



## **Filing Receipt**

**Filing Date - 2024-03-25 02:02:12 PM**

**Control Number - 54546**

**Item Number - 80**

**Thomas J. Gleeson**  
Chairman

**Lori Cobos**  
Commissioner

**Jimmy Glotfelty**  
Commissioner

**Kathleen Jackson**  
Commissioner



**Greg Abbott**  
Governor

**Connie Corona**  
Interim Executive Director

## *Public Utility Commission of Texas*

---

TO: Shelah Cisneros  
Commission Counsel

All Parties of Record

FROM: Katie Moore Marx  
Administrative Law Judge *KMM*

RE: **Docket No. 54546** – *Application of Texas Water Utilities, LP and Woodland Oaks Utility LP for Sale, Transfer, or Merger of Facilities and Certificate Rights and for a Name Change to Certificates of Convenience and Necessity in Montgomery County*

DATE: March 25, 2024

On March 5, 2024, I filed a Proposed Order in the above-styled and numbered docket.

On March 19, 2024, Commission Staff and Texas Water Utilities, LP filed joint proposed corrections to the Proposed Order. I agree with the proposed corrections to findings of fact 21(I) and 54, and the amendment to conclusion of law 1. Although I disagree with the proposed correction to finding of fact 53, the finding of fact should be modified for accuracy. I have revised the Proposed Order as follows:

Finding of Fact 21(I):

Texas Water Utilities' response to Order No. ~~42~~ 10 filed on July 18, 2023.

Finding of Fact 53:

The water tariff pages attached to the ~~June 2, 2023 agreement do not~~ February 20, 2024 joint supplemental motion to admit evidence and proposed notice of approval include the pass-through rates that are applicable to Texas Water Utilities' Cedar springs MHP public water system and were in effect on the date the application was filed the customers of Woodland Oaks' public water system identification number 1700648, which are the Lone Star Groundwater Conservation District Pumpage Fee and the San Jacinto River Authority Groundwater Reduction Plan Fee, and are the pass-through rates currently charged to those customers.



## Finding of Fact 54:

The water and sewer rates agreed to by the signatories, excluding the pass-through rates applicable to Texas Water Utilities' Cedar Springs MHP public water system, identification number 1330019, of the June 2, 2023 agreement are just and reasonable initial rates for Texas Water Utilities to charge to customers served by ~~the~~ Woodland Oaks' public water system identification number 1700648 and Woodland Oaks' sewer system being acquired permitted under TPDES permit WQ0014166001.

## Conclusion of Law No. 1:

The Commission has authority over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, 13.301, 13.3011, and 13.305.

I decline to make any further changes. The Revised Proposed Order is ready for the Commission's consideration.

:/tha  
Q:\CADM\Docket Management\Water\STM\54XXX\54546-PO memo2.docx



**DOCKET NO. 54546**

<b>APPLICATION OF TEXAS WATER UTILITIES, LP AND WOODLAND OAKS UTILITY LP FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS AND FOR A NAME CHANGE TO CERTIFICATES OF CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY</b>	<b>§ § § § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
---	--	--

**REVISED PROPOSED ORDER**

This Order addresses the application of Texas Water Utilities, LP and Woodland Oaks Utility LP for approval of the sale, transfer, or merger of facilities and certificate rights in Montgomery County and to amend Woodland Oaks' certificates of convenience and necessity (CCNs) to reflect a name change. The Commission approves the following: (1) the sale and transfer to Texas Water Utilities of a portion of the facilities and service areas held by Woodland Oaks under CCN numbers 12947 and 20880; (2) the amendment of Texas Water Utilities' CCN numbers 12983 and 20899 to include the facilities and certificated service areas being sold and transferred; (3) the amendment of Woodland Oaks' CCN numbers 12947 and 20880 to remove the facilities and certificated service areas being sold and transferred; and (4) the amendment of Woodland Oaks' CCN numbers 12947 and 20880 to reflect its name change from Woodland Oaks Utility Company, Inc. to Woodland Oaks Utility, LP. Additionally, the Commission determines the ratemaking rate base for the facilities being sold and transferred to be the amount specified in Commission Staff's confidential attachment FB-1 filed on June 6, 2023.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicants**

1. Woodland Oaks is a Texas limited partnership registered with the Texas secretary of state under file number 801175870.

2. On September 28, 2009, Woodland Oaks filed a certificate of conversion with the Texas secretary of state resulting in its name changing from Woodland Oaks Utility Company, Inc. to Woodland Oaks Utility, LP.
3. Woodland Oaks holds CCN numbers 12947 and 20880 which obligates it to provide retail water and sewer service in its certificated service areas in Montgomery County.
4. Woodland Oaks owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1700648.
5. Woodland Oaks owns a sewer system permitted by the TCEQ under Texas Pollutant Discharge Elimination System permit number WQ0014166001.
6. Texas Water Utilities is a Texas limited partnership registered with the Texas secretary of state under file number 800034797.
7. Texas Water Utilities holds CCN numbers 12983 and 20899 which obligates it to provide retail water and sewer service in its certificated service areas in multiple counties, including Montgomery County.

**Application**

8. On July 15, 2022, prior to filing the application, Woodland Oaks and Texas Water Utilities filed their notice of intent to determine the fair market value of a water system and sewer system in Project No. 49859,<sup>1</sup> to initiate the Commission's fair market value process for the proposed sale and transfer of water and sewer facilities to Texas Water Utilities.
9. On January 4, 2023, the applicants filed the application at issue in this proceeding.
10. The applicants filed supplemental information on January 9, February 8, and May 2, 2023, and January 19, 2024.
11. In the application, as supplemented, the applicants seek approval of the following transaction:
  - a. the sale and transfer to Texas Water Utilities of a portion of the facilities and service areas held by Woodland Oaks under CCN numbers 12947 and 20880;

---

<sup>1</sup> *Notice of Intent to Determine Fair Market Value*, Project No. 49859, Texas Water Utilities, L.P.'s and Woodland Oaks Utility, L.P.'s Notice of Intent to Determine Fair Market Value of Water (July 15, 2022).

- b. the amendment of Texas Water Utilities' CCN numbers 12983 and 20899 to include the facilities and certificated service areas being sold and transferred; and
  - c. the amendment of Woodland Oaks' CCN numbers 12947 and 20880 to remove the facilities and certificated service areas being sold and transferred.
12. Additionally, in the application, the applicants seek the following:
  - a. an order confirming the ratemaking rate base for the public water system and sewer system at issue in this proceeding; and
  - b. authorization for Texas Water Utilities to charge the customers served by the public water system and sewer system being acquired its most-recently approved water and sewer rates.
13. The requested areas include the following:
  - a. 884 acres of water service area certificated under CCN number 12947;
  - b. 1,251 water customer connections;
  - c. 737.6 acres of sewer service area certificated under CCN number 20880; and
  - d. 1,291 sewer customer connections.
14. The requested water service area is located approximately 8.4 miles southwest of downtown Conroe, Texas, and is generally bounded on the north by Honea Egypt Road; on the east by Honea Egypt Road; on the south by Farm-to-Market Road 1488; and on the west by Pipestone Road.
15. The requested sewer service area is located approximately 8.4 miles southwest of downtown Conroe, Texas, and is generally bounded on the north by County Road 2629; on the east by Westwood Drive; on the south by the intersection of Tamina Road and Revelwood Drive; and on the west by Corporate Woods Drive.
16. In Order No. 5 filed on March 13, 2023, the administrative law judge (ALJ) found the application, as supplemented, administratively complete.

**Notice**

17. On March 31, 2023, the applicants filed the affidavit of Brian Bahr, director of rates and regulatory affairs for Texas Water Utilities, attesting that notice was provided to all current customers neighboring utilities, and affected parties on March 21, 2023.
18. In Order No. 6 filed on April 17, 2023, the ALJ found the notice sufficient.
19. On June 15, 2023, Texas Water Utilities filed the affidavit of Mr. Bahr attesting that there are no tracts of land that are least 25 acres that are wholly or partially included in the requested areas.

**Interventions**

20. In Order No. 2 filed on February 1, 2023, the ALJ granted the Office of Public Utility Counsel's (OPUC) motion to intervene.

**Evidentiary Record**

21. In Order No. 11 filed on July 19, 2023, the ALJ admitted the following evidence into the record:
  - a. the application, including all attachments and confidential attachments, filed on January 4, 2023;
  - b. the supplements to the application filed on January 9, February 8, and May 2, 2023;
  - c. Commission Staff's recommendation on administrative completeness and proposed notice and proposed procedural schedule filed on March 10, 2023;
  - d. Texas Water Utilities' response to Commission Staff's first request for information filed on March 16, 2023;
  - e. Texas Water Utilities' proof of notice and confidential mailing list filed on March 31, 2023;
  - f. Commission Staff's recommendation on the sufficiency of notices and name change request filed on April 14, 2023;
  - g. stipulation between OPUC, Texas Water Utilities, and Woodland Oaks regarding rates to be charged to the acquired Woodland Oaks customers filed on June 2, 2023;

- h. Commission Staff's recommendation on final disposition and name change request filed on June 6, 2023;
  - i. Texas Water Utilities' supplemental proof of notice filed on June 15, 2023;
  - j. copies of agreed orders resolving TCEQ enforcement actions opened against Texas Water Utilities in the past five years, as provided as attachment 2 to the motion to admit evidence;
  - k. Commission Staff's supplemental recommendation on final disposition and name change request filed on July 6, 2023; and
  - l. Texas Water Utilities' response to Order No. 10 filed on July 18, 2023.
22. In Order No. 18 filed on March 4, 2024, the ALJ admitted the following additional evidence into the record:
- a. the closing documents and proof of customer deposits filed on December 8, 2023;
  - b. Commission Staff's recommendation on sufficiency of closing documents and proposed procedural schedule filed on December 22, 2023;
  - c. Texas Water Utilities' capital improvement plan filed on January 19, 2024;
  - d. Commission Staff's recommendation on Texas Water Utilities' capital improvement plan filed on February 5, 2024;
  - e. Texas Water Utilities' consent form filed on February 12, 2024;
  - f. Woodland Oaks' consent form filed on February 16, 2024; and
  - g. the final maps, certificates, and tariff pages attached to the supplemental joint motion to admit evidence and proposed notice of approval filed on February 20, 2024.

**Agreement**

23. On June 2, 2023, Woodland Oaks, Texas Water Utilities, and OPUC (collectively, the signatories) entered into a stipulation and agreement in which the signatories agreed to the following:



- a. that Texas Water Utilities should be authorized to charge the customers served by the public water system being acquired the rates that are in force for Texas Water Utilities' Cedar Springs MHP public water system, identification number 1330019;<sup>2</sup> and
  - b. that Texas Water Utilities should continue charging the customers served by the sewer system being acquired the rates under Woodland Oaks' current sewer utility tariff.
24. Commission Staff did not oppose the stipulation and agreement.

### **Sale**

25. In Order No. 12 filed on July 19, 2023, as revised by Order No. 15 filed on November 10, 2023, the ALJ approved the sale and transfer to proceed and required the applicants to file proof that the transaction had closed and that customer deposits had been addressed.
26. On December 8, 2023, the applicants filed proof that the sale had closed and customer deposits had been refunded to customers as part of their final bill from Woodland Oaks.
27. In Order No. 16 filed on December 27, 2024, the ALJ found the closing documentation sufficient.

### **Texas Water Utilities' Compliance History**

28. Texas Water Utilities has been subject to enforcement actions by the TCEQ in the past five years for non-compliance with rules, orders, or state statutes.
29. Texas Water Utilities has either resolved or is in the process of resolving the outstanding violations related to the TCEQ enforcement actions.
30. Texas Water Utilities does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.

---

<sup>2</sup> Stipulation between Office of Public Utility Counsel, Texas Water Utilities, L.P., and Woodland Oaks Utility, LP Regarding Rates to Be Charged to the Acquired Woodland Oaks Customers at 12, 25–27. *See also Application of Monarch Utilities I L.P. For a Certificate of Convenience and Necessity Name Change*, Docket No. 53636 (approving Texas Water Utilities' water and sewer tariffs in force at the time the application was filed in this proceeding).

31. Texas Water Utilities demonstrated a compliance history that is adequate for approval of the transaction to proceed.

**Adequacy of Existing Service**

32. There are 1,251 water connections in the requested areas that are being served by Woodland Oaks through public water system number 1700648 and such service has been continuous and adequate.
33. The last TCEQ compliance investigation of Woodland Oaks' water system was on November 18, 2021.
34. There are 1,291 sewer connections in the requested areas that are being served by Woodland Oaks through its sewer system, permit number WQ0014166001, and such service has been continuous and adequate.
35. The last TCEQ compliance investigation of Woodland Oaks' sewer system was on July 7, 2021.
36. The Commission's complaint records, which date back five years, show 22 complaints against Woodland Oaks. All complaints have been reviewed and closed by the Commission's Customer Protection Division.
37. Woodland Oaks has violations listed in the TCEQ database that have since been resolved.
38. Texas Water Utilities has planned capital improvements to improve the safety and reliability of water and sewer service.
39. There is no evidence in the record that Woodland Oaks has failed to comply with any Commission or TCEQ order.

**Need for Additional Service**

40. There are 1,251 existing water connections and 1,291 existing sewer connections in the requested areas that are currently receiving service from Woodland Oaks and have an ongoing need for service.
41. This is an application to transfer only existing facilities, customers, and service areas.
42. There is no evidence in the record indicating a need for additional service.

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

43. Texas Water Utilities will be the sole certificated water and sewer utility for the requested areas.
44. Texas Water Utilities will be required to provide continuous and adequate water and sewer service to current and future customers in the requested areas.
45. Landowners in the requested areas will be able to obtain water and sewer service from Texas Water Utilities.
46. All retail public utilities in the proximate area were provided notice of the application and no protests or adverse comments were filed by any adjacent retail public utility.
47. There will be no adverse effect on landowners in the requested areas because the areas are currently certificated and served by Woodland Oaks.

**Initial Rates**

48. Texas Water Utilities requested approval to charge acquired customers initial rates and service charges that are shown in the water and sewer tariffs issued to Texas Water Utilities at the time the application was filed.
49. This application was considered filed on March 13, 2023, when it was deemed administratively complete.
50. On the date the application was filed, Texas Water Utilities' tariff in force for its other water systems was the tariff approved in Docket No. 54051.<sup>3</sup>
51. On the date the application was filed, Texas Water Utilities' tariff in force for its other sewer systems was the tariff approved in Docket No. 53636.<sup>4</sup>
52. Under the June 2, 2023 agreement, Texas Water Utilities agreed to the following:
  - a. it will charge the customers served by the public water system being acquired the phase 3 water rates approved for its Cedar Springs MHP public water system;

---

<sup>3</sup> *Application of Texas Water Utilities, LP for a Pass Through Rate Change*, Docket No. 54051, Order (May 3, 2023).

<sup>4</sup> *Application of Monarch Utilities LLP for a Certificate of Convenience and Necessity Name Change*, Docket No. 53636, Notice of Approval (Nov. 15, 2022).

- b. beginning on June 1, 2024, it will charge customers served by the public water system being acquired the phase 4 water rates approved for its Cedar Springs MHP public water system; and
  - c. it will continue to charge the customers served by the sewer system being acquired the rates in Woodland Oak's existing sewer tariff until Texas Water Utilities files its next base rate case.
53. The water tariff pages attached to the February 20, 2024 joint supplemental motion to admit evidence and proposed notice of approval include the pass-through rates that are applicable to the customers of Woodland Oaks' public water system identification number 1700648, which are the Lone Star Groundwater Conservation District Pumpage Fee and the San Jacinto River Authority Groundwater Reduction Plan Fee, and are the pass-through rates currently charged to those customers.
54. The water and sewer rates agreed to by the signatories of the June 2, 2023 agreement are just and reasonable initial rates for Texas Water Utilities to charge to customers served by Woodland Oaks' public water system identification number 1700648 and Woodland Oaks' sewer system permitted under TPDES permit WQ0014166001.

**Ability to Serve: Managerial and Technical**

55. Texas Water Utilities owns and operates numerous TCEQ-registered public water systems and TCEQ-permitted sewer systems.
56. Texas Water Utilities employs or contracts with TCEQ-licensed operators who will be responsible for the operation of the public water system and sewer system being transferred.
57. Texas Water Utilities has the technical and managerial capability to provide continuous and adequate service to the requested areas.

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

58. Woodland Oaks is currently serving customers throughout the requested areas and such service has been continuous and adequate.

59. 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 to connect to a neighboring retail public utility.
60. It is not feasible to obtain service from an adjacent retail public utility.

**Regionalization or Consolidation**

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

**Ability to Serve: Financial Ability**

63. Texas Water Utilities' affiliate, SouthWest Water Company, is capable, available, and willing to cover temporary cash shortages, and has a debt-service coverage ratio that is greater than 1.25. Therefore, Texas Water Utilities satisfies the leverage test.
64. SouthWest Water Company 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. Therefore, Texas Water Utilities satisfies the operations test.
65. Texas Water Utilities submitted documents indicating it possesses the funds necessary for the purchase of Woodland Oaks' public water system and sewer system and for the construction of Texas Water Utilities' planned capital improvements.
66. Texas Water Utilities demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested areas.

**Financial Assurance**

67. 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**

68. The environmental integrity and effect on the land will be temporary as the planned upgrades and improvements are made.

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

69. Texas Water Utilities will continue to provide water and sewer service to Woodland Oaks' existing customers in the requested areas.
70. Reliability and quality of water and sewer service is expected to improve under Texas Water Utilities' management.
71. Texas Water Utilities requested authorization to charge the customers served by the public water system being acquired the rates that are in force for Texas Water Utilities' Cedar Ridge MHP public water system.
72. Water rates for customers in the requested areas will be higher than the rates currently charged by Woodland Oaks because Texas Water Utilities will charge its Cedar Ridge MHP water utility tariff's rates.

**Voluntary Valuation of Acquired Facilities**

73. On July 15, 2022, which was before filing the application at issue in the present docket, Texas Water Utilities and Woodland Oaks filed a notice to the Commission in Project No. 49859 of their intent to use the Commission's fair-market-value process to determine the ratemaking rate base of Woodland Oaks' water and sewer system assets to be acquired by Texas Water Utilities.
74. Texas Water Utilities included in the application copies of the three appraisal reports required by the fair-market-value process and evidence of the purchase price agreed upon between Texas Water Utilities and Woodland Oaks.
75. The appraisal reports submitted with the application were filed under confidential seal.
76. The average of the three appraisals yields the fair market value for Woodland Oaks' public water system and sewer system facilities is listed in confidential attachment FB-1 filed by Commission Staff on June 6, 2023.
77. The purchase price for Woodland Oaks' public water system and sewer system facilities were filed under confidential seal.
78. The fair market value for Woodland Oaks' public water system and sewer system facilities is less than the purchase price; therefore, the ratemaking rate base for Woodland Oaks' public water system and sewer system facilities is the fair market value.

79. The application included the amount of fees paid to the three utility valuation experts and known transaction and closing costs that will be reviewed for inclusion in Texas Water Utilities' rate base and recovery in a future Texas Water Utilities rate case.
80. No additional conditions for the acquisition based on the fair-market-value process are needed.

#### **CCN Name Change**

81. On September 28, 2009, Woodland Oaks Utility Company, Inc. filed a certificate of amendment with the Texas secretary of state to change its name to Woodland Oaks Utility, LP, and the name change became effective on that date.

#### **Maps, Certificates, and Tariffs**

82. On February 7, 2024, Commission Staff emailed Texas Water Utilities and Woodland Oaks the final proposed maps, certificates, and tariffs related to this docket.
83. On February 12, 2024, Texas Water Utilities filed a consent form concurring with the proposed final map and certificate and the proposed tariff with modifications agreed to by Texas Water Utilities and Commission Staff.
84. On February 16, 2024, Woodland Oaks filed a consent form concurring with the proposed final map and certificate and the proposed tariff with modifications agreed to by Woodland Oaks and Commission Staff.
85. On February 20, 2024, the final maps, certificates, and applicable tariff pages were provided as attachment 2 to the joint supplement motion to admit evidence filed by the parties.

#### **Informal Disposition**

86. More than 15 days have passed since the completion of notice provided in this docket.
87. No person filed a protest. No person other than OPUC filed a motion to intervene.
88. Texas Water Utilities, Woodland Oaks, OPUC, and Commission Staff are the only parties to this proceeding.
89. Commission Staff recommended approval of the application.
90. All parties are either signatories to or unopposed to the agreement on initial rates.

91. No party requested a hearing, and no hearing is needed.
92. This decision is not adverse to any party.

## II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, 13.301.
2. Texas Water Utilities and Woodland Oaks are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. Notice of the application was provided in compliance with TWC §§ 13.246(a) and 13.301(a)(2) and 16 TAC § 24.239(a) through (c).<sup>5</sup>
4. The application meets the requirements of TWC § 13.244 and 16 TAC § 24.233.
5. The Commission processed this application as required by the TWC, Administrative Procedure Act,<sup>6</sup> and Commission rules.
6. Texas Water Utilities and Woodland Oaks have complied with the requirements of 16 TAC § 24.239(k) and (l) with respect to customer deposits.
7. Texas Water Utilities and Woodland Oaks completed the sale and transfer within the time required by 16 TAC § 24.239(m).
8. After consideration of the factors in TWC § 13.246(c), Texas Water Utilities demonstrated that it is capable of rendering continuous and adequate service to every water and sewer customer within the requested areas, as required by TWC § 13.251.
9. Texas Water Utilities demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service in the requested areas as required by TWC §§ 13.241(a) and 13.301(b).

---

<sup>5</sup> After this application was filed, 16 TAC § 24.239 was amended, effective March 29, 2023. Accordingly, all references and citations to 16 TAC § 24.239 in this Notice of Approval are made to the version in effect at the time the application was filed.

<sup>6</sup> Tex. Gov't Code §§ 2001.001–.903.



10. Regionalization and consolidation concerns under TWC § 13.241(d) do not apply in this proceeding because construction of a physically separate water system or sewer system is not required.
11. It is not necessary for Texas Water Utilities to provide a bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
12. Texas Water Utilities provided a capital improvements plan under TWC § 13.244(d)(3) and 16 TAC § 24.233(a)(6).
13. Texas Water Utilities and Woodland Oaks filed their notice of intent to use the Commission's fair-market-valuation process in compliance with TWC § 13.305(c)(1) and 16 TAC § 24.238(d).
14. The Commission's executive director selected three utility valuation experts to perform appraisals of the Woodland Oaks public water system and sewer system in compliance with TWC § 13.305(c)(2) and 16 TAC § 24.238(e).
15. The application included copies of the three appraisal reports completed by the utility valuation experts as required by TWC § 13.305(h)(1) and 16 TAC § 24.239(d)(1)(A).
16. The application included the purchase price agreed to by Texas Water Utilities and Woodland Oaks as required by TWC § 13.305(h)(2) and 16 TAC § 24.239(d)(1)(B).
17. The application included the ratemaking rate base determined under TWC § 13.305(g) and 16 TAC § 24.238 as required by TWC § 13.305(h)(3).
18. The application included the known transaction and closing costs incurred by Texas Water Utilities to be requested for review for inclusion in Texas Water Utilities' rate base and recovery in a future rate case as permitted by TWC § 13.305(e) and 16 TAC §§ 24.238(k), 24.239(d)(1)(C), and 24.239(d)(2).
19. The calculation of the fair market valuation for Woodland Oaks' water and sewer systems complies with TWC § 13.305(f) and 16 TAC § 24.238(f) through (j).
20. The calculation of the ratemaking rate base for the Woodland Oaks public water system and sewer system complies with TWC § 13.305(g) and 16 TAC § 24.238(b)(3) and (4).

21. The extension of Texas Water Utilities' water utility rates and tariff approved for Texas Water Utilities' Cedar Springs MHP public water system, as modified by the June 2, 2023 agreement, to customers served by the public water system being acquired complies with TWC §§ 13.182 and 13.3011.
22. Texas Water Utilities and Woodland Oaks demonstrated that the sale and transfer of Woodland Oaks' facilities and service areas to Texas Water Utilities will serve the public interest and is necessary for the service, accommodation, convenience, or safety of the public under TWC §§ 13.246(b) and 13.301(d) and (e).
23. Approval of the name changes to Woodland Oaks CCN numbers 12947 and 20880 is necessary for the service, accommodation, convenience, or safety of the public.
24. Under TWC § 13.257(r) and (s), Texas Water Utilities must record a certified copy of the certificate and the map approved by this Order, along with a boundary description of the service areas, in the real property records of Montgomery County within 31 days of receiving this Order and submit to the Commission evidence of the recording.
25. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

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

1. The Commission approves the sale and transfer of 884 acres of water service area within Woodland Oaks' CCN number 12947 to Texas Water Utilities.
2. The Commission approves the sale and transfer of 737.6 acres of sewer service area within Woodland Oaks' CCN number 20880 to Texas Water Utilities.
3. The Commission approves the sale and transfer to Texas Water Utilities of all water and sewer facilities held by Woodland Oaks located within the requested areas.
4. The Commission amends Texas Water Utilities' CCN number 12983 to include all water facilities previously held by Woodland Oaks in the requested areas and the 884 acres of water service area previously included in Woodland Oaks' CCN number 12947.

5. The Commission amends Texas Water Utilities' CCN number 20899 to include all sewer facilities previously held by Woodland Oaks in the requested areas and the 737.6 acres of sewer service area previously included in Woodland Oaks' CCN number 20880.
6. The Commission amends Woodland Oaks' CCN number 12947 to remove 884 acres of water service area transferred to Texas Water Utilities and to reflect the name change Woodland Oaks Utility Company, Inc. to Woodland Oaks Utility, LP.
7. The Commission amends Woodland Oaks' CCN number 20880 to remove 737.6 acres of sewer service area transferred to Texas Water Utilities and to reflect the name change Woodland Oaks Utility Company, Inc. to Woodland Oaks Utility, LP.
8. The Commission approves the maps and tariff pages attached to this Order.
9. The Commission issues the certificates attached to this Order.
10. The Commission determines the ratemaking rates base for the Woodland Oaks' public water system and sewer system to be the fair market value stated in Commission Staff's confidential attachment FB-1 filed on June 6, 2023.
11. Texas Water Utilities may seek to include its transaction and closing costs for its acquisition of the Woodland Oaks public water system and sewer system in Texas Water Utilities' rate base for recovery in a future rate case.
12. Texas Water Utilities must provide service to every customer or qualified applicant for service within the approved area under CCN number 12983 that requests water service and meets the terms of Texas Water Utilities' water service policies, and such service must be continuous and adequate.
13. Texas Water Utilities must provide service to every customer or qualified applicant for service within the approved area under CCN number 20899 that requests sewer service and meets the terms of Texas Water Utilities' sewer service policies, and such service must be continuous and adequate.
14. Within ten days of this Order, Texas Water Utilities and Commission Staff must provide to the Commission a clean copy of Texas Water Utilities' most current comprehensive water and sewer tariffs, including the tariff pages approved by this Order, to be stamped *Approved* and retained by Central Records.

15. Within ten days of this Order, Woodland Oaks and Commission Staff must provide to the Commission a clean copy of Woodland Oaks' most current comprehensive water and sewer tariffs, including the tariff pages approved by this Order, to be stamped *Approved* and retained by Central Records.
16. Texas Water Utilities must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Montgomery County affected by the application and file in this docket proof of the recording no later than 45 days after receipt of this Order.
17. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
18. The Commission denies all other motions and any other requests for general or specific relief that have been expressly granted.

Signed at Austin, Texas on the \_\_\_\_\_ day of \_\_\_\_\_ 2024.

**PUBLIC UTILITY COMMISSION OF TEXAS**

---

**THOMAS J. GLEESON, CHAIRMAN**

---

**LORI COBOS, COMMISSIONER**

---

**JIMMY GLOTFELTY, COMMISSIONER**

---

**KATHLEEN JACKSON, COMMISSIONER**