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DOCKET NO. 52879

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

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

COME NOW Carroll Water Company, Inc. (“Carroll Water”) 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 November 22, 2021, Carroll Water 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 Ellis County (“Application”). The Applicants seek the transfer of all water facilities owned by Carroll Water and the amendment of CSWR Texas’s Certificate of Convenience and Necessity (“CCN”) No. 13290 to include 1,668 acres under CSWR Texas’s CCN No. 13290. The requested sale and transfer include approximately 1,668 acres and 584 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 all confidential attachments, filed on November 22, 2021 and November 23, 2021 (Interchange Item Nos. 1 through 11);
2. CSWR Texas’s First Supplement to Application, filed on December 7, 2021 (Interchange Item No. 13);

3. Commission Staff's Recommendation on Administrative Completeness, Notice, and Proposed Procedural Schedule filed on December 22, 2021 (Interchange Item No. 14);
4. CSWR Texas's amended Highly Sensitive Attachment G filed on January 12, 2022 and January 13, 2022 (Interchange Item Nos. 16 and 17);
5. CSWR Texas's amended Highly Sensitive Attachment G filed on January 27, 2022 (Interchange Item Nos. 20 and 21);
6. CSWR Texas's Proof of Notice and Affidavit of Notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on January 19, 2022 and January 20, 2022 (Interchange Item Nos. 18 and 19);
7. Commission Staff's Recommendation on Sufficiency of Notice, filed on February 7, 2022 (Interchange Item No. 22); and
8. Commission Staff's Recommendation on Approval of the Sale, and accompanying Confidential Attachment FB-1 filed on March 18, 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 of 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. Staff 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 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 Sale and Transfer to Proceed.

Respectfully submitted,

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

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CERTIFICATE OF SERVICE

I hereby certify that on this 12th 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.



Wendy K. Harvel

DOCKET NO. 52879

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UTILITY OPERATING COMPANY, LLC	§	OF TEXAS
FOR SALE, TRANSFER, OR MERGER	§	
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PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Carroll Water Company, Inc. (“Carroll Water”) and CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”) (collectively, “Applicants”) for the sale, transfer, or merger of facilities in Ellis County, Texas. CSWR Texas seeks the sale and transfer of all facilities and service area held under Carroll Water’s water Certificate of Convenience and Necessity (CCN) No. 11543 to CSWR Texas, the cancellation of Carroll Water’s water CCN No. 11543, and the amendment of CSWR Texas’s water CCN No. 13290 to include the area previously included in Carroll Water’s water CCN No. 11543. The administrative law judge (ALJ) grants the approval of the sale. The transaction between the applicants may proceed.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Carroll Water is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Ellis County under CCN No. 11543.
2. Carroll Water owns and operates public water systems registered with the Texas Commission on Environmental Quality (TCEQ) as Grande Casa, Lakeview Ranchettes, Spanish Grant Subdivision, Emerald Forest, and Red Oak with public water system Nos. 0700063, 0700057, 0700064, 0700058, and 0700056, respectively.
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 Angelina, Aransas, Austin, Burlison, Burnet, Camp, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Llano, Lubbock, McCulloch, Montague, Parker, Victoria, Wilson, and Wood counties under CCN No. 13290.

Application

5. On November 22, 2021, the Applicants filed the application for approval of the sale and transfer of all facilities and service area held under Carroll Water's water CCN No. 11543 to CSWR Texas, cancellation of Carroll Water's water CCN No. 13290, and amendment of CSWR Texas's water CCN No. 13290 to include the area previously included in Carroll Water's water CCN No. 11543.
6. CSWR Texas supplemented the application on December 7, 2021, January 12, 2022 and January 27, 2022.
7. In the application, the applicants seek approval of the following transaction: (a) CSWR Texas will acquire all of Carroll Water's water facilities and water service area under water CCN No. 11543; (b) Carroll Water's water CCN No. 11543 will be cancelled; and (c) CSWR Texas's water CCN No. 13290 will be amended to include the area previously included in Carroll Water's water CCN No. 13290.
8. Approximately 529 acres would remain dually certificated with the City of Midlothian, CCN No. 11706. Approximately 61 acres would remain dually certificated with the City of Red Oak, CCN No. 11074.
9. The requested area comprises approximately 1,668 acres and 584 connections.
10. The requested areas are:
 - Grande Casa is located approximately 8 miles southwest of downtown Waxahachie, Texas and is generally bordered on the north by FM 66, on the east by Alysa Road and Industrial Road, on the south by Greathouse Road, and on the west by Greathouse Road.
 - Lakeview Ranchettes is located approximately 3 miles west of downtown Midlothian, Texas and is generally bordered on the north by Old Fort Worth Road, on the east by N Ward Road, on the south by W. Wyatt Road, and on the west by Miller Road and Soil Conservation Service Site 9 Reservoir.
 - Spanish Grant is located approximately 9 miles west-southwest of downtown Waxahachie, Texas and is generally bordered on the north by Old Buena Vista Road, on the east by Alto Road, on the south by El Camino Road, and on the west by Mesa Road.

- Emerald Forest is located approximately 7 miles west of downtown Waxahachie, Texas and is generally bounded on the north by Angus Road, on the east by Pioneer Road, on the south by FM 1446, and on the west by D. Ranch Road.
- Red Oak is located approximately 2 miles northwest of downtown Red Oak, , Texas and is generally bounded on the north by Ovilla Road, on the east by I-35 E, on the south by Baldwin Street, and on the west by Overlook Drive.

11. In Order No. 2 filed on December 30, 2021, the ALJ found the application administratively complete.

Notice

12. On January 19, 2022, CSWR Texas filed the affidavit of Aaron Silas, Regulatory Case Manager of CSWR Texas, attesting that notice was provided to all current customers of Carroll Water, neighboring utilities, and affected parties on January 14, 2022.

13. The deadline to intervene was February 14, 2022.

14. No motions to intervene, protests, or opt-out requests were filed

15. In Order No. 3 filed on February 8, 2022, the ALJ found the notice sufficient.

Evidentiary Record

16. On April 12, 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, including confidential attachments, filed on November 22, 2021 and November 23, 2021; (b) CSWR Texas's First Supplement to Application filed on December 7, 2021; (c) Commission Staff's Recommendation on Administrative Completeness filed on December 22, 2021; (d) CSWR Texas's amended Highly Sensitive Attachment G filed on January 12, 2022 and January 13, 2022; (e) CSWR Texas's amended Highly Sensitive Attachment G filed on January 27, 2022 (f) CSWR Texas's Proof of Notice and Affidavit of Notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on January 19, 2022 and January 20, 2022; (g) Commission Staff's Recommendation on Sufficiency of Notice, filed on February 7, 2022; and (h) Commission Staff's Recommendation on the Transaction, including confidential attachments, filed on March 18, 2022.

Cumulative Recommendation

18. On March 18, 2022, Commission Staff filed its recommendation regarding the transaction in this docket. Staff recommended 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

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).*

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

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 52700,²⁷ 52702,²⁸ and 52803.²⁹

System Compliance

19. Carroll Water's public water systems Emerald Forest, Grande Casa, Red Oak Community Water System, and Spanish Grant Subdivision have unresolved violations for each water system, which date back to 2017.
20. Carroll Water had an agreement with the Commission's enforcement division regarding some outstanding violations that they have not complied with.
21. CSWR Texas intends to invest the capital required to make the upgrades, renovations, and

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. Drago 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 Saale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702 (pending).

²⁹ 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).

repairs necessary to bring the water system into compliance with TCEQ regulations and to ensure customers receive safe and reliable service within a reasonable time upon consummation of the transaction.

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.
24. There are currently 584 connections in the 1,668-acre requested area that is being served by Carroll Water. Thus, there is a need for service.

Need for Additional Service

25. There is a continuing need for service because Carroll Water is currently serving 584 connections in the requested area.
26. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 1,668-acre requested area.

Effect of Approving the Transaction and Granting the Amendment

27. Approving the sale and transfer to proceed and granting the CCN amendments will obligate CSWR Texas to provide continuous and adequate water service to current and future customers in the 1,668-acre requested area.
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. There will be no effect on any retail public utility servicing the proximate area. All retail utilities in the proximate area were provided notice of the transaction taking place in this docket and did not request to intervene.
31. CSWR Texas will adopt Carroll Water's rates that are in effect at the time of the consummation of the transaction.

Ability to Serve: Managerial and Technical

32. CSWR Texas owns and operates numerous public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
33. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
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.
35. The needed improvements will begin once the systems are official transferred to CSWR-Texas.
36. Once the water systems are compliant with TCEQ regulations, the service provided to the requested area will be adequate and continuous.
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. Carroll 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

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. It has 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 also 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 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.

Fair Market value and ratemaking rate base

44. Prior to filing the application, CSWR Texas and Carroll Water 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 Carroll Water's water system assets to be acquired by CSWR Texas.

45. 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 Carroll Water.

46. The agreed upon purchase price for the transaction is identified in confidential attachment FB-1 to Commission Staff's Recommendation.

47. The average of the three appraisals yields a FMV less than the purchase price of Carroll Water; therefore, the ratemaking rate base for Carroll Water's system is the average appraisal amount provided in Highly Sensitive Attachment FB-1.

48. The application included CSWR Texas's known and estimated transaction and closing costs.

49. No additional conditions for the acquisition based on the FMV process are needed.

Environmental Integrity and Effect on the Land

50. 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

51. 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.
52. 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 tariff for Carroll Water's water system that is in effect at the time of the consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. The Commission has authority over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, and 13.301
2. The applicants provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 TAC § 24.239(a)-(c).
3. After consideration of the factors in TWC § 13.246(c) and 16 TAC §§ 24.277(e) and 24.239(h), 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) and 16 TAC 24.239(e).
4. It is not necessary for CSWR Texas to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
5. The applicants have demonstrated that the sale of Carroll 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) and (e).
6. The Commission's Executive Director selected three utility valuation experts to perform appraisal of Carroll Water in compliance with TWC § 13.305(c)(2) and 16 TAC § 24.238(e).
7. The application included copies of the three appraisal reports completed by the utility valuation experts as required by TWC § 13.305(h) and 16 TAC § 24.239(d)(1)(A).
8. The application included the purchase price agreed to by CSWR Texas and Carroll Water as required by TWC § 13.305(h)(2) and 16 TAC § 24.239(d)(1)(B).

9. The calculation of the fair market valuation for Carroll Water complies with TWC § 13.305(f) and 16 TAC § 24.238(f)-(j).
10. The calculation of the ratemaking rate base for Carroll Water 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 the transaction between the applicants may proceed.
2. The ratemaking rate base for Carroll Water is determined to be the fair market value average 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 Carroll Water's water system 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. The applicants are advised that the requested areas and associated facilities will remain under water CCN No. 11543 and held by Carroll Water until the sale and transfer transaction is complete, in accordance with Commission rules.
8. 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.
9. 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