



Control Number: 50117



Item Number: 22

Addendum StartPage: 0

DOCKET NO. 50117

APPLICATION OF HILL COUNTRY  
UTILITIES, LLC FOR APPROVAL OF  
CHANGE IN OWNERSHIP UNDER  
TWC § 13.302

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PUBLIC UTILITY COMMISSION

OF TEXAS

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### NOTICE OF APPROVAL

This Notice of Approval addresses the application of Hill Country Utilities, LLC for approval to transfer membership interests in Hill Country to CRD 2017 Trust. The Commission approves the application.

#### I. Findings of Fact

The Commission makes the following findings of fact.

##### Applicants

1. Hill Country is a domestic limited liability company registered with the Texas secretary of state on October 2, 2006, under filing number 800714804.
2. Hill Country provides water service under certificate of convenience and necessity (CCN) number 13112 and sewer service under CCN number 21002 in Bandera County through the Cielo Rio water system.
3. Lantana Land Company LLC is a domestic limited liability company registered with the Texas secretary of state on October 16, 2015, under filing number 802314198.
4. Lantana Land owns 100% of the membership interests in Hill Country. Lantana Land and CRD 2017 Trust entered into a membership purchase agreement to transfer 100% of the member interests in Hill Country to CRD 2017 Trust.

##### Application

5. On October 21, 2019, Hill Country Utilities, LLC filed an application for approval of the transfer of membership interests in Hill Country to CRD 2017 Trust.

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6. In Order No. 3 filed on December 9, 2019, the administrative law judge (ALJ) found the application administratively complete.<sup>1</sup>

**Adequacy of Financial, Managerial, and Technical Capability—Texas Water Code § 13.302; 16 Texas Administrative Code § 24.243**

7. The application included Hill Country's annual utility report, Hill Country's financial report, and documentation of CRD 2017 Trust's financial ability.
8. On December 2, 2019, Hill Country filed an affidavit of Dean R. Davenport, trustee of CRD 2017 Trust, attesting to CRD 2017 Trust's guarantee coverage of temporary cash shortages, if any, for operations and maintenance for Hill Country for the first five years of operation following the transaction.
9. CRD 2017 Trust will continue to utilize the existing contract operator and technical staff.
10. The proposed transaction will not change or alter the services provided to existing customers served by Hill Country or the rates charged for such services within the service areas under CCN numbers 13112 and 21002.
11. CRD 2017 Trust has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service.
12. Additional financial assurance is not necessary for approval of the proposed transaction.

**Notice**

13. Hill Country, Lantana, and CRD 2017 Trust are the only affected entities, and are aware of the transaction they are entering.
14. In Order No. 3 filed on December 9, 2019, the ALJ found the notice sufficient.

**Evidentiary Record**

15. On December 11, 2019, the parties filed a joint motion to admit evidence.
16. In Order No. 4 filed on January 14, 2020, the ALJ admitted the following evidence into the record: (a) the application and attachments, filed on October 21, 2019; (b) the applicants' additional information in response to Commission Staff's requests, filed on

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<sup>1</sup> Due to a clerical error, the order was entitled, "Order No. 2," although an Order No. 2 had previously been issued in the docket.

November 21, 2019 and December 2, 2019; (c) Commission Staff's recommendation on administrative completeness, filed on December 4, 2019; (d) Order No. 3 deeming the application administratively complete and establishing procedural schedule, filed on December 9, 2019; and (e) the parties' joint motion to admit evidence and proposed Notice of Approval, filed on December 11, 2019.

17. In Order No. 6 filed on January 23, 2020, the ALJ admitted the following additional evidence into the record: Commission Staff's recommendation on final disposition, filed on January 21, 2020.

### **Informal Disposition**

18. More than 15 days have passed since the completion of notice provided in this docket.
19. No person filed a protest or motion to intervene.
20. The applicants and Commission Staff are the only parties to this proceeding.
21. No party requested a hearing and no hearing is necessary.
22. Commission Staff recommended approval of the application.
23. The decision is not adverse to any party.

## **II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. The Commission has jurisdiction over this proceeding under Texas Water Code (TWC) §§ 13.041 and 13.302.
2. Hill Country is a retail public utility as defined by TWC § 13.002(19) and 16 TAC § 24.3(59).
3. This docket was processed in accordance with the requirements of the TWC, the Administrative Procedure Act,<sup>2</sup> and Commission rules.
4. Notice in this case complies with 16 TAC § 22.55.

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<sup>2</sup> Tex. Gov't Code ch. 2001.

5. Hill County has demonstrated that its financial, managerial, and technical capability for providing continuous and adequate service to the water service areas under CCN numbers 13112 and 21002 will not change as a result of the approval of this transaction in accordance with TWC § 13.302(b) and 16 TAC § 24.243(b).
6. Hill Country and CRD 2017 Trust have demonstrated that the application meets the requirements in TWC § 13.302 and 16 TAC § 24.243.
7. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.


### III. Ordering Paragraphs

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

1. The Commission approves the application.
2. The membership interests in Hill Country may be transferred to CRD 2017 Trust.
3. Water CCN number 13112 and sewer CCN number 21002 will remain in the name of Hill Country Utilities, LLC.
4. Hill Country must file copies of the closing documents evidencing the completed transaction within 30 days after completion.
5. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the 23<sup>rd</sup> day of January 2020.

PUBLIC UTILITY COMMISSION OF TEXAS



STEVEN LEARY  
ADMINISTRATIVE LAW JUDGE