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3. Creek Water is a Texas limited liability company that registered with the Texas secretary of state under filing number 801403833.
4. Creek Water holds CCN number 11028 which obligates it to provide retail water service in its certificated service area in Marion County.
5. Creek Water owns and operates one public water system in Marion County registered with the Texas Commission on Environmental Quality (TCEQ) as Creek Water Utility, identification number 1580020, which comprises the Crystal Cove and Copeland Creek subdivisions.

Application

6. On August 1, 2022, Creek Water and Texas Water Utilities filed the application at issue in this proceeding.
7. On September 2 and December 28, 2022 and February 3 and 17, 2023, Creek Water and Texas Water Utilities supplemented the application.
8. In the application, Creek Water and Texas Water Utilities seek approval of the following transaction: (a) the sale and transfer of all of Creek Water's facilities and certificated service area under water CCN number 11028 to Texas Water Utilities under CCN number 12983; (b) the cancellation of Creek Water's CCN number 11028; and (c) the amendment of Texas Water Utilities' CCN number 12983 to include the area previously included in Creek Water's CCN number 11028.
9. The requested area includes approximately 289.50 acres, including 272.9 acres which will be singly certificated and 16.6 acres which will be dually certificated with Harleton Water Supply Corporation, and 94 current customers.
10. The requested area is located approximately five miles north of downtown Harleton, Texas, and is generally bounded on the north by Lake O' the Pines; on the east by Paul Conner Road; on the south by Old Jefferson Road; and on the west by Lake O' the Pines.
11. In Order No. 4 filed on October 7, 2022, the ALJ found the application administratively complete.

Notice

12. On November 21, 2022, the applicants filed the affidavit of George Freitag, Texas regulatory manager for Texas Water Utilities, attesting that notice, along with maps, was provided to all current customers, neighboring utilities, and affected parties on November 18, 2022.
13. In Order No. 7 filed on December 29, 2022, the ALJ found the notice sufficient.

Evidentiary Record

14. In Order No. 12 filed on March 13, 2023, the ALJ admitted the following evidence into the record:
 - (a) The application and confidential attachments filed on August 1, 2022;
 - (b) Texas Water Utilities' notice of appearance of counsel and response to Commission Staff's recommendation on administrative completeness filed on September 2, 2022;
 - (c) Texas Water Utilities' proof of notice and confidential mailing list filed on November 21, 2022;
 - (d) Commission Staff's recommendation on sufficiency of notice filed on December 28, 2022;
 - (e) The maps provided as part of Texas Water Utilities' notice filed on December 28, 2022;
 - (f) Texas Water Utilities' response to Commission Staff's first request for information and confidential attachments filed on February 3, 2023;
 - (g) Texas Water Utilities' responses and objections to Commission Staff's third request for information and attachments filed on February 17, 2023; and
 - (h) Commission Staff's recommendation on the transaction filed on February 22, 2023.
15. In Order No. 14 filed on March 15, 2023, the ALJ admitted Commission Staff's confidential attachment EB-1 filed on March 14, 2023 into the record.

Texas Water Utility's Compliance History

16. Texas Water Utilities owns and operates 106 other public water systems.

17. Texas Water Utilities has been subject to enforcement actions by the Commission, TCEQ, Texas Department of State Health Service, the Office of the Attorney General, or the Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
18. Texas Water Utilities does not have a history of continuing mismanagement or misuse of revenues as a utility provider.
19. The Commission's complaint records, which date back to 2017, show one complaint against Texas Water Utilities.
20. Texas Water Utilities demonstrated a compliance history that is adequate for approval of the proposed transaction to proceed.

Adequacy of Existing Service

21. There are currently 94 customer connections in the requested area that are being served by Creek Water and such service has been continuous and adequate.
22. The last TCEQ compliance investigation of Creek Water was on March 28, 2022. Violations were noted as a result of the investigation; however, there are no active violations in the TCEQ database.
23. The Commission's complaint records, which date back to 2017, show nine complaints against Creek Water.
24. There is no evidence in the record that Creek Water has failed to comply with any Commission or TCEQ order.
25. Texas Water Utilities included plans to improve Creek Water's water system.
26. No additional construction is necessary for Texas Water Utilities to provide service to the requested area.

Need for Additional Service

27. There are 94 existing water customers in the requested area that are receiving service from Creek Water and have an ongoing need for service.
28. This application is to transfer only existing facilities, customers, and service area.
29. There is no evidence in the record indicating a need for additional service.

Effect of Approving the Transaction and Granting the Amendment

30. All retail public utilities in the proximate area were provided notice of the transaction taking place in this application and none filed a protest or motion to intervene.
31. There is no evidence that approval of the transaction will have any adverse effect on any other retail public utility providing service in the proximate area.
32. Creek Water is the only utility affected by this sale and transfer.
33. There will be no adverse effect on landowners in the requested area because the requested area is currently certificated.
34. Approving the sale and transaction to proceed and granting the CCN amendment will obligate Texas Water Utilities to provide continuous and adequate water service to current and future customers in the requested area.

Ability to Serve: Managerial and Technical

35. Texas Water Utilities owns and operates 106 other public water systems registered with the TCEQ.
36. Texas Water Utilities has TCEQ-licensed operators who are responsible for the operation of its public water systems.
37. Texas Water Utilities filed documentation demonstrating it is taking steps to make improvements to the water system.
38. Texas Water Utilities has the managerial and technical capability to provide continuous and adequate service to the requested area.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

39. It is not feasible for an adjacent utility to provide service to the requested area because Creek Water's existing facilities possess sufficient capacity to provide continuous and adequate service.
40. Utilities within a two-mile radius were noticed and no protests, adverse comments, or motions to intervene were filed by any adjacent retail public utility in this docket.

Regionalization or Consolidation

41. It will not be necessary for Texas Water Utilities to construct a physically separate water system to serve the requested area.
42. Because the requested area will not require construction of a physically separate sewer system, consideration of regionalization or consolidation with an adjacent retail public utility is not required.

Ability to Serve: Financial Ability and Stability

43. Texas Water Utilities has a debt-service ratio of greater than 1.25, satisfying the leverage test.
44. Texas Water Utilities demonstrated it has sufficient cash available to cover any projected operations and maintenance shortages during the first five years after the completion of the proposed sale and transfer, satisfying the operations test.
45. Texas Water Utilities filed a capital improvements plan and demonstrated that it has sufficient funding to purchase the system and make planned improvements.
46. Texas Water Utilities has demonstrated the financial capability and stability to provide continuous and adequate water service.

Financial Assurance

47. There is no need to require Texas Water Utilities to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

48. The proposed transaction will not adversely affect the environmental integrity of the land.
49. The effect on the land should be minimal as facilities are repaired and new meters are installed to provide service to the requested area.
50. The effects on environmental integrity and on the land will not be adverse to such a degree that this transaction should not be approved.

Improvement of Service or Lowering Costs to Consumers

51. Reliability and quality of water service is expected to improve under Texas Water Utilities' management.

52. No lowering of cost to customers in the requested area will result from approving this transaction.

Initial Rates

53. Texas Water Utilities, as an entity, is entitled to request approval to charge initial rates and service charges that are shown in the water tariff issued to Texas Water Utilities at the time the application was filed.
54. Texas Water Utilities' tariff in force for its other water systems on the date the application was filed was approved in Docket No. 52494.²

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Notice of the application was provided in compliance with Texas Water Code (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), Texas Water Utilities demonstrated that it is capable of rendering continuous and adequate water service to every customer within the requested area, as required by TWC § 13.251.
3. Texas Water Utilities demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area as required by TWC §§ 13.241(a) and 13.301(b).
4. Creek Water and Texas Water Utilities demonstrated that the sale of Creek Water's facilities and the transfer of all of its certificated service area under CCN number 11028 to Texas Water Utilities, the cancellation of Creek Water's CCN number 11028, and the amendment of Texas Water Utilities' CCN number 12983 will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public, as required TWC §§ 13.246(b) and 13.301(d) and (e).

² *Application of R&N Enterprises and Monarch Utilities I, L.P. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Cooke County*, Docket No. 52494, Notice of Approval (Sept. 1, 2022).

III. Ordering Paragraphs

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

1. The transaction between the applicants 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 facilities and service area will remain under CCN number 11028 and will be held by Creek Water 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 15th day of March 2023.

PUBLIC UTILITY COMMISSION OF TEXAS



**CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE**