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DOCKET NO. 50251

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PUBLIC UTILITY COMMISSION
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APPLICATION OF JRM WATER LLC	§	PUBLIC UTILITY COMMISSION
AND CSWR-TEXAS UTILITY	§	
OPERATING COMPANY, LLC FOR	§	OF TEXAS
SALE, TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN VICTORIA COUNTY	§	

NOTICE OF APPROVAL

This Notice of Approval addresses the application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC for the sale, transfer, or merger of facilities and certificate rights in Victoria County. The Commission approves the sale and transfer of all of JRM Water’s facilities and service area under water certificate of convenience and necessity (CCN) number 11548 to CSWR-Texas, the cancellation of JRM Water’s water CCN, and the amendment of CSWR-Texas’s water CCN number 13290 to include the facilities and service area previously included in JRM Water’s water CCN number 11548.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. JRM Water is a domestic limited liability company registered with the Texas secretary of state under file number 800248492.
2. JRM Water is a retail public utility that provides water service in Victoria County, Texas under water CCN number 11548.
3. JRM Water owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 2350036.
4. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 0803367893.

Application

5. On November 18, 2019, the applicants filed an application for approval of the sale, transfer, or merger of certificate rights in Victoria County, Texas. The applicants seek approval to

sell all of JRM Water's water facilities and transfer all customers and service area held under water CCN number 11548 to CSWR-Texas.

6. In the proposed transaction, CSWR-Texas will be issued a new CCN for the requested area, and JRM Water's water CCN number 11548 will be cancelled.
7. On January 9, March 3, April 9, and April 14, 2020, the applicants supplemented the application.
8. The requested area consists of approximately 438 acres and 211 current customers.
9. The 438-acre requested area is located approximately seven miles south of downtown Victoria, Texas and is generally bound on the north by the intersection of Coletto Creek and US Highway 59 South; on the east by Reeves Ranch Park Road; on the south by Reeves Ranch Park Road; and on the west by Coletto Creek and US Highway 59 South.
10. In Order No. 3 filed on February 4, 2020, the ALJ found the application administratively complete.

Notice

11. On February 21, 2020, the applicants filed the affidavit of Josiah Cox, president of CSWR-Texas, attesting that notice was provided to county authorities, neighboring utilities, current customers, and affected parties on February 6, 2020.
12. On March 12, 2020, the applicants filed the affidavit of Mr. Cox attesting that supplemental notice was provided to customers with alternate addresses at their alternate addresses on February 25, 2020.
13. In Order No. 4 filed on March 12, 2020, the ALJ found the notice sufficient.

Evidentiary Record

14. On July 22, 2020, Commission Staff and applicants filed a joint motion to admit evidence.
15. In Order No. 10 filed on July 29, 2020, the ALJ admitted the following evidence into the record of this proceeding: (a) the application and attachments filed on November 18, 2019; (b) the applicants' supplemental documentation and attachments filed on January 9, 2020; (c) applicant's affidavit of notice to current customers, neighboring utilities, and affected parties and attachments filed on February 21, 2020; (d) applicants' supplemental

documentation and attachments filed on March 3, 2020; (e) Commission Staff's recommendation on sufficiency of notice, filed on March 6, 2020; (f) applicant's supplemental affidavit of notice to current customers, neighboring utilities, and affected parties filed on March 12, 2020; (g) applicant's supplemental documentation and attachments filed on April 9, 2020; (h) CSWR-Texas' response to Commission Staff's first request for information filed on April 13, 2020; (i) applicant's attachments A and B to the supplemental documentation that was filed on April 9, 2020, filed on April 14, 2020; (j) CSWR-Texas' attachments 1-1 and 1-5 to its response to Commission Staff's first request for information filed on April 15, 2020; (k) CSWR-Texas' response to Commission Staff's second request for information filed on May 1, 2020; (l) CSWR-Texas' responses to Commission Staff's third request for information filed on June 22, 2020; (m) CSWR-Texas' first supplemental response to Commission Staff's request for information number 3-2 filed on June 26, 2020; (n) CSWR-Texas' attachment to its first supplemental response to Commission Staff's request for information number 3-2 filed on June 29, 2020; and (o) Commission Staff's amended recommendation on the transaction filed on July 10, 2020.

16. On March 2, 2021, the parties filed a joint supplemental motion to admit evidence.
17. In Order No. 13 filed on March 9, 2021, the ALJ admitted the following additional evidence into the record: (a) applicants' bill of sale filed on January 11, 2021; (b) Commission Staff's recommendation on the sufficiency of closing documents filed January 26, 2021; (c) applicants' consent forms filed on February 19, 2021; (d) applicants' affidavit regarding customer deposits filed on February 19, 2021; and (e) the map, certificate, and tariff attached to the joint supplemental motion to admit evidence filed on March 2, 2021.

Sale

18. In Order No. 11 filed on August 3, 2020, the ALJ approved the sale and transaction to proceed and required the applicants to file proof that the transaction had closed and customer deposits had been addressed.
19. On January 11, 2021, the applicants filed notice that the sale had closed on December 10, 2020.

20. On February 19, 2021, CSWR-Texas filed an affidavit attesting that there were no outstanding customer deposits that needed to be addressed.
21. In Order No. 12 filed on January 27, 2021, the ALJ found the closing documents sufficient.

Cumulative Recommendation

22. In Order No. 4 filed on August 20, 2020, the ALJ directed Commission Staff to cumulatively consider all CSWR-Texas related dockets involving the sale, transfer, or merger of public water systems. When formulating its recommendation, the ALJ specifically required Commission Staff to consider whether CSWR-Texas had adequate financial, managerial, and technical capability for providing continuous and adequate service to the systems being transferred as a whole rather than on an individual basis.
23. On November 12, 2020, Commission Staff filed its recommendation regarding the transaction in this docket and Docket Nos. 50989,¹ 51026,² and 51118,³ recommending that CSWR-Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all areas included in Docket Nos. 50251,⁴ 50276,⁵ 50311,⁶ 50989, 51026, 51065, and 51118, and that CSWR-Texas has the financial capability to serve the requested areas addressed in this docket and in Docket Nos. 50251, 50276, 50311, 50989, 51026, and 51118.

System Compliance—Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative Code (TAC) §§ 24.227(a), 24.239(h)(3)(A), (h)(5)(I)

24. JRM Water's Public Water System number 2350036 is currently in compliance with the drinking water rules of the TCEQ.

¹ *Application of Ranch Country of Water Systems, Inc and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Austin County*, Docket No. 50989 (pending).

² *Application of Tall Pines Utility, Inc and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*, Docket No. 51026 (pending).

³ *Application of Shady Oaks Water Supply Company, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wilson County*, Docket No. 51118 (pending).

⁴ *Application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County*, Docket No. 50251 (pending).

⁵ *Application of North Victoria Utilities, Inc and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County*, Docket No. 50276 (pending).

⁶ *Application of Copano Heights Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County*, Docket No. 50311 (pending).

25. JRM Water and CSWR-Texas have demonstrated a compliance history adequate for approval of the proposed sale and transfer.
26. CSWR-Texas has demonstrated a compliance status that is adequate for approval of the sale to proceed.

Adequacy of Existing Service—TWC § 13.246(c)(1); 16 TAC §§ 24.227(e)(1), 24.239(h)(5)(A)

27. There are currently 211 existing customers in the 438-acre requested area who are being served by JRM Water through public water system number 2350036, and such service has been continuous and adequate.

Need for Additional Service—TWC § 13.246(c)(2); 16 TAC §§ 24.227(e)(2), 24.239(h)(5)(B)

28. There is a need for service because JRM Water is currently serving 211 existing customers in the 438-acre requested area.
29. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 438-acre requested area.

Effect of Approving the Transaction and Granting the Amendment—TWC § 13.246(c)(3); 16 TAC §§ 24.227(e)(3), 24.239(h)(5)(C)

30. Granting the CCN amendment will result in CSWR-Texas obtaining a water CCN and obligate it to provide service to current and future customers in the 438-acre requested area.
31. There is one utility, city, or political subdivision providing water service within two miles of the requested areas.
32. JRM Water and CSWR-Texas are the only utilities affected by this sale and transfer.
33. There will be no effect on any other retail public utility servicing the proximate area because this transaction does not include an uncertificated area. There will be no effect on landowners as the area is currently certificated.

Ability to Serve: Managerial and Technical—TWC §§ 13.241(a), (b), 13.246(c)(4), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (e)(4), 24.239(e), (h)(5)(D)

34. Public water system number 2350036 through which JRM Water is current providing service to 211 customers in the 438-acre requested area has sufficient capacity to serve its current customers in the requested water service area.

35. CSWR-Texas employs TCEQ-licensed water operators who will operate the public water system.
36. There are no unresolved violations associated with the applicants in the TCEQ's database.
37. CSWR-Texas has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the TWC, and the TCEQ's rules.
38. CSWR-Texas has the managerial and technical capability to provide adequate and continuous service to the 438-acre requested area.

Ability to Serve: Financial Ability and Stability—TWC §§ 13.241(a), 13.246(c)(6), 13.301(b); 16 TAC §§ 24.11(e), 24.227(a), (e)(6), 24.239(e), (h)(5)(F)

39. CSWR-Texas has a debt-to-equity ratio of less than one, satisfying the leverage test.
40. CSWR-Texas demonstrated it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations after completion of the transaction, satisfying the operations test.
41. CSWR-Texas has the financial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance—TWC §§ 13.246(d), 13.301(c); 16 TAC §§ 24.227(f), 24.239(f)

42. There is no need to require CSWR-Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Feasibility of Obtaining Service from Adjacent Retail Public Utility—TWC § 13.246(c)(5); 16 TAC §§ 24.227(e)(5), 24.239(h)(5)(E)

43. Utilities within a two-mile radius were properly noticed; no protests or motions to intervene were filed in this docket.
44. Following the transfer, water service to the requested areas will be provided by CSWR-Texas using existing infrastructure; therefore, it is not feasible to obtain service from an adjacent retail public utility.

Environmental Integrity and Effect on the Land—TWC § 13.246(c)(7), (c)(9); 16 TAC §§ 24.227(e)(7), (e)(9), 24.239(h)(5)(G)

45. The 93-acre requested area will continue to be served with existing infrastructure.

46. There will be minimal effects on environmental integrity and on the land as a result of CSWR-Texas's planned upgrades, renovations, and repairs to the water system.

Improvement of Service or Lowering Cost to Consumers—TWC § 13.246(c)(8); 16 TAC §§ 24.227(e)(8), 24.239(h)(5)(H)

47. Water service to the 93-acre requested area will likely improve due to planned upgrades, renovations, and repairs to the water system.
48. The rates charged to customers in the requested area will not change as a result of the proposed transaction because CSWR-Texas will adopt JRM Water's currently tariffed rates upon consummation of the transaction.

Regionalization or Consolidation—TWC § 13.241(d); 16 TAC § 24.227(b)

49. CSWR-Texas will not need to construct a physically separate water system to continue serving the requested area; therefore, concerns of regionalization or consolidation do not apply.

Tariffs, Maps, and Certificates

50. On February 9, 2021, Commission Staff emailed to the applicants the final proposed map, certificate, and tariff related to this docket.
51. On February 19, 2021, the applicants filed their revised consent forms concurring with the proposed final map, certificate, and tariff.
52. On March 2, 2021, the final map, certificate, and tariff were included as attachments to the joint supplemental motion to admit evidence and proposed notice of approval.

Informal Disposition

53. More than 15 days have passed since the completion of notice provided in this docket.
54. No person filed a protest or motion to intervene.
55. JRM Water, CSWR-Texas, and Commission Staff are the only parties to this proceeding.
56. No party requested a hearing, and no hearing is needed.
57. Commission Staff recommended approval of the application.
58. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC §§ 13.041, 13.241, 13.244, 13.246, 13.251, and 13.301.
2. JRM Water and CSWR-Texas are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. JRM Water and CSWR-Texas provided notice of the application that complies with TWC § 13.301(a) and 16 TAC § 24.239(a) through (c).
4. The Commission processed the application as required by the TWC, the Administrative Procedure Act,⁷ and Commission rules.
5. JRM Water and CSWR-Texas completed the sale within the time required by 16 TAC § 24.239(m).
6. JRM Water and CSWR-Texas complied with the requirements of 16 TAC § 24.239(k) with respect to customer deposits.
7. After consideration of the factors in TWC § 13.246(c) and 16 TAC §§ 24.227(e) and 24.239(j)(5), CSWR-Texas has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested areas as required by TWC § 13.301(b) and 16 TAC § 24.239(g).
8. CSWR-Texas meets the requirements of TWC § 13.241(b) to provide water utility services.
9. It is not necessary for CSWR-Texas to provide a bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
10. JRM Water and CSWR-Texas demonstrated that the sale of JRM Water's water facilities and the transfer of the water service area held under CCN number 11548 from JRM Water to CSWR-Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC § 13.301(d) and (e).

⁷ Tex. Gov't Code §§ 2001.001-.903.

11. CSWR-Texas must record a certified copy of its certificate granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Parker County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording in accordance with TWC § 13.257(r) and (s).
12. The requirements for informal disposition under 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 sale and transfer of all of JRM Water's facilities and water service area under water certificate of CCN number 11548 to CSWR-Texas, the cancellation of JRM Water's water CCN number 11548, and the amendment of CSWR-Texas's water CCN number 13290 to include the area previously included in JRM Water's water CCN number 11548, to the extent provided in this Notice of Approval.
2. The Commission approves the map, certificate, and tariff filed as attachments to the parties' joint supplemental agreed motion to admit evidence and proposed notice of approval filed on March 2, 2021, and attached to this Notice of Approval.
3. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the approved tariff to Central Records to be marked *Approved* and filed in the Commission's tariff books.
4. CSWR-Texas must provide service to every customer or applicant for service within the approved area under water CCN number 13290 that requests water service and meets the terms of CSWR-Texas's water service, and such service must be continuous and adequate.
5. CSWR-Texas must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Parker County affected by the application and must submit to the Commission evidence of the recording no later than 31 days after receipt of the Notice of Approval.

6. Within ten days of the date of the Notice of Approval, Commission Staff must provide a clean copy of the tariff approved by this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff books.
7. 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 12 day of March 2021.

PUBLIC UTILITY COMMISSION OF TEXAS



KATIE MOORE
ADMINISTRATIVE LAW JUDGE



Public Utility Commission of Texas

By These Presents Be It Known To All That

CSWR-Texas Utility Operating Company, LLC

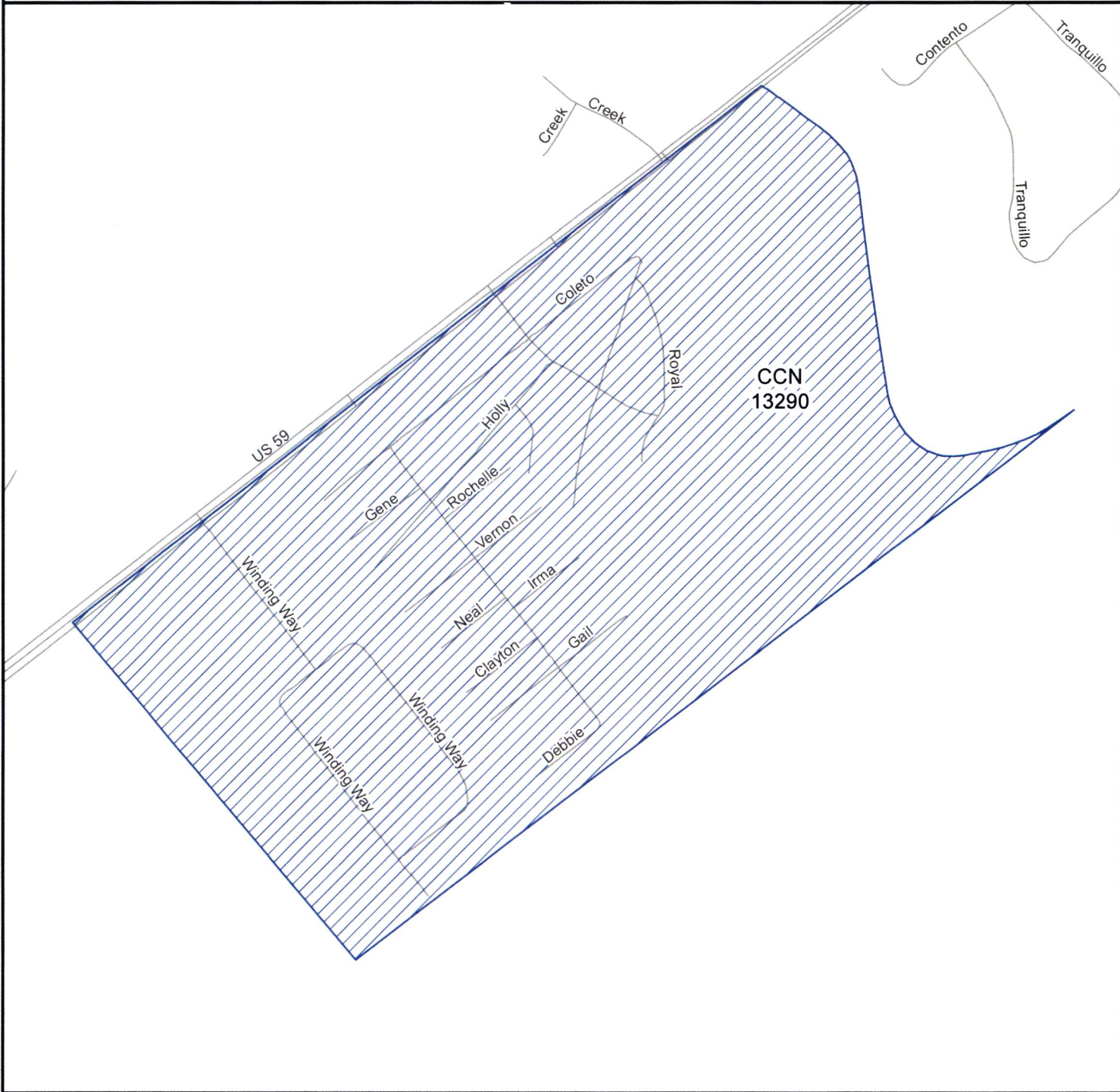
having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, CSWR-Texas Utility Operating Company, LLC is entitled to this

Certificate of Convenience and Necessity No. 13290

to provide continuous and adequate water utility service to that service area or those service areas in Aransas, Parker, Victoria, and Wilson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 50251 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of CSWR-Texas Utility Operating Company, LLC to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

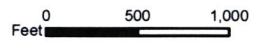
Issued at Austin, Texas, this 12th day of March 2021.

CSWR-Texas Utility Operating Company, LLC
Portion of Water CCN No. 13290
PUC Docket No. 50251
Transferred all of JRM Water, LLC, CCN No. 11548 in Victoria County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN
 13290 - CSWR-Texas Utility Operating Company, LLC



Map by: Komal Patel
Date created: September 1, 2020
Project Path: n:\finalmapping\
50251CSWR.mxd