



## Filing Receipt

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**DOCKET NO. 52661**

**APPLICATION OF TRI-COUNTY POINT §  
PROPERTY OWNERS ASSOCIATION §  
AND CSWR-TEXAS UTILITY § PUBLIC UTILITY COMMISSION  
OPERATING COMPANY, LLC FOR §  
SALE, TRANSFER, OR MERGER OF § OF TEXAS  
FACILITIES AND CERTIFICATE §  
RIGHTS IN CALHOUN AND JACKSON §  
COUNTIES §**

**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

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<b>PROPERTY OWNERS ASSOCIATION</b>	<b>§</b>	
<b>AND CSWR-TEXAS UTILITY</b>	<b>§</b>	
<b>OPERATING COMPANY, LLC FOR</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>SALE, TRANSFER, OR MERGER OF</b>	<b>§</b>	
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RIGHTS IN CALHOUN AND JACKSON</b>	<b>§</b>	
<b>COUNTIES</b>	<b>§</b>	

**JOINT MOTION TO ADMIT EVIDENCE  
AND PROPOSED ORDER APPROVING THE SALE AND TRANSFER TO PROCEED**

COME NOW Tri-County Point Property Owners Association (“Tri-County Point”) 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. In support thereof, the Parties show the following:

**I. BACKGROUND**

On September 30, 2021, Tri-County Point 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 Calhoun and Jackson Counties (“Application”). The Applicants seek the transfer of all water facilities owned by Tri-County and the amendment of CSWR Texas’s certificate of convenience and necessity (“CCN”) number 13290 to include 702 acres under CSWR Texas’s CCN No. 13290. The Applicants seek the transfer of all sewer facilities owned by Tri-County and the amendment of CSWR Texas’s certificate of convenience and necessity (“CCN”) number 21120 to include 1,841 acres under CSWR Texas’s CCN No. 13290. The requested sale and transfer includes approximately 476 water connections and 447 sewer connections.

Pursuant to Order No. 4, 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 September 30, 2021 and October 1, 2021 (Interchange Item Nos. 1 through 6);

2. CSWR Texas's first supplement, including confidential attachments, filed on October 14, 2021 and October 15, 2021 (Interchange Item No. 8 and 9);
3. CSWR Texas's third supplement and first errata, filed on November 11, 2021 (Interchange Item No. 12);
4. CSWR Texas's supplemental Attachment G, including confidential attachments, filed on January 12, 2022 and January 13, 2022 (Interchange Item Nos. 14 and 16);
5. CSWR Texas's supplemental Attachment G, including confidential attachments, filed on January 27, 2022 (Interchange Item Nos. 17 and 18)
6. CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on January 31, 2022 (Interchange Item Nos. 19 and 20);
7. Commission Staff's recommendation on sufficiency of notice, filed on February 10, 2022 (Interchange Item No. 21); and
8. Commission Staff's recommendation on approval of sale, including confidential attachments, filed on April 14, 2022. (Interchange Item Nos. 24 and 25).

### **III. COMMISSION STAFF'S CUMULATIVE RECOMMENDATION**

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 Motion to Admit Evidence and adopt the attached Proposed Order Approving the Sale and Transfer for Proceed.

Respectfully submitted,

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UTILITY OPERATING COMPANY, LLC**

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 13<sup>th</sup> day of May 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.

  
Wendy K. Harvel

**DOCKET NO. 52661**

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<b>PROPERTY OWNERS ASSOCIATION</b>	<b>§</b>	
<b>AND CSWR-TEXAS UTILITY</b>	<b>§</b>	
<b>OPERATING COMPANY, LLC FOR</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
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<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	<b>OF TEXAS</b>
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<b>COUNTIES</b>	<b>§</b>	

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

This Order addresses the application of Tri-County Point Property Owners Association (Tri-County Point) and CSWR-Texas Utility Operating Company, LLC (CSWR Texas) for the sale, transfer, or merger of facilities in Calhoun and Jackson Counties. CSWR Texas seek the sale and transfer of all facilities and service area held under Tri-County Point’s water certificate of convenience and necessity (CCN) number 11786 and sewer CCN number 20616 to CSWR Texas, the cancellation of Tri-County Point’s water CCN number 11786 and sewer CCN number 20616, the amendment of CSWR Texas’s water CCN number 13290 to include the area previously included in Tri-County Point’s water CCN number 11786, and the amendment of CSWR Texas’s sewer CCN number 21120 to include the area previously included in Tri-County Point’s sewer CCN number 20616. The administrative law judge (ALJ) grants that the sale is approved and the transaction between the applicants may proceed and be consummated.

**I. Findings of Fact**

The Commission makes the following findings of fact:

**Applicants**

1. Tri-County Point is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Calhoun and Jackson Counties under CCN number 11786 and sewer service in Calhoun and Jackson Counties under CCN number 20616.
2. Tri-County Point owns and operates three Texas Commission on Environmental Quality (TCEQ)-approved public water systems (PWS) registered as Tri County Point Water

System 2, PWS ID No. 1200027, Tri County Point Water System 3, PWS ID No. 1200028, and Tri County Point Water System 4, PWS ID No. 1200029.

3. Tri-County Point has a TCEQ-approved wastewater treatment plant (WWTP) registered as Tri-County Point Property Owners Association WWTP, Wastewater Discharge Permit No. WQ0015399001.
4. CSWR Texas is a Texas limited liability company registered with the Texas secretary of state under file number 0803367893.
5. CSWR Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Llano, Lubbock, McCulloch, Montague, Parker, Victoria, Wilson, and Wood counties under CCN number 13290.
6. CSWR Texas is an investor-owned utility that operates, maintains, and controls facilities for providing sewer service in Hidalgo, Hood, Navarro, and Parker under CCN number 21120.

### **Application**

7. On September 30, 2021, the applicants filed the application for approval of the sale and transfer of all facilities and service area held under Tri-County Point's water certificate of convenience and necessity (CCN) number 11786 and sewer CCN number 20616 to CSWR Texas, the cancellation of Tri-County Point's water CCN number 11786 and sewer CCN number 20616, the amendment of CSWR Texas's water CCN number 13290 to include the area previously included in Tri-County Point's water CCN number 11786, and the amendment of CSWR Texas's sewer CCN number 21120 to include the area previously included in Tri-County Point's sewer CCN number 20616.
8. CSWR Texas supplemented the application on October 14, and 15, 2021, November 11, 2021, January 12, 13, and 27, 2022.
9. In the application, the applicants seek approval of the following transaction: (a) CSWR Texas will acquire all of Tri-County Point's water facilities and water service area under water CCN number 11786; (b) CSWR Texas will acquire all of Tri-County Point's sewer facilities and sewer service area under water CCN number 20616; (c) Tri-County Point's



water CCN number 11786 will be cancelled; (d) Tri-County Point's sewer CCN number 20616 will be cancelled; (e) CSWR Texas's water CCN number 13290 will be amended to include the area previously included in Tri-County Point's water CCN number 11786; and (f) CSWR Texas's water CCN number 21120 will be amended to include the area previously included in Tri-County Point's sewer CCN number 20616.

10. The total requested water area comprises approximately 702 acres and 476 connections.
11. The requested water areas are located as follows:
  - a. System 1 (TX1200027). The requested area is located approximately 10 miles west of downtown Palacios, Texas, and is generally bounded on the north by .25 mile north of Speckled Trout Loop; on the east by approximately 250 feet east of Speckled Trout Loop; on the south by County Road 476; and on the west by Carancahua Bay. The requested area includes approximately 49 acres.
  - b. System 2 (TX1200027). The requested area is located approximately 9.5 miles west of downtown Palacios, Texas, and is generally bounded on the north by approximately 100 feet north of Marlin Drive; on the east by approximately 280 feet east of Sea Bass Drive; on the south by County Road 476; and on the west by approximately 100 feet west of Marlin Drive. The requested area includes approximately 63 acres.
  - c. System 3 (TX1200028). The requested area is located approximately 9 miles west of downtown Palacios, Texas, and is generally bounded on the north by approximately 200 feet north of Abalone Street; on the east by approximately 300 feet east of Oar Fish Drive; on the south by approximately 700 feet south of Coral Lane; and on the west by approximately 200 feet west of King Crab Road. The requested area includes approximately 363 acres.
  - d. System 4 (TX1200029). The requested area is located approximately 10 miles west of downtown Palacios, Texas, and is generally bounded on the north by approximately 250 feet north of Ladyfish Road; on the east by County Road 477; on the south by approximately 450 feet south of Lobster Lane; and on the west by Carancahua Bay. The requested area includes approximately 199 acres.

- e. Water Line (TX1200028). The requested area is located approximately 10 miles west of downtown Palacios, Texas, and is generally bounded on the north by approximately 105 feet north of County Road 478; on the east by Sand Dollar Lane; on the south by approximately 350 feet south of County Road 478; and on the west by Carancahua Bay. The requested area includes approximately 28 acres.
12. The total requested sewer area comprises approximately 1,841 acres and 447 connections.
13. The requested sewer area is located approximately 9 miles west of downtown Palacios, Texas, and is generally bounded on the north approximately 0.5 mile north of County Road 476; on the east approximately 300 feet east of Oar Fish Drive, on the south approximately 500 feet south of Lobster Lane, and on the west by Carancahua Bay.
14. In Order No. 3 filed on January 12, 2022, the ALJ deemed the application administratively complete.

#### **Notice**

15. On January 31, 2022, CSWR Texas filed the affidavit of Aaron Silas of CSWR Texas, attesting that notice was provided to all current customers of Tri-County Point, neighboring utilities, and affected parties on January 31, 2022.
16. In Order No. 4 filed on February 16, 2022, the ALJ deemed the notice sufficient.

#### **Evidentiary Record**

17. On May 13, 2022, the parties filed a joint motion to admit evidence.
18. In Order No. \_\_ filed on \_\_\_\_\_, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on September 30, 2021 and October 1, 2021; (b) CSWR Texas's first supplement, including confidential attachments, filed on October 14, 2021 and October 15, 2021; (c) CSWR Texas's third supplement and first errata, filed on November 11, 2021; (d) CSWR Texas's supplemental Attachment G, including confidential attachments, filed on January 12, 2022 and January 13, 2022; (e) CSWR Texas's supplemental Attachment G, including confidential attachments, filed on January 27, 2022; (f) CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on January 31, 2022; (g) Commission Staff's recommendation on

sufficiency of notice, filed on February 10, 2022; and (h) Commission Staff's recommendation on approval of sale, including confidential attachments, filed on April 14, 2022.

**Cumulative Recommendation**

19. On April 14, 2022, 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. Docket Nos. 50251,<sup>1</sup> 50276,<sup>2</sup> 50311,<sup>3</sup> 50989,<sup>4</sup> 51026,<sup>5</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).*

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> 51222,<sup>15</sup>

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<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, Docket No. 51130, 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, Docket No. 51146, 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).*

<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, Notice of Approval (Feb. 16, 2022).*

51642,<sup>16</sup> 51126,<sup>17</sup> 51544,<sup>18</sup> 51928,<sup>19</sup> 51940,<sup>20</sup> 51917,<sup>21</sup> 50989,<sup>22</sup> 51981,<sup>23</sup> 52089,<sup>24</sup>  
52099,<sup>25</sup> 52410,<sup>26</sup> 52700,<sup>27</sup> 52702,<sup>28</sup> 52803,<sup>29</sup> and 52879.<sup>30</sup>

### **System Compliance**

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<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, Notice of Approval (Mar. 15, 2022).*

<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, Notice of Approval (Feb. 15, 2022).*

<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, Notice of Approval (Jan. 21, 2022).*

<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, Notice of Approval (Mar. 15, 2022).*

<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, Notice of Approval (Mar. 8, 2022).*

<sup>22</sup> *Application of Ranch Country of Texas Water System, 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>23</sup> *Application of Live Oak Hills and Flag Creek Ranch Water Systems and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano and McCulloch Counties, Docket No. 51981, Notice of Approval (Jan. 28, 2022).*

<sup>24</sup> *Application of Alpha Utility of Camp County, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Camp County, Docket No. 52089, Notice of Approval (Mar. 25, 2022).*

<sup>25</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).*

<sup>26</sup> *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 Bexar County, Docket No. 52410 (pending).*

<sup>27</sup> *Application of RJR Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker and Palo Pinto Counties, Docket No. 52700 (pending).*

<sup>28</sup> *Application of CSWR-Texas Utility Operating Company, LLC and Fremont Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702 (pending).*

<sup>29</sup> *Application of Copano Cove Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate rights in Aransas County, Docket No. 52803 (pending).*

<sup>30</sup> *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 51879 (pending).*

20. Tri-County Point's public water system numbers 1200027, 1200028 and 1200029 has violations listed in the TCEQ database.
21. Tri-County Point's sewer system operated under Wastewater Discharge Permit No. WQ0015399001 has self-reported violations listed in the TCEQ database.
22. CSWR Texas has agreed to work with the TCEQ to address any outstanding compliance issues upon consummation of the transaction.
23. CSWR Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

#### **Adequacy of Existing Service**

24. There are currently 476 connections in the 702-acre requested area that is being served by Tri-County Point through public water system number 1200027, 1200028 and 1200029, and such service has been continuous and adequate.
25. There are currently 447 connections in the 1,814-acre requested area that is being served by Tri-County Point through its WWDP Permit No. WQ0015399001, and such service has been continuous and adequate.
26. Tri-County Point has several violations listed in the TCEQ database, which means the service currently provided to the requested area is inadequate. CSWR Texas stated that it intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water system into compliance with TCEQ regulations and to ensure customers receive safe and reliable service.

#### **Need for Additional Service**

27. There is a continuing need for service because Tri-County Point is currently serving 476 water connections and 447 sewer connections in the requested area.
28. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the requested areas.

#### **Effect of Approving the Transaction and Granting the Amendment**

29. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR Texas to provide continuous and adequate water and sewer service to current and future customers in the requested areas.
30. 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.
31. There will be no effect on landowners as the area is currently certificated.
32. CSWR Texas will adopt Tri-County Point's current rates upon the consummation of the transaction.

**Ability to Serve: Managerial and Technical**

33. CSWR Texas has the ability to provide adequate service in the requested area. CSWR-Texas has purchased several TCEQ approved public water systems and wastewater treatment plants. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR-Texas.
34. CSWR Texas stated its intent to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water systems into compliance with TCEQ regulations and to ensure customers receive safe and reliable service. The needed improvements will begin when the systems are officially transferred to CSWR Texas. Once the water and sewer systems are compliant with TCEQ regulations, the service provided to the requested area will be adequate.
35. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the water and sewer systems.
36. No additional construction is necessary for CSWR Texas to provide service to the requested areas.
37. CSWR Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

**Regionalization or Consolidation**

38. The construction of a physically separate system is not necessary for CSWR Texas to serve the requested area. Therefore, concerns of regionalization or consolidation do not apply.

**Feasibility of Obtaining Service from Adjacent Retail Public Utility**

39. The Tri County Point Water System 1, Tri County Point Water System 2, Tri County Point Water System 3, Tri County Point Water System 4, and the Tri-County Point Property Owners Association WWTP are currently serving customers and have sufficient capacity. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At the minimum, an interconnect would need to be installed in order to connect to a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

**Ability to Serve: Financial Ability**

40. 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.
41. 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.
42. CSWR Texas demonstrated the financial and managerial ability and stability to provide continuous and adequate service to the requested area.

**Financial Assurance**

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



**Environmental Integrity and Effect on the Land**

44. 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**

45. Water and sewer service to the requested area will improve because CSWR Texas intends to address and resolve regulatory compliance issues and improve the safety and reliability of service.
46. 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 water systems and the sewer system upon consummation 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 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. It is not necessary for CSWR Texas to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
4. The applicants have demonstrated that the sale of Tri-County Point's facilities to CSWR Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public under TWC § 13.301(d), (e).

**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 the applicants 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, this approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that the requested areas and associated facilities will remain under water CCN number 11786 and sewer CCN number 20616 and held by Tri-County Point 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 schedule for continued processing of this docket.

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

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**GREGORY R. SIEMANKOWSKI  
ADMINISTRATIVE LAW JUDGE**