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APPLICATION OF CREEKWOOD	§	PUBLIC UTILITY COMMISSION
RANCHES WATER SUPPLY	§	
CORPORATION AND EAST MEDINA	§	
SPECIAL UTILITY DISTRICT FOR	§	OF TEXAS
SALE, TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN MEDINA COUNTY	§	

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

On August 24, 2021, Creekwood Ranches Water Supply Corporation (Creekwood Ranches WSC) and East Medina Special Utility District (East Medina SUD) (collectively, Applicants) filed an application for approval of the sale and transfer of facilities and certificate rights in Medina County, Texas. Specifically, East Medina SUD, water Certificate of Convenience and Necessity (CCN) No. 10217, seeks approval to acquire facilities and to transfer all the water service area from Creekwood Ranches WSC under water CCN No. 11897. The requested water service area includes 161 customer connections and approximately 355 acres. The Applicants filed supplemental information on September 3, 2021.

On January 25, 2022, 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 the sale allowing the transaction to proceed by February 1, 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 Creekwood Ranches Water Supply Corporation and East Medina Special Utility District for Sale, Transfer, or Merger of Facilities and Certificate Rights in Medina County and its attachments, filed on August 24, 2021 (Interchange Item No. 1);
2. The Applicants' Supplemental Information, filed on September 3, 2021 (Interchange Item No. 3);

3. The Applicants' Supplemental Information, filed on September 3, 2021, (Interchange No. 4)
4. The Applicants' Supplemental Information, filed on September 21, 2021, (Interchange No. 5)
5. Commission Staff's Recommendation on Administrative Completeness and Notice, and Proposed Procedural Schedule, filed on September 23, 2021 (Interchange Item No. 6);
6. The Applicants' Proof of Notice and Maps Sent to Affected Parties, Current Customers, and Neighboring Utilities, filed on October 11, 2021 (Interchange Item No. 8);
7. Commission Staff's Recommendation on Sufficiency of Notice, filed on November 4, 2021 (Interchange Item No. 9); and
8. Commission Staff's Recommendation on Approval of Sale, filed on December 1, 2021 (Interchange Item No. 11).

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 Creekwood Ranches WSC CCN No. 11897 to East Medina SUD CCN No. 10217 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.

Date: February 1, 2022

**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 February 1, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Forrest Smith
Forrest Smith

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APPLICATION OF CREEKWOOD	§	PUBLIC UTILITY COMMISSION
RANCHES WATER SUPPLY	§	
CORPORATION AND EAST MEDINA	§	
SPECIAL UTILITY DISTRICT FOR	§	OF TEXAS
SALE, TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN MEDINA COUNTY	§	

PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

This Order addresses the August 24, 2021 application of Creekwood Ranches Water Supply Corporation (Creekwood Ranches WSC) and East Medina Special Utility District (East Medina SUD) (collectively, Applicants) for approval of the sale, transfer, or merger of facilities and certificate rights in Medina County, Texas. Specifically, East Medina SUD, water Certificate of Convenience and Necessity (CCN) No. 10217, seeks approval to acquire facilities and to transfer all the water service area from Creekwood Ranches WSC under water CCN No. 11897.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Creekwood Ranches WSC is registered with the Texas secretary of state under file number 0145197001.
2. Creekwood Ranches WSC is a member-owned, non-profit water supply corporation that operates, maintains, and controls facilities for providing water service in Medina County, Texas under water CCN No. 11897.
3. Creekwood Ranches WSC owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under public water system (PWS) identification number 1630029.
4. East Medina SUD is a special utility district that operates, maintains, and controls facilities for providing water service in Medina County under CCN No. 10217.

5. East Medina SUD owns three public water systems registered with the TCEQ.

Application

6. On August 24, 2021, the Applicants jointly filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Medina County, Texas.

7. In the application, the Applicants seek approval to acquire facilities and to transfer all of the water service area held under water CCN No. 11897 to East Medina SUD under water CCN No. 10217.

8. The total requested area includes approximately 355 acres and 161 connections.

9. The requested area is located approximately 7 miles east of downtown Hondo, Texas and is generally bounded on the north by County Road 454; on the east by County Road 454; on the south by US Highway 90; and on the west by County Road 4545.

10. On September 3, 2021, the Applicants filed a supplement to the application.

11. In Order No. 2 filed on September 23, 2021, the ALJ deemed the application, as supplemented, administratively complete.

Notice

12. On October 11, 2021, the Applicants filed the affidavit of Bruce Alexander, attesting that notice was provided to all neighboring utilities and affected parties on October 6, 2021.

13. In Order No. 3 filed on November 5, 2021, the ALJ deemed the notice sufficient.

Evidentiary Record

14. On February 1, 2022, the Applicants and Commission Staff filed a joint motion to admit evidence.

15. In Order No. ___ filed on January __, 2022, the ALJ admitted the following evidence into the record:

a. The Application of Creekwood Ranches Water Supply Corporation and East Medina Special Utility District for Sale, Transfer, or Merger of Facilities and Certificate Rights in Medina County and its attachments filed on August 24, 2021;

b. The Applicants' Supplemental Information, filed on September 3, 2021;

- c. The Applicants' Supplemental Information, filed on September 21, 2021;
- d. Commission Staff's Recommendation on Administrative Completeness and Notice, and Proposed Procedural Schedule, filed on September 23, 2021;
- e. The Applicants' Proof of Notice and Maps Sent to Affected Parties, Current Customers, and Neighboring Utilities, filed on October 11, 2021;
- f. Commission Staff's Recommendation on Sufficiency of Notice filed on November 4, 2021; and
- g. Commission Staff's Recommendation on Approval of Sale filed on December 1, 2021.

System Compliance

- 16. East Medina SUD has three TCEQ approved PWS'S.
- 17. East Medina SUD does not have any violations listed in the TCEQ database.
- 18. The Commission's complaint records, which date back to 2014, show no complaints against East Medina SUD.
- 19. No additional construction is necessary for East Medina SUD to serve the requested area.

Adequacy of Existing Service

- 20. Creekwood Ranches WSC has a TCEQ approved PWS registered under PWS identification number 1630029.
- 21. The last TCEQ compliance investigation of the Creekwood Ranches WSC system was on July 7, 2020. No violations or concerns were noted as a result of that investigation.
- 22. The Commission's complaint records, which date back to 2014, show no complaints against Creekwood Ranches WSC.

Need for Additional Service

- 23. There are currently 161 existing customer connections in the requested area, which are currently served by Creekwood Ranches WSC, and there is a need for those customers to continue receiving water service.
- 24. No additional service has been requested or is needed at this time.

Effect of Approving the Transaction

25. Approving the proposed transaction will result in East Medina SUD being the sole certificated entity for the requested area and will obligate East Medina SUD to provide continuous and adequate water service to existing and future customers in the requested area.
26. There will be no effect on any retail public utility servicing the proximate area. All retail public utilities within a two-mile radius of the requested area were provided notice of the transaction proposed in this application. No adjacent retail public utility filed a protest, adverse comment, or motion to intervene.
27. There will be no adverse effect on any landowner in the requested area or retail public utility providing service in the proximate area.

Ability to Serve: Managerial and Technical

28. East Medina SUD has the ability to provide adequate service in the requested area.
29. East Medina SUD employs TCEQ-licensed operators who will be responsible for the operation of its water system.
30. East Medina SUD has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of Chapter 341 of the Texas Health and Safety Code, Chapter 13 of the TWC, and the TCEQ's rules.
31. No additional construction is necessary for East Medina SUD to serve the requested area.
32. East Medina SUD has the managerial and technical ability to provide continuous and adequate service to the requested area.

Ability to Serve: Financial Ability and Stability

33. East Medina SUD has a debt-to-equity ratio of less than one, satisfying the leverage test.
34. East Medina SUD 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.

35. East Medina SUD has demonstrated the financial ability and financial stability to provide continuous and adequate service to the requested area.

Financial Assurance

36. There is no need to require East Medina SUD to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

Regionalization or Consolidation

37. The construction of a physically separate water system is not necessary for East Medina SUD to serve the requested area; therefore, concerns about regionalization or consolidation do not apply.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

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

Environmental Integrity and Effect on the Land

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

Improvement in Service or Lowering of Cost to Consumers

41. East Medina will continue to provide water service to the existing customers in the area.
42. There will be no change in the quality or cost of service to customers as a result of the transaction.

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 Texas Administrative Code (TAC) § 24.239.

2. After consideration of the factors in TWC § 13.246(c), East Medina SUD 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 water service area held under CCN No. 11897 from Creekwood Ranches WSC to East Medina SUD under CCN No. 10217 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 Creekwood Ranches WSC and East Medina SUD may proceed and be consummated.
2. 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.
3. The Applicants have 180 days to complete the transaction.
4. 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.
5. The Applicants are advised that the corresponding service area will remain under CCN No. 11897 and be held by Creekwood Ranches WSC until the sale and transfer transaction is complete in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the Applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
7. 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 February __, 2022.

GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE