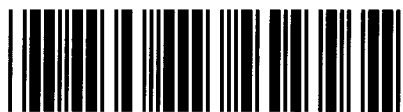




Control Number: 44387



Item Number: 8

Addendum StartPage: 0

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

§
§
§
§
§
§
§

2015 JAN 11 PM 1:35
PUBLIC UTILITY COMMISSION

OF TEXAS

COMMISSION STAFF'S RESPONSE TO ORDER NO. 2

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files Commission Staff's Response to Order No. 1 and would show 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 March 11, 2015, the administrative law judge (ALJ) issued Order No. 2, deeming the application incomplete and deficient, and requiring the Applicants to amend the application to cure the deficiencies by April 10, 2015. On April 6, 2015, the Applicants filed amendments to the application intended to cure the deficiencies identified by Staff. Order No. 2 required Staff to file a supplemental recommendation regarding the administrative completeness of the application by May 11, 2015. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS OF THE APPLICATION AND NOTICE

16 Tex. Admin. Code § 24.8 (TAC) provides for the review for administrative completeness of CCN applications. If the Commission determines that material deficiencies

¹ Application at 7 (Jan. 29, 2015).

exist in the application, the application may be rejected.² Additionally, 16 TAC § 24.109 provides the Commission's required contents of a STM application. Staff has reviewed the application for administrative completeness and, based on the attached memorandum of Jolie Mathis and Suzanne Burt of the Commission's Water Utilities Division, Staff recommends that the application and notice be deemed administratively complete.

Additionally, Staff recommends that the Applicants be allowed to proceed with notice for the proposed transaction as described in Staff's memo. Staff has attached a copy of the affidavit of notice to neighboring utilities, customers and affected parties, which should be completed and filed with the Commission as described in Staff's memo. Staff notes that it appears that a small portion of Spring Creek Valley Estates CCN boundary is within the City of Tomball's city limits according to Texas Department of Transportation city limit data. Staff recommends that the Applicants determine whether any customers are within the City of Tomball's city limits as this may affect Nerro's future requests to increase rates.

III. PROPOSED PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule for this proceeding:

June 10, 2015	Deadline for Applicants to file affidavit of notice and copies of individual notices issued
30 days after the mailing or publication of notice, whichever occurs later	Intervention deadline, and deadline for intervenors to file comments or request a hearing
July 15, 2015	Deadline for Commission Staff to file a supplemental procedural schedule ³

Staff has conferred with the Applicants regarding the procedural schedule, and is authorized to represent that the Applicants are not opposed to Staff's proposed schedule.

² 16 TAC § 24.8(a).

³ Staff notes that it is unable to set additional deadlines, such as a deadline for Staff's final recommendation or request for hearing, until the Applicants file the affidavits of notice specifying when notice was complete, which triggers the 120-day time period under 16 TAC § 24.109(a).

IV. CONCLUSION

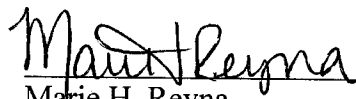
Staff recommends that the application be deemed administratively complete and respectfully requests the adoption of the proposed procedural schedule.

Dated: May 11, 2015

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director-Legal Division

Karen S. Hubbard
Managing Attorney-Legal Division


Marie H. Reyna
Attorney-Legal Division
State Bar No. 24059934
(512) 936-7255
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326

P.U.C. DOCKET NO. 44387 CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on May 11, 2015, in accordance with 16 TAC § 22.74.


Marie H. Reyna

PUC Interoffice Memorandum

To: Marie Reyna, Attorney
Legal Division

Through: Tammy Benter, Director
Water Utilities Division

From: Jolie Mathis, Engineering Specialist
Suzanne Burt, Cartographer
Water Utilities Division

SUBJECT: Docket No. 44387, Application of Northwest Water Systems, Inc. and Nerro Supply Investors, LLC for Sale, Transfer, or Merger of Facilities and Certificate of Convenience and Necessity Rights in Harris and Montgomery Counties

DATE: May 7, 2015

On January 29, 2015, Northwest Water Systems, Inc. (Northwest) and Nerro Supply Investors LLC (Nerro) filed an application with the Public Utility Commission (Commission) for approval for Nerro to purchase facilities and transfer CCN No. 10336 of Northwest in Harris and Montgomery Counties. Northwest is certificated to 4 separate subdivisions: Hazy Hollow East Estates, Spring Creek Valley Estates, White Oak Valley Estates and Shady Brook Acres. The application is being reviewed under 16 TAC § 24.109.

On March 3, 2015, Commission Staff filed a recommendation on administrative completeness and determined that the application was insufficient and administratively incomplete because of material deficiencies. On April 6, 2015, Nerro amended the application to cure the deficiencies identified by Commission Staff in its March 3, 2015 filing. Based on a second administrative review of the application, Staff finds that the application now meets the criteria of 16 TAC § 24.109 and recommends the application be deemed sufficient and administratively complete for filing.

Staff finds that the Applicants' proposed notice provided on April 6, 2015, is sufficient and recommends the following:

- The Applicants provide notice to all entities listed in their response filed on April 6, 2015.
- The Applicants provide the correct notice of the application to the following:
 - any districts, groundwater conservation districts, counties, utilities, cities, cities with an extraterritorial jurisdiction within two (2) miles of the proposed service areas;
 - any city with an extraterritorial jurisdiction which overlaps the proposed service areas;
- any customers transferred, or other affected parties in the requested area

- The Applicants include copy of a map showing the proposed service area with the individual notices to neighboring utilities, and other affected parties. It is the Applicants' burden to provide an accurate map delineating the proposed area with each individual notice. The maps submitted with the notice should show the proposed areas highlighted for clarity.

Staff recommends that within 30 days of the Commission's order, the Applicants be required to submit a copy of the actual notices issued, the map issued with the individual mailed notices, and the signed affidavit (copy attached), indicating that the notice was given.

Application Concerns:

As noted in Staffs' memo dated February 24, 2015, it appears that a small portion of Spring Creek Valley Estates CCN boundary is within the City of Tomball's city limits according to TxDOT city limit data. Staff recommends that the Applicants determine whether any customers are within the City of Tomball's city limits as this may affect the Nerro's future requests to increase rates.

PUBLIC UTILITY COMMISSION



AFFIDAVIT OF NOTICE TO NEIGHBORING UTILITIES, CUSTOMERS AND AFFECTED PARTIES
DOCKET NO. _____

STATE OF TEXAS
COUNTY OF _____

_____ has provided
individual notice to the following entities and customers:

DATE

OATH

I, _____, being duly sworn, file this form as

_____ (indicate relationship to applicant, that is, owner, member of partnership, title of officer of corporation, or other authorized representative of applicant); that in such capacity, I am qualified and authorized to file and verify such form, am personally familiar with the notices given with this application, and have complied with all notice requirements in the application and application acceptance letter; and that all such statements made and matters set for therein are true and correct.

Applicant's Authorized Representative _____

If the applicant to this form is any person other than the sole owner, partner, officer of the applicant, or its' attorney, a properly verified Power of Attorney must be enclosed.

Subscribed and sworn to before me this _____ day of _____, 20____, to
certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

Print or Type Name of Notary Public

Commission Expires _____