



Control Number: 51632



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DOCKET NO. 51632

**APPLICATION OF TERRA
SOUTHWEST, INC. AND UNDINE
TEXAS, LLC FOR SALE, TRANSFER,
OR MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN DENTON
COUNTY**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

CSWR-TEXAS UTILITY OPERATING COMPANY, LLC'S MOTION TO INTERVENE

CSWR-Texas Utility Operating Company, LLC ("CSWR Texas") files this Motion to Intervene, pursuant to 16 Tex. Admin. Code §§ 22.103 and 22.104, and respectfully shows as follows:

On December 16, 2020, Terra Southwest, Inc. ("Terra Southwest") and Undine Texas, LLC ("Undine") filed an Application for a Sale, Transfer, or Merger of Facilities and Certificate Rights in Denton County in which Undine seeks to acquire Terra Southwest. Undine's application asserts that it has a letter of intent in place to purchase Terra Southwest, but the application does not reference or appear to include a binding purchase agreement between Undine and Terra Southwest.

CSWR Texas is a subsidiary of CSWR, LLC, an established Missouri-based investor-owned water and wastewater utility that seeks to provide safe and reliable water and wastewater service in under-served communities throughout Texas. CSWR Texas currently owns and operates several distressed water and wastewater systems in Texas and has filed applications for approval of the acquisition of additional systems constituting approximately 3,000 water or wastewater connections. On June 15, 2020, CSWR Texas entered into a binding purchase agreement to acquire Terra Southwest. A copy of this agreement is attached as Exhibit A (Highly Sensitive) to this motion. On April 8, 2021, CSWR Texas filed its request to establish the fair market value of Terra Southwest's assets in anticipation of filing an STM proceeding to acquire the utility later

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this year. A copy of the request to establish fair market value is attached as Exhibit B to this motion.

CSWR Texas has a definitive, binding agreement in place to acquire Terra Southwest. In contrast, it appears Undine has only executed a Letter of Intent (“LOI”), which typically sets out the parties’ expectations for a prospective or potential agreement rather than a binding agreement.¹ If the terms of the LOI on its face fall short of an actual, binding agreement—like the one Terra Southwest executed with CSWR Texas—Undine’s application would be improper. Furthermore, by filing this STM proceeding and seeking authority to acquire Terra Southwest, Undine is directly interfering with CSWR Texas’s contract with Terra Southwest. CSWR Texas is currently evaluating its options to resolve this matter as expeditiously as possible, but because CSWR Texas’s agreement with Terra Southwest is directly impacted by Undine’s request for authority to acquire Terra Southwest and because questions as to CSWR Texas’s and Undine’s agreements will necessarily need to be resolved in order for the Commission to approve Undine’s application, CSWR Texas has a justiciable interest in this proceeding.

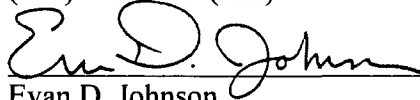
CSWR Texas also has a justiciable interest in this proceeding because it is presently seeking to acquire the Danieldale and Rocky Point Community water systems owned by Patterson Water Supply, LLC, which are located within two miles of this system.

CSWR Texas requests that the Administrative Law Judge grant its motion to intervene and all further relief to which it may be justly entitled.

¹ Undine filed a copy of the LOI as Confidential Attachment B with its STM filing.

Respectfully submitted,

L. Russell Mitten
General Counsel
CSWR-Texas Utility Operating Company, LLC
1650 Des Peres Rd., Suite 303
St. Louis, MO 63131
(314) 380-8595
(314) 763-4743 (Fax)

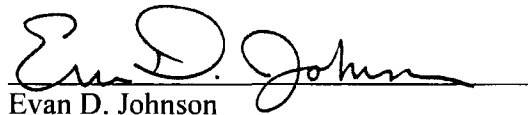


Evan D. Johnson
State Bar No. 24065498
Kate Norman
State Bar No. 24051121
C. Glenn Adkins
State Bar No. 24103097
Coffin Renner LLP
1011 W. 31st Street
Austin, Texas 78705
(512) 879-0900
(512) 879-0912 (fax)
evan.johnson@crtxlaw.com
kate.norman@crtxlaw.com
glenn.adkins@crtxlaw.com

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

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of April 2021, 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

**Exhibit A is Highly Sensitive and
will be provided pursuant to the
Protective Order**

DOCKET NO. 49859

CSWR-TEXAS UTILITY OPERATING	§	
COMPANY, LLC AND TERRA	§	PUBLIC UTILITY COMMISSION
SOUTHWEST, INC.'S NOTICE OF	§	
INTENT TO DETERMINE FAIR	§	OF TEXAS
MARKET VALUE	§	

**CSWR-TEXAS UTILITY OPERATING COMPANY, LLC AND
TERRA SOUTHWEST, INC.'S NOTICE OF
INTENT TO DETERMINE FAIR MARKET VALUE**

CSWR-Texas Utility Operating Company, LLC ("CSWR Texas" or the "Company") and Terra Southwest, Inc.'s ("Selling Utility") (collectively "Applicants") submit this Notice of Intent to Determine Fair Market Value pursuant to Texas Water Code ("TWC") § 13.305 and 16 Tex. Admin. Code ("TAC") § 24.238(d).

I. BACKGROUND

The Applicants have agreed to proceed with a sale, transfer, or merger ("STM") application seeking regulatory approval of CSWR Texas's proposed acquisition of a water system currently owned by the Selling Utility and held under CCN number 11608 and the transfer of those facilities and the associated service area to CSWR Texas to be held under its CCN number 13290. Because the Commission's rules require that parties notify the Commission of their intent to seek a determination of fair market value prior to filing a STM application, the Applicants hereby submit this notice of intent to the Commission that they wish to utilize the Commission's Fair Market Value process for the proposed acquisition. Further, because the proposed transaction is time-sensitive, the Applicants request that the Commission select the utility valuation experts to determine the fair market value of the subject system as soon as possible.

II. REQUIRED INFORMATION

The Applicants present the following information required by 16 TAC § 24.238(d)(2):

(1) The name and CCN number of the acquiring utility:

CSWR Texas Utility Operating Company, LLC; CCN Nos. 13290 and 21120.

(2) The name and contact information of the acquiring utility's representative:

Evan D. Johnson
Coffin Renner LLP
1011 W. 31st Street
Austin, Texas 78705
(512) 879-0900
(512) 879-0912 (fax)
evan.johnson@crtxlaw.com

(3) Number of connections served by the acquiring utility:

2,432 active water connections and 220 active sewer connections.

(4) The name and CCN number of the selling utility:

Terra Southwest, Inc.; CCN No. 11608.

(5) The name and contact information of the selling utility's representative:

Jim Presley
P.O. Box 140
Alvord, TX 76225-0140
(940) 391-2826
terrasouthwest@gmail.com

(6) The number of connections served by the selling utility:

899 water connections.

(7) The estimated closing date of the planned acquisition:

The Applicants intend to close the transaction as soon as they receive regulatory approval from the Commission.

- (8) **A list of the utility valuation experts on the commission's list of qualified experts who, as of the date of the notice of intent, are precluded under subsection (e)(2)(B) of 16 TAC § 24.238 from performing an appraisal of the transaction:**

Within the last year, CSWR Texas contracted with consultants from NewGen Strategies & Solutions to perform certain limited services unrelated to this transaction; however, as of the date of this filing, neither CSWR Texas nor its affiliates have worked with, contracted with, or compensated any of the utility valuation experts identified in Docket No. 49818. CSWR Texas is not aware of any reason any of the identified experts should be precluded from performing an appraisal of the transaction.

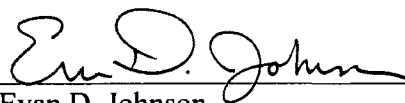
The Selling Utility is not aware of any expert who would be precluded from performing an appraisal of the transaction.

III. CONCLUSION AND PRAYER

The Applicants respectfully request the Commission initiate as expeditiously as possible its Fair Market Value procedure for CSWR Texas's planned acquisition of the Selling Utility's system. The Applicants will provide the Commission with any additional information as needed to fulfill this request.

Respectfully submitted,

L. Russell Mitten
General Counsel
CSWR-Texas Utility Operating Company, LLC
1650 Des Peres Rd., Suite 303
St. Louis, MO 63131
(314) 380-8595
(314) 763-4743 (Fax)

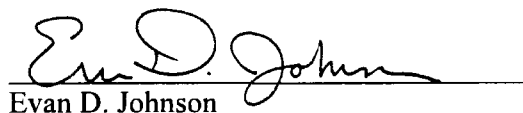


Evan D. Johnson
State Bar No. 24065498
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State Bar No. 24103097
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kate.norman@crtxlaw.com
glenn.adkins@crtxlaw.com

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

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of April 2021, 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