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**APPLICATION OF FRANKLIN WATER §
SERVICE CO. LLC AND CSWR-TEXAS § PUBLIC UTILITY COMMISSION
UTILITY OPERATING COMPANY, LLC §
FOR SALE, TRANSFER, OR MERGER § OF TEXAS
OF FACILITIES AND CERTIFICATE §
RIGHTS IN LUBBOCK COUNTY §**

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

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ATTACHMENT: Proposed Order Approving the Sale and Transfer to Proceed

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RIGHTS IN LUBBOCK COUNTY	§	

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

COME NOW Franklin Water Service Co. LLC (Franklin Water) and CSWR-Texas Utility Operating Company, LLC (CSWR Texas), together with the Staff of the Public Utility Commission of Texas (Commission Staff) (collectively, the parties), and file this Joint Motion to Admit Evidence and Proposed Order Approving the Sale and Transfer to Proceed. In support thereof, the parties show the following:

I. BACKGROUND

On March 19, 2021, Franklin Water 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 Hays County. The applicants seek the transfer of all water facilities owned by Franklin Water and the amendment of CSWR Texas’s certificate of convenience and necessity (CCN) number 13290 to include 186 acres under CSWR Texas’s CCN No. 13290. The requested sale and transfer include approximately 186 acres and 219 connections.

Pursuant to Order No. 8, the parties timely file this Joint Motion to Admit Evidence and Proposed Order Approving the 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. The application, including confidential attachments, filed on November 20, 2020 (Interchange Item Nos. 1 through 7);

2. CSWR Texas's response to Commission Staff's first request for information (RFI) and all confidential attachments filed on January 4, 2021 (Interchange Item Nos. 13, 15, and 16);
3. CSWR Texas's first supplement to the application filed on April 1, 2021 (Interchange Item No. 23);
4. CSWR Texas's amended Highly Sensitive Attachment G filed on May 18 and 19, 2021 (Interchange Item Nos. 26 and 28);
5. CSWR Texas's updated response to Commission Staff's first RFI filed on May 18, 2021 (Interchange Item No. 27);
6. CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on May 20 and 21, 2021 (Interchange Item Nos. 29 and 30);
7. CSWR Texas's amendment to the application filed on June 11, 2021 (Interchange Item No. 31);
8. CSWR Texas's amended Highly Sensitive Attachment G filed on June 23 and 24, 2021 (Interchange Item Nos. 34 and 35);
9. Commission Staff's recommendation on sufficiency of notice, filed on June 25, 2021 (Interchange Item No. 36); and
10. Commission Staff's recommendation on the transaction, including confidential attachments, filed on July 22, 2021 (Interchange Item Nos. 38 and 39).

III. PROPOSED ORDER

As demonstrated in its recommendation in this proceeding, Commission 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 in all prior CSWR Texas's STM dockets in which Commission Staff has recommended the transaction to proceed, 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, Commission 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. Accordingly, the parties move for adoption of the attached Proposed Order Approving the Sale and Transfer to Proceed.

IV. CONCLUSION

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

Respectfully submitted,

**ATTORNEYS FOR CSWR-TEXAS
UTILITY OPERATING COMPANY, LLC**

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**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

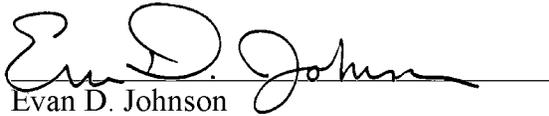
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CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of August 2021, 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

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PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Franklin Water Service Co. LLC and CSWR-Texas Utility Operating Company, LLC (together, the applicants) for the sale, transfer, or merger of facilities in Lubbock County. The applicants seek the sale and transfer of all facilities and service area held under Franklin Water’s water certificate of convenience and necessity (CCN) number 12374 to CSWR Texas, the cancellation of Franklin Water’s water CCN number 12374, and the amendment of CSWR Texas’s water CCN number 13290 to include the area previously included in Franklin Water’s water CCN number 12374. The administrative law judge (ALJ) grants that the sale is approved and the transaction between Franklin Water and CSWR Texas may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Franklin Water is a domestic for-profit limited liability company registered with the Texas secretary of state under file number 800015805.
2. Franklin Water operates, maintains, and controls facilities for providing water service in Lubbock County under CCN number 12374.
3. Franklin Water owns public water systems registered with the Texas Commission on Environmental Quality (TCEQ) under identification numbers 1520224 and 1520080.

4. CSWR Texas is a Texas limited liability company registered with the Texas secretary of state under file number 0803367893.
5. CSWR Texas operates, maintains, and controls facilities for providing water service in Aransas, Austin, Burleson, Burnet, Harris, Hood, Parker, Victoria, and Wilson counties under CCN number 13290.

Application

6. On November 20, 2020, the applicants filed an application for approval to transfer all facilities and service area held under Franklin Water's CCN number 12374 to CSWR Texas, cancel CCN number 12374, and amend CSWR Texas's water CCN number 13290 to include the area previously included in Franklin Water's CCN number 12374.
7. On April 1, May 18, May 19, June 11, June 23, and June 24, 2021, the applicants filed supplements to the application.
8. In the application, Franklin Water and CSWR Texas seek approval of the following transaction: (a) CSWR Texas will acquire all of Franklin Water's water facilities and water service area under water CCN number 12374; (b) Franklin Water's water CCN number 12374 will be cancelled; and (c) CSWR Texas's water CCN number 13290 will be amended to include the area previously included in Franklin Water's water CCN number 12374.
9. The requested area is located approximately 4.5 miles northeast of downtown Lubbock, Texas, and is generally bounded on the north by East Ursuline Street & County Road 6400; on the east by North County Road 2840; on the south by Idalou Road & East County Road 6430; and on the west by North Tulip Avenue.
10. The total requested area includes approximately 186 acres and 219 current customers.
11. In Order No. 6 filed on May 3, 2021, the ALJ deemed the application administratively complete.

Notice

12. On May 20, 2021, CSWR Texas filed the affidavit of Josiah Cox, president and manager of CSWR Texas, attesting that notice was provided to all current customers of Franklin Water, neighboring utilities and groundwater districts, and affected parties.
13. In Order No. 8 filed on June 28, 2021, the ALJ deemed the notice sufficient.

Evidentiary Record

14. On August 20, 2021, the parties filed a joint motion to admit evidence.
15. In Order No. ___ filed on _____, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on November 20, 2020; (b) CSWR Texas's response to Commission Staff's first request for information (RFI) and all confidential attachments filed on January 4, 2021; (c) CSWR Texas's first supplement to the application filed on April 1, 2021; (d) CSWR Texas's amended Highly Sensitive Attachment G filed on May 18 and 19, 2021; (e) CSWR Texas's updated response to Commission Staff's first RFI filed on May 18 and May 19, 2021; (f) CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on May 20 and 21, 2021; (g) CSWR Texas's amendment to the application filed on June 11, 2021; (h) CSWR Texas's amended Highly Sensitive Attachment G filed on June 23 and 24, 2021; (i) Commission Staff's recommendation on sufficiency of notice, filed on June 25, 2021; and (j) Commission Staff's recommendation on the transaction, including confidential attachments, filed on July 22, 2021.

System Compliance

16. Franklin Water has no violations listed in the TCEQ database.
17. CSWR Texas does not have any violations listed in the TCEQ database.
18. CSWR Texas has not been subject to any unresolved enforcement action by the Commission, the TCEQ, the Texas Department of Health and Human Services, The Office of the Attorney General of Texas, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.

19. The applicants have demonstrated a compliance status that is adequate for approval of the transaction to proceed.

Adequacy of Existing Service

20. Franklin Water is currently providing water service to 219 connections through its public water systems, identification numbers 1520224 and 1520080.
21. Franklin water has no violations listed in the TCEQ database.
22. Franklin Water has several complaints listed in the Commission database.

Need for Additional Service

23. There is a continuing need for service because Franklin Water is currently serving 219 connections in the requested area.
24. There have been no specific requests for additional service within the requested area.

Effect of Approving the Transaction and Granting the Amendment

25. Approving the transaction to proceed and granting the CCN amendment will obligate CSWR Texas to continue serving Franklin Water's existing customers and will obligate CSWR Texas to provide continuous and adequate service to current and future customers in the requested areas.
26. Because this application is to transfer only existing facilities, customers, and service area, there will be no effect on any other retail public utility servicing the proximate area.
27. There will be no effect on landowners in the requested area because the requested area is currently certificated.
28. CSWR Texas will adopt Franklin Water's current rates upon the consummation of the transaction.

Ability to Serve: Managerial and Technical

29. CSWR Texas owns and operates 17 public water systems registered with the TCEQ under and does not have any active violations listed in the TCEQ database.
30. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system being transferred.

31. No additional construction is necessary for CSWR Texas to provide service to the requested areas.
32. CSWR Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

Ability to Serve: Financial Ability and Stability

33. CSWR Texas's parent company, CSWR, LLC, has a debt-to-equity ratio of less than one, satisfying the leverage test.
34. CSWR, LLC provided a written guarantee to cover temporary cash shortages, demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year 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.
35. CSWR Texas demonstrated the financial and managerial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

36. 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

37. The requested area is currently being served by Franklin Water and there will be no changes to land uses or existing CCN boundaries.
38. Utilities within a two-mile radius were noticed and no protests or requests to intervene were filed in this docket.
39. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed. At a minimum, an interconnect would need to be installed in order to connect to a neighboring retail public water or sewer utility.
40. It is not feasible to obtain service from another utility.

Environmental Integrity and Effect on the Land

41. The requested area will continue to be served with existing infrastructure.
42. There will be minimal effects on environmental integrity and on the land as a result of the transaction.

Improvement of Service or Lowering Cost to Consumers

43. There will be no change in the quality or cost of service to customers.
44. The rates charged to customers in the requested area will not change as a result of the proposed transaction because CSWR Texas will adopt the currently in effect tariff for the Franklin Water's water system upon consummation of the transaction.

Regionalization or Consolidation

45. Because the requested areas will not require construction of a physically separate water system, consideration of regionalization or consolidation is not required.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with Texas Water Code (TWC) §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239.
2. After consideration of the factors in TWC § 13.246(c) and 16 TAC §§ 24.227(e) and 24.239(h)(5), CSWR Texas demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).
3. CSWR Texas and Franklin Water demonstrated that the sale and transfer of facilities and service area held under water CCN number 12374 from Franklin Water to CSWR Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d) and (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 Franklin Water 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 areas and associated facilities will remain under water CCN number 12374 and held by Franklin Water 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, the applicants 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 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 _____ 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

**ISAAC TA
ADMINISTRATIVE LAW JUDGE**