



## Filing Receipt

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| <b>APPLICATION OF MARKOUT WATER</b> | <b>§</b> | <b>PUBLIC UTILITY COMMISSION</b> |
| <b>SUPPLY CORPORATION AND THE</b>   | <b>§</b> |                                  |
| <b>CITY OF MESQUITE FOR SALE,</b>   | <b>§</b> | <b>OF TEXAS</b>                  |
| <b>TRANSFER, OR MERGER OF</b>       | <b>§</b> |                                  |
| <b>FACILITIES AND CERTIFICATE</b>   | <b>§</b> |                                  |
| <b>RIGHTS IN KAUFMAN COUNTY</b>     | <b>§</b> |                                  |

**COMMISSION STAFF’S RECOMMENDATION ON SUFFICIENCY OF CLOSING DOCUMENTS AND PROPOSED PROCEDURAL SCHEDULE**

On December 10, 2020, Markout Water Supply Corporation (Markout WSC) and the City of Mesquite (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Kaufman County. Specifically, the City of Mesquite, certificate of convenience and necessity (CCN) number 10060, seeks approval to acquire facilities and to transfer all the water service area from Markout WSC under water CCN number 10846. The requested area includes approximately 6,279 acres and 1,081 connections. Applicants filed supplemental information on December 17, 2020, January 4, 2021, and February 3, 2021.

On June 23, 2021, the administrative law judge (ALJ) filed Order No. 6, 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 customer deposits, if any, have been addressed. On August 20, 2021, the Applicants filed closing documents that the transaction had been consummated. Fifteen days from August 20, 2021 is September 4, 2021. Staff apologizes to the parties and the ALJ for the inconvenience and delay in filing.

**I. SUFFICIENCY OF CLOSING DOCUMENTS**

Staff has reviewed the closing documents and customer deposit information filed by Applicants on August 20, 2021. Based on its review, Staff has determined that Applicants’ filing meets the requirements of 16 Texas Administrative Code (TAC) §§ 24.239(k)-(n). The bill of

sale is signed by a representative of Markout WSC and the City of Mesquite<sup>1</sup> and includes an effective date of August 16, 2021, which is more than 120 days after January 27, 2021, the date notice was completed.<sup>2</sup>

Staff recommends that the Applicants have not met the requirements of 16 TAC § 24.239(k) and (l), and therefore Staff recommends that the information addressing customer deposits be found insufficient. Under 16 TAC § 24.239(k), the Applicants must file documentation related to customer deposits that is supported by an affidavit and includes the following: (1) the names and address of all customers who have a deposit on record with the transferor; (2) the date the deposit was made; (3) the amount of the deposit; and (4) the unpaid interest on the deposit. Under 16 TAC § 24.239(l), if there were outstanding customer deposits, documentation must be filed that customer deposits have been transferred or refunded to customers with interest. It is Staff’s understanding that Markout WSC is dissolving, therefore, under 16 TAC § 24.239(k) and (l), the Applicants must also must address whether it is refunding the membership shares to the members of Markout WSC and file a list showing the amount of the membership fee and interest it is refunding to each member of the Markout WSC. To date, the information has not been filed. Therefore, Staff recommends that the Applicants have not sufficiently addressed customer deposits that are required by 16 TAC § 24.239(k) and (l).

## II. PROPOSED PROCEDURAL SCHEDULE

In accordance with Staff’s deficiency recommendation, Staff proposes the following procedural schedule for continued processing of this docket:

| Event  | Date               |
|--|--------------------|
| Deadline for the Applicants to file a supplement addressing the identified deficiencies              | September 23, 2021 |
| Deadline for Staff to file a supplemental recommendation on the sufficiency of the closing documents | September 30, 2021 |

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<sup>1</sup> 16 TAC § 24.239(a).

<sup>2</sup> 16 TAC § 24.239(l).

**III. CONCLUSION**

For the reasons detailed above, Staff respectfully requests that an order be issued finding the closing documents sufficient and the documentation addressing customer deposits deficient and adopting the proposed procedural schedule.

Dated: September 15, 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 via electronic mail on September 15, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Forrest Smith  
Forrest Smith