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Received - 2022-01-10 05:14:19 PM
Control Number - 52408
ItemNumber - 15

DOCKET NO. 52408

APPLICATION OF S.S. WATER	§	PUBLIC UTILITY COMMISSION
SUPPLY CORPORATION AND	§	
LAS PALOMAS WATER SERVICE	§	OF TEXAS
COMPANY FOR SALE, TRANSFER,	§	
OR MERGER OF FACILITIES AND	§	
CERTIFICATION RIGHTS IN	§	
WILSON COUNTY	§	

**JOINT MOTION TO ADMIT EVIDENCE
AND PROPOSED ORDER APPROVING SALE AND ALLOWING
TRANSACTION TO PROCEED**

On August 10, 2021, S.S. Water Supply Corporation (SSWSC) and Las Palomas Water Services Company, LLC under the receivership of Donald G. Rauschuber (Las Palomas) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Wilson County. Specifically, SSWSC seeks approval to acquire facilities and to transfer water service area held under water Certificate of Convenience and Necessity (CCN) No. 12308. The requested area includes approximately 1,263 acres and approximately 235 current customers. On September 20, 2021 and September 22, 2021, the Applicants filed supplemental information.

On December 3, 2021, the administrative law judge (ALJ) filed Order No. 5, requiring Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a joint motion to admit evidence and proposed order approving sale and allowing transaction to proceed by January 11, 2022. Therefore, this pleading is timely filed.

II. JOINT MOTION TO ADMIT EVIDENCE

The Parties move to admit the following items into the record as evidence of this proceeding:

1. The Application of SSWSC and Las Palomas for Sale, Transfer, or Merger of Facilities and Certification Rights in Wilson County and its attachments, filed on August 10, 2021 (Interchange Item No. 1), which includes, without limitation, the following;
 - a. The Order Appointing Receiver, Cause No. D-1-GN-18-000837, 98th Judicial District, Travis County, Texas, entered on January 24, 2019 (Interchange Item No. 1, Attachment 1.1 thereto);

- b. The Sale, Transfer & Merger Memorandum of Agreement between Las Palomas Water Service Company/Lake Valley Water Service Corporation (PWS No. 2470020 and CCN No. 12308) and S.S. Water Supply Corporation (PWS No. 2470015 and CCN No. 11489), dated February 8, 2021 (Interchange Item No. 1, Attachment 1.2 thereto);
 - c. The Addendum to Sale, Transfer & Merger Memorandum of Agreement between Las Palomas Water Service Company/Lake Valley Water Service Corporation (PWS No. 2470020 and CCN No. 12308) and S.S. Water Supply Corporation (PWS No. 2470015 and CCN No. 11489), dated April 12, 2021 (Interchange Item No. 1, Attachment 1.4 thereto); and
 - d. The Order Accepting Receiver's Recommendation and Granting Receiver's Motion to Amend Ordering Provisions Appointing Receiver, Cause No. D-1-GN-18-000837, 98th Judicial District, Travis County, Texas, entered on August 3, 2021 (Interchange Item No. 1, Attachment 1.5 thereto);
- 2. Commission Staff's Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed on September 9, 2021 (Interchange Item No. 3);
- 3. SSWSC's Confidential Response to Order No. 2, filed on September 20, 2021 (Interchange Item No. 5);
- 4. Las Palomas' Responses to Order No. 2, filed on September 22, 2021 (Interchange Item No. 7);
- 5. Commission Staff's Supplemental Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed October 7, 2021 (Interchange Item No. 8);
- 6. Applicants' Affidavit of Notice to Current Customers, Neighboring Utilities, and Affected Parties, filed on October 22, 2021 (Interchange Item No. 10);
- 7. Commission Staff's Recommendation on Sufficiency of Notice, filed on December 2, 2021 (Interchange Item No. 11);
- 8. Commission Staff's Recommendation on Approval of Sale, filed on December 16, 2021 (Interchange Item No. 13); and
- 9. The Supplement to the Application of SSWSC and Las Palomas for Sale, Transfer, or Merger of Facilities and Certification Rights in Wilson County (Interchange Item No. 14), which contains the Order Granting Motion to Amend Order Appointing Receiver, Cause

No. D-1-GN-18-000837, 98th Judicial District, Travis County, Texas, entered on October 20, 2020, filed on January 10, 2022 (Interchange Item No. 14).

III. JOINT PROPOSED ORDER

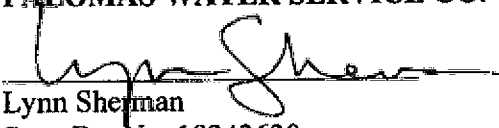
The Parties move for adoption of the attached Proposed Order Approving the Sale and Allowing the Transaction to Proceed, which will allow the sale and transfer of the certificated service area from La Palomas' CCN No. 12308 to SSWSC's CCN No. 11489 to proceed and be consummated.

IV. CONCLUSION

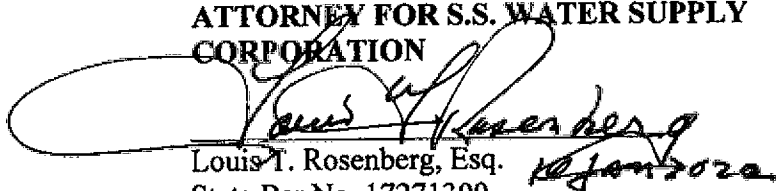
The Parties respectfully request that the items listed above be admitted into the record of the proceeding as evidence and the Commission adopt the attached Proposed Order.

Respectfully submitted,

**ATTORNEY FOR DONALD G.
RAUSCHUBER, RECEIVER FOR LAS
PALOMAS WATER SERVICE CO.**


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**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

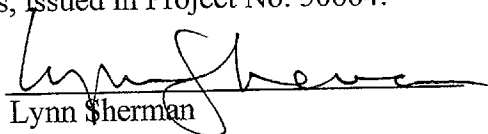
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on January 10, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.


Lynn Sherman

DOCKET NO. 52408

**APPLICATION OF S.S. WATER
SUPPLY CORPORATION AND
LAS PALOMAS WATER SERVICE
COMPANY FOR SALE, TRANSFER,
OR MERGER OF FACILITIES AND
CERTIFICATION RIGHTS IN
WILSON COUNTY**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

**PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO
PROCEED**

This Order addresses the application of S.S. Water Supply Corporation (SSWSC) and Las Palomas Water Service Company, LLC under the receivership of Donald G. Rauschuber (Las Palomas) (collectively, Applicants) seeking approval of the sale, transfer, or merger of facilities and certificate rights in Wilson County. Specifically, SSWSC seeks approval to sell and transfer facilities and water service area held under water Certificate of Convenience and Necessity (CCN) No. 12308 to SSWSC under water CCN No. 11489.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. SSWSC is registered with the Texas Secretary of State under filing number 29813801.
2. SSWSC is a retail public utility that operates, maintains, and controls facilities for providing water service in Coryell County under CCN No. 11489.
3. SSWSC owns a public water system (PWS) registered with the Texas Commission on Environmental Quality (TCEQ) under PWS identification number 2470015.
4. La Palomas is registered with the Texas Secretary of State under filing number 800103280.
5. La Palomas is a retail public utility that operates, maintains, and controls facilities for providing water service in Wilson County under water CCN No. 12308.
6. La Palomas owns a PWS registered with the TCEQ under PWS identification number 2470020.

7. On January 24, 2019, La Palomas was placed under the receivership of Donald G. Rauschuber (“Receiver”) by order of the 98th District Court of Travis County, in Cause No. D-1-GN-18-000837.
8. Ordering Paragraph No. 20(l) of the 98th District Court’s order placing Las Palomas under the receivership of Donald G. Rauschuber authorized him to “take all measures necessary to consummate the conveyance of all assets of the said Water System and Utility to a qualified person, subject to written approval by TCEQ.” This provision was subsequently amended by order of the 98th District Court on October 20, 2020, to replace the reference to the “Texas Commission on Environmental Quality” (i.e., “TCEQ”) with a reference to the “Public Utility Commission of Texas”.
9. On February 8, 2021, the Applicants entered into a Sale, Transfer & Merger Memorandum of Agreement, which they amended on April 12, 2021.
10. On August 3, 2021, the 98th District Court further clarified its prior orders to address the Receiver’s compensation and that of his attorney(s) and to “authorize[] and direct[] the Receiver...to transfer title, physical assets, and the Certificate of Convenience and Necessity No. 12308 of the Water System and the Utility, PWS No. 2470020, to S.S. Water Supply Corporation.”

Application

11. On August 10, 2021, the Applicants jointly filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Wilson County.
12. In the application, the Applicants seek approval to sell and transfer La Palomas’ facilities and its water service area held under water CCN No. 12308 to SSWSC under water CCN No. 11489.
13. The total requested area includes approximately 235 current customers and approximately 1,263 acres.
14. On September 20, 2021, SSWSC filed confidential supplemental information.
15. On September 22, 2021, Las Palomas filed supplement information.

16. In Order No. 4 filed on October 8, 2021, the ALJ deemed the application, as supplemented, administratively complete.

Notice

17. On October 22, 2021, the Applicants filed the affidavit of Donald G. Rauschuber, attesting that notice was provided to all neighboring utilities and affected parties on October 15, 2021.
18. In Order No. 5 filed on December 3, 2021, the ALJ deemed the notice sufficient.

Evidentiary Record

19. On January 11, 2022, the Applicants and Commission Staff filed a joint motion to admit evidence.
20. In Order No. __ filed on January __, 2022, the ALJ admitted the following evidence into the record:
 - a. The Application of SSWSC and Las Palomas for Sale, Transfer, or Merger of Facilities and Certification Rights in Wilson County and its attachments, filed on August 10, 2021, which includes, without limitation, the following;
 - i. The Order Appointing Receiver, Cause No. D-1-GN-18-000837, 98th Judicial District, Travis County, Texas, entered on January 24, 2019;
 - ii. The Sale, Transfer & Merger Memorandum of Agreement between Las Palomas Water Service Company/Lake Valley Water Service Corporation (PWS No. 2470020 and CCN No. 12308) and S.S. Water Supply Corporation (PWS No. 2470015 and CCN No. 11489), dated February 8, 2021;
 - iii. The Addendum to Sale, Transfer & Merger Memorandum of Agreement between Las Palomas Water Service Company/Lake Valley Water Service Corporation (PWS No. 2470020 and CCN No. 12308) and S.S. Water Supply Corporation (PWS No. 2470015 and CCN No. 11489), dated April 12, 2021; and
 - iv. The Order Accepting Receiver's Recommendation and Granting Receiver's Motion to Amend Ordering Provisions Appointing Receiver, Cause No. D-

1-GN-18-000837, 98th Judicial District, Travis County, Texas, entered on August 3, 2021;

- b. Commission Staff's Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed on September 9, 2021;
- c. SSWSC's Confidential Response to Order No. 2, filed on September 20, 2021;
- d. Las Palomas' Responses to Order No. 2, filed on September 22, 2021;
- e. Commission Staff's Supplemental Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed October 7, 2021;
- f. Applicants' Affidavit of Notice to Current Customers, Neighboring Utilities, and Affected Parties, filed on October 22, 2021;
- g. Commission Staff's Recommendation on Sufficiency of Notice, filed on December 2, 2021;
- h. Commission Staff's Recommendation on Approval of Sale, filed on December 16, 2021; and
- i. The Supplement to the Application of SSWSC and Las Palomas for Sale, Transfer, or Merger of Facilities and Certification Rights in Wilson County, which contains the Order Granting Motion to Amend Order Appointing Receiver, Cause No. D-1-GN-18-000837, 98th Judicial District, Travis County, Texas, entered on October 20, 2020.

Adequacy of Existing Service

- 21. Las Palomas has a TCEQ approved PWS registered as "Lake Valley Water System" under PWS identification number 2470020.
- 22. The last TCEQ compliance investigation of the La Palomas system was on April 1, 2021. No violations or concerns were noted as a result of that investigation.
- 23. The Commission's complaint records, which date back to 2014, show 38 complaints against La Palomas, all of which have been resolved.

24. SSWSC installed an emergency interconnect in order to serve the requested area and is expecting to add a second interconnect to serve the customers of Las Palomas when the transfer is completed.

Need for Additional Service

25. The purpose of the transaction is to transfer Las Palomas' Lake Valley Water System (PWS 2470020) and its water service area held under water CCN No. 12308 to SSWSC.
26. The customers are currently receiving water service from Las Palomas' Lake Valley Water System (PWS 2470020) and from an interconnect with SSWSC.

Effect of Approving the Transaction

27. SSWSC will be the certificated entity for the requested area and be required to provide adequate and continuous service to the requested area.
28. There will be no effect on landowners as the area is currently certificated.
29. There will be no effect on any retail public utility servicing the proximate area.
30. All retail public utilities in the proximate area were provided notice of the transaction taking place in this application and did not request to intervene.

Ability to Serve: Managerial and Technical

31. SSWSC has the ability to provide adequate service in the requested area.
32. SSWSC has a TCEQ approved PWS registered as S.S. WSC under PWS identification number 2470015.
33. SSWSC does not have any violations listed in the TCEQ database.
34. The Commission's complaint records, which date back to 2014, show 5 complaints against SSWSC, all of which have been closed.
35. SSWSC installed an emergency interconnect in order to serve the requested area and is expecting to add a second interconnect to serve the customers of Las Palomas when the transfer is completed.

Regionalization or Consolidation

36. On April 6, 2021, SSWSC completed an emergency interconnect, approved by the TCEQ, to provide better service to the customers of Las Palomas and is anticipating the addition of a second interconnect to serve the customers of Las Palomas when the transfer is completed. Therefore, concerns of regionalization or consolidation with another retail public utility do not apply.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

37. SSWSC is an adjacent retail public utility and has taken steps to provide adequate service to the customers of Las Palomas. Therefore, it is not feasible to obtain service from another adjacent retail public utility.

Financial Ability and Stability

38. SSWSC's 2020 financial statements report long-term debt of \$0.00 and equity of \$24,423,545.
39. SSWSC debt-to-equity ratio is 0.00, because the ratio is less than 1.0, SSWSC meets the leverage test specified in 16 TAC§ 24.11(e)(2)(A).
40. SSWSC has sufficient cash and net operating income 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.
41. SSWSC has demonstrated the financial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

42. There is no need to require SSWSC 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

43. The environmental integrity of the land will be minimally affected when the additional interconnect is installed to provide additional service to the requested area.

Improvement in Service or Lowering of Cost to Consumers

44. SSWSC will continue to provide water service to the existing customers in the area.
45. There will be no change in the quality or cost of service to customers.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. The Applicants provided notice of the application that complies with Texas Water Code (TWC) §§ 13.246 and 13.301(a)(2) and 16 TAC § 24.239.
2. After consideration of the factors in TWC § 13.246(c), SSWSC has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate water service to the requested area as required by TWC § 13.301(b).
3. The Applicants have demonstrated that the sale and the transfer of the public water supply facilities held under CCN No. 12308 from Las Palomas to SSWSC under CCN No. 11489 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 and transfer proposed in the application are approved and the transaction between La Palomas and SSWSC, as memorialized in the Applicant's amended "Sale, Transfer & Merger Memorandum of Agreement," may proceed and be consummated.
2. Within ten (10) days of the entry of this order, the Applicants shall request a hearing before the 98th Judicial District, Travis County, Texas. (the "District Court") in Cause No. D-1-GN-18-000837, to effectuate the issuance of any and all orders necessary to execute and complete all the remaining matters pertaining to Donald G. Rauschuber's receivership of Las Palomas, including but not limited to the consummation of the transaction between La Palomas and SSWSC, as memorialized in the Applicant's amended "Sale, Transfer & Merger Memorandum of Agreement."

3. As soon as possible after the effective date of the transaction, but not later than 30 days after the date of the District's Court's order authorizing the Receiver to consummate the transaction, the Applicants must file proof that the transaction has been consummated.
4. The Applicants have 180 days from the date of this order to complete the transaction.
5. 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.
6. The Applicants are advised that the corresponding service area will remain under CCN No. 12308 and be held by La Palomas until the sale and transfer transaction is complete in accordance with Commission rules.
7. 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 transaction was consummated.
8. 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 _____ day of January __, 2022.

ADMINISTRATIVE LAW JUDGE