



Control Number: 49660



Item Number: 37

Addendum StartPage: 0



DOCKET NO. 49660

APPLICATION OF NI AMERICA	§	PUBLIC UTILITY COMMISSION
TEXAS, LLC AND MONARCH	§	
UTILITIES I L.P. FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN JOHNSON AND WISE	§	
COUNTIES	§	

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

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Commission Staff's Amended Recommendation on Sufficiency of Closing Documents. Staff recommends that the closing documents be deemed deficient, and, in support, shows the following:

I. BACKGROUND

On June 21, 2019, Ni America Texas, LLC (Ni America Texas) and Monarch Utilities I L.P. (Monarch) (collectively, Applicants) filed an application (Application) for approval of the sale, transfer, or merger (STM) of facilities and certificate and convenience and necessity (CCN) rights in Johnson and Wise Counties. The STM is for the purpose of consolidation. Specifically, the Applicants seek approval for the transfer of water facilities and water service area under CCN No. 11922, the cancellation of Ni America Texas's CCN No. 11922, and the amendment of Monarch's water CCN No. 12983 to include the area currently under CCN No. 11922. SouthWest Water Company is the parent company of both Monarch and Ni America Texas, to which it provides operations and customer service via the Texas Utilities Group of SouthWest Water. The requested transfer area includes approximately 5,225 acres and 1,166 current customers.

On March 3, 2020, the administrative law judge (ALJ) issued Order No. 10, approving the sale to proceed and requiring Applicants to submit documents evidencing that the transaction was consummated and that customer deposits were properly addressed. Order No. 10 also required Staff to file a recommendation regarding the sufficiency of the documents and propose a procedural schedule within 15 days of the Applicants' submission of proof that the sale had been consummated and customer deposits had been addressed. On June 12, 2020, Applicants filed a copy of a signed bill of sale and transfer executing the transaction. On June 24, 2020, Applicants

filed customer deposit information. On June 26, 2020 Staff timely filed its recommendation on the sufficiency of the closing documents and the proof that customer deposits had been addressed. Staff recommended that the customer deposit information be found insufficient due to discrepancies in the deposit information in the application and the deposit information in the confidential list filed following the consummation of the transaction. Staff files this amended recommendation to include the exact number of customer deposits listed in the confidential filing.

II. SUFFICIENCY OF CLOSING DOCUMENTS

Staff has reviewed the closing documents and customer deposit information filed by Applicants on June 12 and 24, 2020. Based on its review, Staff has determined that, cumulatively, Applicants' filings do not meet the requirements of 16 Texas Administrative Code (TAC) §§ 24.239(k)-(n). The transaction was completed following the issuance of Order No. 10, wherein Monarch, the transferee, received notice from the Commission that the transaction between the Applicants could proceed and be consummated. Applicants submitted an executed bill of sale and assignment, an affidavit attesting to having addressed customer deposits, and a list of customer deposits that included the information required under 16 TAC § 24.239(m).

Staff recommends that the bill of sale and assignment meets the requirements of 16 TAC § 24.239(n). The bill was filed within 30 days of the June 1, 2020 effective date of the transaction and is signed by Jeffrey L. McIntyre who is a representative of both Applicants. Staff further recommends that the proof that customer deposits have been addressed be found deficient. In the Application, the Applicants provided a list of 616 customer deposits affected by the transfer,¹ but, in the list of customer deposits filed following the completion of the transaction, only 573 customers are listed, 180 of whom are not included on the application list. Based on these two discrepancies, Staff respectfully recommends a finding that the customer deposit information provided is insufficient.

III. PROCEDURAL SCHEDULE

In accordance with Staff's recommendation that Applicants' customer deposit information be found insufficient, Staff proposes the following procedural schedule:

¹ Application at Part B, Question No. 5 and List of Customer Deposits (Jun. 21, 2019).

Event	Date
<p>Deadline for Applicant to provide an explanation of the discrepancies between the customer deposit information in the application and the customer deposit information provided in response to Order No. 10</p> <p>OR</p> <p>for Applicants to file amended lists that reconcile the information provided in the two lists</p>	<p>July 17, 2020</p>
<p>Deadline for Staff to file a supplemental recommendation on closing documents and customer deposit information and propose a procedural schedule for further processing of the docket</p>	<p>July 31, 2020</p>

IV. CONCLUSION

For the reasons detailed above, Staff respectfully requests that an order be issued finding that the closing documents filed by the Applicants are sufficient but that the information filed regarding customer deposits is insufficient. Staff further requests that the procedural schedule above be adopted for continued processing of this docket.

Dated: June 29, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

Eleanor D'Ambrosio
Managing Attorney

/s/ Merritt Lander
Merritt Lander
State Bar No. 24106183
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7290
(512) 936-7268 (facsimile)
Merritt.Lander@puc.texas.gov

DOCKET NO. 49660

CERTIFICATE OF SERVICE

I hereby certify that, unless otherwise ordered by the presiding officer, a true and correct copy of the foregoing document was transmitted by electronic mail to the parties of record on June 29, 2020 in accordance with the Order Suspending Rules issued in Docket No. 50664.

/s/ Merritt Lander
Merritt Lander