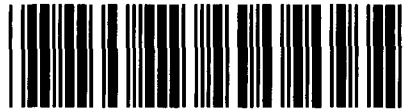




Control Number: 49103



Item Number: 29

Addendum StartPage: 0

DOCKET NO. 49103

**APPLICATION OF SWWC UTILITIES, §
INC. DBA SOUTHWEST UTILITY §
COMPANY AND MONARCH § PUBLIC UTILITY COMMISSION
UTILITIES I L.P. FOR SALE, §
TRANSFER, OR MERGER OF § OF TEXAS
FACILITIES AND CERTIFICATE §
RIGHTS IN HARRIS COUNTY §**

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 January 15, 2019, Monarch Utilities I, L.P. (Monarch) and SWWC Utilities, Inc. d/b/a SW Utility Company (SWUC) (collectively, Applicants) filed an application for sale, transfer, or merger of facilities and certificate rights in Harris County, Texas. Specifically, SWUC seeks to transfer all of its facilities and service area under water certificate of convenience and necessity (CCN) no. 12284 to Monarch, and to cancel its CCN. The service area to be transferred includes 32 acres and 45 current customers. Applicants are affiliated entities that share the same parent company, SouthWest Water Company.

Order No. 9, issued August 29, 2019, approved the transfer and directed applicants to proceed with the transaction. The order required Applicants to file monthly updates regarding the status of the closing and to submit documents evidencing that the transaction was consummated and that customer deposits were properly addressed no later than 30 days after the effective date of the transaction. The order 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.

Applicants filed status updates on October 4 and 28, 2019. On December 18, 2019, Applicants filed a Bill of Sale and affidavit. Fifteen days from December 18, 2019, is January 2, 2020. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON CLOSING DOCUMENTS

Staff has reviewed the closing documents filed by Applicants and recommends that the Bill of Sale meets the requirements of 16 Texas Administrative Code (TAC) §§ 24.239(k)-(n). The Bill of Sale shows December 4, 2019, as the effective date of the transfer, which is more than 120 days from February 21, 2019—the date notice was mailed to customers.¹ Additionally, the closing documents were filed on December 18, 2019, which is within 30 days of the effective date of the transaction.² Finally, the Bill of Sale is signed by Charles W. Profilet, Jr. who is the President of both Monarch and SWUC. Therefore, the closing documents are signed by both the transferor and transferee.³

Staff further recommends that Applicants have not sufficiently addressed outstanding customer deposits. The affidavit of Marti Cortez was filed on December 18, 2019, which is within 30 days of the effective date of the transaction.⁴ However, the affidavit does not include (1) the names and addresses of all customers who have a deposit on record with SWUC; (2) the date each such deposit was made; (3) the amount of each deposit; and (4) the unpaid interest on each deposit.⁵ Consequently, Staff recommends that the documentation evidencing that customer deposits have been addressed be found deficient.

III. PROPOSED PROCEDURAL SCHEDULE

In accordance with its deficiency recommendation, Staff does not propose a procedural schedule for further processing of this docket at this time. Instead, Staff recommends that Applicants be ordered to cure the deficiencies in Ms. Cortez's affidavit by January 16, 2020, and that Staff be given a deadline of January 30, 2020, to file a supplemental recommendation on the sufficiency of the documentation regarding customer deposits.

¹ 16 TAC § 24.239(k)(1).

² 16 TAC § 24.239(n).

³ *Id.*

⁴ 16 TAC § 24.239(n).

⁵ 16 TAC § 24.239(m).

IV. REQUEST TO RESTYLE DOCKET

Staff requests that this docket be restyled to *Application of SWWC Utilities, Inc. dba SW Utility Company and Monarch Utilities I, L.P. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*. As shown on the tariff attached to the application, SW Utility Company is the assumed name associated with CCN No. 12284.⁶ Accordingly, SWWC Utilities, Inc. dba SW Utility Company is the correct name of the transferor.

V. CONCLUSION

For the reasons detailed above, Staff respectfully requests the entry of an order restyling the docket; finding that the Bill of Sale filed by Applicants is sufficient, and that customer deposits have not been properly addressed; and directing the Applicants to cure the deficiencies in the documentation regarding customer deposits no later than January 16, 2020.

Dated: January 2, 2020

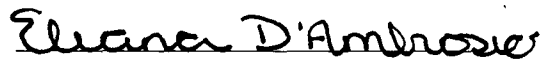
⁶ Application for Sale, Transfer, or Merger of a Retail Public Utility at Part B: Question 4.

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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**DOCKET NO. 49103
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on January 2, 2020, in accordance with 16 TAC § 22.74.


Eleanor D'Ambrosio