



Control Number: 44512



Item Number: 7

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RECEIVED

APPLICATION OF OAK FOREST §  
HIGHLANDS, INC. AND FOREST §  
OAKS MOBILE HOMES FOR THE §  
SALE, TRANSFER, OR MERGER §  
OF FACILITIES AND §  
CERTIFICATE OF CONVENIENCE §  
AND NECESSITY IN TRAVIS §  
COUNTY §

PUBLIC UTILITY COMMISSION §  
OF §  
TEXAS §

2015 APR 10 AM 10:19  
PUBLIC UTILITY COMMISSION  
FILING CLERK

**COMMISSION STAFF'S RESPONSE TO ORDER NO. 1**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest and files this Response to Order No. 1, and would show the following:

**I. BACKGROUND**

On March 6, 2015, Oak Forest Highlands, Inc. (Highlands or Applicant) and Forest Oaks Mobile Homes, LLC (Forest Oaks or Applicant) filed an application (Application) for the sale, transfer, or merger of facilities and certificate of convenience and necessity rights in Travis County. Specifically, Forest Oaks seeks approval to acquire all of the water system assets of Highlands. Highlands' water certificate of convenience and necessity (CCN) No. 12086 will be transferred to Forest Oaks.

In Order No. 1, the Administrative Law Judge (ALJ) allowed Staff until April 6, 2015, to file a recommendation on sufficiency and a procedural schedule. Therefore, this pleading is timely filed.

**II. RECOMMENDATION**

As detailed in the attached memorandum of Emily Sears, Suzanne Burt, and Fred Bednarski (Attachment A) of the Water Utilities Division, Staff recommends that the Application be deemed insufficient for filing. Attachment A requests the Applicant provide clarification on the area being transferred and the purchase price and requests a business plan and analysis and a capital commitment agreement, as well as other documentation. Staff requests that the Applicant be allowed until April 24, 2015 to cure the deficiencies noted in Attachment A and that Staff be allowed until May 22, 2015 to file a supplemental recommendation.


### III. CONCLUSION

Staff requests the ALJ issue an order consistent with this pleading.

Respectfully Submitted,

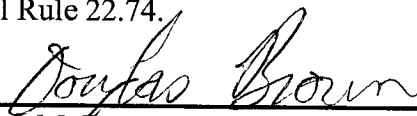
Margaret Uhlig Pemberton  
Division Director  
Legal Division

Stephen Mack  
Managing Attorney  
Legal Division

  
\_\_\_\_\_  
Douglas M. Brown  
Attorney-Legal Division  
State Bar No. 24048366  
(512) 936-7203  
(512) 936-7268 (facsimile)  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

### DOCKET NO. 44512 CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 6, 2015 in accordance with P.U.C. Procedural Rule 22.74.

  
\_\_\_\_\_  
Douglas M. Brown

# **ATTACHMENT A**

# Public Utility Commission of Texas

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## Memorandum

**To:** Douglas Brown, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Water Utilities Division

**From:** Emily Sears, Utility Rates Analyst  
Suzanne Burt, GIS Specialist  
Fred Bednarski III, Auditor  
Water Utilities Division

**Date:** March 31, 2015

**Subject:** Docket No. 44512; *Application of Oak Forest Highlands, Inc. and Forest Oaks Mobile Homes, LLC for Sale, Transfer, or Merger of Facilities and Certificate of Convenience and Necessity in Travis County*

On March 6, 2015 Forest Oaks Mobile Homes, LLC (Applicant) filed an application to purchase facilities and transfer Certificate of Convenience and Necessity (CCN) No. 12086 of Oak Forest Highlands, Inc., in Travis County, Texas. The Application was filed pursuant to Chapter 13.251 of the Texas Water Code (TWC), and Chapter 24 of the PUC's Substantive Rules.

The Applicant has failed to provide adequate maps that meet PUC's mapping requirements. The proposed area referenced in the application does not match the CCN boundary on file with the Commission.

The applicant has also failed to provide adequate financial information.

Based on a review of the information in the application, Staff recommends the application be deemed insufficient for filing. In order to continue processing the application, Staff recommends the applicant provide the following information:

1. Clarification of the area to be transferred. The proposed notice states 6.73 acres, however the existing CCN area consist of 18 acres;
2. The total purchase price. Reference question 13A of the application;
3. A business plan and analysis regarding how the utility will be able to produce a positive cash flow;
4. An executed and signed Membership and Capital Commitment Agreement; and
5. Proof of the following:
  - i. The \$20,000 escrow account to be setup as initial working capital directly for the utility operations; and
  - ii. The backup account of \$30,000 setup for the community at large.