



## Filing Receipt

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<b>APPLICATION OF WATERS OF VISTA</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>RANCH WATER SUPPLY</b>	<b>§</b>	
<b>CORPORATION AND AQUA WATER</b>	<b>§</b>	<b>OF TEXAS</b>
<b>SUPPLY CORPORATION FOR SALE,</b>	<b>§</b>	
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	
<b>RIGHTS IN FAYETTE COUNTY</b>	<b>§</b>	

**ORDER NO. 14**  
**APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Aqua Water Supply Corporation and Waters of Vista Ranch Water Supply Corporation for the sale, transfer, or merger of facilities and certificate rights in Fayette County. Aqua WSC and Waters of Vista Ranch WSC seek approval of the sale and transfer of all of Waters of Vista Ranch WSC's facilities and service area under certificate of convenience and necessity (CCN) number 12927 to Aqua WSC, the cancellation Waters of Vista Ranch WSC's CCN number 12927, and the amendment of Aqua WSC's CCN number 10294 to add 4,815 acres of uncertificated area. The administrative law judge (ALJ) grants that the transaction between Aqua WSC and Waters of Vista Ranch WSC proposed in this application may proceed and be consummated.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. Aqua WSC is a Texas non-profit water supply corporation, organized under chapter 67 of the Texas Water Code (TWC), registered with the Texas secretary of state under file number 25894701.
2. Aqua WSC operates, maintains, and controls facilities for providing retail water service in Bastrop, Caldwell, Fayette, Lee, Travis, and Williamson counties under water CCN number 10294.
3. Aqua WSC owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under public water system identification number TX0110013.

4. Waters of Vista Ranch WSC is a Texas non-profit water supply corporation, organized under chapter 67 of the TWC, registered with the Texas secretary of state under file number 800848711.
5. Waters of Vista Ranch WSC operates, maintains, and controls facilities for providing retail water service in Fayette County under CCN number 12927, which is a facilities-only CCN.
6. Waters of Vista Ranch WSC owns a public water system registered with the TCEQ under public water system identification number TX0750039.

**Application**

7. On December 21, 2020, Aqua WSC and Waters of Vista Ranch WSC filed the application at issue in this proceeding.
8. In the application, the applicants seek approval of the following transaction: (a) Aqua WSC will acquire all of Waters of Vista Ranch WSC's facilities and service area under CCN number 12927; (2) Waters of Vista Ranch WSC's CCN number 12927 will be cancelled; and (c) Aqua WSC's CCN number 10294 will be amended to add 15,961 acres of uncertificated area.
9. On March 10, May 28, and August 11, 2021, the applicants filed supplements to the application. The applicants' May 28, 2021 supplement reduced the number of uncertificated acres Aqua WSC seeks to add to its CCN number 10294.
10. The application, as supplemented, requests a service area that includes approximately 5,496 acres and 31 connections, which is comprised of (a) 681 acres to be transferred from Waters of Vista Ranch WSC's CCN number 12927; and (b) 4,815 acres of uncertificated area (the requested area).
11. The requested area is located approximately five miles south-southeast of downtown Smithville, Texas, and is generally bounded on the north by State Highway 71; on the east by Barton Creek Road; on the south by Old Lockhart Road; and on the west by State Highway 95.
12. In Order No. 10 filed on June 29, 2021, the ALJ found the application, as supplemented, administratively complete.

**Notice**

13. On July 26, 2021, Aqua WSC filed the affidavit of Dave McMurry, general manager of Aqua WSC, attesting that notice was provided to all current customers, landowners, neighboring utilities, and affected parties on July 19 and 22, 2021.
14. On July 26, 2021, Aqua WSC filed a publisher's affidavit attesting to the publication of notice in *The Fayette County Record*, a newspaper of general circulation in Fayette County, on July 13 and 20, 2021.
15. In Order No. 12 filed on August 26, 2021, the ALJ found the notice sufficient.

**Evidentiary Record**

16. On November 5, 2021, the applicants and Commission Staff filed a joint motion to admit evidence.
17. In Order No. 13 filed on November 9, 2021, the ALJ admitted the following evidence into the record of this proceeding: (a) the application and all attachments filed on December 21, 2020; (b) the applicants' first supplement to the application filed on March 10, 2021; (c) the applicants' response to Commission Staff's first request for information filed on March 19, 2021; (d) the applicants' second supplement to the application filed on May 28, 2021; (e) the applicants' response to Commission Staff's second request for information filed on June 7, 2021; (f) Commission Staff's second supplemental recommendation on administrative completeness and proposed procedural schedule filed on June 28, 2021; (g) the applicants' proof of notice and supporting documentation filed on July 26, 2021; (h) the applicants' third supplement to the application filed on August 11, 2021; (i) Commission Staff's recommendation on the sufficiency of notice filed on August 25, 2021; and (j) Commission Staff's recommendation on the transaction and all attachments filed on October 8, 2021.

**System Compliance**

18. Waters of Vista Ranch WSC's public water system is registered with the TCEQ under identification number TX0750039.
19. The last TCEQ compliance investigation of Waters of Vista Ranch WSC's public water system was on January 3, 2019, which noted 11 violations or concerns as a result of the investigation. The violations have since been addressed.

20. The Commission's complaint records, which cover the last four years, show one complaint against the Waters of Vista Ranch WSC.
21. Aqua WSC's public water system is registered with the TCEQ under identification number TX0110013.
22. Aqua WSC's public water system has one violation listed in the TCEQ database, which has been resolved.
23. The Commission's complaint records, which cover the last four years, show nine complaints against Aqua WSC
24. Aqua WSC has not been under an enforcement action by the Commission, TCEQ, Texas Department of State Health Services, the Texas Office of the Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
25. Aqua WSC demonstrated a compliance status that is adequate for approval of the transaction.

**Adequacy of Existing Service**

26. Waters of Vista Ranch WSC currently provides retail water service to 31 connections in the requested area through its public water system number TX0750039.
27. Waters of Vista Ranch WSC does not have any unresolved violations listed in the TCEQ database.

**Need for Additional Service**

28. There are currently 31 existing customers in the requested area that are receiving water from Waters of Vista Ranch WSC and have an ongoing need for service.
29. Waters of Vista Ranch WSC's CCN service area is a facilities-only CCN, which only encompasses its existing water lines and infrastructure.
30. Aqua WSC is seeking to add uncertificated service area to create a bounded service area encompassing the acreage between Aqua WSC's existing certificated service area and Waters of Vista Ranch WSCs existing service area, infrastructure, and facilities, which will assist Aqua WSC in providing retail water service in the requested area.

**Effect of Approving the Transaction**

31. Approving the proposed transaction will result in Aqua WSC being the sole certificated entity for the requested area and will obligate Aqua WSC to provide continuous and adequate water service to existing and future customers in the requested area.
32. Existing customers in the requested area will not be affected because they are located in area that is currently certificated.
33. All landowners with a tract of land that is 25 acres or more and is located within the uncertificated portion of the requested area received notice. No landowner filed a protest, adverse comment, or a request to opt out.
34. All retail public utilities within a two-mile radius of the requested area were provided notice of the transaction proposed in this application. No adjacent retail public utility filed a protests, adverse comment, or motion to intervene.
35. There will be no adverse effect on any landowner in the requested area or retail public utility providing service in the proximate area.

**Ability to Serve: Managerial and Technical**

36. Aqua WSC's existing certificated service area and water system infrastructure is in close proximity to Waters of Vista Ranch WSC's public water system.
37. Aqua WSC is currently operating, maintaining, and managing Waters of Vista Ranch WSC's public water system on a contractual basis.
38. Aqua WSC employs TCEQ-licensed operators who will be responsible for the operation of the public water system being transferred.
39. Aqua WSC has access to an adequate supply of water and is capable of providing drinking 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.
40. No additional construction is necessary for Aqua WSC to serve the requested area.
41. Aqua WSC has the managerial and technical capability to provide continuous and adequate service to the requested area.

**Ability to Serve: Financial Ability and Stability**

42. Aqua WSC has a debt-to-equity ratio that is less than one, satisfying the leverage test.
43. Aqua WSC 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, satisfying the operations test.
44. Aqua WSC demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

**Financial Assurance**

45. There is no need to require Aqua WSC to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

**Regionalization or Consolidation**

46. Because the requested area will not require construction of a physically separate water system, consideration of regionalization or consolidation with another retail public utility is not required.

**Feasibility of Obtaining Service from an Adjacent Retail Public Utility**

47. Aqua WSC is currently serving customers in the requested area using Waters of Vista Ranch WSC's existing facilities under a contractual agreement.
48. Aqua WSC is an adjacent retail public utility.
49. Obtaining service from a different 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 to connect a different adjacent retail public utility.
50. It is not feasible to obtain service from an adjacent retail public utility.

**Environmental Integrity and Effect on the Land**

51. There will be no effects on environmental integrity or the land as a result of the transaction because no additional construction is needed to continue providing continuous and adequate service to the requested area.

**Improvement in Service or Lowering of Cost to Consumers**

52. Aqua WSC will continue to provide the same quality of water service to existing customers in the requested area.

53. No lowering of cost to customers in the requested area will result from approving the transaction.

## **II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. Notice of the application was provided in compliance with TWC §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239(c).
2. After consideration of the factors in TWC § 13.246(c), Aqua WSC that it is capable of rendering continuous and adequate service to ever customer within the service area to be transferred, as required by TWC § 13.251.
3. Aqua WSC demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service in the requested areas, as addressed in TWC §§ 13.241(a) and 13.301(b).
4. Aqua WSC and Waters of Vista Ranch WSC demonstrated that the sale and transfer of Waters of Vista Ranch WSC's water facilities and service area under CCN number 12927 to Aqua WSC will serve the public interest and is necessary for the continued 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 these findings of fact and conclusions of law, the Commission issues the following orders:

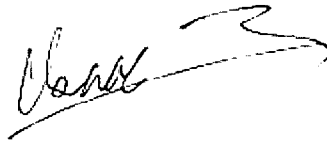
1. The sale is approved and the transaction between the applicants may proceed and be consummated.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been consummated and customer 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, the approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that the Waters of Vista Ranch WSC's water facilities and corresponding service area will remain under CCN number 12927 and be held by Waters of Vista Ranch WSC until the sale and transfer transaction is complete in accordance with Commission rules.
6. To finalize this case as soon as possible, the applicants must 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 procedural schedule for continued processing of this docket.

**Signed at Austin, Texas the 18th day of November 2021.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

A handwritten signature in black ink, appearing to read 'Isaac TA', is written over a horizontal line.

**ISAAC TA  
ADMINISTRATIVE LAW JUDGE**