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APPLICATION OF IRON HILL WATER	§	PUBLIC UTILITY COMMISSION
SUPPLY CORPORATION AND RUSK	§	
RURAL WATER SUPPLY CORPORATION	§	OF TEXAS
FOR SALE, TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE RIGHTS	§	
IN CHEROKEE COUNTY	§	

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

On October 27, 2021, Iron Hill Water Supply Corporation (Iron Hill WSC) and Rusk Rural Water Supply Corporation (Rusk Rural WSC) (jointly, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Cherokee County. Applicants seek approval to sell and transfer all of Iron Hill WSC's certificated area under CCN No. 10784 to Rusk Rural WSC. The application reflects a requested area of 2,038 acres and 155 customers. Applicants filed supplemental information on November 15, 2021, December 1, 2021, and February 10, 2022.

On February 28, 2022, the administrative law judge filed Order No. 4, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) and Applicants (jointly, Parties) to file joint proposed findings of fact, conclusions of law, and ordering paragraphs by May 9, 2022. Therefore, this pleading is timely filed.

I. JOINT MOTION TO ADMIT EVIDENCE

The Parties move to admit the following items into the record evidence of this proceeding:

1. The application, including revised detailed and general location maps, filed on October 27, 2021 and November 15, 2021 (Interchange Item Nos. 1 and 3);
2. The Applicants' first application supplement filed on December 1, 2021 (Interchange Item Nos. 6 and 7);
3. The Applicants' second application supplement filed on February 10, 2022 (Interchange Item No. 12);
4. Commission Staff's Supplemental Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed on January 13, 2022 (Interchange Item No. 10);

5. Rusk Rural WSC's affidavit of notice to neighboring utilities and affected parties, filed on February 11 and 23, 2022 (Interchange Item Nos. 13 and 15);
6. Iron Hill WSC's affidavit of notice to current customers, filed on February 11 and 23, 2022 (Interchange Item Nos. 14 and 16);
7. Commission Staff's Recommendation on Sufficiency of Notice, filed on February 25, 2022 (Interchange Item No. 17); and
8. Commission Staff's Recommendation on Approval of the Transaction, filed on April 25, 2022 (Interchange Item No. 19).

II. JOINT PROPOSED ORDER

The Parties move for adoption of the attached Joint Proposed Order Approving the Sale and Transfer to Proceed.

III. CONCLUSION

The Parties respectfully request that the Commission grant the Joint Motion to Admit Evidence and adopt the attached Joint Proposed Order Approving the Sale and Transfer to Proceed.

Dated: May 6, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

Robert Dakota Parish
Managing Attorney

/s/ Ian Groetsch
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on May 6, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch
Ian Groetsch

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2. The Applicants' first application supplement filed on December 1, 2021 (Interchange Item Nos. 6 and 7);
3. The Applicants' second application supplement filed on February 10, 2022 (Interchange Item No. 12);

Dated: May 3, 2022

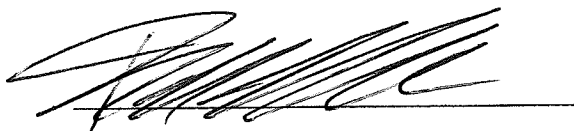
Respectfully submitted,

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LEGAL DIVISION**

Keith Rogas
Division Director

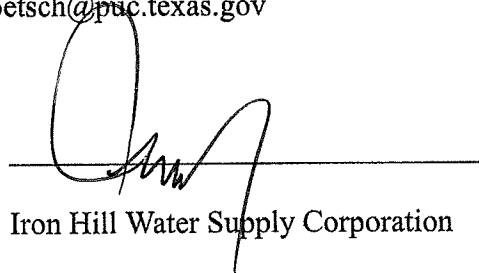
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Rusk Rural Water Supply Corporation

Ben Middlebrooks, Vice President



Iron Hill Water Supply Corporation

Jerry L. Knott, Jr., President

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CERTIFICATE OF SERVICE

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/s/ Ian Groetsch
Ian Groetsch

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SUPPLY CORPORATION AND RUSK	§	PUBLIC UTILITY COMMISSION
RURAL WATER SUPPLY	§	
CORPORATION FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN CHEROKEE COUNTY	§	

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

This Order addresses the application of Rusk Rural Water Supply Corporation (Rusk Rural WSC) and Iron Hill Water Supply Corporation (Iron Hill WSC) (collectively, the Applicants) for the sale, transfer, or merger of facilities in Cherokee County. Specifically, the Applicants seek approval of the sale and transfer of all facilities and service area held under Iron Hill WSC's water Certificate of Convenience and Necessity (CCN) No. 10784 to Rusk Rural WSC, the cancellation of Iron Hill WSC's water CCN No. 10784, and the amendment of Rusk Rural WSC's water CCN No. 10785 to include the area previously included in Iron Hill WSC's water CCN No. 10784. The administrative law judge (ALJ) grants that the sale is approved and the transaction between Iron Hill WSC and Rusk Rural WSC may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Rusk Rural WSC is a domestic non-profit water supply corporation, organized under Chapter 67 of the Texas Water Code, and registered with the Texas Secretary of State under file number 2196501.
2. Rusk Rural WSC is a retail public utility that operates, maintains, and controls facilities for providing water service in Cherokee County under water CCN number 10785.
3. Rusk Rural WSC owns and operates three public water systems registered with the Texas Commission on Environmental Quality (TCEQ) as Rusk Rural WSC Crockett St Plant, public water system (PWS) number TX0370031; Rusk Rural WSC US 69 Plant, PWS number TX0370053; and Rusk Rural WSC Loop 343 Plant, PWS number TX0370054.

4. Iron Hill WSC is a domestic non-profit water supply corporation, organized under Chapter 67 of the Texas Water Code, and registered with the Texas Secretary of State under file number 22063501.
5. Iron Hill WSC is a retail public utility that operates, maintains, and controls facilities for providing water service in Cherokee County under water CCN number 10784.
6. Iron Hill WSC owns and operates a public water system registered with the TCEQ under PWS number TX0370022.

Application

7. On October 27, 2021, the Applicants filed the application at issue in this proceeding.
8. On November 15, 2021, the Applicants filed revised detailed and general location maps.
9. In the application, the Applicants seek approval of the following transaction: (a) Rusk Rural WSC will acquire all of Iron Hill WSC's water facilities and water service area under water CCN No. 10784; (b) Iron Hill WSC's water CCN No. 10784 will be cancelled; and (c) Rusk Rural WSC's water CCN No. 10785 will be amended to include the area previously included in Iron Hill WSC's water CCN No. 10784.
10. The requested area includes approximately 2,038 acres and 155 water connections.
11. The requested area is located approximately 2 miles east of downtown Rusk, Texas, and is generally bounded on the north by County Road 1301; on the east by US Highway 84 and County Road 2962; on the south by County Road 1201; and on the west by US Highway 84 and County Road 1201.
12. On December 1, 2021, and February 10, 2022, the Applicants filed supplements to the application.
13. In Order No. 3 filed on January 13, 2022, the ALJ found the application administratively complete.

Notice

14. On February 23, 2022, the Applicants filed the affidavit of John Banks, vice president of Iron Hill WSC, attesting that notice was provided to all current customers on February 11, 2022.

15. On February 23, 2022, the Applicants filed the affidavit of Mike Hamilton, general manager of Rusk Rural WSC, attesting that notice was provided to all neighboring utilities and affected parties on February 11, 2022.

16. In Order No. 4 filed on April 25, 2022, the ALJ found notice sufficient.

Evidentiary Record

17. On May 9, 2022, the parties filed a joint motion to admit evidence and proposed order approving the sale and transfer to proceed.

18. In Order No. __ filed on _____, the ALJ admitted the following evidence into the record:

- a. The application, including revised detailed and general location maps, filed on October 27, 2021 and November 15, 2021;
- b. The Applicants' first application supplement filed on December 1, 2021;
- c. The Applicants' second application supplement filed on February 10, 2022;
- d. Commission Staff's Supplemental Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed on January 13, 2022;
- e. Rusk Rural WSC's affidavit of notice to neighboring utilities and affected parties, filed on February 11 and 23, 2022;
- f. Iron Hill WSC's affidavit of notice to current customers, filed on February 11 and 23, 2022;
- g. Commission Staff's Recommendation on Sufficiency of Notice, filed on February 25, 2022; and
- h. Commission Staff's Recommendation on Approval of the Transaction, filed on April 25, 2022.

System Compliance

19. Iron Hill WSC's public water system is registered with the TCEQ under PWS number TX0370022.
20. Iron Hill WSC has one violation listed in the TCEQ database that has since been resolved.
21. Rusk Rural WSC has three public water systems registered with TCEQ as (1) Rusk Rural WSC Crockett St Plant under PWS number TX0370031; (2) Rusk Rural WSC US 69 Plant under PWS number TX0370053; and (3) Rusk Rural WSC Loop 343 Plant under PWS number TX0370054.
22. Rusk Rural WSC has several violations listed in the TCEQ database that have all been resolved.
23. Rusk Rural WSC demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

24. All of Iron Hill WSC's existing water facilities and water customers are being transferred to Rusk Rural WSC.
25. Rusk Rural WSC will continue to use Iron Hill WSC's existing facilities to serve the requested area. No additional construction is necessary for Rusk Rural WSC to serve the requested area.

Need for Additional Service

26. There is a continuing need for service because Iron Hill WSC is currently providing service to 155 water connections in the requested area.
27. There have been no specific requests indicating a need for additional service within the 2,038-acre requested area.

Effect of Approving the Transaction and Granting the Amendment

28. Approving the sale and transfer to proceed and granting the CCN amendment will obligate Rusk Rural WSC to provide continuous and adequate water service to current and future customers in the 2,038-acre requested area.
29. There will be no effect on current customers, as the portion of the requested area where the current customers are located is currently certificated.
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. 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.
32. There will be no adverse effect on any landowner in the requested area or retail public utility providing service in the proximate area.

Initial Rates

33. Existing customers of Iron Hill WSC will be charged the rates used by Rusk Rural WSC. Iron Hill WSC charges on a tier-rate basis, whereas Rusk Rural WSC charges on a flat rate basis, so customers' rates will be in some instances be slightly higher or slightly lower than the current rates

Ability to Serve: Managerial and Technical

34. Rural Rusk WSC employs or contracts with TCEQ-licensed water operators who will operate the public water system being transferred.
35. Rural Rusk WSC 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 Texas Water Code (TWC), and the TCEQ's rules.
36. No additional construction is necessary for Rusk Rural WSC to serve the requested area.
37. Rusk Rural WSC has the technical and managerial capability to provide adequate and continuous service to the requested area.

Ability to Serve: Financial Ability and Stability

38. Rusk Rural WSC has a debt-to-equity ratio of less than one, satisfying the leverage test.
39. Rusk Rural WSC 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. Rusk Rural WSC has demonstrated the financial and managerial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

41. There is no need to require Rusk Rural WSC to provide a bond or other financial assurance to ensure continuous and adequate service.

Regionalization or Consolidation

42. The construction of a physically separate water system is not necessary for Rusk Rural WSC to serve the requested area. Therefore, concerns of regionalization or consolidation do not apply.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

43. The requested area is currently being served by Iron Hill WSC, and there will be no changes to land uses or existing CCN boundaries.
44. 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 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 of Service or Lowering Cost to Consumers

46. Rural Rusk WSC will continue to provide water service to the existing customers in the area.

47. Reliability and quality of water service is expected to improve under Rusk Rural WSC's management.

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(c).
2. After consideration of the factors in TWC § 13.246(c) and 16 TAC §§ 24.227(e) and 24.239(h)(5), Rusk Rural WSC has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).
3. The Applicants have demonstrated that the sale of Iron Hill WSC's facilities to Rusk Rural WSC 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 the preceding findings of fact and conclusions of law, the Commission enters the following orders.

1. The Commission approves the sale and transfer of all facilities and service area held under Iron Hill WSC's water Certificate of Convenience and Necessity (CCN) No. 10784 to Rusk Rural WSC, the cancellation of Iron Hill WSC's water CCN No. 10784, and the amendment of Rusk Rural WSC's water CCN No. 10785 to include the area previously included in Iron Hill WSC's water CCN No. 10784.
2. The Commission approves Rural Rusk WSC's request to establish initial rates and service charges for the requested area at Rural Rusk WSC's currently approved rates as shown in its currently issued water tariff.
3. 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.
4. The applicants have 180 days to complete the transaction.

5. 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.
6. The Applicants are notified that the corresponding service area will remain under water CCN number 10784 and held by Iron Hill WSC until the sale and transfer transaction is complete in accordance with Commission rules.
7. 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.
8. 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

HUNTER BURKHALTER
ADMINISTRATIVE LAW JUDGE