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DOCKET NO. 52700

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

**ORDER NO. 11
REQUIRING SUPPLEMENTAL INFORMATION,
FINDING CLOSING DOCUMENTATION SUFFICIENT,
AND ESTABLISHING PROCEDURAL SCHEDULE**

This Order addresses the October 12, 2021 application of RJR Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for approval of the sale, transfer, or merger of facilities and certificate rights in Parker and Palo Pinto counties. This Order also addresses the need for CSWR-Texas and RJR Water to supplement the application, for Commission Staff to file a supplemental recommendation, and for the parties to move to admit the additional information into the record.

During the Commission's May 11, 2023 open meeting, the Commission discussed certain aspects of sale, transfer, or merger applications.¹ Specifically, Interim Chair Jackson filed a memorandum in Docket No. 51646² stating that more evidence was needed regarding the capital improvements plan, notice, and mapping, among other issues. These issues were incorporated into the Commission's order remanding the proceeding to Docket Management.

Capital Improvements Plan

Under Texas Water Code (TWC) § 13.244(d)(3) and 16 Texas Administrative Code (TAC) § 24.233(a)(6), an applicant for a certificate of convenience and necessity (CCN) or amendment to a CCN must provide a capital improvement plan, which must include a budget and estimated timeline for construction of all facilities necessary to provide full service to the entire proposed service area and must be keyed to a map showing where the facilities will be located to provide

¹ Open Meeting at 1:22 (May 11, 2023), Item No. 2 (*available at https://www.adminmonitor.com/tx/puct/open_meeting/202305112/*).

² *Application of Waters of Vista Ranch Water Supply Corporation and Aqua Water Supply Corporation for Sale, Transfer, or Merger of Facilities and Certificate Rights in Fayette County*, Docket No. 51646 (pending).

service.³ A pro forma budget is not a capital improvement plan under the TWC or the Commission's rules.⁴

After review of the application, the administrative law judge (ALJ) has determined that the materials in the application do not constitute a capital improvements plan that meets the Commission's expectations or the requirements of TWC § 13.244(d)(3) or 16 TAC § 24.233(a)(6).

By July 7, 2023, the applicants must file a capital improvements plan conforming with the Commission's discussions in Docket Nos. 51646 and 52391⁵ and the requirements in TWC § 13.244(d)(3) and 16 TAC § 24.233(a)(6).

By July 25, 2023, Commission Staff must file a recommendation on whether the applicants' capital improvement plan satisfies the requirements of the Commission, TWC § 13.244(d)(3), and 16 TAC § 24.233(a)(6).

Loan Documentation

The requirements of 16 TAC § 24.11(e)(5) apply either when an applicant is proposing service to a new CCN area or a substantial addition to its current CCN area requiring capital improvements in excess of \$100,000. Under 16 TAC § 24.11(e)(5)(A), for a sale, transfer, or merger application, the owner must submit loan approval documents indicating funds are available for the purchase of an existing system plus any improvements necessary to provide continuous and adequate service to the existing customers.

It appears from the materials provided by the applicants in Attachment J that capital improvements in excess of \$100,000 may be required for the system at issue. If capital improvements in excess of \$100,000 are required, the applicants must provide, by July 7, 2023, loan documentation in accordance with 16 TAC § 24.11(e)(5)(A) or request a good cause exception under 16 TAC § 24.2(b).

By July 25, 2023, Commission Staff must file a recommendation on the loan documentation or the request for a good cause exception.

³ *Application of Liberty County Utilities, LLC for Water and Sewer Certificates of Convenience and Necessity in Liberty County*, Docket No. 52391, Order Remanding Proceeding to Docket Management at 2 (Oct. 20, 2023).

⁴ *Id.*

⁵ *Id.*, Corrected Order (Feb. 22, 2023).

Notice

Under 16 TAC § 24.239(e)(1), notice of a sale, transfer, or merger application must be provided to affected customers and other affected parties. Under TWC § 13.246(a-1) and 16 TAC § 24.235(b)(2), notice of an application for an amendment to a CCN must be mailed to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the area proposed to be certified.

Attached to the proof of notice filed by CSWR-Texas is a confidential list of persons and entities who received notice of the application. However, there is insufficient evidence in the record to support a finding that notice has been provided to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the area proposed to be certified according to the most current tax appraisal rolls of the applicable central appraisal district at the time the Commission received the application for the amendment. Specifically, the record does not identify the tracts of land that are at least 25 acres and are wholly or partially in the requested area nor does the record show who owns those tracts of land. Further, there is no affidavit attesting that notice was mailed to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the area proposed to be certified. Therefore, the record does not show that notice has been mailed to each owner of a tract of land that is at least 25 acres and is wholly or partially included in the area proposed to be certified.

By July 7, 2023, the applicants must supplement their proof of notice by providing an updated affidavit and attachments with the information outlined above.

By July 25, 2023, Commission Staff must file a supplemental recommendation on the applicants' supplemented notice.

Need for Service and Mapping

From the application materials provided by CSWR-Texas and RJR Water, it does not appear that CSWR-Texas seeks to amend its CCN to include customers currently served by through its public water system but not currently located within the certificated service area of RJR Water's CCN number 12139.

If CSWR-Texas does seek to amend its application to include customers currently served by RJR Water through its public water system but not currently located within the certificated service area of RJR Water's CCN number 12139, by July 7, 2023, the applicants must file a list of customers currently receiving service from RJR Water who are not within the certificated service

area of RJR Water's CCN number 12139, a map showing their location, and copies of their applications for service or most recent monthly bill.

By July 25, 2023, Commission Staff must file a supplemental recommendation on the supplemental materials.

Closing Documentation

On May 25, 2022, the applicants filed closing documentation. The closing documentation included a fully executed general assignment and bill of sale and attachments signed by the parties, showing consummation of the sale on May 8, 2023, and a statement that there are no outstanding customer deposits associated with RJR Water's water system.

On June 9, 2023, Commission Staff filed a recommendation on the sufficiency of the closing documentation.

The administrative law judge finds the closing documentation sufficient and adopts the following procedural schedule:

Events	Date
Deadline for Commission Staff to provide final maps, certificates, and tariffs (if applicable) to applicants for review and consent	June 23, 2023
Deadline for applicants to file signed consent forms with the Commission	July 7, 2023
Deadline for applicants to file supplemental capital improvements plan, loan documentation, supplemental proof of notice, and need for service and mapping materials	July 7, 2023
Deadline for Commission Staff to file recommendation on supplemental capital improvements plan, loan documentation, supplemental proof of notice, and need for service and mapping materials	July 25, 2023
Deadline for parties to jointly file a proposed notice of approval, including proposed findings of fact, conclusions of law, and ordering paragraphs	August 1, 2023

Signed at Austin, Texas the 13th day of June 2023.

PUBLIC UTILITY COMMISSION OF TEXAS



**KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE**

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