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**APPLICATION OF WALNUT BEND §
WATER SUPPLY AND CSWR-TEXAS § PUBLIC UTILITY COMMISSION
UTILITY OPERATING COMPANY, LLC §
FOR SALE, TRANSFER OR MERGER § OF TEXAS
OF FACILITIES AND CERTIFICATE §
RIGHTS IN ANGELINA 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 ANGELINA COUNTY	§	

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

COME NOW Walnut Bend Water Supply aka Walnut Bend Water System (“Walnut Bend”) 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 25, 2021, Walnut Bend 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 Angelina County (“Application”). The Applicants seek the transfer of all water facilities owned by Walnut Bend and the amendment of CSWR Texas’s certificate of convenience and necessity (CCN) number 13290 to include 48 acres under CSWR Texas’s CCN No. 13290. The requested sale and transfer includes approximately 48 acres and 19 connections.

Pursuant to Order No. 5, the Parties were required to file a joint motion to admit evidence and proposed order approving the sale and transfer to proceed on or before August 12, 2021. Therefore, this pleading is timely filed.

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 March 25 and March 26, 2021 (Interchange Item Nos. 1 through 5);
2. CSWR Texas's amended Highly Sensitive Attachment G filed on May 5 and 6, 2021 (Interchange Item Nos. 9 and 10);
3. CSWR Texas's amended Highly Sensitive Attachment G filed on June 23 and 24, 2021 (Interchange Item Nos. 13 and 14);
4. CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on May 14 and June 6, 2021; (Interchange Item Nos. 12 and 16);
5. Commission Staff's recommendation on sufficiency of notice, filed on July 12, 2021 (Interchange Item No. 19); and
6. Commission Staff's recommendation on the transaction, filed on July 22, 2021 (Interchange Item Nos. 21 and 22).

III. STAFF RECOMMENDATION FOR ADMINISTRATIVE PROCESS

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 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.

IV. PROPOSED ORDER APPROVING THE SALE AND TRANSFER TO PROCEED

Therefore, for the reasons described above, the Parties move for the adoption of the attached Proposed Order Approving the Sale and Transfer to Proceed.

V. CONCLUSION

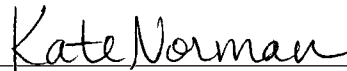
The Parties respectfully request that the Commission grant the Motion to Admit Evidence and adopt the attached Proposed Order Approving the Sale and Transfer to Proceed.

DATE: August 12, 2021

Respectfully submitted,

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

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CERTIFICATE OF SERVICE

I hereby certify that on this 12th 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.

Kate Norman
Kate Norman

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PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Walnut Bend Water Supply aka Walnut Bend Water System and CSWR-Texas Utility Operating Company, LLC for the sale, transfer, or merger of facilities and certificate rights in Angelina County. Walnut Bend and CSWR Texas seek the transfer of all facilities and service area held under Walnut Bend’s certificate of convenience and necessity (CCN) number 12115 to CSWR Texas, the cancellation of Walnut Bend’s CCN number 12115, and the amendment of CSWR Texas’s CCN number 13290 to include the 48 acres previously included in Walnut Bend’s CCN number 12115. The administrative law judge (ALJ) grants that the sale is approved and the transaction between Walnut Bend and CSWR Texas may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Syll M. Holt is an individual doing business as Walnut Bend.
2. Walnut Bend is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina County under water CCN number 12115.
3. Walnut Bend owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) as Walnut Bend Water Supply, public water system number 0030037.

4. CSWR Texas is a Texas limited liability company registered with the Texas secretary of state under file number 0803367893.
5. CSWR Texas is an investor-owned utility that 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 March 25, 2021, Walnut Bend and CSWR Texas filed the application at issue in this proceeding.
7. CSWR Texas filed an amended Highly Sensitive Attachment G to the application on May 5 and 6, 2021.
8. CSWR Texas filed an updated and amended Highly Sensitive Attachment G to the application on June 23 and 24, 2021.
9. In the application, Walnut Bend and CSWR Texas seek approval of the following transaction: (a) CSWR Texas will acquire all of Walnut Bend's facilities and water service area under CCN number 12115; (b) Walnut Bend's CCN number 12115 will be cancelled; and (c) CSWR Texas's water CCN number 13290 will be amended to include 48 acres previously included in Walnut Bend's CCN number 12115.
10. The requested area comprises approximately 48 acres and 19 current connections.
11. The requested area is located approximately 7.25 miles north of downtown Zavalla, Texas; and is generally bounded on the north and east by Sam Rayburn Reservoir; on the south by Phillips Road; and on the west by North Cochran Road.
12. In Order No. 2 filed on April 28, 2021, the ALJ deemed the application administratively complete.

Notice

13. On May 14, 2021, CSWR Texas filed the confidential portion of the affidavit of Josiah Cox, president and manager of CSWR Texas, attesting that notice was provided to all current customers of Walnut Bend, neighboring utilities, and affected parties May 7, 2021.

14. On June 6, 2021, CSWR Texas filed the non-confidential portion of the affidavit of Josiah Cox, president and manager of CSWR Texas, attesting that notice was provided to all current customers of Walnut Bend, neighboring utilities, and affected parties May 7, 2021.
15. In Order No. 5 filed on July 13, 2021, the ALJ deemed the notice sufficient.

Evidentiary Record

16. On August 12, 2021, the parties filed a joint motion to admit evidence.
17. In Order No. __ filed on _____, 2021, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on March 25 and March 26, 2021; (b) CSWR Texas's amended Highly Sensitive Attachment G filed on May 5 and 6, 2021; (c) CSWR Texas's amended Highly Sensitive Attachment G filed on June 23 and 24, 2021 (d) CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on May 14 and June 6, 2021; (e) Commission Staff's recommendation on sufficiency of notice, filed on July 12, 2021; and (f) Commission Staff's recommendation on the transaction, including confidential attachments, filed on July, 22 2021.

Cumulative Recommendation

18. On July 22, 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 in Docket Nos. 50251,¹ 50276,² 50311,³ 50989,⁴ 51026,⁵ 51065,⁶ 51118,⁷ 51026,⁸ 51031,⁹ 51047,¹⁰ 51130,¹¹ 51146,¹² 51089,¹³ 51003,¹⁴ 51036,¹⁵ 51222,¹⁶ 51642,¹⁷ 51126,¹⁸ 51928,¹⁹ and 51544.²⁰

¹ *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, Notice of Approval (Mar. 12, 2021).*

² *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).*

³ *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, Notice of Approval (Mar. 17, 2021).*

⁴ *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, Notice of Approval (Apr. 23, 2021).*

⁵ *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, Notice of Approval (Apr. 23, 2021).*

⁶ *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).*

⁷ *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, Notice of Approval (Mar. 18, 2021).*

⁸ *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, Notice of Approval (April 23, 2021).*

⁹ *Application of Council Creek Village, Inc. d/b/a Council Creek Village d/b/a South Council Creek 2 CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51031, Notice of Approval (Apr. 14, 2021).*

¹⁰ *Application of Jones-Owen Company d/b/a 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 Burnet County, Docket No. 51047, Notice of Approval (Apr. 19, 2021).*

¹¹ *Application of Laguna Vista Limited and Laguna Tres, Inc. CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Notice of Approval (Apr. 20, 2021).*

¹² *Application of Abraxas Corporation and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Notice of Approval (Apr. 23, 2021).*

¹³ *Application of Donald E. Wilson d/b/a Quiet Village II d/b/a QV Utility CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hidalgo County, Docket No. 51089 (pending).*

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. Walnut Bend’s public water system number 0030037 is currently in compliance with the drinking water rules of the TCEQ.
20. CSWR Texas stated that it intends to invest the capital required to make the upgrades, renovations, and repairs necessary to ensure customers receive safe and reliable service.
21. CSWR Texas demonstrated a compliance history 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)

22. There are currently 19 connections in the requested area that are being served by Walnut Bend’s public water system number 0030037, and such service has been continuous and adequate.
23. CSWR Texas stated that it intends to invest the capital required to make the upgrades, renovations, and repairs necessary to ensure customers receive safe and reliable service.

¹⁴ *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 (pending).*

¹⁵ *Application of Kathie Lou Daniels d/b/a Woodlands West and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burtleson County, Docket No. 51036 (pending).*

¹⁶ *Application of the Estate of Patetreen Petty McCoy d/b/a 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).*

¹⁷ *Application of James L. Nelson dba WaterCo and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montague County, Docket No. 51642 (pending).*

¹⁸ *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 and to Amend CSWR-Texas Utility Operating Company, LLC’s Certificate Rights of Convenience and Necessity in Denton County, Docket No. 51126 (pending).*

¹⁹ *Application of Betty J. Dragoo and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Erath County, Docket No. 51928 (pending).*

²⁰ *Application of Franklin Water Service Co. LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Lubbock County, Docket No. 51544 (pending).*

Need for Additional Service—TWC § 13.246(c)(2); 16 TAC §§ 24.227(e)(2), 24.239(h)(5)(B)

24. There is a continuing need for service because Walnut Bend is currently serving 19 connections in the requested area.
25. There is no evidence of specific requests for additional service within the 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)

26. 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 requested area.
27. Because this application is to transfer only existing facilities, customers, and service areas, there will be no effect on any other retail public utility serving the proximate area.
28. There will be no effect on landowners in the requested area because the area is currently certificated.
29. CSWR Texas will adopt Walnut Bend'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)

30. Walnut Bend's public water system number 0030037 is currently providing service to 19 connections in the requested area and has adequate capacity to meet the demands in the requested area.
31. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
32. 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.
33. 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—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 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 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 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 and managerial ability and stability to provide continuous and adequate service to the 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. Obtaining service from an adjacent retail public utility would likely increase costs to customers because Walnut Bend is currently serving customers and has sufficient capacity and an adjacent utility would need to construct additional facilities.
39. It is not feasible to obtain service from 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)

40. The requested area will continue to be served with existing infrastructure.
41. 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 public water system.

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

42. CSWR Texas will continue to provide water service to existing customers in the area.

43. CSWR Texas plans to make the necessary investments to improve the system.
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 Walnut Bend water system upon consummation of the transaction.

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

45. CSWR Texas will not need to construct a physically separate water system to continue serving the requested area; therefore, concerns of regionalization or consolidation do not apply.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. CSWR Texas and Walnut Bend 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 adequate and continuous service to the requested area as required by TWC § 13.301(b).
3. CSWR Texas and Walnut Bend have demonstrated that the sale of Walnut Bend's facilities and the transfer of the water service area held under CCN number 12115 from Walnut Bend 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 § 13.301(d) and (e).

III. Ordering Paragraphs

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

1. The sale is approved and the transaction between Walnut Bend 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, Walnut Bend and CSWR Texas 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 period, or an extension has not been granted, this approval is void and Walnut Bend and CSWR Texas must reapply for approval.
5. Walnut Bend and CSWR Texas are advised that the 48-acre requested area will remain under Water CCN number 12115 and held by Walnut Bend 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, Walnut Bend 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 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

ADMINISTRATIVE LAW JUDGE