



Control Number: 51102



Item Number: 8

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2020 DEC 16 PM 3:07

- 1) Oak Shores has unpaid Regulatory Assessment Fees for the 2014 through 2019. Staff requests that Oak Shores contact the Texas Commission on Environmental Quality (TCEQ) regarding the unpaid fees. The TCEQ number to call is 512-239-4691.

Patterson Water has been in contact with the TCEQ - attached is the correspondence. As seen in the sales agreement filed in the original sales agreement, Patterson Water has also agreed to pay the delinquent fees.

- 2) Oak Shores's has not filed its annual report with the Commission for the 2019 year. Oak Shores must file its report.

The annual report for Oak Shores has been filed and is attached.

- 3) TCEQ's Drinking Water Watch Database shows unresolved violations for the Sunset Water System for public notice, the Consumer Confidence Rule Report, and the Lead and Copper Rule. Oak Shores must file a plan for returning to compliance.

Patterson Water received this system through the receivership program and has been working to resolve previous violations. We have updated Lead and Copper sites and taken samples, filed the 2019 CCR and are actively working with TCEQ to bring the system back to compliance.

- 4) Both the Water System and Operations Transfer Agreement (Attachment A) and the Agreed Order Appointing Receiver (Attachment H) filed with the application describes the Seller as "David Fenoglio, dba Sunset Water System/Oak Shores Water System." Oak Shores must provide clarification as to the correct legal name of the Seller, including any assumed name certificates filed with the Texas Secretary of State or the County in which Oak Shores operates.

The CCN of "Oak Shores" only contains Sunset Water System, owned by David Fenoglio. We are requesting the docket be restyled to update the seller as David Fenoglio since nothing is filed with the Secretary of State in any other name and David Fenoglio is the only owner for the water system.

- 5) Oak Shores must update its capital improvement plan, Attachment G, to indicate the following:
- a) projected date of completion for each of the improvements,
 - b) a description of how the improvements will be funded,
 - c) and evidence of funding sources.

We are anticipating the repairs will be completed withing 24 months. As receivers, we have been able to use revenue from the utility to make much needed upgraded to the infrastructure. As owners, we plan to use general operating funds from Patterson Water Supply to fund other repairs needed to ensure the utility is functioning. Patterson Water financial information was included in the original filing, as attachment F.

lgutierrez@pattersonprofessionalservices.com

From: Patrick Kading <Patrick.Kading@Tceq.Texas.Gov>
Sent: Friday, September 18, 2020 11:42 AM
To: lgutierrez@pattersonprofessionalservices.com
Cc: Theresa Cisneros
Subject: RE: Regulatory Assessment Fee for CCN 11779 Summary

Good Morning Lesly,

Thank you for reaching out to TCEQ regarding the unreported/unpaid years for Regulatory Assessment Fees for CCN 11779.

We are working on how to address this in our records.

For the sake of the Sales, Transfer Merger process, in your response to PUC, you can just state that you have been in contact with TCEQ about these RAF unreported years and are working on a resolution. That should be sufficient to show that the deficiency is being addressed.

Thank you, and please let me know if you have any questions or concerns.

Patrick Kading

Team Leader, Drinking Water Inventory & Protection
Water Supply Division
Texas Commission on Environmental Quality
Phone: 512-239-4670
Email: Patrick.kading@tceq.texas.gov

From: Theresa Cisneros
Sent: Tuesday, August 25, 2020 9:50 AM
To: lgutierrez@pattersonprofessionalservices.com
Cc: Patrick Kading <Patrick.Kading@tceq.texas.gov>
Subject: RE: Regulatory Assessment Fee for CCN 11779

Lesly,

Let me get back to you.

Theresa (Teri) Cisneros
Drinking Water Inventory and Protection Team
Drinking Water Special Functions Section
Water Supply Division
Texas Commission on Environmental Quality
Direct Line: 512-239-6963
Telework Line: 512-756-3179
E-mail: Theresa.Cisneros@tceq.texas.gov

From: lgutierrez@pattersonprofessionalservices.com <lgutierrez@pattersonprofessionalservices.com>
Sent: Tuesday, August 25, 2020 9:32 AM

To: Theresa Cisneros <theresa.cisneros@tceq.texas.gov>
Subject: RE: Regulatory Assessment Fee for CCN 11779

Hi Teri,

We have only run the system since 2019 – I'm not sure how to track down the previous years. Is there another venue to close out these fees?

Thank you,

Lesly Gutierrez

From: Theresa Cisneros <theresa.cisneros@tceq.texas.gov>
Sent: Tuesday, August 25, 2020 9:32 AM
To: lgutierrez@pattersonprofessionalservices.com
Subject: FW: Regulatory Assessment Fee for CCN 11779

Ms. Gutierrez,

Below is the email to Mr. Fenoglio. Missing RAF reporting for CY 2014 – 2018. CY2019 has been reported online, the assessment payment has not been received. If you can provide CY2017 & CY2018 Reporting forms first, when work on the other missing years it will be appreciated.

PWS ID 1690007 Sunset Water System Public Health Service Fee is also delinquent, I will have our TCEQ Financial Administration Division staff to email you a PHS invoice.

Feel free to contact me if any questions.

Thanks,

Theresa (Teri) Cisneros
Drinking Water Inventory and Protection Team
Drinking Water Special Functions Section
Water Supply Division
Texas Commission on Environmental Quality
Direct Line: 512-239-6963
Telework Line: 512-756-3179
E-mail: Theresa.Cisneros@tceq.texas.gov

From: Theresa Cisneros
Sent: Thursday, July 12, 2018 2:28 PM
To: 'david@frictx.com' <david@frictx.com>
Subject: Regulatory Assessment Fee for CCN 11779

Mr. Fenoglio,

Thank you for talking to me today regarding the Regulatory Assessment Fee (RAF) for CCN 11779.

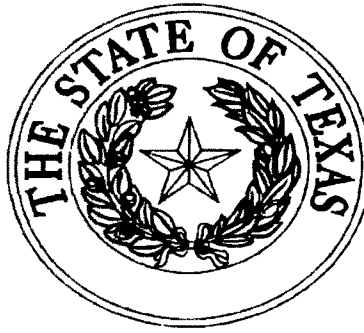
According to the Public Utility Commission (PUC) database at <http://www.puc.texas.gov/WaterSearch/> data indicates you are the responsible party for CCN 11779. If you are not affiliated with this utility do contact PUC at 512-936-7405 or let me know if CCN 11779 Oak Shores Water System is associated with PWS ID 1690007 Sunset Water System.

RAF reporting has not been submitted to TCEQ for years 2014, 2015, 2016 and 2017. TCEQ has been communicating with Texas Rain, who indicated they do not handle this utility. Attach are the reports to be completed and submit with payment for 2016, 2015 and 2014. Report 2017 RAF online at <https://www3.tceq.texas.gov/sunss/> (the **secure code** is the last 4 digits of the CCN number).

Thanks again for your time.

Sincerely,

Theresa (Teri) Cisneros
Drinking Water Inventory and Protection Team
Drinking Water Special Functions Section
Water Supply Division
Texas Commission on Environmental Quality
Phone: 512-239-6963
Fax: 512-239-6050
E-mail: Theresa.Cisneros@tceq.texas.gov



**CLASS "C" WATER COMPANY
PUC ANNUAL REPORT
OF**

CCN Number

11779

Official Company Name:

Sunset Water System

D/B/A Name(s)

Oak Shores Water System

**TO THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

For the Year Ended _____

2019

Annual Report for Class C Water and/or Sewer Utilities

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326
pursuant to TWC § 13.136

I. NAME OF UTILITY, OFFICE MAILING ADDRESS AND AREA SERVED

1 Utility Name: Sunset Water System
List all assumed name(s) or d/b/a names: Oak Shores Water System
2 Certificate of Convenience and Necessity No. 117799 Calendar Year Ending 2019
3 Street Address: P.O. Box 910
4 City or Town: Collinsville CCN No.: 11779
5 Email Address: pattproserv@aol.com
6 County: Grayson Zip Code: 76233
7 TCEQ PWS Number(s) TX1690007
8 Water Quality Discharge Permit Number(s) N/A

II. TYPE OF ORGANIZATION AND PRINCIPAL OFFICERS

9 Type of Ownership:
Corporation: x Partnership: Individual: Other: X (Reciever)
10 If a corporation, list names and titles of the officers. If an individual or partnership, list the
name of the individual or each partner and provide the title for each. For partnerships, please provide
the percentage of ownership for each partner.
Mark Patterson - Reciever
11 If the controlling ownership of this utility changed during the last twelve (12) months,
state the date of ownership change and the name and address of the prior owner.
12 Date the utility was formed or incorporated: 6/25/2019
13 Is the utility under common ownership or control by another corporation? Y N If yes, by whom?

III. PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

14 Name and Title: Mark Patterson, President
15 Address: P.O. Box 910
16 City: Collinsville, TX 76233
17 Telephone Number with Area Code: 903-429-3008, ext 3
18 Cell Phone Number with Area Code:
19 Fax Number with Area Code:
20 e-mail address: pattproserv@aol.com
21 If not an officer, owner or employee, give name of firm employed by:

1. Balance Sheet

Name of Utility: _____

Line #	ASSETS	End of Year mm/dd/yyyy	End of Prior Year mm/dd/yyyy
	<u>UTILITY PLANT</u>		
1	101 Utility Plant in Service		
2	TOTAL UTILITY PLANT		
3	108 Less: Accumulated Amortization		
4	110 Less: Accumulated Depreciation		
5	NET UTILITY PLANT		
6	<u>CURRENT ASSETS</u>	XXXX	XXXX
7	131-135 Cash		
8	141-143 Accounts Receivable		
9	151 Plant Materials and Supplies (not previously expensed)		
10	171-174 Other Current Assets		
11	TOTAL CURRENT ASSETS		
12	<u>TOTAL ASSETS*</u>		
	<u>LIABILITIES & EQUITY</u>		
	<u>EQUITY</u>		
13	201 Common Stock		
14	211 Other paid in capital		
15	215 Retained Earnings		
16	218 Proprietary Capital		
17	TOTAL STOCKHOLDERS' EQUITY		
	<u>LONG-TERM DEBT</u>	XXXX	XXXX
18	224 Long-term debt (more than 1 year)		
	<u>CURRENT LIABILITIES (less than 1 year)</u>	XXXX	XXXX
19	231 Accounts Payable		
20	232 Notes Payable		
21	241.0 Other Current Liabilities		
	TOTAL CURRENT LIABILITIES		
	<u>OTHER LIABILITIES and DEFERRED CREDITS</u>	XXXX	XXXX
22	253 Other Deferred Credits		
23	271-272 Net Contributions in Aid of Construction		
24	TOTAL OTHER LIABILITIES and DEFERRED CREDITS		
25	<u>TOTAL LIABILITIES & EQUITY*</u>		

Add NARUC accounts as needed, and if not shown above.

2. Statements of Income

Name of Utility: _____

Line #	Report Calendar Year	2019	Water	Sewer	Total
			Report Year	Report Year	Report Year
			2019		
			A	B	C=A+B
1	Total Revenue:		\$ 58,730		
	Operating Expenses:				
2	601 O & M Salaried Labor				
3	604 Employee Benefits				
4	631, 635, 636 O & M Contract labor				
5	620 Operating/Maint Supplies		\$ 50,206		
6	610 Purchased Water				
7	615 Purchased Power		\$ 3,680		
8	635 Testing Expense		\$ 1,241		
9	618 Chemicals		\$ 1,076		
10	656-659 Insurance				
11	601 General Office Salaries				
12	675 General Office Expenses		\$ 1,743		
13	632 Contract Accounting				
14	633 Legal		\$ 2,307		
15	634 Management		\$ 1,253		
16	666 Amortization- Rate Case Expense				
17	403 Depreciation Expense				
18	667-675 Other Misc. Expenses				
	Taxes:		xxxx	xxxx	xxxx
19	409 Federal Income Taxes				
20	409.0 State Franchise Taxes/Reg Assess.				
21	408 All Other Taxes				
22	Total Expenses		\$ 61,507	\$ -	\$ -
23	Net Operating Income		\$ (2,776)	\$ -	\$ -
24	421, 433 Non-Operating Income				
	Non-Operating Deductions:				
25	426 Other				
26	427 Interest				
27	Net Income		\$ (2,776)	\$ -	\$ -

3. Water Plant-in-Service - changes since the last Annual Report

Name of Utility: _____

Date Plant Installed/Retired mm/yyyy	Plant Additions		Plant Retirements		Plant Adjustments	Total Change the Last Annual Report
	List Major Items by Class	Amounts	List Major Items by Class	Amounts		
						\$0
Unknown	This system was received	with no financial	documents			#VALUE!
						\$0
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TOTALS		\$0		\$0	\$0	#VALUE!

4. Other Operating Information

<u>Connection information</u>		End of Year mm/dd/yyyy	End of Prior Year mm/dd/yyyy	<u>Connection information</u>		End of Year mm/dd/yyyy	End of Prior Year
WATER:				SEWER:			
1 Number of active water connections	\$ 179			Number of active sewer connections			
5/8" or 3/4"	\$ 177			Residential			
3/4"				Non-residential			
1"	\$ 1						
1 1/2"	\$ 1						
2"							
List all additional meter sizes:				List all additional meter sizes:			
Unmetered water connections				Unmetered water connections			
2 Number of inactive water connections				Number of inactive water connections			
5/8" or 3/4"							
3/4"							
1"							
1 1/2"							
2"							
List all additional meter sizes:				List all additional meter sizes:			
Unmetered, inactive connections				Unmetered, inactive connections			
3 Number of active sewer connections				Number of active sewer connections			
4 Number of inactive sewer connections				Number of inactive sewer connections			
5 Total gallons purchased	\$ -						
6 Total gallons pumped	\$ 3,737,088						
Total Water Produced	\$ 3,737,088						
7 Total gallons sold	\$ 3,114,240						
8 Gallons unaccounted for	\$ 622,848						
				Total amount of sewer treated (gallons)			
<u>Management and Operations</u>				Yes or No			
1. Do you have an Application form or formal process for new customers?				Yes			
2. Do you have a copy of your approved tariff and TCEQ approved drought contingency plan for customer review?				Yes, no drought contingency plan yet			
3. Do you have written operating procedures for routine operations?				Yes			
4. Do you have a written emergency action plans?				Yes			
5. Do you have written personnel policies and procedures?				Yes			
6. Do you have risk management and safety procedures?				Yes			
7. Do you have customer service policies (including billing and collection)?				Yes			
8. Do you prepare an annual written budget for financial planning purposes?				Yes			
9. Provide a list of all affiliates and entities under Common Control (if any).							
10. If you purchase wholesale water or sewer services, please list the name(s) of the wholesaler and describe the service(s) purchased from each.							
11. If you have a current capital improvement/replacement plan, please attach a copy. See attachment in original filing							

Sunset Water System

(Company Name)

For the Year Ended

2019

VERIFICATION

OATH

(To be made by the officer having control of the accounting of the respondent)

State of Texas

County of Grayson as:

Mark Patterson

(Name of affiant)

makes oath and says that he/she is Receiver

(Official title of affiant)

of Sunset Water System

(Exact legal title or name of the respondent)

The signed officer has reviewed the report.

Based on the officer's knowledge, the report does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Based on such officer's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer as of, and for, the periods presented in the report.

He/she swears that all other statements contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including 06/2019 to and including 12/31/2019

Subscribed and sworn to and before me, a Notary Public

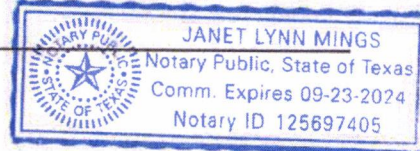
in and for the State and County above-named, this 16th day of December, 2020

Janet Lynn Mings

(Signature of affiant)

My commission expires 09-23-2024

(Signature of officer authorized to administer oaths)



SUPPLEMENTAL OATH

(By the president or other chief officer of the respondent)

State of _____ as:

County of _____

_____ mal

(Name of affiant)

(Official title of affiant)

of _____
(Exact legal title or name of the respondent)

that he/she has carefully examined the foregoing report; that he/she swears that all statements of fact contained in the said report are true, and that the said report is a statement of the business and affairs of the above named respondent during the period of time from and including _____ to and including _____

Subscribed and sworn to before me, a _____

in and for the State and County above-named, this _____ day of _____

(Signature of affiant)

My commission expires _____

(Signature of officer authorized to administer oaths)