



TCEQ REGULATORY GUIDANCE

Water Supply Division

RG-246, revised

September 2004

Water and Sewer Utility Stock Transfer Approval 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 Texas Commission on Environmental Quality (TCEQ). The TCEQ 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 TCEQ 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 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. 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 owned or operated by the purchaser.
4. A copy of the utility corporation's Certificate of Good Standing.
5. The effective date of the stock transfer.
6. The new address of the utility, or the current address if the address will remain the same.

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

Texas Commission on Environmental Quality • PO Box 13087 • Austin, Texas • 78711-3087

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TCEQ staff will review the information provided and write the person requesting approval about whether a hearing will be necessary. If additional information or clarification is needed, TCEQ 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 Water Code Section 13.301(e) and 13.246(c) will be considered.

If you have any questions about how to proceed, please call the TCEQ's utility staff at **512/239-6960**.

Submit the required information to:

**Utilities and Districts Section, MC153
Water Supply Division
TCEQ
PO Box 13087
Austin, TX 78711-3087**