



## Filing Receipt

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**DOCKET NO. 52410**

<b>APPLICATION OF CSWR-TEXAS</b>	<b>§</b>	
<b>UTILITY OPERATING COMPANY, LLC</b>	<b>§</b>	
<b>AND LEON SPRINGS UTILITY</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>COMPANY, INC. FOR SALE,</b>	<b>§</b>	
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	<b>OF TEXAS</b>
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	
<b>RIGHTS IN BEXAR COUNTY</b>	<b>§</b>	

**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

**DOCKET NO. 52410**

<b>APPLICATION OF CSWR-TEXAS UTILITY OPERATING COMPANY, LLC AND LEON SPRINGS UTILITY COMPANY, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN HAYS COUNTY</b>	<b>§ § § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**JOINT MOTION TO ADMIT EVIDENCE  
AND PROPOSED ORDER APPROVING THE SALE AND TRANSFER TO PROCEED**

COME NOW Leon Springs Utility Company, Inc. (“Leon Springs”) 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. The only intervenor to this proceeding, the Dominion Homeowners Association, has authorized the Parties to state that they support this motion. In support thereof, the Parties show the following:

**I. BACKGROUND**

On August 10, 2021, Leon Springs 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 Bexar County (“Application”). The Applicants seek the sale and transfer of all facilities and service area held under Leon Springs’s sewer certificate of convenience and necessity (CCN) number 20614 to CSWR-Texas, the cancellation of Leon Springs’s sewer CCN number 20614, and the amendment of CSWR-Texas’s sewer CCN number 21120 to include the area previously included in Leon Springs’s sewer CCN number 20614. The requested sale and transfer includes approximately 1,419 acres and 1,209 connections.

Pursuant to Order Nos. 5 and 6, the Parties timely file this Joint Motion to Admit Evidence and Proposed Order Approving the Sale and Transfer to Proceed.

**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 August 10 and 11, 2021 (Interchange Item Nos. 1-9);

2. CSWR-Texas's first supplement to the application, including highly sensitive attachments filed on August 25 and 26, 2021 (Interchange Item Nos. 12-13);
3. CSWR-Texas's second supplement to the application, including confidential attachments, filed on August 30 and 31, 2021 (Interchange Item Nos. 14-15);
4. CSWR-Texas's third supplement to the application, including confidential attachments, filed on September 8 and 9, 2021 (Interchange Item Nos. 16-17);
5. CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on September 16 and 17, 2021 (Interchange Item Nos. 20-21);
6. Dominion Homeowners Association Motion to Intervene, filed on September 23, 2021 (Interchange Item No. 22);
7. CSWR-Texas's fourth supplement to the application, including highly sensitive attachments, filed on September 30 and October 1, 2021 (Interchange Item Nos. 23, 25);
8. CSWR-Texas's fifth supplement to the application filed, including highly sensitive attachments, on October 14 and 15, 2021 (Interchange Item Nos. 27-28);
9. CSWR-Texas's sixth supplement to the application, including confidential attachments, filed on October 19 and 20, 2021 (Interchange Item Nos. 29-30);
10. CSWR-Texas's supplement affidavit of notice to current customers, neighboring utilities, and affected parties, filed on October 28, 2021 (Interchange Item No. 33);
11. Commission Staff's supplemental recommendation on sufficiency of notice, filed on November 8, 2021 (Interchange Item No. 34);
12. the City of San Antonio's letter confirming receipt of notice filed on November 11, 2021 (Interchange Item No. 36);
13. CSWR-Texas's seventh supplement to the application including highly sensitive amended Attachment G filed on December 17 and 20, 2021 (Interchange Item Nos. 41-43);
14. Commission Staff's recommendation on the transaction, including confidential attachments, filed on December 20 and 21, 2021 (Interchange Item Nos. 44-45).

### **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's 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**

The Parties move for adoption of the attached Proposed Order Approving the Sale and Transfer to Proceed.

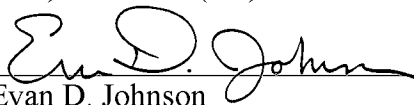
#### **V. CONCLUSION**

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

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 13<sup>th</sup> day of January 2022, 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.

  
Evan D. Johnson

**DOCKET NO. 52410**

<b>APPLICATION OF CSWR-TEXAS</b>	<b>§</b>	
<b>UTILITY OPERATING COMPANY, LLC</b>	<b>§</b>	
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<b>COMPANY, INC. FOR SALE,</b>	<b>§</b>	
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	<b>OF TEXAS</b>
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	
<b>RIGHTS IN BEXAR COUNTY</b>	<b>§</b>	

**PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Leon Springs Utility Company, Inc. (Leon Springs) and CSWR-Texas Utility Operating Company, LLC (CSWR-Texas) for the sale, transfer, or merger of facilities in Bexar County. Leon Springs and CSWR-Texas seek the sale and transfer of all facilities and service area held under Leon Springs's sewer certificate of convenience and necessity (CCN) No. 20614 to CSWR-Texas, the cancellation of Leon Springs's sewer CCN No. 20614, and the amendment of CSWR-Texas's sewer CCN No. 21120 to include the area previously included in Leon Springs's sewer CCN No. 20614. The administrative law judge (ALJ) grants that the sale is approved and the transaction between Leon Springs and CSWR-Texas may proceed and be consummated.

**I. Findings of Fact**

The Commission makes the following findings of fact:

**Applicants**

1. Leon Springs is an investor-owned utility that operates, maintains, and controls facilities for providing sewer service in Bexar County under CCN No. 20614.
2. Leon Springs owns and operates a public sewer system registered with the Texas Commission on Environmental Quality (TCEQ) as Leon Springs Utility Company. Leon Springs has a TCEQ-approved wastewater treatment plant (WWTP) registered as Bridgewood Wastewater Treatment Facility, Wastewater Discharge Permit No. WQ0014376001.
3. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 0803367893.

4. CSWR-Texas is an investor-owned utility that operates, maintains, and controls facilities for providing sewer service in Hidalgo, Hood and Parker counties under CCN No. 21120.

#### **Application**

5. On August 10, 2021, Leon Springs and CSWR-Texas filed the application for approval to transfer of all facilities and service area held under Leon Springs sewer CCN No. 20614 to CSWR-Texas, cancel of Leon Springs' sewer CCN No. 20614, and amend CSWR-Texas's sewer CCN No. 21120 to include the area previously included in Leon Spring's sewer CCN No. 21120.
6. CSWR-Texas supplemented the application on August 25, 2021, August 30, 2021, September 9, 2021, September 30, 2021, October 14, 2021, October 15, 2021, and December 17, 2021.
7. In the application, Leon Springs and CSWR-Texas seek approval of the following transaction: (a) CSWR-Texas will acquire all of Leon Springs's sewer facilities and sewer service area under sewer CCN No. 20614; (b) Leon Springs's sewer CCN No. 20614 will be cancelled; and (c) CSWR-Texas's sewer CCN No. 21120 will be amended to include the area previously included in Leon Springs's sewer CCN No. 20614.
8. The requested area comprises approximately 1,419 acres and 1,209 connections.
9. The requested area is located approximately 17 miles north-northwest of downtown San Antonio, Texas, and is generally bounded on the north by Dominion Drive; on the east by Monterrey Road; on the south by Mission North Burial Park and Tejas Trail West; and on the west by Union Pacific Railroad.
10. In Order No. 2 filed on September 14, 2021, the ALJ deemed the application administratively complete.

#### **Notice**

11. On October 28, 2021, CSWR-Texas filed the affidavit of Josiah Cox, president and manager of CSWR-Texas, attesting that notice was provided to all current customers of Leon Springs, neighboring utilities, and affected parties on September 15, 2021.



12. In Order No. 5 filed on November 9, 2021, the ALJ deemed the notice sufficient.

**Evidentiary Record**

13. On January 13, 2022, the parties filed a joint motion to admit evidence.
14. In Order No. \_\_ filed on \_\_\_\_\_, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on August 10 and 11, 2021 (b) CSWR-Texas's first supplement to the application, including highly sensitive attachments filed on August 25 and 26, 2021; (c) CSWR-Texas's second supplement to the application, including confidential attachments, filed on August 30 and 31, 2021; (d) CSWR-Texas's third supplement to the application, including confidential attachments, filed on September 8 and 9, 2021; (e) CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on September 16 and 17, 2021; (f) Dominion Homeowners Association Motion to Intervene, filed on September 23, 2021; (g) CSWR-Texas's fourth supplement to the application, including highly sensitive attachments, filed on September 30 and October 1, 2021; (h) CSWR-Texas's fifth supplement to the application including highly sensitive attachments, filed on October 14 and 15, 2021; (i) CSWR-Texas's sixth supplement to the application, including confidential attachments, filed on October 19 and 20, 2021; (j) CSWR-Texas's supplement affidavit of notice to current customers, neighboring utilities, and affected parties, filed on October 28, 2021; (k) Commission Staff's supplemental recommendation on sufficiency of notice, filed on November 8, 2021; (l) the City of San Antonio's letter confirming receipt of notice filed on November 11, 2021; (m) CSWR-Texas's seventh supplement to the application including highly sensitive amended Attachment G filed on December 17 and 20, 2021; and (n) Commission Staff's recommendation on the transaction, including confidential attachments, filed on December 20 and 21, 2021.

**Cumulative Recommendation**

15. On December 20 and 21, 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,<sup>1</sup> 50276,<sup>2</sup> 50311,<sup>3</sup> 50989,<sup>4</sup> 51026,<sup>5</sup> 51065,<sup>6</sup> 51118,<sup>7</sup> 51031,<sup>8</sup> 51047,<sup>9</sup> 51130,<sup>10</sup> 51146,<sup>11</sup> 51089,<sup>12</sup> 51003,<sup>13</sup> 51036,<sup>14</sup>

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<sup>1</sup> *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).*

<sup>2</sup> *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).*

<sup>3</sup> *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).*

<sup>4</sup> *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).*

<sup>5</sup> *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).*

<sup>6</sup> *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).*

<sup>7</sup> *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).*

<sup>8</sup> *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).*

<sup>9</sup> *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).*

<sup>10</sup> *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).*

<sup>11</sup> *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).*

<sup>12</sup> *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, Notice of Approval (Nov. 18, 2021).*

<sup>13</sup> *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, Notice of Approval (Aug. 9, 2021).*

<sup>14</sup> *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 Burleson County, Docket No. 51036, Notice of Approval (Aug. 23, 2021).*

51222,<sup>15</sup> 51642,<sup>16</sup> 51126,<sup>17</sup> 51544,<sup>18</sup> 51928,<sup>19</sup> 51940,<sup>20</sup> 51917,<sup>21</sup> 52089<sup>22</sup> and 52099.<sup>23</sup>

**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)**

16. Leon Springs’s sewer system is currently in compliance with the rules of the TCEQ.
17. 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)**

18. There are currently 1,209 connections in the 1,419-acre requested area that is being served by Leon Springs through its sewer system, and such service has been continuous and adequate.
19. Leon Springs has no outstanding violations listed in the TCEQ database.
20. No additional construction is necessary for the CSWR-Texas to serve the requested area.

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<sup>15</sup> 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).

<sup>16</sup> 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).

<sup>17</sup> 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 to Amend CSWR-Texas Utility Operating Company, LLC’s Certificate of Convenience and Necessity in Denton County, Docket No. 51126 (pending).

<sup>18</sup> 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).

<sup>19</sup> Application of Betty J. Dragoo and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and Associated Acreage in Erath County, Docket No. 51928 (pending).

<sup>20</sup> Application of Walnut Bend Water Supply and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer Or Merger of Facilities and Certificate Rights in Angelina County, Docket No. 51940 (pending).

<sup>21</sup> Application of Rocket Water Company, inc. and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and Certificate Rights in Hays County, Docket No. 51917 (pending).

<sup>22</sup> Application of Alpha Utility of Camp County, LLC and CSWR-Texas Operating Utility Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Camp County, Docket No. 52089 (pending).

<sup>23</sup> Application of THRC Utility, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Navarro County, Docket No. 52099 (pending).

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

21. There is a continuing need for service because Leon Springs is currently serving 1,209 connections in the requested area.
22. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 1,419-acre 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)**

23. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR-Texas to provide continuous and adequate sewer service to current and future customers in the 1,419-acre requested area.
24. Because this application is to transfer only existing facilities, customers, and service area, there will be no effect on any other retail public utility servicing the proximate area.
25. There will be no effect on landowners as the area is currently certificated.
26. CSWR-Texas will adopt Leon Springs'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)**

27. CSWR-Texas owns and operates 3 public sewer systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
28. CSWR-Texas employs or contracts with TCEQ-licensed water operators who will operate the public sewer system.
29. No additional construction is necessary for CSWR-Texas to provide service to the requested areas.
30. CSWR-Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

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

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

**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)**

32. The requested area is currently being served by Leon Springs, and there will be no changes to land uses or existing CCN boundaries. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. Therefore, it is not feasible to obtain service from another utility.

**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)**

33. 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.
34. 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 year 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.
35. 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)**

36. There is no need to require CSWR-Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

**Voluntary Valuation of Acquired Utility or Facilities—TWC § 13.305(d); 16 TAC §§ 24.238, 24.239**

37. Prior to filing the application, CSWR-Texas and Leon Springs filed a notice to the Commission in Project No. 49859 of their intent to use the Commission's fair market value (FMV) process to determine the ratemaking rate base of Leon Springs' sewer system assets to be acquired by CSWR-Texas.
38. CSWR-Texas included copies of the three appraisal reports required by the FMV process with the application and evidence of the purchase price agreed upon between CSWR-Texas and Leon Springs.
39. The three appraisal reports submitted with the application value Leon Springs sewer system at \$9,608,000, \$ \$11,234,600.00 and \$10,000,000.
40. The average of the three appraisals yields a fair market value for Leon Springs sewer system of \$10,280,867.
41. The agreed upon purchase price for the transaction is identified in the highly sensitive attachment FB-1 to Staff's Recommendation.
42. The purchase price is less than the FMV of Leon Springs sewer system; therefore, the ratemaking rate base for Leon Springs sewer system is the agreed upon purchase price for the transaction identified in the highly sensitive attachment FB-1 to Staff's Recommendation.
43. The application included CSWR-Texas's known and estimated transaction and closing costs.
44. No additional conditions for the acquisition based on the FMV process are needed.

**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)**

45. The requested area will continue to be served with existing infrastructure.
46. The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested area.

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

47. CSWR-Texas will continue to provide sewer service to the existing customers in the area. There will be no change in the quality or cost of service to customers.
48. 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 Leon Springs's sewer system upon consummation of the transaction.

**II. Conclusions of Law**

The Commission makes the following conclusions of law:

1. CSWR-Texas and Leon Springs 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 Leon Springs have demonstrated that the sale of Leon Springs's facilities to CSWR-Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public. TWC § 13.301(d), (e).
4. CSWR-Texas and Leon Springs filed their notice of intent to use the Commission's fair market valuation process in compliance with TWC § 13.305(c)(1) and 16 TAC § 24.238(d).
5. The Commission's Executive Director selected three utility valuation experts to perform appraisals of Leon Springs sewer system in compliance with TWC § 13.305(c)(2) and 16 TAC § 24.238(e).
6. The application included copies of the three appraisal reports completed by the utility valuation experts as required by TWC § 13.305(h)(1) and 16 TAC § 24.239(d)(1)(A)
7. The application included the purchase price agreed to by Leon Springs and CSWR-Texas as required by TWC § 13.305(h)(2) and 16 TAC § 24.239(d)(1)(B).
8. The application included the ratemaking rate base determined under TWC § 13.305(g) as

required by TWC § 13.305(h)(3).

9. The application included the known transaction and closing costs incurred by CSWR-Texas, which CSWR-Texas can request to be reviewed and recovered in CSWR-Texas's rate base in a future rate case as permitted by 16 TAC §§ 24.238(k), and 24.239(d)(1)(C) and (d)(2).
10. The calculation of the fair market valuation for Leon Springs sewer system complies with TWC § 13.305(f) and 16 TAC § 24.238(f).
11. The calculation of the ratemaking rate base for Leon Springs sewer system complies with TWC § 13.305(g) and 16 TAC § 24.238(b)(3) and (4).

### **III. Ordering Paragraphs**

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

1. The sale is approved and the transaction between Leon Springs and CSWR-Texas may proceed and be consummated.
2. The ratemaking rate base for Leon Springs sewer system is determined to the agreed upon purchase price for the transaction is identified in the highly sensitive attachment FB-1 to Staff's Recommendation.
3. CSWR-Texas may seek to include in its rate base its transaction and closing costs for the acquisition of Leon Springs sewer system in a future rate case.
4. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
5. The applicants have 180 days to complete the transaction.
6. Under 16 TAC § 24.239(m), if the transaction is not consummated within this 180-day period, or an extension is not granted, this approval is void and the applicants will have to reapply for approval.



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 schedule for continued processing of this docket.

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

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**CHRISTINA DENMARK  
ADMINISTRATIVE LAW JUDGE**