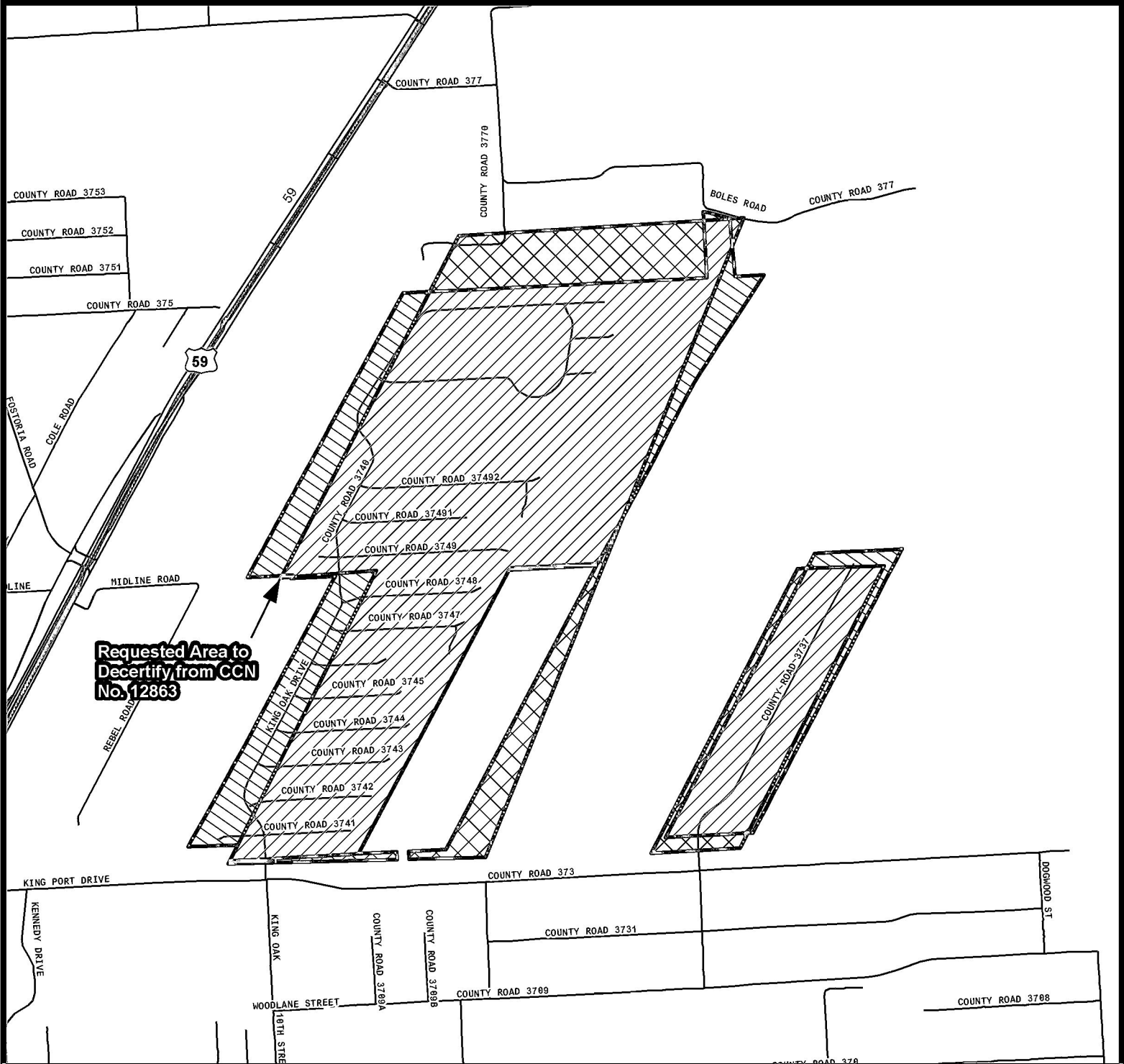
Transfer Southern Horizons Development, Inc. (CCN No. 12863) to Texas Water Utilities, L.P. (CCN No. 12983) and Amend CCN Nos. 12863 and 12983 in Liberty and Montgomery Counties

Legend

-  Requested Area to Transfer from CCN No. 12863 to CCN No. 12983
-  Requested Area to Amend (add) to CCN No. 12983
-  Requested Area to Decertify from CCN No. 12863






0 2,750 5,500 Feet



Requested Area - Detail Location

Transfer Southern Horizons Development, Inc. (CCN No. 12863) to Texas Water Utilities, L.P. (CCN No. 12983) and Amend CCN Nos. 12863 and 12983 in Liberty and Montgomery Counties

Legend

-  Requested Area to Transfer from CCN No. 12863 to CCN No. 12983
-  Requested Area to Amend (add) to CCN No. 12983
-  Requested Area to Decertify from CCN No. 12863



0 1,000 2,000 Feet

Affidavit of Seller regarding CCN Amendment

DOCKET NO. 54617

APPLICATION OF TEXAS WATER UTILITIES, LP AND SOUTHERN HORIZONS
DEVELOPMENT, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN LIBERTY AND MONTGOMERY COUNTIES

STATE OF TEXAS

§
§
§

COUNTY OF Hamson

AFFIDAVIT OF STEVE SULLIVAN

BEFORE ME, the undersigned authority, on this day appeared Steve Sullivan who being by me first duly sworn, on oath deposed and said the following:

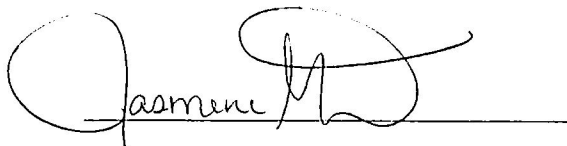
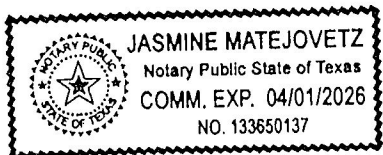
1. My name is STEVE SULLIVAN. I am the owner of Southern Horizons Development, Inc. (Southern Horizons), the selling utility in the above-named application pending before the Public Utility Commission of Texas. My address of record is P.O. Box 1076, Splendora, Texas 77372. I am over 18 years of age, have personal knowledge of the facts recited herein, and am not otherwise disqualified from making this my sworn affidavit. The information provided herein is true and correct.
2. Southern Horizons provides retail water utility service in Liberty and Montgomery counties under Certificate of Convenience and Necessity (CCN) No. 12863.
3. Southern Horizons consents to the proposed amendments to CCN No. 12863, including the decertification of certain areas, as shown on the attached maps, which are the same maps as were agreed to by mapping experts from the Public Utility Commission of Texas (Hank Journeay) and Texas Water Utilities, L.P. (Eric Le).

This ends my affidavit.



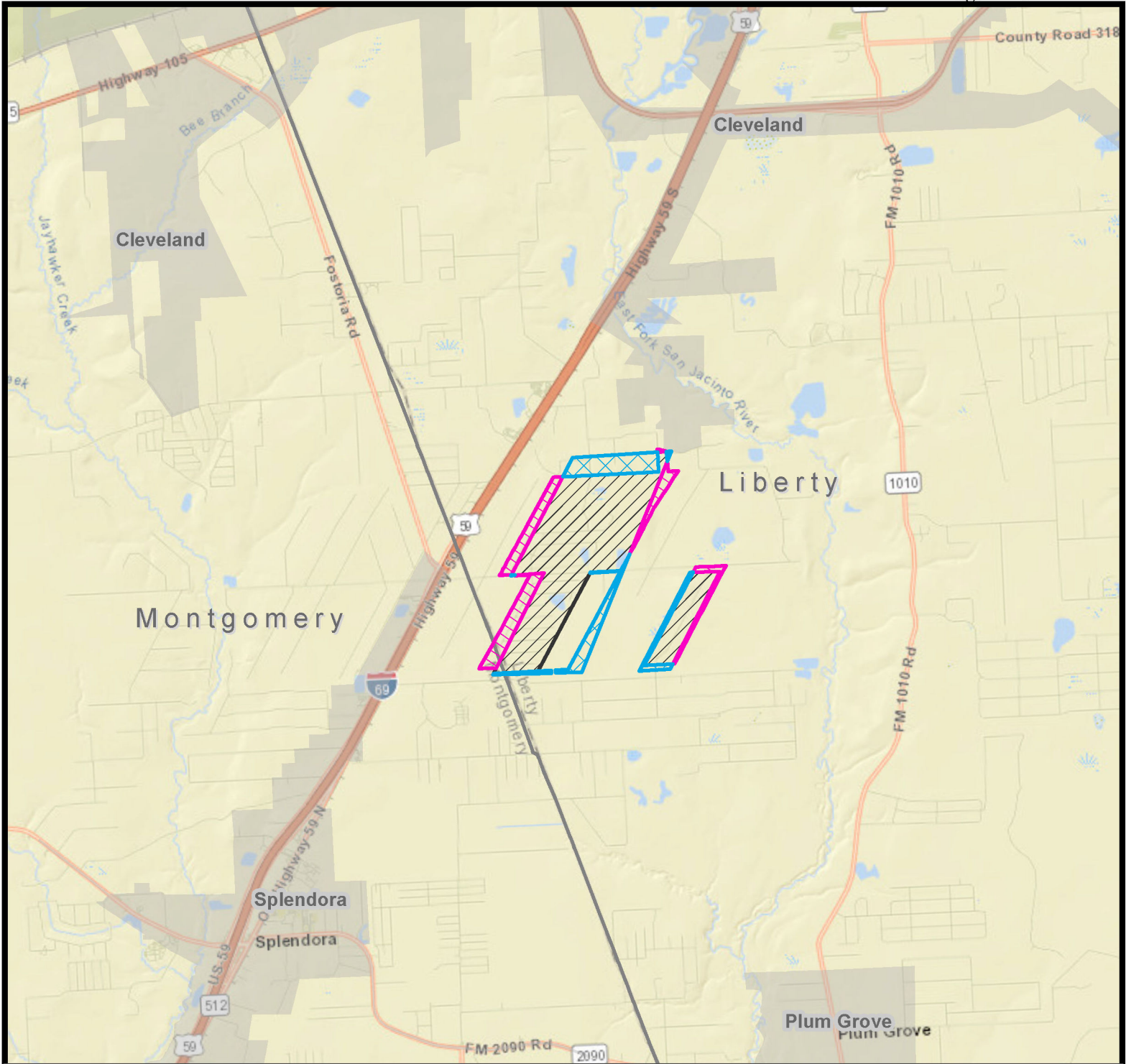
STEVE SULLIVAN, Affiant

SWORN AND SUBSCRIBED to under oath by STEVE SULLIVAN, before the undersigned notary public on the 14 day of March 2023.



Notary Public in and for the State of Texas




SEAL



Requested Area - General Location

Transfer Southern Horizons Development, Inc. (CCN No. 12863) to Texas Water Utilities, L.P. (CCN No. 12983) and Amend CCN Nos. 12863 and 12983 in Liberty and Montgomery Counties

Legend

-  Requested Area to Transfer from CCN No. 12863 to CCN No. 12983
-  Requested Area to Amend (add) to CCN No. 12983
-  Requested Area to Decertify from CCN No. 12863



0 2,750 5,500 Feet

Affidavit of FMV Schwertz

FORM OF AFFIDAVIT TO BE NOTARIZED
AND INCLUDED WITH EACH FINAL APPRAISAL

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Project No. 49859	§	
Notice of Intent to Determine Fair Market	§	PUBLIC UTILITY
Value For Purchase of a Water System by	§	COMMISSION OF
Monarch Utilities I, LP from Southern Horizons	§	TEXAS
Development, Inc.	§	

AFFIDAVIT OF ARTHUR L. SCHWERTZ, MAI

BEFORE ME, the undersigned authority, on this day personally appeared Arthur L Schwertz, who after being by me duly sworn, did on his oath depose and say:

"My name is Arthur L. Schwertz. I am of sound mind and capable of making this affidavit. I am over the age of 21 and am employed by VPA of South Louisiana, Inc. d/b/a Valbridge Property Advisors | South Louisiana. I have personal knowledge of the facts stated herein, and those facts are true and correct.

1. Pursuant to that letter dated September 22, 2022, filed in Project 49859 with the Public Utility Commission of Texas ("PUC," or, alternatively, the "Commission"), I was selected to provide an appraisal of the Water Systems owned by Southern Horizons Development, Inc., ("Selling Utility") to the Commission in accordance with Texas Water Code § 13.305 and 16 Tex. Admin. Code § 24.238 (the "Services").
2. The appraisal was completed using the cost approach, the market approach, and the income approach, as contemplated by the statute.

3. The appraisal described in my final report was conducted in compliance with the most recent edition of the Uniform Standards of Professional Appraisal Practice.
4. I will not derive material or financial benefit from the sale of the Selling Utility other than my fee for services rendered in conducting the requested appraisal.
5. I am not currently serving, nor have I served within the year preceding the Effective Date of the Professional Services Agreement entered into with Texas Water Utilities, L.P. fka Monarch Utilities, I, L.P. for the Services, a director, officer, or employee of the Selling Utility or Texas Water Utilities, L.P. fka Monarch Utilities, I, L.P. ("Acquiring Utility"), or an immediate family member of a director, officer, or employee of the Acquiring Utility or the Selling Utility.
6. I did not receive compensation under a contract for consulting or other services with the Acquiring Utility or Selling Utility, or execute a contract for consulting or other services with the Acquiring or Selling utility, within the year preceding the date I was selected to perform the appraisal that is the subject of the report generated for the Services.

AFFIANT STATES NOTHING FURTHER.

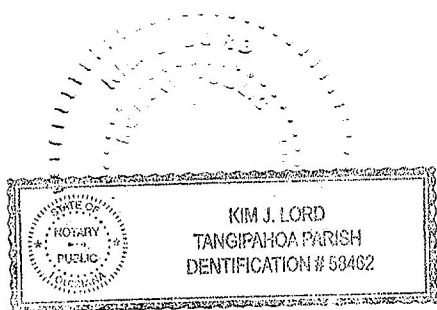
State of Louisiana



 Affiant signature

Before me, a notary public, on this the 8th day of March, 2023, personally appeared Arthur L. Schwartz, MAI known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

[SEAL]





 Notary Public, State of Louisiana

Printed Name: Kim J. Lord 58462
 My commission expires: AT MY DEATH

**Engagement Letters of FMV Experts Festa and Schwertz
(to be filed separately under confidential seal)**

**Proof of Payment to FMV experts
(to be filed separately under confidential seal)**

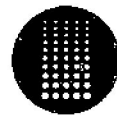


Filing Receipt

Filing Date - 2023-04-26 07:51:15 PM

Control Number - 54617

Item Number - 18

**Texas
Water Utilities**

A SouthWest Water Company

12535 Reed Road
Sugar Land, TX 77478
Email: TXCustomerCare@swwc.com
Phone: 866.654.7992
www.swwc.com

April 26, 2023

Public Utility Commission
1701 N. Congress,
Document Control, Room 8-100
Austin, Texas 78711

Re: Docket No. 54617 – Application of Texas Water Utilities, L.P. and Southern Horizons
Development, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Liberty and
Montgomery Counties

To the Commission:

Order No. 4 in this docket established a deadline of May 4, 2023 for Applicants 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. In compliance thereof, Texas Water Utilities, L.P. (“TWU”) has mailed out on April 20th the provided notice to the customers, neighboring utilities, and cities identified in Commission Staff’s memo filed in this docket on April 5, 2023. TWU has also contracted with the Houston Business Journal, a newspaper of general circulation in Liberty and Montgomery Counties, to have the notice published on April 21st and April 28th. TWU herewith provides the following:

- A signed, notarized affidavit that notice was mailed by TWU on April 20, 2023 to the recipients listed in Staff’s memo filed April 5, 2023 in this docket;
- A list of current customers, neighboring utilities, and cities who were mailed notice (confidential);
- The notice and maps that were mailed to current customers, neighboring utilities, and cities; and
- A copy of the newspaper page containing the published notice.

TWU will supplement this filing once it receives the affidavit of publication from Houston Business Journal. Please contact me with any questions regarding this filing. Thank you.

Regards,

Brian D. Bahr
Director, Rates & Regulatory Affairs
Texas Water Utilities, L.P.
bbahr@swwc.com
(512) 219-2261

PUBLIC UTILITY COMMISSION OF TEXAS



AFFIDAVIT OF NOTICE TO CURRENT CUSTOMERS, LANDOWNERS, NEIGHBORING UTILITIES, AND AFFECTED PARTIES DOCKET NO. 54617

STATE OF TEXAS
COUNTY OF Travis

Texas Water Utilities, L.P. has provided individual notice to the following entities and customers:

see attached

DATE OF NOTICE

4/20/23

OATH

I, Brian Bahr, being duly sworn, file this form as Director, Rates & Regulatory Affairs (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.

[Signature]
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 21ST day of APRIL, 2023
to certify which witness my hand and seal of office.

[Signature]
Notary Public in and for the State of Texas

KIMBERLY STRICKLAND
Print or Type Name of Notary Public

Commission Expires JUNE 19, 2023

Docket No. 54617

Notice to Current Customers, Landowners, Neighboring Systems, and Cities
 TEXAS WATER UTILITIES, LP, CERTIFICATE OF CONVENIENCE AND NECESSITY
 (CCN) NO. 12983, NOTICE OF INTENT TO PURCHASE WATER FACILITIES AND TO
 TRANSFER WATER SERVICE AREA UNDER CCN NO. 12863 FROM SOUTHERN
 HORIZONS DEVELOPMENT, INC. IN LIBERTY AND MONTGOMERY COUNTIES,
 TEXAS

To: _____ Date Notice Mailed: _____, 20____
 (Name of Customer, Neighboring System, or City)

 (Address)

 (City State Zip)

Texas Water Utilities, LP 12535 Reed Road Sugar Land, TX 77478
 (Texas Water Utilities, LP's Name) (Address) (City), (State) (Zip Code)

has submitted an application with the Public Utility Commission of Texas (Commission) to purchase all of the water facilities and to transfer water certificated service area under CCN No. 12863 in Liberty and Montgomery counties, TX from:

Southern Horizons Development, Inc. P.O. Box 1076 Splendora, TX 77372
 (Southern Horizons Development, Inc. 's Name) (Address) (City), (State) (Zip Code)

The requested area overlaps the district boundaries of East Montgomery County Improvement District and San Jacinto River Authority. If these districts do not request a public hearing, the Commission shall determine that the districts are consenting to Texas Water Utilities, LP's request to provide retail water utility service in the requested area.

The sale is scheduled to take place if approved by the Commission (Texas Water Code § 13.301). The transaction and the transfer of the CCN includes the following: Southern Oaks and Southern Crossing.

The requested area includes 452 customer connections, is located approximately 2.4 mile(s) northeast of downtown Splendora, Texas, and is generally bounded on the north by County Road 377; on the east by 0.1 mile east of County Road 3737; on the south by County Road 373; and on the west by United States Highway 59.

The requested area includes approximately 728.2 acres, comprised of:

102.5 acres of uncertificated area to amend to CCN No. 12983;

527 acres of transferred area from Southern Horizons Development, Inc. (CCN No. 12863) to Texas Water Utilities, L.P (CCN No. 12983); and

98.7 acres of decertified area from CCN No. 12863.

The application proposes the subtraction of approximately 625.7 acres from CCN No. 12863 and the addition of approximately 629.5 acres to CCN No. 12983.

See enclosed maps showing the requested area.

Notice Form Updated: March 31, 2022

The proposed transaction may change the current customers' rates and services to the current approved rates and services of Texas Water Utilities, LP, which are higher than the current rate for a 5/8" meter for Southern Horizons Development, Inc. To view a copy of the current approved tariff, go to: <https://www.swwc.com/texas/tariff/> (Applicable water rates on tariff page 9 and are labeled "Texas Water Utilities - RATES effective 06-01-2021") or email TXCustomerCare@swwc.com or call 866-654-7992 to request a copy.

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 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 uncertificated 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.

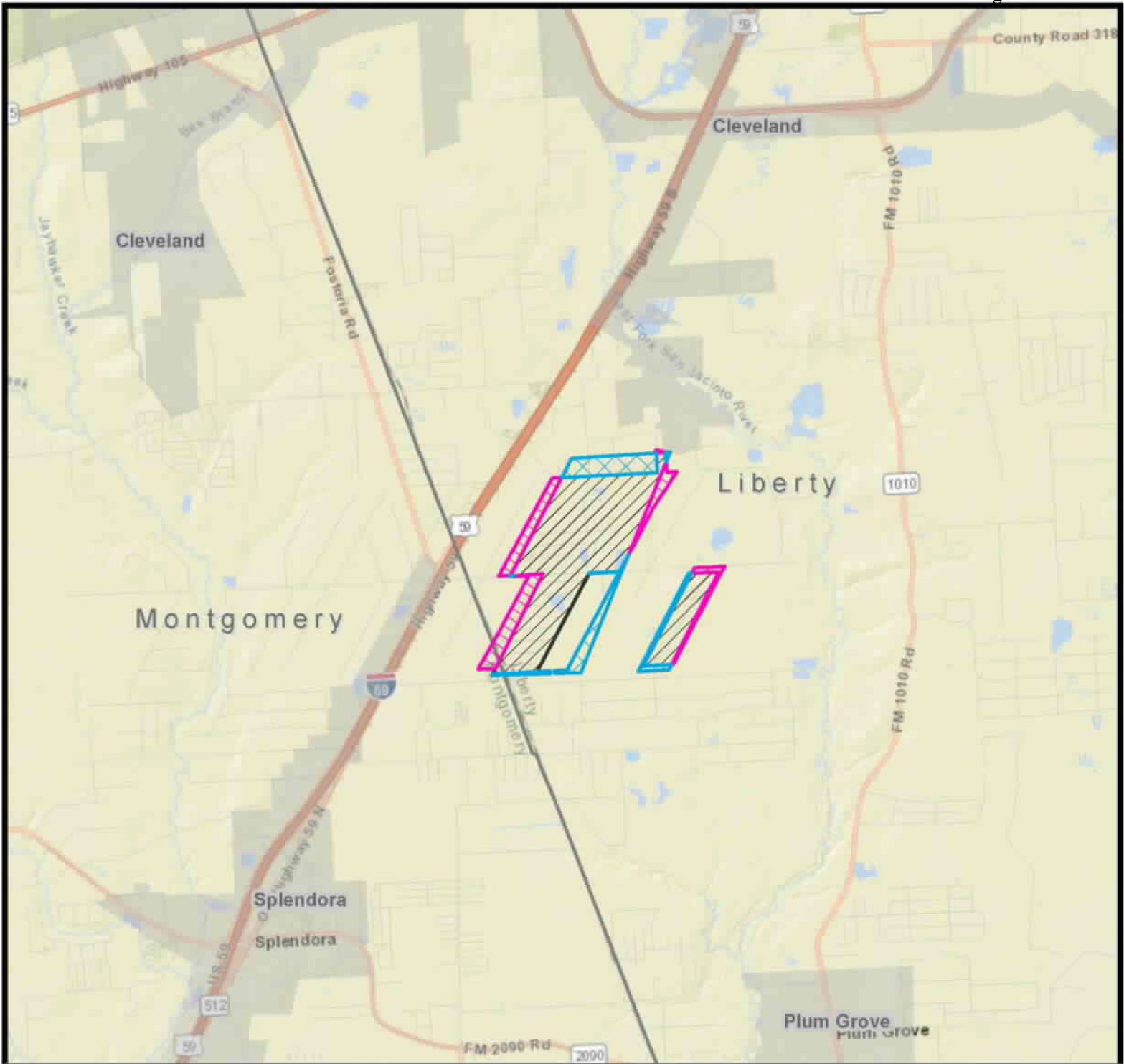
Si desea información en español, puede llamar al 1-888-782-8477.

Brian Bahr

Utility Representative

Texas Water Utilities, L.P.




Utility Name



Requested Area - General Location

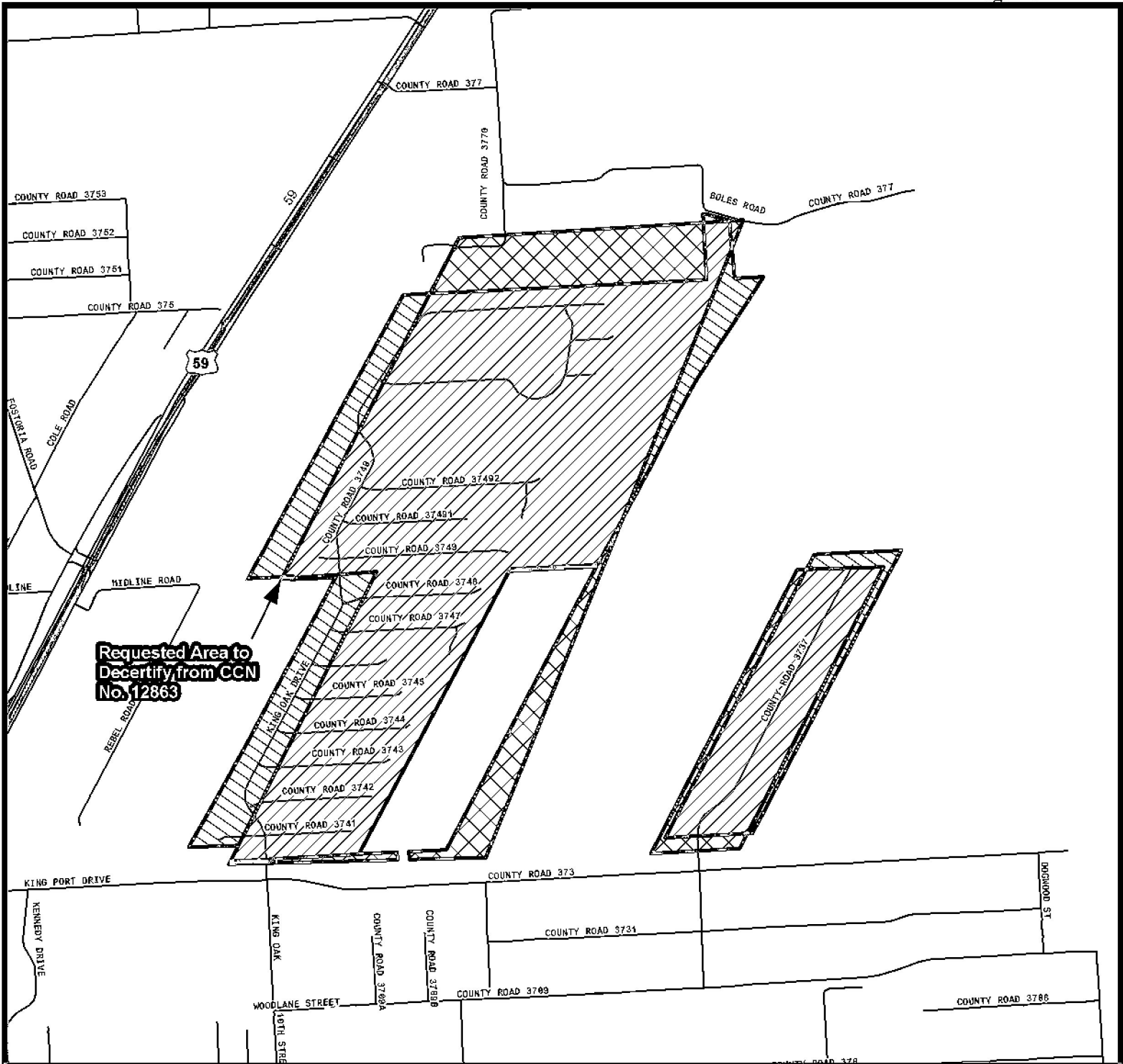
Transfer Southern Horizons Development, Inc. (CCN No. 12863) to Texas Water Utilities, L.P. (CCN No. 12983) and Amend CCN Nos. 12863 and 12983 in Liberty and Montgomery Counties

Legend

-  Requested Area to Transfer from CCN No. 12863 to CCN No. 12983
-  Requested Area to Amend (add) to CCN No. 12983
-  Requested Area to Decertify from CCN No. 12863






0 2,750 5,500 Feet

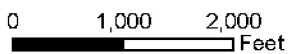


Requested Area - Detail Location

Transfer Southern Horizons Development, Inc. (CCN No. 12863) to Texas Water Utilities, L.P. (CCN No. 12983) and Amend CCN Nos. 12863 and 12983 in Liberty and Montgomery Counties

Legend

-  Requested Area to Transfer from CCN No. 12863 to CCN No. 12983
-  Requested Area to Amend (add) to CCN No. 12983
-  Requested Area to Decertify from CCN No. 12863



LEGALS

NOTICE FOR PUBLICATION

TEXAS WATER UTILITIES, L.P. CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) NO. 12983. NOTICE OF INTENT TO PURCHASE WATER FACILITIES AND TO TRANSFER WATER SERVICE AREA UNDER CCN NO. 12863 FROM SOUTHERN HORIZONS DEVELOPMENT, INC. IN LIBERTY AND MONTGOMERY COUNTIES, TEXAS

Texas Water Utilities, L.P. 12535 Reed Road Sugar Land, TX 77478
(Texas Water Utilities, LP's Name) (Address) (City) (State) (Zip Code)

has submitted an application with the Public Utility Commission of Texas (Commission) to purchase all of the water facilities and to transfer water certificated service area under CCN No. 12863 in Liberty and Montgomery counties, TX from:

Southern Horizons Development, Inc. P.O. Box 1076 Splendora, TX 77372
(Texas Water Utilities, LP's Name) (Address) (City) (State) (Zip Code)

The requested area overlaps the district boundaries of East Montgomery County Improvement District and San Jacinto River Authority. If these districts do not request a public hearing, the Commission shall determine that the districts are consenting to Texas Water Utilities, LP's request to provide retail water utility service in the requested area.

The sale is scheduled to take place if approved by the Commission (Texas Water Code § 13.301). The transaction and the transfer of the CCN includes the following: Southern Oaks and Southern Crossing.

The requested area includes 452 customer connections, is located approximately 2.4 miles northeast of downtown Splendora, Texas, and is generally bounded on the north by County Road 377 on the east by O.1 mile east of County Road 3737 on the south by County Road 373 and on the west by United States Highway 59.

- The requested area includes approximately 728.2 acres, comprised of:
• 102.5 acres of uncertificated area to amend to CCN No. 12983;
• 527 acres of transferred area from Southern Horizons Development, Inc. (CCN No. 12863) to Texas Water Utilities, L.P. (CCN No. 12983); and
• 98.2 acres of decertified area from CCN No. 12863.

The application proposes the subtraction of approximately 625.7 acres from CCN No. 12863 and the addition of approximately 629.5 acres to CCN No. 12983.

A copy of the maps showing the requested area are available at: 1620 Grand Ave Pkwy, Ste 140, Pflugerville, TX 78665.

The proposed transaction may change the current customers' rates and services to the current approved rates and services of Texas Water Utilities, LP which are higher than the current rate for a 5/8" meter for Southern Horizons Development, Inc. To view a copy of the current approved

tariff, go to: https://www.southwater.com/texas/tariff/ (Applicable water rates on tariff page 9 and are labeled "Texas Water Utilities - RATES effective 06-01-2021) or email TX.CustomerCare@southwater.com or call 866-654-7992 to request a copy.

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) 936-1100 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-1136. 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 uncertificated 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 meter 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
1401 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 informacion en español, puede llamar al 1-888-782-8477.

INVITATION TO BIDDERS

SEALED PROPOSALS addressed to Alameda Residential, LLC for Construction of the Water, Sanitary Sewer Collection System, Drainage Facilities and Paving & Appurtenances to Serve Alameda Square, LJA Job No. 2792-2203, will be received at the office of the Engineer, LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449, until 10:00 a.m., Tuesday, May 16, 2023, and then publicly opened and read aloud. To attend the Bid Opening by telephone, dial +1 346-202-6170, Phone Conference ID: 459 205 8468.

Bidders may elect to submit bids electronically via https://bids.lja.com. Bidders must register on this website to submit an electronic bid. Electronic bids do not include bids submitted by telegraphic or facsimile transmission.

Bidding Documents may be examined at LJA Engineering, Inc., AGC of Texas, Construct Connect and Amtek or may be obtained upon payment of a non-refundable fee of \$100.00 per set (\$50.00 for electronic copy) for each set of documents at LJA Engineering, Inc., 1904 W. Grand Parkway N., Suite 120, Katy, Texas 77449 or at https://bids.lja.com. Bidders must register on this website to download bidding documents.

Alameda Residential, LLC will hold a non-mandatory audio pre-bid conference at 10:00 a.m., Tuesday, May 2, 2023. To attend the non-mandatory pre-bid conference, dial +1 346-202-6170, Phone Conference ID 142 384 2877. Alameda Residential, LLC reserves the right to reject any and all bids. The Successful Bidder, if any, is the Bidder offering the best value as determined by the Owner.

Bid security in the form of bid bond or cashier's check payable to Alameda Residential, LLC in an amount not less than five percent (5%) of the Bid submitted, must accompany each Bid.

Dates of Advertisement: 04/21/2023; 04/28/2023

INVITATION TO BIDDERS

Sealed Electronic Bids addressed to Timber Lane Utility District, Attention Daniel M. Menham, President, Board of Directors, will be electronically received, until 10:00 a.m. Local Time, Friday, May 5, 2023, and then publicly opened and read at Vopler & Spencer Engineering, Inc. for "Generators to Serve Water Plant No. 3 and Lift Station Nos. 2 & 7 within Timber Lane Utility District, Harris County, Texas." In addition to the opening of sealed Bids at the address above, you may view the public opening of sealed Bids via Civeast. To join via Civeast login to your account to access the posting of the Bid Summary document immediately following the bid opening.

Scope of Work of the Contract Documents includes the following: Installation of new natural-gas generator at Water Plant No. 3, work includes the concrete foundations. Also, the replacement of existing generators at wastewater Lift Station Nos. 2 & 7, work shall include construction of all gas-lines, meters, electrical conduit and appurtenances to operate the generators.

Bids received after the closing time will not be considered.

Each Bid must be accompanied by a Bid Bond or a certified or cashier's check, acceptable to the Owner, in an amount not less than two percent (2%) of the total amount Bid, as a guarantee that the successful bidder will enter into the Contract Documents and execute the Bonds on the forms provided and provide the required insurance certificates within seven (7) days after the date Contract Documents are received by the Contractor. If a certified or cashier's check is provided, the successful bidder shall deliver, at the bid opening address, the original certified or cashier's check within two (2) business days of receipt of the bid opening.

Copies of the bidding documents may be reviewed and obtained from www.CiveastUSA.com; search 05200-846-1-UTL. Bidders must register on this website in order to view and/or download specifications, plans, soils report, and environmental reports for this Project. There is NO charge to view or download documents.

Bidder must submit its Bid and Bid Securities in compliance with Owner's Order Adopting Section 49.2731 Electronic Bidding Rules and all Bids and Bid Securities must be submitted through www.CiveastUSA.com. Bidder must register on this website to submit a Bid and Bid Security and there is NO charge to submit Bids and Bid Securities on this website.

By submitting a Bid, Bidder acknowledges and agrees that the Contract Documents may be accepted, executed, or agreed to using an Electronic Signature, as defined by and in accordance with Owner's Electronic Signature Rules for Construction Contracts.

The Owner reserves the right to reject any or all Bids and to waive all defects and irregularities in bidding or bidding process except time of submitting a Bid. The Successful Bidder, if any, will be the responsible Bidder which in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the Project.

The requirements of Subchapter J, Chapter 552, Government Code, may apply to this Bid and the Contractor agrees that the Contract Documents can be terminated, if the Contractor knowingly or intentionally fails to comply with a requirement of that subchapter.

INVITATION TO BIDDERS

SEALED PROPOSALS addressed to Friendswood Development Company, LLC on behalf of Harris County Municipal Utility District No. 570C for construction of the Water, Sanitary Sewer and Drainage Facilities to Serve Grand Prairie Highlands Section Four, LJA Job No. 0386-5040D, will be received at the office of the Engineer, LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449, until 10:00 a.m., Friday, May 12, 2023, and then publicly opened and read aloud. To attend the Bid Opening by telephone, dial +1 346-202-6170, Phone Conference ID: 794 979 0018.

Bidders may elect to submit bids electronically via https://bids.lja.com. Bidders must register on this website to submit an electronic bid. Electronic bids do not include bids submitted by telegraphic or facsimile transmission.

Bidding Documents may be examined at LJA Engineering, Inc., AGC of Texas, Construct Connect and Amtek or may be obtained upon payment of a non-refundable fee of \$100.00 per set (\$50.00 for electronic copy) for each set of documents at LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449 or at https://bids.lja.com. Bidders must register on this website to download bidding documents.

Friendswood Development Company, LLC on behalf of Harris County Municipal Utility District No. 570C will hold a non-mandatory audio pre-bid conference at 10:00 a.m., Friday, May 5, 2023. To attend the meeting using Microsoft Teams please visit https://www.microsoft.com/microsoft-teams/join-a-meeting Meeting ID: 226 321 32 / 113 Passcode: 9DBQ5R. To join the audio format of the non-mandatory pre-bid conference, dial +1 346-202-6170, Phone Conference ID: 559 698 3738. Friendswood Development Company, LLC on behalf of Harris County Municipal Utility District No. 570C reserves the right to reject any and all bids. The Successful Bidder, if any, will be the responsible Bidder which in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the Project. (Texas Water Code 49.273)

Bid security in the form of bid bond or cashier's check payable to Friendswood Development Company, LLC on behalf of Harris County Municipal Utility District No. 570C in an amount not less than five percent (5%) of the Bid submitted, must accompany each Bid.

The requirements of Subchapter J, Chapter 552, Government Code, may apply to this Bid and/or Contract and bidder/contractor agrees that the Contract can be terminated if the bidder/contractor knowingly or intentionally fails to comply with a requirement of that subchapter.

Bidder/Contractor declares that it has not received from a governmental body a notice of non-compliance with a provision of Subchapter J, Chapter 552, Texas Government Code, or, if such notice has been received, bidder/contractor has taken adequate steps to ensure future compliance with such subchapter and has provided or upon request will provide documentation of same.

INVITATION TO BIDDERS

Sealed Bids addressed to Harris County Municipal Utility District No. 495, Attention: Mr. Martin Burns, President, Board of Directors, will be received electronically or at the office of LJA Engineering, Inc., until 2:00 p.m. Local Time, Thursday, May 18, 2023, and then publicly opened and read at the office of the Engineer, LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449 for "Paving and Appurtenances to Serve Marisol Section 4 for Harris County Municipal Utility District No. 495, Harris County, Texas." In addition to the opening of sealed Bids at the address above, you may attend the Bid Opening by telephone by dialing +1 346-202-6170, Phone Conference ID: 553 846 1894.

Scope of Work of the Contract Documents includes the following: paving and appurtenances.

Bids received after the closing time will be returned unopened. A non-mandatory pre-bid conference will be held remotely on Thursday, May 4, 2023, at 2:00 p.m. Local Time. To attend the audio format non-mandatory pre-bid conference, dial +1 346-202-6170, Phone Conference ID: 834 523 3198.

Each Bid must be accompanied by a Bid Bond or a certified or cashier's check, acceptable to the Owner, in an amount not less than two percent (2%) of the total amount Bid, as a guarantee that the successful bidder will enter into the Contract Documents and execute the Bonds on the forms provided and provide the required insurance certificates within seven (7) days after the date Contract Documents are received by the Contractor. If a certified or cashier's check is provided, the successful bidder shall deliver, at the bid opening address, the original certified or cashier's check within twenty-four (24) hours of receipt of the bid opening.

Bidding documents may be examined at LJA Engineering, Inc., AGC of Texas, Construct Connect and Amtek or may be obtained by prospective bidders or suppliers upon payment of \$95.00 non-refundable plus cost of delivery (\$50.00 for electronic copy) for each set of documents at LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449, or at https://bids.lja.com. Checks should be made payable to LJA Engineering, Inc. No cash will be accepted.

A bidder submitting electronic Bids must submit its Bid and Bid Securities in compliance with Owner's Order Adopting Section 49.2731 Electronic Bidding Rules and all electronic Bids and Bid Securities must be submitted through https://bids.lja.com. Bidders must register and obtain bidding documents on this website for the requirement payment amount (if any) to submit an electronic bid.

By submitting a Bid, bidder acknowledges and agrees that the Contract Documents may be accepted, executed or agreed to through the use of an Electronic Signature, as defined by and in accordance with Owner's Electronic Signature Rules for Construction Contracts.

The Owner reserves the right to reject any or all Bids and to waive all defects and irregularities in bidding or bidding process except time of submitting a Bid. The successful bidder, if any, will be the responsible bidder which in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the Project.

The requirements of Subchapter J, Chapter 552, Government Code, may apply to this Bid and the Contractor agrees that the Contract Documents can be terminated, if the Contractor knowingly or intentionally fails to comply with a requirement of that subchapter.

INVITATION TO BIDDERS

Sealed Bids, in duplicate, addressed to Brazoria County Municipal Utility District No. 83, Attention: Jeff Perry, President, Board of Directors, will be received at the office of the Engineer, LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449, until 10:30 a.m. Local Time, Tuesday, May 9, 2023, and then publicly opened and read for "Construction of the Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to Serve Valencia Section 2 for Brazoria County Municipal Utility District No. 83, Brazoria County, Texas". Bidders may elect to submit bids electronically via https://bids.lja.com. Bidders must register and obtain bidding documents on this website for the required payment amount (if any) to submit an electronic bid. To attend the Bid Opening by telephone, dial +1 346-202-6170, Phone Conference ID: 536 550 4405.

Scope of Work of the Contract includes the construction of the water, sanitary sewer, drainage facility and paving and appurtenances.

A non-mandatory audio pre-bid conference will be held on Tuesday, May 2, 2023, at 10:30 a.m. Local Time. To attend the audio format non-mandatory pre-bid conference, dial +1 346-202-6170, Phone Conference ID: 236 242 6938.

Each Bid must be accompanied by a bid bond or a certified or cashier's check, acceptable to the Owner, in an amount not less than five percent of the total amount bid, as a guarantee that the successful bidder will enter into the Contract and execute the Bonds on the forms provided and provide the required insurance certificates within 7 days after the date Contract Documents are received by the Contractor.

Bidding documents may be examined at LJA Engineering, Inc., AGC of Texas, Construct Connect and Amtek or may be obtained by prospective bidders or suppliers upon payment of ninety-five dollars (\$95.00 non-refundable plus cost of delivery) (\$50.00 for electronic copy) for each set of documents at LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449 or at https://bids.lja.com. Bidders must register on this website to download bidding documents.

The Owner reserves the right to reject any or all Bids and to waive all defects and irregularities in bidding or bidding process except time of submitting a Bid. The Successful Bidder, if any, will be the responsible Bidder which in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the Project.

Brazoria County Municipal Utility District No. 83

All interested parties are encouraged to attend any scheduled pre-bid and/or pre-proposal conference(s). It is the interested party's responsibility to ensure they have secured and thoroughly reviewed all solicitation documents prior to any scheduled conference(s). Interested parties can download all forms and specifications from the Internet at https://purchasing.houstonx.gov. Downloading these documents will ensure all interested parties will automatically receive any updates via e-mail.

INVITATION TO BID - Sealed bids will be received in the Office of the City Secretary, City Hall Annex, Public Level, 900 Bayby, until 10:30 A.M., on the bid due date, and all bids will be opened and publicly read in the City Council Chamber, Public Level, at 11:00 A.M.

Bids Due - May 25, 2023

Purchase of Chemical Tanks for Houston Public Works - Strategic Procurement Division P07-N32701 0% MWBE Goal Pre-Bid Teleconference will be May 2, 2023, at 2:00 PM. The dial-in number is 936.755.1521, Conference ID 342.668.0407. Interested parties may contact Catherine Scott at 832.393.8803, or via email at catherine.scott2@houstonx.gov.

Bids Due June 01, 2023

Night Vision Binoculars for the Houston Police Department - Strategic Procurement Division - 587-N32755 - 0% MWBE Goal - Pre-Bid Teleconference will be May 11, 2023, at 10:00 A.M. The dial-in number is 936.755.1521. Conference ID 457.692.2017. Interested parties may contact Coryie Gilmore via email at coryie.gilmore@houstonx.gov.

Supplement 1

Filed May 9, 2023



Filing Receipt

Filing Date - 2023-05-09 03:01:55 PM

Control Number - 54617

Item Number - 26



**Texas
Water Utilities**

A SouthWest Water Company

12535 Reed Road
Sugar Land, TX 77478
Email: TXCustomerCare@swwc.com
Phone: 866.654.7992
www.swwc.com

May 9, 2023

Public Utility Commission
1701 N. Congress,
Document Control, Room 8-100
Austin, Texas 78711

Re: Docket No. 54617 – Application of Texas Water Utilities, L.P. and Southern Horizons Development, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Liberty and Montgomery Counties

To the Commission:

Order No. 5 in this docket established a deadline of May 11, 2023 for Applicants 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. In compliance thereof, Texas Water Utilities, L.P. (“TWU”) has mailed out the provided notice to the customers, neighboring utilities, and cities identified in Commission Staff’s memo filed in this docket on April 5, 2023.

In its proof of notice filing on April 26, 2023, TWU provided the following:

- A signed, notarized affidavit that notice was mailed by TWU on April 20, 2023 to the recipients listed in Staff’s memo filed April 5, 2023 in this docket;
- A list of current customers, neighboring utilities, and cities who were mailed notice (confidential);
- The notice and maps that were mailed to current customers, neighboring utilities, and cities; and
- A copy of the newspaper page published on April 21st containing the published notice.

Notice was also required to be provided to owners of tracts of land greater than 25 acres wholly or partially within the requested area; however, no tracts of land greater than 25 acres located wholly or partially within the requested area were identified.

TWU has also contracted with the Houston Business Journal, a newspaper of general circulation in Liberty and Montgomery Counties, to have the notice published on April 21st and April 28th. TWU herewith provides the publisher’s affidavit of notice as well as the notice tear sheets provided by the publisher.

Please contact me with any questions regarding this filing. Thank you.

Regards,

Brian D. Bahr
Director, Rates & Regulatory Affairs
Texas Water Utilities, L.P.
bbahr@swwc.com
(512) 219-2261

PUBLIC UTILITY COMMISSION OF TEXAS



PUBLISHER'S AFFIDAVIT DOCKET NO. 54617

STATE OF TEXAS Harris
COUNTY OF Liberty, Montgomery

Before me, the undersigned authority, on this day personally appeared Kim DeShazer
who being by me duly sworn, deposes and that (s)he is the

Sr. Account Executive of the Houston Business Journal
(TITLE) (NAME OF NEWSPAPER)

that said newspaper is regularly published in Liberty + Montgomery, Harris
(COUNTY/COUNTIES)

and generally circulated in Harris, Liberty + Montgomery, Texas;
(COUNTY/COUNTIES)

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

APRIL 21st, 2023 + APRIL 28th, 2023
(DATES)

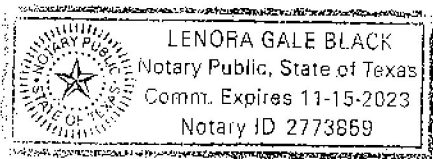
Kim DeShazer
(SIGNATURE OF NEWSPAPER REPRESENTATIVE)

Subscribed and sworn to before me this 9th day of May, 2023
to certify which witness my hand and seal of office.

Lenora Gale Black
Notary Public in and for the State of Texas

Lenora Gale Black
Print or Type Name of Notary Public

Commission Expires 11-15-2023



LEGALS

NOTICE FOR PUBLICATION

TEXAS WATER UTILITIES, LP CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) NO. 12963, NOTICE OF INTENT TO PURCHASE WATER FACILITIES AND TO TRANSFER WATER SERVICE AREA UNDER CCN NO. 12863 FROM SOUTHERN UTILITIES DEVELOPMENT, INC. IN LIBERTY AND MONTGOMERY COUNTIES, TEXAS

Texas Water Utilities, LP 12533 Reed Road Sugar Land, TX 77478
Texas Water Utilities, LP (Address) (City, State) (Zip Code)
has submitted an application with the Public Utility Commission of Texas (Commission) to purchase all of the water facilities and to transfer water certification service area under CCN No. 12863 in Liberty and Montgomery counties, TX from:

Southern Utilities Development, Inc. P.O. Box 1076 Splendon, TX 77372
(Texas Water Utilities, LP (Address) (City, State) (Zip Code)

The requested area overlaps the district jurisdiction of Fort Worth Municipal Water Improvement District No. 1, Dallas Water Utility. If these districts do not receive a public hearing, the Commission shall determine that the districts are concerning Texas Water Utilities, LP (request to provide retail water utility service in the requested area).

The sale is scheduled to take place if approved by the Commission (Texas Water Code § 13.001). The transaction and the transfer of the CCN includes the following: Southern Utilities Development, Inc.

- The requested area includes 432 customer connections, is located approximately 2.4 miles northeast of downtown Splendon, Texas, and is generally bounded on the north by County Road 327, on the east by O.L.M. Lake east of County Road 327, on the south by County Road 323 and on the west by United States Highway 29.
- The requested area includes approximately 228.2 acres, comprised of:
 - 102.5 acres of unincorporated area to be added to CCN No. 12963;
 - 52.7 acres of transferred area from Southern Utilities Development, Inc. (CCN No. 12863) to Texas Water Utilities, LP (CCN No. 12933); and
 - 20.7 acres of unincorporated area from CCN No. 12863.

The application proposes the subtraction of approximately 625.2 acres from CCN No. 12863 and the addition of approximately 625.2 acres to CCN No. 12963.

A copy of the maps showing the requested area are available at: 1620 Grand Ave Hwy, Ste 100, Willsboro, TX 75665.

The proposed transaction may change the current customers' rates and services to the current approved rates and services of Texas Water Utilities, LP, which are higher than the current rates for a 50% note for Southern Utilities Development, Inc. To view a copy of the current approved

will, go to: <https://www.southwest.com/txwater> (Applicable water rates on tariff page 2 and are labeled "Texas Water Utilities - RATES" effective 06-01-2022 or email TXWaterRates@swd.com or call 866-654-7992 to request a copy.

Persons who wish to intervene in the proceeding or comment upon actions sought should contact the Public Utility Commission, 200 Bay 13320, Austin, Texas 78711-3200, or visit the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing and proceedings are conducted in accordance with the Public Utility Code, Chapter 101, Subchapter A, Section 101.001. The deadline for filing comments is 30 days from the mailing of publication of notice of public hearing. Comments should be filed with the public hearing officer. The filer 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 an 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 20 acres or more, that is partially or wholly located within the unincorporated requested area, may file a written request with the Commission to be excluded from the requested area ("opt out") within 60 days from the date that notice was provided by the Utility. All opt out requests must include a large-scale map, a metric 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 15246, Austin, TX 78711-3526.

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. If you need information on options, please call 1-888-782-8477.

INVITATION TO BIDDERS

Sealed Electronic Bids addressed to Timber Lane Utility District, Attention David M. Mescham, President, Board of Directors, will be electronically received, until 10:00 a.m. Local Time, Friday, May 5, 2023, and then publicly opened and read at Vagler & Spence Engineering, Inc., for Generators in Stone Water Plant #6, 3 and Left Station Nos. 2 & 7 within Timber Lane Utility District, Harris County, Texas. In addition to the opening of sealed bids at the address above, you may view the public opening of sealed bids via Civinet. To join via Civinet login to your account access the posting of the Bid Summary document immediately following the bid opening.

Scope of Work of the Contract Documents includes the following: Installation of new natural-gas generator at Water Plant No. 3, 6&8, including the concrete foundation. Also, the replacement of existing generator at waterworks. L/E Section Nos. 2 & 7, work shall include construction of all gas-lines, meters, electrical conduit and appurtenances to operate the generator.

Bids received after the closing time will not be considered.

Each Bid must be accompanied by a Bid Bond or a certified or cashier's check, acceptable to the Owner, in an amount not less than two percent (2%) of the total amount bid, as a guarantee that the successful bidder will enter into the Contract Documents and execute the Bonds on the terms provided and provide the required insurance certificates within seven (7) days after the date Contract Documents are received by the Contractor. If a certified or cashier's check is provided, the successful bidder shall deliver, at the bid opening address, the original certified or cashier's check within two (2) business days of receipt of the bid opening.

Copies of the bidding documents may be reviewed and obtained from www.civinetusa.com, search 05200-846-1-UTL. Bidders must register on this website in order to view and/or download specifications, plans, soils reports, and environmental reports for this Project. There is NO charge to view or download documents.

Bidder must submit its Bid and Bid Security in compliance with Owner's Order Adopting Section 49.27A Electronic Bidding Rules and all Bids and Bid Securities must be submitted through www.CivinetUSA.com. Bidder must register on this website to submit a Bid and Bid Security and there is NO charge to submit Bids and Bid Securities on this website.

By submitting a Bid, Bidder acknowledges and agrees that the Contract Documents may be accepted, executed, or agreed to using an Electronic Signature, as defined by and in accordance with Owner's Electronic Signature Rules for Construction Contracts.

The Owner reserves the right to reject any or all bids and to waive all defects and irregularities in bidding or bidding process except time of submitting a Bid. The successful Bidder, if any, will be the responsible bidder which in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the Project.

The requirements of Subchapter J, Chapter 552, Government Code, may apply to this Bid and the Contractor agrees that the Contract Documents can be terminated if the Contractor knowingly or intentionally fails to comply with a requirement of that subchapter.

INVITATION TO BIDDERS

Sealed Bids addressed to Fort Bend County Municipal Utility District No. 245, Attention: Mr. Erik Vidar, President, Board of Directors, will be received electronically or at the office of LJA Engineering, Inc., 3600 W. San Houston Pkwy S, Suite 150, Houston, Texas 77042, until 10:00 a.m. Local Time, Friday, May 12, 2023, and then publicly opened and read at the office of LJA Engineering, Inc., 3600 W. San Houston Pkwy S, Suite 150, Houston, Texas 77042 for "Del Welsh Fullsize Lift Station No. 1 to Serve Fort Bend County Municipal Utility District No. 245 for Fort Bend County Municipal Utility District No. 245, Fort Bend County, Texas." In addition to the opening of sealed bids at the address above, you may attend the Bid Opening by telephone by dialing +1 346-202-6170, Phone Conference ID: 968 271 2746.

Scope of Work of the Contract Documents includes the following: Del Welsh Fullsize Lift Station No. 1 to Serve Fort Bend County Municipal Utility District No. 245.

Bids received after the closing time will be returned unopened. A non-mandatory pre-bid conference will be held remotely on Friday, May 5, 2023, at 10:00 a.m. Local Time. To attend the audio format non-mandatory pre-bid conference, dial +1 346-202-6170, Phone Conference ID: 174 243 7092.

Each Bid must be accompanied by a Bid Bond or a certified or cashier's check, acceptable to the Owner, in an amount not less than two percent (2%) of the total amount bid, as a guarantee that the successful bidder will enter into the Contract Documents and execute the Bonds on the terms provided and provide the required insurance certificates within seven (7) days after the date Contract Documents are received by the Contractor. If a certified or cashier's check is provided, the successful bidder shall deliver, at the bid opening address, the original certified or cashier's check within twenty-four (24) hours of receipt of the bid opening.

Bidding documents may be examined at LJA Engineering, Inc., AGC of Texas, Contractor Connect, and Amdock or may be obtained by prospective bidders or suppliers upon payment of \$100.00 non-refundable fee plus cost of delivery (\$50.00 for electronic copy) for each set of documents at LJA Engineering, Inc., 3600 W. San Houston Parkway S, Suite 150, Houston, Texas 77042, or at bids@lja.com. Checks should be made payable to LJA Engineering, Inc. No cash will be accepted.

A bidder submitting electronic Bids must submit its Bid and Bid Security in compliance with Owner's Order Adopting Section 49.27A Electronic Bidding Rules and all electronic Bids and Bid Securities must be submitted through bids@lja.com. Bidders must register and obtain bidding documents on this website for the requirement payment amount (if any) to submit an electronic bid.

By submitting a Bid, bidder acknowledges and agrees that the Contract Documents may be accepted, executed or agreed to through the use of an Electronic Signature, as defined by and in accordance with Owner's Electronic Signature Rules for Construction Contracts.

The Owner reserves the right to reject any or all bids and to waive all defects and irregularities in bidding or bidding process except time of submitting a Bid. The successful bidder, if any, will be the responsible bidder which in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the Project.

The requirements of Subchapter J, Chapter 552, Government Code, may apply to this Bid and the Contractor agrees that the Contract Documents can be terminated if the Contractor knowingly or intentionally fails to comply with a requirement of that subchapter.

PROPOSAL NOTICE

The Klein Independent School District is accepting electronic Requests for Proposal for the purchase of Athletic Training Supplies beginning April 21, 2023, thru May 5, 2023, at 2:00 P.M. Proposals are to be submitted electronically through our eBid system bids.kisd.net/submit_proposal.asp, RFP # 24-135. The proposal process will be conducted in accordance with the proposal procedures set forth in the Texas Education Code §49.001. The Klein Independent School District reserves the right to postpone, to accept or reject any or all requests for proposals as it deems to be in its best interest and to waive formalities and reasonable irregularities in this proposal.

INVITATION TO BIDDERS

Sealed Bids addressed to Harris County Municipal Utility District No. 495, Attention: Mr. Martin Batus, President, Board of Directors, will be received electronically or at the office of LJA Engineering, Inc., until 2:00 p.m. Local Time, Thursday, May 18, 2023, and then publicly opened and read at the office of the Engineer, LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449 for "Paving and Appurtenances to Serve Maribel Section 4 for Harris County Municipal Utility District No. 495, Harris County, Texas." In addition to the opening of sealed bids at the address above, you may attend the Bid Opening by telephone by dialing +1 346-202-6170, Phone Conference ID: 968 271 2746.

Scope of Work of the Contract Documents includes the following: paving and appurtenances.

Bids received after the closing time will be returned unopened. A non-mandatory pre-bid conference will be held remotely on Thursday, May 5, 2023, at 2:00 p.m. Local Time. To attend the audio format non-mandatory pre-bid conference, dial +1 346-202-6170, Phone Conference ID: 834 523 3197.

Each Bid must be accompanied by a Bid Bond or a certified or cashier's check, acceptable to the Owner, in an amount not less than two percent (2%) of the total amount bid, as a guarantee that the successful bidder will enter into the Contract Documents and execute the Bonds on the terms provided and provide the required insurance certificates within seven (7) days after the date Contract Documents are received by the Contractor. If a certified or cashier's check is provided, the successful bidder shall deliver, at the bid opening address, the original certified or cashier's check within twenty-four (24) hours of receipt of the bid opening.

Bidding documents may be examined at LJA Engineering, Inc., AGC of Texas, Contractor Connect, and Amdock or may be obtained by prospective bidders or suppliers upon payment of \$95.00 non-refundable fee plus cost of delivery (\$50.00 for electronic copy) for each set of documents at LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449, or at bids@lja.com. Checks should be made payable to LJA Engineering, Inc. No cash will be accepted.

A bidder submitting electronic Bids must submit its Bid and Bid Securities in compliance with Owner's Order Adopting Section 49.27A Electronic Bidding Rules and all electronic Bids and Bid Securities must be submitted through bids@lja.com. Bidders must register and obtain bidding documents on this website for the requirement payment amount (if any) to submit an electronic bid.

By submitting a Bid, bidder acknowledges and agrees that the Contract Documents may be accepted, executed or agreed to through the use of an Electronic Signature, as defined by and in accordance with Owner's Electronic Signature Rules for Construction Contracts.

The Owner reserves the right to reject any or all bids and to waive all defects and irregularities in bidding or bidding process except time of submitting a Bid. The successful bidder, if any, will be the responsible bidder which in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the Project.

The requirements of Subchapter J, Chapter 552, Government Code, may apply to this Bid and the Contractor agrees that the Contract Documents can be terminated if the Contractor knowingly or intentionally fails to comply with a requirement of that subchapter.

INVITATION TO BIDDERS

Sealed Bids, in duplicate, addressed to Brazoria County Municipal Utility District No. 83, Attention: Jeff Perry, President, Board of Directors, will be received at the office of the Engineer, LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449, until 10:30 a.m. Local Time, Thursday, May 9, 2023, and then publicly opened and read for "Construction of the Water, Sanitary Sewer and Detention Facilities and Paving and Appurtenances to Serve Valencia Section 2 for Brazoria County Municipal Utility District No. 83, Brazoria County, Texas." Bidders may also submit bids electronically via bids@lja.com. Bidders must register and obtain bidding documents on this website for the required payment amount (if any) to submit an electronic bid. To attend the Bid Opening by telephone, dial +1 346-202-6170, Phone Conference ID: 536 550 4462.

Scope of Work of the Contract includes the construction of the water, sanitary sewer, detention facility and paving and appurtenances.

A non-mandatory audio pre-bid conference will be held on Tuesday, May 2, 2023, at 10:30 a.m. Local Time. To attend the audio format non-mandatory pre-bid conference, dial +1 346-202-6170, Phone Conference ID: 236 292 6936.

Each Bid must be accompanied by a Bid Bond or a certified or cashier's check, acceptable to the Owner, in an amount not less than five percent (5%) of the total amount bid, as a guarantee that the successful bidder will enter into the Contract and execute the Bonds on the terms provided and provide the required insurance certificates within 7 days after the date Contract Documents are received by the Contractor.

Bidding documents may be examined at LJA Engineering, Inc., AGC of Texas, Contractor Connect, and Amdock or may be obtained by prospective bidders or suppliers upon payment of ninety-five dollars (\$95.00 non-refundable plus cost of delivery) (\$20.00 for electronic copy) for each set of documents at LJA Engineering, Inc., 1904 West Grand Parkway North, Suite 120, Katy, Texas 77449 or at bids@lja.com. Bidders must register on this website to download bidding documents.

The Owner reserves the right to reject any or all bids and to waive all defects and irregularities in bidding or bidding process except time of submitting a Bid. The successful bidder, if any, will be the responsible bidder which in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the Project.

Brazoria County Municipal Utility District No. 83

COASTAL WATER AUTHORITY

REQUEST FOR QUALIFICATIONS FOR PROFESSIONAL ENGINEERING SERVICES

This Request for Qualifications is being issued to identify and select a qualified Engineering Firm to provide design, design services for the LINTX Cayuga Ridge Pump Station Additional Pump Capacity Project. This Request for Qualifications may be obtained from the CWA website at www.cwa-tx.com.

- The following studies and reports provide complete background on the project and relevant information pertaining to the CWA:
 - Lake Bayou Installation Transfer - Final Environmental Impact Statement (2014)
 - Cayuga Ridge Pump Station and Raw Water Intake - As-Built Project Manual and Design Drawings

CWA reserves the right to reject any or all Statements of Qualifications. CWA also reserves the right to determine which Firm is the most advantageous to CWA and will award in the best and most economical completion of the work. This contract is contingent upon release of funds from the Texas Water Development Board (TWDB).

CWA will retain a Technical Advisor to assist in the subsequent design services scope of work, review design submittals and assist with pre-award related technical issues. The selected firm will work with CWA and its Technical Advisor during the design of the CWA's Additional Pump Capacity Project.



Filing Receipt

Received - 2022-09-26 02:37:06 PM
Control Number - 49859
ItemNumber - 73

Public Utility Commission of Texas

Memorandum

TO: Central Records

FROM: Heidi Graham, Lead Engineering Specialist
Infrastructure Division

DATE: September 26, 2022

Subject: **Project No. 49859**, *Notice of Intent to Determine Fair Market Value, Monarch Utilities I LP, and Southern Horizons Development, Inc.*

In a letter dated September 22, 2022, the executive director appointed three utility valuation experts to perform the fair market value determination of the water systems owned by Southern Horizons Development, Inc. The attached affidavits were completed by the three appointed utility valuation experts.

Attachments (3)

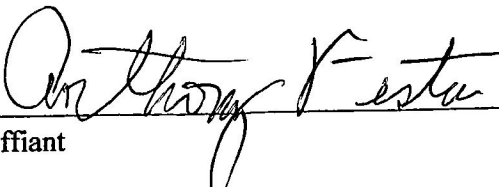
AFFIDAVIT OF ANTHONY FESTA, ASA

ON THIS DAY, before me, the undersigned personally appeared, Anthony Festa, who under oath stated as follows:

1. My name is Anthony Festa. I am employed by Marshall & Stevens Incorporated.
2. I am qualified to determine the fair market value of the water system currently owned by **Southern Horizons Development, Inc.** (Selling Utility) and to be sold to **Monarch Utilities I LP** (Acquiring Utility), as described in the Selling Utility's and Acquiring Utility's filing on September 6, 2022, in Public Utility Commission of Texas Project No. 49859, Notice of Intent to Determine Fair Market Value. I am qualified to make this determination according to 16 Texas Administrative Code § 24.238, including using the cost, market, and income approaches in accordance with subsections (g) through (i) of 16 Texas Administrative Code § 24.238 and in compliance with Uniform Standards of Professional Appraisal Practice.
3. I will ensure that all actions taken to determine the fair market value are done in accordance with the law, including without limitation, ensuring any real estate appraisals required are done in accordance with the Texas Appraiser Licensing and Certification Act, Texas Occupations Code Chapter 1103. I understand that it is my sole responsibility to ensure my compliance with the law.
4. As required by 16 Texas Administrative Code § 24.238(e)(2), I understand that I may not:
 - a. derive any material financial benefit from the sale other than fees for services rendered;
 - b. be or have been within the year preceding the date the service contract is executed a director, officer, or employee of the Acquiring Utility or the Selling Utilities or an immediate family member of a director, officer, or employee of the Acquiring Utility or the Selling Utilities; or
 - c. have received compensation under a contract for consulting or other services with the Acquiring Utility or Selling Utilities or executed a contract for consulting or other services with the Acquiring Utility or Selling Utilities, within the year preceding the date I am selected.

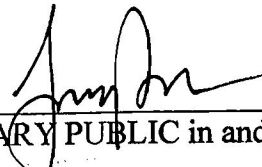
5. ■ I work for Marshall & Stevens Incorporated, and my firm has not provided consulting or other services to either the Acquiring Utility or the Selling *Utility* within the preceding year.

■ I am capable of submitting a completed report to the Acquiring Utility and the Selling Utilities no later than 120 days after being selected by the Public Utility Commission of Texas.



Affiant

SUBSCRIBED AND SWORN TO before me, on this the 16th day of September of 2022.



NOTARY PUBLIC in and for the State of New Jersey.

MAHESH G. PATEL
NOTARY PUBLIC OF NEW JERSEY
COUNTY OF SOMERSET
Comm # 2318716
My Commission Expires Aug. 25, 2024

AFFIDAVIT OF ARTHUR L SCHWERTZ

ON THIS DAY, before me, the undersigned personally appeared, Arthur L. Schwertz, who under oath stated as follows:

1. My name is Arthur L Schwertz. I am employed by VPA of South Louisiana, Inc. d/b/a Valbridge Property Advisors | South Louisiana.
2. I am qualified to determine the fair market value of the water system currently owned by **Southern Horizons Development, Inc.** (Selling Utility) and to be sold to **Monarch Utilities I LP** (Acquiring Utility), as described in the Selling Utility's and Acquiring Utility's filing on September 6, 2022, in Public Utility Commission of Texas Project No. 49859, Notice of Intent to Determine Fair Market Value. I am qualified to make this determination according to 16 Texas Administrative Code § 24.238, including using the cost, market, and income approaches in accordance with subsections (g) through (i) of 16 Texas Administrative Code § 24.238 and in compliance with Uniform Standards of Professional Appraisal Practice.
3. I will ensure that all actions taken to determine the fair market value are done in accordance with the law, including without limitation, ensuring any real estate appraisals required are done in accordance with the Texas Appraiser Licensing and Certification Act, Texas Occupations Code Chapter 1103. I understand that it is my sole responsibility to ensure my compliance with the law.
4. As required by 16 Texas Administrative Code § 24.238(e)(2), I understand that I may not:
 - a. derive any material financial benefit from the sale other than fees for services rendered;
 - b. be or have been within the year preceding the date the service contract is executed a director, officer, or employee of the Acquiring Utility or the Selling Utilities or an immediate family member of a director, officer, or employee of the Acquiring Utility or the Selling Utilities; or
 - c. have received compensation under a contract for consulting or other services with the Acquiring Utility or Selling Utilities or executed a contract for consulting or other services with the Acquiring Utility or Selling Utilities, within the year preceding the date I am selected.
5. I work for VPA of South Louisiana, Inc. d/b/a Valbridge Property Advisors | South Louisiana, and my firm has not provided consulting or other services to either the Acquiring Utility or the Selling *Utility* within the preceding year outside of official Public Utility Commission of Texas proceedings.

I work for (Name of Firm), and my firm has provided consulting or other services to (Selling Utility or Acquiring Utility or both) within the preceding year or expects to provide services to (Selling Utility or Acquiring Utility or both) unrelated to selection by the Public Utility Commission of Texas to determine fair market value according to 16

Texas Administrative Code § 24.238 (Other Services). I did not perform Other Services. No member or employee of the firm who performed or will perform Other Services will perform work related to the determination of the fair market value of the water system described above in numbered paragraph 2. In addition, I will not discuss any information related to the determination of the fair market value of that water system with any member or employee of the firm that performed or will perform Other Services.

- 6. I am capable of submitting a completed report to the Acquiring Utility and the Selling Utilities no later than 120 days after being selected by the Public Utility Commission of Texas.

[Handwritten Signature]

Affiant

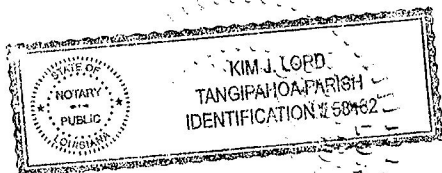
SUBSCRIBED AND SWORN TO before me, on this the 13th day of SEPTEMBER of 2022.

[Handwritten Signature]

NOTARY PUBLIC in and for the State of ~~Texas~~

Kim J. Lord 58462


LOUISIANA



AFFIDAVIT OF BRET W. FENNER

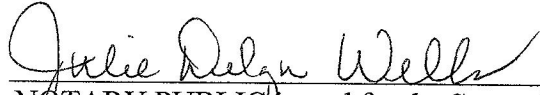
ON THIS DAY, before me, the undersigned personally appeared, Bret W. Fenner, who under oath stated as follows:

1. My name is Bret W. Fenner. I am employed by B & D Environmental, Inc.
2. I am qualified to determine the fair market value of the water system currently owned by **Southern Horizons Development, Inc.** (Selling Utility) and to be sold to **Monarch Utilities I LP** (Acquiring Utility), as described in the Selling Utility's and Acquiring Utility's filing on September 6, 2022, in Public Utility Commission of Texas Project No. 49859, Notice of Intent to Determine Fair Market Value. I am qualified to make this determination according to 16 Texas Administrative Code § 24.238, including using the cost, market, and income approaches in accordance with subsections (g) through (i) of 16 Texas Administrative Code § 24.238 and in compliance with Uniform Standards of Professional Appraisal Practice.
3. I will ensure that all actions taken to determine the fair market value are done in accordance with the law, including without limitation, ensuring any real estate appraisals required are done in accordance with the Texas Appraiser Licensing and Certification Act, Texas Occupations Code Chapter 1103. I understand that it is my sole responsibility to ensure my compliance with the law.
4. As required by 16 Texas Administrative Code § 24.238(e)(2), I understand that I may not:
 - a. derive any material financial benefit from the sale other than fees for services rendered;
 - b. be or have been within the year preceding the date the service contract is executed a director, officer, or employee of the Acquiring Utility or the Selling Utilities or an immediate family member of a director, officer, or employee of the Acquiring Utility or the Selling Utilities; or
 - c. have received compensation under a contract for consulting or other services with the Acquiring Utility or Selling Utilities or executed a contract for consulting or other services with the Acquiring Utility or Selling Utilities, within the year preceding the date I am selected.
5. I work for B & D Environmental, Inc., and my firm has not provided consulting or other services to either the Acquiring Utility or the Selling Utility within the preceding year.
6. I am capable of submitting a completed report to the Acquiring Utility and the Selling Utilities no later than 120 days after being selected by the Public Utility Commission of Texas.

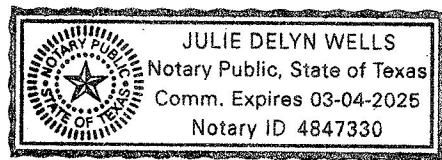


Affiant

SUBSCRIBED AND SWORN TO before me, on this the 13th day of September of 2022.



NOTARY PUBLIC in and for the State of Texas.





Filing Receipt

Received - 2022-09-26 02:02:55 PM
Control Number - 49859
ItemNumber - 71

Peter M. Lake
Chairman
Will McAdams
Commissioner
Lori Cobos
Commissioner
Jimmy Glotfelty
Commissioner
Kathleen Jackson
Commissioner



Greg Abbott
Governor
Thomas J. Gleeson
Executive Director

Public Utility Commission of Texas

September 22, 2022

Mr. Bret Fenner
B&D Environmental
200 Harbor Circle
Georgetown, TX 78633
bretfenner@yahoo.com

Mr. Anthony Festa
Marshall & Stevens, Inc.
350 5th Avenue, Suite 4100
New York, NY 10118
afesta@marshall-stevens.com

Mr. Arthur L. Schwartz
Valbridge Property Advisors
2030 Dickory Avenue, Suite 200
New Orleans, LA 70123
aschwartz@valbridge.com

Re: Project No. 49859, Notice of Intent to Determine Fair Market Value

Dear Mr. Fenner, Mr. Festa, and Mr. Schwartz:

This letter is notice of your selection as utility valuation experts for the determination of fair market value for the purchase of a water systems by Monarch Utilities I LP from Southern Horizons Development, Inc. as described in those utilities' filing on September 6, 2022.

Heidi Graham, Lead Engineering Specialist, with the Commission, recommended your selection based on her review of the resumes you filed in Project No. 49818, *List of Experts Qualified to Conduct Economic Evaluations*; and affidavits in which you confirm your eligibility and willingness to perform the determination under 16 Texas Administrative Code (TAC) § 24.238.



Page 2, September 22, 2022

Thank you for your agreement to perform the determination of fair market value. If you have any questions about your selection, please contact Ms. Graham at (512) 936-7139 or by email at heidi.graham@puc.texas.gov.

Sincerely,



Thomas Gleeson

cc: Jeffrey L. McIntyre, President, Texas Water Utilities, 12535 Reed Rd., Sugar Land, TX 77478
Steve Sullivan, 195 S. Mossy Brake Rd., Karnack, TX 75661
Central Records



**Attachment BDB-6 is
CONFIDENTIAL and being filed
under seal.**



**SOAH DOCKET NO. 473-20-4709.WS
PUC DOCKET NO. 50944**

**APPLICATION OF MONARCH § BEFORE THE STATE OFFICE OF
UTILITIES I L.P. FOR AUTHORITY TO §
CHANGE RATES § ADMINISTRATIVE HEARINGS**

UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT

This Unanimous Stipulation and Settlement Agreement (Stipulation) is entered into by the parties in this case, which are Monarch Utilities I L.P. (Monarch), the Staff (Commission Staff) of the Public Utility Commission of Texas (Commission), Office of Public Utility Counsel (OPUC), and Kathy Nielsen, through their duly authorized representatives (collectively, Signatories).

I. BACKGROUND

On July 15, 2020, Monarch filed a Class A Rate/Tariff Change Application in this matter (Rate Application). On August 18, 2020, the Commission found Monarch’s Rate Application administratively complete, and suspended Monarch’s proposed rates until February 1, 2021. On August 31, 2020, the Commission referred the Rate Application to the State Office of Administrative Hearings (SOAH).

On September 17, 2020, Commission Staff filed a Request for Interim Rates. In this pleading, Commission Staff requested that interim rates be granted at Monarch’s authorized rates to protect Monarch customers from unreasonable economic hardship. On September 18, 2020, the SOAH Administrative Law Judges convened an initial prehearing videoconference via Zoom. On September 28, 2020, Monarch, Commission Staff, and OPUC filed a Joint Motion to Set Interim Rates, Extend Effective Date, and Adopt Joint Proposed Procedural Schedule. In this motion, Monarch, Commission Staff, and OPUC requested that an order be entered implementing interim rates in two phases: 1) effective September 18, 2020, at Monarch’s existing water and wastewater

rates; and 2) effective February 1, 2021, at the rates requested in Monarch's Rate Application. The motion also requested to extend the effective date of the proposed rates until May 31, 2021.

On October 2, 2020, the Commission entered Order No. 2 Requesting Briefing on Interim Rates. Monarch, Commission Staff, and OPUC filed briefing on interim rates issues on October 9, 2020. On October 15, 2020, SOAH issued Order No. 3 Approving Agreed Interim Rates. The interim rates were set as effective on the dates and at the levels requested in the joint motion, and the effective date of the proposed rates was suspended for 150 days, until May 31, 2021.

On December 7–8, 2020, SOAH convened a hearing on the merits, with all Signatories in attendance. On February 2, 2021, Signatories reached a settlement agreement in principle and notified SOAH on February 2, 2021. On February 2, 2021, SOAH issued Order No. 7 abating the procedural schedule.

The Signatories submit that a resolution of this docket, pursuant to the terms stated below, is reasonable and in the public interest. Settlement will also conserve the resources of the Signatories and the Commission. The Signatories jointly request Commission approval of this Stipulation and the entry of the Joint Proposed Order, including findings of fact, and conclusions of law, attached as Attachment A. By this Stipulation, the Signatories resolve all issues among them related to Monarch's application, and agree as follows:

II. STIPULATION AND AGREEMENT

1. **Retail Water Utility Rates.** The Signatories agree that Monarch will be allowed to implement the retail water utility rates contained in the tariff included as Attachment B to this Stipulation for the water systems included in Monarch's Rate Application. The Signatories agree that Monarch's water rates for the Water Services and Diamond systems will go into effect upon approval of a Final Order in this proceeding, with no additional phases. Monarch will forego recovery of the revenues associated with the final phase-ins

previously approved for the Water Services and Diamond systems in Docket No. 47736. The Signatories agree that the rates shown on Attachment B are just and reasonable and consistent with the public interest. The rates contained in Attachment B will be effective for usage on and after the date of the Commission's final order setting the rates in this docket. To the extent the phase 1 and phase 2 interim rates, effective on September 18, 2020 and February 1, 2021, respectively, differ from the final rates approved by the Commission in this docket, the interim rates are subject to refund or surcharge consistent with 16 TAC § 24.37(h).

2. **Retail Wastewater Utility Rates.** The Signatories agree that Monarch will be allowed to implement the retail wastewater utility rates contained in the tariff included as Attachment C to this Stipulation for the wastewater systems included in Monarch's Rate Application. Monarch will not apply an increase in the base wastewater charge. The change to the revenue requirement for wastewater will be recovered consistent with Monarch's ratio of test year fixed versus variable revenues. The Signatories agree that the rates shown on Attachment C are just and reasonable and consistent with the public interest. The rates contained in Attachment C will be effective for usage on and after the date of the Commission's final order setting the rates in this docket. To the extent the phase 1 and phase 2 interim rates, effective on September 18, 2020 and February 1, 2021, respectively, differ from the final rates approved by the Commission in this docket, the interim rates are subject to refund or surcharge consistent with 16 TAC § 24.37(h).
3. **Revenue Requirement and Rate Base.** The Signatories agree that Monarch's total annual revenue requirement for rate design, which does not include miscellaneous revenue and contract revenue, is \$34,950,000.

The Signatories agree that approval of invested capital (Rate Base), as of December 31, 2019, of \$103,695,931—which includes \$111,576,840 of net plant minus certain adjustments listed on Attachment D—is reasonable and in the public interest. Monarch’s Rate Base includes a total Accumulated Deferred Federal Income Tax (ADFIT) of \$831,540, and excess ADFIT of \$407,802. The Signatories further agree that Monarch will apply the depreciation rates as proposed in the Rate Application, and Monarch will continue to use over-recovery prevention tools as discussed in the rebuttal testimony of Dane Watson. Monarch will use these values for both regulatory accounting and other regulatory purposes unless altered by a subsequent Commission order.

The Signatories agree that facilities used and useful in providing utility service as of December 31, 2019—as set out in Attachment D—will be binding in future rate cases for the purposes of determining Monarch’s total Rate Base as of December 31, 2019.

4. **Rate of Return and Capital Structure.** The Signatories have agreed to a ratio of 45% debt to 55% equity for Monarch’s cost of capital. Monarch will have a 6.17% cost of debt and a 9% return on equity. These ratios and percentages result in a total cost of capital of 7.73%.
5. **Tariff Provisions.** The Signatories agree that Attachment B to this Stipulation will be the governing water utility rates, terms, and conditions for Monarch’s ratepayer customers. The Signatories agree that Attachment C to this Stipulation will be the governing wastewater utility rates, terms, and conditions for Monarch’s ratepayer customers.

Monarch will recover 2019 purchased water costs in the amount of \$3,166,067 via pass-through mechanisms contained in the tariff included as Attachment B to this Stipulation. Monarch will recover 2019 purchased wastewater treatment service costs in

the amount of \$249,514 via pass-through mechanisms contained in the tariff included as Attachment C to this Stipulation. Monarch will continue to recover purchased water costs for the systems included in Monarch's tariff approved in Docket No. 45570 using the pass-through mechanism that was approved in Docket No. 45570. Monarch will continue to recover purchased water costs for the legacy Water Services systems included in the tariff approved in Docket No. 47736 using the pass-through mechanism that was approved in Docket No. 47736. For all other systems that do not have a pass-through provision contained in the tariffs included as Attachments B and C to this Stipulation, Monarch will file pass-through approval applications with the Commission in accordance with 16 TAC § 24.25(b)(2), and will not seek to recover purchased water or wastewater treatment service costs from systems that do not incur purchased water or wastewater treatment service costs.

6. **Future Rate Change Applications.** Monarch agrees to file a full rate case no earlier than one year from the date of the final order in this docket and no later than three years from the date of the final order in this docket. In Monarch's next base rate case, Monarch will provide and propose in its application the use of a labor functional allocator composed of all non-administrative costs directly assigned to each of the water or wastewater functions to the maximum extent possible. Monarch will file a true up in March of 2022, and annually thereafter, and will seek a good cause exception from 16 TAC 24.25(b)(2)(c)(v), which Staff and OPUC will not oppose.
7. **Rate Case Expenses.** The Signatories agree that Monarch is entitled to recover up to \$525,000 in reasonable and necessary rate case expenses for this docket to be collected via surcharge to its customers. Monarch may collect the surcharge over a 24-month period or until the full amount in rate-case expenses is collected, whichever occurs first. Monarch

may not seek to recover any additional rate-case expenses incurred in connection with this Rate Application in a future proceeding.

8. **Interim Rates.** The refund or surcharge calculated, pursuant to Tex. Water Code § 13.187(n) and 16 TAC § 24.37(h), after the signing of a final order for the difference between the settled rates and interim rates, effective on September 18, 2020 for phase 1 and February 1, 2021 for phase 2, will include all tariffed rates that would have been charged to customers, including base and pass-through rates.
9. **Joint Proposed Order.** The Signatories jointly propose a final order in the form attached as Attachment A. The Signatories submit the stipulated and agreed-upon findings of fact and conclusions of law included in the proposed order in Attachment A for the Commission's adoption and inclusion in a final order in this case implementing the terms of this Stipulation.

III. IMPLEMENTATION OF AGREEMENT

1. **Obligation to Support this Stipulation.** The Signatories will support this Stipulation before the Commission and will take reasonable steps to support expeditious entry of orders fully consistent with this Stipulation. This provision shall not preclude any party from taking action that is mandatory and nondiscretionary pursuant to a law enacted after the date this Stipulation is filed at the Commission.
2. **Effect of Stipulation.**
 - a. The Stipulation does not adopt any particular methodology underlying the settlement rates or rate design reflected in the Stipulation.
 - b. The non-litigation of any specific issue in this docket, or not addressing it in the Stipulation, does not waive any Signatory's right to contest that issue in any other current or future proceeding. The non-litigation of an issue, or not addressing an

issue in the Stipulation, cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding.

- c. The terms of this Stipulation may not be used either as an admission or concession of any sort or as evidence in any proceeding except to enforce the terms of this Stipulation. Oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Stipulation. All oral or written statements made during the course of the settlement negotiations are governed by Tex. R. Evid. 408.
- d. The Signatories arrived at this Stipulation through extensive negotiation and compromise. This Stipulation reflects a compromise, settlement, and accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. The Signatories agree that this Stipulation is in the public interest. All actions by the Signatories contemplated or required by this Stipulation are conditioned upon entry by the Commission of a final order fully consistent with this Stipulation. If the Commission does not accept this Stipulation as presented or enters an order inconsistent with any term of this Stipulation, any Signatory shall be released from all commitments and obligations, and shall have the right to seek hearing on all issues, present evidence, and advance any positions it desires, as if it had not been a Signatory.
- e. This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth herein and for no other purposes. It is acknowledged that a Signatory's support of the matters contained in this

Stipulation may differ from the position taken or testimony presented by it in this proceeding or other proceedings. To the extent that there is a difference, a Signatory does not waive its position in any other proceedings. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other proceedings, whether those proceedings present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Stipulation.

- f. There are no third-party beneficiaries of this Stipulation. Although this Stipulation represents a settlement among the Signatories with respect to the issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues.
 - g. This Stipulation supersedes any prior written or oral agreement in this docket regarding the subject matter of this Stipulation, as well as any stipulation or agreement adopted by the Commission in any preceding docket regarding the rates of Monarch.
 - h. Except as provided in this Stipulation, the final resolution of this docket does not impose any conditions, obligations, or limitations on Monarch's right to file a future rate application and obtain rate relief in accordance with the Texas Water Code.
3. Except to the extent that the Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or precedential upon a Signatory outside this docket, and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.

4. **Execution.** The Signatories agree that this Stipulation may be executed in multiple counterparts and filed with facsimile or computer image signatures.

Executed as shown below:

Dated this 16th day of July, 2021.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)

/s/ William A. Faulk, III

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**ATTORNEYS FOR MONARCH UTILITIES I
L.P.**

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

/s/ Courtney N. Dean

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opuc_eservice@opuc.texas.gov (Service)

Kathy Nielsen July 15, 2021
KATHY NIELSEN, see note below;

the signing of settlement agreement
for Monarch's latest request for water/
sewer rate hike filed as PUC Docket No. 50944,
and also SOAH Docket No. 473-20-4709.WS

**SOAH DOCKET NO. 473-20-4709.WS
PUC DOCKET NO. 50944**

APPLICATION OF MONARCH UTILITIES I L.P. FOR AUTHORITY TO CHANGE RATES	§ § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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JOINT PROPOSED ORDER

This Order addresses the application of Monarch Utilities I L.P. (Monarch) for authority to change its tariffed rates for water service and sewer service. Monarch, the Staff of the Public Utility Commission of Texas (Commission Staff), Office of Public Utility Counsel (OPUC), and Kathy Nielsen (collectively, the parties) filed a unanimous agreement on the terms of the rate and tariff changes. The Commission approves the agreed rates and associated tariffs to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Monarch is a domestic limited partnership registered with the Texas secretary of state under filing number 800034797.
2. Monarch owns facilities and equipment for the transmission, storage, distribution, sale, or provision of potable water to the public in Texas in Bandera, Bexar, Brazoria, Chambers, Comal, Denton, Gillespie, Grayson, Guadalupe, Harris, Hays, Henderson, Hood, Johnson, Kendall, Kerr, Liberty, Marion, Matagorda, Medina, Montgomery, Parker, Polk, San Jacinto, Smith, Tarrant, Travis, Trinity, Tyler, Van Zandt, Wise, and Wood counties.
3. Monarch provides potable water service for compensation to approximately 30,000 active water connections across multiple, geographically separate service areas under water certificate of convenience and necessity (CCN) number 12983.
4. Monarch owns facilities and equipment for the collection, transportation, treatment, or disposal of sewage to the public in Chambers, Grayson, Harris, Henderson, Medina, Montgomery, San Jacinto, Trinity, and Wood counties.

PUC Docket No. 50944
SOAH Docket No. 473-20-4709.WS

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5. Monarch provides sewer service for compensation to approximately 4,400 connections across multiple, geographically separate service areas under sewer CCN number 20899.

Application

6. On July 15, 2020, Monarch filed an application to change its water and sewer rates and the associated tariffs under Texas Water Code (TWC) § 13.1871.
7. The basis for the application was Monarch's investment of approximately \$35.1 million to upgrade its water and sewer systems since 2015, its last test year.
8. The application is based on a historical test year ending December 31, 2019 and is adjusted for known and measurable changes.
9. In the application, Monarch requested overall increases over its adjusted test-year revenues of \$3,238,879 for annual water revenues and \$647,367 for annual sewer revenues.
- a. Monarch requested a revenue requirement of \$41,458,355, including \$36,276,849 for water service and \$5,181,507 for sewer service.
- b. Monarch requested an overall rate of return of 8.32% for both water and sewer service.
10. In its application, Monarch requested a consolidated water tariff for the following public water systems through various phase-in periods up to ten years, with each proposed phase-in period generally not exceeding a 10% increase per phase:

System Name	PWS ID No.	County
Enchanted River Estates	0100039	Bandera
Lake Medina Shores	0100037	Bandera
River Bend Estates	0100042	Bandera
Bavarian Hills	0150235	Bexar
Coolcrest Water System	0150046	Bexar
Stage Coach Hills	0150096	Bexar
Oaks North Mobile Home Estates	0150135	Bexar
Country Springs Water Company	0150421	Bexar
Holiday Shores	0200029	Brazoria
Tower Terrace	0360069	Chambers
Oak Village North***	0460037	Comal
Rim Rock Ranch	0460211	Comal
Windmill Ranch Subdivision	0460221	Comal

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Denton Creek Estates	0610015	Denton
Ponderosa Addition Utilities	0610175	Denton
Stonecrest Estates	0610059	Denton
Wynnwood Haven Estates	0610037	Denton
Oakview Water System	0860107	Gillespie
Ridgecrest	0910035	Grayson
Rocky Point Estates	0910038	Grayson
Sherwood Shores	0910040	Grayson
Tanglewood-on-Texoma	0910052	Grayson
Garden Oaks	0940030	Guadalupe
Villas of Willowbrook	1013599	Harris
Western Trails Subdivision	1010230	Harris
Huntington Estates	1050124	Hays
Plum Creek	1050028	Hays
River Oaks Ranch	1050099	Hays
Beachwood Estates & North Trinidad	1070069	Henderson
Briarwood Harbor	1070220	Henderson
Carolynn Estates	1070106	Henderson
Cherokee Shores Water Supply	1070206	Henderson
Dal-High Water System	1070159	Henderson
Highsaw	1070124	Henderson
Lollipop Water Works	1070039	Henderson
Westwood Beach	1070085	Henderson
Acton Water Royal Oaks	1110055	Hood
Comanche Cove & Heritage Heights	1110060	Hood
Comanche Harbor & Port O'Call	1110022	Hood
Granbury Acres Water System	1110109	Hood
Hideaway Bay Estates	1110002	Hood
Montego Bay Estates	1110044	Hood
Oak Trail Shores	1110004	Hood
Rancho Brazos Subdivision	1110036	Hood
Western Hills Harbor	1110005	Hood
Crowley 1 Acre Sky Corp Water	1260011	Johnson
Falcon Crest Addition	1260076	Johnson
Metroplex Homesteads Water Supply	1260074	Johnson
Nolan River Estates	1260099	Johnson
Ridge Crest Addition & Misty Hollow	1260035	Johnson
Shaded Lane Estates	1260103	Johnson
Southern Acres Water System	1260094	Johnson
Sundance Addition	1260025	Johnson
Tex-Rides Subdivision	1260037	Johnson

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Triple H Estates	1260116	Johnson
Twin Creek Subdivision	1260038	Johnson
West Meadow Subdivision	1260063	Johnson
West Park Village	1260077	Johnson
Cascade Mobile Home Park	1300005	Kendall
Platten Creek Water System	1300035	Kendall
Cedar Springs MHP	1330019	Kerr
Center Point	1330007	Kerr
Heritage Park Water System	1330080	Kerr
Hills & Dales	1330030	Kerr
Oak Ridge Estates Water System	1330134	Kerr
Southern Hills	1330128	Kerr
Verde Park Estates	1330027	Kerr
Vista Hills	1330169	Kerr
Westwood Water System	1330015	Kerr
Windwood Oaks Water System	1330141	Kerr
Woodhaven Mobile Home Park	1330024	Kerr
Raywood Water System	1460041	Liberty
Indian Hills Harbor	1580063	Marion
Pine Harbor Subdivision	1580023	Marion
Camelot Forest Water System	1610058	Matagorda
Rocky Creek Subdivision Water System	1630038	Medina
Crystal Springs Subdivision	1700331	Montgomery
Decker Hills	1700386	Montgomery
Hulon Lakes Subdivision	1700014	Montgomery
Oakwood Water System	1700454	Montgomery
Serenity Woods Subdivision	1700483	Montgomery
Green Acres Water system	1840120	Parker
Spanish Park Subdivision	1840026	Parker
Western Lake Estates	1840014	Parker
Westview Enterprises	1840105	Parker
Chesswood Water System	1870088	Polk
Country Wood Water System	1870138	Polk
Garden Acres Subdivision Water System	1870160	Polk
Longhorn Valley	1870152	Polk
Oak Terrace Estates Water System	1870055	Polk
Phillips Acres	1870146	Polk
Pinwah Pines Estates	1870130	Polk
Blue Water Cove	2040059	San Jacinto
Cedar Valley Subdivision	2040045	San Jacinto
Coldspring Terrace Water System	2040031	San Jacinto

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Governors Point	2040008	San Jacinto
Holiday Villages of Livingston	2040067	San Jacinto
Shepherd Hill Estates	2040061	San Jacinto
Lakeway Harbor Subdivision	2120064	Smith
Pine Trail Shores	2120035	Smith
Benbrook Hills	2200313	Tarrant
Markum Ranch Estates	2200281	Tarrant
Silver Saddle Acres	2200299	Tarrant
Westside Rural WSC	2200079	Tarrant
Inverness Point Water System	2270102	Travis
Harbor Point	2280035	Trinity
Ivanhoe Land of Lakes	2290010	Tyler
Callender Lake	2340007	Van Zandt
Aurora Vista	2490051	Wise
Chisholm Hills Estates	2490044	Wise
Coyote Ridge Addition	2490053	Wise
Hills of Oliver Creek	2490046	Wise
Las Brisas	n/a	Wise
Sage Brush Estates	2490058	Wise
Sky View Ranch Estates	2490061	Wise
Windmill Trail	2490050	Wise
Holiday Villages of Fork	2500058	Wood

11. In its application, Monarch requested a consolidated sewer tariff for the following sewer systems through various phase-in periods up to ten years, with each proposed phase-in period generally not exceeding a 10% increase per phase:

System Name	TCEQ WQ No.	County
Tower Terrace	WQ 12478-001	Chambers
Tanglewood-on-Texoma	collection only	Grayson
Villas of Willowbrook	collection only	Harris
Beachwood Estates	WQ 11282-001	Henderson
Cherokee Shores	WQ 13879-001	Henderson
Pinnacle Club	WQ 11506-001	Henderson
Holiday Villages of Medina	WQ 14167-001	Medina
Decker Hills	WQ 12587-001	Montgomery
Blue Water Cove	WQ 14179-001	San Jacinto

Holiday Village of Livingston	WQ 14056-001	San Jacinto
Harbor Point	WQ 13547-001	Trinity
Lake Fork Estates	WQ 14055-001	Wood

12. In its application, Monarch requested the following pass-through water charges:

Pass-through for Bavarian Hills, Cascade Mobile Home Park, Coolcrest Water System, Country Springs Water Company, Garden Oaks, Oaks North Mobile Home Estates, Stagecoach Hills:

San Antonio Water System (SAWS)..... \$0.7026 per month

Pass-through for Cascade Mobile Home Park:

Cow Creek Groundwater Conservation District (GCD)..... \$0.4125 per month

Pass-through for Coolcrest Water System:

Edwards Aquifer Authority..... \$2.5202 per month

Pass-through for Bavarian Hills, Country Springs Water Company, Oaks North Mobile Home Estates, Stagecoach Hills:

Trinity Glen Rose GCD.....\$0.1082 per 1000 gallons

Pass-through for Enchanted River Estates, Oakview Water System, Rim Rock Ranch, River Bend, Windmill Ranch Subdivision:

Canyon Lake..... \$10.6670 per month

Pass-through for Rim Rock Ranch, Windmill Ranch Subdivision:

Comal Trinity GCD.....\$0.0722 per 1000 gallons

Pass-through for Monarch Hills, Westwood Park:

Jagge Edwards Lease.....\$10.6670 per month

13. In Order No. 3 filed on August 18, 2020, the Commission administrative law judge (ALJ) found Monarch’s rate application administratively complete and suspended the effective date for all proposed rates for the pendency of the proceeding.

14. In State Office of Administrative Hearings (SOAH) Order No. 3 filed on October 15, 2020, the SOAH ALJs extended the suspension period until May 31, 2021.

Notice of the Application

15. On July 15, 2020, Monarch provided notice of its application by mail or hand delivery to each customer and other affected party. On the same day, Monarch filed proof of notice

as part of its application to change rates, which included a copy of the notice provided and statement that notice of the application was provided as described in this finding of fact.

16. On July 31, 2020, Monarch provided supplemental notice to the following water systems: Ridgecrest, Villas of Willowbrook, Inverness Point, Enchanted River, Oakview, Rim Rock, River Bend, Windmill/Kestrel, Monarch Hills, Westwood Park, Oak Terrace Estates, and Huntington Estates. On August 6, 2020, Monarch filed the affidavit of George Freitag, Texas Regulatory Manager of Monarch, who testified that notice of the application had been provided in accordance with TWC §§ 13.1871(m)-(n) and 16 TAC § 24.27(c) as described in this finding of fact.
17. On August 14, 2020, Commission Staff recommended that Monarch's application and proof of notice, as supplemented, be found administratively complete.
18. In Order No. 3 filed on August 18, 2020, the Commission ALJ found Monarch's application and notice sufficient and suspended Monarch's proposed rates for the pendency of the case.

Interventions and Protests

19. In Order No. 4 filed on August 24, 2020, the Commission ALJ granted intervenor status to OPUC and 32 customers who requested intervention in the docket.
20. In SOAH Order No. 1 filed on September 4, 2020, the SOAH ALJs required all intervening parties to file a notice of intent to appear at the prehearing conference by September 15, 2020.
21. On September 18, 2020, Monarch, Commission Staff, and OPUC convened for a prehearing conference, at which time Monarch moved to dismiss all non-present intervenors consistent with SOAH Order No. 1.
22. On September 28, 2020, Kathy Nielsen filed a letter to the SOAH ALJs requesting to retain party status as an intervenor despite being absent from the mandatory prehearing conference.
23. In SOAH Order No. 2 filed on October 2, 2020, the SOAH ALJs granted Ms. Nielsen's request to retain party status and conditionally dismissed all intervenors other than Ms.

Nielsen and OPUC. The SOAH ALJs also gave notice of a show-cause hearing set for October 15, 2020, for parties wishing to challenge their dismissal.

24. Three customers, Stephanie Klieber, Cheryl Gardner, and Kelley Meza, filed requests to intervene after the September 14, 2020 deadline to intervene in this proceeding.
25. On October 15, 2020, SOAH held the show-cause hearing, at which only one intervenor, Tina Millard, appeared to request that she remain a party. No party objected to the request, and the ALJs granted Ms. Millard's request to retain party status, subject to the requirements and deadlines in the adopted procedural schedule.
26. In SOAH Order No. 4 filed on October 19, 2020, the SOAH ALJs dismissed all intervenors as indicated in SOAH Order No. 2, except for Ms. Nielsen, Ms. Millard, and OPUC. The SOAH ALJs then granted Ms. Klieber, Ms. Gardner, and Ms. Meza's requests to intervene, having received no objection from the parties.
27. In SOAH Order No. 5 filed on November 3, 2020, the SOAH ALJs conditionally dismissed Ms. Millard, Ms. Klieber, Ms. Gardner, and Ms. Meza as inactive parties, unless each party filed a statement of intent to participate by November 11, 2020. None of the conditionally dismissed parties filed a statement of intent to participate.

Referral to SOAH

28. On August 31, 2020, the Commission referred the proceeding to SOAH.
29. On September 24, 2020, the Commission filed a preliminary order.
30. In SOAH Order No. 2 filed on October 2, 2020, the SOAH ALJs memorialized the September 18, 2020 prehearing conference and conditionally adopted a procedural schedule setting a hearing on the merits for December 7 through December 11, 2020, via videoconference.
31. In SOAH Order No. 3 filed on October 15, 2020, the SOAH ALJs approved the parties' agreed interim rates and unconditionally adopted the procedural schedule set forth in SOAH Order No. 2.
32. On February 2, 2021, Monarch filed an agreed motion to abate the procedural schedule, informing the SOAH ALJs that Monarch had reached an agreement in principle with

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Commission Staff and OPUC. Monarch stated that Commission Staff and OPUC had reached out to Ms. Nielsen, a pro se intervenor, but were unable to reach Ms. Nielsen by the time of filing the agreed motion to abate.

33. On February 16, 2021, the parties filed a joint status report stating that Ms. Nielsen had agreed to the settlement in principle and that the parties were in the process of drafting a joint stipulation, proposed order, and applicable final tariff for consideration in the proceeding.
34. On July 16, 2021, the parties jointly submitted a unanimous request to admit evidence and remand the proceeding to the Commission, including an agreement between the parties on all issues with an attached proposed order and proposed tariffs.
35. In SOAH Order No. ___ filed on _____, 2021, the SOAH ALJs dismissed the case from SOAH's docket and remanded the case to the Commission.

Testimony

36. On July 15, 2020, Monarch filed the direct testimonies of the following witnesses with its application: Jeffrey L. McIntyre; Brian D. Bahr; George Freitag, P.E.; Mujeeb Hafeez; Jeff Farney; Edward Taussig; Timothy J. Williford; Victoria R. Shupak; Bruce Fairchild; Dane Watson; and Lambeth Townsend.
37. On October 19, 2020, Kathy Nielsen filed a statement of position.
38. On October 20, 2020, OPUC filed the direct testimony of Chris Ekrut. On October 21, 2020, OPUC filed the workpapers to the direct testimony of Chris Ekrut.
39. On October 27, 2020, Commission Staff filed the direct testimony of Adrian Narvaez, Emily Sears, Heidi Graham, Debi Loockerman, and Maxine Gilford.
40. On November 17, 2020, OPUC filed an errata to the direct testimony of Chris Ekrut.
41. On November 19, 2020, Monarch filed the rebuttal testimony of Bruce Fairchild, Jeff Farney, Mujeeb Hafeez, George Freitag, Victoria R. Shupak, Dane Watson, Brian Bahr, and Edward Taussig.

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42. On December 1, 2020, Commission Staff filed a motion to adopt the direct testimony of Heidi Graham, an errata to the direct testimony of Heidi Graham, and the supplemental direct testimony of Roshan Pokhrel.
43. On December 2, 2020, Commission Staff filed an errata to the direct testimony of Adrian Narvaez, Maxine Gilford, and Debi Loockerman.
44. Monarch filed supplemental direct testimony of Lambeth Townsend on November 12, December 4, 2020, and July 9, 2021.
45. On July 16, 2021, Monarch filed supplemental direct testimony in support of unanimous stipulation and settlement agreement of Brian Bahr.
46. On July 16, 2021, Staff filed testimony of Anna Givens in support of stipulation.

Evidentiary Record

47. In SOAH Order No. ___ issued ____, 2021, the SOAH ALJ admitted into the evidentiary record the exhibits attached to the parties' joint motion to admit evidence and remanded the proceeding to the Commission. Those admitted exhibits were as follows:
 - (a) Third Supplemental Direct Testimony of Lambeth Townsend filed on July 16, 2021;
 - (b) Commission Staff's Testimony of Anna Givens in Support of the Stipulation filed on July 16, 2021; and
 - (c) Monarch's supplemental direct testimony in support of unanimous stipulation and settlement agreement of Brian Bahr filed on July 16, 2021; and
 - (d) Unanimous Stipulation and Settlement Agreement with Agreed Tariffs and Joint Proposed Final Order filed on July 16, 2021.

Consolidation of Systems

48. Monarch is specifically authorized to pursue consolidation of its rates under TWC § 13.145(b). Because Monarch is uniquely authorized to pursue consolidation of its rates under TWC § 13.145(b), it is not required to demonstrate sufficient similarity of systems under TWC § 13.145(a).

49. Monarch has only one comprehensive customer class and has developed a comprehensive cost of service and revenue requirement for providing water and sewer service for all its customers.
50. The Commission approved consolidated rates for Monarch in its last rate change proceeding, Docket No. 45570.
51. Monarch now proposes to further consolidate rates for all of the utility assets it acquired since its last general rate case, including: Dal-High Water, LLC; Ni America Texas, LLC; Romark Utility Company; Villas of Willowbrook Homeowners Association, Inc.; SWWC Utilities, Inc. dba SWUC Utility Company; SWWC Utilities, Inc. dba Inverness Utility Company, Inc.; and SWWC Utilities, Inc. dba Water Services, Inc.

Revenue Requirements, Rates, and Pass-Throughs

52. The signatories agreed that Monarch's total revenue requirement for rate design, which does not include miscellaneous revenue and contract revenue, will be set at \$34,950,000.
53. The signatories agreed that 2019 purchased water costs in the amount of \$3,166,067 and purchased wastewater treatment service costs in the amount of \$249,514 will be recovered via pass-through rates.
54. The signatories agreed that Monarch will be allowed to implement the retail water and sewer utility rates contained in the tariffs included as Attachments B and C to the agreement for the water and sewer systems included in Monarch's rate application. The rates contained in Attachments B and C shall be effective for usage on and after the date of the Commission's final order setting the rates in this docket. To the extent the phase 1 and phase 2 interim rates, effective on September 18, 2020 and February 1, 2021, respectively, differ from the final rates approved by the Commission in this docket, the interim rates are subject to refund or surcharge consistent with 16 TAC § 24.37(h).
55. The parties agreed that the water rate increases shown in Attachments B to the agreement will be phased in over a period of several years.
56. The signatories agreed that the rates shown in Attachments B and C to the agreement are just and reasonable and are in accordance with the public interest.

Rate Base

57. The signatories agreed the components of Monarch's invested capital (rate base) as of December 31, 2019, as set out in Attachment D to the agreement, are reasonable and necessary.
58. The signatories agreed that Monarch's rate base of \$103,695,931 includes a net plant of \$111,576,840, total accumulated deferred federal income tax (ADFIT) of \$831,540, and total excess ADFIT of \$407,802, among other adjustments set out in Attachment D to the agreement.
59. The signatories further agreed that Monarch will apply the depreciation rates as proposed in Monarch's rate application, and Monarch will continue to use over-recovery prevention tools as discussed in the rebuttal testimony of Dane Watson. Monarch will use these values for both regulatory accounting and other regulatory purposes unless altered by a subsequent Commission order.
60. The signatories agreed that facilities used and useful in providing utility service as of December 31, 2019—as set out in Attachment D to the agreement—shall be binding in future rate cases for the purposes of determining Monarch's total Rate Base as of December 31, 2019.
61. The signatories have agreed to a ratio of 45% debt to 55% equity for Monarch's cost of capital, with a 6.17% cost of debt and a 9% return on equity. These ratios and percentages result in an overall rate of return of 7.73%.
62. The agreement's treatment of Monarch's rate base, capital structure, and rate of return is reasonable.

Agreed Tariff Provisions

63. The signatories agreed that Attachments B and C to the agreement will be the governing water and sewer utility rates, terms, and conditions for Monarch's ratepayer customers. The signatories agreed that Monarch should be allowed to implement the other tariff provisions included in Attachments B and C to the agreement.

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64. Monarch will recover 2019 purchased water costs in the amount of \$3,166,067 and purchased wastewater treatment service costs in the amount of \$249,514 via pass-through mechanisms contained in the tariffs included as Attachments B and C to the agreement. For all other systems that do not have a pass-through mechanism contained in the tariff included as Attachments B and C to the agreement, Monarch will file with the Commission applications for approval of pass-through provisions in accordance with 16 TAC § 24.25(b)(2), and shall not seek to recover purchased water or wastewater treatment service costs from systems that do not incur purchased water or wastewater treatment service costs.
65. The signatories agreed that the terms and conditions of the agreed tariffs are just and reasonable.
66. The terms and conditions of the agreed tariffs are just and reasonable.

Rate Case Expenses

67. The signatories agreed that Monarch may recover up to \$525,000 as reasonable and necessary rate case expenses in this docket to be collected via a surcharge to its customers over a 24-month period, or until the full amount in rate-case expenses is collected, whichever occurs first.
68. Monarch may not seek to recover any additional rate-case expenses incurred in connection with this rate application in a future proceeding.
69. The agreement's treatment of rate-case expenses is appropriate, and the agreed rate-case expense surcharges are reasonable and necessary.

Future Rate Cases

70. Monarch agrees to file a full rate case no earlier than one year from the date of the final order in this docket and no later than three years from the date of the final order in this docket.
71. Monarch will file a true up in March of 2022, and annually thereafter, and will seek a good cause exception from 16 TAC § 24.25(b)(2)(c)(v), which Staff and OPUC will not oppose.
72. The agreement's provision regarding Monarch's earliest effective date for the next proceeding to increase its base rates is appropriate.

Interim Rates and Effective Date

73. In its application, Monarch requested approval of its proposed rate and tariff changes to become effective no sooner than 35 days after required notice in compliance with Commission rules at 16 TAC § 24.27(c)(1).
74. Thirty-five days after July 31, 2020, the date on which supplemental notice was mailed to customers, is September 4, 2020.
75. On August 14, 2020, Commission Staff filed recommendations that included suspension of the effective date of proposed rates.
76. In Order No. 3 filed on August 18, 2020, the Commission ALJ suspended the effective date of Monarch's proposed rates through the pendency of the proceeding.
77. In SOAH Order No. 1 filed on September 4, 2020, the SOAH ALJs suspended the effective date of Monarch's proposed rates until February 1, 2021, which is 150 days after Monarch's proposed effective date, in accordance with TWC § 13.187(e).
78. On September 17, 2020, Commission Staff filed a request for interim rates.
79. On September 28, 2020, Commission Staff, OPUC, and Monarch filed a joint motion to adopt interim rates and extend the effective date of Monarch's proposed rates. The joint motion requested that interim rates be set at Monarch's existing water and wastewater rates effective September 18, 2020 through February 1, 2021, at which time Monarch's proposed rates would become effective as interim rates. The joint motion also requested that the effective date of Monarch's proposed rates be extended until January 1, 2021, thereby extending the 150-day suspension period established under TWC § 13.187(e) until May 31, 2021.
80. In SOAH Order No. 2 filed on October 2, 2020, the SOAH ALJs requested briefing from the parties regarding the legal authority and effect of retroactively setting interim rates as requested in the parties' joint motion.
81. On October 9, 2020, Monarch, Commission Staff, and OPUC each filed a brief on interim rates as requested in SOAH Order No. 2.

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82. In SOAH Order No. 3 filed on October 15, 2020, the SOAH ALJs approved the agreed interim rates, recognized the extension of Monarch's proposed effective date until January 1, 2021, and extended the suspension of rates through May 31, 2021.
83. On February 2, 2021, Monarch, Commission Staff, and OPUC filed a request to abate the proceeding in order to finalize a settlement agreement.
84. On May 19, 2021, Commission Staff and OPUC filed a joint motion to set interim rates until a final determination is made by the Commission pursuant to TWC § 13.187(l) in order to allow the signatories to finalize the settlement documents.
85. On May 20, 2021, Monarch filed an objection to Commission Staff and OPUC's motion to set interim rates until a final determination is made by the Commission.
86. On May 24, 2021, Commission Staff and OPUC filed a joint response to Monarch's objection.
87. On May 27, 2021, the SOAH ALJs filed Order No. 9, granting Commission Staff and OPUC's request to set interim rates until a final determination is made by the Commission.

Hearing on the Merits

88. In SOAH Order No. 6 filed on December 2, 2020, the SOAH ALJs addressed procedural matters for the hearing on the merits.
89. SOAH held a hearing on the merits on December 7 and December 8, 2020, with all parties in attendance.
90. On December 9, 2020, Monarch, Commission Staff, and OPUC filed an agreed briefing outline in accordance with SOAH Order No. 6.
91. On February 2, 2021, the parties reached a settlement agreement in principle and filed an agreed motion to abate the procedural schedule and request for expedited ruling.
92. On February 2, 2021, SOAH issued Order No. 7 granting the agreed motion to abate and request for expedited ruling.

Informal Disposition

93. More than 15 days have passed since the completion of notice provided in this docket.

94. The decision is not adverse to any party.
95. All parties are signatories to the agreement.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Monarch, either singularly or in combination with other entities, is a utility, public utility, and water and sewer utility as those terms are defined in TWC § 13.002(23) and 16 TAC § 24.3(39).
2. Monarch, either singularly or in combination with other entities, is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31).
3. The Commission has jurisdiction and authority over Monarch's application for authority to change rates under TWC §§ 13.041 and 13.181.
4. Under TWC § 13.184(c) and 16 TAC § 24.12, Monarch bears the burden of proof to establish that the proposed rates are just and reasonable.
5. The Commission processed this docket in accordance with the requirements of the TWC, the Administrative Procedure Act,¹ and Commission rules.
6. Monarch substantially complied with the requirement to provide notice of the rate application as required by TWC § 13.187(a-1), 16 TAC § 24.27(c), and the Administrative Procedure Act.
7. Monarch complied with the requirement in TWC § 13.187(g-1) and 16 TAC § 24.27(c)(2) to provide notice of the hearing.
8. The rates approved in this proceeding are just and reasonable and are in the public interest under TWC § 13.182(a).
9. The rates approved in this proceeding are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each class of customers in accordance with TWC § 13.182(b).

¹ Administrative Procedure Act, Tex. Gov't Code §§ 2001.001–.902 (APA).

10. As required by TWC § 13.183, the rates approved in this Order will permit Monarch a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public over and above its reasonable and necessary operating expenses and will preserve Monarch's financial integrity.
11. The rates of return approved in this Order will not yield Monarch more than a fair return on the invested capital used and useful in rendering service to the public in accordance with TWC § 13.184(a) and 16 TAC § 24.41(c)(1).
12. As required by TWC § 13.185(h), the rates approved by this Order do not include legislative advocacy expenses, the costs of processing a refund or credit, or any expenditure that is unreasonable, unnecessary, or not in the public interest.
13. In accordance with TWC § 13.185 and 16 TAC § 24.41(c)(2)(B), the rates approved in this case are based on original cost, less depreciation, of property used and useful in Monarch's provision of service.
14. The consolidated system rates and tariffs approved by this Order comply with TWC § 13.145(b).
15. The rate-case expenses approved in this Order are reasonable and necessary as required under 16 TAC § 24.44(a).
16. The rates approved in this Order comply with 16 TAC § 24.43(b)(1) regarding conservation.
17. Monarch will implement a refund or surcharge to return or collect the difference in amounts recovered under the interim rates—phase 1 effective September 18, 2021 and phase 2 effective February 1, 2021—and the final approved rates under 16 TAC § 24.37.
18. 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 rates, terms, and conditions of the agreement to the extent provided in this Order.
2. The Commission approves Monarch's water and wastewater rate tariffs attached to the agreement as Attachments B and C.
3. After the signing of a final order, Monarch will calculate the net refund owed to customers for the difference between the settled rates and interim rates pursuant to TWC § 13.187(n) and 16 TAC § 24.37(h), and will include all tariffed rates that would have been charged to customers, including base and pass-through rates.
4. Monarch's total annual revenue requirement for rate design, which does not include miscellaneous revenue, purchased water and sewer treatment costs, and contract revenue, is \$34,950,000.
5. Monarch shall have a total rate base of \$103,695,931, including a net plant of \$111,576,840, total accumulated deferred federal income tax (ADFIT) of \$831,540, and total excess ADFIT of \$407,802, among other adjustments set out in Attachment D to the agreement.
6. Monarch shall use the depreciation rates set out in Attachment D to the agreement. These rates shall be applied in a consistent manner. The facilities set out in Attachment D to the agreement are used and useful in providing utility service as of December 31, 2019.
7. Monarch's capital structure shall include a ratio of 45% debt to 55% equity for Monarch's cost of capital. Monarch shall have a 6.17% cost of debt and a 9% return on equity. These ratios and percentages result in an overall rate of return of 7.73%.
8. Monarch shall recover 2019 purchased water costs in the amount of \$3,166,067 and purchased wastewater treatment service costs in the amount of \$249,514 via pass-through mechanisms contained in the tariff included as Attachments B and C to the agreement. For all other systems that do not have a pass-through mechanism contained in the tariff included as Attachments B and C to the agreement, Monarch shall file pass-through approval applications with the Commission in accordance with 16 TAC § 24.25(b)(2), and

- shall not seek to recover purchased water or wastewater treatment service costs from systems that do not incur purchased water or wastewater treatment service costs.
9. Monarch may recover up to \$525,000 as reasonable and necessary rate case expenses in this docket to be collected via surcharge to its customers. Monarch shall collect the surcharge over a 24-month period or until the full amount in rate-case expenses is collected, whichever occurs first. Monarch shall not seek to recover any additional rate-case expenses incurred in connection with this rate application in a future proceeding.
 10. Monarch will file its next base rate case no earlier than one year from the date of the final order in this docket and no later than three years from the date of the final order in this docket.
 11. Entry of this Order consistent with the agreement does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement. Entry of this Order shall not be regarded as binding, holding, or precedent as to the appropriateness of any principle or methodology underlying the agreement.
 12. Entry of this Order supersedes any prior written or oral agreement in this docket regarding the subject matter of the agreement, as well as any other order adopted by the Commission or its predecessor in any preceding docket regarding Monarch's rates.
 13. All other motions, requests for entry of specific findings of fact, conclusions of law, and ordering paragraphs, and any other requests for general or specific relief, if not expressly granted in this Order, are denied.
 14. The Commission approves the tariffs attached to the agreement as Attachments B and C, the rates will be considered effective on the effective date of the interim rates—September 18, 2020—immediately following the date this Order is signed.
 15. Monarch must comply with its commitments set forth in the Agreement, except as modified by this Order.
 16. It is ordered that Monarch's invested capital of \$103,695,931 and the accumulated depreciation thereon as set out in Attachment D is reasonable and used and useful in providing utility service as of December 31, 2019.

17. For regulatory accounting and other regulatory purposes, Monarch must use and consistently apply the depreciation rates set forth in Attachment D.
18. Monarch will file a true up in March of 2022, and annually thereafter, and will seek a good cause exception from 16 TAC 24.25(b)(2)(c)(v), which Staff and OPUC will not oppose. Monarch must file a pass-through annually thereafter.
19. Monarch will recover 2019 purchased water costs in the amount of \$3,166,067 and purchased wastewater treatment service costs in the amount of \$249,514 via pass-through mechanisms contained in the tariffs included as Attachments B and C to this Order. For all systems that do not have a pass-through mechanism contained in the tariffs included as Attachments B and C to this Order, Monarch will file pass-through approval applications with the Commission in accordance with 16 TAC § 24.25(b)(2), and shall not seek to recover purchased water or wastewater treatment service costs from systems that do not incur purchased water or wastewater treatment service costs.
20. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
21. Within 10 days of the date of this Order, Commission Staff must file a clean copy of Monarch's tariff with Central Records to be marked *Approved* and kept in the Commission's tariff book.
22. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

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Signed at Austin, Texas the _____ day of July, 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

PETER M. LAKE, CHAIRMAN

WILL MCADAMS, COMMISSIONER

LORI COBOS, COMMISSIONER



WATER UTILITY TARIFF
Docket No. 50944

Monarch Utilities I L.P.
(Utility Name)

12535 Reed Road
(Business Address)

Sugar Land, Texas 77478-2837
(City, State, Zip Code)

(866) 654-7992
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

12983

This tariff is effective in the following counties:

Bandera, Bexar, Brazoria, Chambers, Comal, Denton, Gillespie, Grayson, Guadalupe, Harris, Hays, Henderson, Hood, Johnson, Kendall, Kerr, Liberty, Marion, Matagorda, Medina, Montgomery, Parker, Polk, San Jacinto, Smith, Tarrant, Travis, Trinity, Tyler, Van Zandt, Wise, and Wood

This tariff is effective in the following cities or unincorporated towns (if any):

This tariff is only effective in the portions of the subdivisions and public water systems in the environs, except for the cities of Aurora and Coffee City, which have surrendered rate jurisdiction.

This tariff is effective in the following subdivisions and public water systems:

See attached list.

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APPENDIX B – APPLICATION FOR SERVICE

APPENDIX C – AGREEMENT FOR TEMPORARY WATER SERVICE

County	TCEQ Water Systems	PWS ID Number	Subdivisions
Bandera	Enchanted River Estates	0100039	Enchanted River Estates
	Lake Medina Shores	0100037	Lakeshore Beach, Wharton Dock, Lake Point, Holiday Villages of Medina, Lake Medina Shores (Medina County)
	River Bend Estates	0100042	River Bend Estates
Bexar	Bavarian Hills	0150235	Bavarian Hills
	Coolcrest Water System	0150046	Coolcrest
	Stage Coach Hills	0150096	Stagecoach Hills
	Oaks North Mobile Home Estates	0150135	Oak North Mobile Home Estates
	Country Springs Water Company	0150421	Country Bend
Brazoria	Holiday Shores	0200029	Holiday Shores
Chambers	Tower Terrace	0360069	Houston Raceway Park, West Chambers County Estates, Tower Terrace
Comal	Oak Village North***	0460037	Oak Village North
	Rim Rock Ranch	0460211	Rim Rock Ranch
	Windmill Ranch Subdivision***	0460221	Kestrel Air Park, Windmill Ranch Subdivision
Denton	Denton Creek Estates	0610015	Denton Creek Estates, Aero Valley Airport
	Ponderosa Addition Utilities	0610175	Ponderosa Addition, Wild West Addition,
	Stonecrest Estates	0610059	Stonecrest Estates, Sunrise Circle Addition
	Wynnwood Haven Estates	0610037	Wynnwood Haven Estates, Snug Harbor
Gillespie	Oakview Water System	0860107	Oakview
Grayson	Ridgecrest	0910035	Ridgecrest, Glen Eden, Hiland Shores, Lakeview, Little Mineral MHP, Millers Estates, Oak Estates, Preston Cove, Preston Forest, Preston Oaks, Preston Point Bend, Ridgecrest, Van Antwerp, VFW Post
	Rocky Point Estates	0910038	Hanna Cove Estates, Rocky Point Estates "A", Rocky Point Estates "B", Hanna Ranchettes, Mainer Cay Estates, Tiny Home Vacation Resorts
	Sherwood Shores	0910040	Cedar Mills Estates, Hillcrest Shores, Wright Acres, Sherwood Shores
	Tanglewood-on-Texoma	0910052	Angler's Estates, Cedar Oak Hills, Eagle Chase, Fairway Hollow, Greenway Bend, Lakecrest Village, Mill Creek Homesites, Oak Meadow Estates, Paradise Cove, Russwood-on-the-Lake, Simmons Shores, Sunrise Circle, Tanglewood Hills, Tanglewood Resort, Cambridge Shores, Highport, Mill Creek Meadows, Whispering Meadows, Pecan Valley Addition, The Woods of Fossil Ridge, Fossil Ridge on Lake Texoma, Tanglewood Crossing, Barnes Enterprises, Lakecrest Addition
Guadalupe	Garden Oaks	0940030	Garden Oaks

Harris	Villas of Willowbrook	1013599	Villas of Willowbrook
	Western Trails Subdivision	1010230	Western Trails
Hays	Huntington Estates	1050124	Huntington Estates
	Plum Creek***	1050028	Amberwood, Bootstring Farms, Branch View Addition, Buda Business Park, Casey-Kyle, Double R, Dove Hill Estates, Goforth Estates, Green Pastures, Interstate Business, Kyle Crossing-Home Depot, Park South, Pinafore Park, Rolling Hills Estates, South Buda Business Park, Two Way, Village at Buda, Indian Paintbrush
	River Oaks Ranch	1050099	River Oaks Ranch
Henderson	Beachwood Estates & North Trinidad	1070069	Brentwood Estates, Deep Water Estates, Forest Shores, Greenwood Cove, Hidden Harbor, Indian Oaks, Beachwood Estates, Oak Forest Estates, Pebble Beach, Seis Hombres, Spillview Acres, Three-Way View, Treasure Isle, Waterboard
	Briarwood Harbor	1070220	Briarwood Harbor, Camp Big Cedar
	Carolynn Estates	1070106	Bluffview, Brushy Creek, Bushwacker Estates, Carolynn Estates, Enclave, Esquire Estates II, Green Acres, Hidden Hills Harbor, Hillside Acres, Lynn Creek Cove, Payne Springs Estates, Forest Glen, The Highlands at Cedar Creek Lake, Michael's Cove, Pinnacle Club
	Cherokee Shores Water Supply	1070206	Allen Ranch, Carson Addition, Coleman Tract, La Martinique, Landmarck Passage, Manning Ranch, Robinson Tract (Country Estates), Taylor Tract, Waterfront Shores, Cherokee Shores
	Dal-High Water System	1070159	Dal-High Addition
	Highsaw	1070124	Brierwood Bay, Coffee City*, Diamond Head Bay, Coffee Landing Addition, Fincastle Farms, Highsaw, Hillside Estates, Hill-McCauley Tract
	Lollipop Water Works	1070039	Lollipop Landing
	Westwood Beach	1070085	Cooper Estates, Lakeway, Oak Trail Shores, Shiloh, Waterwood, Wildewood, Westwood Beach
Hood	Acton Water Royal Oaks	1110055	Acton Royal Oaks
	Comanche Cove & Heritage Heights	1110060	Heritage Heights, Scenic View, Comanche Cove
	Comanche Harbor & Port O'Call	1110022	Comanche Point, Island Village, Ports O'Call, Comanche Harbor
	Granbury Acres Water System	1110109	377 Sunset Strip, Granbury Acres
	Hideaway Bay Estates	1110002	Hideaway Bay
	Montego Bay Estates	1110044	Montego Bay
	Oak Trail Shores	1110004	Lake Granbury Estates, Oak Trail Plaza, Oak Trail Shores, Arrowhead Shores, Lake Granbury Harbor

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	Rancho Brazos Subdivision	1110036	Rancho Brazos
	Western Hills Harbor	1110005	Western Hills Harbor, Whisperview Village, Kings Plaza
Johnson	Crowley 1 Acre Sky Corp Water	1260011	Blue Grass Estates, Crowley One Acre, Highcrest Estates, Skyline Ranch, Lakeside Estates, Lakeview Ranchettes
	Falcon Crest Addition	1260076	Falcon Crest Addition
	Metroplex Homesteads Water Supply	1260074	Metroplex Homesteads, The Homesteads
	Nolan River Estates	1260099	Nolan River Estates
	Ridge Crest Addition & Misty Hollow	1260035	Misty Hollow, Ridgecrest Addition Estates
	Shaded Lane Estates	1260103	Shaded Lane Estates
	Southern Acres Water System	1260094	Southern Acres
	Sundance Addition	1260025	Space Acres North, Space Acres, X-Cell Ranch Estates, Sundance
	Tex-Rides Subdivision	1260037	Tex-Rides Fifth
	Triple H Estates	1260116	Triple H Estates
	Twin Creek Subdivision	1260038	Rolling Acres, North Hills Estates, Twin Creeks Addition
	West Meadow Subdivision	1260063	West Meadows
	West Park Village	1260077	West Park Village
	Kendall	Cascade Mobile Home Park	1300005
Platten Creek Water System		1300035	Platten Creek
Kerr	Cedar Springs MHP	1330019	Cedar Springs MHP
	Center Point	1330007	Center Point
	Heritage Park Water System	1330080	Heritage Park
	Hills & Dales	1330030	Hills & Dales
	Oak Ridge Estates Water System	1330134	Oak Ridge Estates
	Southern Hills	1330128	Southern Hills, Montebello Estates, Silver Creek
	Verde Park Estates	1330027	Verde Park Estates
	Vista Hills	1330169	Vista Hills
	Westwood Water System	1330015	Westwood Park, Monarch Hills
	Windwood Oaks Water System	1330141	Windwood Oaks
	Woodhaven Mobile Home Park	1330024	Woodhaven MHP
Liberty	Raywood Water System	1460041	Raywood
Marion	Indian Hills Harbor	1580063	Indian Hills Harbor
	Pine Harbor Subdivision	1580023	Pine Harbor
Matagorda	Camelot Forest Water System	1610058	Camelot Forest
Medina	Rocky Creek Subdivision Water System	1630038	Rocky Creek

Montgomery	Crystal Springs Subdivision	1700331	Crystal Springs
	Decker Hills	1700386	Champions Glen, Decker Hills, Hidden Lake Estates, Inverness Crossing, Park Place, Dry Creek Business Center, Harden Store Marketplace
	Hulon Lakes Subdivision	1700014	Hilltop Village, Woodcreek Valley, Hulon Lakes
	Oakwood Water System	1700454	Oak Woods, North Forest
	Serenity Woods Subdivision	1700483	Pine Loch, Serenity Woods
Parker	Green Acres Water system	1840120	Green Acres, Robertson Village, The Fields of Peaster
	Spanish Park Subdivision	1840026	Spanish Park Estates
	Western Lake Estates	1840014	Cedar Ridge (Formerly Ruby Ridge), Brazos Ridge Estates, Western Lake Estates
	Westview Enterprises	1840105	Westview
Polk	Chesswood Water System	1870088	Chesswood
	Country Wood Water System	1870138	Country Wood
	Garden Acres Subdivision Water System	1870160	Garden Acres
	Longhorn Valley	1870152	Longhorn Valley
	Oak Terrace Estates Water System	1870055	Oak Terrace Estates, Livingston Air Park
	Phillips Acres	1870146	Phillips Acres
	Pinwah Pines Estates	1870130	Pinwah Pines
San Jacinto	Blue Water Cove	2040059	Blue Water Cove, Livingston Lakeside RV Park
	Cedar Valley Subdivision	2040045	Cedar Valley
	Coldspring Terrace Water System	2040031	Coldspring Terrace
	Governors Point	2040008	Governors Point
	Holiday Villages of Livingston	2040067	Hidden Coves, Holiday Village of Livingston, Palmetto Point
	Shepherd Hill Estates	2040061	Shepherd Hills Estates, Shepherd Ranch Estates
Smith	Lakeway Harbor Subdivision	2120064	Lakeway Harbor
	Pine Trail Shores	2120035	Pine Trail Shores
Tarrant	Benbrook Hills	2200313	Benbrook Hills
	Markum Ranch Estates	2200281	Markum Ranch Estates
	Silver Saddle Acres	2200299	Silver Saddle Acres, W. 20 Business Park
	Westside Rural WSC	2200079	Gun Club, Cabot Estates, Willow Creek Additions, Westside Addition
Travis	Inverness Point Water System	2270102	Crosswind, Hidden Hills, Inverness Point, Lakehurst, The Summit at Lake Travis
Trinity	Harbor Point	2280035	Harbor Point
Tyler	Ivanhoe Land of Lakes***	2290010	Ivanhoe Land of Lakes
Van Zandt	Callender Lake	2340007	Callender Lake, Hickory Hills

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Wise	Aurora Vista	2490051	Aurora Vista**
	Chisholm Hills Estates	2490044	Chisholm Hills
	Coyote Ridge Addition	2490053	Coyote Ridge
	Hills of Oliver Creek	2490046	Hills of Oliver Creek
	Las Brisas	n/a	Las Brisas Estates
	Sage Brush Estates	2490058	Sage Brush Estates
	Sky View Ranch Estates	2490061	Sky View Ranch
	Windmill Trail	2490050	Windmill Trail
Wood	Holiday Villages of Fork	2500058	Holiday Villages of Fork

*This subdivision is within the corporate city limits of Coffee City, which has surrendered utility rate jurisdiction.

**This subdivision is within the corporate limits of the City of Aurora, which has surrendered utility rate jurisdiction.

***Customers who are within city boundaries should refer to Monarch tariffs approved by respective city.