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APPLICATION OF T. JOHNSON WATER SERVICE AND WATER NECESSITIES, INC. FOR SALE, TRANSFER OR MERGER OF FACILITIES AND TO TRANSFER CERTIFICATE RIGHTS IN HARDIN COUNTY, TEXAS	§ § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS CLERK
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COMMISSION STAFF'S RECOMMENDATION ON SUFFICIENCY

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation on Sufficiency. In support thereof, Staff shows the following:

I. BACKGROUND

On August 6, 2015, T. Johnson Water Service and Water Necessities, Inc. (Water Necessities) (collectively, Applicants) filed an application for sale, transfer, or merger of facilities and certificate rights in Hardin County. Specifically, Water Necessities seeks approval to acquire all of the water assets of T. Johnson Water Service. According to the application, T. Johnson Water Service water Certificate of Convenience and Necessity No. 12647 and assets will be transferred to Water Necessities.

On February 24, 2016, Order No. 5 was issued allowing the sale/transfer transaction between T. Johnson Water Service and Water Necessities to proceed. Order No. 5 also required that the Applicants file proof that the sale/transfer has been consummated and customer deposits addressed. On March 18, 2016, Water Necessities filed a letter addressing the status of customer deposits and the closing documents. Staff was instructed to file a recommendation on the sufficiency of the closing documents within 30 days of the filing of the closing documents.

II. RECOMMENDATION

As detailed in the attached memorandum of Heidi Graham of the Water Utilities Division (Attachment A), Staff recommends that closing documents filed by the Applicants be deemed sufficient.

III. PROPOSED PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule:

Deadline for Commission Staff to submit revised maps and certificates to the parties for consent.	May 6, 2016
Deadline for parties to file completed and signed consent forms with the Commission.	May 23, 2016
Deadline for Commission Staff to file a final recommendation on the application.	June 13, 2016
If no disputed issues, deadline for parties to file a proposed notice of approval with findings of fact, conclusions of law, and ordering paragraphs.	July 5, 2016

IV. CONCLUSION

Staff respectfully requests that the ALJ issue an order consistent with the above recommendation.

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Stephen Mack
Managing Attorney
Legal Division

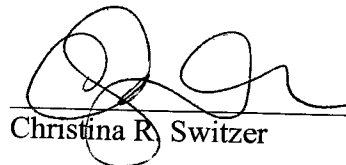


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 29, 2016, in accordance with 16 TAC § 22.74.



Christina R. Switzer

Attachment A

Public Utility Commission of Texas
Memorandum

To: Christina Switzer, Attorney
Legal Division

Thru: Tammy Benter, Director
Lisa Fuentes, Manager
Water Utilities Division

From: Heidi Graham, Engineering Specialist
Kristy Nguyen, GIS Specialist
Water Utilities Division

Date: March 25, 2016

Subject: **Docket No. 45026;** *Application of T. Johnson Water Service and Water Necessities, Inc. for Sale, Transfer or Merger of facilities and to Transfer Certificate Rights in Hardin County, Texas*

On August 6, 2015, Water Necessities, Inc. (Water Necessities) filed an application for the sale, transfer or merger (STM) of facilities and to transfer water Certificate of Convenience and Necessity (CCN) from T. Johnson Water Service (Johnson) in Hardin County, Texas. Specifically, Water Necessities seeks approval to acquire all water facilities and water CCN service territory from T. Johnson Water Service. The 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 Water Necessities' ability to provide continuous and adequate service pursuant to the CCN criteria outlined in 16 TAC § 24.102(d). Pursuant to 16 TAC § 24.109(f), Staff recommended that the transaction proceed as proposed and Order No 5, issued February 24, 2016, requested that Water Necessities 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 March 18, 2016, Water Necessities filed a bill of sale and an affidavit attesting to the disposition of the applicable deposits. Water Necessities states in its affidavit that customer deposits were transferred from T. Johnson Water Service to Water Necessities.

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.