



Control Number: 42961



Item Number: 23

Addendum StartPage: 0

SOAH DOCKET NO. 473-15-0614
PUC DOCKET NO. 42961

REQUEST OF GREENWOOD WATER
CORPORATION FOR APPROVAL OF
WATER UTILITY STOCK TRANSFER
CCN NO. 11792

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PUBLIC UTILITY COMMISSION
OF TEXAS

2015 MAR 26 PM 1:47
FILING CLERK

JOINT MOTION TO APPROVE STIPULATION AND
JOINT MOTION TO ADMIT EVIDENCE

NOW COMES, Greenwood Water Corporation (Greenwood), Permian Basin Water Resources, LLC (“Permian”), and Staff (“Staff”) of the Public Utility Commission (“Commission”) (collectively, “Joint Parties”), and file this Joint Motion to Approve Stipulation and Joint Motion to Admit Evidence. Staff represents that it is authorized to file this Joint Motion on behalf of the Joint Parties.

I. BACKGROUND

On August 20, 2014, a request was filed with the Texas Commission on Environmental Quality for approval of the transfer of stock in Greenwood Water Corporation (“Greenwood”) from Paul R. Wilhite to Permian.¹ If the transaction is completed, Permian will become the owner of Greenwood.² This proceeding was transferred to the Commission’s jurisdiction on September 1, 2014.

On March 12, 2015, Staff filed a recommendation stating that the Joint Parties have reached an agreement in principle and were preparing a stipulation that would resolve all issues in this proceeding.³ In its recommendation, Staff indicated that, if the Administrative Law Judge (“ALJ”) finds that no hearing or Commission action is necessary and that administrative

¹ Request for Approval of Water Utility Stock Transfer (Aug. 20, 2014).

² *Id.* at 3.

³ Commission Staff’s Recommendation Regarding Administrative Review at 2 (Mar. 12, 2015).

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review is warranted, the ALJ may provide for the disposition of this case by administrative review, using the procedures set forth in P.U.C. PROC. R. 22.32(b)–(c).⁴ Staff also stated that, in the alternative, the ALJ is empowered to dismiss this proceeding from SOAH’s active docket and remand this proceeding to the Commission, after which the Commission’s ALJs may choose to process this proceeding using the procedures for informal disposition outlined in P.U.C. PROC. R. 22.35.⁵

On February 17, 2015, SOAH Order No. 4 was entered requiring the Joint Parties to file a proposed order by April 3, 2015. The Joint Parties have agreed to a stipulation (“Stipulation”) and proposed order that would resolve all issues in this proceeding. This pleading is timely filed.

II. MOTION TO ADMIT EVIDENCE

The Joint Parties respectfully request that the following be admitted into evidence for the purposes of supporting an order approving the Stipulation in this proceeding.

- a. Request for Approval of Water Utility Stock Transfer CCN No. 11792, filed in the Commission’s interchange on September 8, 2014;
- b. Greenwood Water Corporation’s First Supplement to Request for Approval of Water Utility Stock Transfer, filed on October 21, 2014;
- c. Greenwood Water Corporation’s Second Supplement to Request for Approval of Water Utility Stock Transfer, filed on November 6, 2014;
- d. Greenwood Water Corporation’s Third Supplement to Request for Approval of Water Utility Stock Transfer, filed on December 2, 2014;
- e. Affidavit of Notice, filed on November 6, 2014;
- f. Unanimous Stipulation and Settlement Agreement with Joint Proposed Final Order, including attachments, attached to this pleading; and
- g. Memorandum of Fred Bednarski in Support of the Stipulation attached to this pleading.

⁴ *Id.*

⁵ *Id.*

III. MOTION TO APPROVE STIPULATION

The Joint Parties respectfully request the entry of an order approving the Stipulation consistent with the attached proposed order. For the reasons discussed below, the Joint Parties recommend that this proceeding may be approved using administrative review pursuant to P.U.C. PROC. R. 22.32. As an alternative to utilizing P.U.C. PROC. R. 22.32, the ALJ is empowered to dismiss this proceeding from SOAH's active docket and remand this proceeding to the Commission, after which the Commission's ALJs may choose to process this proceeding using the procedures for informal disposition outlined in P.U.C. PROC. R. 22.35.

P.U.C. PROC. R. 22.32(a) states that an application, other than a major rate proceeding, may be approved by an ALJ without a hearing or action by the Commission if (1) the Commission has referred the application to the State Office of Administrative Hearings ("SOAH") for processing, (2) at least 30 days have passed since the completion of all notice requirements, (3) the matter has been fully stipulated so that there are no issues of fact or law disputed by any party, and (4) the ALJ finds that no hearing or Commission action is necessary and that administrative review is warranted.

The first three conditions have been satisfied. The Joint Parties note that an order referring this proceeding to SOAH was entered on October 6, 2014⁶ and that Permian provided an affidavit attesting to the completion of notice on November 6, 2014, which is more than 30 days earlier than the filing of this pleading.⁷ Further, the Joint Parties are now providing a Stipulation and proposed order that would resolve all issues in this proceeding.

Accordingly, if the ALJ finds that no hearing or Commission action is necessary and that administrative review is warranted, the ALJ may provide for the disposition of this case by administrative review, using the procedures set forth in P.U.C. PROC. R. 22.32(b)-(c).

IV. CONCLUSION

For the reasons, discussed above, the Joint Parties respectfully request that the ALJ grant the motion to admit evidence.

⁶ Order of Referral (Oct. 6, 2014).

⁷ Affidavit of Notice (Nov. 6, 2014).

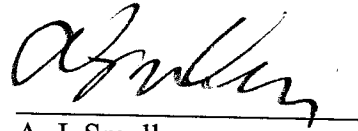
In addition, the Joint Parties respectfully request that the ALJ enter an order approving the attached Stipulation using the procedures set forth in P.U.C. PROC. R. 22.32(b)–(c). In the alternative, the Joint Parties respectfully request that the ALJ remand this proceeding to the Commission.

Date: March 26, 2015

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Stephen Mack
Managing Attorney
Legal Division



A. J. Smullen
Attorney-Legal Division
State Bar No. 24083881
(512) 936-7289
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on March 26, 2015 in accordance with P.U.C. PROC. R. 22.74.


A. J. Smullen

PUC Interoffice Memorandum

To: AJ Smullen
Legal Division

Thru: Tammy Benter, Director
Water Utilities Division

From: Fred Bednarski, Financial & Managerial Specialist
Water Utilities Division

Date: March 26, 2015

Subject: Executive Summary and Staff Recommendation for Commission Approval of Control No. 42961

On August 20, 2014, Permian Basin Water Resources, LLC (Permian) filed with the Texas Commission on Environmental Quality (TCEQ) to transfer 100% of the controlling interest of Greenwood Water Corporation (Greenwood), which holds Certificate of Convenience and Necessity (CCN) No. 11792 in Midland County. On September 1, 2014 this proceeding was transferred to the Public Utility Commission of Texas (PUC) and is being reviewed pursuant to the criteria in the Texas Water Code (TWC), 13.302 and P.U.C. SUBST. R. 24.111.

Based on my review of the application, including the supplemental filings, I have determined that Permian possesses adequate financial, managerial, and technical capability for providing adequate and continuous service in the area except with respect to two new wells and associated reverse osmosis facilities currently owned by Greenwood (New Wells A and B). New Wells A and B have not been permitted by TCEQ. I have determined that it is appropriate for Permian to provide financial assurance in order to ensure that Permian is capable of remediating any compliance measures necessary with respect to New Wells A and B.

I have reviewed the stipulation entered into by Permian and Staff (Stipulation). The Stipulation requires Permian to pursue remediation of compliance issues relating to New Wells A and B. If Permian does not complete remediation of these issues before closing on the transaction, Permian will be required to provide one or more letters of credit to the PUC covering \$20,000 in addition to the value of any anticipated construction costs necessary with respect to New Wells A and B.

Based on my review, I recommend the proposed transaction be completed pursuant to the Stipulation. Further, I recommend that the applicant send copies of the closing documents evincing the completed transaction within 30 days upon completion to the Water Utilities Division of the Public Utilities Commission (PUC) per the PUC's filing procedures. I additionally recommend the applicant be informed that the CCN will remain in the name of Greenwood Water Corporation until a sale, transfer, and merger (STM) application is submitted and approved in accordance with the PUC rules and regulations.

SOAH DOCKET NO. 473-15-0614

PUC DOCKET NO. 42961

REQUEST OF GREENWOOD WATER CORPORATION FOR APPROVAL OF WATER UTILITY STOCK TRANSFER CCN NO. 11792 § **BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT

The parties to this Unanimous Stipulation (Stipulation) are the Staff (Staff) of the Public Utility Commission of Texas (Commission), Greenwood Water Corporation (Greenwood), and Permian Basin Water Resources, LLC (Permian). The parties who are signing the Stipulation shall be referred to individually either as a Signatory or by the acronym assigned above, and collectively as the Signatories.

I. BACKGROUND

On August 20, 2014, a request was filed with the Texas Commission on Environmental Quality (TCEQ) for approval of the transfer of stock in Greenwood from Paul R. Wilhite (Wilhite) to Permian. According to the request, if the transaction is approved and completed, Permian will become the owner of Greenwood. On September 1, 2014, jurisdiction over the sale of stock in a water utility was transferred from the TCEQ to the Commission. The Commission referred this matter to the State Office of Administrative Hearings (SOAH) on October 6, 2014.

In the request, Greenwood and Permian indicated that, as a result of an investigation of Greenwood, the TCEQ noted that Greenwood had not submitted to the TCEQ information necessary for the installation of two new wells (New Wells A and B) to comply with the TCEQ's reporting requirements.

The Signatories agree that the public interest will be served in this proceeding by resolution of the issues in the manner prescribed by this Stipulation. Settlement will also conserve the resources of the parties and the Commission. The Signatories jointly request Commission approval of this Stipulation and entry of orders, findings of fact and conclusions of law consistent with the approval. By this Stipulation, the Signatories resolve all issues among them related to the request for transfer of stock, and agree as follows:

II. STIPULATION AND AGREEMENT

1. Agreement as to Notice

Pursuant to SOAH Order No. 1, Greenwood provided its customers mailed notice of the request for approval of the transfer of its stock. The Signatories agree that adequate and reasonable notice has been provided to affected persons consistent with P.U.C. PROC. R. 22.55.

2. Agreements as to the Effective Date of the Stock Transfer.

a. Effective Date of Stock Transfer. The effective date will be the date on which the transfer of stock is completed. The Signatories agree the transfer of Greenwood's stock may be completed only after the date that a final order of approval is entered in this proceeding.

b. Effect of the Stock Transfer. The Signatories agree that after the stock transfer is completed, Permian's ownership of Greenwood shall be subject to a probationary period extending from the effective date of the transfer until such time as Permian provides confirmation to the Commission that the TCEQ has accepted Greenwood's remediation of issues relating to the reporting requirements for New Wells A and B. After Permian has provided this confirmation, the probationary period shall end.

3. Agreements as to Adequate Financial, Managerial, and Technical Capacity for Providing Continuous and Adequate Service.

a. Financial Capacity.

i. The Signatories agree that Greenwood generates sufficient revenues to provide for its independent operation without the need for financial assurance to ensure that continuous and adequate water utility service is provided. However, the Signatories agree that it is appropriate for Permian to provide financial assurance to the Commission that will ensure that Permian is capable of resolving any outstanding compliance issues relating to New Wells A and B and the TCEQ's reporting requirements.

ii. Permian agrees to begin remediation of issues relating to New Wells A and B within 45 days after the Commission approval of the Stipulation. Unless Greenwood has previously received and filed with the Commission

written confirmation from the TCEQ that the comprehensive compliance investigation issues have been completely resolved, Permian agrees to post a letter of credit with the Commission in the amount of \$20,000.00 as financial assurance to ensure the remediation of the issues arising from the TCEQ's comprehensive compliance investigation relating to New Wells A and B within 45 days after the Commission approval of the Stipulation. The Signatories agree that Commission may order that the transaction be unwound if Permian fails to timely provide the required financial assurance.

- iii. It is not expected that any additional construction will be required in order to remediate the comprehensive compliance investigation issues; however, within a reasonable period of time after Greenwood or Permian receives notice or instructions from the TCEQ that additional construction is needed to resolve the comprehensive compliance investigation issues, Permian agrees to post an additional letter of credit with the Commission in the amount of any anticipated construction costs. Permian agrees that failure to timely provide the required financial assurance for construction costs will subject Permian to administrative fines or other penalties.
 - iv. The Signatories agree that any letter of credit will be in the form attached as **Attachment A**.
 - v. The Signatories agree that any letter of credit shall remain in effect until the Commission authorizes the release of the letter of credit. The Signatories agree that the decision regarding release of the letter of credit may be delegated by the Commission to the Commission's Executive Director.
- b. Managerial Capacity.** After the stock transfer is completed, Greenwood Permian agrees to continue to maintain Greenwood's existing office within the certificated service area of CCN No. 11792 immediately following the transaction but may eventually maintain a different reasonable office for the purpose of overseeing technical operations and maintenance, providing customer service, accepting service of process, and making available in that office books and

records sufficient to establish Permian's and Greenwood's compliance with the Texas Water Code and applicable Commission rules. The Signatories agree that officers and principals of Permian have sufficient managerial capacity to provide for the operation of Greenwood.

c. Technical Capacity.

- i. The Signatories agree Greenwood's existing facilities are sufficient to ensure continuous and adequate service to current customers.
- ii. Permian agrees to remediate reporting and approval issues identified by TCEQ in the letter attached as **Attachment B** dated January 30, 2015, describing the actions needed to resolve issues with New Wells A and B and associated reverse osmosis treatment systems.
- iii. Permian agrees to provide an affidavit from a professional engineer attesting that no construction costs are necessary to complete the remediation of the reporting and approval issues identified by TCEQ in **Attachment B**. The affidavit from the professional engineer is attached as **Attachment C**.
- iv. The Signatories agree to a proposed order requiring Permian to begin the TCEQ permitting process to remediate reporting and approval issues within forty-five (45) days of the transfer of stock and to diligently pursue completion and TCEQ approval. Permian agrees that failure to begin and diligently pursue the TCEQ's permitting process will subject Permian to administrative fines or other penalties.

- 4. Proposed Order.** The signatories jointly propose that the Commission issue a final order in the form attached as **Attachment D**. The Signatories submit the stipulated and agreed-upon Findings of Fact and Conclusions of Law included in the proposed order in **Attachment D** for the Commission's adoption of and inclusion in a final order in this case implementing the terms of this Stipulation.

III. STIPULATION AND AGREEMENT REGARDING PRELIMINARY ORDER
ISSUES

The Signatories agree that the issues presented in the Preliminary Order in this case shall be resolved as follows:

1. What is the effective date of the proposed transaction?

The effective date will be the date on which the transfer of stock is completed. The transfer of the stock may be completed only after the date that a final order of approval is entered in this proceeding.

2. Has Permian demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to Permian? TWC 13.302(b); P.U.C. SUBST. R. 24.111(b), 16 TAC § 24.111(b).

Financial Capability

a. How would the proposed transaction affect Permian's financial standing, including but not limited to its capital structure; its tangible net worth; and its credit rating, if any?

Permian's acquisition of Greenwood's stock will: (i) result in an exchange of Permian's contributed capital for Greenwood's stock, (ii) benefit the net worth of Permian, (iii) enhance the credit worthiness of Permian.

b. How, if at all, would the proposed transaction affect Greenwood's financial standing, including but not limited to its capital structure; its tangible net worth; and its credit rating, if any?

Permian's acquisition of Greenwood's stock will not affect the capital structure or net worth of Greenwood. Currently, there is a single individual who holds all of the ownership interest of Greenwood. Greenwood's credit worthiness may be improved after the stock transfer is completed because the ownership interest in Greenwood will be more widely held by the individuals and entities holding ownership interests in Permian.

- c. Are any capital investments currently needed to ensure the provision of continuous and adequate service? If so, has Permian demonstrated it has the ability to provide the necessary capital investment(s)?**

Greenwood's existing facilities are sufficient to ensure the provision of continuous and adequate service to its current customers. Greenwood is in the process of remediating reporting and approval issues with regard to New Wells A and B and associated reverse osmosis treatment systems that were identified in a comprehensive compliance investigation of Greenwood's facilities by the TCEQ conducted in February 2014.

- d. Has Permian demonstrated that customer deposits or advance payments, if any, would be kept in an escrow account or segregated cash account? If not, should the Commission require Permian to acquire and maintain financial assurance, such as an irrevocable stand-by letter of credit payable to the commission, in an amount sufficient to cover 100% of the outstanding customer deposits and advance payments held at the close of each month?**

TWC § 13.302(c) and P.U.C. SUBST. R. 24.111(c), 16 TAC § 24.111(c).

Greenwood does not collect or hold customer deposits.

Managerial Capability

- e. What experience do Permian's principals or permanent employees in managerial positions have in water utility finances, accounting, planning and engineering, operations and maintenance, regulatory compliance, and customer service?**

Mr. Leo Commandeur and Mr. Ed Borremeo, who are principals of Permian, have more than twenty-five (25) years of water and wastewater utility management and operation experience.

Technical Capability

- f. What technical experience do Permian's designated permanent employees have in operating a water utility and ensuring continuous and adequate provision of service?**

Mr. Leo Commandeur and Mr. Ed Borremeo, who are principals of Permian, have more than twenty-five (25) years of water and wastewater utility management and operation experience. The current owner of Greenwood, Wilhite, has owned and operated the Greenwood Water System for more than thirty (30) years. After the stock transfer is completed, Wilhite has agreed to assist Permian with the operation of the Greenwood Water System as an employee or consultant for a period of up to twelve months after the transfer is completed.

g. What relevant certifications or degrees are held by Permian's designated permanent employees?

Wilhite holds a Class C Water Operator License. Greenwood also employs Curtis Forsberg, who holds a Class C Water Operator Licenses. Mr. Forsberg will be retained as an operator for Greenwood after the transfer is completed.

h. Would Permian or Greenwood continuously maintain an office located within Texas for the purpose of overseeing technical operations and maintenance, providing customer service, accepting service of process, and making available in that office books and records sufficient to establish Permian's and Greenwood's compliance with the Texas Water Code and applicable Commission rules?

After the stock transfer is completed, Permian agrees to continue to maintain Greenwood's existing office within the certificated service area of CCN No. 11792 immediately following the transaction but may eventually maintain a different reasonable office for the purpose of overseeing technical operations and maintenance, providing customer service, accepting service of process, and making available in that office books and records sufficient to establish Permian's and Greenwood's compliance with the Texas Water Code and applicable Commission rules.

3. If Permian has not demonstrated adequate financial capability, should the Commission require that Permian provide a bond, irrevocable standby letter of credit, or other financial assurance to ensure continuous and adequate utility service is provided, consistent with TWC § 13.302(c) and P.U.C. SUBST. R. 24.111(c), 16 TAC § 24.111(c)?

The Signatories agree that Greenwood generates sufficient revenues for independent operation without need for financial assurance to ensure continuous and adequate water utility service is provided. However, Permian agrees to provide the Commission an irrevocable standby letter of credit.

4. If the Commission requires Permian to provide financial assurance, what form and amount of financial assurance should the Commission require?

Permian agrees to provide the Commission a letter of credit in the amount of \$20,000.00 as financial assurance for Greenwood's remediation of the issues arising from the TCEQ's comprehensive compliance investigation. The form for the letter of credit is attached to this Stipulation as **Attachment A**.

5. Would the proposed transaction serve the public interest? TWC § 13.302(f); P.U.C. SUBST. R. 24.111(g), 16 TAC § 24.111(g).

The Signatories agree that the transfer of Greenwood's stock from Wilhite to Permian will serve the public interest by providing for the change of ownership with a gradual transition of operations and management while maintaining continuity of service to customers.

In answering this question, please address the following sub-issues:

a. Does Permian or an affiliated person have a history of:

- i. noncompliance with the requirements of the Commission, TCEQ, or the Department of State Health Services; or**

The Signatories agree Permian is a newly created entity with no history of noncompliance with the requirements of the Commission, TCEQ, or the Department of State Health Services. The principals of Permian have no history of noncompliance with the requirements of the Commission, TCEQ, or the Department of State Health Services.

- ii. continuing mismanagement or misuse of revenues as a utility service provider?**

The Signatories agree Permian is a newly created entity with no history of mismanagement or misuse of revenues as a utility service provider. The principals of Permian have no history of mismanagement or misuse of revenues as a utility service provider.

IV. IMPLEMENTATION OF AGREEMENT

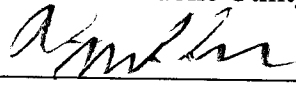
- 1. Obligation to Support this Stipulation.** The Signatories will support this Stipulation before the Commission and will take reasonable steps to support expeditious entry of orders fully consistent with this Stipulation. This provision shall not preclude any party from taking action that is mandatory and nondiscretionary pursuant to a law enacted after the date this Stipulation is filed at the Commission.
- 2. Effect of Stipulation**
 - a. Effect of Modification of Stipulation.** If the Commission issues a final order inconsistent with the terms of the Stipulation, the Signatories agree each Signatory has the right to withdraw from the Stipulation, to submit testimony, and to request a hearing and advocate any position it deems appropriate with respect to any issue in this Stipulation. The Signatories further agree that the terms and conditions in this Stipulation are interdependent, and that the various provisions of this Stipulation are not severable.
 - b. No Precedent.** Because the matters resolved herein are resolved on the basis of compromise and settlement, nothing in this Stipulation should be considered precedent. No Signatory shall be deemed to have agreed to the propriety of any theory or principle that may be said to underlie any of the issues resolved by this Stipulation. Because this is a settlement, the Signatories recognize that no party is under any obligation to take the same position in any other docket, except as specifically required by this Stipulation, whether or not the docket presents the same or similar circumstances. This Stipulation is binding on each of the Signatories only for the purpose of settling the issues herein and for no other purpose. Oral and written statements made during the course of settlement negotiations shall not be used as an admission or concession of any sort or as evidence in this or any other proceeding.
 - c. Entire Agreement.** This Stipulation is the entire understanding and agreement of the parties to this Stipulation, and it supersedes prior understandings and agreements, if any, among the parties with respect to the subject matter of the Stipulation. There are no representations, agreements, arrangements, or understandings, oral or written, concerning the subject matter hereof between and

among the parties to this Stipulation which are not fully expressed herein.

3. **Authorization to Sign.** Each person executing this Stipulation represents that he or she is authorized to sign the Stipulation on behalf of the party represented.
4. **Countersigned Originals.** This document may be countersigned by each Signatory on separate originals. Each signature shall be treated as if it is an original signature. This Stipulation has been executed, approved, and agreed to by the Signatories hereto in multiple counterparts, each of which shall be deemed an original, on the date indicated below by the Signatories hereto, by and through their undersigned duly authorized representatives. This Stipulation shall be effective and binding when it is signed by all Signatories.

SOAH DOCKET NO. 473-15-0614
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Signature Page for Unopposed Stipulation

<p>Staff of the Public Utility Commission of Texas</p> <p></p> <hr/> <p>A. J. SMULLEN</p>	<p>Signed this <u>26</u> day of March, 2015</p>
<p>Greenwood Water Corporation</p> <hr/> <p>Richard Hamala, Counsel for Greenwood Water Corporation</p>	<p>Signed this ____ day of March, 2015</p>
<p>Permian Basin Water Resources, LLC</p> <hr/> <p>Richard Hamala, Counsel for Permian Basin Water Resources, LLC</p>	<p>Signed this ____ day of March, 2015</p>

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Signature Page for Unopposed Stipulation

<p>Staff of the Public Utility Commission of Texas</p> <p>_____</p> <p>_____</p>	<p>Signed this ____ day of March, 2015</p>
<p>Greenwood Water Corporation</p> <p><u>Richard Hamala</u></p> <p>Richard Hamala, Counsel for Greenwood Water Corporation</p>	<p>Signed this <u>25th</u> day of March, 2015</p>
<p>Permian Basin Water Resources, LLC</p> <p><u>Richard Hamala</u></p> <p>Richard Hamala, Counsel for Permian Basin Water Resources, LLC</p>	<p>Signed this <u>25th</u> day of March, 2015</p>

EXHIBIT A
TO UNOPPOSED STIPULATION

IRREVOCABLE STANDBY LETTER OF CREDIT

Executive Director
Public Utility Commission of Texas

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. _____ in your favor, at the request and for the account of (owner's or operators name and address) up to the aggregate amount of Twenty Thousand U.S. Dollars \$20,000, available upon presentation of

- (1) Your sight draft, bearing reference to this letter of credit No. _____, and
- (2) Your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of 30 Texas Administrative Code Chapter 37."

This letter of credit is effective as of (date) and shall expire on (date at least 1 year later), but such expiration date shall be automatically extended for a period of (at least 1 year) on (date) and on each successive expiration date, unless, at least 120 days before the current expiration date, we notify both you and (owner's or operator's name) by certified mail that we have decided not to extend this letter of credit beyond the current expiration date. In the event you are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by both you and (owner's or operator's name), as shown on the signed return receipts.

Whenever this letter of credit is drawn on under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us.

We certify that the wording of this letter of credit is identical to the wording specified in 30 Texas Administrative Code § 37.331 as such regulations were constituted on the date shown immediately below.

(Signatures and titles of officials of issuing institution)

(Date)

This credit is subject to (insert "the most recent edition of the Uniform Customs and Practice for Documentary Credits, published by the International chamber of Commerce," or "the Uniform Commercial Code").

EXHIBIT B
TO UNOPPOSED STIPULATION

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



PWS_1650078_CO_20150130_Plan Ltr

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution
January 30, 2015

Mr. Michael Hreha
United Engineering Group
3205 W. Ray Road
Chandler, AZ 85226

Re: Greenwood Water System - Public Water System ID No. 1650078
Response to Compressive Compliance Investigation and CCN Expansion
Engineer Contact Telephone: (480) 705-5372
Plan Review Log No. P-12012014-023
Midland County, Texas

CN: 600664528; RN: 101439040

Dear Mr. Hreha:

On December 1, 2014, the Texas Commission on Environmental Quality (TCEQ) received your letter dated November 26, 2014 proposing a plan of action to addressing the additional issues listed in the compliance investigation report and discussing a plan to expand the service area to a new subdivision. Based on our review, we are **unable to approve** the proposed project at this time.

Please provide additional information showing how the requirements of the TCEQ's Chapter 290 - Rules and Regulations for Public Water Systems will be met:

1. Pursuant to Title 30 Texas Administrative Code (TAC) §290.39(d)(1), "Plans, specifications, and related documents will not be considered unless they have been prepared under the direction of a licensed professional engineer. All engineering documents must have engineering seals, signatures, and dates affixed in accordance with the rules of the Texas Board of Professional Engineers". Please have your engineer submit an engineering report with plans and specifications to respond to the Comprehensive Compliance Investigation.
2. The Reverse Osmosis treatment used to remove arsenic at the public water system is not approved for use. The following is needed to approve the treatment:
 - a. Provide a clear identification of the proposed raw water source.

- b. If the well has been constructed, a copy of the State of Texas Well Report according to 16 TAC Chapter 76 (relating to Water Well Drillers and Water Well Pump Installers), a cementing certificate (as required by §290.41(c)(3)(A) of this title), and a copy of the complete physical and chemical analysis of the raw water from the well as required by §290.41(c)(3)(G) of this title; or
- c. Provide a description of the pretreatment process that includes:
 - i. target water quality of the proposed pretreatment process;
 - ii. constituent(s) to be removed or treated;
 - iii. method(s) or technologies used; and
 - iv. operating parameters, such as chemical dosages, filter loading rates, and empty bed contact times.
- d. Provide documentation that the components for the RO membranes conform to American National Standards Institute/NSF International (ANSI/NSF Standard 61 for Drinking Water System Components).
- e. Provide the details for post-treatment and re-mineralization to reduce the corrosion potential of the finished water. If carbon dioxide and/or hydrogen sulfide is present in the reverse osmosis permeate, include the details for a degasifier for post-treatment.
- f. If blending is occurring provide the blending ratio, source of the water to be blended, and the calculations showing the concentrations of regulated constituents in the finished water.

- g. Provide the initial baseline performance of the plant. The baseline net driving pressure, normalized permeate flow, salt rejection (or salt passage) must be documented.
 - h. Provide the frequency of cleaning or membrane replacement. The frequency must be based on a set time interval or at a set point relative to baseline performance of the unit(s).
 - i. Provide verification of plant capacity. The capacity of the reverse osmosis membrane facility shall be based on the as-built configuration of the system.
 - j. Provide at least 4 samples of the raw water, RO treated water, and the water after any post treatment for arsenic. The 4 samples shall be taken one each week for a period of 4 weeks. Samples must be submitted to an accredited laboratory for chemical analyses.
 - k. Provide a complete physical and chemical analysis of the treated water, both from the RO membrane system, and the water after any post-treatment. Samples must be submitted to an accredited laboratory for chemical analyses.
3. Please include the Comprehensive Compliance Investigation report with your next submittal.

The submittal consisted of a letter with a proposed timeline.

We will retain these documents for 60 calendar days. Revisions or additional information must be submitted to the TCEQ (Utilities Technical Review Team, MC-159) within that time or the entire package must be resubmitted for review.

Please refer to the Utilities Technical Review Team's Log No. P-11202014-101 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

Mr. Michael Hreha
Page 4
January 30, 2015

Please complete a copy of the most current Public Water System Plan Review Submittal form for any future submittal to TCEQ. Every blank on the form must be completed to minimize any delays in the review of your project. The document is available on our website at the address shown below.

<http://www.tceq.texas.gov/assets/public/permitting/watersupply/ud/forms/10233.pdf>

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You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions concerning this letter or need further assistance, please contact Mr. Brian D. Dickey at (512)239-0963 or by email at "brian.dickey@tceq.texas.gov" or by correspondence at the following address:

Utilities Technical Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Sincerely,



Vera Poe, P.E., Team Leader
Utilities Technical Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

VP/BDD/av

cc: Greenwood Water System - Attn.: Paul Wilhite, President, 2121 County Road
1083, Midland, Texas 79706

EXHIBIT C
TO UNOPPOSED STIPULATION

SOAH DOCKET NO. 473-15-0614

PUC DOCKET NO. 42961

REQUEST OF GREENWOOD WATER § BEFORE THE STATE OFFICE
CORPORATION FOR APPROVAL OF §
WATER UTILITY STOCK TRANSFER § OF
CCN NO. 11792 §
§ ADMINISTRATIVE HEARINGS

AFFIDAVIT IN SUPPORT OF COST ESTIMATES

BEFORE ME, the undersigned Notary Public, on this day personally appeared Mike Hreha, who being duly sworn on his oath deposed and said:

“My name is Michael Hreha. I am over the age of eighteen (18) years and I am competent to make this Affidavit. The facts stated in this Affidavit are true and correct and based upon my personal knowledge. I am a licensed professional engineer for the State of Arizona. I have twelve (12) years of experience in civil engineering, including working on water supply systems. I have worked on designing and constructing public water systems that are located in the states of Arizona, California, Nevada, Utah, Colorado, Washington, Oregon, Idaho, Oklahoma and Texas.

My employer is United Engineering Group, Inc. (“UEG”). UEG has a history of providing water infrastructure designs all over the Western United States. Several of these designs have been in the state of Texas and include interaction with the Texas Commission on Environmental Quality (TCEQ).

UEG has been hired by Permian Basin Water Resources, LLC (“Permian”) to assist Permian and Greenwood Water Corporation (“Greenwood”) with the acquisition of Greenwood by Permian and the transfer of the stock of Greenwood from Paul Wilhite to Permian.

One component of the application for approval of the stock transfer is reporting any system deficiencies that regulatory authorities have identified in Greenwood’s water system and explaining the proposed actions to resolve the deficiencies. TCEQ conducted a comprehensive compliance investigation of Greenwood’s facilities in February 2014. TCEQ’s report of the

investigation listed additional issues to be resolved as follows: "Submittal of completion paperwork for new wells A and B and associated reverse osmosis treatment system and request for final samples for new wells A and B."

In connection with developing a plan for resolving the additional issues identified in the inspection report, I have inspected the physical facilities comprising the Greenwood's public water system, including wells A and B, and the reverse osmosis treatment system. I have also acquired information and documents from Greenwood describing wells A and B and the reverse osmosis treatment system. I have reviewed the applicable provisions of the TCEQ's public water system regulations found in 30 TAC Chapter 290.

Wells A and B and the reverse osmosis treatment system are currently constructed and operating and are delivering water into Greenwood's public water system. Recent testing performed by TCEQ and by Permian has confirmed that the water produced by wells A and B and the reverse osmosis treatment system safely meets drinking water standards, including having an arsenic level below the maximum contaminant level for arsenic established by the United States Environmental Protection Agency.

I have reviewed the installation of wells A and B and the reverse osmosis treatment system and have determined that no additional construction work is needed to bring the wells and reverse osmosis treatment system into compliance with the TCEQ's regulations and requirements for operation as part of a public water system.

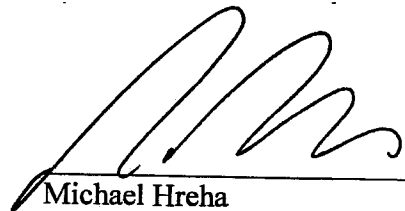
Greenwood submitted the proper request and obtained authority from TCEQ to drill wells A and B. Wells A and B were drilled and completed in 2012, and connected to Greenwood's public water system. However, additional testing must be performed and additional documentation must be submitted to the TCEQ for the wells in order to obtain TCEQ's final approval for use of the wells. In a letter to Greenwood dated January 30, 2015, the TCEQ described the testing reports and documentation that must be submitted to TCEQ for the wells. A copy of the TCEQ letter is attached to this affidavit.

The TCEQ letter dated January 30, 2015, also describes the testing that must be performed and the documentation that must be submitted in order to obtain authority from TCEQ for use of the reverse osmosis treatment system to remove naturally occurring arsenic from Greenwood's drinking water supply. The process described in the TCEQ letter does not require

additional facilities to be constructed. However, engineering, testing, and recordkeeping work is required.

Working with other engineers at UEG, I have developed estimates of the engineering work, testing, and the assembly of documents and information that is required to bring the wells and reverse osmosis treatment system into compliance with the TCEQ's regulations and requirements for operation as part of a public water system. The estimates of the work and associated costs are shown in the Estimates of Probable Cost attached to this affidavit."

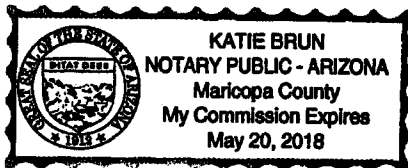
FURTHER AFFIANT SAYETH NOT.

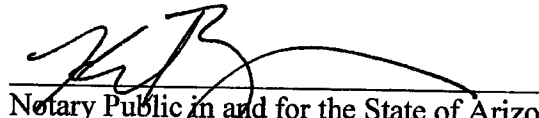


Michael Hreha

STATE OF ARIZONA §
 §
COUNTY OF Maricopa §

SUBSCRIBED AND SWORN TO BEFORE ME on this 9 day of February, 2015.





Notary Public in and for the State of Arizona

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



PWS_1650078_CO_20150130_Plan Ltr

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution
January 30, 2015

Mr. Michael Hreha
United Engineering Group
3205 W. Ray Road
Chandler, AZ 85226

Re: Greenwood Water System - Public Water System ID No. 1650078
Response to Compressive Compliance Investigation and CCN Expansion
Engineer Contact Telephone: (480) 705-5372
Plan Review Log No. P-12012014-023
Midland County, Texas

CN: 600664528; RN: 101439040

Dear Mr. Hreha:

On December 1, 2014, the Texas Commission on Environmental Quality (TCEQ) received your letter dated November 26, 2014 proposing a plan of action to addressing the additional issues listed in the compliance investigation report and discussing a plan to expand the service area to a new subdivision. Based on our review, we are **unable to approve** the proposed project at this time.

Please provide additional information showing how the requirements of the TCEQ's Chapter 290 - Rules and Regulations for Public Water Systems will be met:

1. Pursuant to Title 30 Texas Administrative Code (TAC) §290.39(d)(1), "*Plans, specifications, and related documents will not be considered unless they have been prepared under the direction of a licensed professional engineer. All engineering documents must have engineering seals, signatures, and dates affixed in accordance with the rules of the Texas Board of Professional Engineers*". Please have your engineer submit an engineering report with plans and specifications to respond to the Comprehensive Compliance Investigation.
2. The Reverse Osmosis treatment used to remove arsenic at the public water system is not approved for use. The following is needed to approve the treatment:
 - a. *Provide a clear identification of the proposed raw water source.*

- b. If the well has been constructed, a copy of the State of Texas Well Report according to 16 TAC Chapter 76 (relating to Water Well Drillers and Water Well Pump Installers), a cementing certificate (as required by §290.41(c)(3)(A) of this title), and a copy of the complete physical and chemical analysis of the raw water from the well as required by §290.41(c)(3)(G) of this title; or
- c. Provide a description of the pretreatment process that includes:
 - i. target water quality of the proposed pretreatment process;
 - ii. constituent(s) to be removed or treated;
 - iii. method(s) or technologies used; and
 - iv. operating parameters, such as chemical dosages, filter loading rates, and empty bed contact times.
- d. Provide documentation that the components for the RO membranes conform to American National Standards Institute/NSF International (ANSI/NSF Standard 61 for Drinking Water System Components.
- e. Provide the details for post-treatment and re-mineralization to reduce the corrosion potential of the finished water. If carbon dioxide and/or hydrogen sulfide is present in the reverse osmosis permeate, include the details for a degasifier for post-treatment.
- f. If blending is occurring provide the blending ratio, source of the water to be blended, and the calculations showing the concentrations of regulated constituents in the finished water.

- g. Provide the initial baseline performance of the plant. The baseline net driving pressure, normalized permeate flow, salt rejection (or salt passage) must be documented.
 - h. Provide the frequency of cleaning or membrane replacement. The frequency must be based on a set time interval or at a set point relative to baseline performance of the unit(s).
 - i. Provide verification of plant capacity. The capacity of the reverse osmosis membrane facility shall be based on the as-built configuration of the system.
 - j. Provide at least 4 samples of the raw water, RO treated water, and the water after any post treatment for arsenic. The 4 samples shall be taken one each week for a period of 4 weeks. Samples must be submitted to an accredited laboratory for chemical analyses.
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Mr. Michael Hreha
Page 4
January 30, 2015

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You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions concerning this letter or need further assistance, please contact Mr. Brian D. Dickey at (512)239-0963 or by email at "brian.dickey@tceq.texas.gov" or by correspondence at the following address:

Utilities Technical Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Sincerely,



Vera Poe, P.E., Team Leader
Utilities Technical Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

VP/BDD/av

cc: Greenwood Water System - Attn.: Paul Wilhite, President, 2121 County Road
1083, Midland, Texas 79706



united
engineering
group

ESTIMATE OF PROBABLE COSTS GREENWOOD WATER SYSTEM

Prepared: 1/6/2015

Project: GWC - Compliance Issues
Proj. #: 20415
Location: Midland County, Texas
Desc: Raw Land
Prepared: 1/6/2015

Gross Area (Acres): n/a
Number of Lots: n/a
Centerline Length (LF):
Sales Tax: 8.25%
Contingency: 5.0%

No.	Description	Quantity	Unit	Unit Price	Sales Tax	Amount
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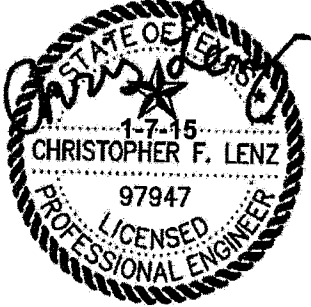
GENERAL REQUIREMENTS

Well A and B Updates

1.00	Entitlement & Engineering					
	ALTA Survey & Topo	1	LS	\$ 800.00	\$ -	\$ 800
	Well Quality Testing	1	LS	\$ 400.00	\$ -	\$ 400
	Submittal Fees	1	LS	\$ 200.00	\$ -	\$ 200
	Engineering Review and Design	1	LS	\$ 2,500.00	\$ -	\$ 2,500
						\$ 3,900
						<i>Entitlement & Engineering</i>
5.00	Printing / Reproduction					
	Printing (field plans, as-builts, mylars)	1	LS	\$ 1,000.00	\$ -	\$ 1,000
						\$ 1,000
						<i>Printing / Reproduction</i>
	TOTAL GENERAL REQUIREMENTS (GR)					\$ 4,900

CONSTRUCTION COSTS

TOTAL CONSTRUCTION COSTS	\$ -
TOTAL GENERAL REQUIREMENTS (GR)	\$ 4,900
TOTAL CONSTRUCTION COSTS & GR	\$ 4,900
CONTINGENCY (5%)	\$ 245
TOTAL ANTICIPATED DEVELOPMENT COSTS	\$ 5,145





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engineering
group

ESTIMATE OF PROBABLE COSTS GREENWOOD WATER SYSTEM

Prepared: 1/6/2015

Project: GWC - Compliance Issues
Proj. #: 20415
Location: Midland County, Texas
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Contingency: 5.0%

No.	Description	Quantity	Unit	Unit Price	Sales Tax	Amount
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Reverse Osmosis Engineering Report

GENERAL REQUIREMENTS

1.00 Entitlement & Engineering

ALTA Survey & Topo	1	LS	\$	800.00	\$	-	\$	800
Engineering Report	1	LS	\$	3,000.00	\$	-	\$	3,000
Submittal Fees	1	LS	\$	200.00	\$	-	\$	200
							\$	4,000

Entitlement & Engineering

2.00 Field Data

Maintenance of System	1	EA	\$	2,500.00	\$	-	\$	2,500
Field Sampling	8	EA	\$	200.00	\$	-	\$	1,600
Lab Testing	8	EA	\$	50.00	\$	-	\$	400
Engineering Review and Design	1	EA	\$	1,000.00	\$	-	\$	1,000
							\$	5,500

Field Data

5.00 Printing / Reproduction

Printing (field plans, as-builts, mylars)	1	LS	\$	1,000.00	\$	-	\$	1,000
							\$	1,000

Printing / Reproduction

TOTAL GENERAL REQUIREMENTS (GR) \$ 10,500

CONSTRUCTION COSTS

TOTAL CONSTRUCTION COSTS \$ -

TOTAL GENERAL REQUIREMENTS (GR) \$ 10,500

TOTAL CONSTRUCTION COSTS & GR \$ 10,500

CONTINGENCY (5%) \$ 525

TOTAL ANTICIPATED DEVELOPMENT COSTS \$ 11,025

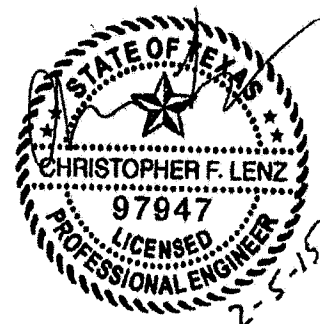


EXHIBIT D
TO UNOPPOSED STIPULATION

**SOAH DOCKET NO. 473-15-0614
PUC DOCKET NO. 42961**

**REQUEST OF GREENWOOD WATER
CORPORATION FOR APPROVAL OF
WATER UTILITY STOCK TRANSFER
CCN NO. 11792**

§
§
§
§

**PUBLIC UTILITY COMMISSION

OF TEXAS**

PROPOSED FINAL ORDER

This Order addresses the application by Greenwood Water Corporation (Greenwood) for approval of the transfer of 100% of the stock and ownership interest in Greenwood from Mr. Paul R. Wilhite to Permian Basin Water Resources, LLC (Permian). The parties, Greenwood, Permian, and Staff of the Public Utility Commission of Texas (Staff) (collectively, Signatories), entered into a Unanimous Stipulation (Stipulation) resolving all issues in this proceeding. Greenwood's application is approved solely to the extent consistent with the Stipulation.

The Public Utility Commission of Texas (Commission) adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Procedural History

1. On August 20, 2014, Greenwood and Permian filed with the Texas Commission on Environmental Quality (TCEQ) an application for approval of the transfer of 100% of the stock and ownership interest in Greenwood from Mr. Paul R. Wilhite to Permian Basin Water Resources, LLC.
2. Greenwood is an investor owned water utility holding Certificate of Convenience and Necessity No. 11792. Greenwood provides retail water service in Midland County to approximately 289 metered connections.
3. On September 1, 2014, jurisdiction over this proceeding transferred to the Commission.

4. On October 1, 2014, Commission Staff requested a hearing.
5. On October 6, 2014, the Commission referred this proceeding to the State Office of Administrative Hearings (SOAH) for processing.
6. On October 27, 2014, the Administrative Law Judge (ALJ) held a prehearing conference. Greenwood, Permian, and Staff participated in the prehearing conference.
7. On October 29, 2014, the ALJ issued SOAH Order No. 1 setting a procedural schedule for this proceeding.
8. On October 21, 2014, and November 6, 2014, Greenwood filed first and second supplements to the application for approval of the proposed stock transfer.
9. On November 6, 2014, Greenwood filed an affidavit verifying that notice of the requested approval of the proposed stock transfer was provided to each of its customers by first class mail, postage prepaid, on or before October 31, 2014. No comments or requests to intervene in this proceeding were filed by any customers of Greenwood.
10. On November 14, 2014, the Commission approved a preliminary order for this proceeding.
11. On January 30, 2015, TCEQ identified reporting and approval issues with regards to two water wells and associated reverse osmosis treatment systems (New Wells A and B). The letter from TCEQ described actions needed to resolve these issues.
12. On _____, 2015, the Signatories filed a Joint Notice of Stipulation and Motion to Admit Evidence and to Remand the Proceeding to the Commission.
13. On _____, 2015, the Signatories filed a Unanimous Stipulation and Agreement. The Stipulation included as an attachment the proposed final order.
14. On _____, 2015, the ALJ granted the Signatories Joint Notice of Stipulation and Motion to Admit Evidence and to Remand the Proceeding to the Commission. The following evidence was admitted into the record in support of the Settlement:
 - a. Request for Approval of Water Utility Stock Transfer CCN No. 11792, filed in the Commission's interchange on September 8, 2014;

- b. Greenwood Water Corporation's First Supplement to Request for Approval of Water Utility Stock Transfer, filed on October 21, 2014;
 - c. Greenwood Water Corporation's Second Supplement to Request for Approval of Water Utility Stock Transfer, filed on November 6, 2014;
 - d. Greenwood Water Corporation's Third Supplement to Request for Approval of Water Utility Stock Transfer, filed on December 2, 2014;
 - e. Affidavit of Notice, filed on November 6, 2014;
 - f. Unanimous Stipulation and Settlement Agreement with Joint Proposed Final Order, including attachments, filed with the Stipulation; and
 - g. Memorandum of Fred Bednarski in Support of the Stipulation filed with the Stipulation.
15. On _____, 2015, the Commission considered the Request, Stipulation and proposed final order during an open meeting.

Description of the Stipulation

16. The Signatories stipulated that adequate and reasonable notice has been provided to affected persons consistent with P.U.C. PROC. R. 22.55.
17. The Signatories stipulated that the transfer of Greenwood's stock may be completed only after the date that a final order of approval is entered in this proceeding.
18. The Signatories stipulated that Permian's ownership of Greenwood shall be subject to a probationary period from the effective date of the stock transfer until Permian provides the Commission with confirmation that the TCEQ has accepted Greenwood's remediation of issues on reporting and approvals of permitting issues with respect to New Wells A and B identified by TCEQ in its letter, which is attached to the Stipulation as Attachment B.
19. The Signatories stipulated that Greenwood generates sufficient revenues for independent operation without the need for financial Assurant to ensure continuous and adequate water utility service.

20. The Signatories stipulated that Permian will provide an affidavit of a professional engineer attesting that no construction costs are necessary to complete the remediation of the reporting and approval issues identified by TCEQ. The affidavit of the professional engineer is attached to the Stipulation as Attachment C.
21. The Signatories stipulated that, unless Greenwood has previously received and filed with the Commission written confirmation from the TCEQ that the comprehensive compliance investigation issues have been completely resolved, within 45 days of the date of this Order Permian agrees to post a letter of credit with the Commission in the amount of \$20,000.00 as financial assurance to ensure the remediation of the issues arising from the TCEQ's comprehensive compliance investigation relating to New Wells A and B. The Signatories agree that Commission may order that the transaction be unwound if Permian fails to timely provide the required financial assurance.
22. The Signatories stipulated that within a reasonable period of time after Greenwood or Permian receives notice or instructions from the TCEQ that additional construction is needed to resolve the comprehensive compliance investigation issues, Permian agrees to post an additional letter of credit with the Commission in the amount of any anticipated construction costs. Permian agrees that failure to timely provide the required financial assurance for construction costs will subject Permian to administrative fines or other penalties.
23. The Signatories stipulated that any letter of credit would be in the form attached to the Stipulation as Attachment A.
24. The Signatories stipulated that any letter of credit remains in effect until the Commission authorizes the release of the letter of credit. The Signatories stipulated that the decision regarding release of the letter of credit may be delegated by the Commission to the Commission's Executive Director.

The Signatories stipulated that after the stock transfer is complete Greenwood will continue to maintain its existing office within the certificated area of CCN No. 11792.

Consistency of the Stipulation with the Texas Water Code and Commission Requirements

25. In light of Greenwood's request for stock transfer and supplemental documents, the Stipulation is the result of good faith negotiations between the Signatories, and these efforts, as well as the overall result of the Stipulation viewed in light of the record as a whole, support the reasonableness and benefits of the terms of the Stipulation.
26. The terms of the Stipulation are consistent with the requirements set forth in TEXAS WATER CODE Ann. § 13.302, and P.U.C. SUBST. R. 24.111.

II. Conclusions of Law

1. The Commission has jurisdiction over the subject matter of this proceeding pursuant to Texas Water Code Section 13.302 and Acts 2013, 83rd R.S., ch. 170, General and Special Laws of Texas.
2. This docket was processed in accordance with the requirements of the Texas Water Code, the Texas Administrative Procedure Act,¹ and Commission rules. Proper notice of the request for approval of stock transfer was provided in compliance with P.U.C. PROC. R. 22.55.
3. The Stipulation, taken as a whole, is a just and reasonable resolution of all the issues it addresses, is consistent with the relevant provisions of TEX. WATER CODE. ANN. Chapter 13 and the Commission's rules, and is consistent with the public interest.
4. The Stipulation resolves all issues pending in this docket.
5. The Commission's adoption of a final order consistent with the Stipulation satisfies the requirements of TEX. GOV'T CODE ANN. §§ 2001.051 and 2001.056 without the necessity of a decision on contested case issues resulting from a hearing on the merits.
6. The requirements for informal disposition pursuant to P.U.C. PROC. R. 22.35 have been met in this proceeding.

¹ Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001-.902 (Vernon 2008 & Supp. 2012).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. Greenwood's request for transfer of stock is approved consistent with the above Findings of Fact and Conclusions of Law and conditioned on compliance with Findings of Fact 18, 21, and 22.
2. The Stipulation provided with this Order as Exhibit A is approved.
3. The entry of this Order consistent with the Stipulation does not indicate the Commission's endorsement of any principle or method that may underlies the Stipulation. Neither should entry of this Order be regarded as precedent as to the appropriateness of any principle or methodology underlying the Stipulation.
4. 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.

SIGNED AT AUSTIN, TEXAS on the _____ day of _____, 2015.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY MARTY MARQUEZ., COMMISSIONER