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APPLICATION OF COMMUNITY §  
WATER SERVICE, INC. and WALTER J. §  
CARROLL WATER COMPANY, INC. §  
FOR SALE, TRANSFER, OR MERGER §  
OF FACILITIES AND CERTIFICATE §  
RIGHTS IN ELLIS COUNTY §

BEFORE THE STATE OFFICE OF  
OF  
ADMINISTRATIVE HEARINGS


NOTICE OF FILING BY WALTER J. CARROLL WATER CO., INC.

COMES NOW Walter J. Carroll Water Co., Inc., by and through the undersigned attorneys, and files this *Notice of Filing* and requests that the Administrative Judge assigned herein and all parties of record take notice of the following documents herein filed in support of Applicants, Community Water Service, Inc. and Walter J. Carroll Water Company, Inc.'s Application for Sale, Transfer or Merger of Facilities and Certificate Rights in Ellis County, Texas Application forming the basis of the above-styled matter:

- EXHIBIT A - Direct Pre-Filed Testimony of Walter J. Carroll;
- EXHIBIT B - Direct Pre-Filed Testimony of Bonnie Frame;
- EXHIBIT C - Direct Pre-Filed Testimony of Ricky L. Reeder; and
- EXHIBIT D - Direct Pre-Filed Testimony of Charles P. Gillespie, Jr., P.E.

Respectfully submitted,

WEYCER, KAPLAN, PULASKI & ZUBER, P.C.

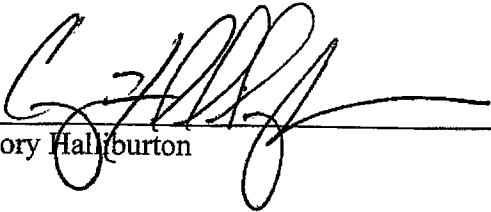
  
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ATTORNEYS FOR WALTER J. CARROLL  
WATER CO., INC.

33

**CERTIFICATE OF SERVICE**

The undersigned does hereby certify that on this <sup>12</sup>1<sup>st</sup> day of May, 2015, a true and correct copy of the forgoing Notice of Filing and Exhibits thereto have been forwarded to the parties listed on the service list below via Certified Mail, Return Receipt Requested. I certify that this Certificate of Service complies with Title 1, Part 7, Chapter 155, Subchapter C, Rule § 155.103 of the Texas Administrative Code.

  
Cory Haliburton

**SERVICE LIST**

<b><u>PARTIES</u></b>	<b><u>REPRESENTATIVE / ADDRESS</u></b>
SOAH	<p><b><u>CM/RRR#7013 0600 0001 8792 4837</u></b>                      The Honorable Lilo D. Pomerleau                      State Office of Administrative Hearings                      PO Box 13025                      Austin, Texas 78711-3025</p>
PUBLIC UTILITY COMMISSION	<p><b><u>VIA FEDEX OVERNIGHT</u></b>                      Mr. Doug M. Brown                      Attorney-Legal Division                      Public Utility Commission                      1701 N Congress Ave., Ste 8-110                      Austin, TX 78711</p>
Walter J Carroll Water Co., Inc.	<p><b><u>CM/RRR#7013 0600 0001 8792 4851</u></b>                      Mr. Walter Carroll                      Walter J. Carroll Water Co., Inc.                      513 Winding Creek Trail                      Red Oak, TX 75154</p>
Community Water Service, Inc.	<p><b><u>CM/RRR#7013 0600 0001 8792 4868</u></b>                      Ms. Bonnie Frame                      Community Water Service, Inc.                      P.O. Box 850155                      Mesquite, TX 75185</p> <p><b><u>CM/RRR#7013 0600 0001 8792 4875</u></b>                      Mr. Dustan Dewinne                      Consulting Environmental Engineers, Inc.                      150 N. Harbin Dr., Ste. 408                      Stephenville, TX 76401</p>
City of Red Oak	<p><b><u>CM/RRR#7013 0600 0001 8792 4882</u></b>                      Mr. Albert E. Lawrence Jr.                      City of Red Oak                      200 Lakeview Parkway                      Red Oak, TX 75154</p> <p><b><u>CM/RRR#7013 0600 0001 8792 4899</u></b>                      Mr. Robert E. Hager                      NICHOLS, JACKSON, DILLARD,                      HAGER &amp; SMITH, L.L.P.                      1800 Ross Tower                      500 North Akard                      Dallas, Texas 75201</p>

SOAH Docket No. 473-15-2274  
PUC Docket No. 43175

APPLICATION OF COMMUNITY §  
WATER SERVICE, INC. and § BEFORE THE STATE OFFICE  
WALTER J. CARROLL CO., INC. § OF  
INVESTORS, LP, FOR SALE, TRANSFER, §  
OR MERGER OF FACILITIES AND § ADMINISTRATIVE HEARINGS  
CERTIFICATE RIGHTS IN ELLIS COUNTY §

APPLICATION NO. 37981-S

DIRECT PRE-FILED TESTIMONY OF  
WALTER J. CARROLL

IN SUPPORT OF

APPLICANTS,  
COMMUNITY WATER SERVICE, INC.

and

WALTER J. CARROLL CO., INC.'S

IN SUPPORT OF

APPLICATION FOR SALE, TRANSFER OR MERGER OF FACILITIES AND  
CERTIFICATE RIGHTS IN ELLIS COUNTY, TEXAS

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**DIRECT PRE-FILED TESTIMONY OF  
WALTER J. CARROLL**

**TABLE OF CONTENTS**

I.	STATEMENT OF QUALIFICATIONS.....	3
II.	PURPOSE AND SCOPE OF TESTIMONY.....	9
III.	BACKGROUND OF APPLICATION FOR SALE OF PUBLIC UTILITY.....	9
IV.	DOCUMENTS REVIEWED .....	15
V.	REFERRED ISSUES.....	16
VI.	FINANCIAL INFORMATION.....	22
VII.	DEFICIENCY CONSIDERATIONS .....	24
VIII.	CUSTOMER INFORMATION.....	24
IX.	COMPLIANCE HISTORY.....	25
X.	RECOMMENDATIONS AND CONCLUSION.....	26

SOAH Docket No. 473-15-2274  
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WALTER J. CARROLL

IN SUPPORT OF

APPLICANTS,  
COMMUNITY WATER SERVICE, INC.

and

WALTER J. CARROLL CO., INC.

APPLICATION FOR SALE, TRANSFER OR MERGER OF FACILITIES AND  
CERTIFICATE RIGHTS IN ELLIS COUNTY, TEXAS

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I. STATEMENT OF QUALIFICATIONS

Q. WHAT IS YOUR NAME AND ADDRESS?

A. My name is Walter J. Carroll. My business address is 513 Winding Creek Trail, Red Oak, Texas 75154.

Q. BY WHOM ARE YOU EMPLOYED?

A. I am employed by and am the President and owner of Walter J. Carroll Water Company, Incorporated.

Q. IS WALTER J. CARROLL WATER CO., INC. INCORPORATED IN TEXAS?

A. Yes.

Q. I SHOW YOU WHAT'S BEEN MARKED AS APPLICANTS' EXHIBIT A-17. DO YOU RECOGNIZE THIS DOCUMENT?

A. Yes, it is a corporate record of my company.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-17 - Articles of Incorporation of Walter J. Carroll Water Co., Inc.]

**Q. ARE THESE ARTICLES OF INCORPORATION CURRENT FOR YOUR COMPANY?**

A. Yes.

**Q. AS FAR AS YOU KNOW, IS WALTER J. CARROLL WATER CO., INC. IN GOOD STANDING WITH THE TEXAS SECREARY OF STATE?**

A. Yes, as far as I know.

**Q. AS FAR AS YOU KNOW, IS WALTER J. CARROLL WATER CO., INC. IN GOOD STANDING WITH THE TEXAS COMPTROLLER?**

A. Yes, as far as I know.

**Q. AS FAR AS YOU KNOW, IS WALTER J. CARROLL WATER CO., INC. CURRENT WITH ANY TAXES REQUIRED TO BE FILED WITH THE TEXAS COMPTROLLER?**

A. Yes, as far as I know.

**Q. WHAT IS THE NATURE OF THE SERVICES PROVIDED BY WALTER J. CARROLL WATER CO., INC.?**

A. Walter J. Carroll Water Company has operated, managed and maintained public water systems in the Ellis County area.

**Q. HOW LONG HAS WALTER J. CARROLL WATER COMPANY BEEN IN THE BUSINESS OF OPERATING, MANAGING AND MAINTAINING PUBLIC WATER SYSTEMS IN ELLIS COUNTY, TEXAS?**

A. Since about 1965. The company was incorporated in about 1989.

**Q. DURING THAT TIME, WHAT WERE YOUR ROLES FOR WALTER J. CARROLL WATER COMPANY?**



A. I was and still am the owner of the company. I was and am involved in essentially all operational and management activities of the public water systems contained by Walter J. Carroll Water Company. I installed public water systems. I repaired the systems, wells and other facilities as needed. I engaged in regulatory compliance matters. I communicated with customers who received service from the facilities managed by the company, including billings, management of customer accounts, and so forth. Basically for the last 50 years or so, I've been continually involved in just about every aspect of owning, operating and managing retail public water systems in Texas.

**Q. DOES WALTER J. CARROLL WATER COMPANY CURRENTLY OPERATE AND MANAGE ANY RETAIL PUBLIC WATER SYSTEMS IN ELLIS COUNTY, TEXAS?**

A. Yes.

**Q. WILL YOU PLEASE DESCRIBE THOSE WATER SYSTEMS?**

A. Walter J. Carroll Water Company currently contains and operates four public water systems in Ellis County, Texas. They are:

- Water System No. TX0700058, Water System Name: Emerald Forest, which operates in Ellis County, Texas and serves a population of approximately 162. This system is serviced by a six-inch water well that produces about 40 gallons of water per minute and has provided continuous and adequate water utility service to its service areas for about 25 years or more.
- Water System No. TX0700063, Water System Name: Grande Casa, which operates in Ellis County, Texas and serves a population of about 471. This system is serviced by a water well that produces about 140 gallons of water per minute and has provided continuous and adequate water utility service to its service areas for about 44 years or more.
- Water System No. TX0700057, Water System Name: Lakeview Ranchettes, which operates in Ellis County, Texas and serves a population of about 306. This system is serviced by two water wells that each produce about 58 gallons of water per minute. This

system has provided continuous and adequate water utility service to its service areas for about 30 years.

- Water System No. TX0700064, Water System Name: Spanish Grant Subdivision, which operates in Ellis County, Texas and serves a population of about 402. This system is serviced by two water wells; one produces about 48 gallons of water per minute, and the other produces about 85 gallons of water per minute. This system has provided continuous and adequate water utility service to its service areas for about 20 years or more.

**Q. ARE THE FOUR SYSTEMS THAT YOUR COMPANY CURRENTLY OPERATES SIMILAR TO THE WATER SYSTEM AND FACILITIES THAT ARE THE SUBJECT OF THIS PROCEEDING?**

A. Yes. The four systems are similar to the water systems and Facilities forming the basis of this proceeding. They all have very similar components and equipment and they all generally function and are maintained in a similar manner.

**Q. WHAT IS YOUR ROLE IN THESE PUBLIC WATER SYSTEMS SERVICES PROVIDED BY WALTER J. CARROLL WATER COMPANY?**

A. I am involved in essentially all operational and management activities of the public water systems contained by Walter J. Carroll Water Company. I have been involved in this regard since the company began operations in about 1965.

**Q. WHAT OTHER EXPERIENCE DO YOU HAVE IN THE AREA OF PUBLIC UTILITIES?**

A. In addition to managing and operating the four current systems owned by Walter J. Carroll Water Company, I was a license-holding water operator from about 1981 through about 2003. That was a Ground Water Treatment Operator License, No. 449369345. My license expired in about 2003 when I quit performing actual repairs and maintenance to the systems owned by my company. Since about 1965, I have been professionally involved in the management and operation of five or six public water systems in Ellis County, Texas, four of those are still owned, operated and managed by my company. Through my work experience for Walter J. Carroll Water Company, I have become and am familiar with the regulatory agencies,

such as the former Texas Natural Resource Conservation Commission, the Texas Commission on Environmental Quality and the Texas Public Utility Commission. I also have experience in addressing deficiencies in water systems production and operations and in repairing and otherwise bringing non-compliant areas into compliance with the applicable regulations and to meet applicable consumer demands.

**Q. WHAT OTHER PROFESSIONAL OR WORK EXPERIENCES DO YOU HAVE IN RELATION TO PUBLIC WATER SYSTEMS?**

A. I operated a small private water system in DeSoto, Texas. It served about 13 residential homes and about 30 customers. My ownership and management of that system ended in about 2003.

**Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

A. I graduated high school and attended Oklahoma Christian College for about one year. Most of my education has come from my work experience.

**Q. WHAT PROFESSIONAL TRAINING OR CERTIFICATIONS DO YOU POSSESS?**

A. I was a license-holding water operator from about 1981 through about 2003. That was a Ground Water Treatment Operator License, No. 449369345. My license expired in about 2003 when I quit performing actual repairs and maintenance to the systems owned by my company.

**Q. WHAT OTHER WORK EXPERIENCES OR HONORS DO YOU HAVE?**

A. I joined the United States Marine Corp when I was sixteen years old, and I am a veteran of the Korean War. My service ended in about 1951, and I soon thereafter started working on my own as a business owner. Again, in about 1965, I began my career in the field of public water systems. The Texas Natural Resource Conservation Commission honored my work with a *Certificate For Outstanding Performance* for my management of the Lakeview Ranchettes water system that I mentioned. That award was given to me because that system had no violations related to the total coliform rule during the period of 1992 through 1996.

**Q. I SHOW YOU WHAT'S BEEN MARKED AS EXHIBIT A-11. DO YOU RECOGNIZE THIS DOCUMENT?**

**Q. IS THIS A TRUE AND CORRECT COPY OF THE AWARD YOU RECEIVED FROM THE TNRCC?**

**A. Yes.**

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-11]

**Q. DO YOU HAVE A RESUME THAT SUMMARIZES YOUR EDUCATION BACKGROUND, PROFESSIONAL EXPERIENCE AND TRAINING THAT YOU HAVE DESCRIBED?**

**A. Yes.** I have a resume which summarizes my education, training and professional experience.

**Q. I SHOW YOU WHAT'S BEEN MARKED AS EXHIBIT A-2. IS THIS A TRUE AND CORRECT COPY OF YOUR RESUME?**

**A. Yes.**

**Q. DID YOU PREPARE THIS RESUME?**

**A. Yes,** with the assistance of my business administrator, Patty Hilton. I have reviewed the resume and the information in it is accurate.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-2]

**Q. IN YOUR 34 YEARS OF WORKING IN THE FIELD OF PUBLIC WATER SYSTEMS, HOW MANY PUBLIC WATER SYSTEMS HAVE YOU PERSONALLY WORKED BEEN INVOLVED WITH?**

**A. I** have worked on and been involved with 5 or 6 public water systems projects. Currently, and for the last several decades, my company owns, operates and manages the four systems I mentioned above.

**Q. HAS ANY PUBLIC UTILITY LICENSE, CERTIFICATE OR PERMIT EVER BEEN REVOKED OR DENIED AS A RESULT OF ANY CONDUCT ON YOUR PART IN THE OPERATION OR MANAGEMENT OF A PUBLIC UTILITY?**

**A.** No, not that I know of.

**II. PURPOSE AND SCOPE OF TESTIMONY**

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY HERE?**

**A.** The purpose of this testimony is to present information and opinion about Walter J. Carroll Water Company's financial wherewithal and operational abilities to operate and manage a particular retail public utility system (the "Facilities") located at or near 105 Dana Street in Red Oak, Texas. That's in Ellis County. The Facilities I am testifying about are those that are the subject of this proceeding. Through this testimony, I explain Walter J. Carroll Water Company's ability and desire to continue to provide continuous and adequate utility service to the area serviced by those Facilities.

**Q. WHAT IS THE SCOPE OF YOUR TESTIMONY?**

**A.** The scope of my testimony is primarily as owner of Walter J. Carroll Water Services Company and as to the technical and operational capabilities of the Facilities in question, based on the needs or demands of the service area. My testimony is based on my more than 50 years in the business of operating and managing public water systems in the State of Texas and as owner and operator of Walter J. Carroll Water Company.

**III. BACKGROUND OF APPLICATION FOR SALE OF PUBLIC UTILITY**

**Q. WHAT CAN YOU TELL ME ABOUT A COMPANY CALLED COMMUNITY WATER SERVICES, INC.?**

**A.** Community Water Services, Inc. is the current owner and operator of the Facilities. Community Water Services, Inc. also holds a certificate of convenience and necessity (the "CCN") for the operation of the Facilities that my company seeks to acquire or merge through this proceeding. Bonnie Frame is the president of Community Water Services, Inc. I have known Ms. Frame for over two years.

**Q. DID WALTER J. CARROLL WATER COMPANY AND COMMUNITY WATER SERVICES ENTER INTO AN AGREEMENT IN RELATION TO THE FACILITIES?**

**A.** Yes. We entered into a written agreement in about July 2013.

**Q. I SHOW YOU WHAT HAS BEEN MARKED AS EXHIBIT A-3. DO YOU RECOGNIZE THIS DOCUMENT?**

**A.** Yes.

**Q. DOES THIS APPEAR TO BE A TRUE AND CORRECT COPY OF THE AGREEMENT ENTERED INTO BY COMMUNITY WATER SERVICE AND WALTER J. CARROLL WATER COMPANY IN JULY 2013?**

**A.** Yes.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-3 -- July 2013 Agreement].

**Q. WILL YOU EXPLAIN HOW THIS AGREEMENT CAME ABOUT?**

**A.** Yes. Back in 2013, Ms. Frame and her company, Community Water Service, were having trouble maintaining the water well that serviced the Facilities. The well needed fairly significant repairs, and Ms. Frame was in a bit of a jam on how to get the well repaired. Also, Ms. Frame's husband had a serious illness, and she indicated she wanted to phase out of her operations of public water systems in order to care for her husband. I discussed with Ms. Frame about whether my company could repair the well in exchange for an opportunity to purchase the Facilities. We agreed that she would sell the Facilities and the real property to Walter J. Carroll Water Company in exchange for my company's repair of the Facilities and an additional payment of \$25,000. We agreed that the transfer of ownership of the Facilities and of the other property from Community Water Service would occur after the Texas Commission on Environmental Quality approves the sale, at which time I will pay the additional \$25,000 per the Agreement and her company would transfer title to the Facilities and the real property associated with those.

**Q. AFTER THIS AGREEMENT WAS SIGNED, DID WALTER J. CARROLL WATER COMPANY REPAIR THE WELL AND FACILITIES AS PROMISED IN THE AGREEMENT?**

A. Well, my company did not itself pull the well, but my company was responsible for the repairs. The work was performed primarily by Pollock Well Services out of Granbury, Texas, but Walter J. Carroll Water Company was responsible for the work. My operations manager, Ricky Reeder, was responsible to oversee the work.

**Q. ARE YOU AWARE OF ANY OPERATIONAL PROBLEMS ASSOCIATED WITH THE FACILITIES AFTER THE FACILITIES WERE REPAIRED UNDER YOUR COMPANY'S WATCH?**

A. No.

**Q. ARE YOU AWARE OF ANY PRODUCTION PROBLEMS ASSOCIATED WITH THE FACILITIES AFTER THE FACILITIES WERE REPAIRED UNDER YOUR COMPANY'S WATCH?**

A. No.

**Q. TO YOUR KNOWLEDGE, THE FACILITIES WERE REPAIRED UNDER YOUR COMPANY'S WATCH, DID THE FACILITIES PROVIDE CONTINUOUS AND ADEQUATE WATER SERVICE TO THE AREA SERVED BY THE FACILITIES?**

A. To my knowledge, yes. I am aware of no operational, production or service issues that arose after the Facilities were repaired as part of the Agreement with Community Water Services.

**Q. DID COMMUNITY WATER SERVICE AND WALTER J. CARROLL WATER COMPANY ENTER INTO ANOTHER AGREEMENT IN RELATION TO THIS SALE AND TRANSFER?**

A. Yes.

**Q. I SHOW YOU WHAT HAS BEEN MARKED AS EXHIBIT A-5. DO YOU RECOGNIZE THIS DOCUMENT?**

A. Yes.

**Q. DOES THIS APPEAR TO BE A TRUE AND CORRECT COPY OF THE AGREEMENT ENTERED INTO BY COMMUNITY WATER SERVICE AND WALTER J. CARROLL WATER COMPANY IN MAY 2015?**

A. Yes.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-5 -- May 2015 Agreement]

**Q. WILL YOU DESCRIBE THE PURPOSE OF THIS AGREEMENT?**

A. This agreement serves to confirm that my company fully performed under the 2013 agreement for the sale of the Facilities insofar as the repairs and earnest money is concerned. The agreement also confirms that, upon the effective date of the final approval of the sale, transfer or merger by the Public Utility Commission, the TCEQ or other governmental body, Community Water Service will transfer ownership of the Facilities and the associated real property to Walter J. Carroll Water Company, and my company will pay the balance of the purchase price, \$25,000. The transfers will be made per the Warranty Deed and Bill of Sale attached to the agreement.

**Q. DOES EXHIBIT A-5 ADEQUATELY DESCRIBE THE REAL PROPERTY ASSOCIATED WITH THE FACILITIES IN QUESTION?**

A. Yes.

**Q. DOES EXHIBIT A-5 ADEQUATELY DESCRIBE THE FACILITIES IN QUESTION AND THEIR LOCATION?**

A. Yes.

**Q. ARE THERE ANY DOCUMENTS THAT DESCRIBE THE AREA SERVICED BY THE FACILITIES IN QUESTION?**

A. Yes. A map that illustrates the location of the production, transmission and distribution facilities for the Facilities in question was filed in support of the Application.

**Q. I SHOW YOU WHAT HAS BEEN MARKED AS EXHIBIT A-14. DO YOU RECOGNIZE THIS DOCUMENT?**

A. Yes.



**Q. DOES THIS APPEAR TO BE A TRUE AND CORRECT COPY OF MAP THAT ILLUSTRATES THE LOCATION OF PRODUCTION, TRANSMISSION AND DISTRIBUTION FACILITIES FOR THE FACILITIES IN QUESTION?**

**A. Yes.**

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-14 – Map of Facilities]

**Q. DO EXHIBITS A-14 AND A-5 ADEQUATELY ILLUSTRATE THE LOCATION OF PRODUCTION, TRANSMISSION AND DISTRIBUTION FACILITIES FOR THE FACILITIES IN QUESTION?**

**A. Yes.**

**Q. IN YOUR VIEW, DOES THIS INFORMATION ADDRESS ISSUE NO. 4 THAT WAS REFERRED TO THIS CONTESTED CASE, WHICH IS: WHAT ARE THE PRECISE BOUNDARIES OF THE SERVICE AREA THAT IS THE SUBJECT OF THE PURCHASER'S APPLICATION?**

**A. Yes.**

**Q. WHO IS CHARLIE P. GILLESPIE, JR., P.E.?**

**A. Mr. Gillespie is an engineer with the firm Consulting Environmental Engineers, Inc. out of Stephenville, Texas.**

**Q. AFTER WALTER J. CARROLL WATER COMPANY REPAIRED THE WELL AT THE FACILITIES, DID WALTER J. CARROLL WATER COMPANY AUTHORIZE MR. GILLESPIE AND HIS FIRM TO HELP PREPARE AND FILE AN APPLICATION FOR SALE, TRANSFER, OR MERGER OF A CERTAIN RETAIL PUBLIC UTILITY IN RELATION TO THE FACILITIES AND CERTAIN CCN INVOLVING COMMUNITY WATER SERVICES?**

**A. Yes.**

**Q. I SHOW YOU WHAT HAS BEEN MARKED AS EXHIBIT A-1. DOES THIS APPEAR TO BE A TRUE AND CORRECT COPY OF THE APPLICATION THAT YOU MENTION?**

**A. Yes.**

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-1 – Application (the “Application”)]

**Q. DID YOU ASSIST MR. GILLESPIE AND HIS FIRM IN PREPARING THE APPLICATION?**

A. Yes. I assisted in preparing this Application.

**Q. ARE THE FACILITIES MADE THE BASIS OF AGREEMENTS WITH COMMUNITY WATER SERVICE THE SAME FACILITIES THAT ARE THE BASIS OF THE APPLICATION?**

A. Yes.

**Q. IS THE CCN MADE THE BASIS OF AGREEMENTS WITH COMMUNITY WATER SERVICE THE SAME CCN THAT IS THE BASIS OF THE APPLICATION?**

A. Yes.

**Q. BRIEFLY EXPLAIN YOUR INVOLVEMENT IN PREPARING THE APPLICATION WITH MR. GILLESPIE AND HIS ENGINEERING FIRM?**

A. In addition to owning and operating Walter J. Carroll Water Company, I had multiple conferences with Mr. Charles P. Gillespie, Jr. and also Mr. Dustan DeWinne, another engineer with Consulting Environmental Engineers, Inc. My firm helped explain and provide information about Walter J. Carroll Water Company. I compiled and provided financial information and historical information about my company. I also provided and explained information about the Facilities for inclusion in the Application.

**Q. DOES THE APPLICATION FAIRLY INCORPORATE THE INFORMATION YOU PROVIDED TO MR. GILLESPIE AND HIS FIRM FOR INCLUSION IN THE APPLICATION?**

A. Yes. I think the Application indicates that Ms. Frame’s serious health condition is a reason for the requested transfer and sale to my company. That is not correct; it is Ms. Frame’s husband whose health condition caused Ms. Frame to further decide to transfer the Facilities to my company. Also, my Groundwater License that I mentioned above expired in 2003. I think the Application indicates that I am still licensed in that regard. My operations manager, Ricky

Reeder, is licensed in this regard, and he performs the actual repair and maintenance work on my company's water systems. I oversee and manage them though.

**Q. IN PREPARING THE APPLICATION, DID YOU MEET WITH ANY REPRESENTATIVES OF COMMUNITY WATER SERVICE?**

A. Yes. I had multiple meetings with Ms. Bonnie Frame, president and owner of Community Water Services. We reviewed the Facilities. We considered historical records and customer information, and other information relating to the Facilities and for my company's intended ownership.

**Q. IN PREPARING THE APPLICATION, DID YOU MEET WITH ANY OF YOUR COMPANY'S EMPLOYEES?**

A. Yes. I had multiple meetings with my company's operations manager, Ricky Reeder. We reviewed the Facilities and considered other information relating to the Facilities and my company's intended operation of same.

**Q. TELL THIS COURT A LITTLE ABOUT MR. REEDER?**

A. Mr. Reeder has worked as my company's operations manager since about 1996. He holds a Class C Groundwater Treatment Operator license issued by the TCEQ. He is very knowledgeable of retail public water systems, including the Facilities in question. He assists in just about every operational aspect of my company's current water systems, and he has done so since about 1996.

**IV. DOCUMENTS REVIEWED**

**Q. ARE YOU FAMILIAR WITH CERTAIN REGULATIONS THAT GOVERN THE SALE OR TRANSFER OF PUBLIC WATER FACILITIES AND ASSOCIATED CCN?**

A. Yes, through this process and through my long history in the water systems business, I have become familiar with those regulations.

**Q. ARE YOU FAMILIAR WITH REGULATIONS THAT GOVERN THE OPERATIONS AND MANAGEMENT OF PUBLIC WATER SYSTEMS IN TEXAS?**

A. Yes. Through my near 50 years of experience in operating and managing retail public water systems in Texas, I have become quite familiar with the regulations in this regard.

**Q. IN FORMING YOUR TESTIMONY, DID YOU REVIEW ANY OF THESE REGULATIONS?**

A. Yes, I reviewed some of the regulations.

**Q. IN FORMING YOUR TESTIMONY, DID YOU REVIEW ANY OTHER DOCUMENTS?**

A. Yes.

**Q. I SHOW YOU A DOCUMENT THAT'S BEEN MARKED EXHIBIT A-12. ARE THE DOCUMENTS LISTED IN EXHIBIT A-12 A FAIR SUMMARY OF THE DOCUMENTS AND INFORMATION YOU REVIEWED IN PREPARING YOUR TESTIMONY?**

A. Yes. I did not memorize these documents, but I have reviewed them.

[APPLICANT OFFERS APPLICANTS' EXHIBIT A-12 – List of Information Reviewed]

**Q. DID YOU INSPECT AND BECOME FAMILIAR WITH THE FACILITIES IN QUESTION BEFORE FILING THE APPLICATION?**

A. Yes. In 2013, my company oversaw the repair of the well that services the Facilities, so I am very familiar with the Facilities and their operations.

**V. REFERRED ISSUES**

**Q. ARE YOU FAMILIAR WITH THE ISSUES THAT HAVE BEEN REFERRED TO THIS CONTESTED CASE?**

A. Yes.

**Q. I WILL SUMMARIZE THESE HERE:**

**REFERRED ISSUE NO. 1: What is the effective date of the proposed sale?**

**REFERRED ISSUE NO. 2: Has the purchaser demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to the person?**

**REFERRED ISSUE NO. 3: Will approving the proposed sale serve the public interest?**

**REFERRED ISSUE NO. 4: Does the seller currently retain any customer deposits?**

**REFERRED ISSUE NO. 5: Does the water system being purchased have any deficiencies or problems that need correction to be in compliance with the rules of the Commission and the TCEQ?**

**REFERRED ISSUE NO. 6: What are the precise boundaries of the service area that is the subject of the purchaser's application?**

**Q. ABOVE, WE HAVE ADDRESSED THE SALE OF THE FACILITIES FROM COMMUNITY WATER SERVICE TO YOUR COMPANY, AS INDICATED IN ISSUE NO. 1. I WANT TO ASK YOU SOME QUESTIONS ABOUT THE OTHER ISSUES.**

**IN YOUR VIEW, WILL THE UTILITY COMMISSION'S APPROVAL OF THE APPLICATION AND PROPOSED SALE, TRANSFER OR MERGER OF THE CCN AREA IN QUESTION SERVE THE PUBLIC INTEREST, AS INDICATED IN ISSUE NO. 3?**

**A. Yes.**

**Q. IN YOUR VIEW, HOW WILL THE UTILITY COMMISSION'S APPROVAL SERVE THE PUBLIC INTEREST?**

**A. Bonnie Frame, the current owner, Community Water Services, has experienced a series of personal matters that prompted her to phase out of the management of these Facilities. She informed me that she no longer wants to operate and maintain the system. Walter J. Carroll Water Company has extensive experience in the management and operation of public utility facilities such as the Facilities in question. Currently, my company successfully operates and manages four water systems in Ellis County, and the Facilities in question are similar to those. My company is qualified and positioned to accept the Facilities and to operate them so as to continue to ensure the consumers in the certified area receive continuous and adequate service. Through my involvement in the Application and with the Facilities, I am confident that the public's interests will be served by the Utility Commission's approval of the transfer requested in this matter.**

**Q. IS THE WALTER J. CARROLL WATER COMPANY PREPARED, OPERATIONALLY, TO ACCEPT OWNERSHIP AND RESPONSIBILITY FOR THE FACILITIES UPON THE APPROVAL OF THE TRANSFER BY THE PUBLIC UTILITY COMMISSION?**

**A.** Yes. Walter J. Carroll Water Company has extensive experience in the management and operation of public utility facilities such as the Facilities in question. As a result of over 50 years in the water systems industry, I understand the operational commitment necessary to ensure consumers in the certified area receive continuous and adequate service. In addition, Mr. Reeder has been my company's operations manager since about 1996, and he is very knowledgeable of the Facilities and the management of retail public water systems. Based on my experience, and based on my understanding of the Facilities and my company, my company is more than prepared to maintain the Facilities in good operating condition according to the applicable regulations.

**Q. IS THE WALTER J. CARROLL WATER COMPANY PREPARED, FROM A MANAGEMENT PERSPECTIVE, TO ACCEPT OWNERSHIP AND RESPONSIBILITY FOR THE FACILITIES UPON THE APPROVAL OF THE TRANSFER BY THE PUBLIC UTILITY COMMISSION?**

**A.** Yes. Walter J. Carroll Water Company has extensive experience in the management and operation of public utility facilities such as the Facilities in question. As a result of over 50 years in the water systems industry, I understand the managerial commitment necessary to ensure consumers in the certified area receive continuous and adequate service. Based on my experience, and based on my understanding of the Facilities, my company and our team are more than prepared to manage the Facilities according to the applicable regulations so as to ensure continuous and adequate service to the certified area.

**Q. IN FORMING YOUR OPINION THAT THE APPROVAL OF THE APPLICATION AND TRANSFER OF THE FACILITIES INTO YOUR COMPANY'S SERVICE WILL SERVE THE PUBLIC INTEREST, DID YOU CONSIDER WHETHER NOTICE WAS PROPERLY GIVEN?**

**A.** Yes. To my knowledge notice was properly given to all entitled to notice.

**Q. DID YOU CONSIDER THE ADEQUACY OF SERVICE CURRENTLY PROVIDED TO THE CERTIFICATED AREA?**

A. Yes.

**Q. PLEASE EXPLAIN WHAT YOU CONSIDERED?**

A. In my discussions with Ms. Frame of Community Water Services as well as with the engineers of Consulting Environmental Engineers, I asked whether there have been any requests for additional services or complaints or concerns from consumers in the certified area. I also asked whether there were any known requests for additional services from anyone interested owning land in the area. I also asked about the adequacy of the service currently provided to the certificated area.

**Q. WHAT DID YOU CONCLUDE ON THIS ISSUE OF THE ADEQUACY OF CURRENT SERVICE?**

A. Based on the information provided to me, and based on my investigation of the Facilities, I am aware of no complaints or concerns in regard to this area. The only complaint that I am aware of is the complaints submitted by the City of Red Oak in relation to the Application. Also, the TCEQ historical records of Community Water Services indicate that the service of the Facilities in question are satisfactory and adequate for the demands of the certificated area. I discovered no information to indicate the current service is not adequate.

**Q. DID YOU CONSIDER THE EXPERIENCE AND TRACK RECORD OF THE WALTER J. CARROLL WATER COMPANY?**

A. Yes.

**Q. HOW DOES THE EXPERIENCE AND TRACK RECORD OF THE WALTER J. CARROLL WATER COMPANY SUPPORT THE APPLICATION?**

A. My company has been in operation under my direction since about 1965 and currently manages four Texas public water systems in Ellis County. I was a license-holding water operator from 1981 through about 2003, as I mentioned above. I am passionate about quality management and operations of public water facilities. My operations manager, Mr. Reeder, is well-qualified and talented to meet any operational needs of the Facilities. My experience and the commitment of the Walter J. Carroll Water Company provide strong support that the transfer of the Facilities

to my company will serve the public interest and will result in the continued provision of continuous and adequate water service to the certificated area.

**Q. DID YOU CONSIDER THE EFFECT THAT THE APPROVAL OF THE APPLICATION MAY HAVE ON ANY UTILITY OR WATER SUPPLY OR SEWER SERVICE IN THE CERTIFICATED AREA?**

A. Yes.

**Q. HOW MIGHT THE APPROVAL OF THE APPLICATION EFFECT ANY UTILITY OR WATER SUPPLY OR SEWER SERVICE IN THE CERTIFICATED AREA?**

A. It shouldn't have any adverse effect. To my knowledge, the Facilities in question have provided continuous and adequate service to the certificated area for more than 30 years. Through my review of the Application and of the Facilities, I discovered nothing that indicates the continued operation of the Facilities will have an adverse effect on any other utility or water supply or sewer service. It is my understanding that the City of Red Oak provides sewer service to consumers in the certified area, but I am aware of no past or present problems associated with the water service provided by the Facilities and the sewer service provided by the City. The approval of the transfer here should have no effect on that sewer service. To my knowledge, the approval of the Application and the transfer of the CCN to Walter J. Carroll Water Company will have no adverse effect any other utility or water supply or sewer service in the area.

**Q. DID YOU CONSIDER THE EFFECT THAT THE APPROVAL OF THE APPLICATION MAY HAVE ON ANY RETAIL PUBLIC UTILITY OF THE SAME KIND ALREADY SERVING THE PROXIMATE AREA?**

A. Yes.

**Q. HOW MIGHT THE APPROVAL OF THE APPLICATION HAVE AN EFFECT ON ANY RETAIL PUBLIC UTILITY OF THE SAME KIND ALREADY SERVING THE PROXIMATE AREA?**

A. It shouldn't have any adverse effect. The Facilities have provided continuous and adequate service to the certified area for more than 30 years. To my knowledge, there are no other retail public utilities of the same kind serving the area or that will be adversely effected by



the continued operations of the Facilities. To my knowledge, there are no adjacent retail public utilities that would or could service the certified area, or that could provide the type of service that my company anticipates providing upon approval of the transfer.

**Q. DID YOU CONSIDER THE EFFECT THAT THE APPROVAL OF THE APPLICATION MAY HAVE ON THE LAND AND LANDOWNERS IN THE AREA?**

A. Yes.

**Q. HOW MIGHT THE APPROVAL OF THE APPLICATION AFFECT THE LAND AND LANDOWNERS IN THE AREA?**

A. It shouldn't have any adverse effect. The Facilities in question have provided continuous and adequate service to the certificated area for more than 30 years. Through my review of the Application, the Facilities and surrounding land areas, and the other information referenced in this testimony, I discovered nothing that would indicate the Facilities will have an adverse effect on the land or landowners in the area. It is my opinion and belief that the approval of the Application will have no adverse effect on the land or any landowner in the area, but rather will be beneficial to the land and landowners in the area.

**Q. IN FORMING YOUR TESTIMONY IN THIS MATTER, DID YOU CONSIDER THE ABILITY OF WALTER J. CARROLL COMPANY TO PROVIDE ADEQUATE SERVICE, INCLUDING MEETING THE STANDARDS OF THE UTILITY COMMISSION, TAKING INTO CONSIDERATION THE CURRENT AND PROJECTED DENSITY AND LAND USE OF THE AREA?**

A. Yes.

**Q. PLEASE EXPLAIN WHAT YOU CONSIDERED IN THIS REGARD?**

A. I considered the experience of Walter J. Carroll Water Company, having been in operation under my direction since about 1965. My company manages four similar Texas public water systems, and I was a license-holding water operator from 1981 through about 2003. The well that services the Facilities produces about 130 to 140 gallons of water per minute. There are about 110 active connections to the Facilities and about 450 consumers allocated to the Facilities. The certified area is pretty much "built out" in that I do not anticipate the population served to much exceed the current demand on the Facilities. The water production from the well

that services the Facilities is more than enough needed to maintain continuous and adequate water service to the certified area even with moderate growth. The Facilities in question provide continuous and adequate service to the certificated area. In my review, I found nothing to indicate the Facilities will not be capable of continuing to provide adequate and continuous service to the certified area under the management of Walter J. Carroll Water Company and will continue to meet the standards of the Utility Commission and the TCEQ.

**Q. WHAT OTHER FACTORS DID YOU CONSIDER?**

A. I also considered the environmental integrity of the Facilities. In my review of the Facilities and of the past performance and operations by Community Water Services, I found nothing to indicate the Facilities, if turned over to my company's management and ownership, will cause any detriment to the surrounding environment. This conclusion is also supported by the experience and performance history of Walter J. Carroll Water Company in relation to its management of other public water systems in Ellis County.

**Q. IN YOUR VIEW, DOES YOUR TESTIMONY HERE AND THE INFORMATION PROVIDED ADDRESS ISSUE NO. 3 THAT WAS REFERRED TO THIS CONTESTED CASE?**

A. Yes. This information also supports Issue Numbers 2.

**VI. FINANCIAL INFORMATION**

**Q. LET'S DISCUSS ISSUE NO. 2 A LITTLE MORE. ARE YOU ALSO FAMILIAR WITH THE FINANCIAL CAPABILITIES OF WALTER J. CARROLL WATER COMPANY?**

A. Yes. As president and owner of Walter J. Carroll Water Company, I am familiar with the financial condition and capabilities of the company. I have been familiar with the financial conditions of the company since its inception in about 1965.

**Q. DOES WALTER J. CARROLL COMPANY MAINTAIN FINANCIAL RECORDS?**

A. Yes.

[APPLICANT OFFERS APPLICANTS' EXHIBIT A-13 - Business Records Affidavit with Financial Information of Walter J. Carroll Water Co., Inc.]

**Q. DOES WALTER J. CARROLL COMPANY USE A CERTIFIED PUBLIC ACCOUNTANT FOR FINANCIAL MATTERS RELATING TO THE COMPANY?**

A. Yes.

**Q. WHAT IS THE NAME OF YOUR COMPANY'S CPA?**

A. C F & Co., LLC.

**Q. DID WALTER J. CARROLL COMPANY PREPARE FINANCIAL INFORMATION FOR PROJECTED FINANCIALS RELATING TO THE OPERATION OF THE FACILITIES IN QUESTION?**

A. Yes.

**Q. ARE THOSE FINANCIAL PROJECTIONS CONTAINED IN THE APPLICATION?**

A. Yes.

**Q. DOES THE FINANCIAL INFORMATION IN THE APPLICATION, AS WELL AS THE OTHER FINANCIAL RECORDS CONTAINED IN EXHIBIT A-13, THAT YOU PROVIDED ADEQUATELY DESCRIBE WALTER J. CARROLL COMPANY'S FINANCIAL CAPABILITY TO PROVIDE CONTINUOUS AND ADEQUATE SERVICE TO THE CERTIFIED AREA?**

A. Yes.

**Q. PLEASE DESCRIBE HOW THE COMPANY'S FINANCIAL CAPABILITY IS SUFFICIENT TO PROVIDE CONTINUOUS AND ADEQUATE SERVICE TO THE CERTIFIED AREA THROUGH THE FACILITIES?**

A. Based on my more than 50 years in the business of public water systems in Ellis County, Texas, and on my review and knowledge of the financial condition of my company, Walter J. Carroll Water Company is financially capable of providing continuous and adequate service to the certified area by use of the Facilities. This is also supported by the applicable production fees and rate charges applicable to the Facilities in question as contained in the filings in this SOAH

proceeding, as well as by the fact that my company has a lean but sufficient and qualified staff to effectively and efficiently operate the Facilities.

**Q. IS THE WALTER J. CARROLL WATER COMPANY PREPARED, FINANCIALLY, TO COMPLETE THE SALE-AND-PURCHASE TRANSACTION WITH COMMUNITY WATER SERVICE UPON THE APPROVAL OF THE TRANSFER BY THE PUBLIC UTILITY COMMISSION?**

**A.** Yes. Upon the Utility Commission's approval of the transfer, my company is prepared to pay the \$25,000 per the agreements with Community Water Service.

**VII. DEFICIENCY CONSIDERATIONS**

**Q. IN REFERRED ISSUE NO. 6, THERE IS A QUESTION ABOUT ANY DEFICIENCIES AT THE FACILITIES. ARE YOU AWARE OF ANY DEFICIENCIES OR PROBLEMS THAT NEED CORRECTION TO BE IN COMPLIANCE WITH THE RULES OF THE UTILITY COMMISSION AND THE TCEQ?**

**A.** No. The well that services the Facilities produces about 130 to 140 gallons of water per minute. There are about 110 active connections to the Facilities and about 450 consumers allocated to the Facilities. The certified area is pretty much "built out" in that I do not anticipate the population served to much exceed the current demand on the Facilities. The water production from the well that services the Facilities is more than enough needed to maintain continuous and adequate water service to the certified area even with moderate growth. In fact, on April 7, 2015, the TCEQ notified the Community Water Service that there were no violations of any TCEQ requirements at the time of an investigation that was apparently performed on April 7, 2015. The Facilities currently provide continuous and adequate water to the certified area and, by all accounts, is fully capable of continuing to provide such service per the regulations.

**Q. IN YOUR VIEW, DOES THIS INFORMATION ADDRESS ISSUE NO. 5 THAT WAS REFERRED TO THIS CONTESTED CASE?**

**A.** Yes.

**VIII. CUSTOMER INFORMATION**

**Q. HAS COMMUNITY WATER SERVICE PROVIDED ANY CUSTOMER INFORMATION TO YOU?**

A. Yes.

**Q. WHAT INFORMATION WAS PROVIDED TO YOU?**

A. Community Water Service provided a list of all customers serviced by the Facilities as well as records of all customer deposits currently held by Community Water Service. The information provided indicates that Community Water Service has proper records to allow deposits and any unpaid interest.

**Q. UPON THE CLOSING, WILL COMMUNITY WATER SERVICE PROVIDE UPDATED INFORMATION TO WALTER J. CARROLL WATER COMPANY?**

A. Yes. Upon the approval of the Application, Community Water Service agreed it will provide all books of customer account, maintenance records, well files, and all other records relating to the operation, design and management of the Facilities.

**Q. WHAT WILL YOU DO WITH THE CUSTOMER DEPOSITS?**

A. The deposits will be transferred to Walter J. Carroll Water Company for the identified customer's benefit going forward with my company's ownership and operation of the Facilities.

**Q. DOES WALTER J. CARROLL WATER COMPANY INTEND TO KEEP AND MAINTAIN ADEQUATE RECORDS OF CUSTOMER ACCOUNT?**

A. Yes. We have done so for more than 50 years.

**Q. IN YOUR VIEW, DOES THIS INFORMATION ADDRESS ISSUE NO. 4 THAT WAS REFERRED TO THIS CONTESTED CASE?**

A. Yes.

**IX. COMPLIANCE HISTORY**

**Q. DOES WALTER J. CARROLL WATER COMPANY HAVE A HISTORY OF NONCOMPLIANCE WITH THE REQUIREMENTS OF THE TCEQ?**

A. Yes.

**Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THAT HISTORY?**

A. In about 2001 through about 2003, my company was involved in a TCEQ proceeding regarding certain violations of TCEQ requirements with the four water systems operated by my

company. These are the same four systems that I discussed earlier in this testimony. The TCEQ Docket Number was 2001-1379-PWS-E. My company complied with and resolved the corrective actions required of my company by the TCEQ, and ultimately, the TCEQ proceeding was closed. Walter J. Carroll Water Company, through its operation and management of the four systems, has also received notification of other violations of TCEQ requirements, most of which the TCEQ has classified as "minor", and to my knowledge, my company promptly resolved and appropriately addressed all findings of violations. It is my understanding that the records of all histories of my company are open to the public and are accessible through the TCEQ website. The Texas Natural Resource Conservation Commission honored my work with a *Certificate For Outstanding Performance* for my management of the Lakeview Ranchettes water system. That award was given to me because that system had no violations related to the total coliform rule during the period of 1992 through 1996. I suppose my company is not perfect, but we sure try to be.

**Q. HAS WALTER J. CARROLL WATER COMPANY EVER FAILED TO COMPLY WITH ANY ORDERS OF THE TCEQ?**

A. Not that I am aware of.

**Q. HAS WALTER J. CARROLL WATER COMPANY EVER FAILED TO COMPLY WITH ANY ORDERS OF THE PUBLIC UTILITY COMMISSION?**

A. Not that I am aware of.

**Q. ARE THERE ANY CONDITIONS OF ANY JUDICIAL DECREE, COMPLIANCE AGREEMENT, OR OTHER ENFORCEMENT ORDER THAT HAVE NOT BEEN SUBSTANTIALLY MET?**

A. Not to my knowledge, no.

**X. RECOMMENDATIONS AND CONCLUSION**

**Q. WILL YOU PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS IN THIS PROCEEDING?**

A. Yes. Based upon my more than 50 years of experience in the business of public water systems, and based upon my review of the Application and the other information referenced in this testimony, it is my professional opinion that the Application should be approved as

submitted, and that Utility Commission should approve the transfer, sale or merger of the CCN area in issue from Community Water Services, Inc. in favor of Walter J. Carroll Water Co., Inc. as requested. The Application meets the applicable TCEQ and PUC regulations and standards, and should not be subjected to more stringent standard. Further, Walter J. Carroll Water Co., Inc. is capable of all applicable technical, managerial and financial responsibilities relating to the Facilities, and is also ready, willing and able to continue rendering adequate and continuous service to every consumer within the certified area.

**Q. DO YOU RECOMMEND APPROVAL OF THE TRANSFER MADE THE BASIS OF THE APPLICATION IN FAVOR OF APPLICANTS?**

A. Yes.

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY AT THIS TIME?**

A. Yes. Subject to review of further documentation and the testimony of any other witnesses submitted by the Commission or any other interested party, this concludes my direct testimony.

SOAH Docket No. 473-15-2274  
PUC Docket No. 43175

APPLICATION OF COMMUNITY §  
WATER SERVICE, INC. and § BEFORE THE STATE OFFICE  
WALTER J. CARROLL CO., INC. § OF  
INVESTORS, LP, FOR SALE, TRANSFER, §  
OR MERGER OF FACILITIES AND § ADMINISTRATIVE HEARINGS  
CERTIFICATE RIGHTS IN ELLIS COUNTY §

APPLICATION NO. 37981-S

AFFIDAVIT

STATE OF TEXAS §  
§  
COUNTY OF ELLIS §

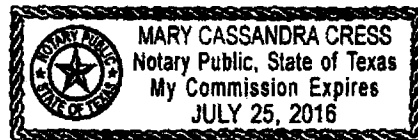
WALTER J. CARROLL, upon first being duly sworn according to law, under oath deposes and states: That I have read the foregoing Direct Testimony and referenced Exhibits and they are true and accurate representations of what the testimony would be if the testimony were to be given orally at the time the written testimony is offered into evidence.

SIGNED this the 7 day of May, 2015.

*Walter J. Carroll*  
WALTER J. CARROLL

SUBSCRIBED AND SWORN to before me this the 7 day of May, 2015.

*Mary Cassandra Cress*  
NOTARY PUBLIC, STATE OF TEXAS





SOAH Docket No. 473-15-2274  
PUC Docket No. 43175

APPLICATION OF COMMUNITY §  
WATER SERVICE, INC. and § BEFORE THE STATE OFFICE  
WALTER J. CARROLL CO., INC. § OF  
INVESTORS, LP, FOR SALE, TRANSFER, §  
OR MERGER OF FACILITIES AND § ADMINISTRATIVE HEARINGS  
CERTIFICATE RIGHTS IN ELLIS COUNTY §

APPLICATION NO. 37981-S

DIRECT PRE-FILED TESTIMONY OF  
BONNIE FRAME

IN SUPPORT OF

APPLICANTS,  
COMMUNITY WATER SERVICE, INC.  
and

WALTER J. CARROLL CO., INC.'S  
APPLICATION FOR SALE, TRANSFER OR MERGER OF FACILITIES AND  
CERTIFICATE RIGHTS IN ELLIS COUNTY, TEXAS

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**DIRECT PRE-FILED TESTIMONY OF  
BONNIE FRAME**

**TABLE OF CONTENTS**

I. STATEMENT OF QUALIFICATIONS.....3  
II. PURPOSE AND SCOPE OF TESTIMONY.....7  
III. BACKGROUND OF APPLICATION FOR SALE OF PUBLIC UTILITY.....8  
IV. OPERATIONS AND MANAGEMENT OF FACILITIES IN QUESTION.....13  
V. DEFICIENCY CONSIDERATIONS.....18  
VI. CUSTOMER INFORMATION .....18  
VII. RECOMMENDATIONS AND CONCLUSION.....19

SOAH Docket No. 473-15-2274  
PUC Docket No. 43175

APPLICATION OF COMMUNITY §  
WATER SERVICE, INC. and § BEFORE THE STATE OFFICE  
WALTER J. CARROLL CO., INC. § OF  
INVESTORS, LP, FOR SALE, TRANSFER, §  
OR MERGER OF FACILITIES AND § ADMINISTRATIVE HEARINGS  
CERTIFICATE RIGHTS IN ELLIS COUNTY §

APPLICATION NO. 37981-S

PRE-FILED DIRECT TESTIMONY OF  
BONNIE FRAME

IN SUPPORT OF

APPLICANTS,  
COMMUNITY WATER SERVICE, INC.  
and  
WALTER J. CARROLL CO., INC.'S  
APPLICATION FOR SALE, TRANSFER OR MERGER OF FACILITIES AND  
CERTIFICATE RIGHTS IN ELLIS COUNTY, TEXAS

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I. STATEMENT OF QUALIFICATIONS

Q. WHAT IS YOUR NAME AND ADDRESS?

A. My name is Bonnie Frame. My business mailing address is P.O. Box 850155, Mesquite, Texas 75185.

Q. BY WHOM ARE YOU EMPLOYED?

A. I am employed by Community Water Service, Incorporated.

Q. WHAT IS THE NATURE OF THE SERVICES PROVIDED BY COMMUNITY WATER SERVICE?

A. Since about 1960, Community Water Service has operated, managed and maintained public water systems in Ellis County, Dallas County and Denton County, Texas.

Q. HOW LONG HAVE YOU BEEN EMPLOYED BY COMMUNITY WATER SERVICE?

A. About 35 years.

**Q. WHAT POSITIONS HAVE YOU HELD FOR THE COMPANY?**

A. I am the President and owner of Community Water Service. I am also the records custodian for the company. I became President in about year 2010. For the last 35 I have been involved in all levels of management of the company. From Secretary to President to customer accounts manager to records custodian. It is and always has been a small company, less than 5 employees at any given time, so during my 35-year employment, I have been involved in just about every management and operational activity. However, I am not involved in, for example, making actual repairs to the water systems operated by the company. I oversee repairs and maintenance activity, but I do not actually perform the repairs or maintenance work.

**Q. IS COMMUNITY WATER SERVICE, INC. INCORPORATED IN TEXAS?**

A. Yes.

**Q. I SHOW YOU WHAT'S BEEN MARKED AS EXHIBIT A-5. IS THIS EXHIBIT A TRUE AND CORRECT COPY OF COMMUNITY WATER SERVICE, INC.'S ARTICLES OF INCORPORATION?**

A. Yes.

**Q. ARE THESE ARTICLES OF INCORPORATION CURRENT FOR YOUR COMPANY?**

A. Yes.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A- 5 Articles of Incorporation of Community Water Service, Inc.]

**Q. AS FAR AS YOU KNOW, IS COMMUNITY WATER SERVICE IN GOOD STANDING WITH THE TEXAS SECREARY OF STATE?**

A. Yes, as far as I know.

**Q. AS FAR AS YOU KNOW, IS COMMUNITY WATER SERVICE IN GOOD STANDING WITH THE TEXAS COMPTROLLER?**

A. Yes, as far as I know.

**Q. DOES COMMUNITY WATER SERVICE CURRENTLY OPERATE AND MANAGE ANY WATER SYSTEMS IN ELLIS COUNTY, TEXAS?**

A. Yes. My company currently owns and operates a public water system in Ellis County, Texas known as "Community Water Service, Inc. - Red Oak" or "Red Oak Community" system in some records. These facilities are located at or near 105 Dana Street in Red Oak, Ellis County, Texas, and they are the subject of this proceeding (the "Facilities").

**Q. HOW LONG HAS COMMUNITY WATER SERVICE OWNED THE FACILITIES?**

A. For about 40 years.

**Q. I SHOW YOU WHAT'S BEEN MARKED AS EXHIBIT A-6. IS THIS EXHIBIT A TRUE AND CORRECT COPY OF THE WARRANTY DEED WHEREBY COMMUNITY WATER SERVICE, INC. ACQUIRED TITLE TO THE REAL PROPERTY ASSOCIATED WITH THE FACILITIES IN QUESTION?**

A. To my knowledge, yes. My company acquired the real property from Joseph. P. Driscoll by that Warranty Deed in about 1978.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A- 6 – Warranty Deed 1978]

**Q. DOES EXHIBIT A-6 ADEQUATELY DESCRIBE THE REAL PROPERTY ASSOCIATED WITH THE FACILITIES IN QUESTION?**

A. Yes.

**Q. I SHOW YOU WHAT'S BEEN MARKED AS EXHIBIT A-7. IS THIS EXHIBIT A TRUE AND CORRECT COPY OF THE BILL OF SALE WHEREBY COMMUNITY WATER SERVICE, INC. ACQUIRED TITLE TO THE FACILITIES IN QUESTION?**

A. Yes. My company acquired the property and Facilities from Joseph. P. Driscoll per this Bill of Sale.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-7 – Bill of Sale 1978]

**Q. DOES EXHIBIT A-7 ADEQUATELY DESCRIBE THE FACILITIES IN QUESTION AND THEIR LOCATION?**

A. Yes.

**Q. ARE THERE ANY DOCUMENTS THAT DESCRIBE THE AREA SERVICED BY THE FACILITIES IN QUESTION?**

A. Yes. A map that illustrates the location of the production, transmission and distribution facilities for the Facilities in question was filed in support of the Application.

**Q. I SHOW YOU WHAT HAS BEEN MARKED AS EXHIBIT A-14. DOES THIS APPEAR TO BE A TRUE AND CORRECT COPY OF MAP THAT ILLUSTRATES THE LOCATION OF PRODUCTION, TRANSMISSION AND DISTRIBUTION FACILITIES FOR THE FACILITIES IN QUESTION?**

A. Yes.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-14 – Map of Facilities]

**Q. DOES EXHIBIT A-14 ADEQUATELY ILLUSTRATE THE LOCATION OF PRODUCTION, TRANSMISSION AND DISTRIBUTION FACILITIES FOR THE FACILITIES IN QUESTION?**

A. Yes.

**Q. WHAT IS YOUR ROLE IN THE PUBLIC WATER SYSTEMS SERVICES PROVIDED BY COMMUNITY WATER SERVICE?**

A. I am involved in essentially all operational and management activities of the public water systems contained by my company. I have been involved in this regard for the last 35 years. Under my direction, Community Water Service services the Facilities, collects payments from customers served by the Facilities, maintains records of account relating to the Facilities, prepares regulatory sampling, and otherwise engages in all activity necessary to operate the Facilities so as to bring continuous and adequate water service to the customers in the area certified for the Facilities.

**Q. WHAT OTHER EXPERIENCE DO YOU HAVE IN THE AREA OF PUBLIC UTILITIES?**

A. For the last 35 years, I have been involved in the management and operation of a total of five retail public water systems in Texas. Currently, my company owns and manages three public

water systems, one in Ellis County (the Facilities that are the basis of this proceeding), one in Denton County and one in Dallas County. These systems have a total of about 460 connections and a little over 1,500 consumers allocated to those connections. Through my ownership of and work experience for Community Water Service, I have become and I am familiar with the regulatory agencies, such as the former Texas Natural Resource Conservation Commission, the Texas Commission on Environmental Quality and the Texas Public Utility Commission. I also have experience in addressing deficiencies in water systems production and operations and in bringing non-compliant areas into compliance with the applicable regulations and to meet applicable consumer demands.

**Q. WILL YOU BRIEFLY DESCRIBE YOUR ROLES IN THE SYSTEMS?**

A. Yes. My involvement with public water systems has included essentially all levels of operations and management of the systems. That has been the case for more than 35 years. Except, I am not involved in, for example, making actual repairs to the water systems operated by the company. I oversee repairs and maintenance activity, but I do not actually perform the repairs or maintenance work.

**Q. HAS ANY PUBLIC UTILITY LICENSE, CERTIFICATE OR PERMIT EVER BEEN REVOKED OR DENIED AS A RESULT OF ANY CONDUCT ON YOUR PART IN THE OPERATION OR MANAGEMENT OF A PUBLIC UTILITY?**

A. No, not that I know of.

**II. PURPOSE AND SCOPE OF TESTIMONY**

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY HERE?**

A. The purpose of this testimony is to present information and background about the Facilities in question as well as the arrangement for Walter J. Carroll Water Company's purchase of the Facilities.

**Q. WHAT IS THE SCOPE OF YOUR TESTIMONY?**

A. The scope of my testimony is primarily as owner of Community Water Service, Inc. and as to the technical and operational capabilities of the Facilities in question, based on the needs or

demands of the service area. My testimony is based on my more than 35 years in the business of operating and managing the Facilities in question as well as the other public water systems in the State of Texas as indicated. My testimony is also based on my long history of employment for Community Water Service.

**III. BACKGROUND OF APPLICATION FOR SALE OF PUBLIC UTILITY**

**Q. WHAT CAN YOU TELL ME ABOUT A COMPANY CALLED WALTER J. CARROLL WATER COMPANY?**

A. Walter J. Carroll Water Company is the current owner and operator of four retail public water systems in Ellis County, Texas. Walter J. Carroll Water Company seeks to acquire title to the Facilities made the basis of this proceeding, and Community Water Service intends to transfer ownership of the Facilities to Walter J. Carroll Water Company upon the approval of such transfer in this proceeding. Mr. Walter J. Carroll is the president and owner of Walter J. Carroll Water Company. I have known Mr. Carroll for over two years.

**Q. DID WALTER J. CARROLL WATER COMPANY AND COMMUNITY WATER SERVICES ENTER INTO AN AGREEMENT IN RELATION TO THE FACILITIES?**

A. Yes.

**Q. I SHOW YOU WHAT HAS BEEN MARKED AS EXHIBIT A-3. DOES THIS APPEAR TO BE A TRUE AND CORRECT COPY OF THE AGREEMENT ENTERED INTO BY COMMUNITY WATER SERVICE AND WALTER J. CARROLL WATER COMPANY IN JULY 2013?**

A. Yes.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-3 – July 2013 Agreement]

**Q. WILL YOU DESCRIBE HOW THIS AGREEMENT CAME ABOUT?**

A. Sure. Back in 2013, my company, Community Water Service, was having trouble maintaining the well that serviced the Facilities. The well needed fairly significant repairs, and while the well was down, my company was able to use an emergency water connection to a water pipeline owned by the City of Red Oak. My company paid the City, of course, for the water provided. However, I was not in a position to get the well repaired. Also, my husband was



diagnosed with a serious and terminal lung illness, and I decided to phase out of operations of public water systems in order to care for my husband. I discussed as much with Mr. Walter Carroll. We discussed whether his company, Walter J. Carroll Water Company, would be able to repair the well in exchange for an opportunity to purchase the Facilities. We agreed that my company would sell the Facilities and the real property to Walter J. Carroll Water Company in exchange for Walter J. Carroll Water Company's repair of the Facilities and an additional payment of \$25,000. We agreed that the transfer of ownership of the Facilities and of the other property from Community Water Service to Walter J. Carroll Water Company would occur after the Texas Commission on Environmental Quality approves the sale, at which time Walter J. Carroll Water Company will pay the additional \$25,000 per the Agreement and my company will transfer title to the properties to Mr. Carroll's company.

**Q. AFTER THIS AGREEMENT WAS SIGNED, DID WALTER J. CARROLL WATER COMPANY REPAIR THE WELL AND FACILITIES AS PROMISED IN THE AGREEMENT?**

A. Yes.

**Q. ARE YOU AWARE OF ANY OPERATIONAL PROBLEMS ASSOCIATED WITH THE FACILITIES AFTER WALTER J. CARROLL WATER COMPANY REPAIRED THE FACILITIES?**

A. No.

**Q. ARE YOU AWARE OF ANY PRODUCTION PROBLEMS ASSOCIATED WITH THE FACILITIES AFTER WALTER J. CARROLL WATER COMPANY REPAIRED THE FACILITIES?**

A. No.

**Q. TO YOUR KNOWLEDGE, AFTER WALTER J. CARROLL WATER COMPANY REPAIRED THE FACILITIES, DID THE FACILITIES PROVIDE CONTINUOUS AND ADEQUATE WATER SERVICE TO THE AREA SERVED BY THE FACILITIES?**

A. To my knowledge, yes. I am aware of no operational, production or service issues that arose after Walter J. Carroll Water Company repaired the Facilities as part of the Agreement with Community Water Services.

**Q. DID COMMUNITY WATER SERVICE AND WALTER J. CARROLL WATER COMPANY ENTER INTO ANOTHER AGREEMENT IN RELATION TO THIS SALE AND TRANSFER?**

A. Yes.

**Q. I SHOW YOU WHAT HAS BEEN MARKED AS EXHIBIT A-4. DOES THIS APPEAR TO BE A TRUE AND CORRECT COPY OF THE AGREEMENT ENTERED INTO BY COMMUNITY WATER SERVICE AND WALTER J. CARROLL WATER COMPANY IN MAY 2015?**

A. Yes.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A-4 – May 2015 Agreement]

**Q. WILL YOU DESCRIBE THE PURPOSE OF THIS AGREEMENT?**

A. This agreement serves to confirm that Walter J. Carroll Water Company fully performed under the July 2013 agreement for the sale of the Facilities insofar as the repairs and earnest money is concerned. The agreement also confirms that, upon the effective date of the final approval of the sale by the Public Utility Commission or the TCEQ, Community Water Service will transfer ownership of the Facilities and the associated real property to Walter J. Carroll Water Company, and Walter J. Carroll Water Company will tender the balance of the purchase price, \$25,000. The transfers will be made per the Warranty Deed and Bill of Sale attached to the agreement.

**Q. DOES EXHIBIT A-5 ADEQUATELY DESCRIBE THE REAL PROPERTY ASSOCIATED WITH THE FACILITIES IN QUESTION?**

A. Yes.

**Q. DOES EXHIBIT A-5 ADEQUATELY DESCRIBE THE FACILITIES IN QUESTION AND THEIR LOCATION?**

A. Yes.

**Q. BRIEFLY DESCRIBE THE FACILITIES IN QUESTION?**

A. The well that services the Facilities produces about 130 gallons of water per minute. There are about 110 active connections to the Facilities and about 450 consumers allocated to the Facilities. The certified area is pretty much "built out" in that I do not anticipate the population served to much exceed the current demand on the Facilities. The water production from the well that services the Facilities is more than enough needed to maintain continuous and adequate water service to the certified area even with moderate growth. There is sufficient back-up equipment to account for any mechanical issues in production, and over the years the Facilities have provided continuous and adequate service to the certified area. In year 2013, I had trouble with the well that serves the Facilities, but Mr. Carroll and his company repaired the well in fairly short order.

**Q. ARE YOU OF AWARE OF ANY SYSTEMS THAT WALTER J. CARROLL WATER COMPANY CURRENTLY MANAGES AND OPERATES IN ELLIS COUNTY, TEXAS?**

A. Yes. Walter J. Carroll Water Company manages and operates four public water systems in Ellis County.

**Q. WHO IS CHARLIE P. GILLESPIE, JR., P.E.?**

A. Mr. Gillespie is an engineer with the firm Consulting Environmental Engineers, Inc. out of Stephenville, Texas.

**Q. AFTER WALTER J. CARROLL WATER COMPANY REPAIRED THE WELL AT THE FACILITIES, DID COMMUNITY WATER SERVICE HELP MR. GILLESPIE AND HIS FIRM TO PREPARE AND FILE AN APPLICATION FOR SALE, TRANSFER, OR MERGER OF A CERTAIN RETAIL PUBLIC UTILITY IN RELATION TO THE FACILITIES IN QUESTION?**

A. Yes. We provided information and records in support of the Application.

**Q. I SHOW YOU WHAT'S BEEN MARKED AS EXHIBIT A-1. DOES THIS APPEAR TO BE A TRUE AND CORRECT COPY OF THE APPLICATION FOR SALE, TRANSFER, OR MERGER OF A CERTAIN RETAIL PUBLIC UTILITY IN**

**RELATION TO THE FACILITIES THAT WAS FILED ON BEHALF OF COMMUNITY WATER SERVICE AND WALTER J. CARROLL WATER COMPANY?**

A. Yes.

[APPLICANT OFFERS APPLICANT'S EXHIBIT A- 1 – Application (the “Application”)]

**Q. ARE THE FACILITIES MADE THE BASIS OF AGREEMENTS BETWEEN COMMUNITY WATER SERVICE AND WALTER J. CARROLL WATER COMPANY, EXHIBITS A-3 AND A-4, THE SAME FACILITIES THAT ARE THE BASIS OF THE APPLICATION?**

A. Yes.

**Q. BRIEFLY EXPLAIN YOUR INVOLVEMENT IN PREPARING THE APPLICATION WITH MR. GILLESPIE AND HIS ENGINEERING FIRM?**

A. In addition to owning and operating Community Water Service, I had multiple conferences with Mr. Carroll. I helped explain and provide information about Community Water Service. I provided customer information and historical information about my company and the services from this Facility. I also provided and explained information about the Facilities for inclusion in the Application.

**Q. DOES THE APPLICATION FAIRLY INCORPORATE THE INFORMATION YOU PROVIDED TO MR. GILLESPIE’S FIRM FOR INCLUSION IN THE APPLICATION?**

A. Yes. I think the Application indicates that I had a serious health condition. That is not correct; it is my husband whose health condition caused me to further decide to transfer the Facilities to Walter J. Carroll Water Company.

**Q. IN PREPARING THE APPLICATION, DID ANYONE ELSE WITH YOUR COMPANY MEET WITH ANY REPRESENTATIVES OF WALTER J. CARROLL COMPANY?**

A. Yes. My company’s systems service manager, Ramero Marquez, met with Mr. Carroll and Mr. Ricky Reeder, the operations manager of Walter J. Carroll Water Company, to review the Facilities and its operations.

**Q. BASED ON YOUR KNOWLEDGE OF WALTER J. CARROLL WATER COMPANY AND MR. CARROLL, DO YOU BELIEVE WALTER J. CARROLL WATER COMPANY IS COMPETENT ENOUGH TO OPERATE THE FACILITIES?**

**A.** Yes. Mr. Carroll appears to be very knowledgeable of water systems, including the Facilities in question. I discovered nothing to indicate the company could not operate the Facilities as required by the regulations. In 2013, his company successfully repaired the well that services the Facilities, and I had no service or production problems after their work.

**IV. OPERATIONS AND MANAGEMENT OF FACILITIES IN QUESTION**

**Q. ARE YOU FAMILIAR WITH CERTAIN REGULATIONS THAT GOVERN THE SALE OR TRANSFER OF PUBLIC WATER FACILITIES AND ASSOCIATED CCN?**

**A.** Yes, through this process and through my long history in the water systems business, I have become familiar with those regulations.

**Q. ARE YOU FAMILIAR WITH REGULATIONS THAT GOVERN THE OPERATIONS AND MANAGEMENT OF PUBLIC WATER SYSTEMS IN TEXAS?**

**A.** Yes. Through my 35 years of experience in operating and managing the Community Water Service's water systems, I have become quite familiar with the regulations in this regard.

**Q. DID YOU INSPECT THE FACILITIES IN QUESTION BEFORE FILING THE APPLICATION?**

**A.** Yes.

**Q. ARE YOU FAMILIAR WITH THE FACILITIES?**

**A.** Yes. Having operated and managed these Facilities for more than 30 years, I am very familiar with the Facilities and all aspects of them.

**Q. WILL THE UTILITY COMMISSION'S APPROVAL OF THE APPLICATION AND PROPOSED SALE, TRANSFER AND MERGER SERVE THE PUBLIC INTEREST?**

A. Yes.

**Q. IN YOUR VIEW, HOW WILL THE UTILITY COMMISSION'S APPROVAL OF THE APPLICATION SERVE THE PUBLIC INTEREST?**

A. I have experienced a series of personal matters that prompted me to phase out of the management of these Facilities. I informed Mr. Carroll that I no longer want to operate and maintain the system. Walter J. Carroll Water Company has extensive experience in the management and operation of public utility facilities such as the Facilities in question. The Facilities in question are similar to those public water systems currently operated by Walter J. Carroll Company. Mr. Carroll is well-acquainted with the Facilities, having successfully repaired the well in 2013. Based on my review and knowledge of Mr. Carroll and his company, and based on my long-time experience in operating these Facilities, it is my belief that Mr. Carroll and his company are able to operate the Facilities so as to continue to ensure the consumers in the certified area receive continuous and adequate service. Through my involvement in the Application and with the Facilities, I am confident that the public's interests will be served by the Utility Commission's approval of the transfer requested in this matter.

**Q. DO YOU HAVE ANY INFORMATION OR KNOWLEDGE TO INDICATE THAT THE WALTER J. CARROLL WATER COMPANY IS NOT PREPARED, FROM A MANAGEMENT PERSPECTIVE, TO ACCEPT OWNERSHIP AND RESPONSIBILITY FOR THE FACILITIES UPON THE APPROVAL OF THE TRANSFER BY THE PUBLIC UTILITY COMMISSION?**

A. No.

**Q. DO YOU HAVE ANY INFORMATION OR KNOWLEDGE TO INDICATE THAT THE WALTER J. CARROLL WATER COMPANY IS NOT PREPARED, FROM AN OPERATIONAL PERSPECTIVE, TO ACCEPT OWNERSHIP AND RESPONSIBILITY FOR THE FACILITIES UPON THE APPROVAL OF THE TRANSFER BY THE PUBLIC UTILITY COMMISSION?**

A. No.

**Q. IN FORMING YOUR OPINION THAT THE APPROVAL OF THE APPLICATION WILL SERVE THE PUBLIC INTEREST, DID YOU CONSIDER THE**

**ADEQUACY OF SERVICE CURRENTLY PROVIDED TO THE CERTIFICATED AREA?**

A. Yes.

**Q. PLEASE EXPLAIN WHAT YOU CONSIDERED?**

A. Through my company's operation of the Facilities, my company has received no requests for additional services or complaints or concerns from consumers in the certified area. I have no knowledge of any requests for additional services from anyone interested owning land in the area. The only complaint that I am aware of is the complaints submitted by the City of Red Oak in relation to the Application. Also, Community Water Services' operation of the Facilities has a good record of compliance with the TCEQ. In fact, on April 7, 2015, the TCEQ notified my company that there were no violations at the time of an investigation performed on April 7, 2015.

**Q. I SHOW YOU EXHIBIT A-15. DOES THIS DOCUMENT APPEAR TO BE A TRUE AND CORRECT COPY OF THE TCEQ EXIT INTERVIEW FORM THAT WAS PROVIDED TO YOU IN REGARD TO THE TCEQ'S INSPECTION OF THE FACILITIES ON APRIL 7, 2015?**

A. Yes.

[APPLICANT OFFERS APPLICANTS' A-15 – TCEQ Exit Interview Form April 7, 2015]

**Q. ON APRIL 7, 2015, THE TCEQ INSPECTED THE FACILITIES IN QUESTION AND NOTIFIED YOU THAT THERE WERE NO VIOLATIONS AS OF APRIL 7, 2015?**

A. That is correct.

**Q. IN FORMING YOUR OPINION THAT THE APPROVAL OF THE APPLICATION WILL SERVE THE PUBLIC INTEREST, DID YOU CONSIDER THE EXPERIENCE OF THE WALTER J. CARROLL WATER COMPANY?**

A. Yes.

**Q. HOW DOES THE EXPERIENCE OF THE WALTER J. CARROLL WATER COMPANY SUPPORT THE APPLICATION?**

A. Walter J. Carroll Water Company currently manages four Texas public water systems in Ellis County. Based on information provided to me, these systems are similar to the Facilities

that my company intends to transfer to Mr. Carroll's company. From my meetings and discussions with Mr. Carroll, he appears to be knowledgeable and passionate about quality management and operations of public water facilities in Ellis County. These factors indicate that the transfer of the Facilities will serve the public interest and should result in the continued provision of continuous and adequate water service to the certificated area.

**Q. DID YOU CONSIDER THE EFFECT THAT THE APPROVAL OF THE APPLICATION MAY HAVE ON ANY UTILITY OR WATER SUPPLY OR SEWER SERVICE IN THE CERTIFICATED AREA?**

A. Yes.

**Q. HOW MIGHT THE APPROVAL OF THE APPLICATION EFFECT ANY UTILITY OR WATER SUPPLY OR SEWER SERVICE IN THE CERTIFICATED AREA?**

A. It shouldn't have any effect. The Facilities in question have provided continuous and adequate service to the certificated area for more than 35 years. Through my review of the Application and of the Facilities, I discovered nothing that indicates the continued operation of the Facilities will have an adverse effect on any other utility or water supply or sewer service. It is my understanding that the City of Red Oak provides sewer service to consumers in the certified area, but I am aware of no past or present problems associated with the water service provided by the Facilities and the sewer service provided by the City of Red Oak. The approval of the transfer here should have no effect on that sewer service. To my knowledge, the approval of the Application and the transfer ownership to Walter J. Carroll Water Company will have no adverse effect any other utility or water supply or sewer service in the area.

**Q. DID YOU CONSIDER THE EFFECT THAT THE APPROVAL OF THE APPLICATION MAY HAVE ON ANY RETAIL PUBLIC UTILITY OF THE SAME KIND ALREADY SERVING THE PROXIMATE AREA?**

A. Yes.

**Q. HOW MIGHT THE APPROVAL OF THE APPLICATION HAVE AN EFFECT ON ANY RETAIL PUBLIC UTILITY OF THE SAME KIND ALREADY SERVING THE PROXIMATE AREA?**



A. It shouldn't have any effect. The Facilities have provided continuous and adequate service to the certified area for more than 35 years. To my knowledge, there are no other retail public utilities of the same kind serving the area or that will be adversely effected by the continued operations of the Facilities. To my knowledge, there are no adjacent retail public utilities that would or could service the certified area, or that could provide the type of service that I expect Walter J. Carroll Company to provide upon approval of the transfer.

**Q. DID YOU CONSIDER THE EFFECT THAT THE APPROVAL OF THE APPLICATION MAY HAVE ON THE LAND AND LANDOWNERS IN THE AREA?**

A. Yes.

**Q. HOW MIGHT THE APPROVAL OF THE APPLICATION EFFECT THE LAND AND LANDOWNERS IN THE AREA?**

A. It shouldn't have any effect. The Facilities in question have provided continuous and adequate service to the certificated area for more than 35 years. Through my review of the Application, the Facilities and surrounding land areas, and the other information referenced in this testimony, I discovered nothing that would indicate the Facilities will have an adverse effect on the land or landowners in the area. It is my opinion that the approval of the Application and sale to Walter J. Carroll Water Company will have no adverse effect on the land or any landowner in the area, but rather will be beneficial to the land and landowners in the area.

**Q. IN FORMING YOUR TESTIMONY IN THIS MATTER, DID YOU CONSIDER THE ABILITY OF WALTER J. CARROLL COMPANY TO PROVIDE ADEQUATE SERVICE, INCLUDING MEETING THE STANDARDS OF THE UTILITY COMMISSION, TAKING INTO CONSIDERATION THE CURRENT AND PROJECTED DENSITY AND LAND USE OF THE AREA?**

A. Yes.

**Q. PLEASE EXPLAIN WHAT YOU CONSIDERED IN THIS REGARD?**

A. I considered the experience of Walter J. Carroll Water Company, having been in operation since about 1989. Walter J. Carroll Company manages four Texas public water systems in Ellis County that are similar to the Facilities in question. I am familiar with Mr. Carroll, and he appears to be more than capable of operating these Facilities. The well that

services the Facilities produces about 130 gallons of water per minute. There are about 110 active connections to the Facilities and about 450 consumers allocated to the Facilities. The certified area is pretty much "built out" in that I do not anticipate the population served to much exceed the current demand on the Facilities. The water production from the well that services the Facilities is more than enough needed to maintain continuous and adequate water service to the certified area even with moderate growth. Mr. Carroll and his company managed the repair of that well back in 2013. In my review, I found nothing to indicate the Facilities will not be capable of continuing to provide adequate and continuous service to the certified area under the management of Walter J. Carroll Water Company and should continue to meet the demands of the certified area.

**Q. IS COMMUNITY WATER SERVICE PREPARED TO COMPLETE THE SALE-AND-PURCHASE TRANSACTION WITH WALTER J. CARROLL WATER COMPANY UPON THE APPROVAL OF THE TRANSFER BY THE PUBLIC UTILITY COMMISSION?**

**A.** Yes, my company is prepared to complete the transaction per the Agreements with Walter J. Carroll Water Company.

**V. DEFICIENCY CONSIDERATIONS**

**Q. ARE YOU AWARE OF ANY DEFICIENCIES OR PROBLEMS THAT NEED CORRECTION TO BE IN COMPLIANCE WITH THE RULES OF THE UTILITY COMMISSION AND THE TCEQ?**

**A.** No. The Facilities currently provide continuous and adequate water to the certified area and, by all accounts, is fully capable of continuing to provide such service. I am aware of no requested or needed additions to the infrastructure of the Facilities. In fact, on April 7, 2015, the TCEQ notified my company that there were no violations at the time of an investigation performed on April 7, 2015.

**VI. CUSTOMER INFORMATION**

**Q. HAS COMMUNITY WATER SERVICE PROVIDED ANY CUSTOMER INFORMATION TO WALTER J. CARROLL WATER COMPANY?**

**A.** Yes.