



Filing Receipt

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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	§	

**COMMISSION STAFF’S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS AND NOTICE AND PROPOSED PROCEDURAL SCHEDULE**

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) number 12514 to Patterson under water CCN number 13248. The requested area includes approximately 982 acres and 116 current customers.

On August 16, 2021, the administrative law judge filed Order No. 1, establishing a deadline of September 13, 2021 for the Staff of the Public Utility Commission of Texas (Staff) to file comments on the administrative completeness of the application and proposed notice and to propose a procedural schedule for the further processing of this docket. Therefore, this pleading is timely filed.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memorandum from Patricia Garcia of the Infrastructure Division, recommends that the application is administratively incomplete from a managerial and technical perspective. Further, as detailed in the attached memorandum from Fred Bednarski III of the Rate Regulation Division, Staff recommends that the application is administratively incomplete from a financial perspective. Staff recommends that the Applicants be ordered to cure the deficiencies identified in Ms. Garcia’s and Mr. Bednarski’s memoranda by October 1, 2021, and that Staff be given a deadline of October 22, 2021 to file a supplemental recommendation on the administrative completeness of the application.

II. PROCEDURAL SCHEDULE

In accordance with Staff's deficiency recommendation, Staff does not propose a procedural schedule for further processing of the docket at this time. Staff intends to propose a procedural schedule alongside a subsequent recommendation that the application be found administratively complete. Staff notes that the Applicants should not issue notice until the application is deemed sufficient.

III. CONCLUSION

For the reasons detailed above, Staff recommends that the application be found administratively incomplete and that the Applicants be ordered to file supplemental information to cure the deficiencies in the application by October 1, 2021. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: September 13, 2021

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Rachelle Nicolette Robles
Division Director

Rashmin J. Asher
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

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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 13, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Arnett D. Caviel
Arnett D. Caviel

Public Utility Commission of Texas

Memorandum

TO: Arnett Caviel, Attorney
Legal Division

FROM: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

DATE: September 13, 2021

RE: Docket No. 52427 – *Application of Patterson Water Supply LLC and Myra Water System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Cooke County*

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 (STM) of facilities and certificate rights in Cooke County, Texas, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.

Specifically, Patterson, water certificate of convenience and necessity (CCN) No. 13248, seeks approval to acquire facilities and to transfer all of the water service area from Myra under water CCN No. 12514.

The requested area includes 116 customer connections and approximately 982 acres transferred area from CCN No. 12514.

The application proposes the addition of approximately 982 acres to CCN No. 13248.

The application indicates that the total acreage being requested is approximately 990 acres. Based on the mapping review by Gary Horton, Infrastructure Division, it was determined the requested area is approximately 982 acres.

Based on my technical and managerial review of the information filed, I recommend that the application be deemed administratively incomplete and not accepted for filing due to the deficiencies detailed below:

Application Content:

1. Please provide a copy of the organizational chart for Patterson, if available.
2. Some of Patterson's public water systems have active violations in the TCEQ's Drinking Water Watch and Central Registry databases. Please provide an explanation on how these violations will be resolved.

3. The application noted that there have been enforcement cases against Patterson.¹ Please provide the status of the enforcement cases (*i.e.* active, agreed order filed, resolved, *etc.*)

¹ *Application*, Question 18, at 8.

Public Utility Commission of Texas

Memorandum

TO: Arnett Caviel, Attorney
Legal Division

FROM: Kathryn Eiland, Financial Analyst
Fred Bednarski III, Financial Analyst
Rate Regulation Division

DATE: September 13, 2021

RE: Docket No. 52427 - *Application of Patterson Water Supply LLC and Myra Water System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Cooke County*

On August 13, 2021, Patterson Water Supply LLC (Patterson) and Myra Water System (Myra) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Cooke County under the provisions of Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239.

I reviewed the answers provided to questions 4, 10, 11, 12, 14, and 15 of the application and recommend the application be deemed administratively incomplete, and Patterson and Myra be required to provide the following information to cure the deficiencies:

1. An executed agreement indicating Patterson is purchasing Myra for \$150,000, per the purchase price answer to application question 11.A;
2. The total original cost of plant in service dollar amount for application question 11.B;
3. The total net book value dollar amount for question 11.B;
4. The date purchased or in-service date, original cost amount, and accumulated depreciation amount for each of the assets listed on page 60 of the application. The sum of the asset amounts should equal the amount provided for question 11.B;
5. Answers to question 14 of the application. The sum of the amounts should equal zero;
6. Patterson's most recent year-end financial statements for the past two years; and
7. Please provide a completed Appendix B that includes all required projected income information.