



## Filing Receipt

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**DOCKET NO. 52464**

<b>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</b>	<b>§ § § § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**ORDER NO. 7  
APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Creekwood Ranches Water Supply Corporation and East Medina Special Utility District for the sale, transfer, or merger of facilities and certificate rights in Medina County. The applicants seek approval to sell and transfer all of Creekwood Ranches WSC’s facilities and service area under certificate of convenience and necessity (CCN) number 11897 to East Medina SUD’s CCN number 10217. The administrative law judge (ALJ) grants that the sale is approved and the transaction between Creekwood Ranches WSC and East Medina SUD may proceed and be consummated.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicants**

1. Creekwood Ranches WSC is a Texas corporation registered with the Texas secretary of state under registration number 145197001.
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, under water CCN number 11897.
3. Creekwood Ranches WSC owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under public water system 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 number 10217.
5. East Medina SUD owns three public water systems registered with the TCEQ.

### **Application**

6. On August 24, 2021, the applicants filed the application at issue in this proceeding.
7. In the application, the applicants seek approval to acquire facilities and to transfer all of the water service area held under water CCN number 11897 to East Medina SUD under water CCN number 10217.
8. The total requested area includes approximately 355 acres and 161 connections.
9. The requested area is located approximately seven miles east of downtown Hondo, Texas, and is generally bounded on the north by County Road (CR) 454, on the east by CR 454, on the south by United State Highway 90, and on the west by CR 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 found 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 found the notice sufficient.

### **Evidentiary Record**

14. On February 1, 2022, applicants and Commission Staff filed a joint motion to admit evidence.
15. In Order No. 6 on February 1, 2021, the ALJ admitted the following evidence into the record of this proceeding: (a) the application and all 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; (g) Commission Staff's recommendation on approval of sale filed on December 1, 2021.

### **System Compliance**

16. East Medina SUD has three TCEQ approved public water systems.
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 public water system registered und public water system 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 and Granting the Amendment**

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.
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 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 demonstrated the financial capability and stability to provide continuous and adequate retail water 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 service the requested area; therefore, concerns about regionalization or consolidation do not apply.

**Feasibility of Obtaining Service from 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 Cost to Consumers**

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

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. Notice of the application was provided in compliance with Texas Water Code (TWC) §§ 13.246 and 13.301(a)(2), and 16 Texas Administrative Code (TAC) § 24.239(c).
2. After consideration of the factors in TWC § 13.246(c), East Medina SUD demonstrated adequate water service to the requested area as required by TWC § 13.301(b).
3. The applicants demonstrated that the sale and transfer of Creekwood Ranches facilities and water service area under CCN number 11897 to East Medina SUD under CCN number 10217 will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d) and (e).

### III. Ordering Paragraphs

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

1. The sale is 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 period, or an extension has not been granted, this approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that the requested area will be held by Creekwood Ranches until the sale and transfer transaction is completed in accordance with the Commission's 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 schedule for continued processing of this docket.

**Signed at Austin, Texas the 1st day of March 2022.**

**PUBLIC UTILITY COMMISSION OF TEXAS**



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**GREGORY R. SIEMANKOWSKI  
ADMINISTRATIVE LAW JUDGE**