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DOCKET NO. 52700

**APPLICATION OF RJR WATER §
COMPANY, INC. AND CSWR-TEXAS §
UTILITY OPERATING COMPANY, LLC § PUBLIC UTILITY COMMISSION
FOR SALE, TRANSFER, OR MERGER §
OF FACILITIES AND CERTIFICATE § OF TEXAS
RIGHTS IN PARKER AND PALO PINTO §
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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UTILITY OPERATING COMPANY, LLC	§	PUBLIC UTILITY COMMISSION
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	OF TEXAS
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COUNTIES	§	

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

COME NOW RJR Water Company, Inc. (“RJR Water”) and CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”), together with the Staff (“Staff”) of the Public Utility Commission of Texas (“Commission ”) (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 October 12, 2021 RJR Water and CSWR Texas (collectively, the “Applicants”) filed an Application (“Application”) with the Commission for approval of the sale, transfer, or merger of facilities and certificate rights in Parker and Palo Pinto Counties . The Applicants seek the sale and transfer of all facilities and service area held under RJR Water’s water Certificate of Convenience and Necessity (CCN) No. 20614 to CSWR Texas, the cancellation of RJR Water’s water CCN No. 20614, and the amendment of CSWR Texas’s water CCN No. 13290 to include the area previously included in RJR Water’s water CCN No. 20614. The requested area comprises approximately 347 acres and 137 connections.

Pursuant to Order No. 4, filed on January 28, 2022, 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 for the sale, transfer, or merger, including all confidential attachments, filed on October 12, 2021 and October 13, 2021 (Interchange Item Nos. 1 through 5);

2. CSWR Texas's first supplement to the application filed on October 14, 2021 (Interchange Item No. 7);
3. CSWR Texas's errata to the application filed on November 8, 2021 (Interchange Item No. 9);
4. Commission Staff's recommendation on administrative completeness filed on November 12, 2021 (Interchange Item No. 10);
5. CSWR Texas's second supplement to the application filed on November 29, 2021 (Interchange Item No. 12);
6. CSWR Texas's proof of notice including affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on December 2, 2021 and December 3, 2021 (Interchange Item Nos. 13 and 14);
7. Commission Staff's recommendation on sufficiency of notice, filed on December 22, 2021 (Interchange Item No. 15);
8. CSWR Texas's first supplemental Highly Sensitive Attachment G, including confidential attachments, filed on January 12 and 13, 2022 (Interchange Item Nos. 17 and 18);
9. CSWR Texas's second supplemental Highly Sensitive Attachment G, including confidential attachments, filed on January 27, 2022 (Interchange Item Nos. 21 and 22); and
10. Commission Staff's recommendation on approval of the transaction, including confidential attachments, filed on February 24, 2022. (Interchange Item No. 27).

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

Respectfully submitted,

**ATTORNEYS FOR CSWR TEXAS
UTILITY OPERATING COMPANY, LLC**

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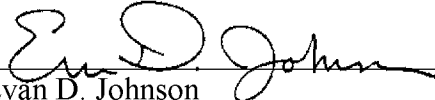
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CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of March 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.


Evan D. Johnson

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APPLICATION OF RJR WATER	§	
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JOINT PROPOSED ORDER APPROVING THE SALE AND ALLOWING THE TRANSACTION TO PROCEED

This Order addresses the application of RJR Water Company, Inc. (RJR Water) and CSWR-Texas Utility Operating Company, LLC (CSWR Texas) for the sale, transfer, or merger of facilities in Parker County, Texas and Palo Pinto County, Texas. . CSWR Texas seek the sale and transfer of all facilities and service area held under RJR Water’s water Certificate of Convenience and Necessity (CCN) No. 20614 to CSWR Texas, the cancellation of RJR Water’s water CCN No. 20614, and the amendment of CSWR Texas’s water CCN No. 13290 to include the area previously included in RJR Water’s water CCN No. 20614. 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. RJR Water is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Parker County, TX and Palo Pinto County, Texas under CCN No. 20614.
2. RJR Water owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1840077.
3. CSWR Texas is a Texas limited liability company registered with the Texas secretary of state under file number 0803367893.
4. CSWR Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Aransas, Austin, Burluson, Burnet, Erath, Guadalupe,

Harris, Hays, Hidalgo, Hood, Llano, Lubbock, McCulloch, Parker, Victoria, Wilson, and Wood counties under CCN No. 13290.

Application

5. On October 12, 2021, the applicants filed the application for approval of the sale and transfer of all facilities and service area held under RJR Water's water CCN No. 20614 to CSWR Texas, cancellation of RJR Water's water CCN No. 20614, and amend CSWR Texas's water CCN No. 13290 to include the area previously included in RJR Water's water CCN No. 20614.
6. CSWR Texas supplemented the application on October 14, 2021, November 29, 2021, January 12, 2022, January 13, 2022, and January 27, 2022.
7. CSWR Texas filed an errata to the application on November 8, 2021.
8. In the application, the applicants seek approval of the following transaction: (a) CSWR Texas will acquire all of RJR Water's water facilities and water service area under water CCN No. 20614; (b) RJR Water's water CCN No. 20614 will be cancelled; and (c) CSWR Texas's water CCN No. 13290 will be amended to include the area previously included in RJR Water's water CCN No. 20614.
9. The requested area comprises approximately 347 acres and 137 connections.
10. The requested area is located approximately 4 miles southwest of downtown Millsap, Texas, and is generally bounded on the north by Union Pacific Railroad Company and the Brazos River; on the east by Mountain River Road and Soda Springs Road; on the south by Soda Springs Road; and on the west by Union Pacific Railroad Company and the Brazos River.
11. In Order No. 2 filed on November 15, 2021, the ALJ deemed the application, as supplemented, administratively complete.

Notice

12. On December 2, 2021, CSWR Texas filed the affidavit of Josiah Cox, president and manager of CSWR Texas, attesting that notice was provided to all current customers of RJR Water, neighboring utilities, and affected parties on November 30, 2021.

13. In Order No. 3 filed on December 29, 2021, the ALJ deemed the notice sufficient.
14. On January 26, 2022, Quality Hill Partners, LLC (Quality Hill) submitted a request to intervene. On February 2, 2022, CSWR Texas submitted its response to Quality Hill's motion, in which it stated that Quality Hill had failed to assert a justiciable interest in the outcome of this proceeding and that its motion was not timely filed.
15. In Order No. 5, filed on February 16, 2022, the ALJ denied Quality Hill's motion to intervene.

Evidentiary Record

16. On March 18, 2022, the parties filed a joint motion to admit evidence.
17. In Order No. __ filed on _____, the ALJ admitted the following evidence into the record: (a) the application for the sale, transfer, or merger, including all confidential attachments, filed on October 12, 2021 and October 13, 2021; (b) CSWR Texas's first supplement to the application filed on October 14, 2021; (c) CSWR Texas's errata to the application filed on November 8, 2021; (d) Commission Staff's recommendation on administrative completeness filed on November 12, 2021 ; (e) CSWR Texas's second supplement to the application filed on November 29, 2021; (f) CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on December 2, 2021; (g) Commission Staff's recommendation on sufficiency of notice, filed on December 22, 2021; (h) CSWR Texas's first supplemental Highly Sensitive Attachment G, including confidential attachments, filed on January 12, 2022 and January 13, 2022; (i) CSWR Texas's second supplemental Highly Sensitive Attachment G, including confidential attachments, filed on January 27, 2022; and (j) Commission Staff's recommendation on approval of the transaction, including confidential attachments, filed on February 24, 2022.

Cumulative Recommendation

18. On February 24, 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. 50251,¹ 50276,² 50311,³ 50989,⁴ 51026,⁵ 51065,⁶

¹ *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).*

² *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).*

³ *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).*

⁴ *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).*

⁵ *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).*

⁶ *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).*

51118,⁷ 51031,⁸ 51047,⁹ 51130,¹⁰ 51146,¹¹ 51089,¹² 51003,¹³ 51036,¹⁴ 51222,¹⁵ 51642,¹⁶

⁷ *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).*

⁸ *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).*

⁹ *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).*

¹⁰ *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, Notice of Approval (Apr. 20, 2021).*

¹¹ *Application of Abraxas Corporation and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Notice of Approval (Apr. 23, 2021).*

¹² *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).*

¹³ *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).*

¹⁴ *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).*

¹⁵ *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).*

¹⁶ *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).*

51126,¹⁷ 51544,¹⁸ 51928,¹⁹ 51940,²⁰ 51917,²¹ 50989,²² 51981,²³ 52089,²⁴ 52099,²⁵
52410,²⁶ 52700²⁷.

System Compliance

19. RJR Water's public water system number 1840077 is currently in compliance with the rules of the TCEQ.
20. CSWR Texas intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water system into compliance with TCEQ regulations

¹⁷ 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).

¹⁸ 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).

¹⁹ 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).

²⁰ 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).

²¹ 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).

²² 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).

²³ 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).

²⁴ 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 (pending).

²⁵ 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).

²⁶ 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).

²⁷ 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).

and to ensure customers receive safe and reliable service within a reasonable time upon consummation of the transaction.

21. CSWR Texas has demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

22. There are currently 137 connections in the 347-acre requested area that is being served by RJR Water through its public water system, number 1840077, and such service has been continuous and adequate.
23. RJR Water has no active violations listed in the TCEQ database, which means the service currently provided to the requested area is adequate. In addition, the Commission's complaint records, which date back to 2017, show no complaints against RJR Water.

Need for Additional Service

24. There is a continuing need for service because RJR Water is currently serving 137 connections in the requested area.
25. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 347-acre requested area.

Effect of Approving the Transaction and Granting the Amendment

26. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR Texas to provide continuous and adequate water service to current and future customers in the 347-acre requested area.
27. The only entity to request to intervene was Quality Hill. Quality Hill is not a customer of RJR Water. Quality Hill is the owner of the land where one of the wells that serves the requested area is located. CSWR Texas confirmed in its response to Quality Hill's request to intervene that the well on the property is one of three wells that provides service to the requested area and that there is presently sufficient system capacity without utilizing the well on Quality Hill's property and, accordingly, Quality Hill is not affected by approval of the transaction and granting the amendment.

28. 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.
29. There will be no effect on landowners as the area is currently certificated.
30. CSWR Texas will adopt RJR Water's current rates upon the consummation of the transaction.

Ability to Serve: Managerial and Technical

31. CSWR Texas owns and operates 34 public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
32. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
33. No additional construction is necessary for CSWR Texas to provide service to the requested areas.
34. CSWR Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

Regionalization or Consolidation

35. 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

36. RJR Water is currently serving customers and has sufficient capacity. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed. At a 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

37. 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.

38. 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 and within five years of operations after completion of the transaction and that it possesses the cash and leverage ability to pay for capital improvements and necessary equity investments—satisfying the operations test.
39. CSWR Texas demonstrated the financial and managerial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

40. 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

41. 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

42. CSWR--Texas will continue to provide water service to the existing customers in the area. There will be no change in the quality or cost of service to customers.
43. 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 RJR Water's water 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) and 16 TAC §§ 24.227(e) and 24.239(h)(5), 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 RJR Water'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 No. 20614 and held by RJR Water 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

GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE