

DOCKET NO. 52012

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APPLICATION OF BRAZOS VALLEY §
SEPTIC & WATER, INC. AND CSWR- §
TEXAS UTILITY OPERATING §
COMPANY, LLC FOR SALE, TRANSFER §
OR MERGER OF FACILITIES AND §
CERTIFICATE RIGHTS IN ROBERTSON §
COUNTY

BEFORE THE
2021 JUN 14 PM 1:04

PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

**CSWR-TEXAS UTILITY OPERATING COMPANY, LLC'S
RESPONSE TO ORDER NO. 3 AND THIRD SUPPLEMENT TO APPLICATION**

I. Background

On April 9, 2021, CSWR- Texas Utility Operating Company, LLC (“CSWR Texas”) filed an application for sale and transfer of Brazos Valley Septic and Water, Inc.’s (“Brazos Valley”) water facilities and water service area under certificate of convenience and necessity (“CCN”) number 13094 to CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”) under CCN number 13290 (“Application”). Brazos Valley’s currently certificated water service area is outlined in red on the map attached as Exhibit A (“Red Area”). Outside of the Red Area, Brazos Valley owns water facilities and is serving approximately 16 customers who reside along Post Oak Lane. The area in which those 16 customers live is outlined in blue (“Blue Area”) on Exhibit A. Wellborn SUD (“Wellborn”) holds a CCN that includes the Blue Area. Wellborn does not serve the customers in the Blue Area, does not own water facilities connected to those customers, and upon information and belief, does not intend to serve them.

Because there is currently no agreement for dual certification of the Blue Area, the Application was deemed deficient and Order No. 3 provided for the opportunity to cure the deficiency.¹ This response corrects the deficiency by detailing how dual certification is in the public interest. Question 20 from Attachment K to the Application, which asks CSWR Texas to

¹ The other deficiency noted was a mapping error. That deficiency was corrected with Interchange Item number 14, entitled CSWR Texas Response to Order No. 3 and Second Supplement to Application.

explain why the sale is in the public interest is supplemented and attached to this pleading as Supplemental Attachment K.

II. Request for Dual Certification

Although still engaging in discussions regarding dual certification, CSWR Texas and Wellborn have not yet been able to reach an agreement to dually certify the area in which the 16 customers reside. CSWR Texas asserts, therefore, that dually certifying the Blue Area is in the public interest pursuant to 16 TAC § 24.233(a)(12). Dual certification would ensure that once CSWR Texas takes over the operation of Brazos Valley, including the facilities in the Blue Area, those 16 customers will receive safe, reliable, uninterrupted water service as required by the public interest.²

Without dual certification, because Wellborn SUD does not own facilities connected to those customers and does not intend to make the necessary capital investments necessary to serve those customers, those customers will be put at risk. If CSWR Texas is not authorized to serve the 16 customers, the existing facilities in the Blue Area will have no further use and will fall into further disrepair and neglect unless Wellborn purchases the facilities and makes necessary upgrades. Therefore, CSWR Texas asserts that dual certification of the Blue Area as part of CSWR Texas' Application is in the public interest in providing safe and reliable water, the public interest generally, and benefits the customers currently served by Brazos Valley.

III. Supplement to Application and Request for Relief


CSWR Texas hereby supplements its April 9, 2021 Application to add a request that the Commission find dual certification of the Blue Area is in the public interest and amend CSWR

² Should CSWR and Wellborn reach an agreement on dual certification, CSWR will inform Staff and the Administrative Law Judge ("ALJ") and file the dual certification agreement.

Texas's water service area under CCN number 13290 accordingly. CSWR Texas also requests any further relief to which it has shown itself entitled.

Respectfully submitted,

L. Russell Mitten
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**ATTORNEYS FOR CSWR-TEXAS
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LLC**

CERTIFICATE OF SERVICE

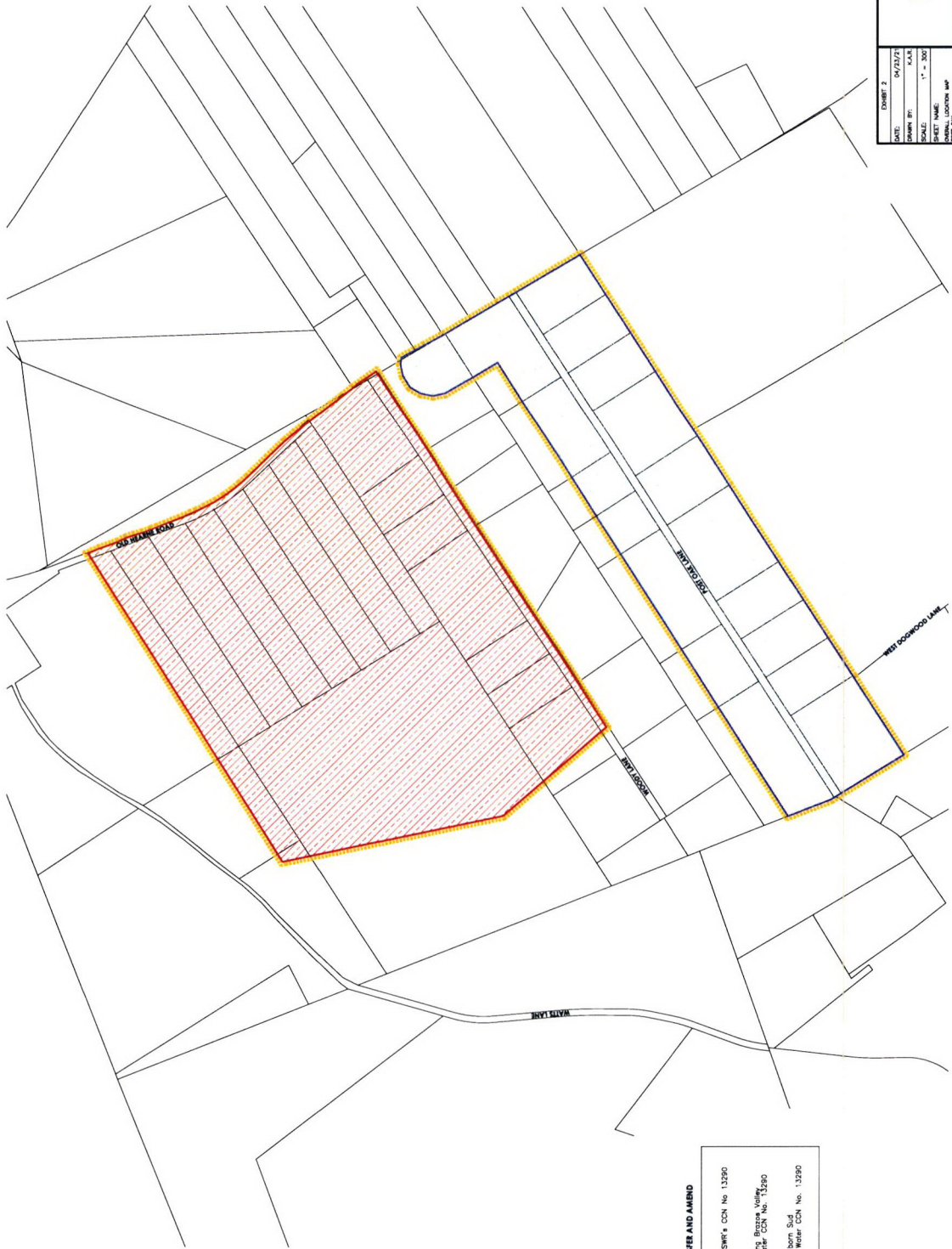
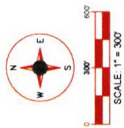
I hereby certify that on this 14th day of June 2021, a true and correct copy of the foregoing document was served on all parties of record via electronic mail in accordance with the Order Suspending Rules issued in Project No. 50664.



Wendy K. L. Harvel

BRAZOS VALLEY/POST OAK CSWR CCN NO. 13290 AMENDMENT – WATER SERVICE AREA

OVERALL LOCATION – ROBERTSON COUNTY



REQUESTED WATER SERVICE AREA TO TRANSFER AND AMEND

- Requested Area to Add to CSWR's CCN No. 13290
- Affected by Transmission Expansion, Brazos Valley, CCN No. 13054 to CSWR Water, CCN No. 13290
- Dually Served Portion of Weiborn Sub, CCN No. 11340 with CSWR Water, CCN No. 13290

DATE:	04/23/21
DRAWN BY:	KJL
SCALE:	1" = 300'
CHECKED BY:	JK
DATE CHECKED:	04/23/21
PROJECT:	POST OAK

21 DESIGN GROUP INC.
 1301 Williams Ave. SE
 Marietta, GA 30067
 (770) 575-1100
 www.21designgroup.com

20. How will the proposed transaction serve the public interest?

CSWR, LLC Background

CSWR, LLC has demonstrated an ability to consolidate small water and wastewater utility systems and make necessary investments in those systems to ensure that safe, reliable service is provided to customers. This system is currently in a distressed state and would benefit from the transition to a stable, long-term management team willing to make necessary investments to improve the system. As explained in this application:

- CSWR Texas has access to much needed capital that it will use to make reasonable, prudent, and timely investments to bring the system back into compliance with all applicable rules and regulations;
- Through its affiliates, CSWR Texas has access to experienced technical and managerial expertise and experience not usually available to systems of this size and at a lower cost than otherwise would be available because of the economies of scale the affiliated structure is able to achieve;
- CSWR Texas will implement new management and customer service systems and practices that will greatly improve the level of service to customers;
- CSWR Texas will seek to consolidate and regionalize this system with other systems it acquires in order to pool financial, managerial, and technical resources that achieve economies of scale or efficiencies of service;
- CSWR Texas will operate the systems to ensure they are in compliance with all environmental regulations; and
- the purchase price reflects the lowest agreeable negotiated price between the parties.

Post Oak Residents and the Public Interest

Brazos Valley's currently certificated water service area is outlined in red on the map attached as Exhibit A ("Red Area"). Outside of the Red Area, Brazos Valley owns water facilities and is serving approximately 16 customers who reside along Post Oak Lane. The area in which those 16 customers live is outlined in blue ("Blue Area") on Exhibit A. Wellborn SUD ("Wellborn") holds a CCN that includes the Blue Area. Wellborn does not serve the customers in the Blue Area, does not own water facilities connected to those customers, and upon information and belief, does not intend to serve them.

Although still engaging in discussions regarding dual certification, CSWR Texas and Wellborn have not yet been able to reach an agreement to dually certify the area in which the 16 customers reside. CSWR Texas asserts, therefore, that dually certifying the Blue Area is in the public interest pursuant to 16 TAC § 24.233(a)(12). Dual certification would ensure that once CSWR Texas takes over the operation of Brazos Valley, including the facilities in the Blue Area, those 16 customers will receive safe, reliable, uninterrupted water service as required by the public interest.¹

Without dual certification, because Wellborn SUD does not own facilities connected to those customers and does not intend to make the necessary capital investments necessary to serve those customers, those customers will be put at risk. If CSWR Texas is not authorized to serve the 16 customers, the existing facilities in the Blue Area will have no further use and will fall into further disrepair and neglect unless Wellborn purchases the facilities and makes necessary upgrades. Therefore, CSWR Texas asserts that dual certification of the Blue Area as part of CSWR Texas' Application is in the public interest in providing safe and reliable water, the public interest generally, and benefits the customers currently served by Brazos Valley.

Conclusion

In summary, CSWR Texas and its affiliates have the financial, technical, and managerial ability to acquire, own, and operate the system in a manner that fully complies with applicable health, safety, and environmental protection laws and regulations and provides reliable, safe, and adequate service to customers. CSWR Texas is prepared to invest capital required to remedy all outstanding and future issues in the systems. It also will implement management and customer service systems and practices that will greatly improve the level of service to customers. Accordingly, the system will become a part of a financially stable and technically sound utility, and customers will receive higher quality and more reliable service. Also, by adopting current rates and tariffs, CSWR Texas will ensure the proposed acquisition has no negative impact on the system's customers. The dually certified customers who live along Post Oak Lane will be assured of safe and reliable water service in the future. In addition, because CSWR Texas will operate as a public utility, customers will be assured the system's future operations will be scrutinized by the Commission and its staff so that it's cost of service and rates are fair and reasonable.

¹ Should CSWR Texas and Wellborn reach an agreement on dual certification, CSWR Texas will inform Staff and the ALJ and file the dual certification agreement.