



Filing Receipt

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Item Number - 54

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Commissioner



Greg Abbott
Governor

Connie Corona
Executive Director

Public Utility Commission of Texas

TO: Shelah Cisneros
Commission Counsel

All Parties of Record

FROM: Isaac Ta *I. T.*
Administrative Law Judge

RE: **Docket No. 51764** – *Compliance Filing for Docket No. 49758 (Application of Mark Patterson for Temporary Rates for Nonfunctioning Utility)*

DATE: November 5, 2024

Enclosed is a Proposed Interim Order in the above-referenced case. By copy of this memo, the parties to this proceeding are being served with the Proposed Interim Order.

Please place this docket on an open meeting agenda for the Commissioners' consideration. Please notify me and the parties of the open meeting date. The parties must file corrections or exceptions to the Proposed Interim Order by November 19, 2024.

If a party proposes a correction or exception, the party must fully explain the correction or exception and must provide a citation to the record to support the correction or exception.

If there are no corrections or exceptions, no response is necessary.

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DOCKET NO. 51764

COMPLIANCE FILING FOR DOCKET § PUBLIC UTILITY COMMISSION
49758 (APPLICATION OF MARK §
PATTERSON FOR TEMPORARY §
RATES FOR A NONFUNCTIONING § OF TEXAS
UTILITY §

PROPOSED INTERIM ORDER

This Order addresses Mark Patterson’s compliance reports filed in accordance with the Commission’s order filed on February 12, 2021, in Docket No. 49758¹ (the Commission’s temporary rates order). On May 6, 2024, Mr. Patterson filed a letter representing that he had been discharged from his duties as receiver for Oak Shores Water System, effective April 29, 2024. The Commission approves the compliance reports, relieves Mr. Patterson of any further obligation to satisfy the compliance obligations in the Commission’s temporary rates order, terminates the temporary rates approved in the Commission’s temporary rates order, effective April 29, 2024, and orders the reconciliation of the temporary rates.

I. Findings of Fact

The Commission makes the following findings of fact.

Receiver and Retail Public Utility

1. Mr. Patterson is an individual.
2. David Fenoglio is an individual who did business as Oak Shores Water System.
3. Oaks Shores operated, maintained, and controlled facilities for providing potable water service for compensation in Montague County under certificate of convenience and necessity number 11779.
4. Oak Shores owned and operated a public water system registered with the Texas Commission on Environmental Quality (TCEQ) as the Sunset Water System, identification number TX1690007.

¹ *Application of Mark Patterson for Temporary Rates for Services Provided for a Nonfunctioning Utility*, Docket No. 49758, Order (Feb. 12, 2021).

Receivership

5. On June 26, 2019, by order of the 459th District Court in Travis County, Texas in cause number D-1-GN-18-002771, Mr. Patterson was appointed as receiver for Oak Shores. The order approved compensation for Mr. Patterson's service as receiver of \$12.00 per connection per month of Mr. Patterson's service as receiver.²
6. On June 26, 2019, by order of the 459th District Court in Travis County, Texas in cause number D-1-GN-18-002771, the district court approved Mr. Patterson's acquisition of Oaks Shores.
7. On October 8, 2021, in Docket No. 51102,³ the Commission approved the sale and transfer of the Sunset Water System to Patterson Water Supply, LLC.
8. On April 29, 2024, by order of the 459th District Court in Travis County, Texas, in cause number D-1-GN-18-002771, the receivership of Oak Shores was discharged and terminated, and Mr. Patterson was discharged from all duties as receiver for Oak Shores.

Temporary Rates

9. On July 17, 2019, Mr. Patterson filed an application for temporary rates for Oak Shores in Docket No. 49758.
10. On February 12, 2021, the Commission filed the Commission's temporary rates order in Docket No. 49758, which approved rates for Oak Shores.
11. As specified in ordering paragraphs 1, 3, and 6 of the Commission's temporary rates order, the temporary rates are subject to reconciliation.
12. Ordering paragraphs 4, 5, and 12 of the Commission's temporary rates order require Mr. Patterson to file monthly and quarterly reports in this compliance docket.

Compliance Filings

13. Mr. Patterson began filing reports regarding the temporary rates in the compliance docket on August 2, 2021, and has filed reports during the time of his receivership.
14. On August 2, 2021, Mr. Patterson filed a report for May through June 2021.

² See, *id.*, Commission Staff's Response to Order No. 11 at 13 (Nov. 10, 2020).

³ *Application of Oak Shores Water System and Patterson Water Supply, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montague County*, Docket No. 51102, Notice of Approval (Oct. 8, 2021).

15. On January 25, 2023, Mr. Patterson filed a report for February 2021 through November 2022.
16. On June 26, 2024, Mr. Patterson filed a report for November 2022 through May 2023.
17. On November 15, 2023, Mr. Patterson filed a report for June through October 2023.
18. On December 29, 2023, Mr. Patterson filed a report for November 2023.
19. On January 30, 2024, Mr. Patterson filed a report for December 2023.
20. On February 28, 2024, Mr. Patterson filed a report for January 2024.
21. On March 27, 2024, Mr. Patterson filed a report for February 2024.
22. On April 25, 2024, Mr. Patterson filed a report for March 2024.
23. On May 9, 2024, Mr. Patterson filed a report for April 2024.
24. On June 7, 2024, Mr. Patterson filed a report for May 2024.
25. On July 29, 2024, Mr. Patterson filed a report for June 2024.
26. On August 30, 2024, Mr. Patterson filed a report for July 2024.
27. On September 24, 2024, Mr. Patterson filed a report for August 2024.
28. On October 15, 2024, Mr. Patterson filed a report for September 2024.

Commission Staff's Recommendation

29. On June 11, 2024, Commission Staff recommended that the expiration of the temporary rates coincide with the date Mr. Patterson was discharged as the receiver of Oak Shores, April 29, 2024. Commission Staff further recommended that this docket can be closed.
30. On September 10, 2024, Commission Staff recommended the following:
 - a. that Mr. Patterson refund Oak Shores' customers the receiver's fee of \$12 for all accounts and bills after April 29, 2024, unless Mr. Patterson can demonstrate that this fee was no longer charged before or immediately after April 29, 2024;
 - b. that the receiver's fee of \$12 expired on April 29, 2024;
 - c. that, effective April 29, 2024, Oak Shores' current rates and tap fees be the rates and tap fees that were approved by the TCEQ on February 5, 2013; and

- e. that the Commission approve the tariff attached to Commission Staff's response to Order No. 23.
31. Commission Staff did not address reconciliation of the temporary rates.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.046, and 13.131.
2. The Commission processed this docket in accordance with the requirements of the TWC and Commission rules.
3. The Commission may prescribe forms of books, accounts, records, and memoranda to be kept by water and sewer utilities, including the books, accounts, records, and memoranda of the rendition of and capacity for service as well as the receipts and expenditures of money, and any other forms, records and memoranda the Commission determines are necessary, in accordance with TWC § 13.131.
4. Mr. Patterson's compliance reports filed between August 2021 and March 2024, comply with ordering paragraphs 4, 5, and 12 of the Commission's temporary rates order.
5. Because Mr. Patterson's appointment as receiver of Oak Shores ended on April 29, 2024, Mr. Patterson should be relieved of the compliance obligations imposed by the Commission's temporary rates order, and this compliance docket should be closed.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves Mark Patterson's compliance reports filed between August 2021 and May 2024.
2. Effective the date of this Order, Mr. Patterson is relieved of his obligation to satisfy the compliance obligations imposed by the Commission's temporary rates order.
3. The Commission terminates the temporary rates approved in the Commission's temporary rates order, effective April 29, 2024.

4. The Commission approves the tariff attached to Commission Staff's response to Order No. 23, effective April 29, 2024.
5. Within ten days of the date of this Order, Commission Staff must provide a clean copy of the tariff approved by this Order, to be stamped *Approved* and retained by Central Records.
6. The temporary rates approved by the Commissions temporary rates order must be reconciled in this docket. For the reconciliation review, revenues received through the temporary rates will be compared to the actual expenses incurred by Oak Shores. The Commission may order a refund or surcharge following its reconciliation review.
7. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the _____ day of _____ 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS J. GLEESON, CHAIRMAN

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER