

## III.

PAYMENT OF PURCHASE PRICE .

Purchaser agrees to purchase FARRAR WSC at a cost of \$10.00 this will be given to the Seller during this transaction, Seller agrees to pay and discharge all fees and expenses of the corporation due and owing in connection with its operations occurring prior to September 1, 2014, and Purchaser agrees to indemnify and hold harmless Seller for all debts, obligations and liabilities of the Company arising from and after September 1, 2014.

## IV.

REPRESENTATIONS AND WARRANTIES

(1) Seller represents and warrants to Purchaser as follows:

- A. That the Company is duly incorporated, validly existing and in good standing under the laws of the State of Texas. The Company has all requisite power and authority to own, lease and operate its properties and carry on its business as now being conducted. The Company does not have any subsidiaries.
- B. That Seller represents and warrants that he has all requisite authority and capacity to enter into and perform this Agreement, and this Agreement constitutes a valid and binding legal obligation of Seller enforceable in accordance with the terms hereof.
- C. Farrar WSC is free and clear of any liens or other encumbrances.
- D. That to Seller's knowledge there are no claims or demands of any kind against the Seller as the representative of Company, for or on account of any personal injuries or property damage or other matters and things whatsoever, which have not been brought to the attention of Purchaser, and there are no facts or circumstances known to Seller which would reasonably constitute the basis of any such claim or demand; that there are no judicial or quasi-judicial actions, suits, or proceedings pending or threatened against the Seller, or their ownership thereof.
- E. That as of the date of Closing, the Company will have no outstanding liabilities or obligations.
- F. Beginning September 1, 2014 the Buyer will immediately take over ownership of FARRAR WSC which includes; operations, maintenance, management of the water system.

- (2) Purchaser represents and warrants to Seller that the Purchaser has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

V.

BROKERAGE; FINDER FEES

Purchaser and Seller represent and warrant that there are no brokerages or finder's fees due to any person or entity as a result of this sale.

VI.

CLOSING

Simultaneously with execution of this Agreement, Seller shall deliver to Purchaser certificate or certificates duly endorsed for the Purchased Shares, and Seller's resignations as officers and directors of the Purchaser. The Purchaser shall deliver to Seller a note in the amount of the Purchase Price.

VII.

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All representations, warranties, covenants and agreements of the Seller and Purchaser herein set forth, and all certificates and documents delivered pursuant hereto and in connection with this Agreement shall survive, until the expiration of the applicable statute of limitations, the closing of this transaction and the same shall be deemed to have been material and to have been relied upon by the party to whom directed. In case of any breach of representation, warranty, covenant or agreement, the breaching party agrees to make payment to the aggrieved party in cash at Kirbyville, Newton County, Texas of any sums that the aggrieved party may suffer as a result of any such breach, provided that there shall be no liability on the part of the breaching party unless such matter for which payment is sought shall have been brought to the attention of the breaching party by the aggrieved party in writing in time sufficient for the breaching party to file a timely answer and appear and defend against any such alleged breach; in this connection, the aggrieved party will give every cooperation to the breaching party in making such defense in third party actions.

The representations and warranties herein shall apply only to those facts and circumstance which are to the sole knowledge of the Party making such representation and warranty. To the extent that any other Party is aware of or has knowledge of any fact or circumstance that is the subject of such representation or warranty, no Party shall be bound or held responsible for the breach of any such representation or warranty.

**VIII.****MISCELLANEOUS**

- (1) Seller will at closing deliver to Buyer copies of the books of account for the company complete through September 1, 2014.
- (2) Buyer agrees that he will be responsible for notifying the Internal Revenue Service and Secretary of State of the State of Texas of the change of address for the Company and the change of officers and directors of the Company. The Buyer agrees that he will upon the Closing file a change of registered office and agent with the Secretary of State of the State of Texas.
- (3) Buyer agrees that he will be responsible for notifying the TECQ of (i) the change of officers and directors of the Company, and (ii) the change of address of the Company for notification purposes.
- (4) Buyer agrees that he will be responsible for notifying the customers of the Company of the change of officers of the Company and the change of address for the Company.
- (5) Buyer will be responsible for notifying the Company's vendors that the ownership of the Company has changed, that the officers and directors of the Company have changed, and that the address of the Company has changed.
- (6) Seller will be responsible for the income tax due on the earnings of the Company from January 1, 2014 through August 31, 2014, and Buyer will be responsible of the tax due on the earnings of the Company from September 1, 2014 through December 31, 2014.

**IX.****GOVERNING LAW**

This Agreement is executed, delivered and intended to be performed in Newton County, Texas and shall be construed and enforced in accordance with and shall be governed by the laws of the State of Texas, in all respects, including matters of validity and performance.

**X.****PERSONS BOUND**

All covenants, conditions, undertakings, agreements, obligations, liabilities, rights and powers entered into, made and granted, assumed and undertaken by each of the respective parties hereto in and by this Agreement shall be binding, be applicable to and shall inure to the heirs, executors, administrators, devisees, legatees, assigns and successors of the parties hereto by respectively, whether so particularly provided herein or not in each particular instance.

**XI.**

**COUNTERPARTS**

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**XII.**

**ENTIRE AGREEMENT**

This Agreement and the documents delivered pursuant to this Agreement constitute the sole and only agreement of the parties hereto and supersede any prior understanding or written or oral agreements between the parties. No amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

**XIII.**

**FURTHER INSTRUMENTS**

From time to time, at the request of Purchaser (whether at or after closing), and without further consideration, Seller shall execute and deliver such further instruments of conveyance and transfer and will take such actions as Purchaser may reasonably request in order to more effectively convey and transfer FARRAR WSC.

**XIV.**

**NOTICE**

Any notice required or permitted to be given hereunder shall be in writing and shall be delivered personally or sent by certified mail, postage prepaid, to such parties last known address.

**XV.**

**INVALIDITY**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

**XVI.****LITIGATION COSTS**

Should any litigation be commenced between the parties to this Agreement concerning this Agreement or the rights and duties of either in relation thereto, the party, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for attorneys' fees in such litigation.

**XVII.****EXPENSES**

Except as specifically set forth herein, each of the parties shall bear all expenses incurred by them in connection with this Agreement and in the consummation of transaction contemplated hereby and in preparation hereof.

**XVIII.****HEADINGS**

The captions contained in this Agreement are solely for convenient reference and shall not be deemed to effect the meaning or interpretation of any article, section or paragraph thereof.

## XIX.

PERSONAL PRONOUNS

All personal pronouns used in this Agreement shall include the other gender whether used in the masculine or feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

IN WITNESS WHERE OF, this instrument is executed effective the date and year first above written.

\_\_\_\_\_  
Kevin Hester - President of Simply Aquatics, Inc.

Rocky Wadlington  
Rocky Wadlington - FARRAR WSC

\_\_\_\_\_  
Date

8-28-2014

\_\_\_\_\_  
Date

State of Texas

County of ~~Newton~~ Pandal

This instrument was acknowledged before me on August 29, 2014  
By Rocky Wadlington

(Personalized Seal)



Shelby D. Worthen  
Notary Public's Signature

Kevin Hester  
Kevin Hester - President of  
Simply Aquatics, Inc.

8-29-14

Date

State of Texas  
County of Newton

This instrument was acknowledged before me ,  
on August 29, 2014 by Kevin Hester

Nancy Fountain  
Notary Public

8-29-14

Date



## **Attachment 2**

### **Affidavit of Isabel Herrera**

**DOCKET NO. 44948**

<b>PETITION TO REVOKE FALCON</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>CLUB UTILITY COMPANY, INC.'S</b>	<b>§</b>	
<b>CERTIFICATE OF PUBLIC</b>	<b>§</b>	<b>OF</b>
<b>CONVENIENCE AND NECESSITY</b>	<b>§</b>	
<b>PURSUANT TO TEX. WATER CODE</b>	<b>§</b>	<b>TEXAS</b>
<b>ANN. § 13.254 AND P.U.C. SUBST.</b>	<b>§</b>	
<b>R. 24.113</b>	<b>§</b>	

**AFFIDAVIT OF ISABEL HERRERA**

	§
STATE OF TEXAS	§
TRAVIS COUNTY	§

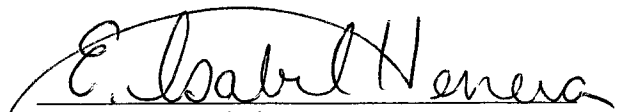
BEFORE ME, the undersigned authority, on this day personally appeared Isabel Herrera, and being by me duly sworn, upon oath declared that the statements and capacity acted in are true and correct.

“My name is Isabel Herrera. I am the administrative assistant in the Oversight & Enforcement Division of the Public Utility Commission of Texas. I am over the age of twenty-one and I am competent to make this Affidavit. In accordance with 16 TAC § 22.183(b), I mailed, by certified mail, return receipt requested, a copy of Staff’s Petition to Revoke Farrar Water Supply Corporation’s (Farrar) Certificate of Public Convenience and Necessity and Notice of Opportunity for a Hearing (Petition and Notice of Opportunity for a Hearing) on July 17, 2015, to the last known address of Farrar’s owner’s last known address in the Commission’s records:

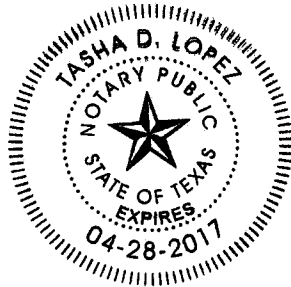
Rocky Wadlington  
311 West Navasota Street  
Groesbeck, Texas 76642

I also mailed by certified mail a copy of the Petition and Notice of Opportunity for a Hearing on July 17, 2015, to the address used in the TCEQ proceedings:

Rocky Wadlington  
2523 Limestone County Road 800  
Groesbeck, Texas 76642

  
AFFIANT: Isabel Herrera

SWORN TO AND SUBSCRIBED BEFORE ME this 16<sup>th</sup> day of October 2015.



  
Notary Public for the State of Texas

## **Attachment 3**

**Receipts from the Certified Mail Label**

## Herrera, Isabel

---

**From:** shipnotify@texas.com  
**Sent:** Tuesday, July 28, 2015 7:02 PM  
**To:** Herrera, Isabel  
**Subject:** Package Delivery Notification: Carrier = POST, TrackingNr = 9171999991703062712347

This shipment has been delivered to:

ROCKY WADINGTON  
Attn:  
311 WEST NAVASOTA STREET

GROESBECK, TX 76642 US

The package was sent on 7/17/2015

The package was delivered on 7/27/2015 9:49:00 AM

### Package Detail:

TrackingNr: 9171999991703062712347  
Service: 2PM  
Weight: 0.5  
Pieces: 1  
BillNr: Z900001185295

Your package can be tracked from URL:

[https://tools.usps.com/go/TrackConfirmAction\\_input?origTrackNum=9171999991703062712347](https://tools.usps.com/go/TrackConfirmAction_input?origTrackNum=9171999991703062712347)



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UNABLE TO FORWARD  
RETURN TO SENDER





Date: October 16, 2015

Isabel Herrera:

The following is in response to your October 16, 2015 request for delivery information on your Certified Mail™ item number 9171999991703062712347. The delivery record shows that this item was delivered on July 27, 2015 at 9:49 am in AUSTIN, TX 78711. The scanned image of the recipient information is provided below.

Signature of Recipient :

*Francisco Castellanos*  
*Francisco Castellanos*

Address of Recipient :

*P.O. - 13326*

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service



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**Tracking Number: 9171999991703062712347**

**Updated Delivery Day: Monday, July 27, 2015**

## Product &amp; Tracking Information

**Postal Product:**  
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**Features:**  
Certified Mail™

**Return Receipt Electronic**

DATE & TIME	STATUS OF ITEM	LOCATION
<b>July 27, 2015 , 9:49 am</b>	<b>Delivered</b>	<b>AUSTIN, TX 78711</b>

Your item was delivered at 9:49 am on July 27, 2015 in AUSTIN, TX 78711

July 27, 2015 , 9:37 am	Out for Delivery	AUSTIN, TX 78711
July 27, 2015 , 9:27 am	Sorting Complete	AUSTIN, TX 78711
July 27, 2015 , 7:25 am	Arrived at Unit	AUSTIN, TX 78711
July 27, 2015 , 1:14 am	Departed USPS Origin Facility	AUSTIN, TX 78710
July 26, 2015 , 7:48 pm	Arrived at USPS Origin Facility	AUSTIN, TX 78710
July 19, 2015 , 4:46 pm	Departed USPS Facility	FORT WORTH, TX 76161
July 18, 2015 , 2:35 pm	Arrived at USPS Facility	FORT WORTH, TX 76161
July 17, 2015 , 8:37 pm	Departed USPS Facility	AUSTIN, TX 78710
July 17, 2015 , 7:47 pm	Arrived at USPS Origin Facility	AUSTIN, TX 78710
July 17, 2015 , 6:32 pm	Accepted at USPS Origin Sort Facility	AUSTIN, TX 78710

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Tracking (or receipt) number

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## Herrera, Isabel

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**From:** shipnotify@texas.com  
**Sent:** Thursday, August 27, 2015 7:00 PM  
**To:** Herrera, Isabel  
**Subject:** Package Delivery Notification: Carrier = POST, TrackingNr = 9171999991703062712354

*NOT*  
This shipment has been delivered to:

ROCKY WADINGTON  
Attn:  
2523 LIMESTONE COUNTY ROAD 800

GROESBECK, TX 76642 US

The package was sent on 7/17/2015

The package was delivered on 8/26/2015 8:41:00 AM

### Package Detail:

TrackingNr: 9171999991703062712354  
Service: 2PM  
Weight: 0.5  
Pieces: 1  
BillNr: Z900001185290

Your package can be tracked from URL:

[https://tools.usps.com/go/TrackConfirmAction\\_input?origTrackNum=9171999991703062712354](https://tools.usps.com/go/TrackConfirmAction_input?origTrackNum=9171999991703062712354)



Date: October 16, 2015

Isabel Herrera:

The following is in response to your October 16, 2015 request for delivery information on your Certified Mail™ item number 9171999991703062712354. The delivery record shows that this item was delivered on August 26, 2015 at 8:41 am in AUSTIN, TX 78711. The scanned image of the recipient information is provided below.

Signature of Recipient :

Delivery Section  
Francisco Castella  
Francisco Castella

Address of Recipient :

P.O. - 13326

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service



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Tracking Number: 9171999991703062712354

Updated Delivery Day: Wednesday, August 26, 2015

## Product &amp; Tracking Information

## Available Actions

Postal Product:  
First-Class Mail®Features:  
Certified Mail™

Return Receipt Electronic

DATE & TIME	STATUS OF ITEM	LOCATION
August 26, 2015 , 8:41 am	Delivered	AUSTIN, TX 78711

Your item was delivered at 8:41 am on August 26, 2015 in AUSTIN, TX 78711

August 26, 2015 , 7:13 am	Arrived at Unit	AUSTIN, TX 78711
August 25, 2015 , 3:53 am	Arrived at USPS Facility	AUSTIN, TX 78710
August 23, 2015 , 12:15 pm	Arrived at USPS Facility	NTX P&DC
August 20, 2015 , 3:33 pm	Forwarded	GROESBECK, TX
August 13, 2015 , 7:42 am	Forwarded	GROESBECK, TX
July 31, 2015 , 8:33 am	Notice Left (No Authorized Recipient Available)	GROESBECK, TX 76642
July 31, 2015 , 7:01 am	Arrived at Unit	THORNTON, TX 76687
July 30, 2015 , 7:48 pm	Departed USPS Facility	FORT WORTH, TX 76161
July 30, 2015 , 3:14 pm	Arrived at USPS Facility	FORT WORTH, TX 76161
July 29, 2015 , 11:03 pm	Departed USPS Facility	NTX P&DC
July 29, 2015 , 2:24 pm	Arrived at USPS Facility	NTX P&DC
July 25, 2015 , 8:45 am	Forwarded	GROESBECK, TX
July 25, 2015 , 7:16 am	Arrived at Unit	GROESBECK, TX 76642
July 24, 2015 , 5:28 pm	Departed USPS Facility	FORT WORTH, TX 76161
July 23, 2015 , 5:33 pm	Arrived at USPS Facility	FORT WORTH, TX 76161
July 23, 2015 , 12:50 pm	Arrived at USPS Facility	NTX P&DC
July 20, 2015 , 8:27 am	Forwarded	GROESBECK, TX
July 20, 2015 , 8:27 am	Forwarded	GROESBECK, TX

July 20, 2015 , 7:45 am	Arrived at Unit	THORNTON, TX 76687
July 19, 2015 , 4:50 pm	Departed USPS Facility	FORT WORTH, TX 76161
July 18, 2015 , 2:35 pm	Arrived at USPS Facility	FORT WORTH, TX 76161
July 17, 2015 , 8 37 pm	Departed USPS Facility	AUSTIN, TX 78710
July 17, 2015 , 7:47 pm	Arrived at USPS Origin Facility	AUSTIN, TX 78710
July 17, 2015 , 6:32 pm	Accepted at USPS Origin Sort Facility	AUSTIN, TX 78710

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# **Attachment 4**

## **Proposed Default Order**

**DOCKET NO. 44948**

<b>PETITION TO REVOKE FARRAR</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>WATER SUPPLY CORPORATION'S</b>	<b>§</b>	
<b>CERTIFICATE OF PUBLIC</b>	<b>§</b>	
<b>CONVENIENCE AND NECESSITY</b>	<b>§</b>	<b>OF TEXAS</b>
<b>PURSUANT TO TEX. WATER CODE</b>	<b>§</b>	
<b>ANN. § 13.254 AND 16 TAC § 24.113</b>	<b>§</b>	

**PROPOSED DEFAULT ORDER**

This Order addresses the petition of the Public Utility Commission of Texas (Commission) Staff to revoke the Certificate of Public Convenience and Necessity (CCN) of Farrar Water Supply Corporation's (Farrar) regarding Farrar's violations of the Texas Water Code and Commission rules. Commission Staff and Farrar are the only parties to this proceeding. Commission Staff's petition is granted and Farrar's CCN is revoked.

**I. Background**

Farrar is comprised of one public water system.<sup>1</sup> A public water system is defined as "a system for the provision to the public of water for human consumption through pipes or other constructed conveyances," such as "collection, treatment, storage, and distribution facilities," which has "at least 15 service connections or serve[s] at least 25 individuals at least 60 days out of the year."<sup>2</sup> A January 21, 2015, Default Order at the Texas Commission on Environmental Quality identified Rocky Wadlington as the owner and operator of the PWS associated with Farrar and Farrar's CCN. Additionally, the Texas Commission on Environmental Quality (TCEQ) Drinking Water Watch database lists Mr. Wadlington as the administrative contact for Farrar.<sup>3</sup>

The TCEQ successfully pursued four enforcement actions against Mr. Wadlington and the PWS associated with Farrar. All four enforcement actions were for violations of the Texas

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<sup>1</sup> See Affidavit of Patricia Garcia (Attachment 5 in Commission Staff's Petition).

<sup>2</sup> 30 TAC 290.38(66).

<sup>3</sup> See

[http://dww.tceq.state.tx.us/DWW/JSP/WaterSystemDetail.jsp?tinwsys\\_is\\_number=4320&tinwsys\\_st\\_code=TX&ws\\_number=TX1470007%20%20%20&DWWState=TX](http://dww.tceq.state.tx.us/DWW/JSP/WaterSystemDetail.jsp?tinwsys_is_number=4320&tinwsys_st_code=TX&ws_number=TX1470007%20%20%20&DWWState=TX)

Health and Safety Code.<sup>4</sup> Three enforcement actions resulted in default orders, one issued in 2012 and two issued in March of 2015. The fourth enforcement action was settled, and the settlement agreement was approved in 2013. Violations date back to 2006 with the last violation occurring in March 2014.<sup>5</sup>

On August 28, 2014, Mr. Wadlington, representing Farrar, attempted to sell all of Farrar's property, including the water system, to Simply Aquatics.<sup>6</sup> A sale of any water system required to possess a CCN is void unless done in accordance with Texas Water Code § 13.301. After the attempted sale, Simply Aquatics assumed operation of the facility on September 1, 2014. Simply Aquatics attempted to cure past violations but was unable to collect rates sufficient to invest in repairs.

In order to file a rate increase, Simply Aquatics began paperwork to file an application for approval of a sale.<sup>7</sup> Simply Aquatics could not contact Mr. Wadlington, which prevented Simply Aquatics from completing the required application and necessitated their discontinuing operations. In the absence of a completed application, Mr. Wadlington is the holder of CCN 12429, despite his sale of all the assets of Farrar.

On July 16, 2015, Staff filed a petition (Petition) to revoke Farrar's CCN pursuant to Tex. Water Code Ann. § 13.254 (West Supp. 2014) and 16 TAC § 24.113. Staff alleged that Farrar was been abandoned by Mr. Wadlington and is incapable of providing continuous and adequate service. In a separate proceeding, Docket 44949, the Commission appointed a temporary manager to operate Farrar until another utility is formed or takes over operation of the PWS associated with Farrar's CCN.

Commission Staff's Petition also included the Notice of Opportunity for a Hearing and, pursuant to 16 TAC § 22.183, notified Farrar in 14 point, bolded font that the factual allegations in the petition could be deemed admitted and the relief sought granted by default if Farrar failed to request a hearing within 30 days after service of the Petition and Notice of Opportunity for a Hearing. Farrar did not request a hearing on the merits and more than 30 days have passed since service of the Petition and Notice of Opportunity for Hearing was provided.

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<sup>4</sup> Tex. Health & Safety Code Ann. §§ 341.01-092.

<sup>5</sup> TCEQ Dockets 2011-1230-PWS-E, 2012-1590-PWS-E, 2013-0347-MLM-E, and 2014-0360-PWS-E (Attachment 3 in Commission Staff's Petition).

<sup>6</sup> See the Purchase Agreement (Attachment 4 in Commission Staff's Petition).

<sup>7</sup> TWC § 13.301(g) permits the utility commission to approve a sale even if the applicant failed to file the application prior to the sale, as required by TWC § 13.301(a), if the Commission determines that the proposed transaction serves the public interest.

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

## **II. Findings of Fact**

1. Farrar is a retail public utility owned and previously operated by Mr. Rocky Wadlington. Mr. Wadlington d/b/a Farrar Water Supply Corporation was granted Certificate of Convenience and Necessity (CCN) number 12429.
2. Farrar is comprised of one public water system. The Texas Commission on Environmental Quality (TCEQ) uses the acronym PWS to describe facilities used for providing potable water service.
3. The TCEQ successfully pursued four enforcement actions against Mr. Wadlington and the PWS associated with Farrar.
4. All four enforcement actions were for violations of the Texas Health and Safety Code.
5. Violations date back to 2006 with the last violation occurring in March 2014.
6. Both enforcement actions finalized in 2015 resulted in default orders. In one of those, TCEQ Docket No. 2013-0347-MLM-E, Mr. Wadlington received notice three times, signing for the notice all three times, and failed to respond.
7. On August 28, 2014, Mr. Wadlington, representing Farrar, attempted to sell all Farrar's property, including the water system, to Simply Aquatics.
8. Simply Aquatics assumed operation of the facility on September 1, 2014.
9. Simply Aquatics attempted to cure past violations but was unable to collect rates sufficient to invest in repairs.
10. In order to file a rate increase, Simply Aquatics needed to obtain the CCN for Farrar's service area by transfer; however, Simply Aquatics could not contact Mr. Wadlington and never received his portion of the application for a sale, transfer, or merger.
11. Simply Aquatics notified Commission Staff on July 10, 2015, that they could not continue operating Farrar and providing continuous and adequate service.
12. In the absence of a completed application for sale transfer, or merger, Mr. Wadlington is the holder of CCN 12429.
13. On July 30, 2015, in Docket 44949, the Commission concluded that Farrar is incapable of managing and operating as a utility in a way that ensures continuous and adequate service in the area covered by CCN No. 12429.

14. On July 30, 2014, in Docket 44949, the Commission issued an emergency order appointing Matthew Douglas Martin as temporary manager of Farrar to ensure the continued operation of the utility and the provision of continuous and adequate services to customers.
15. The Commission affirmed its emergency order, after notice and hearing, on August 18, 2015.
16. On July 17, 2015, Staff filed the Petition and Notice of Opportunity for Hearing seeking revocation of Farrar's CCN.
17. The Petition and Notice of Opportunity for Hearing included the required disclosure in at least twelve-point, bold-face type.
18. The Petition and Notice of Opportunity for Hearing was sent by certified mail to the owner of Farrar's last known address in the Commission's records and the address used in the TCEQ proceedings.
19. More than 30 days have passed since service of the Petition and Notice of Opportunity for Hearing.
20. Farrar has not requested a hearing on the merits.

### **III. Conclusions of Law**

1. 16 TAC § 24.3(10) defines a CCN "a permit issued by the commission which authorizes and obligates a retail public utility to furnish, make available, render, or extend continuous and adequate retail water or sewer service to a specified geographic area.
2. 16 TAC § 24.3(41) defines a retail public utility as "any person corporation, public utility, water supply or sewer service corporation, municipality, political subdivision or agency operating, maintaining, or controlling in this state facilities for providing potable water service or sewer service, or both for compensation."
3. Tex. Water Code Ann. § 13.250 (West Supp. 2014) and 16 TAC § 24.114 require a retail public utility that possesses a CCN to provide "continuous and adequate service."
4. If the commission finds that a retail public utility that possesses a CCN "has never provided, is no longer providing, is incapable of providing, or has failed to provide continuous and adequate service in the area, or part of the area, covered by the certificate" in violation of Tex. Water Code Ann. § 13.250 (West Supp. 2014) and 16

TAC § 24.114, the Commission may revoke the CCN pursuant to Tex. Water Code Ann. § 13.254 (West Supp. 2014).

5. Farrar failed to meet the performance requirements for a CCN holder in Tex. Water Code Ann. § 13.250 (West Supp. 2014) and 16 TAC § 24.114.
6. Farrar is incapable of providing continuous and adequate service in the area covered by CCN No. 12429.
7. A presiding officer may issue a default order on an informal basis without a hearing on the merits pursuant to Administrative Procedure Act, Tex. Gov't Code Ann. § 2001.056(4) (West 2008) (APA) and 16 TAC § 22.183 if the defaulting party fails to request a hearing within 30 days of the notice of an opportunity for a hearing.
8. Pursuant to 16 TAC § 22.183, the requirements for disposition by default have been met in this proceeding.

#### **IV. Ordering Paragraphs**

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

1. Commission Staff's Petition for revocation of the CCN held by Farrar is granted.
2. Farrar's CCN No. 12429 is revoked.
3. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or special relief, if not expressly granted herein, are denied.

**SIGNED AT AUSTIN, TEXAS on the \_\_\_\_\_ day of October, 2015.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**DOCKET MANAGEMENT**