

Control Number 45317



Item Number 22

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RECEIVED

APPLICATION OF MONARCH §
UTILITIES I, L.P. AND ROMARK §
UTILITY COMPANY FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN POLK COUNTY §

PUBLIC UTILITY COMMISSION AM 11 18
PUBLIC UTILITY COMMISSION
OF TEXAS FILING CLERK

COMMISSION STAFF'S RECOMMENDATION ON SUFFICIENCY OF CLOSING DOCUMENTS

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation on Sufficiency of Closing Documents. In support thereof, Staff shows the following:

I. BACKGROUND

On November 4, 2015, Monarch Utilities I, L.P. (Monarch) and Romark Utility Company (Romark) (jointly Applicants) filed an application for approval of a sale, transfer, or merger (STM) of facilities and certificate rights in Polk County. Applicants seek approval to transfer, but also request amendment of uncertificated area and decertification of portions of the service area to be transferred. The application requests cancellation of Romark's water certificate of convenience and necessity (CCN) No. 10116 and amendment of Monarch's CCN No. 12983. This application affects approximately 387 acres and 125 current customers in the Oak Terrace Estates Subdivision.

Order No. 5, issued June 15, 2016, approved the sale/transfer to proceed with closing. Applicants filed closing documentation, including an affidavit attesting to customer deposits, on July 19, 2016. Order No. 5 gave Staff a deadline of 30 days from the date of submission of closing documents to file a recommendation on the sufficiency of those documents. Thirty (30) days following July 19, 2016 falls on August 18, 2016. This pleading is therefore timely filed.

II. RECOMMENDATION

As supported in the memorandum (Attachment A) of Andrew Novak, Elizabeth English, Kristy Nguyen and Komal Patel of the Water Utilities Division, Staff recommends that the closing

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documents be found insufficient in regards to customer deposits. Staff recommends that Applicants be ordered to provide a list showing:

- (a) the names and addresses of all customers previously served by Romark who have a deposit to their credit,
- (b) the date such deposit was made,
- (c) the amount thereof, and
- (d) the unpaid interest thereon.

In addition, Monarch should state which deposits were refunded and which deposits were transferred over to Monarch. Confidential customer information should be filed under seal as prescribed in 16 Tex. Admin. Code § 22.71.

III. PROCEDURAL SCHEUDLE

Staff recommends the sale documents be found insufficient. Staff therefore proposes the following procedural schedule:

Event	Date
Deadline for Applicants to provide customer deposit information	September 6, 2016
Deadline for Staff to provide a supplemental recommendation on the sufficiency of closing documents	September 13, 2016

IV CONCLUSION

Staff respectfully requests that the ALJ issue an order reflecting the above request.

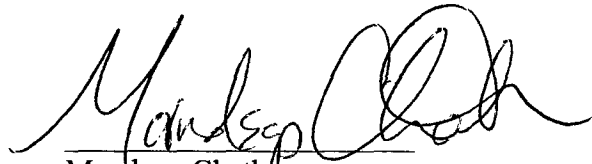
Dated: August 18, 2016

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

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Managing Attorney



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**DOCKET NO. 45317
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on or before August 18, 2016 in accordance with 16 TAC § 22.74.



Mandeep Chatha

PUC Interoffice Memorandum

To: Mandeep Chatha, Attorney
Alexander Petak, Attorney
Legal Division

Through: Heidi Graham, Manager
Lisa Fuentes, Manager
Water Utilities Division

From: Andrew Novak, Financial Analyst
Elizabeth English, Engineering Specialist
Kristy Nguyen, GIS Specialist
Komal Patel, GIS Specialist
Water Utilities Division

Date: August 19, 2016

Subject: **Docket No. 45317.** *Application of Monarch Utilities I, L.P. and Romark Utility Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk County*

On November 5, 2015, Monarch Utilities I, L.P. (Monarch) and Romark Utility Company (Romark) filed an application with the Public Utility Commission of Texas (Commission) for approval of a sale, transfer, or merger of facilities and certificate rights in Polk County. The parties seek approval to transfer, but also request amendment and decertification of portions of the service area to be transferred. The application requests cancellation of Romark's water certificate of convenience and necessity (CCN) No. 10116 and amendment of Monarch's CCN No. 12983. This application affects approximately 387 acres and 125 current customers in the Oak Terrace Estates Subdivision.

On June 15, 2016 Commission staff recommended that Monarch had demonstrated adequate financial, managerial and technical capability to provide continuous and adequate service to the proposed area and any existing area previously served by Romark. Staff also recommended that the transactions be allowed to proceed. However, when Monarch filed their closing documents, they did not provide the adequate documentation and address customer deposits. Therefore, Staff recommends that Monarch be ordered to provide a list showing: the names and addresses of all customers previously served by Romark, who have, to their credit, a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon. In addition, Monarch should state which deposits were refunded and which deposits were transferred over to Monarch.