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DOCKET NO. 52440

**APPLICATION OF CRYSTAL SPRINGS § PUBLIC UTILITY COMMISSION
WATER COMPANY, INC. TO AMEND §
ITS WATER CERTIFICATE OF § OF TEXAS
CONVENIENCE AND NECESSITY IN §
MONTGOMERY COUNTY §**

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

On August 17, 2021, Crystal Springs Water Company, Inc. (Crystal Springs) filed an application to amend its Certificates of Convenience and Necessity (CCN) in Montgomery County. Crystal Springs holds water CCN No. 11373 and sewer CCN No. 20906. The requested service area consists of 2,364 acres, zero existing connections, and 3,655 proposed connections.

On July 21, 2022, the administrative law judge (ALJ) filed Order No. 8, severing the requested sewer CCN amendment from the requested water CCN amendment and opening Docket No. 53842¹ to address the requested sewer CCN amendment. Additionally, the ALJ also established a deadline of September 1, 2022 for Crystal Springs and the Staff (Staff) of the Public Utility Commission of Texas (Commission) (collectively, the Parties) to file joint proposed findings of fact, conclusions of law, and ordering paragraphs. Therefore, this pleading is timely filed.

I. JOINT MOTION TO ADMIT EVIDENCE

The Parties respectfully request that the following items be admitted into evidence:

1. Crystal Springs' application and all attachments, filed on August 17, 2021 (Interchange Item No. 1);
2. Crystal Springs' confidential attachment, filed on August 18, 2021 (Interchange Item No. 2);
3. Crystal Springs' revised maps and digital data, filed on August 25, 2021 (Interchange Item No. 4);
4. Commission Staff's recommendation on administrative completeness and notice, filed on September 16, 2021 (Interchange Item No. 6);

¹ *Application of Crystal Springs Water Company, Inc. to Amend its Sewer Certificate of Convenience and Necessity in Montgomery County*, Docket No. 53842 (pending).

5. Crystal Springs' proof of notice, filed on October 7, 2021 and November 10, 2021 (Interchange Item Nos. 8 and 10);
6. Commission Staff's supplemental recommendation on sufficiency of notice, filed on November 12, 2021 (Interchange Item No. 12);
7. Crystal Springs' response to first request for information, filed on December 1, 2021 (Interchange Item No. 14);
8. Crystal Springs' bank letter, filed on January 17, 2022 (Interchange Item No. 17);
9. Crystal Springs' response to second request for information, filed on April 26, 2022 (Interchange Item No. 20);
10. Crystal Springs' response to third request for information, filed on April 27, 2022 (Interchange Item No. 21);
11. Crystal Springs' first phase distribution system approval from Texas Commission of Environmental Quality (TCEQ), filed on June 29, 2022 (Interchange Item No. 24);
12. Crystal Springs' supplemental responses to third request for information, filed on July 5, 2022 (Interchange Item No. 25);
13. Crystal Springs' second phase distribution system approval from TCEQ, filed on July 8, 2022 (Interchange Item No. 27);
14. Crystal Springs' water service area maps, filed on July 26, 2022 (Interchange Item No. 31);
15. Crystal Springs' signed consent form and explanation letter for additional tariff updates with supporting documentation from TCEQ, filed on August 8, 2022 (Interchange Item No. 33); and
16. Commission Staff's final recommendation and all attachments, filed on August 18, 2022 (Interchange Item No. 34).

II. JOINT PROPOSED NOTICE OF APPROVAL

The Parties have agreed on the attached Joint Proposed Notice of Approval to amend Crystal Springs' water CCN No. 11373. The Parties respectfully request that the Commission adopt the jointly proposed findings of fact, conclusions of law, and ordering paragraphs.

III. CONCLUSION

For the reasons detailed above, the Parties respectfully request that the Commission grant the Joint Motion to Admit Evidence and adopt the attached Joint Proposed Notice of Approval.

Dated: September 1, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
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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 September 1, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Scott Miles
Scott Miles

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**APPLICATION OF CRYSTAL SPRINGS § PUBLIC UTILITY COMMISSION
WATER COMPANY, INC. TO AMEND §
ITS WATER CERTIFICATE OF § OF TEXAS
CONVENIENCE AND NECESSITY IN §
MONTGOMERY COUNTY §**

PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application of Crystal Springs Water Company, Inc. (Crystal Springs) to amend its water Certificate of Convenience and Necessity (CCN) No. 11373 in Montgomery County. The Commission amends Crystal Springs' CCN No. 11373 to add 2,364 acres of uncertificated area in Montgomery County, to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicant

1. Crystal Springs is a Texas corporation registered with the Texas secretary of state under filing number 46316600 .
2. Crystal Springs operates, maintains, and controls facilities for providing retail water service under water CCN No. 11373 in Montgomery and Walker counties.
3. Crystal Springs owns and operates several public water systems registered with the Texas Commission on Environmental Quality (TCEQ).
4. Crystal Springs has received approval from the TCEQ to construct the White Rock Water Plant 1 public water system, TCEQ identification number 1700931.

Application

5. On August 17, 2021, Crystal Springs filed an application to amend its water CCN No. 11373 and its sewer CCN No. 20906 in Montgomery County.
6. Crystal Springs filed supplemental information on August 18, August 25, December 1, 2021 and January 17, April 26, April 27, June 29, July 5, July 8, and July 26, 2022.

7. In Order No. 2, filed on September 16, 2021, the administrative law judge (ALJ) found the application administratively complete.
8. On July 18, 2022, Crystal Springs and Commission Staff filed a joint motion requesting the application to amend Crystal Springs' sewer CCN No. 20906 be severed.
9. In Order No. 8, filed on July 21, 2022, the ALJ granted the motion to sever.
10. Crystal Springs' application, as supplemented and severed, requests a water service area that is approximately 2,364 acres (requested area), has no current connections, and has 3,655 potential future connections.
11. The requested area is located approximately 10 miles east of downtown Conroe, Texas and is generally bounded on the north by Timber Rock Railroad; on the east by Jake Goodman Road; on the south by Farm to Market 2090; and on the west by Crockett Martin Road.

Notice

12. On October 7, 2021, Crystal Springs filed the affidavit of Shelley Young, Authorized Representative for Crystal Springs, attesting that notice was mailed to current customers, landowners, neighboring utilities, and affected parties on September 16, 2021.
13. On October 7, 2021, Crystal Springs filed a publisher's affidavit attesting to the publication of notice in the *Houston Chronicle dba Conroe Courier*, a newspaper of general circulation in Montgomery County, on September 18 and September 25, 2021.
14. On November 10, 2021, Crystal Springs supplemented its proof of notice with a copy of the notice sent to the Montgomery County Judge, copies of the newspaper tear sheets demonstrating publication of notice, and a screenshot of the TCEQ database to show that Montgomery County Municipal Utility District No. 163 was no longer active, such that notice to that entity should not be required.
15. In Order No. 3, filed on November 12, 2021, the ALJ found the notice sufficient.

Evidentiary Record

16. On September 1, 2022, Crystal Springs and Commission Staff filed a joint motion to admit evidence.

17. In Order No. ___ filed on September, __ 2022, the ALJ admitted the following evidence into the record of this proceeding: (a) Crystal Springs’ application and all attachments, filed on August 17, 2021; (b) Crystal Springs’ confidential attachment, filed on August 18, 2021; (c) Crystal Springs’ revised maps and digital data, filed on August 25, 2021; (d) Commission Staff’s recommendation on administrative completeness and notice, filed on September 16, 2021; (e) Crystal Springs’ proof of notice, filed on October 7, 2021 and November 10, 2021; (f) Commission Staff’s supplemental recommendation on sufficiency of notice, filed on November 12, 2021; (g) Crystal Springs’ response to first request for information, filed on December 1, 2021; (h) Crystal Springs’ bank letter, filed on January 17, 2022; (i) Crystal Springs’ response to second request for information, filed on April 26, 2022; (j) Crystal Springs’ response to third request for information, filed on April 27, 2022; (k) Crystal Springs’ first phase distribution system approval from TCEQ, filed on June 29, 2022; (l) Crystal Springs’ supplemental responses to third request for information, filed on July 5, 2022; (m) Crystal Springs’ second phase distribution system approval from TCEQ, filed on July 8, 2022; (n) Crystal Springs’ water service area maps, filed on July 26, 2022; (o) Crystal Springs’ signed consent form and explanation letter for additional tariff updates with supporting documentation from TCEQ, filed on August 8, 2022; and (p) Commission Staff’s final recommendation and all attachments, filed on August 18, 2022.

Adequacy of Existing Service

18. There are no existing customers in the requested area
19. Water service is not currently being provided to the requested area.

Need for Service

20. The requested area is currently being developed into several subdivisions.
21. Nine developers of the requested area requested water service from Crystal Springs.
22. Crystal Springs filed evidence of the timeline and phases for development to demonstrate a need for service.

Effect of Granting the Amendment

23. Granting the CCN amendment will obligate Crystal Springs to provide water service to future customers in the requested area and such service must be continuous and adequate.

24. Granting the CCN amendment will enable Crystal Springs to provide water service to the subdivisions in accordance with the developer requests for service.
25. Landowners in the requested area will have a water provider available when they need to request water service.
26. All retail public utilities in the proximate area were provided notice of the CCN amendment requested in this proceeding and none requested to intervene.
27. There will be no effect on any retail public utility servicing the proximate area.

Ability to Serve: Managerial and Technical

28. Crystal Springs currently provides water service outside of the requested through several public water systems registered with the TCEQ.
29. Crystal Springs has received TCEQ approval to construct a public water system registered with the TCEQ as White Rock Water Plant 1, TCEQ identification number 1700931, through which it will provide water service to the requested area.
30. The Commission's complaint records, which date back to 2017, show 16 complaints against Crystal Springs, all of which have been resolved.
31. Crystal Springs has 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.
32. Crystal Springs has the managerial and technical capability to provide continuous and adequate service to the requested area.

Feasibility of Obtaining Service from Other Utilities

33. Crystal Springs sent service request letters to three neighboring utilities within one-half mile of the outer boundary of the requested area and no affirmative responses were received within 30 days of Crystal Springs request for service.
34. The developers of the requested area requested service from Crystal Springs.
35. Crystal Springs has received TCEQ approval to construct the White Rock Water Plant 1 public water system, which Crystal Springs will use to serve future customers in the requested area.

36. It is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability and Stability

37. Crystal Springs has a debt-to-equity ratio that is less than one, satisfying the leverage test.

38. Crystal Springs demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages during the first five years of operations after approval of the CCN amendment, satisfying the operations test.

39. Crystal Springs demonstrated that it has adequate funds available, through a revolving line of credit with its bank, for the capital improvements necessary to provide water service to the requested area.

40. Crystal Springs has the financial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

41. There is no need to require Crystal Springs to provide a bond or other financial assurance to ensure continuous and adequate service.

Regionalization or Consolidation

42. Crystal Springs will need to construct a physically separate water system to provide water service to the requested area.

43. The TCEQ approved Crystal Springs to construct the White Rock Water Plant 1 public water system public water system to provide service to the requested area.

44. Crystal Springs sent service request letters to three neighboring utilities within one-half mile of the outer boundary of the requested area and no affirmative responses were received within 30 days of Crystal Springs request for service.

45. Crystal Springs demonstrated that regionalization or consolidation with an adjacent retail public utility is not economically feasible.

Environmental Integrity and Effect on the Land

46. Future construction will be necessary for Crystal Springs to provide water service to the requested area.

47. Crystal Springs has received TCEQ approval to construct the White Rock Water Plant 1 public water system and related distribution facilities, which Crystal Springs will use to serve future customers in the requested area.
48. There will be minimal effect on the land and on environmental integrity as a result of granting the requested CCN amendment.

Improvement in Service or Lowering of Cost

49. Water service to the requested area will improve because Crystal Springs will be obligated to provide service to future customers in the requested area.
50. No lowering of costs to customers in the requested area will result from granting the CCN amendment because there are no existing customers in the requested area.

Map, Tariff, and Certificate

51. On August 4 and August 5, 2022, Commission Staff emailed the proposed final map, tariff, and certificate to Crystal Springs.
52. On August 8, 2022, Crystal Springs filed its consent to the the proposed final map, tariff, and certificate.
53. On August 18, 2022, Commission Staff filed the proposed final map, tariff, and certificate as attachments to its final recommendation.
54. On September 1, 2022, Crystal Springs and Commission Staff filed the proposed final map, tariff, and certificate as attachments to the joint motion to admit evidence and proposed notice of approval.

Informal Disposition

55. More than 15 days have passed since the completion of notice provided in this docket.
56. No person filed a protest or motion to intervene.
57. Crystal Springs and Commission Staff are the only parties to this proceeding.
58. No party requested a hearing and no hearing is needed.
59. Commission Staff recommended that the application be approved.
60. The 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, 13.242, 13.244, and 13.246.
2. Crystal Springs is a retail public utility as defined in TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. Notice of the application was provided in compliance with TWC § 13.246(a) and 16 TAC § 24.235.
4. The application meets the requirements of TWC § 13.244 and 16 TAC §§ 24.227 and 24.233.
5. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,² the TWC and Commission rules.
6. After consideration of the factors in TWC §§ 13.241(a) and 13.246(c) and 16 TAC § 24.227(e), Crystal Springs demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area in Montgomery County and its current service area, as required by TWC § 13.241(a) and 16 TAC § 24.227.
7. Crystal Springs demonstrated that regionalization or consolidation with another retail public utility is not economically feasible, as required by TWC § 13.241(d) and 16 TAC § 24.227(b).
8. It is not necessary for Crystal Springs to provide a bond or other financial assurance under TWC § 13.246(d) or 16 TAC § 24.227(f).
9. Crystal Springs has demonstrated that the amendment to water CCN No. 11373 is necessary for the service, accommodation, convenience, or safety of the public, as required by TWC § 13.246(b) and 16 TAC § 24.227(d).

² Tex. Gov't Code §§ 2001.001–2001.903.

10. Crystal Springs has access to an adequate supply of water to serve the requested area, and its public water system is capable of providing water that meets the requirements of chapter 241 of the Texas Health and Safety Code, chapter 13 of the TWC, and the rules of the TCEQ in accordance with TWC § 13.241(b) and 16 TAC § 24.227(a)(1).
11. Under TWC § 13.257(r) and (s), Crystal Springs must record a certified copy of the approved map and certificate, along with a boundary description of the service area, in the real property records of Montgomery County, Texas within 31 days of this Notice of Approval and must submit evidence of the recording to the Commission.
12. 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 amends Crystal Springs' CCN No. 11373 to include the requested area, as described in this Notice of Approval, and shown on the map attached to this Notice of Approval.
2. The Commission approves the map and tariff attached to this Notice of Approval.
3. The Commission issues the certificate attached to this Notice of Approval.
4. Crystal Springs must provide water service to every customer and applicant for service within the approved area under CCN No. 11373 who requests water service and meets the terms of Crystal Springs' water service policies, and such service must be continuous and adequate.
5. Crystal Springs must comply with the recording requirements of TWC § 13.257(r) and (s) for the area in Montgomery County affected by this application and file in this docket proof of the recording no later than 45 days after the date of this Notice of Approval.
6. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved by this Notice of Approval to Central Records to be marked *Approved* and filed in the Commission's tariff book .

7. The Commission denies all other motions and any other requests for general and specific release that have not been expressly granted.

Signed at Austin, Texas _____ day of _____ 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

JEFFREY J. HUHNS
ADMINISTRATIVE LAW JUDGE