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DOCKET NO. 52464

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

NOTICE OF APPROVAL

This Notice of Approval addresses the application of Creekwood Ranches Water Supply Corporation and East Medina Special Utility District for approval of the sale, transfer, or merger of facilities and certificate rights in Medina County. The Commission approves the sale and transfer of all facilities and service area held under Creekwood Ranches WSC’s certificate of convenience and necessity (CCN) number 11897 to East Medina SUD’s CCN number 10217; the cancellation of Creekwood Ranches WSC’s CCN number 11897; and the amendment of East Medina SUD’s CCN number 10217 to include the area previously included in Creekwood Ranches WSC’s CCN number 11897, to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Creekwood Ranches WSC is a Texas non-profit water supply corporation registered with the Texas secretary of state under registration number 145197001.
2. Creekwood Ranches WSC operates, maintains, and controls facilities for providing retail water service in Medina County under CCN number 11897.
3. Creekwood Ranches WSC owns and operates a public water system that is 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 governed by and operating under chapters 49 and 65 of the Texas Water Code (TWC)

5. East Medina SUD operates, maintains, and controls facilities for providing retail water service in Medina County under CCN number 10217.
6. East Medina SUD owns three public water systems registered with the TCEQ: East Medina County SUD Unit 1 public water system, TCEQ identification number 1630010; East Medina County SUD Unit 2 public water system, TCEQ identification number 1630020; and East Medina County SUD Unit 3 public water system, TCEQ identification number 1630030.

Application

7. On August 24, 2021, the applicants filed the application at issue in this proceeding.
8. In the application, the applicants seek approval of the following: (a) for Creekwood Ranches WSC to sell and transfer all of its facilities and certificated service area under CCN number 11897 to East Medina SUD; (b) to cancel Creekwood Ranches WSC's CCN number 11897; and (c) to amend East Medina SUD's CCN number 10217 to include the area previously included in Creekwood Ranches WSC's water CCN number 11897.
9. On September 3 and 21, 2021, the applicants filed supplements to the application.
10. The requested area includes 355 acres and 161 connections.
11. The requested area is located approximately seven 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 United States Highway 90, and on the west by County Road 4545.
12. In Order No. 2 filed on September 23, 2021, the administrative law judge (ALJ) found the application, as supplemented, administratively complete.

Notice

13. East Medina SUD mailed notice of the application on October 6, 2021, to current customers, neighboring utilities, and affected parties.
14. In an affidavit filed by East Medina on October 11, 2021, Bruce Alexander, superintendent of East Medina SUD, attested to the mailing of notice of the application on October 6, 2021.
15. In Order No. 3 filed on November 5, 2021, the ALJ found the notice sufficient.

Evidentiary Record

16. In Order No. 6 on February 1, 2022, 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; and (g) Commission Staff's recommendation on approval of sale filed on December 1, 2021.
17. In Order No. 10 filed on June 8, 2022, the ALJ admitted the following evidence in the record: (a) the applicants' deed, bill of sale and assignment, filed on March 22, 2022; (b) Commission Staff's recommendation on sufficiency of closing documents filed on April 6, 2022; (c) the applicants' consent forms filed on May 12, 2022; and (d) the map and certificates attached to the joint supplemental motion to admit evidence and joint proposed notice of approval filed on June 6, 2022.

Sale

18. In Order No. 7 filed on March 1, 2022, the ALJ approved the sale and transaction to proceed and required the applicants to file proof that the transaction closed, and customer deposits, if any, had been addressed.
19. On March 22, 2022, Creekwood Ranches WSC and East Medina SUD filed notice that the sale closed on March 7, 2022.
20. In Order No. 8 filed on April 6, 2022, the ALJ found the closing documents sufficient.

System Compliance

21. East Medina SUD does not have any violations listed in the TCEQ database.
22. The Commission's complaint records, which date back to 2014, show no complaints against East Medina SUD.

23. There is no evidence that East Medina SUD has a history of continuing mismanagement or misuse of revenues as a utility service provider.
24. East Medina SUD demonstrated a compliance status that is adequate for approval of the transaction.

Adequacy of Existing Service

25. There are currently 161 water connections in the requested area that are being served by Creekwood Ranches WSC through public water system number 1630029 and such service has been continuous and adequate.
26. 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.
27. The Commission's complaint records, which date back to 2014, show no complaints against Creekwood Ranches WSC.
28. No additional construction is necessary for East Medina SUD to serve the requested area.

Need for Additional Service

29. 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.
30. There is no evidence in the record indicating a need for additional service.

Effect of Approving the Transaction and Granting the Amendment

31. East Medina SUD will become the certificated entity for the requested area and will be obligated to provide continuous and adequate water service to existing and future customers.
32. 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.
33. 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

34. East Medina SUD employs TCEQ-licensed operators who will be responsible for the operation of its water system.
35. 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.
36. No additional construction is necessary for East Medina SUD to serve the requested area.
37. 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

38. East Medina SUD has a debt-to-equity ratio of less than one, satisfying the leverage test.
39. 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.
40. East Medina SUD demonstrated the financial capability and stability to provide continuous and adequate retail water service to the requested area.

Financial Assurance

41. 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

42. 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

43. Creekwood Ranches WSC is currently serving customers in the requested area with existing facilities that have sufficient capacity.
44. 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

45. 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

46. East Medina SUD will continue to provide water service to existing customers in the area.

47. 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.

Maps and Certificate

48. On May 11, 2022, Commission Staff emailed to the applicants the final proposed map and certificate related to this docket.

49. On May 12, 2022, Creekwood Ranches WSC and East Medina SUD filed consent forms concurring with the proposed final map and certificate.

50. On June 6, 2022, the final map and certificate were included as attachments to the joint supplemental motion to admit evidence and joint proposed notice of approval.

Informal Disposition

51. More than 15 days have passed since the completion of notice provided in this docket.

52. No person filed a protest or motion to intervene.

53. Creekwood Ranches WSC, East Medina SUD, and Commission Staff are the only parties to this proceeding.

54. No party requested a hearing, and no hearing is needed.

55. Commission Staff recommended approval of the application.

56. 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 §§ 13.241, 13.242, 13.244, 13.246, 13.251, 13.254, and 13.301.
2. Creekwood Ranches WSC and East Medina SUD 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 and 16 TAC § 24.227.
4. Notice of the application was provided in compliance with TWC §§ 13.246 and 13.301(a), and 16 TAC §§ 24.235 and 24.239.
5. The Commission processed the application in accordance with the requirements of the TWC, the Administrative Procedure Act,¹ and the Commission's rules.
6. Creekwood Ranches WSC and East Medina SUD completed the sale within the time required by 16 TAC § 24.239(m).
7. Creekwood Ranches WSC and East Medina SUD complied with the requirements of 16 TAC § 24.239(k) with respect to customer deposits.
8. After consideration of the factors in TWC § 13.246(c) and 16 TAC § 24.239(h)(5), East Medina SUD demonstrated that it is capable of rendering continuous and adequate service to every customer with the requested area, as required by TWC § 13.251.
9. East Medina SUD demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service in the requested area, as required by TWC §§ 13.241(a) and 13.301(b).
10. Regionalization or consolidation concerns under TWC § 13.241(d) do not apply in this proceeding because construction of a physically separate water system is not required.
11. It is not necessary for East Medina SUD to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
12. Creekwood Ranches WSC and East Medina SUD 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

¹ Tex. Gov't Code §§ 2001.001-.903.

the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d) and (e).

13. Under TWC § 13.257(r) and (s), East Medina SUD 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 Medina County within 31 days of this Notice of Approval and must submit evidence of the recording to the Commission.
14. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

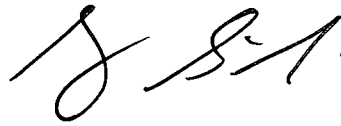
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves the sale and transfer of the facilities and certificated service area under Creekwood Ranches WSC's CCN number 11897 to East Medina SUD, as shown on the map attached to this Notice of Approval.
2. The Commission amends East Medina SUD's CCN number 10217 to include the facilities and service area previously included in Creekwood Ranches WSC's CCN number 11897, as shown on the map attached to this Notice of Approval.
3. The Commission approves the map attached to this Notice of Approval.
4. The Commission issues the certificate attached to this Notice of Approval.
5. East Medina SUD must provide service to every customer or applicant for service within the approved area under water CCN number 10217 that requests service and meets the terms of East Medina SUD's water service policies, and such service must be continuous and adequate.
6. East Medina SUD must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Medina County affected by the application and must submit to the Commission evidence of the recording no later than 45 days after of the date of this Notice of Approval.

7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 11th day of July 2022.

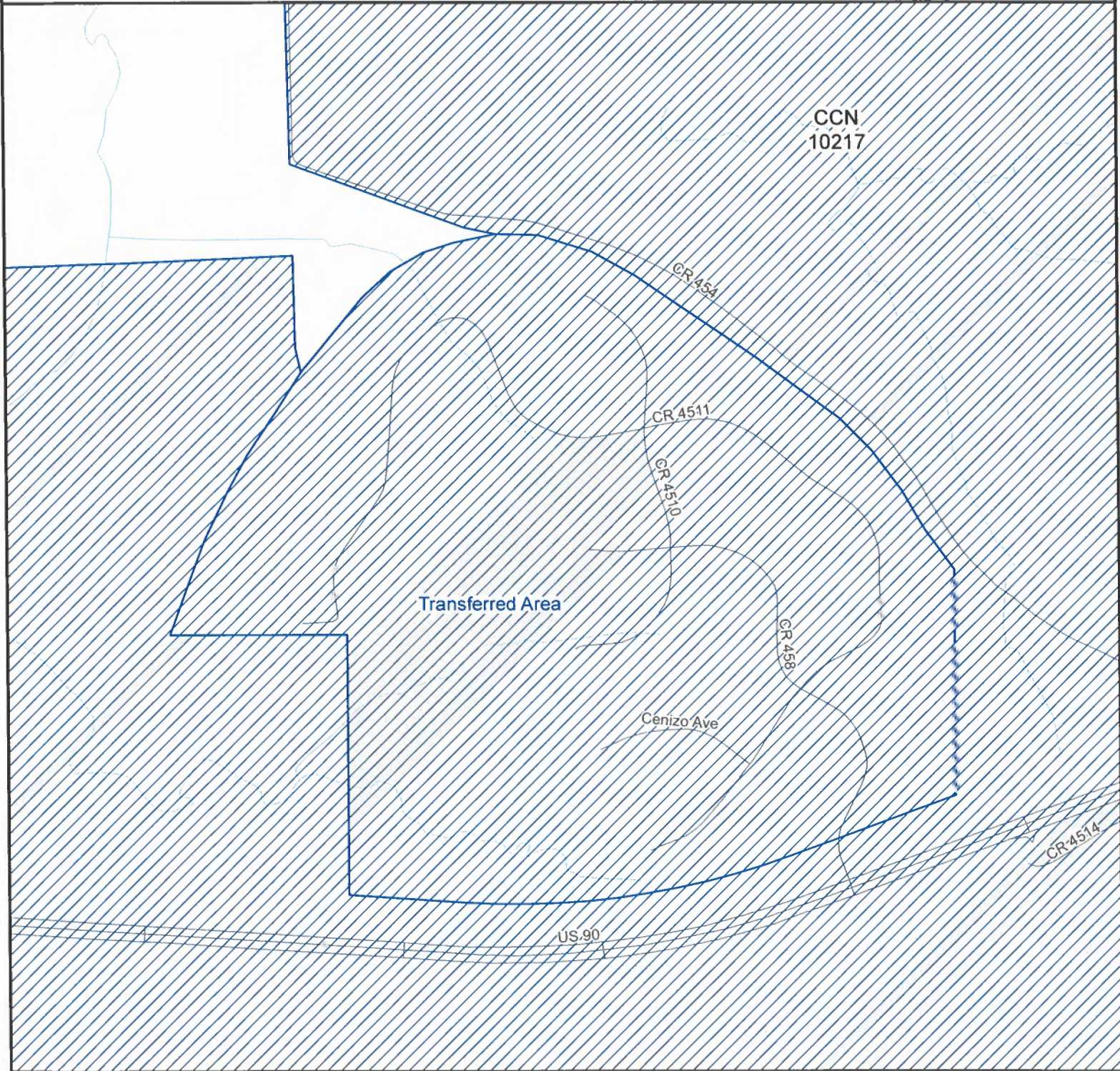
PUBLIC UTILITY COMMISSION OF TEXAS



**GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE**

East Medina County Special Utility District
Portion of Water CCN No. 10217
PUC Docket No. 52464

Trasnferred all of Creekwood Ranches Water Supply Corporation, CCN No. 11897 in Medina County



Water CCN

 10217 - East Medina County SUD



Public Utility Commission of Texas

By These Presents Be It Known To All That

East Medina Special Utility District

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, East Medina Special Utility District is entitled to this

Certificate of Convenience and Necessity No. 10217

to provide continuous and adequate water utility service to that service area or those service areas in Medina County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52464 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 East Medina Special Utility District 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.