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DOCKET NO. 54019

APPLICATION OF CSWR-TEXAS UTILITY OPERATING COMPANY, LLC AND VILLE D’ALSACE WATER SUPPLY, LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN MEDINA COUNTY	§ § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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**ORDER NO. 7
APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Ville d’Alsace Water Supply, LLC and CSWR-Texas Utility Operating Company, LLC for approval of the sale, transfer, or merger of facilities and certificate rights in Medina County. The applicants seek approval of (a) the sale and transfer of the facilities and service area under Ville d’Alsace’s certificate of convenience and necessity (CCN) number 12757 to CSWR-Texas; (b) the cancellation of Ville d’Alsace’s CCN number 12757, and (c) the amendment of CSWR-Texas’s CCN number 13290 to include the facilities and service area previously included in Ville d’Alsace’s CCN number 12757. The administrative law judge (ALJ) approves the transaction between Ville d’Alsace and CSWR-Texas and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
2. CSWR-Texas operates, maintains, and controls facilities for providing retail water service in Angelina, Aransas, Austin, Burlson, Burnet, Calhoun, Camp, Denton, Ellis, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Jackson, Kerr, Limestone, Llano, Lubbock, McCulloch, Montague, Montgomery, Navarro, Orange, Parker, Polk, Robertson, Victoria, Wilson, and Wood counties under CCN number 13290.

3. CSWR-Texas owns multiple public water systems registered with the Texas Commission on Environmental Quality (TCEQ).
4. Ville d'Alsace is a Texas limited liability company registered with the Texas secretary of state under file number 701906522.
5. Ville d'Alsace operates, maintains, and controls facilities for providing retail water service in Medina County under CCN number 12757.
6. Ville d'Alsace owns a public water system registered with the TCEQ under public water system identification number 1630037.

Application

7. On August 31, 2022, the applicants filed the application at issue in this proceeding.
8. In this application, CSWR-Texas and Ville d'Alsace seek approval of the following transaction: (a) CSWR-Texas will acquire all of Ville d'Alsace's facilities and certificated service area under CCN number 12757; (b) Ville d'Alsace's CCN number 12757 will be cancelled; and (c) CSWR-Texas's CCN number 13290 will be amended to include the facilities and area previously included in Ville d'Alsace's CCN number 12757.
9. The applicants supplemented the application on September 7 and 15, 2022, and December 2, 2022.
10. The applicants filed an amended application on October 5, 2022.
11. The requested area is approximately 266 acres and 133 customer connections, comprised of 11.6 acres of uncertificated area and 254.4 acres of transferred area.
12. The requested area is located approximately 2.5 miles west of Castroville and is generally bounded on the north by County Road 466; on the east by the intersection of County Road 4516 and County Road 4612; on the south by County Road 4516; and on the west by County Road 464.
13. In Order No. 3 filed on November 7, 2022, the ALJ found the application, as supplemented and amended, administratively complete.

Notice

14. On November 21, 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 Ville d'Alsace, neighboring utilities, and affected parties on November 14, 2022. CSWR-Texas also filed a publisher's affidavit attesting that notice was published in the *Devine News*, a newspaper regularly published in Medina County, on November 9 and 16, 2022.
15. In Order No. 4 filed on January 6, 2023, the ALJ found the notice sufficient.

Evidentiary Record

16. In Order No. 6 filed on March 13, 2023, the ALJ admitted the following evidence into the record of this proceeding:
 - (a) The application and all attachments filed on August 31, 2022;
 - (b) CSWR-Texas's first supplement to the application filed on September 7, 2022;
 - (c) CSWR-Texas's second supplement to the application filed on September 15, 2022;
 - (d) CSWR-Texas's amended application filed on October 5, 2022;
 - (e) Commission Staff's supplemental recommendation on administrative completeness filed on November 4, 2022;
 - (f) CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential exhibit B, filed on November 21, 2022;
 - (g) CSWR-Texas's supplemental highly sensitive attachment G to the application filed on December 2, 2022;
 - (h) Commission Staff's recommendation on sufficiency of notice filed on December 29, 2022; and
 - (i) Commission Staff's recommendation on approval of the sale, including confidential attachments filed on February 14, 2023.

Cumulative Recommendation

17. On February 14, 2023, 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 51031,⁷

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).*

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).*

51036,⁸ 51047,⁹ 51065,¹⁰ 51089,¹¹ 51118,¹² 51126,¹³ 51130,¹⁴ 51146,¹⁵ 51222,¹⁶ 51544,¹⁷

⁸ *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).*

⁹ *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).*

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 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).*

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, Notice of Approval (Oct. 26, 2022).*

¹⁴ *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, 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 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).*

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).*

51642,¹⁸ 51917,¹⁹ 51928,²⁰ 51940,²¹ 51981,²² 52089,²³ 52099,²⁴ 52410,²⁵ 52661,²⁶ 52700,²⁷

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. 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).*

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).*

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, Notice of Approval (Dec. 12, 2022).*

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).*

52702,²⁸ 52803,²⁹ 52879,³⁰ 52880,³¹ 53238,³² 53259,³³ 53317,³⁴ 53326,³⁵ 53429,³⁶ 53430,³⁷

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, Notice of Approval (Dec. 19, 2022).*

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, Notice of Approval (Nov. 3, 2022).*

³² *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).*

³³ *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).*

³⁴ *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).*

³⁵ *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, Notice of Approval (Dec. 16, 2022).*

³⁶ *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).*

³⁷ *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).*

53456,³⁸ 53483,³⁹ 53538,⁴⁰ 53607,⁴¹ 53709,⁴² 53718,⁴³ 53721,⁴⁴ and 53934.⁴⁵

CSWR-Texas's Compliance History

18. 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.
19. CSWR-Texas does not have a history of continuing mismanagement or misuse or revenues as a utility service provider.
20. CSWR-Texas has demonstrated a compliance history that is adequate for approval of the transaction to proceed.

Adequacy of Existing Service

21. There are currently 133 connections in the requested area that are being served by Ville d'Alsace through public water system identification number 1630037, and such service has been continuous.
22. Ville d'Alsace has unresolved violations with the TCEQ.

³⁸ *Application of CSWR-Texas Utility Operating Company, LLC and Lake Limestone Coves Water System, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Limestone and Robertson Counties, Docket No. 53456, Notice of Approval (March 7, 2023).*

³⁹ *Application of CSWR-Texas Utility Operating Company, LLC and North Orange Water & Sewer, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Orange County, Docket No. 53483, Notice of Approval (March 8, 2023).*

⁴⁰ *Application of Amberwood Utility and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County, Docket No. 53538, Notice of Approval (March 7, 2023).*

⁴¹ *Application of Chaparral Water System and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Gillespie County, Docket No. 53607 (pending).*

⁴² *Application of CSWR-Texas Utility Operating Company, LLC and George Fuller, Executor of the Estate of Virginia Fuller, for Sale, Transfer, or Merger of Facilities in Lubbock County, Docket No. 53709 (pending).*

⁴³ *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. 53718 (pending).*

⁴⁴ *Application of CSWR-Texas Utility Operating Company, LLC and Patterson Water Supply, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Dallas, Denton, Parker, Tarrant, and Wise Counties, Docket No. 53721 (pending).*

⁴⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Oak Hill Estates Water Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County, Docket No. 53934 (pending).*

23. The Commission's complaint records, which date back to 2017, show no complaints against Ville d'Alsace.
24. There is no evidence that Ville d'Alsace has failed to comply with any Commission order.
25. CSWR-Texas plans to make upgrades, renovations, and repairs to the system to return the system to compliance and to ensure that customers receive safe and reliable service.

Need for Additional Service

26. There is a continuing need for service because Ville d'Alsace is currently service 133 connections in the requested area.
27. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the requested area.

Effect of Approving the Transaction

28. 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 requested area.
29. 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.
30. There will be no effect on landowners as the requested area is either currently certificated or already receiving service from Ville d'Alsace.

Ability to Serve: Managerial and Technical

31. CSWR-Texas owns and operates numerous TCEQ-registered public water systems.
32. The Commission's complaint records, which date back to 2017, show 19 complaints against CSWR-Texas.
33. CSWR-Texas employs or contracts with TCEQ-licensed operators who will operate the water system being transferred.
34. No additional construction is necessary for CSWR-Texas to provide service to the requested area.

35. After completion of the planned upgrades, renovations, and repairs to the water system, CSWR-Texas will be capable of providing drinking water that meets applicable state regulatory requirements.
36. CSWR-Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

37. Ville d'Alsace 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 interconnection would need to be installed in order to connect to an adjacent public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

Regionalization or Consolidation

38. It will not be necessary for CSWR-Texas to construct a physically separate water system to serve the requested area.
39. Because the requested area will not require construction of a physically separate water system, consideration of regionalization or consolidation with another retail public utility is not required.

Ability to Serve: Financial Ability and Stability

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 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 submitted documents demonstrating funds are available for the purchase of the system and facilities plus any improvements necessary to provide continuous and adequate service to the existing customers.

43. CSWR-Texas provided a capital improvement plan, including a budget and estimated timeline for construction of all facilities necessary to provide full service to the requested area and keyed to a map showing where the facilities will be located to provide service.
44. CSWR-Texas demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

Financial Assurance

45. 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

46. The requested area will continue to be served with existing infrastructure.
47. 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 system.

Improvement in Service or Lowering Cost to Consumers

48. Water service to the requested area is expected to improve because CSWR-Texas intends to address and resolve regulatory compliance issues and improve the safety and reliability of service.
49. 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 approval of the transaction.

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), CSWR-Texas demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251.

3. CSWR-Texas demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC §§ 13.241(a) and 13.301(b) and 16 TAC § 24.239(e).
4. The applicants demonstrated that the sale and transfer of the facilities and service area under CCN number 12757 to CSWR-Texas will serve the public interest and is necessary for the continued service, accommodation, convenience, or safety of the public, as required by TWC §§ 13.246(b) and 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 Ville d'Alsace 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 and no extension has been granted, this approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that the facilities and service area subject to the transaction will remain under CCN number 12757 and will continue to be held by Ville d'Alsace 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 March 2023.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink that reads "Katie Moore Marx". The signature is written in a cursive, flowing style.

**KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE**