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APPLICATION OF SWWC UTILITIES §  
INC. DBA DIAMOND WATER §  
COMPANY AND SWWC UTILITIES, §  
INC. DBA WATER SERVICES, INC. §  
FOR SALE, TRANSFER, OR MERGER §  
OF FACILITIES AND CERTIFICATE §  
RIGHTS IN BANDERA, COMAL, AND §  
GILLESPIE COUNTIES §

PUBLIC UTILITY COMMISSION 48  
2016 NOV 22  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS

**SWWC UTILITIES, INC. DBA DIAMOND WATER COMPANY'S RESPONSE TO  
COMMISSION STAFF'S RECOMMENDATION THAT  
TRANSACTION BE ALLOWED TO PROCEED**

SWWC Utilities, Inc. d/b/a Diamond Water Company ("Diamond") and SWWC Utilities, Inc. d/b/a Water Services, Inc. ("Water Services") (collectively "Applicants") file their Response to Commission Staff's ("Staff") "Recommendation that Transaction Be Allowed To Proceed" and state as follows:

**I. BACKGROUND**

Diamond and Water Services filed an application for sale, transfer, or merger of facilities and certificate of convenience and necessity ("CCN") rights in Bandera, Comal, and Gillespie Counties on July 21, 2016, with the Public Utility Commission of Texas ("Commission"). Notice was given on August 26, 2016, to customers and others required to be given notice. The intervention deadline was September 25, 2016. No party has intervened.

On September 16, 2016, the Administrative Law Judge ("ALJ") issued Order No. 3, requiring Staff to file on or before October 26, 2016, a recommendation on approval of the sale, and that no later than November 2, 2016, Applicants file a response to Staff's recommendation. Therefore, this pleading is timely filed.

**II. RESPONSE TO STAFF RECOMMENDATION**

On October 21, 2016 Staff notified the ALJ that it had reviewed the application and recommended that Applicants be allowed to proceed with the proposed transaction and provided a suggested procedural schedule. In its analysis, Staff reviewed the criteria of Tex. Water Code §§ 13.246 and 13.301 ("TWC") and 16 Tex. Admin. Code §§ 24.109 and 24.112 ("TAC") and concluded that the proposed transaction meets the relevant statutory and regulatory requirements.

Applicants agree with Staff's recommendation and its assessment that the proposed transaction meets the criteria outlined in TWC §§ 13.246 and 13.301 and 16 TAC §§ 24.109 and 24.112.

### **III. REQUEST FOR COMMISSION APPROVAL**

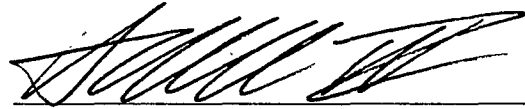
Because Staff and Applicants are the only parties to this docket, Applicants request that the Commission approve the transaction before the expiration of 120 days. Staff in its recommended procedural schedule has set a December 27, 2016, deadline for Commission approval or to refer the matter to a hearing, which equates to 120-days from the date of filing, required pursuant to TWC § 13.301(f). Under TWC § 13.301(f), the sale, acquisition, lease, or rental may be completed as proposed at the end of the 120-day period or at any time after the Commission notifies the utility that a hearing will not be held. Neither the Staff nor Applicants have requested a hearing. As such, Applicants request that no hearing be required in this proceeding and that the transaction be approved by the Commission before the December 27, 2016, deadline proposed so that it may proceed to conclude the transaction expeditiously. Upon approval by the Commission, Applicants will work diligently in completing the transaction in transferring all of the water system assets of Diamond Water held under water CCN No. 12865, into Water Services under CCN No. 11106, including customer deposits. Once the transfer has become effective, Applicants will provide the necessary closing documents demonstrating that the asset transfer is complete and the deposits have been transferred.

### **IV. CONCLUSION**

For the reasons stated above, Applicants respectfully request that an order be issued approving the transaction, allowing Applicants to proceed with the transaction, and setting a procedural schedule for continued processing of this docket.

Respectfully submitted,

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ATTORNEYS FOR SWWC UTILITIES, INC.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 2nd day of November, 2016, a true and correct copy of the foregoing document has been sent via facsimile, certified mail, return receipt requested, first class mail, or hand-delivered to all parties of record.



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WILLIAM A. FAULK, III