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Public Utility Commission of Texas

Memorandum

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2019 AUG 16 PM 2:02
PUBLIC UTILITY COMMISSION
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TO: Interested Parties

FROM: Heidi Graham, Water Utility Regulation Division

DATE: August 16, 2019

RE: **Project No. 49818, List of Experts Qualified to Conduct Economic Valuations**

House Bill 3542, 86th Legislative Session, added new section § 13.305 to the Texas Water Code (TWC). New TWC § 13.305(b), which will be effective September 1, 2019, allows a Class A or Class B utility that is acquiring a selling utility or facilities of a selling utility to agree to determine the fair market value of the selling utility or facilities to be sold using the valuation process set out in the statute. Section 13.305(b) requires the Commission to maintain a list of utility valuation experts qualified to conduct economic evaluations of utilities.

Utility valuation experts on the list will be eligible for selection by the Commission to perform an appraisal in compliance with Uniform Standards of Professional Appraisal Practice, employing the cost, market, and income approaches, to determine the fair market value of a selling utility. A utility valuation expert may not derive any material financial benefit from the sale of the utility other than fees for services rendered. The utility valuation expert's fee may not exceed the lesser of five percent of the fair market value or a fee amount approved by the Commission. Further, a utility valuation expert may not be or have been within the year preceding the date of performing the appraisal an immediate family member of a director, officer, or employee of the acquiring utility or the selling utility.

A utility valuation expert may indicate interest in being included on the Commission's list by filing a detailed resume in Project No. 49818. More information about serving as a utility valuation expert may be obtained by contacting Heidi Graham by phone at (512) 936-7139 or by emailing her at heidi.graham@puc.texas.gov.