



Filing Receipt

Received - 2022-04-25 12:28:37 PM

Control Number - 52803

ItemNumber - 40

DOCKET NO. 52803

APPLICATION OF COPANO COVE	§	
WATER COMPANY, INC. AND CSWR-	§	PUBLIC UTILITY COMMISSION
TEXAS UTILITY OPERATING	§	
COMPANY, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN ARANSAS COUNTY	§	

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

TABLE OF CONTENTS

I.	BACKGROUND.....	2
II.	MOTION TO LIFT ABATEMENT.....	2
III.	MOTION TO ADMIT EVIDENCE.....	3
IV.	PROPOSED ORDER APPROVING THE SALE AND TRANSFER TO PROCEED	3
V.	CONCLUSION.....	4

ATTACHMENT: Proposed Order Approving the Sale and Transfer to Proceed

DOCKET NO. 52803

APPLICATION OF COPANO COVE	§	
WATER COMPANY, INC. AND CSWR-	§	PUBLIC UTILITY COMMISSION
TEXAS UTILITY OPERATING	§	
COMPANY, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN ARANSAS COUNTY	§	

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

COMES NOW Copano Cove Water Company, Inc., (“Copano Cove”), CSWR-Texas Utility Operating Company, LLC (“CSWR-Texas”), together with Staff of the Public Utility Commission of Texas (“Staff”) (collectively, “the Parties”) and file this Joint Motion to Lift Abatement, Admit Evidence, and Proposed Order Approving the Sale and Transfer to Proceed.

I. BACKGROUND

On November 9, 2021, Copano Cove Water Company, Inc. and CSWR-Texas (collectively, the “Applicants”) filed an application with the Commission for approval of the sale, transfer, or merger of facilities and certificate rights in Aransas County. The requested transfer area includes approximately 1,267 acres and 713 water connections.

In Order No. 6, filed on April 13, 2022, the administrative law judge (“ALJ”) abated the proceeding to allow Staff to file a supplemental recommendation on approval of the transaction. Staff filed a supplemental recommendation on approval of the transaction on April 22, 2022, recommending that the proposed transaction be approved (“Supplement Recommendation”).

II. MOTION TO LIFT ABATEMENT

Now that Staff has issued its Supplemental Recommendation, the Parties request that the ALJ lift the abatement so that this proceeding can be further processed, and—assuming the ALJ issues an order consistent with Staff’s Supplemental Recommendation—CSWR-Texas and Copano Cove can close the transaction. To assist in the expeditious processing of this case, the Parties are moving to admit evidence and submitting a proposed order approving the sale and transfer to proceed.

III. 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 November 9 and 10, 2021 (Interchange Item Nos. 1 through 12);
2. CSWR-Texas's Supplemental Attachment G, filed on January 12 and 13, 2022 (Interchange Item Nos. 19 and 20);
3. Staff's Amended Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed on December 15, 2021 (Interchange Item No. 16);
4. CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on January 4 and 6, 2022 (Interchange Item Nos. 17 and 18);
5. Staff's Recommendation on Sufficiency of Notice, filed on January 24, 2022 (Interchange Item No. 21);
6. CSWR-Texas's Supplemental Attachment G to Application, including confidential attachment, filed on January 27, 2022 (Interchange Item Nos. 23 and 24);
7. CSWR-Texas's Third Supplement to the Application, including confidential Attachments A and F and highly sensitive Attachment G, filed on April 11, 2022 (Interchange Item Nos. 33 through 36).
8. Staff's supplemental recommendation on approval of sale, including confidential attachment FB-1, filed on April 22, 2022. (Interchange Item Nos. 38 and 39).

IV. PROPOSED ORDER APPROVING THE SALE AND TRANSFER TO PROCEED

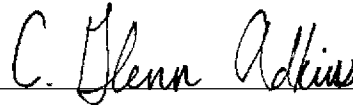
The Parties move for adoption of the attached Proposed Order Approving the Sale and Transfer to Proceed.

V. CONCLUSION

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

Respectfully submitted,

L. Russell Mitten
General Counsel
Central States Water Resources, Inc.
1630 Des Peres Rd., Suite 140
St. Louis, Missouri 63131
(314) 380-8595
(314) 763-4743 (fax)



Evan D. Johnson
State Bar No. 24065498
C. Glenn Adkins
State Bar No. 24103097
Coffin Renner LLP
1011 W. 31st Street
Austin, Texas 78705
(512) 879-0900
(512) 879-0912 (fax)
evan.johnson@crtxlaw.com
glenn.adkins@crtxlaw.com

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

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of April 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.



Glenn Adkins

DOCKET NO. 52803

APPLICATION OF COPANO COVE	§	
WATER COMPANY, INC. AND CSWR-	§	PUBLIC UTILITY COMMISSION
TEXAS UTILITY OPERATING	§	
COMPANY, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN ARANSAS COUNTY	§	

JOINT PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Copano Cove Water Company, Inc. (Copano Cove) and CSWR-Texas Utility Operating Company, LLC (CSWR-Texas) (collectively, the Applicants) for the sale, transfer, or merger of facilities in Aransas County. Specifically, CSWR-Texas seeks the sale and transfer of all facilities and service area held under Copano Cove’s water Certificate of Convenience and Necessity (CCN) No. 12016 to CSWR-Texas, the cancellation of Copano Cove’s water CCN No. 12016, and the amendment of CSWR-Texas’s water CCN No. 13290 to include the area previously included in Copano Cove’s water CCN No. 12016. The administrative law judge (ALJ) grants that the sale is approved and the transaction between Copano Cove and CSWR-Texas may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Copano Cove is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Aransas County under water CCN No. 12016.
2. Copano Cove owns and operates two public water systems registered with the Texas Commission on Environmental Quality (TCEQ) as Copano Cove Subdivision, public water system No. 0040003, and Copano Ridge Subdivision, public water system number 0040029.
3. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under filing number 0803367893.

4. CSWR-Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Denton, Erath, Guadalupe, Hays, Harris, Hidalgo, Hood, Llano, Lubbock, McCulloch, Montague, Parker, Travis, Victoria, Wilson, and Wood counties under CCN No. 13290.

Application

5. On November 9, 2021, the Applicants filed the application for approval of the sale and transfer of all facilities and service area held under Copano Cove's water CCN No. 12016 to CSWR-Texas, the cancellation of Copano Cove's water CCN No. 12016, and the amendment of CSWR-Texas's water CCN No. 13290 to include the area previously included in Copano Cove's water CCN No. 12016.
6. Confidential attachments to the application were received by the Commission on November 10, 2021.
7. CSWR-Texas filed an amended confidential Attachment G to the application on January 12, 13, and 27, 2022.
8. CSWR-Texas supplemented the application on April 11, 2022 with updated confidential Attachments A and F and highly sensitive attachment G.
9. In the application, the Applicants seek approval of the following transaction: (a) CSWR-Texas will acquire all of Copano Cove's water facilities and water service area under water CCN No. 12016; (b) Copano Cove's water CCN No. 12016 will be cancelled; and (c) CSWR-Texas's water CCN No. 13290 will be amended to include the area previously included in Copano Cove's water CCN No. 12016.
10. The requested area comprises approximately 1,267 acres and 713 water connections.
11. The requested area is located approximately 3 miles northwest of downtown Rockport, Texas, and is generally bounded on the north by Copano Bay; on the east by FM 1781; on the south by Rattlesnake Point Road; and on the west by Copano Bay.
12. The Applicants requested approval of the transaction using the fair market value of the assets rather than their original cost as allowed under TWC § 13.305.

13. In Order No. 2 filed on December 10, 2021, the ALJ deemed the application administratively complete.

Notice

14. On January 4, 2022, the Applicants filed the affidavit of Aaron Silas, regulatory case manager of CSWR-Texas, attesting that notice was provided to all current customers of Copano Cove, neighboring utilities, and affected parties on December 20, 2021.
15. On January 6, 2022, the Applicants filed a confidential supplement concerning proof of notice.
16. In Order No. 3 filed on January 25, 2022, the ALJ deemed the notice sufficient.

Evidentiary Record

17. On April 25, 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 November 9 and 10, 2021; (b) CSWR-Texas's Supplemental Attachment G, filed on January 12 and 13, 2022; (c) Commission Staff's Amended Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed on December 15, 2021; (d) CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on January 4 and 6, 2022; (e) Commission Staff's Recommendation on Sufficiency of Notice, filed on January 24, 2022; (f) CSWR-Texas's Supplemental Attachment G to Application, including confidential attachment, filed on January 27, 2022; (g) CSWR-Texas's Third Supplement to the Application, including confidential Attachments A and F and highly sensitive Attachment G, filed on April 11, 2022; and (h) Staff's supplemental recommendation on approval of sale, including confidential attachment FB-1, filed on April 22, 2022.

Cumulative Recommendation

19. On April 22, 2022, Commission Staff filed its supplemental 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 51118,⁷ 51031,⁸ 51047,⁹ 51130,¹⁰ 51146,¹¹ 51089,¹² 51003,¹³ 51036,¹⁴

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).*

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

51222,¹⁵ 51642,¹⁶ 51126,¹⁷ 51544,¹⁸ 51928,¹⁹ 51940,²⁰ 51917,²¹ 50989,²² 51981,²³
52089,²⁴ 52099,²⁵ 52410,²⁶ 52700,²⁷ and 52702.²⁸

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).*

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, Notice of Approval (Mar. 25, 2022).*

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).*

²⁸ *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).*

System Compliance

20. Copano Cove's public water system number 0040029 is currently in compliance with the rules of the TCEQ.
21. Copano Cove's public water system 0040003 is currently not in compliance with the rules of the TCEQ.
22. CSWR-Texas intends 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 within a reasonable time upon consummation of the transaction.
23. CSWR-Texas has agreed to work with the TCEQ to address any outstanding compliance issues upon consummation of the transaction.
24. CSWR-Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

25. There are currently 713 water connections in the 1,267-acre requested area that is being served by Copano Cove through public water system numbers 0040003 and 0040029.
26. CSWR-Texas stated that it intends 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.

Need for Additional Service

27. There is a continuing need for service because Copano Cove is currently providing service to 713 water 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 indicating a need for additional service within the 1,267-acre requested area.

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 service to current and future customers in the 1,267-acre requested area.
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 Copano Cove's current rates upon the consummation of the transaction.

Ability to Serve: Managerial and Technical

33. CSWR-Texas owns and operates 31 public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database
34. CSWR-Texas employs or contracts with TCEQ-licensed water operators who will operate the public water systems.
35. CSWR-Texas intends 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 within a reasonable time upon consummation of the transaction.
36. CSWR-Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

Ability to Serve: Financial Ability and Stability

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 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.

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.

Voluntary Valuation of Acquired Utility or Facilities

41. Prior to filing the application, CSWR-Texas and Copano Cove filed a notice to the Commission in Project No. 49859 of their intent to use the Commission's fair market value (FMV) process to determine the ratemaking rate base of Copano Cove's water system assets to be acquired by CSWR-Texas.
42. CSWR-Texas included copies of the three appraisal reports required by the FMV process with the application and evidence of the purchase price agreed upon between CSWR-Texas and Copano Cove.
43. The agreed upon purchase price for the transaction is identified in confidential attachment FB-1 to Commission Staff's Recommendation.
44. The average of the three appraisals yields a purchase price of less than the FMV of Copano Cove's water systems; therefore, the ratemaking rate base for Copano Cove's water systems is the agreed upon purchase price for the transaction identified in attachment FB-1 to Commission Staff's recommendation.
45. The application included CSWR-Texas's known and estimated transaction and closing costs.
46. No additional conditions for the acquisition based on the FMV process are needed.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

47. The requested area is currently being served by Copano Cove, and there will be no changes to land uses or existing CCN boundaries.

48. 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.
49. CSWR-Texas intends to invest the capital required to ensure the system has sufficient capacity and that service provided to the requested area is adequate.

Environmental Integrity and Effect on the Land

50. The requested area will continue to be served with existing infrastructure.
51. There will be minimal effects on environmental integrity and on the land as a result of CSWR-Texas's planned upgrades, renovations, and repairs to the public water systems.

Improvement of Service or Lowering Cost to Consumers

52. Water 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.
53. 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 Copano Cove's water systems upon consummation of the transaction.

Regionalization or Consolidation

54. CSWR-Texas will not need to construct a physically separate water or sewer system to continue serving the requested area; therefore, concerns of regionalization or consolidation do not apply.

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. The Applicants have demonstrated that the sale of Copano Cove's facilities to CSWR-Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC § 13.301(d) and (e).
4. CSWR-Texas and Copano Cove filed its notice of intent to use the fair market valuation as required by TWC § 13.305(c)(1) and 16 TAC § 24.238(d).
5. The Commission's Executive Director selected three utility valuation experts to perform appraisal of Copano Cove in compliance with TWC § 13.305(c)(2) and 16 TAC § 24.238(e).
6. The application included copies of the three appraisal reports completed by the utility valuation experts as required by TWC § 13.305(h)(1) and 16 TAC § 24.239(d)(1)(A).
7. The application included the purchase price agreed to by CSWR-Texas and Copano Cove as required by TWC § 13.305(h)(2) and 16 TAC § 24.239(d)(1)(B).
8. The calculation of the fair market valuation for Copano Cove complies with TWC § 13.305(f) and 16 TAC § 24.238(f)-(j).
9. The calculation of the ratemaking rate base for Copano Cove complies with TWC § 13.305(g) and 16 TAC § 24.238(b)(3) and (4).

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 Copano Cove's water Certificate of Convenience and Necessity (CCN) No. 12016 to CSWR-Texas, the cancellation of Copano Cove's water CCN No. 12016, and the amendment of CSWR-Texas's water CCN No. 13290 to include the area previously included in Copano Cove's water CCN No. 12016.
2. The ratemaking rate base for Copano Cove water systems is determined to be the agreed upon purchase price for the transaction as identified in the highly sensitive attachment FB-1 to Commission Staff's recommendation.

3. CSWR-Texas may seek to include in its rate base its transaction and closing costs for the acquisition of Copano Cove water systems in a future rate case.
4. 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.
5. The applicants have 180 days to complete the transaction.
6. 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.
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

**GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE**