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PUBLIC UTILITY COMMISSION
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APPLICATION OF AQUA UTILITIES, §
 INC., AQUA DEVELOPMENT, INC., §
 AND AQUA TEXAS, INC. FOR SALE, §
 TRANSFER, OR MERGER OF §
 FACILITIES AND CERTIFICATE §
 RIGHTS IN BANDERA, BASTROP, §
 BEXAR, BLANCO, BURNET, COMAL, §
 GILLESPIE, HAYS, KENDALL, KERR, §
 KIMBLE, LIVE OAK, LLANO, §
 MEDINA, NUECES, TRAVIS, §
 WILLIAMSON, AND WILSON §
 COUNTIES §

**PUBLIC UTILITY COMMISSION
OF TEXAS**

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

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation on Sufficiency of Closing Documents and would show the following:

I. BACKGROUND

On October 11, 2018, Aqua Utilities, Inc. (Aqua Utilities), Aqua Development, Inc. (Aqua Development), and Aqua Texas, Inc. (Aqua Texas) (collectively, Applicants) filed an application for approval of a sale, transfer, or merger under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. Specifically, Aqua Utilities and Aqua Development seek to transfer to all of their facilities and certificate rights under water Certificate of Convenience and Necessity (CCN) Nos. 11157 and 12902 and sewer CCN Nos. 20453 and 20867 to Aqua Texas. The service areas to be transferred include approximately 38,400 acres and 16,336 current customers and are located in Bandera, Bastrop, Bexar, Blanco, Burnet, Comal, Gillespie, Hays, Kendall, Kerr, Kimble, Live Oak, Llano, Medina, Nueces, Travis, Williamson, and Wilson Counties. Applicants are all subsidiaries of Aqua America, Inc.

Order No. 12, issued August 22, 2019, approved the transfer and directed the Applicants to proceed with the transaction. The order required the Applicants to file monthly updates regarding the status of the closing and to submit documents evidencing that the transaction was

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consummated and that customer deposits were properly addressed no later than 30 days after the effective date of the transaction. The order also required Staff to file a recommendation on the sufficiency of the closing documents and to propose a procedural schedule within 15 days of the Applicants' filing.

The Applicants filed status updates on September 23, October 22, November 21, and December 20, 2019. On January 22, 2020, the Applicants filed Bills of Sale, Assignment, and Assumption and affidavits supporting the transfer between Aqua Utilities and Aqua Texas and the transfer between Aqua Development and Aqua Utilities. Fifteen days from January 22, 2020, is February 6, 2020. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON CLOSING DOCUMENTS

Staff has reviewed the closing documents and recommends that they be found to meet the requirements of 16 TAC §§ 24.239(k)-(n). Both Bills of Sale, Assignment, and Assumption show December 31, 2019, as the effective date of the transfer, which is more than 120 days from April 5, 2019—the date notice was mailed to customers.¹ Additionally, the closing documents were filed on January 22, 2020, which is within 30 days of the effective date of the transaction.² Finally, the Bills of Sale, Assignment, and Assumption are signed by Robert L. Laughman who is the President of Aqua Utilities, Aqua Development, and Aqua Texas. Therefore, the closing documents are signed by each of the transferors and the transferee.³

Staff further recommends that the Applicants' filing sufficiently addresses outstanding customer deposits. In support of each transaction, Mr. Laughman executed a buyer's and a seller's affidavit of closing attesting to the transfer of customer deposits from Aqua Utilities and Aqua Development to Aqua Texas. The affidavits were filed on January 22, 2020, which is within 30 days of the effective date of the transaction.⁴ Accompanying the affidavits, was a confidential filing containing the deposit information required by 16 TAC § 24.239(m). Consequently, Staff

¹ 16 TAC § 24.239(k)(1).

² 16 TAC § 24.239(n).

³ *Id.*

⁴ 16 TAC § 24.239(n).

recommends that the documentation evidencing that customer deposits have been addressed be found sufficient.

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 applicants for review and consent	April 6, 2020 ⁵
Deadline for applicant to file signed consent forms with the Commission	April 20, 2020
Deadline for parties to jointly file Proposed Notice of Approval, including findings of fact, conclusions of law, and ordering paragraphs	April 27, 2020

IV. CONCLUSION

For the reasons detailed above, Staff respectfully requests the entry of an order finding the Applicants' closing documents sufficient and adopting the proposed procedural schedule.

Dated: February 6, 2020

⁵ Due to the amount of service area affected by the transaction, and the unusually large number of maps Staff must prepare for Applicants to review, Staff is requesting extra time to provide final maps, certificates, and tariffs to Applicants. Staff has conferred with Applicants' representative who indicated that Aqua Utilities, Aqua Development, and Aqua Texas are unopposed to the request for additional time.

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
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 February 6, 2020, in accordance with 16 TAC § 22.74.



Eleanor D'Ambrosio