



Filing Receipt

Filing Date - 2024-05-22 03:14:17 PM

Control Number - 55336

Item Number - 29

DOCKET NO. 55336

APPLICATION OF SP UTILITY	§	PUBLIC UTILITY COMMISSION
COMPANY, INC. AND ALBURY	§	
MANOR UTILITY COMPANY, INC.	§	OF TEXAS
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN HARRIS COUNTY	§	

ORDER NO. 12
APPROVING SALE AND TRANSACTION TO PROCEED

This Order addresses the application of SP Utility Company, Inc. and Albury Manor Utility Company, Inc. for approval of the sale, transfer, or merger of facilities and certificate rights in Harris County. The applicants seek approval of the following: (1) the sale and transfer of all facilities and service areas held under Albury Manor Utility's certificate of convenience and necessity (CCN) number 11507 to SP Utility; (2) the amendment of SP Utility's CCN number 12978 to include the facilities and service areas previously held by Albury Manor Utility under CCN number 11507; and (3) the cancellation of Albury Manor Utility's CCN number 11507. The administrative law judge (ALJ) approves the transaction between SP Utility and Albury Manor Utility and authorizes it to be completed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. SP Utility is a Texas corporation registered with the Texas secretary of state under filing number 800200690.
2. SP Utility holds CCN number 12978 which obligates it to provide retail water service in its certificated service area in Brazoria, Fort Bend, Harris, and Montgomery counties.
3. Albury Manor Utility is a Texas corporation registered with the Texas secretary of state under filing number 0049150700.
4. Albury Manor Utility holds CCN number 11507 which obligates it to provide retail water service in its certificated service area in Harris County.

5. Albury Manor Utility owns a public water system that is registered with the Texas Commission on Environmental Quality (TCEQ) as Albury Manor Utility Company, under identification number 1012052.

Application

6. On August 8, 2023, SP Utility and Albury Manor Utility filed the application at issue in this proceeding.
7. On September 11 and December 14 and 18, 2023, SP Utility filed supplements to the application.
8. In the application, as supplemented, SP Utility and Albury Manor Utility seek approval of the following:
 - a. the sale and transfer of all facilities and service areas held under Albury Manor Utility's CCN number 11507 to SP Utility;
 - b. the amendment of SP Utility's CCN number 12978 to include the facilities and service areas previously held by Albury Manor Utility under CCN number 11507; and
 - c. the cancellation of Albury Manor Utility's CCN number 11507.
9. The requested area is comprised of approximately 102 acres and 49 current customers.
10. The requested area is located approximately 2.5 miles southeast of downtown Tomball, Texas, and is generally bounded on the north by Spell Road; on the east by Mystic Stone Drive; on the south by Boudreaux Road; and on the west by Huffsmith Kohrville Road.
11. In Order No. 5 filed on January 31, 2024, the ALJ found the application, as supplemented, administratively complete.

Notice

12. On February 29, 2024, SP Utility filed the affidavit of Harrison Williams, president of SP Utility, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on January 29, 2024.

13. On February 29, 2024, SP Utility filed the affidavit of Mr. Williams attesting that notice was provided to each owner of a tract of land that is at least 25 acres and is wholly or partially located in the requested area on January 29, 2024.
14. In Order No. 6 filed on March 12, 2024, the ALJ found the notice sufficient.

Evidentiary Record

15. In Order No. 9 filed on May 21, 2024, the ALJ admitted the following evidence into the record of this proceeding:
 - a. the application and all attachments filed on August 8, 2023;
 - b. revised maps filed on September 11, 2023;
 - c. SP Utility's additional information filed on December 14 and 18, 2023;
 - d. Commission Staff's second supplemental recommendation on administrative completeness, notice, and proposed procedural schedule filed on January 22, 2024;
 - e. SP Utility's proof of notice filed on February 29, 2024;
 - f. SP Utility's additional financial information and affidavit filed on March 4, 2024;
 - g. Commission Staff's recommendation on sufficiency of notice and proposed procedural schedule filed on March 7, 2024; and
 - h. Commission Staff's recommendation on approval of the sale, including confidential attachment FB-1, filed on April 1, 2024.

SP Utility's Compliance History

16. The Commission's complaint records, which date back to 2017, show 55 complaints against SP Utility, with one open complaint that is being addressed.
17. The remaining complaints have been reviewed and closed by the Commission's Consumer Protection Division.
18. SP Utility has violations listed in the TCEQ database.
19. SP Utility does not have a history of continuing mismanagement or misuse of revenues as a utility provider.

20. SP Utility demonstrated a compliance history that is adequate for approval of the proposed transaction to proceed.

Adequacy of Existing Service

21. There are currently 49 existing customers in the requested area being served by Albury Manor Utility.
22. The last TCEQ compliance investigation of the Albury Manor Utility Company public water system was on November 7, 2018.
23. Albury Manor Utility does not have any unresolved violations listed in the TCEQ database.
24. The Commission's complaint records, which date back to 2017, show no complaints against Albury Manor Utility.
25. There is no evidence in the record that Albury Manor Utility has failed to comply with any Commission or TCEQ order.
26. No additional construction or capital improvements are necessary for SP Utility to continue providing continuous and adequate service to the requested area.

Need for Additional Service

27. There are currently 49 existing customer connections in the requested area that are receiving service and have an ongoing need for service.
28. This application is to transfer only existing facilities, customers, and service areas.
29. There is no evidence in the record indicating a need for additional service.

Effect of Approving the Transaction and Granting the Amendment

30. SP Utility will be the certificated entity for the requested area and be required to provide continuous and adequate water service to current and future customers in the requested area.
31. There will be no adverse effects on landowners in the requested area because the area is currently certificated and served by Albury Manor Utility.
32. All retail public utilities in the proximate area were provided notice of the application and none filed a protest or motion to intervene.
33. There will be no effect on any retail public utility servicing the proximate area.

Ability to Serve: Managerial and Technical

34. SP Utility owns and operates several public water systems in Texas registered with the TCEQ.
35. SP Utility employs or contracts with TCEQ-licensed operators who will be responsible for the operation of the public water system being transferred.
36. SP Utility has the managerial and technical capability to provide continuous and adequate service to the requested area.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

37. Albury Manor Utility is currently serving customers in the requested area and has sufficient capacity.
38. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed; at a minimum, an interconnect would need to be installed to connect to a neighboring retail public utility.
39. It is not feasible to obtain service from an adjacent retail public utility.

Regionalization or Consolidation

40. It will not be necessary for SP Utility to construct a physically separate water system to serve the requested area.
41. Because the requested area will not require construction of a physically separate water system, consideration of regionalization or consolidation with another retail public utility is not required.

Ability to Serve: Financial Ability and Stability

42. Flow Tech Utility, LLC, an affiliate of SP Utility, is capable, available, and willing to cover temporary cash shortages and has a debt-to-equity ratio of less than one, satisfying the leverage test.
43. Flow-Tech provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages during the first five years after completion of the transaction, satisfying the operations test.

Financial Assurance

44. There is no need to require SP Utility to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

45. There will be no effect on environmental integrity or the land as a result of the transaction because no additional construction is needed to provide service to the requested area.

Improvement in Service or Lowering Cost to Consumers

46. SP Utility will continue to provide water service to Albury Manor Utility's existing customers in the requested area
47. The current rates charged to existing customers will not change as a result of the proposed transaction because SP Utility will adopt the rates currently in effect in the tariff for the acquired water system upon final approval of the application.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Notice of the application was provided in compliance with Texas Water Code (TWC) §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239(e).
2. After consideration of the factors in TWC § 13.246(c), SP Utility demonstrated that it is capable of rendering continuous and adequate service to every customer in the requested areas, as required by TWC §§ 13.241(a) and 13.301(b).
3. SP Utility demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested areas as required by TWC §§ 13.241(a) and 13.301(b).
4. SP Utility and Albury Manor Utility have demonstrated that the sale and transfer of Albury Manor Utility's facilities and certificated service area under CCN number 11507 to SP Utility will serve the public interest and is necessary for the continued service, accommodation, convenience, or safety of the public, as required by TWC §§ 13.246(b) and 13.301(d) and (e).

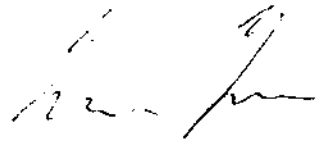
III. Ordering Paragraphs

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

1. The transaction between SP Utility and Albury Manor Utility in this proceeding is approved and may be completed.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, SP Utility and Albury Manor Utility must file proof that the transaction has been completed and customer deposits, if any, have been addressed.
3. SP Utility and Albury Manor Utility have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period and no extension has been granted, this approval is void and SP Utility and Albury Manor Utility will have to reapply for approval.
5. CCN number 11507, and associated facilities and service area, will continue to be held by Albury Manor Utility until the final order or notice of approval is issued in this matter, in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas on the 22nd day of May 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read 'Eric Yoon', is written over a horizontal line.

ERIC YOON
ADMINISTRATIVE LAW JUDGE

q:\admin\doCKET management\water\stml\55xxx\55336-12 approving sale and transaction to proceed.docx