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APPLICATION OF POLONIA WATER §
SUPPLY CORPORATION AND THE §
CITY OF LOCKHART FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN CALDWELL COUNTY §

PUBLIC UTILITY COMMISSION
OF TEXAS

**COMMISSION STAFF'S RECOMMENDATION ON SUFFICIENCY OF CLOSING
DOCUMENTS AND PROPOSED PROCEDURAL SCHEDULE**

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 Proposed Procedural Schedule. Staff recommends that the closing documents be found deficient. In support thereof, Staff would show the following:

I. BACKGROUND

On February 24, 2020, Polonia Water Supply Corporation (Polonia WSC) and the City of Lockhart (Lockhart, together Applicants) filed an application for sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Caldwell County. Polonia WSC seeks to transfer a portion of its water service area held under CCN No. 10420 to Lockhart. The Applicants filed supplemental information on April 3, 2020 and April 9, 2020. The Applicants filed proof of notice on June 15, 2020. The requested area includes approximately 2,373 acres and 25 connections.

On October 2, 2020, the administrative law judge (ALJ) filed Order No. 8 approving the sale and transfer to proceed. Order No. 8 also required Staff to file a recommendation regarding the sufficiency of closing documents and to propose a procedural schedule within 15 days following the filing of the Applicants' proof that the transaction has been consummated and customers deposits, if any, have been addressed. On December 30, 2020, the parties filed proof of the transaction. Therefore, this pleading is timely filed.

II. SUFFICIENCY OF THE TRANSACTION DOCUMENTS

Staff has reviewed the closing documents filed by Applicants on December 30, 2020. Based on its review, Staff has determined that the Applicants have not met the requirements of 16 Texas Administrative Code (TAC) §§ 24.239(k)-(l). The Applicants must, under 16 TAC §

24.239(k), file supporting documentation for customer deposits that shows (1) the names and addresses of all customers who have a deposit on record with the transferor; (2) the date the deposit was made; (3) the amount of the deposit; and (4) the unpaid interest on the deposit. All such deposits under the rule must be refunded to the customer or transferred to the transferee, along with all accrued interest. The Applicant under 16 TAC § 24.239(l) must also file documentation that customer deposits have been transferred or refunded to the customers with interest. The Applicants have not filed the above required information to satisfy the requirements of 16 TAC § 24.239(k)-(l). Therefore, Staff recommends that the closing documents be deemed deficient and the Applicants be ordered to file supplemental information to address the identified deficiencies.

III. PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule:

Event	Date
Deadline for the Applicants to file a supplement to address the identified deficiencies	January 28, 2021
Deadline for Staff to file a Supplemental Recommendation the Sufficiency of the Closing Documents	February 11, 2021

IV. CONCLUSION

Staff respectfully requests the issuance of an order consistent with the above recommendation.

Dated: January 14, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on January 14, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Robert Dakota Parish
Robert Dakota Parish