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DOCKET NO. 56385

APPLICATION OF NEW WATER	§	PUBLIC UTILITY COMMISSION
SYSTEMS, INC. AND DERBY ING LLC	§	
FOR SALE, TRANSFER, OR MERGER	§	OF TEXAS
OF FACILITIES AND CERTIFICATE	§	
RIGHTS AND TO OBTAIN A WATER	§	
CERTIFICATE OF COVENIENCE AND	§	
NECESSITY IN FRIO COUNTY	§	

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

On March 19, 2024, New Water Systems, Inc. (New Water) and Derby ING LLC (collectively, Applicants) filed an application for the sale, transfer, or merger of facilities and certificate of convenience and necessity rights in Frio County.

On August 16, 2024, the administrative law judge filed Order No. 8, approving the sale and transfer to proceed, and requiring the Applicants to file proof that the transaction had been consummated and to address customer deposits, if any, no later than 30 days after the effective date of the transaction. Order No. 8 also directed the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation regarding the sufficiency of the Applicants' closing documents and to propose a schedule for the continued processing of this docket within 15 days of filing the closing documents. On September 7, 2024, New Water filed proof of completion of transaction.

I. SUFFICIENCY OF CLOSING DOCUMENTS

Staff has reviewed the closing documents filed by New Water and recommends that they are sufficient and meet the requirements of 16 Texas Administrative Code (TAC) § 24.239(b), (i), and (k)-(m). Specifically, 16 TAC § 24.239(b) 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. 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 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. Based on Staff's review of the closing documents, Staff recommends that the Applicants properly and timely filed notice of the completed transaction and that the Applicants filed a contract signed by both the transferor and transferee within 30 days after the actual effective date of the transaction.

Regarding customer deposits, New Water indicated in its closing documents that there are no customer deposits to be transferred. Therefore, Staff recommends a finding that customer deposits have been adequately addressed as required by 16 TAC § 24.239(k) and (l).

For these reasons, Staff recommends that the Applicants have complied with the applicable closing requirements of 16 TAC § 24.239. Staff therefore recommends that the closing documents and customer deposit information be found sufficient.

II. PROPOSED PROCEDURAL SCHEDULE

In accordance with Staff's recommendation that the Applicants' closing documents be found sufficient, Staff proposes the following procedural schedule:

Event	Date
Deadline for Staff to provide final maps, certificates, and tariffs (if applicable), to Applicants for review and consent	October 10, 2024
Deadline for Applicants to file signed consent forms with the Commission	October 17, 2024
Deadline for parties to jointly file Proposed Notice of Approval, including findings of fact, conclusions of law, and ordering paragraphs	October 31, 2024

III. CONCLUSION

For the reasons detailed above, Staff respectfully requests that an order be issued finding the Applicants' closing documents sufficient and adopting the proposed procedural schedule.

Dated: September 24, 2024

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 will be provided to all parties of record via electronic mail on September 24, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Rowan Pruitt
Rowan Pruitt