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DOCKET NO. 51102

APPLICATION OF OAK SHORES	§	PUBLIC UTILITY COMMISSION
WATER SYSTEM AND PATTERSON	§	
WATER SUPPLY, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN MONTAGUE COUNTY	§	

**COMMISSION STAFF’S RECOMMENDATION
ON SUFFICIENCY OF CLOSING DOCUMENTS**

On July 23, 2020, Patterson Water Supply, LLC (Patterson Water) and Oak Shores Water System (Oak Shores) (collectively, Applicants) filed an application for approval of the sale and transfer of certificate of convenience and necessity (CCN) rights in Montague County. Patterson Water seeks approval to transfer all of Oak Shores’ service area under water CCN No. 11779 to water CCN No. 13248, and to acquire the associated facilities, which include Sunset Water System, public water system ID No. 1690007. The Applicants filed supplemental information on August 13 and December 16, 2020.

On March 25, 2021, the administrative law judge (ALJ) filed Order No. 7, which required the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation regarding the sufficiency of Applicants’ closing documents and to propose a procedural schedule within 15 days following the filing of Applicants’ proof that the transaction has been consummated and that customers deposits, if any, have been addressed. On July 22, 2021, Patterson Water filed notice that the transaction had been consummated. Fifteen days from July 22, 2021 is August 6, 2021. Therefore, this pleading is timely filed.

I. SUFFICIENCY OF CLOSING DOCUMENTS

Staff has reviewed the closing documents and customer deposit information filed by Applicants on July 22, 2021 and August 2, 2021. Based on its review, Staff has determined that Applicants’ filing meets the requirements of 16 Texas Administrative Code (TAC) § 24.239(a), which requires the filing of an STM application and the provision of public notice at least 120 days before the effective date of a proposed transaction. Under 16 TAC § 24.239(i), the proposed transaction may be completed at the end of the 120-day period or at any time after the transferee receives notice that a hearing will not be required.

Applicants filed a notarized “completion of sale” document, dated July 22, 2021, indicating that the Water System Operations and Transfer Agreement, included as attachment A to the application, was completed effective July 22, 2021. Notice was completed on December 23, 2020, which is more than 120 days before July 22, 2021. Staff recommends a finding that Applicants’ closing documents are sufficient and satisfy 16 TAC § 24.239(a), (i), and (l).

A list of customers with deposits was provided in the application. Patterson Water’s July 22, 2021 and August 2, 2021 filings indicated that during its tenure as receiver for Oak Shores, Patterson Water has been unable to determine how customer deposit money was used by previous managers. Patterson Water further stated that it is assuming responsibility for any customer deposits paid to Oak Shores. In the affidavit filed on August 2, 2021, Mark Patterson, President of Patterson Water, stated that Patterson Water received a list of customers from the TCEQ and used this to create its customer base, waiving new deposits for existing customers. Staff therefore recommends a finding that customer deposits have been adequately addressed as required by 16 TAC § 24.239(k) and (l).

II. PROCEDURAL SCHEDULE

In accordance with Staff’s recommendation that Applicants’ closing documents be found sufficient, Staff proposes the following procedural schedule:

Events	Date
Deadline for Commission Staff to provide final maps, certificates, and tariffs (if applicable), to applicants for review and consent	September 7, 2021
Deadline for applicants to file signed consent forms with the Commission	September 21, 2021
Deadline for parties to jointly file Proposed Notice of Approval, including findings of fact, conclusions of law, and ordering paragraphs	October 5, 2021

III. CONCLUSION

For the reasons detailed above, Staff respectfully requests that an order be issued finding the closing documents filed by Applicants sufficient. Staff further requests that the proposed procedural schedule be adopted for continued processing of this docket.

Dated: August 5, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record on August 5, 2021 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Merritt Lander
Merritt Lander