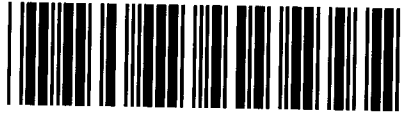




Control Number: 44387



Item Number: 18

Addendum StartPage: 0

DOCKET NO. 44387

**APPLICATION OF NORTHWEST
WATER SYSTEMS, INC. AND NERRO
SUPPLY INVESTORS, LLC FOR SALE,
TRANSFER, OR MERGER OF
FACILITIES AND CERTIFICATE
RIGHTS IN HARRIS AND
MONTGOMERY COUNTIES**

§
§
§
§
§
§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

RECEIVED
2016 JAN -4 PM 1:55
PUBLIC UTILITY COMMISSION
FILING CLERK

**COMMISSION STAFF'S RESPONSE TO ORDER NO. 5 AND RECOMMENDATION
THAT CLOSING DOCUMENTS BE FOUND INSUFFICIENT**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Response to Order No. 5 and Recommendation that Closing Documents be Found Insufficient. In support thereof, Staff shows the following:

I. BACKGROUND

On January 29, 2015, Northwest Water Systems, Inc. (Northwest) and Nerro Supply Investors, LLC (Nerro) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger (STM) of facilities and certificate rights in Harris and Montgomery Counties, Texas. Nerro seeks approval to purchase the water assets currently held by Northwest under certificate of convenience and necessity (CCN) number 10336 and retain Northwest's CCN. The Applicants state that the rates will not change for the affected customers.¹

On August 4, 2015, the Administrative Law Judge issued Order No. 5 approving the sale, directing the Applicants to proceed with the transfer, and directing Staff to file a recommendation regarding the sufficiency of the documents and propose a schedule for the continued processing of this docket with ten (10) working days of Applicants submitting proof to the Commission that the sale/transfer has been consummated and customer deposits addressed pursuant to 16 Tex. Admin. Code § 24.109(f) (TAC). The Applicant filed closing documents on December 15, 2015, without addressing the customer deposits pursuant to 16 TAC § 24.109(g). Accordingly, this Response is timely filed.

II. STAFF'S RECOMMENDATION

Staff recommends that the ALJ find the closing documents submitted by the Applicants insufficient to show that the transaction has been fully completed. Staff recommends that the

¹ Application at 7 (Jan. 29, 2015).

18

Applicant be required to also file documentation as evidence that the disposition of any remaining deposits have been addressed pursuant to 16 TAC § 24.109(g) by **February 5, 2016**. Staff proposes to file a supplemental recommendation regarding the sufficiency of the documents and a proposed schedule for the continued processing of this docket by **March 7, 2016**.

III. CONCLUSION


Staff recommends that the closing documents submitted by Applicants be found insufficient to show that the transaction has been fully completed. Staff further recommends that the Applicants be directed to file documentation as evidence that the disposition of any remaining deposits have been addressed.

DATED: January 4, 2016

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director - Legal Division

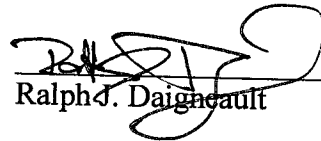
Karen S. Hubbard
Managing Attorney - Legal Division



Ralph J. Digneault
Attorney-Legal Division
State Bar No. 24040755
(512) 936-7348 (telephone)
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on January 4, 2016, in accordance with 16 TAC § 22.74.


Ralph J. Daignault