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DOCKET NO. 50989

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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
FILING CLERK

PUBLIC UTILITY COMMISSION
OF TEXAS

**JOINT MOTION TO ADMIT EVIDENCE
AND PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED**

Ranch Country of Texas Water Systems, Inc. (“Ranch Country”) and CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”), together with the Staff of the Public Utility Commission of Texas (“Staff”) (collectively, the “Parties”), submit this Joint Motion to Admit Evidence and Proposed Order Approving Sale and Transfer to Proceed. In support thereof, the Parties show the following:

I. BACKGROUND

On June 26, 2020, Ranch Country and CSWR Texas (collectively, the “Applicants”) filed an application with the Public Utility Commission of Texas (“Commission”) for approval of the sale, transfer, or merger of facilities and certificate rights in Austin County (“Application”). The Applicants seek to cancel Ranch Country’s certificate of convenience and necessity (“CCN”) number 12918 and transfer all facilities and the service area held under that number to CSWR Texas under CCN number 13290.¹ The requested sale and transfer includes approximately 638 acres and 316 connections.

Pursuant to Order No. 4, the Parties timely file this Joint Motion to Admit Evidence and Proposed Order Approving Sale and Transfer to Proceed.

¹ The Parties anticipate that CSWR Texas will receive final approval to obtain water CCN number 13290 in Docket Nos. 50251, 50276, or 50311, whichever is approved first.

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II. JOINT MOTION TO ADMIT EVIDENCE

The Parties move to admit the following items into the record evidence of this proceeding:

1. Application, including confidential attachments, filed on June 26, 2020, (Interchange Item Nos. 1 through 9);
2. The First Supplement to the Application, including confidential attachments, filed on July 24, 2020 (Interchange Item No. 11);
3. CSWR Texas's responses to Staff's first request for information and confidential attachments, filed on August 31, 2020 and September 21, 2020 (Interchange Item Nos. 20, 28 and 29);
4. CSWR Texas' responses to Staff's second request for information and confidential attachments, filed on September 15, 2020 (Interchange Item No. 25);
5. CSWR Texas's Affidavit of Notice to Current Customers, Neighboring Utilities, and Affected Parties, including Confidential Exhibit B, filed on September 16, 2020 (Interchange Item Nos. 26 and 27);
6. Staff's Recommendation on Sufficiency of Notice, filed on September 30, 2020 (Interchange Item No. 30); and
7. Staff's Recommendation on the Transaction, including confidential attachments, filed on November 12 and 13, 2020, respectively (Interchange Item Nos. 32 and 33).

III. RESPONSE TO ORDER DIRECTING ADMINISTRATIVE PROCESS

On August 20, 2020, the administrative law judge ("ALJ") filed an Order Directing Administrative Process ("Processing Order") in this and each of the following dockets: Docket Nos. 50276, 50311, 50989, 51003, 51026, 51031, 51036, 51047, 51065, 51089, 51118, 51126,

51130, and 51146.² In the Processing Order, the ALJ indicated that the above-listed proceedings are “inextricably intertwined” and directed Staff to formulate its recommendations in each docket in a cumulative manner by also considering the recommendations that it had already made in any other of the above-listed dockets in order to ensure that CSWR Texas has the wherewithal to serve each individual system as well as all systems as a whole.³

In their joint response to the Processing Order, CSWR Texas and Staff proposed that Staff evaluate the pending STM dockets and issue recommendations in each in four groups: Staff had previously issued its recommendations in Docket Nos. 50251, 50276 and 50311 (“Group 1”) and

² *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, Order No. 8 (Aug. 20, 2020); *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, Order No. 8 (Aug. 20, 2020); *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*, Docket No. 50989, Order No. 2 (Aug. 20, 2020); *Application of Oak Hill Ranch Estates Water and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Guadalupe and Wilson Counties*, Docket No. 51003, Order No. 3 (Aug. 20, 2020); *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, Order No. 2 (Aug. 20, 2020); *Application of Council Creek Village, Inc dba Council Creek Village dba South Council Creek 2 and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County*, Docket No. 51031, Order No. 3 (Aug. 20, 2020); *Application of Kathie Lou Daniels dba Woodlands West and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burleson County*, Docket No. 51036, Order No. 2 (Aug. 20, 2020); *Application of Jones-Owen Company dba South Silver Creek I, II, and III and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Travis County*, Docket No. 51047, Order No. 2 (Aug. 20, 2020); *Application of Treetop Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County*, Docket No. 51065, Order No. 4 (Aug. 20, 2020); *Application of Donald E Wilson dba Quiet Village II dba QV Utility and CSWR-Texas Utility Operating Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hidalgo County*, Docket No. 51089, Order No. 2 (Aug. 20, 2020); *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, Order No. 5 (Aug. 20, 2020); *Application of Shawn M. Horvath dba Aero Valley Water Service and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Denton County*, Docket No. 51126, Order No. 4 (Aug. 20, 2020); *Application of Laguna Vista Limited and Laguna Tres, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County*, Docket No. 51130, Order No. 2 (Aug. 20, 2020); *Application of Abraxas Corporation and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County*, Docket No. 51146, Order No. 3 (Aug. 20, 2020). In addition, CSWR Texas has subsequently filed one additional STM application that was not addressed in the Processing Order. *Application of the Estate of Patetreen Petty McCoy dba Big Wood Springs Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wood County*, Docket No. 51222 (pending).

³ Docket No. 51118, Processing Order at 6 (Aug. 20, 2020).

the ALJ had already approved orders allowing those transactions to proceed;⁴ Staff issued its recommendations in Docket Nos. 50989, 51026, 51065, and 51118 (“Group 2”) on November 12, 2020, taking into account the acquisition in Groups 1 and 2;⁵ and Staff issued its recommendations in Docket Nos. 51031, 51047, 51130, and 51146 (“Group 3”) on November 13, 2020, taking into account the acquisition in Groups 1, 2 and 3.⁶ As noted in CSWR Texas and Staff’s joint response to the Processing Order, the Parties proposed this schedule so that CSWR Texas would be authorized to close these eleven transactions by the end of the year, subject to the approval of the ALJ. In addition, CSWR Texas has five additional pending STM dockets—Docket Nos. 51003, 51036, 51047, 51089, and 51222 (“Group 4”)—that will be processed on a different timeline from the eleven currently before the ALJ.

As demonstrated in its recommendation in this proceeding, Staff has performed a cumulative review to assess CSWR Texas’s technical and managerial capability to provide service to the requested areas and customers affected by all eleven pending dockets in Groups 1, 2, and 3, and it has determined that CSWR Texas has demonstrated its ability to provide continuous and adequate service to each of the requested areas, both individually and as a whole. In addition,

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, Order No. 11 (Aug. 3, 2020); Docket No. 50276, Order No. 11 (Sep. 4, 2020); Docket No. 50311, Order No. 11 (Sep. 4, 2020).

⁵ Commission Staff’s Recommendation on the Transaction (Nov. 12, 2020); Docket No. 51026, Commission Staff’s Recommendation on Final Disposition (Nov. 12, 2020); Docket No. 51065, Commission Staff’s Recommendation on the Transaction and Amendment (Nov. 12, 2020); Docket No. 51118, Commission Staff’s Recommendation on Final Disposition (Nov. 12, 2020).

⁶ Docket No. 51031, Commission Staff’s Recommendation on Final Disposition (Nov. 12, 2020); Docket No. 51047, Commission Staff’s Recommendation on the Transaction (Nov. 12, 2020); Docket No. 51130, Commission Staff’s Recommendation on Final Disposition (Nov. 12, 2020); Docket No. 51146, Commission Staff’s Recommendation on Approval of the Sale (Nov. 12, 2020). There are five additional pending STM dockets—Docket Nos. 51003, 51036, 51047, 51089, and 51222 (“Group 4”)—that will be processed on a different timeline from the eleven currently before the presiding officer.

Staff determined that CSWR Texas has the financial ability to pay for facilities necessary to provide service in each of the requested areas, both individually and as a whole.

IV. PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

The Parties move for adoption of the attached Proposed Order Approving Sale and Transfer to Proceed.

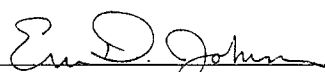
V. CONCLUSION

The Parties respectfully request that the Commission grant the Motion to Admit Evidence and adopt the attached Proposed Order Approving Sale and Transfer to Proceed.

Respectfully submitted,

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**PUBLIC UTILITY COMMISSION OF
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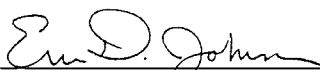
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CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of December 2020, notice of the filing of this document was provided to all parties of record via electronic mail in accordance with the Order Suspending Rules, filed in Project No. 50664.



Evan D. Johnson

DOCKET NO. 50989

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

JOINT PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Ranch Country of Texas Water Systems, Inc. (Ranch Country) and CSWR-Texas Utility Operating Company, LLC (CSWR Texas) for a sale, transfer, or merger (STM) of facilities and certificate rights in Austin County. The applicants seek the cancellation of Ranch Country’s water certificate of convenience and necessity (CCN) number 12918 and the transfer of all facilities and service area held under CCN number 12918 to CSWR Texas under CCN number 13290. This Order addresses only the requested sale and transfer. The administrative law judge (ALJ) grants that the sale is approved and the transaction between Ranch Country and CSWR Texas may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Ranch Country is a corporation registered with the Texas secretary of state under file number 801006671.
2. Ranch Country is an investor-owned utility that operates, maintains, and controls facilities that provide water service in Austin County under CCN number 12918.
3. Ranch Country owns and operates seven public water systems (PWSes) registered with the Texas Commission on Environmental Quality (TCEQ) as Hillside Estates Water

System, number 0080049; Settlers Meadows Water System, number 0080055; Settlers Estates Sec II, number 0080056; Meadowview Estates, number 0080051; Settlers Crossing Water System, number 0080058; Meadowview Estates II, number 0080059; and Settlers Crossing Water System 2, number 0080060.

4. CSWR Texas is a domestic limited liability company registered with the Texas secretary of state under file number 0803367893.
5. Ranch Country and CSWR Texas seek to transfer all facilities and water service area under CCN number 12918 to CSWR Texas under CCN number 13290.

Application

6. On June 26, 2020, Ranch Country and CSWR Texas filed an application with the Commission for the approval of the sale of PWS numbers 0080049, 0080055, 0080056, 0080051, 0080058, 0080059, and 0080060 and transfer of the corresponding service area held under CCN number 12918 in Austin County from Ranch Country to CSWR Texas under CCN number 13290.
7. On July 24, 2020, the applicants supplemented the application.
8. The total requested service area comprises seven water systems, approximately 638 acres and 316 current connections.
9. The requested service areas served by the Meadow View Estates I and Meadow View Estates II PWSes include approximately 164 acres and 95 connections, are located approximately 4 miles south of downtown Sealy, Texas, and are generally bounded on the north by Orange Hill Road; on the east by SH 36; on the south by Klopsteck Road; and on the west by Orange Hill Road.

10. The requested service areas served by the Hillside Estates, Settlers Meadows, Settlers Estates, Settlers Crossing Water System and Settlers Crossing Water System PWSes include approximately 474 acres and 221 connections, are located approximately 3 miles west of downtown Sealy, Texas, and are generally bounded on the north by Little Bernard Creek; on the east by Little Bernard Creek; on the south by IH 10; and on the west by Hillboldt Road and Pyka Road.
11. In Order No. 3 filed on August 20, 2020, the ALJ deemed the application administratively complete.

Notice

12. On September 16, 2020, CSWR Texas filed the affidavit of Josiah Cox, President/Manager of CSWR Texas, attesting that notice was provided to all current customers of Ranch Country, neighboring utilities, and affected parties on September 10, 2020.
13. In Order No. 5 filed on October 2, 2020, the ALJ deemed the notice sufficient.

Cumulative Recommendation

14. In Order No. 2 filed on August 20, 2020, the ALJ directed Commission Staff to formulate its recommendation in each CSWR STM docket in a cumulative manner that takes into consideration all prior CSWR Texas STM dockets in which Staff has recommended the transaction be allowed to proceed to ensure that CSWR Texas has the wherewithal to serve each individual system it acquires as well as all systems as a whole.
15. On November 12, 2020, Commission Staff filed its recommendation on the transaction in this docket and Docket Nos. 51026, 51065 and 51118, recommending that CSWR Texas has the managerial and technical capability to provide continuous and adequate

service to all areas included in Docket Nos. 50251, 50276, 50311, 50989, 51026, 51065 and 51118 and that CSWR Texas has the financial capability to serve the requested areas addressed in Docket Nos. 50251, 50276, 50311, 50989, 51026, 51065 and 51118.

16. In compliance with Order No. 2, Staff's recommendation was based on a review of financial information about the systems to be acquired in Docket Nos. 50251, 50276, 50311, 50989, 51026, 51065, 51031, 51047, 51118, 51130 and 51146, which was provided in the application filed in this docket, and the following information from other pending STM dockets for which Commission Staff had previously or concurrently made a recommendation:

- a. Docket No. 50251.¹ Proposed sale and transfer of approximately 438 acres and 211 connections in Victoria County served by JRM Water, LLC via Coleta Water PWS number 2350036, which has no outstanding TCEQ violations; no additional construction is required to provide service to the requested area.
- b. Docket No. 50276.² Proposed sale and transfer of approximately 307 acres and 77 connections in Victoria County served by North Victoria Utilities, Inc. via North Victoria Utilities PWS number 2350049, which, has numerous deficiencies that will require immediate capital investment to remedy. CSWR Texas has worked with an engineer to identify the shortcomings in the system and has outlined a plan to address these deficiencies to ensure that, after closing the sale, the full

¹ *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).*

² *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).*

operation of the public water system can continue in accordance with Commission and TCEQ rules.

- c. Docket No. 50311.³ Proposed sale and transfer of approximately 61 acres and 110 connections in Aransas County served by Copano Heights Water Company via Copano Heights Water PWS number 0040017, which has no outstanding TCEQ violations, and an existing water purchase agreement with the City of Rockport; no additional construction is necessary for CSWR Texas to serve the requested area.
- d. Docket No. 51026.⁴ Proposed sale and transfer of approximately 42 acres and 73 connections in Harris County served by Tall Pines Utility, Inc. via Tall Pines PWS number 1010220, which has no outstanding violations; no additional construction is required to provide service to the requested area.
- e. Docket No. 51065.⁵ Proposed sale and transfer of transfer approximately 93 acres and 35 connections in Parker County served by Treetop Utilities, LLC via Treetop Estates PWS number 1840134, which has no outstanding violations; no additional construction is required to provide service to the requested area.
- f. Docket No. 51118.⁶ Proposed sale and transfer of transfer approximately 1,828 acres and 560 connections in Wilson County served by Shady Oaks via Shady

³ *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).*

⁴ *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)*

⁵ *Application of Treetop Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51065 (pending).*

⁶ *Application of Shady Oaks Water Supply Company, LLC and CSWR-Texas Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wilson County, Docket No. 51118 (pending).*

Oaks Water, PWS number 2470017; Hickory Hill Water, PWS number 2470018; Arrowhead Water, PWS number 2470025; and C-Willow Water, PWS number 2470019, which have no outstanding violations; no additional construction is required to provide service to the requested area.

17. On November 13, 2020, Commission Staff filed its recommendation on the transaction in Docket Nos. 51031, 51047, 51130 and 51146, recommending that CSWR Texas has the financial, managerial and technical capability to provide continuous and adequate service to all areas and facilities included in Docket Nos. 50251, 50276, 50311, 50989, 51026, 51065, 51118, 51031, 51047, 51130 and 51146.

Evidentiary Record

18. On December 4, 2020, the applicants and Commission Staff filed a joint motion to admit evidence.
19. In Order No. __ filed on _____, the ALJ admitted the following evidence into the record, including all confidential materials contained therein: (a) the application, including confidential attachments, filed on June 26, 2020; (b) the first supplement to the application, including confidential attachments, filed on July 24, 2020; (c) CSWR Texas's responses to Commission Staff's first request for information and confidential attachments, filed on August 31, 2020 and September 21, 2020; (d) CSWR Texas' responses to Commission Staff's second request for information and confidential attachments, filed on September 15, 2020; (e) CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on September 16, 2020; (f) Commission Staff's Recommendation on Sufficiency of Notice, filed on September 30, 2020; and (g) Commission Staff's Recommendation on

the Transaction, including confidential attachments, filed on November 12 and 13, 2020, respectively.

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)

20. Ranch Country’s PWS numbers 0080049, 0080055, 0080056, 0080051, 0080058, 0080059, and 0080060 are not currently in compliance with the drinking water rules of the TCEQ.
21. CSWR Texas intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water system into compliance with TCEQ regulations and to ensure customers receive safe and reliable service within a reasonable time upon consummation of the transaction.
22. CSWR Texas provided a copy of its correspondence with the TCEQ indicating that it has agreed to work with the TCEQ to address any outstanding compliance issues upon consummation of the transaction.

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

23. Ranch Country has several violations listed in the TCEQ database, which means the service currently provided to the requested area is inadequate.
24. CSWR Texas commissioned an engineering report that recommends significant well rehabilitation and pressure tank replacements for the various water systems. CSWR-Texas also states it intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water systems into compliance with TCEQ regulations and to ensure customers receive safe and reliable service. Once the water systems are compliant with TCEQ regulations, the service provided to the requested area will be adequate.

25. CSWR Texas has experienced operators that are knowledgeable about operations as well as the requirements for continuous and adequate service.
26. Existing and future customers will be better served through CSWR Texas' ownership and operation of PWS number 2350049 due to improvements in the utility service, operations and maintenance, and customer service.

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

27. There is a continuing need for service because Ranch Country is currently serving 316 existing connections in the 638-acre requested service area.
28. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 638-acre requested area.
29. Ranch Country's existing customers in the 638-acre requested service area have a need for improved service.

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. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR Texas to provide service to current and future customers in the 638-acre requested area.
31. There is one utility, city, or political subdivision providing water service within two miles of the requested areas.
32. Ranch Country 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 any uncertificated area.
34. There will be no effect on landowners as the area is currently certificated.

35. CSWR Texas will adopt Ranch Country's current rates upon the consummation of the transaction.

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(h)(2), (h)(5)(D)

36. PWS numbers 0080049, 0080055, 0080056, 0080051, 0080058, and 0080060, through which Ranch Country is currently providing service to existing customers in the 638-acre requested area, have adequate capacity to meet the demands in the requested area.

37. PWS number 0080059, through which Ranch Country is currently providing service to existing customers in the 638-acre requested area, does not have adequate capacity to meet the demands in the requested area served by that water system.

38. CSWR Texas has agreed to work with the TCEQ to resolve this capacity issue once the transfer is complete.

39. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.

40. CSWR Texas has access to an adequate supply of water and is capable of providing 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.

41. CSWR Texas has the technical and managerial capability to provide adequate and continuous service to the requested areas addressed in this docket and in Docket Nos 50251, 50276, 50311, 51026, 51065, and 51118.

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)

42. CSWR, LLC, the immediate parent company of CSWR Texas, has a debt-to-equity ratio of less than one, satisfying the leverage test.

43. CSWR Texas has demonstrated that 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.
44. CSWR Texas has demonstrated the financial and managerial capability to provide continuous and adequate service to all of the requested areas included in Docket Nos. 50251, 50276, 50311, 50989, 51026, 51065, 51031, 51047, 51118, 51130 and 51146.

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

45. 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)

46. Water utilities within a two-mile radius were properly noticed, and no protests or opt-out requests were received.
47. Following the transfer, water service to the requested areas will be provided by CSWR Texas using existing infrastructure.
48. Austin County Water Service Corporation (Austin County WSC) is the only retail public utility with a CCN within two miles of Ranch Country.
49. Obtaining service from Austin County WSC would increase costs to customers because new facilities will need to be constructed, an interconnect would need to be installed, and the facilities would need to traverse a railroad; 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)

50. The requested areas will be served with existing infrastructure that will receive planned upgrades, renovations, and repairs, and the proposed transaction should have minimal effect on the environmental integrity of the requested areas.

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

51. Water service to the 638-acre requested area will improve because CSWR Texas intends to (1) address and resolve regulatory compliance issues and (2) improve the safety and reliability of service.
52. CSWR Texas will continue to provide water service to the existing customers in the area and the rates charged will not change as a result of the proposed transaction.

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

53. CSWR Texas will not need to construct a physically separate water system to continue serving the existing 316 connections in the 638-acre requested area; therefore, concerns of regionalization or consolidation do not apply.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. The applicants provided notice that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 TAC § 24.239.
2. Based on the factors in TWC § 13.246(c), CSWR Texas has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC § 13.301(b).

3. The applicants have demonstrated that the sale of Ranch Country's water service area and facilities held under CCN number 12918 from Ranch Country to CSWR Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public. TWC § 13.301(d), (e).

III. Ordering Paragraphs

In accordance with the preceding findings of fact and conclusions of law, the Commission enters the following orders.

1. The sale is approved and the transaction between Ranch Country and CSWR Texas may proceed and be consummated.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants shall file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
3. The applicants have 180 days to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not consummated within this 180-day period, or an extension is not granted, this approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that the requested area and associated facilities will remain under CCN number 12918 and be held by Ranch Country until the sale and transfer transaction is complete, in accordance with Commission rules.
6. CSWR Texas's water CCN number 13290 will not be amended with the requested area until final Commission approval of the application.
7. Following final Commission approval of the application, Ranch Country's water CCN number 12918 will be cancelled.

8. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
9. Within 15 days following the filing of the applicants' proof that the transaction has been consummated and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the _____ day of _____ 2020.

PUBLIC UTILITY COMMISSION OF TEXAS

KATIE MOORE
ADMINISTRATIVE LAW JUDGE