



Filing Receipt

Filing Date - 2024-09-17 09:15:19 AM

Control Number - 56608

Item Number - 13

DOCKET NO. 56608

APPLICATION OF THE ESTATE OF	§	PUBLIC UTILITY COMMISSION
HENRY M. GARZA DBA CIELO AZUL	§	
RANCH AND CIELO AZUL AGUA LLC	§	OF TEXAS
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN HAYS COUNTY	§	

**COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION ON
ADMINISTRATIVE COMPLETENESS, NOTICE, AND PROPOSED PROCEDURAL
SCHEDULE**

On May 13, 2024, the Estate of Henry M. Garza dba Cielo Azul Ranch Public Water System and Cielo Azul Agua LLC (collectively, Applicants) filed an application for the sale, transfer, or merger of facilities and certificate rights in Hays County.

On September 9, 2024, the administrative law judge filed Order No. 4, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a supplemental recommendation on the administrative completeness of the application, along with a proposed procedural schedule by September 17, 2024. Therefore, this pleading is timely filed.

I. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and supplemental information and, as detailed in the attached memoranda from Fred Bednarski, III of the Rate Regulation Division, recommends that the application, as supplemented, is administratively incomplete from a financial perspective. Staff recommends that the Applicants be ordered to cure the deficiencies identified in Staff's memoranda by October 17, 2024, and that Staff be given a deadline of October 31, 2024, to file a supplemental recommendation on the administrative completeness of the application and notice.

II. PROCEDURAL SCHEDULE AND NOTICE

In accordance with Staff's deficiency recommendation, Staff does not propose a procedural schedule for further processing of the docket at this time. Staff intends to propose a procedural schedule alongside a subsequent recommendation that the supplemented application be found administratively complete. Staff notes that the Applicants should not issue notice until the supplemented application is deemed sufficient.

III. CONCLUSION

For the reasons detailed above, Staff recommends that the supplemented application be found administratively incomplete. Staff further recommends that the Applicants be ordered to file supplemental information to cure the deficiencies in the application by October 17, 2024, and that Staff be given a deadline of October 31, 2024, to file a supplemental recommendation on the administrative completeness of the application and notice and to propose a procedural schedule. Staff respectfully requests the entry of an order consistent with these recommendations.

Date: September 17, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Marisa Lopez Wagley
Division Director

Ian Groetsch
Managing Attorney

/s/ Rowan Pruitt
Rowan Pruitt
State Bar No. 24137425
1701 N. Congress Avenue
P.O Box 13326
Austin, Texas 78711-3326
(512) 936-7308
(512) 936-7268 (facsimile)
Rowan.Pruitt@puc.texas.gov

DOCKET NO. 56608

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 17, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Rowan Pruitt
Rowan Pruitt

Public Utility Commission of Texas

Memorandum

TO: Rowan Pruitt, Attorney
Legal Division

FROM: David Lopez, Rate Analyst
Fred Bednarski III, Financial Analyst
Rate Regulation Division

DATE: September 17, 2024

RE: Docket No. 56608 – *Application of the Estate of Henry M. Garza DBA Cielo Azul Ranch and Cielo Azul Agua LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hays County*

On May 13, 2024, the Estate of Henry M. Garza dba Cielo Azul Ranch Public Water System and Cielo Azul Agua LLC (CAA) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Hays County under the provisions of Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239.

We reviewed the answers provided to questions 4, 10, 11, 12, and 14 of the application. We recommend the application be deemed administratively incomplete, and that CAA be required to provide the following information to cure the deficiencies:

1. A complete updated 2024 balance sheet provided in item 9 so that the total of all the assets equals the total of all the liabilities and equity amounts,
2. The trust balance sheet and income statement for year-end 2022 and 2023, and
3. An affidavit from the trust containing a written guarantee the trust is capable, available, and willing to cover temporary cash shortages of Cielo Azul Aqua LLC pursuant to 16 TAC §§ 24.11(e)(2)(E) and (e)(3).