

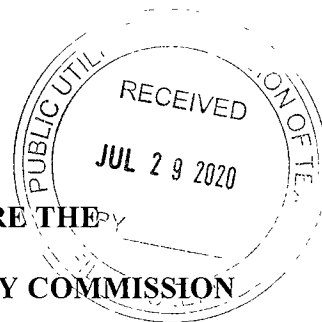
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Addendum StartPage: 0

DOCKET NO. 50989



APPLICATION OF RANCH COUNTRY §  
OF TEXAS WATER SYSTEMS, INC. §  
AND CSWR-TEXAS UTILITY §  
OPERATING COMPANY, LLC FOR §  
SALE, TRANSFER, OR MERGER OF §  
FACILITIES AND CERTIFICATE §  
RIGHTS IN AUSTIN COUNTY §

BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS

**CSWR-TEXAS UTILITY OPERATING COMPANY, LLC’S REPLY TO COMMISSION  
STAFF’S REQUEST FOR ABATEMENT**

CSWR-Texas Utility Operating Company, LLC (“CSWR Texas” or the “Company”) timely files this reply to the Public Utility Commission of Texas Staff’s (“Commission” or “Staff”) Request to Abate, which was filed on July 28, 2020.<sup>1</sup> The Company opposes Staff’s Request to Abate because (1) abatement is unnecessary, (2) there are important compliance concerns associated with the subject system that cannot be addressed until the proposed sale has been reviewed and approved, and (3) Staff’s recommendation as to the sufficiency of the Company’s Application is already overdue. As an alternative, if the presiding officer determines to allow Staff more time to file its recommendation, CSWR Texas requests that the presiding officer grant Commission Staff an extension to file its recommendation but require Staff to file the recommendation as soon as possible after an order is issued allowing the transactions to proceed in Docket No. 50251, 50276 or 50311.<sup>2</sup>

<sup>1</sup> 16 Tex. Admin. Code § 22.78(a) (TAC). At the time of this filing, Commission Staff had also filed requests for abatement in four other pending proceedings, Docket Nos. 51003, 51026, 51031 and 50165. The Company will respond to these requests in each docket by the appropriate deadline for responses to pleadings.

<sup>2</sup> The Company is currently awaiting issuance of a new CCN number in these three proceedings. *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); *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); *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).

## I. REPLY TO COMMISSION STAFF'S REQUEST TO ABATE

Commission Staff's Request to Abate seeks to unduly delay its recommendation on the sufficiency of the Company's Application in this proceeding until 14 days after this Commission issues an Order Approving the Transaction to Proceed in Docket No. 50251, 50276 or 50311. Staff's request would delay the issuance of notice, establishment of a procedural schedule, and commencement of the statutory 120-day deadline for approval. In support of its request, Staff does not cite any Commission Rule or legal authority. Moreover, Staff does not explain why abatement of this proceeding or an extension of its deadline is necessary other than to indicate that CSWR Texas does not hold a certificate of convenience and necessity ("CCN"). Issuance of a CCN is pending in Docket Nos. 50251, 50276 and 50311, all of which are uncontested, and Commission Staff has already recommended approval of the Company's applications in each of those proceedings.<sup>3</sup> The Company and Commission Staff have also submitted proposed orders to the presiding officer in each of those dockets<sup>4</sup> and are simply awaiting issuance of final orders allowing the Company to consummate the subject transactions. Moreover, the lack of a CCN did not prevent Staff from filing recommendations on the sufficiency of the applications in two prior STM applications filed by CSWR Texas last year (Docket No. 50276 and 50311), and it should not now. While the Company hopes to receive issuance of a CCN shortly, it is simply unnecessary to delay Staff's recommendation until that time.

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<sup>3</sup> Docket No. 50251, Staff Recommendation on the Transaction (Jul. 8, 2020); Docket No. 50276, Staff Recommendation on the Transaction (Jul. 8, 2020); Docket No. 50311, Staff Recommendation on the Transaction (Jul. 8, 2020).

<sup>4</sup> Docket No. 50251, Joint Motion to Admit Evidence and Proposed Order Approving Sale and Transfer Proceed (Jul. 22, 2020); Docket No. 50276, Joint Motion to Admit Evidence and Proposed Order Approving Sale and Transfer Proceed (Jul. 22, 2020); Docket No. 50311, Joint Motion to Admit Evidence and Proposed Order Approving Sale and Transfer Proceed (Jul. 22, 2020)

It is also important to recognize that the present proceeding involves a water system that is currently out of compliance and in violation of numerous Texas Commission on Environmental Quality (“TCEQ”) regulations that require immediate remediation and that CSWR is committed to remedying.<sup>5</sup> In fact, the overwhelming majority of the pending STM proceedings filed by CSWR Texas over the last eight months involve water or wastewater systems that are currently out of compliance and in violation of multiple TCEQ regulations that require immediate remediation.<sup>6</sup> Accordingly, the Company is seeking to process these applications as quickly as possible, not to tax Staff or Commission resources but to address the immediate needs of these systems and their customers. Urgency is further justified by the fact that processing an uncontested STM application for the acquisition of a water or wastewater system can take over a year,<sup>7</sup> which can delay resolution of water quality and reliability concerns and allow systems to fall into greater disrepair, leading to higher rehabilitation costs. Abiding by the streamlined and efficient procedural process provided for in these proceedings is necessary to allow the Commission to review the Company’s Application and, ultimately, allow the Company to address these concerns promptly upon consummation of the transactions. Accordingly, the Company opposes abatement.

However, if the ALJ elects to allow Staff more time to file its recommendation, the Company requests that the presiding officer grant Staff an extension to file its recommendation as soon as possible after issuance of an order in Docket No. 50251, 50276 or 50311. The Company

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<sup>5</sup> Application at Attachment I; *see id.* at Attachment J (identifying the need for significant well rehabilitation and pressure tank replacements costing over \$500,000); *id.* at Attachment I-1 (listing pending acquisitions that are currently in violation of TCEQ regulations and demonstrating CSWR Texas’ commitment to work with TCEQ to resolve these concerns).

<sup>6</sup> *See, e.g., id.* at Attachment K-1 (listing pending proceedings currently subject to TCEQ violations).

<sup>7</sup> *See, e.g., Application of Texas Water Systems, Inc and Undine Texas, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Gregg, Henderson, Smith, Upshur, and Van Zandt Counties, to Amend Their Water Certificates of Convenience and Necessity, and for Dual Certification with Crystal Systems Texas, Inc. and Pritchett Water Supply Corporation*, Docket No. 49260, Order Approving Sale and Transfer to Proceed (Jul. 1, 2020) (order allowing sale to proceed issued approximately 16 months after initial filing of the application).

opposes Staff's request for an additional 14-day delay after issuance of an order in those proceedings for the reasons explained above and also because Commission Staff's recommendation in this docket is already overdue. Staff's deadline was July 27, 2020, the day before its request for abatement was filed.<sup>8</sup> Accordingly, CSWR Texas is not aware of any reason Staff could not issue its recommendation in this case promptly after an order is issued in Docket No. 50251, 50276 or 50311. This extension balances Staff's request for more time with the need to promote efficient administration of this proceeding and to allow prompt resolution of the water quality and reliability concerns inherent in these systems.

## II. CONCLUSION

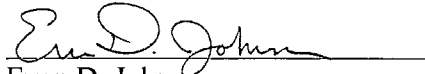
For these reasons, the Company requests that the Commission deny Commission Staff's request for abatement or, otherwise, grant Staff an extension to file its recommendation on the sufficiency of the Company's Application as soon as possible after issuance of an order allowing the transaction to proceed in Docket No. 50251, 50276 or 50311. The Company also requests such other relief to which it has shown itself entitled.

Respectfully submitted,

L. Russell Mitten  
General Counsel  
Central States Water Resources, Inc.  
1650 Des Peres Rd., Suite 303  
St. Louis, MO 63131  
(314) 380-8595  
(314) 763-4743 (Fax)

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<sup>8</sup> Order No 1.

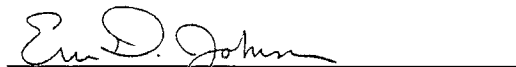


Evan D. Johnson  
State Bar No. 24065498  
Kate Norman  
State Bar No. 24051121  
C. Glenn Adkins  
State Bar No. 24103097  
Coffin Renner LLP  
1011 W. 31<sup>st</sup> Street  
Austin, Texas 78705  
(512) 879-0900  
(512) 879-0912 (fax)  
[evan.johnson@crtxlaw.com](mailto:evan.johnson@crtxlaw.com)  
[kate.norman@crtxlaw.com](mailto:kate.norman@crtxlaw.com)  
[glenn.adkins@crtxlaw.com](mailto:glenn.adkins@crtxlaw.com)

**ATTORNEYS FOR CSWR, LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 29<sup>th</sup> day of July 2020, a true and correct copy of the foregoing document was served on all parties of record via electronic mail in accordance with the Order Suspending Rules issued in Project No. 50664.



Evan D. Johnson