



Control Number: 47744



Item Number: 18

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DOCKET NO. 47744

APPLICATION OF SHADY SHORES DEVELOPMENT D/B/A SHADY SHORES WATER SYSTEM AND DIANA SPECIAL UTILITY DISTRICT FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN MARION COUNTY	§ § § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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**COMMISSION STAFF'S CLOSING DOCUMENTS SUFFICIENCY
RECOMMENDATION**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Commission Staff's Closing Documents Sufficiency Recommendation and would show the following:

I. BACKGROUND

On October 31, 2017, Shady Shores Development d/b/a Shady Shores Water System (Shady Shores WS) and Diana Special Utility District (Diana SUD), (collectively, Applicants) filed an application for sale, transfer, or merger of facilities and certificate rights in Marion County, Texas. Specifically, Diana SUD seeks to acquire all of the water system assets and service area of Shady Shores WS held under water Certificate of Convenience and Necessity (CCN) No. 11173.

On April 19, 2018, the administrative law judge (ALJ) issued Order No. 5, approving the Applicant's request to proceed with and consummate the transaction. Order No. 5 also required Staff to file a recommendation on the sufficiency of the Applicant's responsive documents within 15 days of their filing. The Applicants filed a closing document on May 1, 2018. Because this recommendation is filed within 15 days of the Applicant's filing, this pleading is timely filed.

II. RECOMMENDATION ON FINAL DISPOSITION

Staff reviewed the sale document filed by Applicants on May 1, 2018 and recommends that it be found deficient. Pursuant to 16 Texas Admin Code §24.109(n) "[w]ithin 30 days after the actual effective date of the transaction, the transferee and the transferor shall file a signed contract, bill of sale, or other appropriate documents as evidence that the transaction has closed as proposed. The signed contract, bill of sale, or other documents, **must be signed by both the**

transferor and the transferee.” The Bill of Sale filed on May 1, 2018 is only signed by Lester Eugene Case, owner of Shady Shores Water System. Because both parties did not sign the Bill of Sale, Staff recommends that it be found deficient. Staff recommends that the Applicants file a new Bill of Sale signed by legally authorized representatives from both parties to this application.

III. CONCLUSION

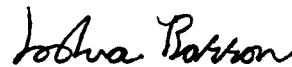
Staff respectfully requests that the ALJ issue an order consistent with the above recommendation.

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

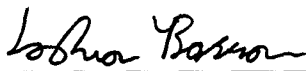
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on May 11, 2018 in accordance with 16 TAC § 22.74.



Joshua Adam Barron

PUC Interoffice Memorandum

To: Joshua Barron, Attorney
Legal Division

Thru: Tammy Benter, Director
Heidi Graham, Manager
Water Utilities Regulation Division

From: Sean Scaff, Engineering Specialist
Emily Sears, Financial Analyst
Water Utilities Regulation Division

Date: May 8, 2018

Subject: **Docket No. 47744:** *Application of Shady Shores Development d/b/a Shady Shores Water System and Diana Special Utility District for Sale, Transfer, or Merger (STM) of facilities and certificate rights in Marion County*

On October 31, 2017, Shady Shores Development d/b/a Shady Shores Water System (Shady Shores) and Diana Special Utility District (Diana SUD) (collectively called “Applicants”) filed a STM application with the Commission for Diana SUD to purchase the facilities and transfer customers and service area held under water Convenience and Necessity (CCN) No. 11173 from Shady Shores in Marion County. As a result of the proposed transaction, Diana SUD will obtain Shady Shores’ water CCN, and Shady Shores’ CCN will be cancelled. The application was filed pursuant to the criteria in the Texas Water Code (TWC) §§ 13.241, 13.246 and 13.301, and 16 Texas Administrative Code (TAC) §§ 24.102-107 and 24.109.

On May 1, 2018, Shady Shores filed a notarized Bill of Sale, indicating that the applicants transacted the sale of the water system. However, based on a review of the information submitted, Staff recommends that the sale documentation be deemed deficient. Pursuant to 16 Texas Admin Code §24.109(n) “[w]ithin 30 days after the actual effective date of the transaction, the transferee and the transferor shall file a signed contract, bill of sale, or other appropriate documents as evidence that the transaction has closed as proposed. The signed contract, bill of sale, or other documents, **must be signed by both the transferor and the transferee.**” The Bill of Sale filed on May 1, 2018, is only signed by Lester Eugene Case, owner of Shady Shores Water System. Because both parties did not sign the Bill of Sale, Staff recommends that it be found deficient. Staff further recommends that the Applicants file a new Bill of Sale signed by legally authorized representatives from both parties.