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DOCKET NO. 56608

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

**ORDER NO. 2
REQUIRING CLARIFICATION**

This Order requires the applicant to clarify certain information in this application and provide corrected oaths before the administrative law judge (ALJ) rules on any of Commission Staff's June 13, 2024 recommendations. This Order also asks Commission Staff for supplemental information proving the correct name of the transferor and transferee in this application.

Commission Staff recommended this application be restyled from "Application of Henry M. Garza dba Cielo Azul Ranch Public Water System and Cielo Azul Agua LLC for Sale, Transfer, or Merger for Facilities and Certificate Rights in Hays County" to "Application of Cielo Azul Ranch Water System Company and Cielo Azul Agua LLC for Sale, Transfer, or Merger for Facilities and Certificate Rights in Hays County." Commission Staff stated that the transferor in the style should be changed to Cielo Azul Ranch Water System Company because that company is registered with the Texas secretary of state.

Commission Staff is correct that the Cielo Azul Ranch Water System Company exists and is registered with the Texas secretary of state. The documentation forming the company was signed by Daniel. L. Garza. However, the purpose of the company is not clear and after further review of the filings in this docket, as well as the Commission, Texas secretary of state and Texas Commission on Environmental Quality (TCEQ) databases, the administrative law judge (ALJ) declines to restyle as requested by Commission Staff before certain clarification and possible correction is provided.

In the application, there is a letter explaining that this application is intended to transfer the public water system registered with the TCEQ as Cielo Azul Ranch, identification number 1050034 and its associated certificate of convenience and necessity number 12702 from the estate

of Mr. Henry M. Garza, where it had been operated as a sole proprietorship under dba Cielo Azul Ranch, to Cielo Azul Agua LLC, which is owned and operated by a trust, The Garza Management Trust of 1994, with Mr. Daniel L. Garza as the successor trustee.

Mr. Daniel Garza signed the oath of transferor and the oath of transferee in this application in his capacity as trustee but did not identify the trust. This indicates that a trust owns the Cielo Azul Ranch public water system now, and that it is being transferred to another trust, without naming either trust. The Commission's water utility database shows Henry M. Garza as the owner of the Cielo Azul Ranch public water system. TCEQ records for the Cielo Azul Ranch public water system show Daniel Garza as the owner. And the Texas secretary of state records for Cielo Azul Agua LLC show the authorized representative and managing member as The Garza Management Trust of 1994 trustee Daniel Garza. While Cielo Azul Ranch Water System Company shows Daniel Garza as the registered agent and says the corporation will not have members.

Based on the foregoing, the ALJ believes the oath of transferor and oath of transferee in this application must be corrected. First, it appears to the ALJ that Cielo Azul Agua LLC is the correct transferee. If so, Mr. Daniel Garza's oath for the transferee must be corrected to show that he is signing in his capacity as the successor trustee of The Garza Management Trust of 1994, the managing member of Cielo Azul Agua LLC. If this is not correct, Mr. Garza must correctly identify the transferee and correct the transferee oath accordingly.

Second, as discussed above, the correct name of the transferor is unclear. Thus, the applicant must first clarify and prove who owns the Cielo Azul Ranch public water system. If the water system has not been transferred from Mr. Henry M. Garza's estate, the executor of the estate should sign the oath for transferor, in his capacity as executor. Otherwise, the applicant must explain and demonstrate how and to whom the Cielo Azul Ranch public water system was transferred during Mr. Henry M. Garza's life or after he passed away. And the oath for transferor must be corrected to show the correct party with the authority to sign as the transferor.

On or before June 28, 2024, the applicant must provide documentation clarifying and demonstrating the current owner of the public water system registered with the TCEQ under the name Cielo Azul Ranch and identification number 1050034. The applicant must provide corrected oaths for the transferor and transferee.

On or before July 7, 2024, Commission Staff must provide supplemental comments regarding the correct name of the transferor and transferee, whether the transferee and transferor oaths have been properly executed, and the correct style of this application.

Signed at Austin, Texas on the 17th day of June 2024.

PUBLIC UTILITY COMMISSION OF TEXAS



SUSAN E. GOODSON

ADMINISTRATIVE LAW JUDGE