



Filing Receipt

Received - 2022-09-23 01:31:17 PM

Control Number - 53607

ItemNumber - 21

DOCKET NO. 53607

**APPLICATION OF CHAPARRAL §
WATER SYSTEM AND CSWR-TEXAS §
UTILITY OPERATING COMPANY, LLC § PUBLIC UTILITY COMMISSION
FOR SALE, TRANSFER OR MERGER §
OF FACILITIES AND CERTIFICATE § OF TEXAS
RIGHTS IN GILLESPIE COUNTY §
§**

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

TABLE OF CONTENTS

I. BACKGROUND..... 2
II. JOINT MOTION TO ADMIT EVIDENCE..... 2
III. COMMISSION STAFF’S CUMULATIVE RECOMMENDATION 3
IV. AGREED PROPOSED ORDER APPROVING THE SALE AND TRANSFER
TO PROCEED 3
V. CONCLUSION 3

ATTACHMENT: Proposed Order Approving the Sale and Transfer to Proceed

DOCKET NO. 53607

APPLICATION OF CHAPARRAL	§	
WATER SYSTEM AND CSWR-TEXAS	§	
UTILITY OPERATING COMPANY, LLC	§	PUBLIC UTILITY COMMISSION
FOR SALE, TRANSFER OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	OF TEXAS
RIGHTS IN GILLESPIE 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 Chaparral Water System (“Chaparral Water”) together with the Staff (“Staff”) of the Public Utility Commission of Texas (“Commission”) (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 May 13, 2022, CSWR Texas and Chaparral Water (collectively, the “Applicants”) filed an application (“Application”) with the Commission for approval of the sale, transfer, or merger of facilities and certificate rights in Gillespie County. The Applicants seek the sale and transfer of all facilities and service area held under Chaparral Water’s water Certificate of Convenience and Necessity (“CCN”) No. 10959 to CSWR Texas, the cancellation of Chaparral Water’ water CCN No. 10959, and the amendment of CSWR Texas’s water CCN No. 13290 to include the area previously included in Chaparral Water’ water CCN No. 10959. The requested area comprises approximately 91 acres and 514 connections.

Pursuant to Order No. 3, filed on July 26, 2022, 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 for the sale, transfer, or merger, including all confidential attachments, filed on May 13, 2022 (Interchange Item Nos. 1 through 7);
2. CSWR Texas’s Supplemental Attachment B filed on June 14, 2022 (Interchange Item No. 11);

3. CSWR Texas's Supplemental Attachment G-1 filed on June 20, 2022 (Interchange Item No. 12);
4. Commission Staff's recommendation on administrative completeness filed on June 13, 2022 (Interchange Item No. 9);
5. CSWR Texas's amended affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on June 30, 2022 (Interchange Item Nos. 15 and 16);
6. Commission Staff's recommendation on sufficiency of notice, filed on July 25, 2022 (Interchange Item No. 17);
7. Commission Staff's recommendation on approval of the transaction, filed on August 26, 2022 (Interchange Item No. 19).

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. AGREED 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 Joint 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**

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

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

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Keith Rogas
Division Director

John Harrison
Managing Attorney

/s/ Forrest Smith
Forrest Smith
State Bar No. 24093643
Ian Groetsch
State Bar No. 24078599
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7388
(512) 936-7268 (fax)
Forrest.smith@puc.texas.gov

DOCKET NO. 53607

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of September 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.

C. Glenn Adkins

DOCKET NO. 53607

APPLICATION OF CHAPARRAL	§	
WATER SYSTEM AND CSWR-TEXAS	§	
UTILITY OPERATING COMPANY, LLC	§	PUBLIC UTILITY COMMISSION
FOR SALE, TRANSFER OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	OF TEXAS
RIGHTS IN GILLESPIE COUNTY	§	
	§	

JOINT PROPOSED ORDER APPROVING THE SALE AND ALLOWING THE TRANSACTION TO PROCEED

This Order addresses the application of Chaparral Water System (Chaparral Water) and CSWR-Texas Utility Operating Company, LLC (CSWR Texas) for the sale, transfer, or merger of facilities in Montgomery County, Texas, Sabine County, Texas, and San Augustine County, Texas. CSWR Texas seek the sale and transfer of all facilities and service area held under Chaparral Water’s water Certificate of Convenience and Necessity (CCN) No. 10959 to CSWR Texas, the cancellation of Chaparral Water’s water CCN No. 10959, and the amendment of CSWR Texas’s water CCN No. 13290 to include the area previously included in Chaparral Water’s water CCN No. 10959. 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. Chaparral Water is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Gillespie County, Texas, under CCN No. 10959.
2. Chaparral Water owns and operates public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 0860010.
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, Burleson, Burnet, Camp, Ellis, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Kerr, Llano, Lubbock, McCulloch,

Montague, Navarro, Parker, Travis, Victoria, Wilson, and Wood counties under CCN No. 13290.

Application

5. On May 13, 2022, the applicants filed the application for approval of the sale and transfer of all facilities and service area held under Chaparral Water’s water CCN No. 10959 to CSWR Texas, cancellation of Chaparral Water’s water CCN No. 10959, and amendment of CSWR Texas’s water CCN No. 13290 to include the area previously included in Chaparral Water’s water CCN No. 10959.
6. CSWR Texas supplemented the application on June 14, 2022, and June 20, 2022.
7. In the application, the applicants seek approval of the following transaction: (a) CSWR Texas will acquire all of Chaparral Water’s water facilities and water service area under water CCN No. 10959; (b) Chaparral Water’s water CCN No. 10959 will be cancelled; and (c) CSWR Texas’s water CCN No. 13290 will be amended to include the area previously included in Chaparral Water’s water CCN No. 10959.
8. The requested area comprises approximately 91 acres and 51 connections.
9. The requested area is located approximately 7.9 miles southeast of downtown Fredericksburg, Texas, and is generally bounded on the north by US Highway 290; on the east by Woodland Drive; on the south by a point approximately 125 feet south of Chaparral Drive, and on the west by Barrett Road.
10. In Order No. 2 filed on June 14, 2022, the ALJ deemed the application administratively complete.

Notice

11. On June 30, 2022, CSWR Texas filed the affidavit of Aaron Silas, regulatory case manager for CSWR Texas, attesting that notice was provided to all current customers of Chaparral Water, neighboring utilities, and affected parties on June 27, 2022.
12. In Order No. 3 filed on July 26, 2022, the ALJ deemed the notice sufficient.

Evidentiary Record

13. On September 23, 2022, the parties filed a joint motion to admit evidence.

14. In Order No. __ filed on _____, the ALJ admitted the following evidence into the record: (a) the application for the sale, transfer, or merger, including all confidential attachments, filed on May 13, 2022; (b) CSWR Texas's supplemental Attachment B to the application, filed on June 14, 2022; (c) CSWR Texas's supplemental Attachment G-1 to the Application, filed on June 20, 2022; (d) Commission Staff's recommendation on administrative completeness, filed on June 13, 2022; (f) CSWR Texas's amended affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on June 30, 2022; (g) Commission Staff's recommendation on sufficiency of notice, filed on July 25, 2022; and (k) Commission Staff's recommendation on approval of the transaction, including confidential attachments, filed on August 29, 2022.

Cumulative Recommendation

15. On August 26, 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. 50251,¹ 50276,² 50311,³ 50989,⁴ 51003,⁵ 51026,⁶

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 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).*

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).*

51031,⁷ 51036,⁸ 51047,⁹ 51065,¹⁰ 51089,¹¹ 51118,¹² 51126,¹³ 51130,¹⁴ 51146,¹⁵ 51222,¹⁶

⁷ *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).*

⁸ *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).*

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 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).*

¹¹ *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).*

¹² *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).*

¹³ *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).*

¹⁴ *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).*

¹⁵ *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).*

¹⁶ *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).*

51544,¹⁷ 51642,¹⁸ 51917,¹⁹ 51928,²⁰ 51940,²¹ 51981,²² 52089,²³ 52099,²⁴ 52410,²⁵

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 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).*

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 Betty J. Dragoo and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, or Merger of Facilities and Associated Acreage in Erath County, Docket No. 51928, Notice of Approval (Jan. 21, 2022).*

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. 15, 2022).*

²² *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).*

²³ *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).*

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, Corrected Notice of Approval (Jul. 28, 2022).*

²⁵ *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, Notice of Approval (Jun. 3, 2022).*

52661,²⁶ 52700,²⁷ 52702,²⁸ 52803,²⁹ 52879,³⁰ 52880,³¹ 53259,³² 53317,³³ 53326,³⁴ 53429,³⁵ 53430,³⁶ 53238³⁷, 53426³⁸.

System Compliance

16. TCEQ compliance investigations regarding Chaparral Water's public water systems, number 0860010, have resulted in alleged violations.
17. CSWR Texas intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water system into compliance with TCEQ regulations

²⁶ *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).*

²⁷ *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).*

²⁸ *Application of CSWR-Texas Utility Operating Company, LLC and Fremont Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702, Notice of Approval (Aug. 5, 2022).*

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).*

³⁰ *Application of Walter J. 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, Notice of Approval (Sept. 21, 2022).*

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).*

³² *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).*

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 Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (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, Docket No. 53429 (pending).*

³⁶ *Application of CSWR-Texas Utility Operating Company, LLC and Water Works I and II for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano County, Docket No. 53430 (pending).*

³⁷ *Application of Simply Aquatics, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montgomery, Sabine, and San Augustine Counties, Docket No. 53238 (pending).*

³⁸ *Application of Limestone Coves Water System, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Limestone and Robertson Counties, Docket No. 53456 (pending).*

and to ensure customers receive safe and reliable service within a reasonable time upon consummation of the transaction.

18. CSWR Texas has demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

19. There are currently 51 connections in the 91-acre requested area that is being served by Chaparral Water through its public water systems number 0860010.
20. Chaparral Water has active violations listed in the TCEQ database.
21. The Commission's complaint records, which date back to 2017, show one complaint against Chaparral Water. The complaint has been closed.

Need for Additional Service

22. There is a continuing need for service because Chaparral Water is currently serving 51 connections in the requested area.
23. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 91-acre requested area.

Effect of Approving the Transaction and Granting the Amendment

24. 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 91-acre requested area.
25. 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.
26. There will be no effect on landowners as the area is currently certificated.
27. CSWR Texas will adopt Chaparral Water's current rates upon the consummation of the transaction.

Ability to Serve: Managerial and Technical

28. CSWR Texas owns and operates numerous public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.

29. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
30. No additional construction is necessary for CSWR Texas to provide service to the requested area.
31. CSWR Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

Regionalization or Consolidation

32. 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

33. Chaparral 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

34. 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.
35. 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 and within five years of operations after completion of the transaction and that it possesses the cash and leverage ability to pay for capital improvements and necessary equity investments—satisfying the operations test.
36. CSWR Texas demonstrated the financial and managerial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

37. 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

38. 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

39. CSWR Texas will continue to provide water service to the existing customers in the area. There will be no change in cost of service to customers.
40. CSWR Texas intends to improve service to customers by investing the capital required to make the upgrades, renovations, and repairs necessary to bring the water system into compliance with TCEQ regulations.
41. 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 Chaparral Water's 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 Texas Water Code (TWC) §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239.
2. After consideration of the factors in TWC § 13.246(c) and 16 TAC §§ 24.227(e) and 24.239(h)(5), CSWR Texas demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC § 13.301(b).
3. It is not necessary for CSWR Texas to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
4. The applicants have demonstrated that the sale of Chaparral 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), (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 No. 10959 and held by Chaparral Water 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

**GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE**