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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 RECOMMENDATION ON THE SUFFICIENCY OF THE CLOSING DOCUMENTS AND PROPOSED PROCEDURAL SCHEDULE

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

On March 6, 2025, the administrative law judge filed Order No. 9, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation on the sufficiency of the closing documents and to propose a schedule for continued processing of this docket within 15 days following the filing of closing documents. On March 26, 2025, Cielo Azul Agua filed notice of completed transaction. Therefore, this pleading is timely filed.

I. SUFFICIENCY OF CLOSING DOCUMENTS

Staff has reviewed the closing documents filed by Cielo Azul Agua on March 26, 2025, and recommends that they are sufficient and meet the requirements of 16 TAC § 24.239(a), (i), and (k)-(m). 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 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(in), 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(I), 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 Cielo Azul Agua properly and timely filed notice of the completed transaction, which included a bill of sale signed by both the transferor and the transferee.

With regard to customer deposits, the original application states that there are no customers with deposits held by the transferee in the transferred service area. Further, in the Cielo Azul Agua's closing documentation, Cielo Azul Agua states that Cielo Azul Ranch refunded all customer deposits associated with these water and sewer systems. 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 Commission Staff to provide final maps, certificates, and tariffs (if applicable), to Applicants for review and consent	April 28, 2025
Deadline for Applicants to file signed consent forms with the Commission	May 12, 2025
Deadline for parties to jointly file Proposed Notice of Approval, including findings of fact, conclusions of law, and ordering paragraphs	May 27, 2025

III. CONCLUSION

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

Date: April 9, 2025

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 April 9, 2025, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Rowan Pruitt
Rowan Pruitt