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**DOCKET NO. 51089**

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PUBLIC UTILITY COMMISSION  
OF TEXAS

**APPLICATION OF DONALD E. §  
WILSON DBA QUIET VILLAGE II DBA §  
QV UTILITY AND CSWR-TEXAS §  
UTILITY OPERATING COMPANY, §  
LLC FOR SALE, TRANSFER, OR §  
MERGER OF FACILITIES AND §  
CERTIFICATE RIGHTS IN HIDALGO §  
COUNTY §**

**PUBLIC UTILITY COMMISSION**

**ORDER NO. 10  
APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Donald E. Wilson dba Quiet Village II dba QV Utility and CSWR-Texas Utility Operating Company, LLC for the sale, transfer, or merger of facilities and certificate rights in Hidalgo County. QV Utility and CSWR-Texas seek the transfer of all facilities and service area held under QV Utility’s water certificate of convenience and necessity (CCN) number 12730 and sewer CCN number 20780 to CSWR-Texas, the cancellation of QV Utility’s water CCN number 12733 and sewer CCN number 20780, and the amendment of CSWR-Texas’s water CCN number 13290 and sewer CCN number 21120 to include the area previously included in QV Utility’s water CCN number 12730 and sewer CCN number 20780. The administrative law judge (ALJ) grants that the sale is approved and the transaction between QV Utility and CSWR-Texas may proceed and be consummated.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicants**

1. QV Utility is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Hidalgo County under CCN number 12730 and sewer service under CCN number 20780.
2. QV Utility owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1080221.
3. QV Utility provides sewer service through an agreement with the City of Donna.

4. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.

**Application**

5. On July 20, 2020, QV Utility and CSWR-Texas filed the application at issue in this proceeding.
6. QV Utility and CSWR-Texas filed supplements to the application, confidentially under seal, on November 3 and 4, 2020.
7. In the application, QV Utility and CSWR-Texas seek approval of the following transaction: (a) CSWR-Texas will acquire all of QV Utility's facilities and water and sewer service area under water CCN number 12730 and sewer CCN number 20780; (b) QV Utility's water CCN number 12730 and sewer CCN number 20780 will be cancelled; and (c) CSWR-Texas's water CCN number 13290 and sewer CCN number 21120 will be amended to include the area previously included in QV Utility's water CCN number 12730 and sewer CCN number 20780.
8. The requested area comprises approximately 18.5 acres and 165 current connections.
9. The requested area is located approximately one mile west of downtown Donna and is generally bounded on the north by a line 150 feet north of and parallel to North Quiet Village Drive, on the east by a line 100 feet east of and parallel to East Quiet Village Drive, on the south by a line 150 feet south of and parallel to South Quiet Village Drive, and on the west by a line 150 feet west of and parallel to West Quiet Village Drive.
10. In Order No. 7 filed on November 10, 2020, the ALJ found the application administratively complete.

**Notice**

11. On December 4, 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 QV Utility, neighboring utilities, and affected parties on December 3, 2020.
12. In Order No. 8 filed on December 17, 2020, the ALJ found the notice sufficient.

**Evidentiary Record**

13. On March 3, 2021, the parties filed a joint motion to admit evidence.

14. In Order No. 9 filed on March 11, 2021, the ALJ admitted the following evidence into the record of this proceeding: (a) the application filed on July 20, 2020; (b) confidential attachments to the application filed on July 27, 2020; (c) QV Utility's response to Commission Staff's first request for information, question 1-1, filed on October 13, 2020; (d) QV Utility's response to Commission Staff's first request for information, question 1-2, filed on October 16, 2020; (e) CSWR-Texas's responses to Commission Staff's first request for information filed on October 29, 2020; (f) CSWR-Texas's confidential attachments to its responses to Commission Staff's first request for information filed on October 30, 2020; (g) CSWR-Texas's first supplement to the application filed on November 3, 2020; (h) confidential attachment to the first supplement to the application filed on November 4, 2020; (i) CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties filed on December 4, 2020; (j) CSWR-Texas's confidential attachment to the affidavit of notice, Exhibit B, filed on December 7, 2020; (k) CSWR-Texas's supplemental response to Commission Staff's first request for information filed on December 7, 2020; (l) CSWR-Texas's confidential attachments to its supplemental response to Commission Staff's first request for information filed on December 8, 2020; (m) Commission Staff's recommendation on sufficiency of notice filed on December 14, 2020; (n) CSWR-Texas's second supplemental response to Commission Staff's first request for information and confidential attachments filed on December 16, 2020; (o) CSWR-Texas's third supplemental response to Commission Staff's first request for information filed on January 8, 2021; (p) CSWR-Texas's confidential attachments to its third supplemental response to Commission Staff's first request for information filed on January 11, 2021; and (q) Commission Staff's recommendation on the transaction and confidential attachments filed on February 3, 2021.

**Cumulative Recommendation**

15. In Order No. 2 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 and sewer 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.

16. On February 3, 2021, Commission Staff filed its recommendation regarding the transaction in this docket recommending that CSWR-Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all areas included in this docket and Docket Nos. 50251,<sup>1</sup> 50276,<sup>2</sup> 50311,<sup>3</sup> 50989,<sup>4</sup> 51026,<sup>5</sup> 51065,<sup>6</sup> 51118,<sup>7</sup> 51031,<sup>8</sup> 51130,<sup>9</sup> 51047,<sup>10</sup> and 51146.<sup>11</sup>

**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)**

17. QV Utility's public water system number 1080221 is not currently in compliance with the drinking water rules of the TCEQ.

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<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, Notice of Approval (Mar. 11, 2021).

<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).

<sup>4</sup> 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).

<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, Corrected Notice of Approval (Mar. 10, 2021).

<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 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 (pending).

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

<sup>10</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>11</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).

18. 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 received safe and reliable service.
19. 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)**

20. QV Utility provides water service to the 18.5-acre requested area through its public water system number 1080221 and such service has been continuous.
21. Once the transaction is finalized and CSWR-Texas completes the planned upgrades, renovations, and repairs, public water system number 1080221 will be capable of providing continuous and adequate service to the 18.5-acre requested area.
22. QV Utility provides sewer service to its customers through an agreement with the City of Donna 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)**

23. There is a continuing need for water and sewer service because QV Utility is currently serving 165 existing connections in the 18.5-acre requested area.
24. There have been no specific requests for additional water or sewer service within the 18.5-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)**

25. Existing and future customers will be better served through CSWR-Texas's ownership and operation of public water system number 1080221 due to improvements in the utility service, operations, maintenance, and customer service.
26. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR-Texas to provide water and sewer service to current and future customers in the 18.5-acre requested area.
27. Because this application is to transfer only existing facilities, customers, and service area, there will be no effect on any other retail public utility serving the proximate area.

28. Approving the sale and transfer to proceed will enable CSWR-Texas to provide upgrades to the water system necessary to improve the water system, ensure compliance with TCEQ regulations, and ensure customers receive safe and reliable service.

**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)**

29. QV Utility's public water system number 1080221 is currently providing service to 165 connections in the 18.5-acre requested area with adequate capacity to meet the demands in the requested area.
30. CSWR-Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
31. 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.
32. CSWR-Texas has the technical and managerial capability to provide adequate and continuous service to the 18.5-acre requested area.
33. CSWR-Texas will maintain the agreement with the City of Donna allowing it to provide sewer service to its customers.

**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)**

34. CSWR, LLC, the immediate parent of company of CSWR-Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio of less than one, satisfying the leverage test.
35. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and 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 and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
36. CSWR-Texas demonstrated the financial capability and stability to provide continuous and adequate service to the 18.5-acre requested area.

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

37. 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)**

38. The 18.5-acre requested area is currently being served by QV Utility and there will be no changes to land uses or existing CCN boundaries. Therefore, it is not feasible to obtain service from another 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)**

39. The 18.5-acre requested area will continue to be served with existing infrastructure.

40. 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)**

41. Water service to the 18.5-acre requested area will likely improve due to planned upgrades, renovations, and repairs to the water system.

42. The rates charged to customers in the requested area will not change as a result of the proposed transaction because CSWR-Texas will adopt QV Utility's currently tariffed rates upon consummation of the transaction.

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

43. CSWR-Texas will not need to construct a physically separate water system or sewer system to continue serving the 18.5-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. QV Utility and CSWR-Texas provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 TAC § 24.239.



2. After consideration of the factors in TWC § 13.246(c), CSWR-Texas demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b).
3. QV Utility and CSWR-Texas demonstrated that the sale of QV Utility's water and sewer facilities and the transfer of the water and sewer service area held under water CCN number 12730 and sewer CCN number 20780 from QV Utility to CSWR-Texas will serve the public interest and is necessary for the for the service, accommodation, convenience, and safety of the public as required by TWC § 13.301(d) and (e).

### **III. Ordering Paragraphs**

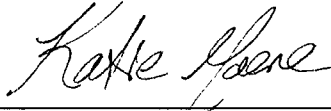
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The sale is approved and the transaction between QV Utility 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, QV Utility and CSWR-Texas must file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
3. QV Utility and CSWR-Texas 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 QV Utility and CSWR-Texas will have to reapply for approval.
5. QV Utility and CSWR-Texas are advised that the 18.5-acre requested area will remain under water CCN number 12730 and sewer CCN number 20780 and be held by QV Utility until the sale and transfer transaction is complete, in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, QV Utility and CSWR-Texas must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
7. Within 15 days following the filing of QV Utility and CSWR-Texas's proof that the transaction has been consummated and customers deposits, if any, have been addressed,

Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a procedural schedule for continued processing of this docket.

**Signed at Austin, Texas the 15 day of March 2021.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

A handwritten signature in cursive script, appearing to read "Katie Moore", is written over a horizontal line.

**KATIE MOORE**  
**ADMINISTRATIVE LAW JUDGE**