

UTILI-FACTS

Water and Sewer Utility Stock Transfer Requirements

The acquisition of voting stock which gives a person or company a controlling interest in a water or sewer utility must be approved by the Public Utility Commission of Texas (PUCT). The PUCT must



be notified of the proposed stock transfer at least 60 days before the date the transaction is to occur.

The following information must be submitted before the PUCT can consider approval of the proposed stock acquisition:

1. Copies of any correspondence the seller or purchaser has had with regulatory agencies such as the PUCT, Texas Commission on Environmental Quality (TCEQ), the Texas Department of Health, or the U.S. Environmental Protection Agency regarding system deficiencies or enforcement actions for noncompliance with rules, orders, or statutes; and an explanation of proposed actions and efforts to comply.
2. Evidence of financial, managerial, and technical capability to ensure continuous and adequate utility service for the entity in which stock is being acquired and any other utility owned and operated by applicant. Evidence may be in the form of an audit or financial statements that include the source and availability of funds the purchaser has for making planned or required system improvements.
3. Information about any other water or sewer systems or utilities owned or operated by the purchaser.
4. A copy of the utility corporation's Certificate of Good Standing for the utility whose stock is being acquired.
5. The proposed effective date of the stock transfer.

6. The new address of the utility or the current address if the address will remain the same pending the outcome of the stock transfer.

(Applicable Texas Water Code provisions: 13.246, 13.301, 13.302)

PUCT staff will review the information provided and notify the person requesting approval if a hearing regarding the proposed stock transaction will be necessary. If additional information or clarification is needed, PUCT staff may contact the person requesting the approval before determining whether a hearing will be necessary. If a hearing is not requested, the stock transfer may proceed. If a hearing is requested, the criteria in Texas Water Code Sections 13.301(e) and 13.246(c) will be considered.

If you have any questions about how to proceed, please call the PUCT's Water Utilities Division at (512) 936-7405.

Submit the required information to:

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326



QUESTIONS:

Call: 512-936-7405

Write:

Public Utility Commission
Water Utilities Division
1701 N. Congress Ave.
P.O. Box 13326,
Austin, TX 78711-3326