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DOCKET NO. 53718

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

**CSWR-TEXAS UTILITY OPERATING COMPANY, LLC’S RESPONSE TO STAFF’S
RECOMMENDATION OR, ALTERNATIVELY, SECOND REQUEST FOR GOOD
CAUSE EXCEPTION**

CSWR-Texas Utility Operating Company, LLC (“CSWR-Texas”) submits this response to Commission Staff’s Recommendation on the Sufficiency of Documents. Commission Staff filed its recommendation on November 27, 2023; therefore, this response is timely filed. For the following reasons, CSWR-Texas requests that the administrative law judge (“ALJ”) reject Staff’s recommendation and find that the closing documents are sufficient or, alternatively, that CSWR-Texas’ second request for good cause exception be granted.

I. BACKGROUND

As explained previously in this proceeding, on June 26, 2020, in Docket No. 50989, Ranch Country and CSWR-Texas (collectively, the “Applicants”) filed an application with the Public Utility Commission of Texas (“Commission”) for approval of the sale, transfer, or merger of facilities and certificate rights in Austin County (“Application”). The Applicants sought to cancel Ranch Country’s certificate of convenience and necessity (“CCN”) number 12918 and transfer all facilities and the service area held under that number to CSWR-Texas to be held under CCN number 13290. The requested sale and transfer included approximately 638 acres and 316 connections and the following eight separate water systems: Hillside Estates Water System (PWS 0080049), Settlers Meadows Water System (PWS 0080055), Settlers Estates Sec II (PWS 0080056); Meadowview Estates (PWS 0080051), Settlers Crossing Water System (PWS 0080058), Meadowview Estates II (PWS 0080059), Settlers Crossing Water System 2 (PWS 0080060), and Lakeside Estates (PWS 0080053).

The transaction was approved to proceed on January 8, 2021. CSWR-Texas executed the transaction on January 14, 2021 and submitted its notice that the transaction had been completed on February 12, 2021. A notice of approval was issued on April 23, 2021, and CSWR-Texas has since acquired and taken over operations of all eight water systems included in the transaction. Ranch Country has ceased all water utility operations at the eight systems. After the notice of approval was issued, and after further investigation in coordination with the Commission Staff and the Staff of the TCEQ, it was determined that, unbeknownst to Ranch Country, its Lakeside Estates system had been certificated under a separate CCN number 12916 even though Ranch Country had been operating Lakeside Estates together with its other seven systems under CCN number 12918 for many years.

In order to correct the certification issue, CSWR-Texas agreed with Commission Staff and TCEQ Staff that it would file this CCN amendment application to formally transfer the Lakeside Estates system and any other facilities or service area operated under Ranch Country's CCN number 12916 to CSWR-Texas to operate under its water CCN number 13290 and to revoke or cancel Ranch Country's CCN number 12916 by decertifying the service area it previously served under CCN number 12916. Upon filing its application, Commission Staff requested that CSWR-Texas re-file its application as a sale-transfer-merger instead of a CCN amendment. CSWR-Texas amended and re-filed its application on August 4, 2022 and further supplemented it with additional information on June 20, 2022, August 16, 2022, August 22, 2022, September 27, 2022, December 2, 2022, April 19, 2023, May 8 and May 26, 2023, and July 10, 2023.

On August 4, 2022, and March 31, 2023, CSWR-Texas clarified the certificate ownership rights at issue in this proceeding. On April 6, 2023, the ALJ issued Order No. 8 outlining the ownership of the certificate rights currently at issue.

II. RESPONSE TO COMMISSION STAFF'S RECOMMENDATION ON THE SUFFICIENCY OF DOCUMENTS OR, ALTERNATIVELY, SECOND REQUEST FOR GOOD CAUSE EXCEPTION

It is not in dispute that in Docket No. 50989, the Applicants completed a transaction where, unbeknownst to the Applicants, not all systems owned and operated by Ranch Country were

properly transferred to CSWR-Texas. However, as illustrated multiple times in this docket,¹ the Applicants intended for all water systems owned and operated by Ranch Country be transferred to CSWR-Texas. Accordingly, the STM application, which was filed by the Applicants at the request of Commission Staff, did not include a bill of sale as the Applicants did not execute an additional purchase agreement and there is no bill of sale that corresponds to the transaction. Further, because CSWR-Texas already owns the system, it cannot retroactively create a bill of sale to capture the CCN number and nor is such required by Commission rules.

Because they ALJs have already recognized that CSWR-Texas acquired this system based on the closing documents filed in this and Docket No. 50989, CSWR-Texas respectfully requests the closing documentation filed on October 24, 2023, be found sufficient. To the extent necessary, CSWR-Texas re-urges its request for a good cause exception for the reasons explained in this and prior pleadings in this proceeding.

III. CONCLUSION

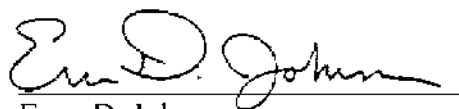
For these reasons, CSWR-Texas respectfully requests the closing documentation filed on October 24, 2023, be found sufficient.

Respectfully submitted,

**ATTORNEYS FOR CSWR-TEXAS
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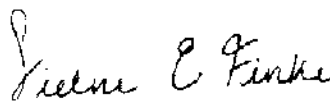
¹ CSWR-Texas's Response to Order No. 2 (July 15, 2022); CSWR-Texas's Response to Order No. 7 (March 31, 2023); Order No. 8 (April 6, 2023).



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CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of November 2023, a true and correct copy of the foregoing document was served on all parties of record via electronic mail in accordance with the Second Order Suspending Rules issued in Project No. 50664.



Sidne E. Finke