



## Filing Receipt

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**DOCKET NO. 53430**

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

**ORDER NO. 11**  
**APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of CSWR-Texas Utility Operating Company, LLC and Water Works I and II for the sale, transfer, or merger of facilities and certificate rights in Llano County. CSWR-Texas seeks the sale and transfer of all facilities and service area held under Water Works' certificate of convenience and necessity (CCN) number 11674 to CSWR-Texas, the cancellation of Water Works' CCN number 11674, and the amendment of CSWR-Texas's CCN number 13290 to include the facilities and service area previously included in Water Works' CCN number 11674. The administrative law judge (ALJ) approves the transaction between CSWR-Texas and Water Works and the transaction may be completed as proposed.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicants**

1. Water Works is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Llano County under CCN number 11674.
2. Water Works operates two public water systems registered with the Texas Commission on Environmental Quality (TCEQ) as Water Works I Floyd Acres and Water Works II Island Lodges under identification numbers 1500018 and 1500019, respectively.
3. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
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, Erath,

Guadalupe, Harris, Hays, Hidalgo, Hood, Kerr, Llano, Lubbock, McCulloch, Montague, Navarro, Parker, Victoria, Wilson, and Wood counties under CCN number 13290.

**Application**

5. On February 22, 2022, in Docket No. 53259,<sup>1</sup> 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 of facilities and certificate rights in Burnet and Llano counties under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.
6. In Order No. 2 filed on April 4, 2022, in Docket No. 53259, the ALJ severed the application into three dockets: Docket Nos. 53259, 53429,<sup>2</sup> and the present docket, which only includes CSWR-Texas and Water Works.
7. In the present application, the applicants seek approval of the following transaction: (a) CSWR-Texas will acquire all of Water Works' water facilities and service area held under CCN number 11674; (b) Water Works' CCN number 11674 will be cancelled; and (c) CSWR-Texas's CCN number 13290 will be amended to include the facilities and service area previously included in Water Works' CCN number 11674.
8. CSWR-Texas supplemented the application on April 5, 6, 19, and 28, May 9, and June 14 and 20, 2022.
9. The requested areas include approximately 137 acres and 84 customer connections.
10. The Water Works I requested area 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.

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<sup>1</sup> *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).*

<sup>2</sup> *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).*

11. The Water Works II requested area 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.
12. In Order No. 3 filed on May 9, 2022, the ALJ found the application, as supplemented, administratively complete.

### Notice

13. On June 6, 2022, CSWR-Texas filed the affidavit of Aaron Silas, regulatory case manager of CSWR-Texas, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on May 23, 2022.
14. In Order No. 4 filed on June 23, 2022, the ALJ found notice sufficient.

### Intervention

15. In Order No. 7 filed on July 12, 2022, the ALJ granted the motion to intervene filed by Mark Blankenship, limited to his capacity as a customer of Water Works.
16. On August 23, 2022, Mark Blankenship filed a request to withdraw his intervention.
17. In Order No. 9 filed on August 26, 2022, the ALJ granted Mr. Blankenship's request to withdraw his intervention and he was dismissed from this proceeding.

### Evidentiary Record

18. In Order No. 10 filed on August 30, 2022, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on February 22, 2022, in Docket No. 53249; (b) CSWR-Texas's supplements to the application, including all confidential attachments, filed on April 5, 6, 19, and 28, May 9, and June 14 and 20, 2022; (c) Commission Staff's recommendation on administrative completeness filed on May 6, 2022; (d) CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential exhibit B, filed on June 6, 2022; (e) CSWR-Texas's letter regarding proof of notice filed on June 17, 2022; (f) Commission Staff's recommendation on sufficiency of notice filed on June 22, 2022; (g) CSWR-Texas's response to motion to intervene filed on June 24, 2022; (h) Commission Staff's response to Order No. 5 filed on July 8, 2022; and (i) Commission Staff's recommendation on the transaction, including confidential attachments, filed on July 29, 2022.

**Cumulative Recommendation**

19. 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 included in this docket and in Docket Nos. 50251,<sup>3</sup> 50276,<sup>4</sup> 50311,<sup>5</sup> 50989,<sup>6</sup> 51003,<sup>7</sup> 51026,<sup>8</sup> 51031,<sup>9</sup> 51036,<sup>10</sup> 51047,<sup>11</sup> 51065,<sup>12</sup> 51089,<sup>13</sup> 51118,<sup>14</sup> 51126,<sup>15</sup> 51130,<sup>16</sup> 51146,<sup>17</sup> 51222,<sup>18</sup> 51544,<sup>19</sup> 51642,<sup>20</sup> 51917,<sup>21</sup> 51928,<sup>22</sup> 51940,<sup>23</sup> 51981,<sup>24</sup> 52089,<sup>25</sup> 52099,<sup>26</sup> 52410,<sup>27</sup> 52661,<sup>28</sup> 52700,<sup>29</sup> 52702,<sup>30</sup> 52803,<sup>31</sup> 52879,<sup>32</sup> 52880,<sup>33</sup> 53259,<sup>34</sup> 53317,<sup>35</sup> 53326,<sup>36</sup> and 53429.<sup>37</sup>

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<sup>3</sup> *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).*

<sup>4</sup> *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).*

<sup>5</sup> *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).*

<sup>6</sup> *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).*

<sup>7</sup> *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).*

<sup>8</sup> *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).*

<sup>9</sup> *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).*

<sup>10</sup> *Application of Kathie Lou Daniels dba 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).*

<sup>11</sup> *Application of Jones-Owen Company dba 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).*

<sup>12</sup> *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).*

<sup>13</sup> *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).*

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<sup>14</sup> *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).*

<sup>15</sup> *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).*

<sup>16</sup> *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).*

<sup>17</sup> *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).*

<sup>18</sup> *Application 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).*

<sup>19</sup> *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).*

<sup>20</sup> *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).*

<sup>21</sup> *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).*

<sup>22</sup> *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).*

<sup>23</sup> *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).*

<sup>24</sup> *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).*

<sup>25</sup> *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).*

<sup>26</sup> *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, Corrected Notice of Approval (Jul. 28, 2022).*

<sup>27</sup> *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 (June 3, 2022).*

<sup>28</sup> *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).*

<sup>29</sup> *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).*

**Purchaser's Compliance History**

20. CSWR-Texas has not been under enforcement action by the Commission, TCEQ, Texas Health and Human Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
21. CSWR-Texas does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
22. CSWR-Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

**Adequacy of Existing Service**

23. There are currently 84 connections in the 137-acre requested areas that are being served by Water Works through public water system numbers 1500018 and 1500019, and such service has been continuous and adequate.
24. There is no evidence in the record that Water Works has failed to comply with any Commission or TCEQ order.

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<sup>30</sup> *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, Notice of Approval (Aug. 5, 2022).*

<sup>31</sup> *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).*

<sup>32</sup> *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).*

<sup>33</sup> *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).*

<sup>34</sup> *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).*

<sup>35</sup> *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).*

<sup>36</sup> *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).*

<sup>37</sup> *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).*

**Need for Additional Service**

25. There is a continuing need for service because Water Works currently serves 84 customer connections in the requested areas.
26. This is an application to transfer only existing facilities, customers, and service areas. There have been no specific requests for additional service within the 137-acre requested areas.

**Effect of Approving the Transaction and Granting the Amendment**

27. 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 requested areas.
28. There will be no effect on landowners because the requested areas are currently certificated.
29. Because this application is to transfer only existing facilities, customers, and service areas, there will be no effect on any other retail public utility servicing the proximate area.

**Ability to Serve: Managerial and Technical**

30. CSWR-Texas owns and operates 34 public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
31. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR-Texas.
32. CSWR-Texas employs or contracts with TCEQ-licensed operators who will operate the public water system.
33. No additional construction is necessary for CSWR-Texas to provide service to the requested areas.
34. CSWR-Texas has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the Texas Water Code (TWC), and the TCEQ's rules.
35. CSWR-Texas has the technical and managerial capability to provide continuous and adequate service to the requested areas.



**Regionalization or Consolidation**

36. The construction of a physically separate system is not necessary for CSWR-Texas to serve the requested areas. Therefore, concerns of regionalization or consolidation do not apply.

**Feasibility of Obtaining Service from Adjacent Retail Public Utility**

37. Water Works is currently serving customers and such service has been continuous and adequate.
38. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At a minimum, an interconnection would need to be installed in order to connect to a neighboring retail public utility.
39. 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 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.
42. CSWR-Texas demonstrated the financial capability and stability to provide continuous and adequate service to the requested areas.

**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.

**Environmental Integrity and Effect on the Land**

44. The requested areas will continue to be served with existing infrastructure.
45. 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 water systems.

**Improvement of Service or Lowering Cost to Customers**

46. Reliability and quality of water is expected to improve under CSWR-Texas's management.
47. The rates charged to customers in the requested areas 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 applicants provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239 (c).
2. After consideration of the factors in TWC § 13.246(c), CSWR-Texas has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested areas as required by TWC §§ 13.241(a), 13.251, and 13.301(b) and 16 TAC § 24.239(e).
3. The applicants demonstrated that the sale of CCN number 11674 and its associated facilities and service area 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).

**III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between CSWR-Texas and Water Works in this proceeding is approved and may be completed as proposed.
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 completed and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.

4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period or an extension is not granted, this approval is void and the applicants must 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 final order or notice of approval is issued in this matter, 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 completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed 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 22nd day of September 2022.**

**PUBLIC UTILITY COMMISSION OF TEXAS**



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**KATIE MOORE MARX  
ADMINISTRATIVE LAW JUDGE**