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DOCKET NO. 53430

**APPLICATION OF CSWR-TEXAS §
UTILITY OPERATING COMPANY, LLC § PUBLIC UTILITY COMMISSION
AND WATER WORKS I AND II FOR §
SALE, TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE § OF TEXAS
RIGHTS IN LLANO COUNTY §**

**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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APPLICATION OF CSWR-TEXAS	§	
UTILITY OPERATING COMPANY, LLC	§	
AND WATER WORKS I AND II FOR	§	PUBLIC UTILITY COMMISSION
SALE, TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	OF TEXAS
RIGHTS IN LLANO COUNTY	§	

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

COME NOW CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”) and Water Works I and II (“Water Works”), 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 March 31, 2022, CSWR Texas and Water Works (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 Llano County (“Application”).¹ The Applicants seek the transfer of all water facilities owned by Water Works’s Certificate of Convenience and Necessity (“CCN”) No. 11674, the cancellation of Water Works’s water CCN No. 11674, and the amendment of CSWR Texas’s CCN No. 13290 to include 137 acres under CSWR Texas’s CCN No. 13290. The requested sale and transfer includes approximately 137 acres and 84 water connections.

Pursuant to Order No. 6, 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 confidential attachment, filed on February 22, 2022 (Interchange Item No. 1 in Docket No. 53259);

¹ The application was originally filed on February 22, 2022, in PUC Docket No. 53259 to include Cody and Anita Lewis dba Cassie Water Company and Deer Springs Water Company water facilities. On April 4, 2022, the administrative law judge (“ALJ”) severed the docket in Order No. 1.

2. CSWR Texas's first supplement, including confidential attachment, filed on April 5, 2022 and April 6, 2022 (Interchange Item Nos. 3 and 4);
3. CSWR Texas's supplemental attachment F and G to the application, including confidential and highly sensitive attachments, filed on April 19, 2022 (Interchange Item Nos. 7 through 9);
4. CSWR Texas's third supplement to Application, including confidential attachments, filed on April 28, 2022 (Interchange Item Nos. 10 through 12);
5. Commission Staff's recommendation on administrative completeness filed on May 6, 2022 (Interchange Item No. 13);
6. CSWR Texas's supplement to application, including highly sensitive attachment, filed on May 9, 2022 (Interchange Item Nos. 14 and 15);
7. CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on June 6, 2022 (Interchange Item Nos. 17 and 18);
8. CSWR Texas's supplement attachment B to application, filed on June 14, 2022 (Interchange Item No. 20);
9. CSWR Texas's letter to ALJ regarding Proof of Notice, filed on June 17, 2022 (Interchange Item No. 24);
10. CSWR Texas's supplemental attachment G-1 to application, filed on June 20, 2022 (Interchange Item No. 25);
11. Commission Staff's recommendation on sufficiency of notice, filed on June 22, 2022 (Interchange Item No. 26);
12. CSWR Texas's response to motion to intervene, filed on June 24, 2022 (Interchange Item No. 30);
13. Commission Staff's response to Order No. 5, filed on July 8, 2022 (Interchange Item No. 34); and
14. Commission Staff's recommendation on approval of sale, including confidential attachment, filed on July 29, 2022. (Interchange Item Nos. 36 and 37).

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. 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.

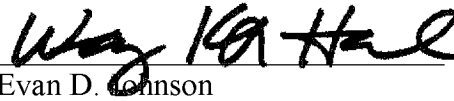
V. CONCLUSION

The Parties respectfully request that the Commission grant the 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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CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of August 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. L. Harvel

DOCKET NO. 53430

APPLICATION OF CSWR-TEXAS	§	
UTILITY OPERATING COMPANY,	§	
LLC AND WATER WORKS I AND II	§	PUBLIC UTILITY COMMISSION
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	OF TEXAS
RIGHTS IN LLANO COUNTY	§	
	§	

PROPOSED ORDER APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of CSWR-Texas Utility Operating Company, LLC (CSWR Texas) and Water Works I and II (Water Works) for the sale, transfer, or merger of facilities in Llano County. CSWR Texas seeks the sale and transfer of all facilities and service area held under Water Works’ water certificate of convenience and necessity (CCN) number 11674 to CSWR Texas, the cancellation of Water Works’ water CCN number 11674, the amendment of CSWR Texas’s water CCN number 13290 to include the area previously included in Water Works’ water CCN number 11674. 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. CSWR Texas is a Texas limited liability company registered with the Texas secretary of state under file number 0803367893.
2. CSWR Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Llano, Lubbock, McCulloch, Montague, Navarro, Parker, Travis, Victoria, Wilson, and Wood counties under CCN number 13290.
3. Water Works I and II is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Llano County, Texas under CCN number 11674.

Application

4. On February 22, 2022, CSWR Texas Utility Operating Company, LLC (CSWR Texas) and Cody and Anita Lewis dba Cassie Water Company, Deer Springs Water Company, and Water Works I and II filed an application for sale, transfer, or merger (STM) of facilities

- and certificate rights in Burnet and Llano Counties, Texas, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.
5. In Order No. 1 filed on April 4, 2022, the ALJ severed the application into three dockets: Docket Nos 53259, 53429, and the present docket, which only includes CSWR Texas and Water Works I and II (Water Works) (collectively, Applicants).
 6. CSWR Texas supplemented its application on April 5, 6, 19, and 28, May 9, June 14 and 20, 2022.
 7. CSWR Texas, water CCN No. 13290, seeks approval to acquire facilities and to transfer all of the water service area from Water Works under water CCN No. 11674.
 8. The requested area includes 84 customer connections and approximately 137 acres of transferred area (from CCN No. 11674).
 9. The requested area (Water Works I) is located approximately 12.7 miles east of downtown Llano, Texas, and is generally bounded on the north by Lake Buchanan; on the east by Lake Buchanan; on the south by State Highway 261; and on the west by State Highway 261.
 10. The requested area (Water Works II) is located approximately 11.8 miles west of downtown Burnet, Texas, and is generally bounded on the north by Lake Buchanan; on the east by Lake Buchanan; on the south by State Highway 29; and on the west by Lake Buchanan.
 11. The application proposes the subtraction of approximately 137 acres from CCN No. 11674 and the addition of approximately 137 acres to CCN No. 13290.
 12. In Order No. 3, issued on May 9, 2022, the ALJ found the application administratively, supplemental, complete.

Notice

13. CSWR Texas provided notice consistent with 16 TAC § 24.239(c). The deadline to intervene was July 22, 2022.
14. A motion to intervene was filed by Mark Blankenship.
15. On July 12, 2022, the motion to intervene was granted, on a limited basis, in Mr. Blankenship's capacity as a customer of Water Works.
16. CSWR Texas filed proof of notice on June 6, 2022.
17. In Order No. 4, on June 23, 2022, the ALJ found notice to be sufficient.

Evidentiary Record

18. On August 11, 2022, the parties filed a joint motion to admit evidence.
19. In Order No. ____ filed on _____, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on February 22, 2022; (b) CSWR Texas's first supplement to application, including confidential attachment, filed on April 5, 2022 and April 6, 2022; (c) CSWR Texas's supplemental attachment F and G to the application, including confidential and highly sensitive attachments, filed on April 19, 2022; (d) CSWR Texas's third supplement to Application, including confidential attachment, filed on April 28, 2022; (e) Commission Staff's recommendation on administrative completeness, filed on May 6, 2022; (f) CSWR Texas's Supplement to Application, including highly sensitive attachment, filed on May 9, 2022; (g) CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on June 6, 2022; (h) CSWR Texas's Supplement Attachment B to Application, filed on June 14, 2022; (i) CSWR Texas's letter to ALJ regarding Proof of Notice, filed on June 17, 2022; (j) CSWR Texas's Supplemental Attachment G-1 to Application, filed on June 20, 2022; (k) Commission Staff's recommendation on sufficiency of notice, filed on June 22, 2022; (l) CSWR Texas's response to motion to intervene filed on June 24, 2022; (m) Commission Staff's response to Order No. 5, filed on July 8, 2022; and (n) Commission Staff's recommendation on approval of sale, including confidential attachments, filed on July 29, 2022.

Cumulative Recommendation

20. On July 29, 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 in this docket and the following dockets:
- Docket No. 50251:¹ CSWR Texas acquired the public water system, Coletto Water, PWS No. 2350036, and associated facilities, approximately 438 acres of service area, and 211 connections in Victoria County from JRM Water, LLC.

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).*

- Docket No. 50276:² CSWR Texas acquired the public water system, North Victoria Utilities, PWS No. 2350049, and associated facilities, approximately 307 acres of service area, and 77 connections in Victoria County from North Victoria Utilities, Inc.
- Docket No. 50311:³ CSWR Texas acquired the public water system, Copano Heights Water, PWS No. 0040017, and associated facilities, approximately 61 acres of service area, and 110 connections in Aransas County from Copano Heights Water Company.
- Docket No. 51065:⁴ CSWR Texas acquired the public water system Treetop Estates, PWS No. 1840134, and associated facilities, approximately 93 acres of service area, and 35 connections in Parker County from Treetop Utilities, LLC.
- Docket No. 51118:⁵ CSWR Texas acquired the public water systems, Shady Oaks Water, PWS No. 2470017; Hickory Hill Water, PWS No. 2470018; Arrowhead Water, PWS No. 2470025; and C Willow Water, PWS No. 2470019, and associated facilities, approximately 1,828 acres of service area, and 560 connections in Wilson County from Shady Oaks Water Supply Company, LLC.
- Docket No. 51026:⁶ CSWR Texas acquired the public water system, Tall Pines, PWS No. 1010220, and associated facilities, approximately 42 acres of service area, and 73 connections in Harris County from Tall Pines Utility, Inc.
- Docket No. 51031:⁷ CSWR Texas acquired the public water systems, Council Creek Village, PWS No. 0270014; South Council Creek 1, PWS No. 0270079; and South Council Creek 2, PWS No. 0270080, and associated facilities, approximately 275 acres of service area, and 176 connections in Burnet County from Council Creek Village, Inc. dba Council Creek Village dba South Council Creek 2.

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 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, Notice of Approval (Mar. 9, 2021).*

⁵ *Application of Shady Oaks Water Supply Company, LLC and CSWR-Texas 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).*

⁶ *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).*

⁷ *Application of Council Creek Village, Inc. dba Council Creek Village dba South Council Creek 2 and 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).*

- Docket No. 51047:⁸ CSWR Texas acquired the public water system, South Silver Creek I II & III, PWS No. 0270041, and associated facilities, approximately 169 acres of service area, and 103 connections in Burnet County from Jones-Owen dba South Silver Creek I II & III.
- Docket No. 50989:⁹ CSWR Texas acquired the public water systems Hillside Estates Water System, PWS No. 0080049; Meadowview Estates, PWS No. 0080051; Settlers Meadows Water System, PWS No. 0080055; Settlers Estates Sec II, PWS No. 0080056; Settlers Crossing Water System, PWS No. 0080058; Meadowview Estates II, PWS No. 0080059; and Settlers Crossing Water System 2, PWS No. 0080060, and associated facilities, approximately 638 acres of service area, and 316 connections in Austin County from Ranch Country of Texas Water Systems, Inc.
- Docket No. 51130:¹⁰ CSWR Texas acquired the public water system, Laguna Tres Subdivision, PWS No. 1110019, and associated facilities from Laguna Tres, CSWR Also acquired the public water system Laguna Vista Subdivision, PWS No. 1110095 and associated facilities and unpermitted wastewater facilities from Laguna Vista. The total certificated area amended to CSWR Texas' CCN was 362 acres of water service area, with 446 water connections and 6 acres of sewer service area with 5 connections in Hood County from Laguna Tres, Inc. and Laguna Vista Limited.
- Docket No. 51146:¹¹ CSWR Texas acquired the public water system, Abraxas Utilities, PWS No. 1840034, Wastewater Discharge Permit No. WQ 00150-10001, and associated facilities, approximately 721 acres of service area, and 437 connections in Parker County from Abraxas Corporation.
- Docket No. 51036:¹² CSWR Texas acquired the public water system, Woodlands West, PWS No. 0260043 and associated facilities, approximately 61 acres and 18 connections in Burleson County from Kathie Lou Daniels dba Woodlands West.

⁸ *Application of Jones-Owen Company dba South Silver Creek I, II, and III and CSWR-Texas Utility Operating Utility Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51047, Notice of Approval (Apr. 19, 2021).*

⁹ *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).*

¹⁰ *Application of Laguna Vista Limited and Laguna Tres, Inc. and 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 Kathie Lou Daniels dba Woodlands West and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities in Burleson County, Docket No. 51036 (Aug. 23, 2021).*

- Docket No. 51003:¹³ CSWR Texas acquired the public water system, Oak Hills Ranch Water, PWS No. 0940085 and associated facilities, approximately 1,857 acres and 196 connections in Guadalupe and Wilson Counties from Oak Hills Ranch Estates Water Company.
- Docket No. 51089:¹⁴ CSWR Texas acquired the public water system, Quiet Village II, PWS No. 1080221, associated facilities, and wastewater collection lines, this includes approximately 18.5 acres and 165 connections in Hidalgo County from Donald E. Wilson dba Quiet Village II dba QV.
- Docket No. 51928:¹⁵ CSWR Texas acquired the public water system, Thousand Oaks Subdivision, PWS No. 0720054 and associated facilities, this includes approximately 96 acres and 15 connections in Erath County from Betty J. Drago.
- Docket No. 51981:¹⁶ CSWR Texas acquired the public water systems, Live Oak Hills Subdivision, PWS No. 1540012, Flag Creek Ranch, PWS No. 1500112, and associated facilities for each including approximately 425 acres and 68 connections in Llano and McCulloch Counties from Live Oak Hills and Flag Creek Ranch Water Systems.
- Docket No. 51544:¹⁷ CSWR Texas acquired the public water systems, Franklin Water Systems 1, PWS No. 1520224 and Franklin Water Systems 3, PWS No. 1520080 and associated facilities for each including approximately 186 acres and 219 connections in Lubbock County from Franklin Water Service Co. LLC.
- Docket No. 51222:¹⁸ CSWR Texas acquired the public water system, Big Wood Springs Water System, PWS No. 2500019 and associated facilities, this includes approximately 643 acres and 76 connections in Wood County.

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 (Sep. 9, 2021).*

¹⁴ *Application of Donald E. Wilson dba Quiet Village II dba QV Utility and 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).*

¹⁵ *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).*

¹⁶ *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).*

¹⁷ *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).*

¹⁸ *Application of David Petty, Executor of the Estate of Patetreen Petty Mccoy dba 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).*

- Docket No. 51917:¹⁹ CSWR Texas acquired the public water system, The Woodlands Water System, PWS ID number 1050139 and associated facilities, this includes approximately 1,004 acres and 69 connections in Hays County from Rocket Water Company, Inc.
- Docket No. 51642:²⁰ CSWR Texas has acquired a public water system registered with the TCEQ as Waterco, PWS No. 1690028, associated facilities, approximately 25 acres of service area, and 13 connections in Montague County from James L. Nelson dba Waterco.
- Docket No. 51940:²¹ CSWR Texas has acquired a public water system registered with the TCEQ as Walnut Bend Water Supply, PWS ID No. 0030037, associated facilities, approximately 48 acres of service area, and 19 connections in Angelina County from Walnut Bend Water Supply aka Walnut Bend Water System.
- Docket No. 52089:²² CSWR Texas acquired the public water system registered as Woodland Harbor, PWS ID No. 0320014, and associated facilities, approximately 217 acres of service area, and 163 connections in Camp County from Alpha Utility of Camp County, LLC.
- Docket No. 52410:²³ CSWR Texas has acquired the TCEQ approved wastewater treatment plant (WWTP) registered as Bridgewood Wastewater Treatment Facility, Wastewater Discharge Permit No. WQ14376-001, and associated facilities, approximately 1,419 acres of service area, and 1,209 connections in Bexar County from Leon Springs Utility Co, Inc.
- Docket No. 52099:²⁴ CSWR Texas has acquired the TCEQ approved public water system registered as Pelican Isle Water System, PWS ID No. 1750036, WWTP registered as Pelican Isle WWTP, Wastewater Discharge Permit No. WQ0013528001, and associated facilities, approximately 83.7 acres of service area, and 378 connections in Navarro County from THRC Utility, LLC.

¹⁹ *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).*

²⁰ *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. 17, 2022).*

²¹ *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. 17, 2022).*

²² *Application of Alpha Utility of Camp County, LLC and CSWR-Texas Operating Utility Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Camp County, Docket No. 52089, Notice of Approval (Mar. 25, 2022).*

²³ *Application of CSWR-Texas Utility Operating Company, LLC and Leon Springs Utility Co, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Bexar County, Docket No. 52410, Notice of Approval (Jun. 3, 2022)*

²⁴ *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, Notice of Approval (Jul. 13, 2022)*

- Docket No. 51126:²⁵ Aero Valley Water Service (Aero Valley) has a public water system registered with the TCEQ as Aero Valley Water Service, PWS No. 0610243. There are several violations listed in the TCEQ database. CSWR Texas will address the violations and deficiencies to ensure that, after closing the sale, the full operation of this public water system can continue in accordance with Commission and TCEQ rules. For this docket, CSWR Texas is seeking to transfer approximately 46.5 acres, which consists of 32.5 acres of single certification and 14 acres of dual certification with Town of Northlake's CCN No. 12915, with 42 connections in Denton County.
- Docket No. 52700:²⁶ RJR Water Company, Inc. (RJR Water) has a TCEQ public water system registered under PWS ID No. 1840077. The last TCEQ compliance investigation of the RJR Water system was on September 9, 2021. All violations or concerns noted as a result of that investigation have been resolved. For this docket, CSWR Texas is seeking to transfer approximately 346 acres and 136 connections in Parker and Palo Pinto Counties.
- Docket No. 52702:²⁷ Fremont Water Company (Fremont) has a TCEQ public water system registered as Fremont Water under PWS ID No. 1330153. The last TCEQ compliance investigation of the Fremont Water system was on January 17, 2017. All violations or concerns noted as a result of that investigation have been resolved. For this docket, CSWR Texas is seeking to transfer approximately 139 acres and 58 connections in Kerr County.
- Docket No. 52803:²⁸ Copano Cove Water Company, Inc. (Copano Cove) has a TCEQ public water system registered as Copano Cove Subdivision under PWS ID No. 0040003 and Copano Ridge Subdivision under PWS ID: 0040029. The last TCEQ compliance investigation of the Copano Cove Water system was on August 31, 2021. There are several violations listed in the TCEQ database for the Copano Cove Water public water system. The last TCEQ compliance investigation of the Copano Ridge Subdivision was on June 23, 2020. There no violations listed in the TCEQ database for the Copano Ridge Subdivision. CSWR Texas will address the violations and deficiencies to ensure that, after closing the sale, the full operation of this public water system can continue in accordance with Commission and TCEQ rules. For this docket, CSWR Texas is seeking to transfer approximately 1,267 acres and 713 connections in Aransas County.

²⁵ *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).*

²⁶ *Application of RJR Water Company, Inc. 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).*

²⁷ *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).*

²⁸ *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).*

- Docket No. 52879:²⁹ Carroll Water Company, Inc. (Carroll Water) has five public water systems registered as Emerald Forest, PWS ID: 0700058, Grande Casa, PWS ID: 0700063, Lakeview Ranchettes, PWS ID: 0700057, Red Oak Community Water Service PWS ID: 0700056, and Spanish Grant Subdivision PWS ID: 0700064. Each of the public water systems had compliance investigations done by the TCEQ on April 5, 2018. Emerald Forest, Grande Casa, Red Oak Community Water System, and Spanish Grant Subdivision have unresolved violations for each water system. For this docket, CSWR Texas is seeking to transfer approximately 1,676 acres and 584 connections in Ellis County.
- Docket No. 52661:³⁰ Tri-County Point Property Owners Association (Tri-County) has three TCEQ approved PWS registered as Tri County Point Water System 2, PWS ID No. 1200027, Tri County Point Water System 3, PWS ID No. 1200028, and Tri County Point Water System 4, PWS ID No. 1200029. The last TCEQ compliance investigation of the Tri-County systems was on March 26, 2020. Tri-County has violations listed in the TCEQ database for their public water systems. Tri-County also has a TCEQ approved WWTP registered as Tri-County Point Property Owners Association WWTP, Wastewater Discharge Permit No. WQ0015399001. The last TCEQ compliance investigation of the Tri-County system was on March 17, 2021. Tri-County has self-reported violations listed in the TCEQ database. For this docket, CSWR Texas is seeking to transfer a total of approximately 476 water customer connections and approximately 702 acres of transferred area from Tri-County (CCN No. 11786) to CSWR (CCN Nos. 13290 and a total of approximately 447 sewer customer connections and approximately 1,841 acres of transferred area from Tri-County (CCN No. 20616) to CSWR (CCN Nos. 21120).
- Docket No. 52880:³¹ Texas Landing Utilities (Texas Landing) has three public water systems treatment plant registered as Texas Landing Utilities Deerwood, PWS ID No. 1700798, Texas Landing Utilities Goode City, PWS ID No. 1700744, Texas Landing Utilities, PWS ID No. 1870151 and a WWTP registered as Texas Landing Utilities, Wastewater Discharge Permit No. WQ-13147-001. The last TCEQ compliance investigation of the Texas Landing system was on December 1, 2020. Texas Landing has violations listed in the TCEQ database, that are on the path to compliance. For this docket, CSWR Texas is seeking to transfer 310 water customer connections and approximately 844 acres and 119 sewer connections and approximately 93 acres in Polk and Montgomery counties.

²⁹ *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 52879 (pending).*

³⁰ *Application of Tri-County Point Property Owners Association and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Calhoun and Jackson Counties, Docket No. 52661 (pending).*

³¹ *Application of Texas Landing Utilities and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk and Montgomery Counties, Docket No. 52880 (pending).*

- Docket No. 53326:³² Aransas Bay Utilities Co., LLC (Aransas Bay) has a public water system registered as Aransas Bay Utilities, PWS ID: 0040018. The last TCEQ compliance investigation of the PWS was on January 13, 2022. Four violations were noted as a result of that investigation. Aransas Bay also has a WWTP registered as Aransas Bay Utilities, Wastewater Discharge Permit No. WQ00495-6000. The last TCEQ compliance investigation of the WWTP was on November 18, 2019. No violations or concerns were noted as a result of that investigation. For this docket, CSWR Texas is seeking to transfer approximately 282 acres and 409 connections for the water service area and approximately 35 acres and 35 connections for the sewer service area in Aransas County.
- Docket No. 53317:³³ Jusryn Company, Inc. dba Shady Grove Sewer System (Shady Grove) has wastewater treatment facility registered with Hood County. For this docket, CSWR Texas is seeking to transfer approximately 17 acres and 10 connections in Hood County.
- Docket No. 53259:³⁴ Cody and Anita Lewis dba Cassie Water Company (Cassie Water) has a public water system registered as Cassie Water System, PWS ID No. 0270047. The last TCEQ compliance investigation of the Cassie Water system was on March 19, 2019. Cassie Water has multiple violations listed in the TCEQ database. For this docket, CSWR Texas is seeking to transfer approximately 58 acres and 67 connections in Burnet County.
- Docket No. 53429:³⁵ Deer Springs Water Company (Deer Springs) has a public water system registered as registered as Deer Springs Water Company, PWS ID No. 0270006. The last TCEQ compliance investigation of the Deer Springs water system was on September 26, 2019. For this docket, CSWR Texas is seeking to transfer approximately 229 acres and 109 connections in Burnet County.

21. In each of the above applications, CSWR Texas has stated that it intends to contract with an operations company.

System Compliance

22. Water Works has two TCEQ approved public water systems (PWS) registered as Water Works 1, PWS ID No. 1500018 and Water Works 2, PWS ID Nos. 1500018 and 1500019, respectively.

³² Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (pending).

³³ Application of CSWR-Texas Utility Operating Company, LLC and Jusryn Company, Inc. dba Shady Grove Sewer System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 53317 (pending).

³⁴ Application of CSWR-Texas Utility Operating Company, LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).

³⁵ Application of CSWR-Texas Utility Operating Company LLC and Deer Springs Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53429 (pending).

23. The last TCEQ compliance investigation of Water Works 1 was on January 9, 2019. Water Works 1 does not have any violations listed in the TCEQ database.
24. The last TCEQ compliance investigation of Water Works 2 was on February 6, 2019. Water Works 2 does not have any violations listed in the TCEQ database.
25. The Commission's complaint records, which date back to 2017, show no complaints against Water Works.
26. CSWR Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

27. Water Works currently provides retail water service to 84 customer connections in the requested area and such service has been continuous and adequate.

Need for Additional Service

28. The purpose of the transaction is to transfer Water Works' public water systems to CSWR Texas.
29. The customers are currently receiving water service from Water Works' water systems.
30. There are currently 84 existing customers in the requested area. Therefore, there is a need for service.
31. No additional service is needed at this time.

Effect of Approving the Transaction and Granting the Amendment

32. CSWR Texas will be the certificated entity for the requested area and be required to provide continuous and adequate service to the requested area.
33. There will be no effect on the landowners as the area is currently certificated.
34. There will be no impact on any retail public utility serving the proximate area. All retail public utilities in the proximate area were provided notice of the transaction taking place in this application and did not request to intervene.

Ability to Serve: Managerial and Technical

35. CSWR Texas has the ability to provide adequate service in the requested area. CSWR Texas has purchased several TCEQ approved public water systems and wastewater treatment plants. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR Texas.

36. 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. The needed improvements will begin when the systems are officially transferred to CSWR Texas. Once the water systems are compliant with TCEQ regulations, the service provided to the requested area will be adequate.
37. CSWR Texas employs or contracts with TCEQ-licensed operators of public water systems who will operate the water system.
38. The contract operators would be responsible for day-to-day inspections, checks, sampling, reporting, meter reading, and any necessary system repairs.
39. No additional construction is necessary for CSWR Texas to provide service to the requested areas.
40. CSWR Texas has the technical and managerial capability to provide continuous and adequate service to the requested area.

Regionalization or Consolidation

41. 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

42. Water Works is currently providing water service to customers and has sufficient capacity.
43. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed. At the minimum, an interconnect would need to be installed in order to connect to a neighboring retail public utility.
44. It is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability

45. 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.
46. 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.

47. CSWR Texas demonstrated the financial and managerial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

48. 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

49. 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 Customers

50. Reliability and quality of water is expected to improve under CSWR Texas's management.
51. 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 water system upon 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 TWC §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, and 13.301.
2. Water Works and CSWR Texas are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. The applicants provided notice of the application that complies with TWC §§13.246 and 13.301(a)(1) and 16 TAC § 24.239(c).
4. The Commission processed this application as required by the TWC, the Administrative Procedure Act,³⁶ and Commission Rules.
5. After consideration factors in TWC § 13.246(c) and 16 TAC § 24.239(h)(5), CSWR Texas demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).

³⁶ Tex. Gov't Code §§ 2001-.001-.903.

6. It is not necessary for CSWR Texas to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
7. The applicants have demonstrated that the sale of Water Works' 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 number 11674 and held by Water Works 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

**KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE**