



Filing Receipt

Received - 2022-04-01 12:55:52 PM
Control Number - 52427
ItemNumber - 21

DOCKET NO. 52427

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

**AGREED MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER APPROVING
SALE AND ALLOWING TRANSACTION TO PROCEED**

On August 13, 2021, Patterson Water Supply LLC (Patterson) and Myra Water System (Myra) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Cooke County. Specifically, Patterson seeks approval to acquire facilities and to transfer water service area held under water Certificate of Convenience and Necessity (CCN) No. 12514 to Patterson under water CCN No. 13248. The requested area includes approximately 982 acres and 116 current customers. On December 16, 2021, February 15, 2022, and March 8, 2022, the Applicants filed supplemental information.

On March 1, 2022, the administrative law judge (ALJ) filed Order No. 7, requiring Applicants and Staff (Staff) of the Public Utility Commission of Texas (Commission) (collectively, Parties) to file a joint motion to admit evidence and proposed order approving sale and allowing transaction to proceed by April 1, 2022. Therefore, this pleading is timely filed.

I. MOTION TO ADMIT EVIDENCE

The Parties move to admit the following evidence into the record of this proceeding:

1. Applicants' application for sale, transfer, or merger of facilities, filed on August 13, 2021 (Interchange Item No. 1);
2. Response to Staff RFI #1, filed on November 19, 2021 (Interchange Item No. 7);
3. Response to PUC Staff Memo, filed on December 16, 2021 (Interchange Item No. 10);
4. Staff's Third Supplemental Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed on December 17, 2021 (Interchange Item No. 11);
5. Re-filing the letter to customers and affidavit of notice, filed on December 30, 2021 (Interchange Item No. 16);

6. Staff's Recommendation on Sufficiency of Notice, filed on February 25, 2022 (Interchange Item No. 17);
7. Second Response to Staff RFI #1, filed on March 8, 2022 (Interchange Item No. 19);
and
8. Staff's Recommendation on Approval of Sale, filed on March 11, 2022 (Interchange Item No. 20).

II. PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

The Parties respectfully request the approval of the attached Agreed Proposed Order Approving Sale and Allowing Transaction to Proceed, which would authorize the transfer all of Myra's service area under water CCN number 12514 to Patterson's water CCN number 13248.

III. CONCLUSION

The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the Order proposed by the Parties be adopted.

Dated: April 1, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

Robert Dakota Parish
Managing Attorney

/s/ Arnett D. Caviel
Arnett D. Caviel
State Bar No. 24121533
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7245
(512) 936-7268 (facsimile)
Arnett.Caviel@puc.texas.gov

DOCKET NO. 52427

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 April 1, 2022 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Arnett D. Caviel
Arnett D. Caviel

DOCKET NO. 52427

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

**AGREED PROPOSED ORDER APPROVING SALE AND ALLOWING
TRANSACTION TO PROCEED**

This Order addresses the application of Patterson Water Supply LLC (Patterson) and Myra Water System (Myra) (collectively, the Applicants) for the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Cooke County. The Applicants seek approval to sell and transfer all of Myra's facilities and water service area under water CCN number 12514 to Patterson's water CCN number 13248. On March 11, 2022, Commission Staff recommended that the transaction proceed in this docket. The administrative law judge (ALJ) grants that the transaction proposed in this application may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Myra is a partnership owned by Rose Black and Wendell Black.
2. Myra is a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 0490019.
3. Myra owns, operates, and controls water facilities for providing water service under CCN number 12514 in Cooke County.
4. Patterson is a limited liability company registered with the Texas secretary of state under file number 0801820571.
5. Patterson owns several public water systems registered with the TCEQ, Vacation Village, PWS Number 0610052; Perrin Water System, PWS Number 1190005; Sunset Water System, PWS Number 1690007; Crazy Horse Ranch Water, PWS Number 1840024; Cooley Point, PWS Number 2200117; and Hills of Briar Oaks, PWS Number 2490049.

6. Patterson owns, operates, and controls facilities for providing water service under CCN number 13248 in Dallas, Denton, Jack, Montague, Parker, Tarrant, and Wise Counties.

Application

7. On August 13, 2021, Patterson and Myra filed an application for sale, transfer, or merger of facilities and certificate rights in Cooke County. The Applicants seek approval to sell and transfer all of Myra's facilities and water service area under CCN number 12514 to Patterson's under CCN number 12514 and to cancel Myra's CCN.
8. The Applicants filed supplemental information on December 16, 2021, February 15, 2022, and March 8, 2022.
9. The requested service area subject to this transaction is located approximately 3 miles east-southeast of downtown Muenster, Texas, and is generally bound on the north by Tonkawa Creek, on the east by County Road 327; on the south by County Road 308; and on the west by Brushy Elm Creek.
10. The total area affected subject to this transaction is comprised of approximately 982 acres and 116 current connections.
11. In Order No. 5, filed on December 17, 2021, the ALJ found the application administratively complete.

Notice

12. On February 15, 2022, the Applicants filed the affidavit of Mark Patterson, President of Patterson attesting that notice was provided to current customers, neighboring utilities, and affected parties on December 20, 2021.
13. In Order No. 7, filed on March 1, 2022, the ALJ found the notice sufficient.

Evidentiary Record

14. On April 1, 2022, Staff filed an agreed motion to admit evidence on behalf of the parties.
15. In Order No. 8 filed on _____, 2022, the ALJ admitted the following evidence into the record: (a) Applicants' application for sale, transfer, or merger of facilities, filed on August 13, 2021; (b) Response to Staff RFI #1, filed on November 19, 2021; (c) Response to PUC Staff Memo, filed on December 16, 2021; (d) Staff's Third Supplemental Recommendation on Administrative Completeness and Notice and Proposed Procedural Schedule, filed on December 17, 2021; (e) Re-filing the letter to customers and affidavit of

notice, filed on February 15, 2022; (f) Staff's Recommendation on Sufficiency of Notice, filed on February 25, 2022; (g) Response to Staff RFI #1, filed on March 8, 2022; and (h) Staff's Recommendation on Approval of Sale, filed on March 11, 2022.

System Compliance—Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative Code (TAC) §§ 24.227(a), 24.239(h)(3)(A), (h)(5)(A), (I)

16. The last TCEQ compliance investigation of the Myra system was on October 29, 2020.
17. No violations or concerns were noted as a result of that investigation.
18. In the Commission's complaint records, which cover the last 5 years, there are no complaints against Myra.

Adequacy of Existing Service—TWC § 13.246(c)(1); 16 TAC §§ 24.227(e)(1), 24.239(h)(5)(A)

19. Myra holds a Public Water System (PWS) Identification Number registered with the TCEQ under PWS identification number 0490019.
20. Myra is currently serving customers and has sufficient capacity.
21. Patterson has invested in the construction and installation of a new water line to ensure the system can meet demand in the future and not suffer from the failure of aging infrastructure.

Need for Additional Service—TWC § 13.246(c)(2); 16 TAC §§ 24.227(e)(2), 24.239(h)(5)(B)

22. There are currently 116 existing customer connections in the requested area; therefore, there is a need for service.

Effect of Approving the Transaction and Granting the Amendment—TWC § 13.246(c)(3); 16 TAC §§ 24.227(e)(3), 24.239(h)(5)(C)

23. There will be no effect on landowners as the area is currently certificated.
24. There will be no effect on any retail public utility servicing the proximate area.
25. All retail public utilities in the proximate area were provided notice of the transaction and CCN amendment proposed in this application and did not request to intervene.

Ability to Serve; Managerial and Technical—TWC §§ 13.241(a), 13.246(c)(4), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (e)(4), and 24.239(h)(2), (h)(5)(D)

26. Patterson has several TCEQ approved public water systems registered as Vacation Village,

- PWS Number 0610052, Perrin Water System, PWS Number 1190005, Sunset Water System, PWS Number 1690007, Crazy Horse Ranch Water, PWS Number 1840024, Cooley Point, PWS Number 2200117, and Hills of Briar Oaks, PWS Number 2490049.
27. Patterson operates and has purchased several TCEQ approved public water systems some which were previously under poor management.
 28. As a result of the previous management at some of these water systems, Patterson has a few violations listed in the TCEQ databases.
 29. Patterson has been working with the TCEQ regional offices to address the violations at the public water systems.
 30. The Commission's complaint records, which date back to 2017, show 13 complaints against Patterson.

Feasibility of Obtaining Service from Adjacent Retail Public Utility—TWC § 13.246(c)(5); 16 TAC §§ 24.227(c)(5), 24.239(h)(5)(E)

31. Myra is currently serving the existing customers in the requested area with existing facilities and has sufficient capacity.
32. Patterson has invested in the construction and installation of a new water line to ensure the system can meet demand in the future and not suffer from the failure of aging infrastructure. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve; Financial Ability and Stability—TWC §§ 13.241(a), 13.246(c)(6), 13.301(b); 16 TAC §§ 24.11(e), 24.227(a), (e)(6), and 24.239(h)(5)(F)

33. Patterson has a debt to equity ratio of less than one, meeting the leverage test.
34. Patterson's 2020 financial statements were submitted with the application and reported sufficient operating income and cash on hand to cover any operations and future maintenance shortages and to provide continuous and adequate service to the requested area.
35. Patterson meets the operations test specified in 16 TAC § 24.11(e)(3).
36. Patterson has demonstrated the financial ability and financial stability necessary to provide continuous and adequate service to the requested area.

Financial Assurance—TWC §§ 13.246(d), 13.301(c); 16 TAC §§ 24.227(f), 24.239(f)

37. There is no need to require Patterson to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

Environmental Integrity—TWC § 13.246(c)(7); 16 TAC §§ 24.227(e)(7), 24.239(h)(5)(G) and Effect on Land—TWC § 13.246(c)(9); 16 TAC § 24.227(e)(9)

38. The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested area.

Improvement in Service or Lowering Cost to Consumers—TWC § 13.246(c)(8); 16 TAC §§ 24.227(e)(8), 24.239(h)(5)(H)

39. Patterson will continue to provide water service to the existing customers in the area.
40. There will be no change in the quality or cost of service to customers.

Regionalization or Consolidation—TWC § 13.241(d); 16 TAC § 24.227(b)

41. The construction of a physically separate system is not necessary for Patterson to serve the requested area; therefore, concerns of regionalization or consolidation do not apply.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. The Applicants provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 TAC § 24.239.
2. After consideration of the factors in TWC § 13.246(c), Patterson has demonstrated adequate financial, managerial, and technical capability to provide adequate and continuous service to the requested area as required by TWC § 13.301(b).
3. The Applicants have demonstrated that the sale and transfer of the facilities and service under CCN number 12514 from Myra to Patterson under water CCN number 13248 is necessary for the service, accommodation, convenience, and safety of the public, as required by TWC § 13.301(d) and (e).

III. Ordering Paragraphs

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

1. The sale is approved and the transaction between Myra and Patterson may proceed and be consummated.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the Applicants must file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
3. The Applicants have 180 days to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not consummated within this 180-day period, or an extension is not granted, this approval is void and the Applicants will have to reapply for approval.
5. The Applicants are advised that the service area under CCN number 12514, and the corresponding facilities, will be held by Myra until the sale and transfer transaction is complete in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the Applicants must file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
7. Within 15 days following the filing of the Applicants' proof that the transaction has been consummated and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

SIGNED AT AUSTIN, TEXAS, on the _____ day of _____, 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

**CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE**