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APPLICATION OF RANCH
UTILITIES, L.P. AND QUADVEST,
L.P. FOR SALE, TRANSFER, OR
MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN
MONTGOMERY COUNTY

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PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

PROPOSED NOTICE OF APPROVAL

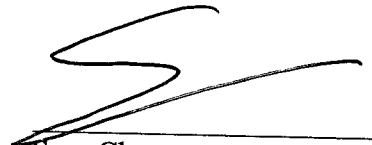
Commission Staff of the Public Utility Commission of Texas files this Proposed Notice of Approval.

Date: April 11, 2016

Respectfully Submitted,

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*Commission Staff of the Public Utility
Commission of Texas*

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DOCKET NO. 44542

CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record on April 11, 2016,
in accordance with 16 Tex. Admin. Code § 22.74.

A handwritten signature in black ink, appearing to be 'S' followed by a long horizontal stroke.

Sam Chang

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**APPLICATION OF RANCH
UTILITIES, L.P. AND QUADVEST,
L.P. FOR SALE, TRANSFER, OR
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CERTIFICATE RIGHTS IN
MONTGOMERY COUNTY**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application filed by Ranch Utilities, L.P. (Ranch Utilities) and Quadvest, L.P. (Quadvest) regarding the sale and transfer of Ranch Utilities' facilities and corresponding water certificate of convenience and necessity (water CCN No. 11911) and sewer certificate of convenience and necessity (sewer CCN No. 20164) for a certificated service area in Montgomery County, Texas. On June 29, 2015, Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) recommended that the Commission approve Ranch Utilities and Quadvest's application and the sale and transfer of Union Ranch Utilities' facilities and corresponding water CCN No. 11911 and sewer CCN No. 20164.

The Commission approves Ranch Utilities and Quadvest's application and the sale and transfer of Ranch Utilities' facilities in Montgomery County, Texas and corresponding water CCN No. 11911 and sewer CCN No. 20164 to Quadvest. The Commission makes the following findings of fact and conclusions of law:

I. Findings of Fact

1. Ranch Utilities, the seller/transferor, owns certain facilities and corresponding water CCN No. 11911 and sewer CCN No. 20164 for a certificated service area in Montgomery County, Texas.
2. Quadvest is the purchaser/transferee.
3. On March 16, 2015, Ranch Utilities and Quadvest filed their application requesting Commission approval of the sale and transfer of Ranch Utilities' facilities in Montgomery County, Texas and corresponding water CCN No. 11911 and sewer CCN No. 20164.
4. On April 16, 2015, the Administrative Law Judge entered Order No. 4, which found the application to be administratively complete and established a procedural schedule regarding notice and intervention.

5. On May 7, 2015, Quadvest filed their affidavits regarding the provision and publication of notice of the application. Notice of the application was provided to affected parties on April 24, 2015. Additionally, notice of the application was published in the *Conroe Courier* on April 21 and 28, 2015.
6. On June 29, 2015, Staff filed its Recommendation. Staff recommended that the Commission approve the application. Additionally, Staff recommended that Quadvest has adequate financial, managerial, and technical capability to provide continuous and adequate service to customers in the service area in Montgomery County, Texas formerly certificated under Ranch Utilities' water CCN No. 11911 and sewer CCN No. 20164.
7. On June 30, 2015, the Administrative Law Judge issued Order No. 4, which approved the application and the sale and transfer transaction between Ranch Utilities and Quadvest. Order No. 6 also required Ranch Utilities and Quadvest to submit closing documents regarding the sale and transfer transaction within one (1) year of the June 30, 2015 approval date.
8. On November 20, 2015 and January 8, 2016, Quadvest filed closing documents regarding the sale and transfer transaction with Ranch Utilities. Among the closing documents were documents that indicated an assignment between Ranch Utilities and Quadvest.
9. On February 8, 2016, Staff filed its Recommendation on Closing Documents. Staff determined that Ranch Utilities and Quadvest consummated their sale and transfer transaction.
10. On February 8, 2016, the Administrative Law Judge entered Order No. 6, which deemed the closing documents filed by Quadvest sufficient and established a procedural schedule.
11. On March 14, 2016, Staff filed its Final Recommendation. Staff recommended that the Commission approve the application and the sale and transfer of Ranch Utilities' facilities in Montgomery County, Texas and corresponding water CCN No. 11911 and sewer CCN No. 20164. Additionally, Staff recommended that Quadvest has adequate financial, managerial, and technical capability to provide continuous and adequate service to customers in the service area in Montgomery County, Texas formerly certificated under Ranch Utilities' water CCN No. 11911 and sewer CCN No. 20164.
12. On April 11, 2016, Staff filed its Proposed Notice of Approval.
13. On April 11, 2016, Staff filed its Motion to Admit Evidence. Staff requested that certain

evidence be admitted into the record in support of its Proposed Notice of Approval.

14. On _____, the Commission granted Staff's Motion to Admit Evidence. The following evidence was admitted into the record:

- a. Exhibit 1: Ranch Utilities and Quadvest's Application for Sale, Transfer, or Merger of a Retail Public Utility and accompanying attachments;
- b. Exhibit 2: Affidavit regarding notice to customers, neighboring utilities and other affected parties (filed on May 7, 2015);
- c. Exhibit 3: Affidavit regarding publication of notice (filed on May 7, 2015);
- d. Exhibit 4: Staff's Recommendation and accompanying attachments (filed on June 29, 2015);
- e. Exhibit 5: Closing documents (filed by Quadvest on November 20, 2015 and January 8, 2016);
- f. Exhibit 6: Quadvest's Consent Form (filed on January 19, 2016); and
- g. Exhibit 7: Staff's Final Recommendation and accompanying attachments (filed on March 14, 2016).

II. Conclusions of Law

1. The Commission has jurisdiction over Ranch Utilities and Quadvest's application under Tex. Water Code §§ 13.251 and 13.301.
2. Ranch Utilities and Quadvest are retail public utilities as defined by Tex. Water Code § 13.002(19) and 16 Tex. Admin. Code § 24.3(58).
3. Notice of the application was provided to affected parties, as required by Tex. Water Code § 13.301(a)(2) and 16 Tex. Admin. Code §§ 24.109(a) and 24.112(c).
4. The application was processed in accordance with the requirements of the Texas Administrative Procedures Act, Tex. Gov't Code §§ 2001.001-2001.902; Tex. Water Code § 13.301; and 16 Tex. Admin. Code §§ 24.109 and 24.112.
5. Ranch Utilities and Quadvest consummated the sale and transfer of Ranch Utilities' facilities in Montgomery County, Texas and corresponding water CCN No. 11911 and sewer CCN No. 20164 within one (1) year from the date of the Commission's approval of their sale and transfer transaction, as required by 16 Tex. Admin. Code § 24.112(e).
6. The requirements for informal disposition under 16 Tex. Admin. Code § 22.35 have been

met in this proceeding. At least fifteen (15) days have passed since the completion of notice requirements, and it is not necessary to hold a hearing on the merits regarding the application.

7. Quadvest has demonstrated that it has adequate financial, managerial, and technical capability to provide continuous and adequate service to customers in the service area in Montgomery County, Texas formerly certificated under Ranch Utilities' water CCN No. 11911 and sewer CCN No. 20164.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following ordering paragraphs:

1. Ranch Utilities and Quadvest's application is approved.
2. The sale and transfer of Ranch Utilities' water facilities in its certificated area in Montgomery County, Texas and corresponding water CCN No. 11911 and sewer CCN No. 20164 to Quadvest is approved.
3. Ranch Utilities' water CCN No. 11911 and sewer CCN No. 20164 are cancelled, and Quadvest's water CCN No. 11612 and sewer CCN No. 20952 are amended to reflect service to Ranch Utilities' formerly certificated area in Montgomery County, Texas. The amendment of Quadvest's water CCN No. 11612 and sewer CCN No. 20952 and the revised map of Quadvest's acquired service area in Montgomery County, Texas are attached to this Notice of Approval.
4. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted in this Notice of Approval, are denied.

SIGNED IN AUSTIN, TEXAS, this _____ day of _____, 2016

PUBLIC UTILITY COMMISSION OF TEXAS

SUSAN E. GOODSON
ADMINISTRATIVE LAW JUDGE