



Control Number: 44870



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PUBLIC UTILITY COMMISSION  
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OF TEXAS  
FILING CLERK

APPLICATION OF TERRA §  
SOUTHWEST INC. AND TOWN OF §  
LITTLE ELM FOR SALE, §  
TRANSFER, OR MERGER OF §  
CERTIFICATE RIGHTS IN DENTON §  
COUNTY

PUBLIC UTILITY COMMISSION

**COMMISSION STAFF'S RECOMMENDATION ON SUFFICIENCY OF  
CLOSING DOCUMENTS**

**COMES NOW** the Staff of the Public Utility Commission of Texas, representing the public interest, and files Commission Staff's Recommendation on Sufficiency of Closing Documents. In support thereof, Staff shows the following:

**I. BACKGROUND**

On June 23, 2015, Terra Southwest Inc. (Terra Southwest) and the Town of Little Elm (Little Elm) filed an application for the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Denton County. In the application, Terra Southwest proposes to transfer a portion of its existing water utility CCN containing the Hilltown subdivision from Terra Southwest CCN No. 11608 to the Town of Little Elm CCN No. 11202.

In Order No. 8, the Administrative Law Judge (ALJ) set a deadline of June 30, 2016 for Staff to make a supplemental recommendation on the sufficiency of closing documents.

**II. RECOMMENDATION**

Consistent with the memorandum of Leila Guerrero of the Water Utilities Division (Attachment A), Staff recommends that the closing documents are now sufficient. Final mapping is currently being prepared for the Applicants' consent. Staff recommends that the parties be allowed until August 15, 2016 to file a joint proposed notice of approval.

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### III. PROPOSED PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule:

Event	Date
Deadline for Staff to provide final maps, certificates, and tariffs (if applicable), to Applicant for review and consent	July 22, 2016
Deadline for Applicant to file signed consent forms with the Commission	August 5, 2016
Deadline for parties to file joint proposed findings of fact and conclusions of law	August 19, 2016

### IV. CONCLUSION

Staff respectfully requests the issuance of an order consistent with the above recommendation.

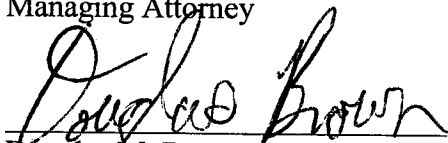
Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS**

**LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

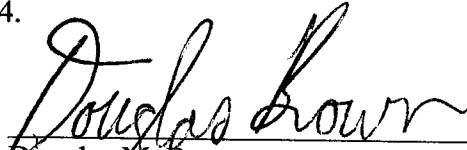
Stephen Mack  
Managing Attorney



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Public Utility Commission of Texas  
1701 N. Congress Avenue  
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Austin, Texas 78711-3326

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on June 30, 2016, in accordance with 16 TAC § 22.74.

  
\_\_\_\_\_  
Douglas M. Brown

# **ATTACHMENT A**

# Public Utility Commission of Texas

## Memorandum

**To:** Douglas Brown, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Lisa Fuentes, Manager  
Heidi Graham, Manager  
Water Utility Regulation

**FROM:** Leila Guerrero, Regulatory Accountant/Auditor  
Water Utility Regulation

**DATE:** June 17, 2016

**Subject:** *Docket No. 44870, Application of Terra Southwest, Inc. and Town of Little Elm for Sale, Transfer, or Merger of Certificates Rights in Denton County*

On June 23, 2015, the Town of Little Elm (“Purchaser” or “Town”) filed an application to purchase facilities and transfer a portion of water Certificate of Convenience and Necessity (CCN) No. 11608 from Terra Southwest, Inc. (Terra Southwest). Specifically, the Town’s water service boundaries under CCN No. 11202 will be expanded to include the facilities and customers of the Hilltown Subdivision, and Terra Southwest’s CCN No. 11608 will be amended (reduced) to reflect the area transferred to the Town. There are 16 current water customers in the proposed area. This application is being reviewed pursuant to the criteria in the Tex. Water Code Ann. §§ 13.241, 13.246, and 13.301 (TWC) and 16 Tex. Admin. Code §§ 24.102, 24.109, and 24.112 (TAC).

Staff previously considered the Town’s ability to provide continuous and adequate service pursuant to the CCN criteria outlined in TAC § 24.102(d). Staff recommended that the transaction proceed as proposed and Order No. 5 required that Terra Southwest and the Town provide documentation, as evidence, that all assets were transferred to the acquiring entity, and that the disposition of any remaining deposits were addressed pursuant to 16 TAC § 24.109(f).

On April 6, 2016, Terra Southwest and the Town filed copy of an invoice, copy of the check paid by the purchaser, and a letter stating that the sale transaction has been consummated as of March 31, 2016.

On June 15, 2016, the Applicants filed document stating that “there are no outstanding or unpaid deposits on file for the customers transferred to the Town of Little Elm.” The letter was signed by the Seller, Ms. Rovana Presley, Vice President/Co-Owner – Terra Southwest.

Staff has reviewed the closing documents and finds that they meet the requirements of 16 TAC §24.112. Specifically, the closing documents demonstrate that closing occurred within one year of the Commission’s written approval of the sale.