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APPLICATION OF AQUA WATER	§	PUBLIC UTILITY COMMISSION
SUPPLY CORPORATION AND	§	
POLONIA WATER SUPPLY	§	OF TEXAS
CORPORATION FOR SALE,	§	
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN BASTROP AND	§	
CALDWELL COUNTIES	§	

ORDER NO. 9
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Aqua Water Supply Corporation (Aqua WSC) and Polonia Water Supply Corporation (Polonia WSC) for approval of the sale, transfer, or merger of facilities and certificate rights in Caldwell and Bastrop counties. The applicants seek approval of the following: (1) the sale and transfer of all facilities and service area held under Polonia WSC's certificate of convenience and necessity (CCN) number 10420 to Aqua WSC's CCN number 10294, (2) the cancellation of Polonia WSC's CCN number 10420, and (3) the amendment of Aqua WSC's CCN number 10294 to include the area previously included in Polonia WSC's CCN number 10420. The administrative law judge (ALJ) approves the sale and transfer and authorizes the transaction between Aqua WSC and Polonia WSC to proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Aqua WSC is a Texas non-profit water supply corporation, organized under Chapter 67 of the Texas Water Code (TWC), and 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, Lee, Travis, and Williamson counties under water CCN number 10294.

3. Aqua WSC owns and operates a public water system that is registered with the Texas Commission on Environmental Quality (TCEQ) as Aqua WSC, public water system identification number 0110013.
4. Polonia WSC is a Texas non-profit water supply corporation, organized under Chapter 67 of the TWC, and registered with the Texas secretary of state under file number 29577001.
5. Polonia WSC operates, maintains, and controls facilities for providing retail water service in Bastrop and Caldwell counties under CCN number 10420.
6. Polonia WSC owns and operates three public water systems that are registered with the TCEQ as: (1) Polonia WSC, public water system identification number 0280005; (2) Polonia WSC North, public water system identification number 0280007; and (3) Polonia WSC South, public water system identification number 0280020.

Application

7. On June 24, 2021, the applicants jointly filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Bastrop and Caldwell counties.
8. In the application, the applicants seek approval for the following transaction: (a) Aqua WSC will acquire all of Polonia WSC's facilities and water service area held under Polonia WSC's CCN number 10420; (b) Polonia WSC's CCN number 10420 will be cancelled; and (c) Aqua WSC's CCN number 10294 will be amended to add the area previously included in Polonia WSC's CCN number 10420.
9. The total requested area includes approximately 38,623 acres and 3,189 connections.
10. The total requested area to be transferred is comprised as follows:
 - a. Requested Area 1 is located approximately 1.5 miles north of downtown Lockhart, Texas, and is generally bounded on the north by West State Highway 21 (Camino Real) and Farm-to-Market Road 812; on the east by intersection of Farm-to-Market Road 812 and Farm-to-Market Road 20 East; on the south by Farm-to-Market Road 20 East; and on the west by intersection of Farm-to-Market Road 2720 and State Highway 21 (Camino Real).
 - b. Requested Area 2 is located approximately 1.6 miles southeast of downtown Lockhart, Texas, and is generally bounded on the north by State Park Road and

Black Jack Road (Farm-to-Market Road 20 East); on the east by Harwood Road; on the south by Ivy Switch Road and Mule Creek Road; and on the west by State Park Road (Farm-to-Market Road 20).

11. On July 13 and 21, 2021, the applicants filed supplements to the application.
12. In Order No. 3 filed on August 23, 2021, the ALJ deemed the application, as supplemented, administratively complete.
13. On January 6, 2022, the applicants filed their third application supplement, which included supplemental mapping documents and digital mapping files.

Notice

14. On September 14, 2021, Aqua WSC filed the affidavit of Dave McMurry, general manager of Aqua WSC, attesting that notice was provided to all neighboring utilities and affected parties on August 26, 2021.
15. On September 14, 2021, Aqua WSC also filed the affidavit of Paul L. Pittman, general manager of Polonia WSC, attesting that notice was provided to all current customers and affected parties on September 10, 2021.
16. In Order No. 4 filed on October 1, 2021, the ALJ deemed the notice sufficient.

Evidentiary Record

17. On December 10, 2021, the parties filed a joint motion to admit evidence.
18. In Order No. 5 filed on December 20, 2021, the ALJ admitted the following evidence into the record: (a) the application and all attachments filed on June 24, 2021; (b) the applicants' first application supplement filed on July 13, 2021; (c) the applicants' second application supplement filed on July 21, 2021; (d) Commission Staff's recommendation on administrative completeness and notice, proposed procedural schedule, and request to restyle docket filed on August 20, 2021; (e) the applicant's proof of notice and supporting documentation filed on September 14, 2021; (f) Commission Staff's recommendation on sufficiency of notice filed on September 30, 2021; and (g) Commission Staff's recommendation on approval of sale filed on November 12, 2021.
19. On January 6, 2022, Aqua WSC and Polonia WSC filed a motion to admit evidence.

20. In Order No. 6 filed on January 7, 2022, the ALJ admitted the third application supplement and the attached supplemental mapping documents and digital mapping files filed on January 6, 2022, as evidence into the record.
21. On February 14, 2022, Aqua WSC, Polonia WSC, and Commission Staff filed a joint motion to admit evidence.
22. In Order No. 8 filed on February 17, 2022, the ALJ admitted Commission Staff's supplemental recommendation on approval of sale filed on February 7, 2022, as evidence into the record.

System Compliance

23. Polonia WSC has three public water systems registered with the TCEQ as (1) Polonia WSC, public water system identification number 0280005; (2) Polonia WSC North, public water system identification number 0280007; and (3) Polonia WSC South, public water system identification number 0280020.
24. The last TCEQ compliance investigation of the Polonia WSC system was on April 29, 2020. No violations or concerns were noted as a result of the investigation.
25. The Commission's complaint records, which date back to 2018, show one complaint against Polonia WSC.
26. Aqua WSC's public water system is registered with the TCEQ under public water system identification number 0110013.
27. Aqua WSC's public water system has five violations listed in the TCEQ database, which have all been resolved.
28. The Commission's complaint records, which date back to 2017, show 11 complaints against Aqua WSC.
29. Aqua WSC has not been subject to any 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.

30. Aqua WSC demonstrated a compliance status that is adequate for approval of the transaction.

Adequacy of Existing Service

31. Aqua WSC will continue to use Polonia WSC's existing facilities to serve the requested area.
32. No additional construction is necessary for Aqua WSC to serve the requested area.

Need for Additional Service

33. There are currently 3,189 existing customers in the requested area that are receiving service from Polonia WSC and have an ongoing need for service.
34. There is no evidence in the record indicating a need for additional service.

Effect of Approving the Transaction and Granting the Amendment

35. Aqua WSC will be the certificated entity for the requested area and will be required to provide adequate and continuous service to the requested area.
36. There will be no effect on landowners in the requested area because the area is currently certificated.
37. All retail public utilities in the proximate area were provided notice of the transaction proposed in this application and none filed protests, adverse comments, or sought to intervene in this proceeding.

Ability to Serve: Managerial and Technical

38. Aqua WSC has a TCEQ-registered public water system.
39. Aqua WSC's existing certificated service area and water system infrastructure is in close proximity to Polonia WSC's public water systems.
40. Aqua WSC employs TCEQ-licensed operators who will be responsible for the operation of the public water system being transferred.
41. 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.
42. No additional construction is necessary for Aqua WSC to serve the requested area.

43. 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

44. Aqua WSC has a debt-to-equity ratio of less than one, satisfying the leverage test.
45. Aqua WSC has sufficient cash to cover any projected operations and maintenance shortages in the first five years of operations after completion of the transaction, satisfying the operations test.
46. Aqua WSC has demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

47. 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.

Environmental Integrity and Effect on the Land

48. The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested area.

Improvement in Service or Lowering Cost to Consumers

49. Aqua WSC will continue to provide water service to the existing customers in the area. There will be no change in the quality of service to customers.
50. No lowering of cost to customers in the requested area will result from approving the transaction.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

51. Polonia WSC is currently serving customers in the requested area with existing facilities that have sufficient capacity.
52. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At a minimum, an interconnect would need to be installed in order to connect a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

Regionalization or Consolidation

53. The construction of a physically separate water system is not necessary for Aqua WSC to serve 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. 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 demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251.
3. Aqua WSC demonstrated adequate financial, managerial, and technical capability to provide adequate and continuous service to the requested area as required by TWC §§ 13.241(a) and 13.301(b).
4. The applicants have demonstrated that the sale of Polonia WSC's water facilities and the transfer of the water service area held under CCN number 10420 from Polonia WSC to Aqua WSC under CCN number 10294 will serve the public interest and is necessary for the service, accommodation, convenience, or 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 Aqua WSC and Polonia WSC may proceed and be consummated.
2. As soon as possible after the effective date of the transactions, but not later than 30 days after the effective date, the applicants must file proof that the transactions have been consummated and customer deposits, if any, have been addressed.
3. Aqua WSC and Polonia WSC have 180 days to complete the transaction.

4. Under 16 TAC § 29.239(m), if the transactions are not consummated within this 180-day period, or an extension has not been granted, this approval is void and Aqua WSC and Polonia WSC will have to reapply for approval.
5. The applicants are advised that the Polonia WSC Water System and corresponding service area will remain under CCN number 10420 and be held by Polonia WSC 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 transactions were consummated.
7. Within 15 days following the filing of the applicants' proof that the transactions have 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 17th day of February 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE