



Control Number: 54565



Item Number: 1542

February 23, 2023

Public Utility Commission of Texas
P O Box 13326
Austin, TX 78711-3326

RE: PUCT Docket No. 54565 - Proposed Water Rate Increase by CSWR-Texas

I want to report not every current account customer (ratepayer) with CSWR-Texas in the Lake Limestone and Summer Place water service area have received the drastic proposed water rate increase notice, just like the other utility service areas across Texas have reported. Lake Limestone and Summer Place customers that have a mailing address other than the physical service address have not received the proposed water rate increase notice. What a coincidence as non-receipt of this rate increase notice by customers will result in a reduced number of protests submitted to the PUCT (Public Utility Commission of Texas).

CSWR-TX wants to make their accounting system easier by consolidating their recently acquired accounts in Texas to all have the same billing rates, no matter what the % increase amount to individual system customers (some drastic monthly increases and some not so drastic). By doing so, customers will pay for repairs, improvements, and services they do not receive. CSWR-TX has no regard to the hardship this drastic 300% proposed rate increase for water service will place on their "full-time" water customers in the Lk Limestone and Summer Place area, many of which are retired seniors. Not to mention the hardship the water customers who have water accounts for "weekend" or "summer" properties which are used only a small portion of each year will incur. Repairs may be needed for the Lk Limestone and Summer Place water facility to become compliant with Texas Commission on Environmental Quality (TCEQ) regulations, but a Water Annual Revenue Increase of \$286,417.00 for the Lk Limestone & Summer Place system is outrageous. The Lk Limestone and Summer Place water system is not in a deplorable condition to justify this rate increase. However, I do need to keep a water filter on my water heater to prevent damage and a filter on my washing machine to prevent my clothes from turning a rusty red color. CSWR-TX should seek guidance and financial assistance from TCEQ and/or Texas Water Development Board (TWDB) for the water systems that need major repairs and who have only a few customers instead of placing the burden on the other water systems that require only minimal repairs.

Since CSWR-TX took ownership at the end of September, 2022 of the water plant and well facility that provides water service to the Lk Limestone and Summer Place area, I have not received a monthly bill that contained the actual water usage meter reading for the actual water I used each month. CSWR-TX representatives (as there are no Texas employees, only contract labor personnel) have been seen numerous times "looking" at the water meters. Since CSWR-TX became the operator, I do not trust them. Therefore, I now read my water meter each month in case I need to protest the amount of water I am charged for in a billing cycle.

RATEPAYER COMMENTS/REQUESTS TO INTERVENE

RECEIVED

If you wish to PROTEST the proposed rate change, you must complete this form and file it electronically using the PUC Interchange Filer (<http://www.puc.texas.gov/industry/filings/E-FilingInstructions.pdf>) or mail the original to:

PUBLIC UTILITY COMMISSION
FILING CLERK

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

No hearing will be held and the rates will be effective as proposed unless protests are received from at least 10% of ratepayers or from any affected municipality, or the Commission Staff requests a hearing.

CUSTOMER INFORMATION (please provide all of the requested information)

First Name: Eileen Last Name: Grzechowiak
Phone Number: 254-729-2779 Fax Number: _____
Email Address: eileeng20361@gmail.com
Address, City, State: 20361 E. Lakeshore Dr, Thornton, TX 76687-2409
Location where service is received: same
(if different from the mailing address)

Please select the applicable :

I wish to PROTEST the following proposed rate action/s:

☒ I wish to be a COMMENTER. I understand that: I am NOT a party to this case; my comments are not considered evidence in this case; and I have no further obligation to participate in the proceeding. Public comments may help inform the PUCT of the public concerns and identify issues to be explored. Please provide comments below. Attach a separate page, if necessary.

SEE ATTACHED

☐ I am requesting to INTERVENE in this proceeding. As an INTERVENOR, I understand that: I am a party to the case; I am required to respond to all discovery requests from other parties; I may be required to attend hearings, and if I file testimony, I may be cross-examined in the hearing; if I file any documents in the case, I must provide a copy to every other party in the case; and I acknowledge that I am bound by the Procedural Rules of the PUCT and the State Office of Administrative Hearings (SOAH).

Signature of Ratepayer: Eileen Grzechowiak Date: 2/23/23

Si desea información en Español, puede llamar al
1-888-782-8477

Hearing- and speech-impaired individuals with text telephones may contact the PUCT's Customer Assistance Hotline at
512-936-7136

1542

February 23, 2023

Page 2

The City of Groesbeck, Texas, a nearby municipality, has a current base water rate of \$26.00 plus \$5.53 for each 1,000 gallons of water used monthly. This rate is similar to the current rate of \$22.75 which includes 1,000 gallons, for the Lk Limestone & Summer Place service area.

Then, to top things off, CSWR-TX can recoup their financial cost associated with requesting this outrageous rate increase by charging their customers a SURCHARGE FEE **for a period of two years or longer**.

Finally, this abrupt rate increase of 300% for water service for the Lk Limestone and Summer Place area is totally absurd!

A handwritten signature in cursive script, reading "Eileen Grzechowiak". The ink is black and the signature is fluid and connected.

Eileen Grzechowiak
20361 E. Lakeshore Dr.
Thornton, TX 76687

PUC DOCKET NO. 54565

**NOTICE OF PROPOSED RATE CHANGE
PURSUANT TO
TEXAS WATER CODE §§ 13.1871 AND 13.18715**

CSWR Texas Utility Operating Company **13290 (Water) & 21420 (Sewer)**

Company Name

CCN Number(s)

has filed a rate change application with the Public Utility Commission of Texas (Commission or PUCT). The application may be reviewed online at interchange.puc.texas.gov. You may also inspect a copy of the rate change application at your utility's office at the address below or at the Commission's office (1701 N. Congress Ave, Austin, TX 78701). The proposed rates will apply to service received after the effective date provided below, unless modified or suspended by the Commission. If the Commission receives a sufficient number of protests, separately or in a combined protest letter, from at least **835** ratepayers (10 percent of the utility's customers over whose rates the Commission has original jurisdiction) or from any affected municipality before the 91st day after the proposed effective date, the matter will be set for hearing. **See Protest Form on the next page for instructions on how to protest.**

EFFECTIVE DATE OF PROPOSED INCREASE: **3/10/2023**

(must be at least 35 days after notice is provided to customers and 35 days after application is filed)

(Proposed rates requested by the utility are not final. The Commission may modify the rates and order a refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest.)

Reason(s) for Proposed Rate Change:

To recover revenues sufficient to cover the cost to provide safe and reliable service through maintenance and repairs.

BILLING COMPARISON

Water

Existing	5,000 gallons:	\$ 31.75	/mo	Proposed	5,000 gallons:	\$ 81.68	/mo
Existing	10,000 gallons:	\$ 43.00	/mo	Proposed	10,000 gallons:	\$ 109.33	/mo

Water – Pass Through Charges

Existing	5,000 gallons:	\$	/mo	Proposed	5,000 gallons:	\$	/mo
Existing	10,000 gallons:	\$	/mo	Proposed	10,000 gallons:	\$	/mo

Sewer

Existing	5,000 gallons:	\$	/mo	Proposed	5,000 gallons:	\$	/mo
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Lake Limestone Coves & Summit Place

Subdivision(s) or System(s) Affected by Rate Change

1630 Des Peres Road Suite 140 Des Peres Missouri 63131

Company Address

City

State

Zip

1-866-301-7725

Company Phone Number

\$286,417.00

Water Annual Revenue Increase

Water Pass-Through Annual Revenue Increase

Sewer Annual Revenue Increase

2/3/2023

10/25/2006

Date Current Rate Change Notice Delivered

Date of Last Rate Change

NOTICE OF PROPOSED RATE CHANGE – WATER

CURRENT RATES						PROPOSED RATES							
Minimum Monthly Charge includes			1000	gallons			Minimum Monthly Charge includes			0	gallons		
Meter Size: RESIDENTIAL						Meter Size: RESIDENTIAL							
5/8"			\$	22.75	5/8"			\$	54.03				
3/4"			\$	22.75	3/4"			\$	54.03				
1"			\$		1"			\$	90.23				
1 1/2"			\$		1 1/2"			\$	179.92				
2"			\$		2"			\$	287.98				
3"			\$		3"			\$	540.30				
Other:			\$		Other:	4", 6" & 8"	\$	900.68; 1,800.62; 2,881.42 Respectively					
GALLONAGE CHARGE:						GALLONAGE CHARGE:							
TIER	VOLUME				CHARGE per 1000 gals.	TIER	VOLUME				CHARGE per 1000 gals.		
Tier 1	1000	to	All	gals.	\$ 2.25 /1000 gals.	Tier 1	0	to	All	gals.	\$ 5.53 /1000 gals.		
Tier 2		to		gals.	\$ /1000 gals.	Tier 2		to		gals.	\$ /1000 gals.		
Tier 3		to		gals.	\$ /1000 gals.	Tier 3		to		gals.	\$ /1000 gals.		
Tier 4		to		gals.	\$ /1000 gals.	Tier 4		to		gals.	\$ /1000 gals.		
Tier 5		to		gals.	\$ /1000 gals.	Tier 5		to		gals.	\$ /1000 gals.		
MISCELLANEOUS FEES						MISCELLANEOUS FEES							
Tap Fee			\$	350.00	Tap Fee			\$	Actual Cost				
Reconnect Fee: Non-payment			\$	25.00	Reconnect Fee: Non-payment (Maximum - \$25.00)			\$	25.00				
Customer's Request			\$	25.00	Customer's Request			\$	25.00				
Transfer Fee			\$	25.00	Transfer Fee			\$	10.00				
Late Charge			\$	5.00	Late Charge (Indicate either \$5.00 or 10%)			\$	10 percent				
Returned Check Charge			\$	25.00	Returned Check Charge			\$	25.00				
Deposit			\$	50.00	Deposit (Maximum \$50.00)			\$	50.00				
Meter Test Fee			\$	25.00	Meter Test Fee (Maximum - \$25.00)			\$	25.00				

Regulatory Assessment of 1% is added to the minimum monthly charge and gallonage charges.
Additional fees and meter sizes may be shown on a separate page.

If applicable, list any bill payment assistance programs to low income ratepayers.

N/A

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$54.03</u> (Includes 0 gallons)	<u>\$5.54</u> per 1000 gallons thereafter
1"	<u>\$90.23</u> (Includes 0 gallons)	
1 1/2"	<u>\$179.92</u> (Includes 0 gallons)	
2"	<u>\$287.98</u> (Includes 0 gallons)	
3"	<u>\$540.30</u> (Includes 0 gallons)	
4"	<u>\$900.68</u> (Includes 0 gallons)	
6"	<u>\$1,800.82</u> (Includes 0 gallons)	
8"	<u>\$2,881.42</u> (Includes 0 gallons)	
Unmetered	<u>\$87.27</u> (Includes all usage)	

Surcharge for Rate Case Expense (Docket No. 54565)

To be collected through a monthly surcharge of \$_____ per meter equivalent. The monthly surcharge will be collected for 24 months from the effective date of the rates approved by the Commission in Docket No. 54565 or until the full \$_____ for rate-case expenses related to Docket No. 54565 is collected, whichever occurs first. The charge is applicable to customers of all systems.

Docket # 54565
Item # 5 (2/3/23)
file name - 54565-5-1268957 - see pg 44
(pages 1 to 100)

Docket No. 54565







DOCKET NO. 53456

APPLICATION OF CSWR-TEXAS	§	PUBLIC UTILITY COMMISSION
UTILITY OPERATING COMPANY	§	
LLC AND LAKE LIMESTONE COVES	§	OF TEXAS
WATER SYSTEM, INC. FOR SALE,	§	
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN LIMESTONE AND	§	
ROBERTSON COUNTIES	§	

ORDER NO. 5
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Lake Limestone Coves Water System, Inc. and CSWR-Texas Utility Operating Company, LLC for the sale, transfer, or merger of facilities in Limestone and Robertson counties. CSWR Texas seeks the sale and transfer of all facilities and service area held under Lake Limestone's certificate of convenience and necessity (CCN) number 11909 to CSWR Texas, the cancellation of Lake Limestone's CCN number 11909, and the amendment of CSWR Texas's CCN number 13290 to include the area previously included in Lake Limestone's CCN number 11909. The administrative law judge (ALJ) approves the transaction between Lake Limestone and CSWR Texas and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Lake Limestone is a Texas corporation registered with the Texas secretary of state under file number 105759100.
2. Lake Limestone is an investor-owned utility that operates, maintains, and controls facilities for providing water service to customers in Limestone and Robertson counties under CCN number 11909.

Docket # 54565 / Item # 5 (2/3/23)
file name: 54565-5-1268964 - see pages 35-46
(pages 701-800)

3. Lake Limestone owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) as Lake Limestone Coves Water System, public water system number identification number 1980020.
4. CSWR Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
5. CSWR Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Llano, Lubbock, Kerr, McCulloch, Montague, Navarro, Parker, Victoria, Wilson, and Wood counties under CCN number 13290.

Application

6. On April 6, 2022, the applicants filed the application at issue in this proceeding.
7. CSWR Texas supplemented the application on April 19, May 9, and June 14 and 20, 2022.
8. In the application, the applicants seek approval of the following transaction: (a) CSWR Texas will acquire all of Lake Limestone's water facilities and water service area under water CCN number 11909; (b) Lake Limestone's water CCN number 11909 will be cancelled; and (c) CSWR Texas's water CCN number 13290 will be amended to include the area previously included in Lake Limestone's water CCN number 11909.
9. The requested area comprises approximately 576 acres and 424 connections.
10. The requested area is located approximately 14 miles southeast of downtown Thornton, Texas, and is generally bounded on the north by Lake Limestone; on the east by Lake Limestone; on the south by Lake Limestone; and on the west by the intersection of County Road 740 and County Road 742.
11. In Order No. 2 filed on May 11, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

12. On May 26, 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 Lake Limestone, neighboring utilities, and affected parties on May 19, 2022.

13. In Order No. 3 filed on July 1, 2022, the ALJ found the notice sufficient.

Evidentiary Record

14. In Order No. 4 filed on August 19, 2022, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on April 6, 2022; (b) CSWR Texas's supplements to the application, including confidential attachments, filed on April 19, May 9, and June 14 and 20, 2022; (c) Commission Staff's recommendation on administrative completeness, notice, and proposed procedural schedule filed on May 6, 2022; (d) CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on May 26, 2022; (e) Commission Staff's recommendation on sufficiency of notice, filed on June 29, 2022; and (f) Commission Staff's recommendation on the transaction, including confidential attachments, filed on August 1, 2022.

Cumulative Recommendation

15. On August 1, 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 51031,⁷ 51036,⁸ 51047,⁹ 51065,¹⁰ 51089,¹¹ 51118,¹² 51126,¹³ 51130,¹⁴ 51146,¹⁵ 51222,¹⁶ 51544,¹⁷ 51642,¹⁸ 51917,¹⁹ 51928,²⁰ 51940,²¹ 51981,²² 52089,²³ 52099,²⁴ 52410,²⁵ 52661,²⁶ 52700,²⁷ 52702,²⁸ 52803,²⁹ 52879,³⁰ 52880,³¹ 53259,³² 53317,³³ 53326,³⁴ 53429³⁵ and 53430.³⁶

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).*

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 (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, Docket No. 51130, 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, Docket No. 51146, Notice of Approval (Apr. 23, 2021).*

¹⁶ *Application of David Petty, Executor 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).*

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 (June 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 (pending).*

Purchaser's Compliance History

16. CSWR Texas has not be under an enforcement action by the Commission, TCEQ, Texas Health and Humas 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.
17. CSWR Texas does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
18. CSWR Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

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 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 (pending).*

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 County, 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).*

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Adequacy of Existing Service

19. There are currently 424 connections in the 576-acre requested area that are being served by Lake Limestone through public water system number 1980020, and such service has been continuous and adequate.
20. There is no evidence that Lake Limestone has failed to comply with any Commission or TCEQ order.

Need for Additional Service

21. There is a continuing need for service because Lake Limestone is currently serving 424 connections in the requested area.
22. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 576-acre requested area.

Effect of Approving the Transaction and Granting the Amendment

23. 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 576-acre requested area.
24. 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.
25. There will be no effect on landowners as the area is currently certificated.

Ability to Serve: Managerial and Technical

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26. CSWR Texas owns and operates 34 public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
27. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR Texas
28. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
29. No additional construction is necessary for CSWR Texas to provide service to the requested areas.

30. CSWR Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

Regionalization or Consolidation

31. 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 an Adjacent Retail Public Utility

32. Lake Limestone 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

33. 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.
34. 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 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.
35. CSWR Texas demonstrated the financial and managerial capability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

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


Voluntary Valuation of Acquired Utility or Facilities

37. Prior to filing the application, CSWR Texas and Lake Limestone filed a notice to the Commission in Project No. 49859³⁷ of their intent to use the Commission's fair market value (FMV) process to determine the ratemaking rate base of Lake Limestone's water system assets to be acquired by CSWR Texas.
38. CSWR Texas included copies of the three appraisal reports required by the FMV process with the application and evidence of the purchase price agreed upon between CSWR Texas and Lake Limestone.
39. The agreed upon purchase price for the transaction is identified in confidential attachment EB-1 to Commission Staff's Recommendation on the Transaction.
40. The average of the three appraisals yields a purchase price of less than the FMV of Lake Limestone's water system; therefore, the ratemaking rate base for Lake Limestone's water system is the agreed upon purchase price for the transaction identified in attachment EB-1 to Commission Staff's Recommendation on the Transaction.
41. The application included CSWR Texas's known and estimated transaction and closing costs.
42. No additional conditions for the acquisition based on the FMV process are needed.

Environmental Integrity and Effect on the Land

43. The requested area will continue to be served with existing infrastructure.
44. 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 of Service or Lowering Cost to Consumers

- 
45. 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.

³⁷ Notice of Intent to Determine Fair Market Value, Docket No. 49859, Item No. 23 (Apr. 8, 2021)

*

46. 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 Lake Limestone'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(c).
2. After consideration of the factors in TWC § 13.246(c), CSWR Texas has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).
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 Lake Limestone'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) and (e).
5. The Commission's executive director selected three utility valuation experts to perform appraisal of Lake Limestone in compliance with TWC § 13.305(c)(2) and 16 TAC § 24.238(e).
6. 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).
7. The application included the purchase price agreed to by CSWR Texas and Lake Limestone as required by TWC § 13.305(h)(2) and 16 TAC § 24.239(d)(1)(B).
8. The calculation of the fair market valuation for Lake Limestone complies with TWC § 13.305(f) and 16 TAC § 24.238(f)-(j).
9. The calculation of the ratemaking rate base for Lake Limestone complies with TWC § 13.305(g) and 16 TAC § 24.238(b)(4).

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. The ratemaking rate base for Lake Limestone is determined to be the agreed upon purchase price for the transaction is identified in the highly sensitive attachment EB-1 to Commission Staff's recommendation on the transaction.
- * 3. CSWR Texas may seek to include in its rate base its transaction and closing costs for the acquisition of Lake Limestone water system in a future rate case.
4. 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.
5. The applicants have 180 days from the date of this Order to complete the transaction.
6. 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.
7. The applicants are advised that the requested areas and associated facilities will remain under water CCN number 11909 and held by Lake Limestone until the sale and transfer transaction is complete, in accordance with Commission rules.
8. 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.
9. 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.

Docket No. 53456

Order No. 5

Page 12 of 12

Signed at Austin, Texas the 1st day of September 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE

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