



## Filing Receipt

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**Control Number - 52408**  
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**DOCKET NO. 52408**

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

**JOINT SUPPLEMENTAL MOTION TO ADMIT EVIDENCE AND  
PROPOSED NOTICE OF APPROVAL**

COME NOW, LAS PALOMAS WATER SERVICE COMPANY, LLC (d/b/a "Lake Valley Water Company, Inc." – collectively "Las Palomas"), by and through its court-appointed Receiver, Donald G. Rauschuber, and S.S. WATER SUPPLY CORPORATION ("SSWSC") (jointly the "Applicants"), together with the staff of the PUBLIC UTILITY COMMISSION OF TEXAS ("Commission Staff") (collectively, the "Parties"), file this Joint Supplemental Motion to Admit Evidence and Proposed Notice of Approval, and in support thereof would respectfully show the following:

**I.  
Background**

The Water System and Utility that is the subject of this docket is a public water system located in Wilson County Texas, approximately 5-miles southeast of La Vernia, Texas, operating under Certificate of Convenience Necessity ("CCN") No. 12308 and Public Water System ("PWS") No. TX2470020, and serving approximately 235 customers. The Water System and Utility is owned by Las Palomas; however, it has been under the court-ordered custody and control of the Receiver since the 98<sup>th</sup> District Court of Travis County entered an "Order Appointing Receiver" on January 24, 2019, after finding Las Palomas and its third-party operator to have abandoned its operation. Las Palomas has never made an appearance nor attempted to intervene in this matter.

On August 10, 2021, Applicants filed a joint "Application for Sale, Transfer, or Merger of a Retail Utility" (the "STM Application") with the Public Utility Commission of Texas ("Commission"), seeking authorization for Receiver to sell and convey the Water System and Utility, including all its facilities, to SSWSC (the "Sale"). Such a sale is consistent with State

law<sup>1</sup> and constitutes the fulfillment of the order of the 98<sup>th</sup> District Court of Travis County directing the Receiver to “Take all measures necessary to consummate the conveyance of all assets or the said Water System and Utility to a qualified person, subject to approval by [the Commission].”<sup>2</sup>

On January 10, 2022, the Applicants and Commission Staff filed a “Joint Motion to Admit Evidence and Proposed Order Approving Sale and Allowing Transaction to Proceed” with the Commission, to which the Administrative Law Judge (“ALJ”) entered Order No. 6 admitting into the record the requested evidence supporting the Applicants’ STM Application.

Soon thereafter, on or about January 31, 2022, the ALJ entered Order No. 7, which approved the sale of the Water System and Utility to SSWSC and authorized the transaction effectuating the related conveyances to proceed and be consummated.<sup>3</sup>

Then, on February 4, 2022, the Applicants filed a “Joint Motion to Approve Sale and Transfer of Water System and Utility” with the 98<sup>th</sup> District Court of Travis County, Texas (i.e., the Receivership court) in Cause No. D-1-GN-18-000837, which the Court granted in its “Order Approving Sale and Transfer of Water System and Utility” on February 15, 2022. In its order, the Court directed the Applicants to consummate and close the sale of the Water System and Utility into escrow by and with Seguin Title Company via an escrow deposit of \$209,769.74 by SSWSC and the execution of documents to effectuate the conveyances associated with the transaction by Receiver.

On February 17, 2022, the Applicants conducted the court-ordered closing at Seguin Title Company, wherein SSWSC deposited \$209,769.74 into escrow, and Receiver executed the documents necessary to convey the assets of the Water System and Utility to SSWSC (the “Closing Documents”).

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<sup>1</sup> See e.g., Tex. Water Code § 13.413 (“The Receiver may, subject to the approval of the court and after giving notice to all interested parties, sell or otherwise dispose of all or part of the real or personal property of a water or sewer utility . . . to pay the costs incurred in the operation of the receivership.”)

<sup>2</sup> Docket No. D-1-GN-18-000837, *State of Texas v. Las Palomas Water Services Company and Texas Rain Holding Company, Inc.*, 98<sup>th</sup> Judicial District of Travis County, Texas; “Order Appointing Receiver,” Para. 20(I), January 24, 2019.

On October 20, 2020, the District Court in the above-referenced proceeding amended Paragraph 20(I) of its “Order Appointing Receiver,” pursuant to a “Motion to Amend” filed by the State, to change the original reference to the “Texas Commission on Environmental Quality,” which was in error, to the “Public Utility Commission of Texas” consistent with current law.

<sup>3</sup> Order No. 7 was entered on January 28, 2022; however, it contained an error. Pursuant to a subsequent unopposed motion, the ALJ entered a *Corrected* Order No. 7 on January 31, 2022, to correct the error.

The next day, on February 18, 2022, Receiver filed with the 98<sup>th</sup> District Court of Travis County his “Report of Sale of the Assets of Las Palomas Water Services Company, LLC (PWS No. 2470020 and CCN No. 12308) to S.S. Water Supply Corporation and Motion to Confirm Sale,” which confirmed the consummation of the sale and transfer of the Water System and Utility to SSWSC and that notice to all parties had been given in accordance with Section 13.412 of the Texas Water Code.

On February 28, 2022, Receiver filed with the Commission in this docket: i) the District Court’s “Order Approving Sale and Transfer of Water System and Utility,” dated February 15, 2022;<sup>4</sup> ii) the Applicants “Joint Motion to Approve Sale and Transfer of Water System and Utility” that gave rise to District Court’s “Order Approving Sale and Transfer of Water System and Utility”; and iii) the Closing Documents.

Then, on March 11, 2022, the 98<sup>th</sup> District Court of Travis County entered its “Decree Confirming the Sale of the Assets of Las Palomas Water Services Company, PWS No. TX 2470020 to S.S. Water Supply Corporation” in which the Court: i) “accepted, approved and confirmed” the sale of the Water System and Utility to SSWSC; ii) authorized the conveyance of the assets of the Water System and Utility to SSWSC upon its compliance with the terms of the sale; iii) authorized delivery of the Closing Documents and the issuance of title insurance relate to the conveyance; and iv) authorized Receiver to proceed with his receivership duties and obligations in preparation for termination of the receivership and his discharge as Receiver, “including without limitation wrapping up the receivership’s financial affairs, including the payment of costs associated therewith and the fees for persons who have performed services for the benefit of the Water System and Utility while under the receivership as provided in Section 13.413 of the Texas Water Code.”<sup>5</sup>

The following day, March 12, 2022, Receiver filed with the Commission in this docket the District Court’s “Decree Confirming the Sale of the Assets of Las Palomas Water Services Company, PWS No. TX 2470020 to S.S. Water Supply Corporation,” and three days later, on

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<sup>4</sup> It may be worth noting that the District Court’s February 15<sup>th</sup> “Order Approving Sale and Transfer of Water System and Utility” had been filed into this docket by Receiver a few days earlier on February 24, 2022, but in that instance, he did not include the other documents that follow above (*i.e.*, the Applicants “Joint Motion to Approve Sale and Transfer of Water System and Utility” or the Closing Documents).

<sup>5</sup> See Footnote No. 1.

March 15, 2022, Receiver filed in this docket a Supplemental Closing Document giving notice that no retail customer deposits are being held by Receiver.

Soon thereafter on the same day, March 15, 2022, Commission Staff filed a recommendation that Applicants' closing documents meet the applicable Commission rules and proposed a procedural schedule.

The next day, on March 16, 2022, the ALJ entered Order No. 8 finding the Applicants' closing documentation to meet the applicable Commission rules and adopting the procedural schedule proposed by Commission Staff.

On April 13, 2022, Commission Staff provided final maps and certificates to the Applicants' for their review and consent, and Applicants filed their consent forms consenting to Commission Staff's maps and certificates soon thereafter -- Receiver on April 15, 2022, and SSWSC on April 19, 2022. Each of these actions occurred in timely concurrence with Order No. 8's procedural schedule.

The Joint Proposed Notice of Approval, addressed below and attached hereto, also is timely filed.

## **II. Joint Motion to Admit Supplemental Evidence**

The Parties request entry of the following items into the records of this proceeding:

1. The 98<sup>th</sup> Judicial District Court of Travis County's "Order Approving Sale and Transfer of Water System and Utility", filed on February 28, 2022 (Interchange Item No. 23);
2. The Applicants' "Joint Motion to Approve Sale and Transfer of Water System and Utility" filed with the 98<sup>th</sup> Judicial District Court of Travis County, Texas, filed on February 28, 2022 (Interchange Item No. 24);
3. The Applicants' Closing Documents, filed on February 28, 2022 (Interchange Item No. 25);
4. The 98<sup>th</sup> Judicial District Court of Travis County's "Decree Confirming the Sale of the Assets of Las Palomas Water Services Company, PWS No. TX 2470020 to S.S. Water Supply Corporation", filed on March 12, 2022 (Interchange Item No. 26);
5. Receiver's supplemental closing document, giving formal notice that no customer deposits are held by Receiver, filed on March 15, 2022 (Interchange Item No. 27);

6. “Commission Staff’s Recommendation on Sufficiency of Closing Documents”, filed on March 15, 2022 (Interchange Item No. 28);
7. Receiver’s “Report of Sale of the Assets of Las Palomas Water Services Company, LLC (PWS No. 2470020 and CCN No. 12308) to S.S. Water Supply Corporation and Motion to Confirm Sale”, filed on April 6, 2022 (Interchange Item No. 31);
8. Receiver’s consent form agreeing with the final map(s) and certificate(s) provided by Commission Staff, filed on April 15, 2022 (Interchange Item No. 32);
9. SSWSC’s consent form agreeing with the final map(s) and certificate(s) provided by Commission Staff, filed on April 19, 2022 (Interchange Item No. 33); and
10. The final map(s) and certificate(s), which are attached hereto as “Exhibit A” to the Joint Proposed Motion of Approval.

### **III.**

#### **Joint Proposed Notice of Approval**

The Parties have agreed to the attached Joint Proposed Notice of Approval, which would grant the Applicants’ joint request for approval of the sale of the Water System and Utility’s facilities and service area to SSWSC. The Parties request that the Commission adopt the findings of fact, conclusions of law, and ordering paragraphs set forth in the Joint Proposed Notice of Approval.

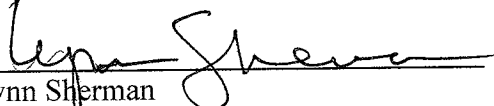
### **IV.**

#### **Conclusion and Prayer**

The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the attached Joint Proposed Notice of Approval be approved.

Respectfully submitted,

**ATTORNEY FOR DONALD G.  
RAUSCHUBER, COURT-APPOINTED  
RECEIVER FOR LAS PALOMAS  
WATER SERVICE COMPANY**

  
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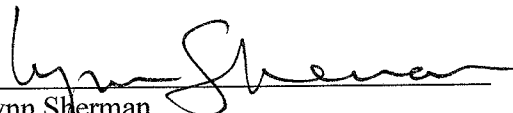
## CERTIFICATE OF SERVICE

I, Lynn Sherman, certify that a copy of the foregoing Joint Supplemental Motion to Admit Evidence and Proposed Notice of Approval was forwarded on April 29, 2022, to the following:

Tyler J. Ryska  
Assistant Attorney General  
Environmental Protection Division  
Office of the Attorney General of Texas  
P.O. Box 12548  
Capitol Station  
Austin, Texas 78711-2548  
*Attorney for Plaintiff*

Las Palomas Water Services Company, *Defendant*  
2400 Louisiana NE AFC Ste. 120  
Albuquerque, New Mexico 87110

Las Palomas Water Services Company, *Defendant*  
c/o Registered Agents, Inc.  
5900 Balcones Drive, Suite 100  
Austin, Texas 78731

By:   
Lynn Sherman



**DOCKET NO. 52408**

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

**JOINT PROPOSED NOTICE OF APPROVAL**

This Joint Proposed Notice of Approval addresses the application of LAS PALOMAS WATER SERVICE COMPANY, LLC (d/b/a "Lake Valley Water Company, Inc." – collectively "Las Palomas"), by and through its court-appointed Receiver, and S.S. WATER SUPPLY CORPORATION ("SSWSC") (jointly, the "Applicants") for the sale, transfer, or merger of facilities in Wilson County, Texas. The Applicants seek to transfer the facilities, customers and service area held by Las Palomas under Certificate of Convenience Necessity ("CCN") No. 12308 to SSWSC; to amend SSWSC's CCN No. 11489 to include the transferred facilities and service area; and to cancel Las Palomas' CCN No. 12308.

**I. Findings of Fact**

The Commission makes the following findings of fact:

**Applicants**

1. SSWSC is a Texas non-profit corporation registered with the Texas secretary of state under filing number 29813801.
2. SSWSC operates, maintains, and controls facilities for providing water service in Wilson County under CCN number 11489.
3. SSWSC owns and operates a public water system (PWS) registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 2470015.
4. Las Palomas is a Texas corporation registered with the Texas secretary of state under filing number 800103280.

5. On January 24, 2019, Donald G. Rauschuber was appointed as the Receiver for Las Palomas (hereinafter “Receiver”).<sup>1</sup>
6. Las Palomas, through its Receiver, operates, maintains, and controls facilities for providing water service in Wilson County under CCN number 12308.
7. Las Palomas owns and operates a public water system registered with the TCEQ under identification number 2470020.
8. Ordering Paragraph No. 20(1) of the 98<sup>th</sup> District Court of Travis County’s order placing Las Palomas into receivership authorized the Receiver 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."<sup>2</sup> This provision was subsequently amended by order of the 98<sup>th</sup> District Court of Travis County 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".<sup>3</sup>
9. On February 8, 2021, the Applicants entered into a Sale, Transfer & Merger Memorandum of Agreement, which they amended on April 12, 2021.

### **Application**

10. On August 3, 2021, the 98<sup>th</sup> District Court of Travis County issued an order authorizing the Receiver to sell and transfer the Las Palomas water system to SSWC.<sup>4</sup>
11. On August 10, 2021, the Applicants filed the application at issue in this proceeding (hereinafter the “Application”, which is inclusive of the supplements hereinafter referenced).
12. On September 20, 2021, SSWSC filed confidential supplemental information.

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<sup>1</sup> *State v. Las Palomas Water Services Company and Texas Rain Holding Company, Inc.*, No. D-1-GN-18-000837 (98<sup>th</sup> Dist. Ct., Travis County, Tex.), *Order Appointing Receiver*, Jan. 24, 2019.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*, *Order Granting Motion to Amend Order Appointing Receiver*, Oct. 20, 2020.

<sup>4</sup> *Id.*, *Order Accepting Receiver's Ron and Granting Receiver's Motion to Amend Ordering Provisions Appointing Receiver*, Aug. 3, 2021.

13. On September 22, 2021, Las Palomas filed supplemental information.
14. In the Application, the Applicants seek approval of the following transaction: (1) for Las Palomas to sell and transfer all of its facilities and certificated service area under CCN number 12308 to SSWSC; (2) to amend SSWSC's CCN number 11489 to include the facilities and certificated service area previously included in Las Palomas' CCN number 12308; and (3) to cancel Las Palomas' CCN number 12308.
15. The requested area includes approximately 1,263 acres, approximately 235 current customers, is located approximately five miles east of downtown La Vernia, Texas, and is generally bounded on the north by the Guadalupe-Wilson county line, on the east by State Highway 123, on the south by County Road 334, and on the west by Farm-to-Market Road 539.
16. In Order No. 4, filed on October 8, 2021, the ALJ found the Application to be administratively complete.

#### **Notice**

17. On October 22, 2021, the Applicants filed the affidavit of Mr. Rauschuber, the Receiver, 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 found the notice sufficient.

#### **Evidentiary Record**

19. On January 10, 2022, the Applicants and Commission Staff filed a joint motion to admit evidence and proposed order approving the sale and allowing the transaction to proceed.
20. In Order No. 6, filed on January 26, 2022, the ALJ admitted the following evidence into the record of this proceeding: (a) the Application, and all attachments, filed on August 10, 2021 (Interchange Item No. 1); (b) Commission Staff's recommendation on administrative completeness and notice and proposed procedural schedule, filed on September 9, 2021 (Interchange Item No. 3); (c) SSWSC's confidential response to Order No. 2, filed on September 20, 2021 (Interchange Item No. 5); (d) Las Palomas' responses to Order No. 2, filed on September 22, 2021 (Interchange Item

No. 7); (e) Commission Staff's supplemental recommendation on administrative completeness and notice and proposed procedural schedule, filed on October 7, 2021 (Interchange Item No. 8); (f) the affidavit of notice to current customers, neighboring utilities, and affected parties, filed on October 22, 2021 (Interchange Item No. 10); (g) Commission Staff's recommendation on sufficiency of notice, filed on December 2, 2021 (Interchange Item No. 11); (h) Commission Staff's recommendation on approval of sale, filed on December 16, 2021 (Interchange Item No. 13); and (i) the supplement to the Application, filed on January 9, 2022 (Interchange Item No. 14).

21. On February 28, 2022, Receiver filed into this docket the following documents: (a) the 98<sup>th</sup> District Court of Travis County's order approving the finalization of the sale and transfer<sup>5</sup> (Interchange Item No. 23); (b) the Applicants' joint motion seeking the Travis County District Court's approval to finalize the sale and transfer of the water system owned by Las Palomas to SSWSC (Interchange Item No. 24); and (c) the Applicants' closing documents, which include the general warranty deed and assignment of easements/property rights for operation of a utility, the bill of sale, and affidavits as to debts & liens and regarding leases (Interchange Item No. 25).
22. Thereafter, on March 12, 2022, Receiver filed into this docket the 98<sup>th</sup> District Court of Travis County's decree confirming the sale of the Las Palomas water system to SSWSC<sup>6</sup> (Interchange Item No. 26).
23. Then, on March 15, 2022, Receiver filed into this docket a Supplemental Closing Document, in which Receiver gave formal notice that there are no retail customer deposits held by Receiver (Interchange Item No. 27).<sup>24</sup>
24. Also filed into this docket on March 15, 2022, was Commission Staff's recommendation on sufficiency of the closing documents (Interchange Item No. 28).
25. On March 16, 2022, the ALJ found the closing documentation sufficient in its Order No. 8 (Interchange Item No. 29).

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<sup>5</sup> *Id.* (98<sup>th</sup> Dist. Ct., Travis County, Tex., Feb. 15, 2022) (*order approving sale and transfer of water system and utility*).

<sup>6</sup> *Id.* (98<sup>th</sup> Dist. Ct., Travis County, Tex., March 11, 2022) (*decree confirming the sale of assets of Las Palomas Water Services Company, PWS No. TX 2470020 to S.S. Water Supply Corporation*).

26. On April 6, 2022, Receiver filed into this docket his “Report of Sale of the Assets of Las Palomas Water Services Company, LLC (PWS No. 2470020 and CCN No. 12308) to S.S. Water Supply Corporation and Motion to Confirm Sale”, which he had previously filed, as required, with the 98<sup>th</sup> District Court of Travis County (Interchange Item No. 31).
27. On April 15, 2022, Receiver filed into this docket his consent to the map and certificate attached hereto as Exhibit A (Interchange Item No. 32).
28. On April 19, 2022, SSWSC filed into this docket its consent to the map and certificate attached hereto as Exhibit A (Interchange Item No. 33).
29. On April 29, 2022, the Parties filed into this docket a joint supplemental motion to admit the foregoing evidence arising after the ALJ’s Order No. 6 admitting evidence.
30. In Order No. \_\_\_\_, filed on \_\_\_\_\_, 2022, the ALJ admitted the following additional evidence into the record of this proceeding: (a) the 98<sup>th</sup> District Court of Travis County’s order approving the finalization of the sale and transfer<sup>7</sup> (Interchange Item No. 23); (b) the Applicants’ joint motion seeking the 98<sup>th</sup> District Court of Travis County’s approval to finalize the sale and transfer of the water system owned by Las Palomas to SSWSC (Interchange Item No. 24); (c) the Applicant’s closing documents (Interchange Item No. 25); (d) the 98<sup>th</sup> District Court of Travis County’s decree confirming the sale of the Las Palomas water system to SSWSC (Interchange Item No. 26); (e) Receiver’s Supplemental Closing Document, in which Receiver gave formal notice that there are no retail customer deposits held by Receiver (Interchange Item No. 27); (f) Commission Staff’s recommendation on sufficiency of the closing documents (Interchange Item No. 28); (g) the ALJ’s Order No. 8 finding the closing documentation sufficient (Interchange Item No. 29); (h) Receiver’s “Report of Sale of the Assets of Las Palomas Water Services Company, LLC (PWS No. 2470020 and CCN No. 12308) to S.S. Water Supply Corporation and Motion to Confirm Sale,” previously filed with the 98<sup>th</sup> District Court of Travis County (Interchange Item No. 31); (i) Receiver’s consent to the map and certificate

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<sup>7</sup> *Id.* (98<sup>th</sup> Dist. Ct., Travis County, Tex., Feb. 15, 2022) (*order approving sale and transfer of water system and utility*).

attached hereto as Exhibit A (Interchange Item No. 32); (j) SSWSC's consent to the map and certificate attached hereto as Exhibit A (Interchange Item No. 33); and (i) the map(s) and certificate(s) attached hereto as Exhibit A.

### **Sale**

31. In Order No. 7, filed (as corrected) on January 31, 2022, the ALJ approved the sale of the Las Palomas water system to SSWSC, ordered the transaction to proceed and be consummated, ordered the Applicants to request a hearing before the 98<sup>th</sup> District Court of Travis County to effectuate the issuance of any orders necessary to execute and consummate the transaction, and required the Applicants to file proof that the transaction had closed and customer deposits had been addressed.
32. The Applicants timely requested a hearing before the 98<sup>th</sup> District Court of Travis County, in accordance with the ALJ's Order No. 7, and the Court's "Order Approving Sale and Transfer of Water System and Utility" was entered on February 15, 2022.
33. On February 28, 2022, in accordance with the ALJ's Order No. 7, the Applicants filed into this docket the foregoing District Court "Order Approving Sale and Transfer of Water System and Utility" and the closing documents effectuating the sale and transfer of the water system and utility from Las Palomas to SSWSC.
34. On March 12, 2022, the Applicants filed the 98<sup>th</sup> District Court of Travis County's decree confirming the completion of the sale.<sup>8</sup>
35. On March 15, 2022, Receiver filed a Supplemental Closing Document confirming that no customer deposits are held by Receiver.
36. In Order No. 8, filed on March 16, 2022, the ALJ found the closing documentation to be sufficient.

### **System Compliance**

37. Las Palomas' public water system is registered with the TCEQ as the "Lake Valley Water System" under identification number 2470020.

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<sup>8</sup> *State v. Las Palomas Water Services Company and Texas Rain Holding Company, Inc.*, No. D-1-GN-18-000837 (98<sup>th</sup> Dist. Ct., Travis County, Tex., March 11, 2022) (*decree confirming the sale of assets of Las Palomas Water Services Company, PWS No. TX 2470020 to S.S. Water Supply Corporation*).

38. Las Palomas has been subject to enforcement actions by the TCEQ and the Office of the Texas Attorney General in the past five years for non-compliance with rules, orders, or state statutes. As a result, Las Palomas was placed under the receivership of Mr. Rauschuber.
39. Since Mr. Rauschuber's appointment as Receiver, Las Palomas has resolved the non-compliance issues.
40. The last TCEQ compliance investigation of the Las Palomas system was on April 1, 2021. No violations or concerns were noted as a result of that investigation.
41. The Commission's complaint records, which date back to 2014, show 38 complaints against Las Palomas, all of which have been resolved.

#### **Adequacy of Existing Service**

42. Currently, there are approximately 235 customers in the requested area being served by Las Palomas.
43. Las Palomas is able to provide continuous and adequate water service to the requested area by relying on an emergency interconnection with SSWSC that was installed by SSWSC and paid for by the Receiver.

#### **Need for Additional Service**

44. There is a continuing need for service because Las Palomas is currently providing service to customers in the requested area.
45. Requests for additional service within the requested area are increasing.

#### **Effect of Approving the Transaction and Granting the Amendment**

46. There will be no effect on the Landowners as the area is currently certificated.
47. There will be no effect on any retail public utility servicing the proximate area.
48. All retail public utilities in the proximate area were provided notice of the transaction proposed in the Application and did not request to intervene.

**Ability to Serve: Managerial and Technical**

- 49. SSWSC currently provides water to Las Palomas through the emergency interconnection and has adequate capacity to meet the demands in the requested area.
- 50. SSWSC does not have any violations listed in the TCEQ database.
- 51. The Commission's complaint records, which date back to 2014, show five complaints against SSWSC, all of which have been closed.
- 52. SSWSC employs a TCEQ-licensed operator who operates its public water system.
- 53. SSWSC 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 Texas Water Code ("TWC"), and the TCEQ's rules.
- 54. SSWSC has the technical and managerial capability to provide continuous and adequate service to the requested areas.

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

- 55. SSWSC has a debt-to-equity ratio that is less than one, satisfying the leverage test.
- 56. SSWSC demonstrated it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years after completion of the transaction, satisfying the operations test.
- 57. SSWSC demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

**Financial Assistance**

- 58. 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.

**Regionalization or Consolidation**

- 59. SSWSC is consolidating the requested area from Las Palomas to provide service to the requested area through the interconnect therefore concerns of regionalization or consolidation with another retail public utility do not apply.



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

60. SSWSC is an adjacent retail public utility and has already installed an emergency interconnection to provide adequate service to the customers of Las Palomas. Therefore, it is not feasible to obtain service from another adjacent retail public utility.

### **Environmental Integrity and Effect on the Land**

61. The requested area will continue to be served with some existing infrastructure.
62. SSWSC intends to install a second interconnection between itself and Las Palomas; however, SSWSC must abide by all TCEQ rules and standards during design and construction, so the environmental impact and the effect on the land will be minimal.

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

63. SSWSC will continue to provide water service to the existing customers in the area.
64. Water service to the requested area will improve because SSWSC intends to improve the reliability of service by installing a second interconnection.
65. There may be a lowering of cost to consumers as a result of the proposed sale and transfer, but whether and when has yet to be determined.

### **Map and Certificate**

66. On April 13, 2022, Commission Staff emailed to Applicants the final proposed map and certificate related to this docket.
67. On April 15, 2022, Receiver filed his consent form concurring with the proposed map and certificate, and SSWSC filed its consent form on April 19, 2022.
68. On April 29, 2022, the parties filed the proposed final map and certificate as attachments to their joint supplemental motion to admit evidence.

### **Informal Disposition**

69. More than 15 days have passed since the completion of notice provided in this docket.
70. No person filed a protest or motion to intervene.

71. Las Palomas (by and through its court-appointed Receiver, Donald G. Rauschuber), SSWSC and Commission Staff are the only parties to this proceeding.
72. No party requested a hearing, and no hearing is needed.
73. Commission Staff recommended approval of the Application.
74. This decision is not adverse to any party.

## **II. Conclusions of Law**

The Commission makes the following conclusions of law:

1. The Commission has authority over this proceeding under TWC §§ 13.041, 13.241, 13.244, 13.246, 13.251, and 13.301.
2. Las Palomas and SSWSC are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (“TAC”) § 24.3(31).
3. The Application meets the requirements of TWC § 13.244.
4. Las Palomas and SSWSC provided notice of the Application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 TAC §§ 24.235 and 24.239.
5. The Commission processed the Application as required by the TWC, the Administrative Procedure Act,<sup>9</sup> and Commission rules.
6. Las Palomas and SSWSC have complied with the requirements of 16 TAC § 24.239(k) with respect to customer deposits.
7. Las Palomas and SSWSC completed the sale within the time frame required by 16 TAC § 24.239(m).
8. After consideration of the factors in TWC § 13.246(c) and 16 TAC § 24.239(h)(5), SSWSC demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested areas as required by TWC §§ 13.241 and 13.301(b) and 16 TAC § 24.239.

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<sup>9</sup> Tex. Gov’t Code §§ 2001.001-.903.

9. Regionalization and consolidation concerns under TWC § 13.241(d) do not apply in this because construction of a physically separate water system is not needed for SSWSC to provide service to the requested area.
10. It is not necessary for SSWSC to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
11. Las Palomas and SSWSC demonstrated that the sale of Las Palomas' facilities and the transfer of its service area held under CCN number 12308 to SSWSC 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).
12. SSWSC meets the requirements of TWC §§ 13.241(b) and 13.301(b) to provide water utility service.
13. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves the transfer the facilities, customers, and water service area held by Las Palomas under CCN number 12308 to SSWSC; the cancellation of Las Palomas' CCN number 12308; and the amendment of SSWSC's CCN number 11489 to include the facilities and approximately 1,263 acres previously included in Las Palomas' CCN number 12308.
2. The Commission approves the map attached to this Notice of Approval.
3. The Commission issues the certificate attached to this Notice of Approval.
4. SSWSC must provide service to every customer or qualified applicant for service within the approved area under water CCN number 11489 who requests water service and meets the terms of SSWSC's water service, and such service must be adequate and continuous.

5. SSWSC must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Wilson County affected by the Application and file in this docket evidence of the recording no later than 45 days after the date of the Notice of Approval.
6. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

**Signed at Austin, Texas the \_\_ day of April 2022.**

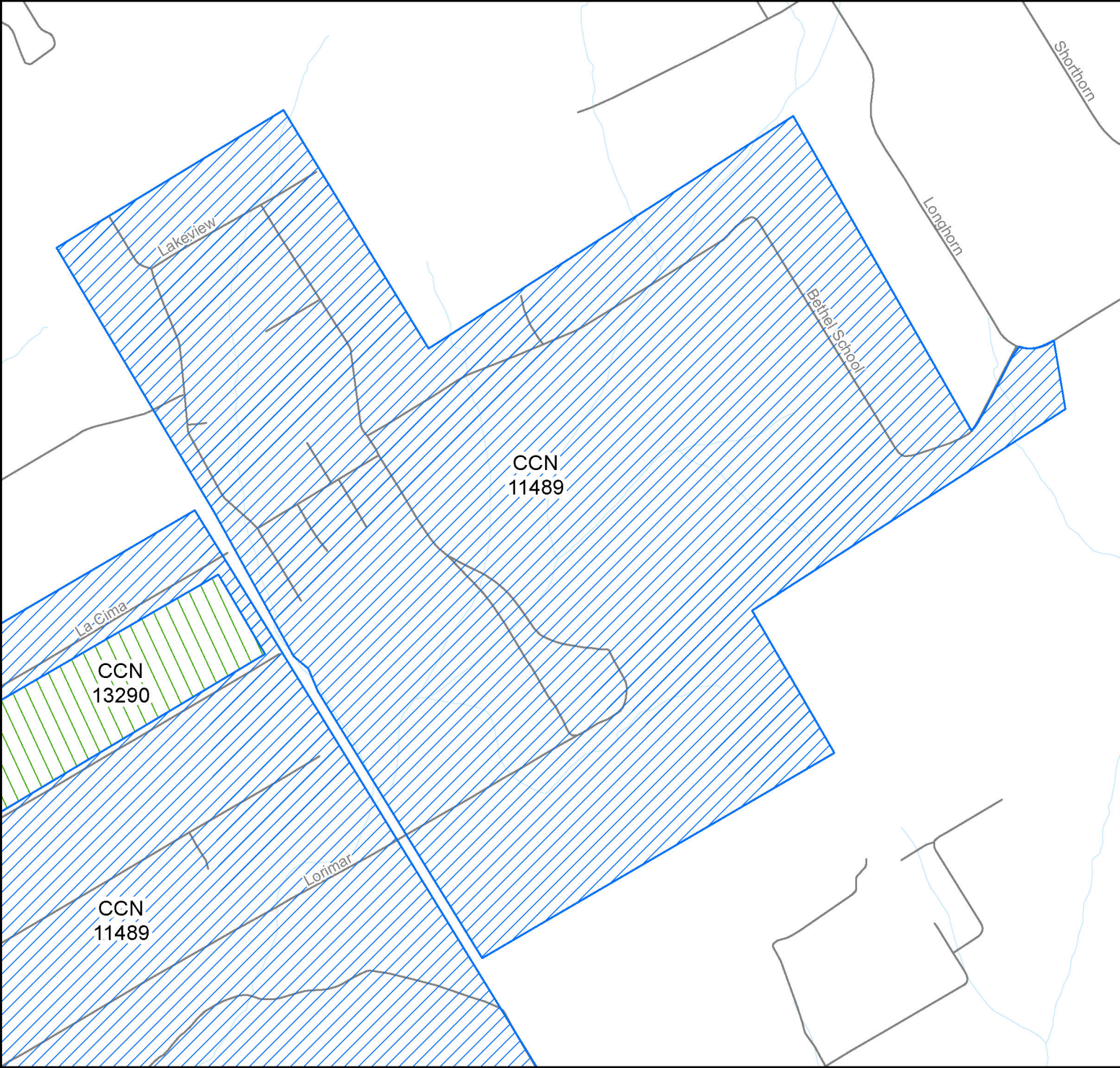
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**ADMINISTRATIVE LAW JUDGE**



## EXHIBIT A

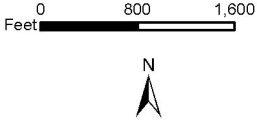
### Proposed Maps and Certificate

S S Water Supply Corporation  
Portion of Water CCN No. 11489  
PUC Docket No. 52408  
Transferred all of Lake Valley Water, CCN No. 12308 in Wilson County



Public Utility Commission of Texas  
1701 N. Congress Ave  
Austin, TX 78701

- Water CCN**
-  11489 - S S WSC
  -  13290 - CSWR-Texas Utility Operating Company LLC



Map by: Komal Patel  
Date: March 14, 2022  
Project: 52408SSWSC.mxd



# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **S S Water Supply Corporation**

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, S S Water Supply Corporation is entitled to this

### **Certificate of Convenience and Necessity No. 11489**

to provide continuous and adequate water utility service to that service area or those service areas in Bexar and Wilson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52408 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the S S Water Supply Corporation to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.