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PUBLIC UTILITY COMMISSION
OF TEXAS

**APPLICATION OF RANCH COUNTRY §
OF TEXAS WATER SYSTEMS, INC. §
AND CSWR-TEXAS UTILITY §
OPERATING COMPANY, LLC FOR §
SALE, TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN AUSTIN COUNTY §**

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

On June 26, 2020, CSWR-Texas Utility Operating Company, LLC (CSWR-Texas) and Ranch Country of Texas Water Systems, Inc. (Ranch Country) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Austin County, Texas. Specifically, CSWR-Texas seeks approval to acquire facilities and to transfer all of the area served by Ranch Country under water certificate of convenience and necessity (CCN) No. 12918. The requested area includes approximately 638 acres and 316 connections.

On January 8, 2021, the administrative law judge (ALJ) filed Order No. 7, which required the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation regarding the sufficiency of Applicants’ closing documents and to propose a procedural schedule within 15 days following the filing of Applicants’ proof that the transaction has been consummated and customers deposits, if any, have been addressed. On February 12, 2021, CSWR-Texas filed notice that the transaction had been consummated. Fifteen days from February 12, 2021 is February 27, 2021, which falls on a Saturday. Therefore, under 16 Texas Administrative Code (TAC) § 22.4(a), Staff’s deadline is March 1, 2021, and this pleading is timely filed.

I. SUFFICIENCY OF CLOSING DOCUMENTS

Staff has reviewed the closing documents and customer deposit information filed by Applicants on February 12, 2021 and recommends that the documentation addressing customer deposits be deemed deficient. Under 16 TAC § 24.239(k), Applicants must file documentation related to customer deposits that is supported by an affidavit and includes the following: (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. Under 16 TAC § 24.239(l), Applicants must also file documentation that customer deposits have

been transferred or refunded to the customer with interest. In its notice of completed transaction, CSWR-Texas states that it is waiting for Ranch Country to execute an affidavit confirming that all deposits have been sufficiently addressed and that it will provide the affidavit immediately upon receipt. To date, the affidavit and accompanying information has not been filed. Staff therefore recommends a finding that customer deposits have not been adequately addressed as required by 16 TAC § 24.239(k) and (l).

Based on its review, Staff has determined that Applicants' closing documents meet the requirements of 16 TAC § 24.239(a), which requires the filing of an STM application and the provision of public notice at least 120 days before the effective date of a proposed transaction. Under 16 TAC § 24.239(i), the proposed transaction may be completed at the end of the 120-day period or at any time after the transferee receives notice that a hearing will not be required. Applicants filed a fully executed bill of sale, signed by both the transferor and transferee, showing consummation of the sale on January 14, 2021. This is more than 120 days after notice was provided to customers on September 10, 2020. Staff recommends a finding that Applicants' closing documents are sufficient and satisfy 16 TAC § 24.239(a) and (i).

II. PROCEDURAL SCHEDULE

In accordance with Staff's deficiency recommendation, Staff proposes the following procedural schedule:

Events	Date
Deadline for Applicants to file documentation demonstrating that customer deposits have been adequately addressed	March 9, 2021
Deadline for Commission Staff to file a supplemental recommendation on the sufficiency of closing documents	March 16, 2021

III. CONCLUSION

For the reasons discussed above, Staff respectfully requests that an order be filed deeming Applicants' documents addressing customer deposits deficient and adopting the proposed procedural schedule.

Dated: February 26, 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 on February 26, 2021 in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Merritt Lander
Merritt Lander