



## Filing Receipt

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**DOCKET NO. 52803**

<b>APPLICATION OF COPANO COVE</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>WATER COMPANY, INC. AND CSWR-</b>	<b>§</b>	
<b>TEXAS UTILITY OPERATING</b>	<b>§</b>	<b>OF TEXAS</b>
<b>COMPANY, LLC FOR SALE,</b>	<b>§</b>	
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	
<b>RIGHTS IN ARANSAS COUNTY</b>	<b>§</b>	

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

On November 9, 2021, Copano Cove Water Company, Inc. (Copano Cove) and CSWR-Texas Utility Operating Company, LLC (CSWR-Texas) (jointly, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Aransas County.

On August 26, 2022, the administrative law judge filed Order No. 10, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file its recommendation on the sufficiency of the closing documents and customer deposits by September 14, 2022. Therefore, this pleading is timely filed.

**I. RECOMMENDATION ON THE SUFFICEINCY OF CLOSING DOCUMENTS**

Staff has reviewed the closing documents filed by the Applicants and, based on its review, has determined that the Applicants’ filing meets the requirements of 16 Texas Administrative Code (TAC) § 24.239(a), (i), and (k)-(n). Specifically, 16 TAC § 24.239(a) requires the filing of an STM application and the provision of public notice at least 120 days before the effective date of the proposed transaction. Additionally, 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 from the Commission that a hearing will not be required. Further, under 16 TAC § 24.239(m), the proposed transaction must be completed within 180 days following the date of the Commission order allowing the transaction to proceed. Lastly, under 16 TAC § 24.239(l), the closing documents for the transaction must include a signed contract, bill of sale, or other appropriate documents as evidence that the transaction has closed as proposed, be signed by both the transferor and transferee, and be filed within 30 days after the actual effective date of the transaction.

According to Order No. 3, the Applicants completed notice of the application on December 20, 2021, thereby making April 19, 2022, the end of the 120-day period. Additionally, the Commission filed an order allowing the transaction to proceed on May 6, 2022, thereby making November 2, 2022, the end of the 180-day period. As such and as evidenced by the closing documents, the Applicants properly and timely consummated the transaction on May 19, 2022; however, Applicants did not file the closing documents until July 27, 2022, which is more than 60 days after the effective date of the transaction. In its July 27, 2022 filing, CSWR-Texas explained that “the applicants experienced a delay in confirming and documenting that all the customer deposits were returned to customers and therefore did not have all the documents necessary for this Notice of Completed Transaction.”<sup>1</sup> Staff notes that Applicants filed two closing document status updates informing parties of the delay in filing closing documents.<sup>2</sup> Staff also contends that the delay was warranted, since Applicants were working to ensure compliance with 16 TAC § 24.239(k). Accordingly, Staff recommends that a good cause exception under 16 TAC § 22.5(b) be granted for Applicants’ failure to submit closing documents within the required 30-day period. Lastly, the Applicants included in the closing documents a fully executed Bill of Sale and Assignment that were signed by representatives of the transferor, Copano Cove, and the transferee, CSWR-Texas.

Applicants also submitted a notarized affidavit on July 27, 2022, stating that all customer deposits have been transferred from Copano Cove to CSWR-Texas. For the reasons stated above, Staff recommends that a good cause exception under 16 TAC § 22.5(b) be granted for Applicants’ failure to submit its notarized affidavit within 30 days of the effective date of the transaction. Staff recommends that the notarized affidavit otherwise complies with the requirements of 16 TAC § 24.239(k). Accordingly, based upon Applicants’ substantial completion of the requirements, as stated in Commission rules, Staff recommends that the closing documents be found sufficient.

## **II. PROPOSED PROCEDURAL SCHEDULE**

In accordance with Staff’s sufficiency recommendation, Staff proposes the following procedural schedule:

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<sup>1</sup> 52803 CSWR Notice of Completed Transaction at 1 (Jul. 27, 2022).

<sup>2</sup> See 52803 CSWR Ltr to ALJ re Closing Documents Stats Update (Jun. 3, 2022) and 52803 CSWR Ltr to ALJ re Closing Documents Status Update (Jul. 8, 2022).

Event	Date
Deadline for Staff to provide final maps, certificates, and tariffs (if applicable) to Applicants for review and consent.	October 13, 2022
Deadline for Applicants to file signed consent forms with the Commission.	October 27, 2022
Deadline for parties to jointly file a proposed notice of approval, including proposed findings of fact, conclusions of law, and ordering paragraphs.	November 10, 2022

### III. CONCLUSION

For the reasons detailed above, Staff respectfully requests that good cause exceptions be granted for Applicants' failure to meet the 30-day requirements, that an order be issued finding the closing documents filed by Applicants are sufficient and that the customer deposits have been adequately addressed by the Applicants, and that the proposed procedural schedule be adopted for continued processing of this docket.

Dated: September 14, 2022

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 September 14, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch  
Ian Groetsch