



Control Number: 51031



Item Number: 42

Addendum StartPage: 0

RECEIVED

DOCKET NO. 51031

2020 DEC -7 PM 1:10

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 §

PUBLIC UTILITY COMMISSION  
FILED CLERK  
BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS

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

Council Creek Village, Inc. dba Council Creek Village dba South Council Creek 2 (Council Creek) 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 July 8, 2020 Council Creek 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 Burnet County (“Application”). The Applicants seek to cancel Council Creek’s certificate of convenience and necessity (“CCN”) number 11118 and transfer all facilities and the service area held under that number to CSWR Texas under CCN number 13290.<sup>1</sup> The requested sale and transfer includes approximately 275 acres and 176 connections.

---

<sup>1</sup> 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.

42

Pursuant to Order No. 7, the Parties timely file this Joint Motion to Admit Evidence and Proposed Order Approving Sale and Transfer to Proceed.

## **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 July 8 and July 14, 2020 and September 8, 2020 (Interchange Item Nos. 1 through 6 and 25 through 29);
2. Council Creek Supplemental Application materials, filed on July 20, 2020 (Interchange Item No. 9);
3. CSWR Texas's First Supplement to Application, filed on August 7, 2020 (Interchange Item No. 14);
4. CSWR Texas's Second Supplement to Application, filed on August 10, 2020 (Interchange Item No. 16);
5. Staff's Supplemental Recommendation on Administrative Completeness, filed on August 10, 2020 (Interchange Item No. 15);
6. CSWR Texas's responses to Staff's first request for information and confidential attachments, filed on September 2, 2020 and September 21, 2020 respectively (Interchange Item Nos. 22, 33 and 34);
7. Staff's Supplemental Recommendation on Administrative Completeness, filed on September 4, 2020 (Interchange Item No. 23);
8. CSWR Texas's Affidavit of Notice to Current Customers, Neighboring Utilities, and Affected Parties, including Confidential Exhibit B, filed on September 23, 2020 and September 24, 2020, respectively (Interchange Items No.35 and 36);

9. CSWR Texas’s Affidavit of Corrected Notice to Current Customers, Neighboring Systems, and Cities, filed on September 30, 2020 (Interchange No. 37);
10. Staff’s Recommendation on Sufficiency of Notice, filed on October 1, 2020 (Interchange Item No. 38);
11. Staff’s Recommendation on the Transaction, including confidential attachments, filed on November 13, 2020 (Interchange Item Nos. 40 and 41).

### 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.<sup>2</sup> In the Processing Order, the ALJ indicated that the above-listed proceedings

---

<sup>2</sup> *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 Burt 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*

are “inextricably intertwined” and directed Staff to formulate its recommendations in each docket in a cumulative manner by also considering the recommendations 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.<sup>3</sup>

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 the ALJ had already approved orders allowing those transactions to proceed;<sup>4</sup> 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;<sup>5</sup> 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.<sup>6</sup> As noted in CSWR Texas and Staff’s joint response to the Processing Order, the parties proposed this schedule so CSWR Texas would be authorized

---

*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 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).

<sup>3</sup> Docket No. 51118, Processing Order at 6 (Aug. 20, 2020).

<sup>4</sup> *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).

<sup>5</sup> Docket No. 50989, 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).

<sup>6</sup> 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.

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, 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. Consistent with the Processing Orders and Staff’s recommendations in this and Docket Nos. 51047, 51130, and 51146, the Parties are contemporaneously filing motions to admit evidence and proposed orders approving the sales and transfers to proceed in Docket Nos. 51047, 51130, and 51146.

**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,

**ATTORNEYS FOR CSWR, LLC**

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)

By: \_\_\_\_\_

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  
kate.norman@crtxlaw.com  
glenn.adkins@crtxlaw.com

**PUBLIC UTILITY COMMISSION OF  
TEXAS LEGAL DIVISION**

Rachelle Nicolette Robles  
Division Director

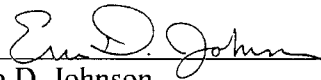
Rashmin J. Asher  
Managing Attorney

/s/ Megan Chalifoux\_\_\_\_\_

Megan Chalifoux  
State Bar No. 24073674  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7230  
512) 936-7268 (facsimile)  
megan.chalifoux@puc.texas.gov

**CERTIFICATE OF SERVICE**

I hereby certify that on this 7<sup>th</sup> 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, issued in Project No. 50664.

  
Evan D. Johnson



**DOCKET NO. 51031**

<b>APPLICATION OF COUNCIL CREEK</b>	<b>§</b>	
<b>VILLAGE, INC. DBA COUNCIL</b>	<b>§</b>	<b>BEFORE THE</b>
<b>CREEK VILLAGE DBA SOUTH</b>	<b>§</b>	
<b>COUNCIL CREEK 2 AND CSWR</b>	<b>§</b>	
<b>TEXAS UTILITY OPERATING</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>COMPANY, LLC FOR SALE,</b>	<b>§</b>	
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RIGHTS IN BURNET COUNTY</b>	<b>§</b>	

**JOINT PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Council Creek Village, Inc. dba Council Creek Village dba South Council Creek 2 (Council Creek) and CSWR-Texas Utility Operating Company, LLC (CSWR Texas) for a sale, transfer, or merger (STM) of facilities and certificate rights in Burnet County. The applicants seek the cancellation of Council Creek’s water certificate of convenience and necessity (CCN) number 11118 and the transfer of all facilities and service area held under CCN number 11118 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 Council Creek and CSWR Texas may proceed and be consummated.

**I. Findings of Fact**

The Commission makes the following findings of fact:

**Applicants**

1. Council Creek is a corporation registered with the Texas Secretary of State under file number 0016749800.
2. Council Creek is an investor-owned utility that operates, maintains, and controls facilities that provide water service in Burnet County under CCN number 11118.

3. Council Creek owns and operates three public water systems (PWSes) registered with the Texas Commission on Environmental Quality (TCEQ) under the following identification numbers: Council Creek Village, number 0270014; South Council Creek 1, number 0270079, and South Council Creek 2, number 0270080.
4. CSWR Texas is a domestic limited liability company registered with the Texas Secretary of State under file number 0803367893.
5. Council Creek and CSWR Texas seeks to transfer all facilities and water service area under CCN number 11118 to CSWR Texas under CCN number 13290.

**Application**

6. On July 8, 2020, Council Creek and CSWR Texas filed an application with the Commission for the approval of the sale of PWS numbers 0270014, 0270079, and 0270080 and transfer of the corresponding service area held under CCN number 11118 in Burnet County from Council Creek to CSWR Texas under CCN number 13290.
7. On July 14, July 20, and August 7, 2020, the applicants supplemented the application.
8. The requested service area comprises approximately 275 acres and 176 current connections and is located approximately 8 miles northwest of downtown Burnet, Texas, and is generally bounded on the north by Baker Lane; on the east by Ranch Road 2341; on the south by CR 114; and on the west by Lake Buchanan.
9. In Order No. 5, filed on September 9, 2020, the ALJ deemed the application administratively complete.

**Notice**

10. On September 23, 2020, CSWR Texas filed the affidavit of Josiah Cox, President and Manager of CSWR Texas, attesting that notice was provided to all current customers of Council Creek, neighboring utilities, and affected parties on September 21, 2020.

11. On September 30, 2020, CSWR Texas filed the affidavit of Mike Duncan, Assistant Vice President of Central States Water Resources, Inc., attesting that a corrected notice was provided to all current customers of Council Creek, neighboring utilities and affected parties on September 30, 2020.
12. In Order No. 7, filed on October 5, 2020, the ALJ deemed the notice sufficient.

**Cumulative Recommendation**

13. 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.
14. On November 12, 2020, Commission Staff filed its recommendation on the transaction in this docket and Docket Nos. 50989, 51026, and 51065 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, and 51065.
15. 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 information from other pending STM dockets for which Commission Staff had previously or concurrently made a recommendation.

- a. Docket No. 50251.<sup>1</sup> 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.<sup>2</sup> 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 operation of the public water system can continue in accordance with Commission and TCEQ rules.
- c. Docket No. 50311.<sup>3</sup> 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.

---

<sup>1</sup> *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).*

<sup>2</sup> *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).*

<sup>3</sup> *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).*

- d. Docket No. 50989.<sup>4</sup> Proposed sale and transfer of approximately 638 acres and 316 connections in Austin County served by Ranch Country of Texas Water Systems, Inc. via Hillside Estates Water System PWS number. 0080049, Settlers Meadows Water System PWS number 0080055, Settlers Estates Sec. II PWS number 0080056, Meadowview Estates PWS number 0080051, Settlers Crossing Water System PWS number 0080058, Meadowview Estates II PWS number 0080059, and Settlers Crossing Water System 2 PWS number 0080060. These public water systems have several unresolved TCEQ violations that will require immediate capital investment to remedy. CSWR Texas has worked with an engineer to identify the shortcomings in the systems and will address these deficiencies to ensure that, after closing the sale, the full operation of the public water system can continue in accordance with Commission and TCEQ rules.
- c. Docket No. 51026.<sup>5</sup> 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.
- f. Docket No. 51065.<sup>6</sup> Proposed sale and transfer of transfer approximately 93 acres and 35 connections in Parker County served by Treetop Utilities, LLC via Treetop

---

<sup>4</sup> *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 (pending).

<sup>5</sup> *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).

<sup>6</sup> *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).

Estates PWS number 1840134, which has no outstanding violations; no additional construction is required to provide service to the requested area.

- g. Docket No. 51118.<sup>7</sup> Proposed sale and transfer of approximately 1,828 acres and 560 connections in Wilson County served by Shady Oaks Water PWS number 2470017, Hickory Hill Water number 2470018, Arrowhead Water PWS number 2470025, C Willow Water PWS number 2470019, which have no outstanding violations; no additional construction is required to provide service to the requested area.
- h. Docket No. 51047.<sup>8</sup> Proposed sale and transfer of approximately 169 acres and 103 connections in Burnet County served by South Silver Creek via PWS number 0270041, which has past alleged violations that need to be addressed. CSWR Texas indicates that it has worked with an engineer to identify the shortcomings in the systems and will address these deficiencies to ensure that, after closing the sale, the full operation of the public water system can continue in accordance with Commission and TCEQ rules.
- i. Docket No. 51146.<sup>9</sup> Abraxas Utilities provides water service via PWS number 1840034 and provides service via an approved Water Treatment Facility Wastewater Discharge Permit No. WQ 00150-10001. There are several violations listed in the TCEQ database. A preliminary engineering report commissioned by

---

<sup>7</sup> *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).*

<sup>8</sup> *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 (pending).*

<sup>9</sup> *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 (pending).*

CSWR-Texas identified many issues with the water and wastewater systems. If authorized to acquire the system, 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 ensure customers receive safe and reliable service.

16. On November 13, 2020, Commission Staff filed its recommendation on the transaction in this docket and Docket Nos. 51047, 51130, and 51146 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, 51047, 51118, 51130 and 51146 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, 51065, 51047, 51118, and 51146.

**Evidentiary Record**

17. On December 7, 2020, the applicants and Commission Staff filed a joint motion to admit evidence.
18. In Order No. \_\_, filed on \_\_\_\_\_, the ALJ admitted the following evidence into the record, including all confidential materials contained therein: Application, including confidential attachments, filed on July 8 and July 14, 2020 and September 8, 2020; Council Creek Supplemental Application materials, filed on July 20, 2020; CSWR Texas's First Supplement to Application, filed on August 7, 2020; CSWR Texas's Second Supplement to Application, filed on August 10, 2020; Staff's Supplemental Recommendation on Administrative Completeness, filed on August 10, 2020; CSWR Texas's responses to Staff's first request for information and confidential attachments, filed on September 2, 2020 and September 21, 2020 respectively; Staff's Supplemental

Recommendation on Administrative Completeness, filed on September 4, 2020; CSWR Texas's Affidavit of Notice to Current Customers, Neighboring Utilities, and Affected Parties, including Confidential Exhibit B, filed on September 23, 2020 and September 24, 2020, respectively; CSWR Texas's Affidavit of Corrected Notice to Current Customers, Neighboring Systems, and Cities, filed on September 30, 2020; Staff's Recommendation on Sufficiency of Notice, filed on October 1, 2020; Staff's Recommendation on the Transaction, including confidential attachments, filed on November 13, 2020.

**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)**

19. Council Creek's PWS number is 0270079 currently in compliance with the drinking water rules of the TCEQ.
20. Council Creek's PWS numbers 0270014 and 0270080 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 within a reasonable time upon consummation of the transaction. 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)**

22. There are currently 176 connections in the 275-acre requested area who are being served by Council Creek through PWS numbers 0270014, 0270079, and 0270080, and such service has been continuous and adequate for PWS number 0270079.



23. PWS numbers 0270014 and 0270080 have several violations listed in the TCEQ database, which means the service currently provided to the requested area is inadequate. CSWR-Texas stated they intend 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. The needed improvements will begin when the systems are officially transferred to CSWR Texas.
24. CSWR Texas has experienced operators that are knowledgeable about operations as well as the requirements for continuous and adequate service.
25. 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)**

26. There is a continuing need for service because Council Creek is currently serving 176 existing connections in the 275-acre requested service area.
27. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 275-acre requested area.
28. Council Creek's existing customers in the 275-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)**

29. 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 275-acre requested area.

30. There are no other water providers in the proximate area.
31. Council Creek and CSWR Texas are the only utilities affected by this sale and transfer.
32. There will be no effect on any other retail public utility servicing the proximate area because this transaction does not include an uncertificated area.
33. There will be no effect on landowners as the area is currently certificated. CSWR Texas will adopt Council Creek'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)**

34. PWS numbers 0270014, 0270079, and 0270080 through which Council Creek is currently providing service to 176 connections in the 275-acre requested area have adequate capacity to meet the demands in the requested area.
35. CSWR Texas employs TCEQ-licensed water operators who will operate the public water system.
36. 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.
37. 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, 50989, 51026, 51065, 51118, 51130, 51146 and 51031.

**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)**

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

39. 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.
40. 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, 51118, 51031, 51047, 51130 and 51146.

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

41. 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)**

42. Water utilities within a two-mile radius were properly noticed, and no protests or opt-out requests were received.
43. 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)**

44. The requested areas will be served with existing infrastructure, with planned upgrades, renovations, and repairs, and the transfer should have minimal effect on the environmental integrity of the 275-acre requested area.

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

45. Water service to the 275-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.
46. Upon consummation of the transaction, customers in the requested area will be charged the same rates they were charged before the consummation of the proposed transaction.

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

47. CSWR Texas will not need to construct a physically separate water system to continue serving the existing 176 connections in the 275-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 Council Creek's water facilities and the transfer of the water service area held under CCN number 11118 from Council Creek 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 Council Creek 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 must 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 11118 and be held by Council Creek 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, Council Creek's water CCN number 11118 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**