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APPLICATION OF NI PACOLET  
MILLIKEN UTILITIES, LLC TO  
PURCHASE AND TRANSFER THE  
STOCK OF NI AMERICA TEXAS, LLC §  
§  
§  
§

PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS

### NOTICE OF APPROVAL

This Notice addresses the application filed by Ni America Texas, LLC (Ni America) and Ni Pacolet Milliken Utilities, LLC (Ni Pacolet) (collectively, Applicants) to purchase and transfer the voting stock of Ni America's utility to Ni Pacolet. Public Utility Commission of Texas (Commission) Staff recommended approval of the application. The application is approved.

The Commission adopts the following findings of fact and conclusions of law:

#### I. Findings of Fact

##### Procedural History, Description, and Background

1. On April 17, 2015, Applicants filed an application for the sale, transfer, or merger (STM) of Ni America's water certificate of convenience and necessity (CCN) No. 11922 to Ni Pacolet pursuant to Tex. Water Code § 13.301 (West 2008 and Supp. 2014) (TWC) and 16 Tex. Admin. Code §§ 24.106, 24.109, and 24.112 (TAC). The CCN No. 11922 service area is located in Johnson and Wise Counties.
2. On April 24, 2015, Order No. 1 was issued, requiring Commission Staff to file a recommendation regarding administrative completeness of the application, whether additional notice may be required, and to propose a procedural schedule for processing.
3. On April 28, 2015, Applicants filed a supplement to the application with the original signed STM application pages 7 and 19 received from purchaser, Ni Pacolet.
4. On May 14, 2015, Applicants filed a motion to have the application considered as an application for approval of the purchase and transfer of voting stock in another utility pursuant to TWC § 13.302 and 16 TAC § 24.111.

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5. On May 15, 2015, Commission Staff responded to Order No. 1, identifying specific deficiencies and recommending that the application be found deficient until Applicants provided additional information.
6. On May 19, 2015, Order No. 2 was issued, requiring Applicants to amend the application to cure the deficiencies described by Commission Staff, granting Applicants' motion to reclassify the transaction as an application for the purchase and transfer of voting stock, and restyling the docket to reflect the reclassification.
7. On June 1, 2015, Applicants filed an amendment to the application in order to address all deficiencies identified in Commission Staff's response to Order No. 1.
8. On June 29, 2015, Commission Staff indicated that the application remained deficient, requested historical financial statements from Applicants, and requested information to demonstrate how Ni Pacolet will be able to pay the cost of acquisition as well as provide sufficient financial backing to operate the utility.
9. On June 30, 2015, Order No. 3 was issued, requiring Applicants to cure the deficiencies identified by Commission Staff.
10. On July 22, 2015, Applicants confidentially filed PME and Subsidiaries consolidated financial statements for calendar years ended 2013 and 2014. Applicants also confidentially filed a letter from an independent auditor of PME regarding Ni Pacolet financials.
11. On July 24, 2015, Applicants filed a supplement to the application in order to address the deficiencies identified in Commission Staff's June 29, 2015 filing. In a separate filing on the same date, Applicants confidentially filed Ni America's consolidated balance sheet, consolidated income statement, and statement of cash flow for the year 2014 through May 31, 2015.
12. On July 30, 2015, Applicants filed an additional supplement to the application to further address the deficiencies identified by Commission Staff.
13. On August 6, 2015, Applicants confidentially filed Exhibits A, E, and F to the Equity Purchase Agreement between PME and Ni America Capital Management, LLC.

14. On August 27, 2015, Commission Staff recommended that the application be found administratively complete.
15. On September 2, 2015, Order No. 4 was issued, deeming the application administratively complete.
16. On October 2, 2015, Commission Staff filed its recommendation on final disposition, supporting approval of the application and requested purchase and transfer of voting stock from Ni America to Ni Pacolet.
17. On October 9, 2015, Commission Staff and Applicants filed their Proposed Notice of Approval. On the same date, Commission Staff and Applicants filed a joint motion to admit evidence.

**Evidentiary Record**

18. On October 19, 2015, the ALJ issued Order No. 5, admitting evidence into the record of this proceeding.

**Informal Disposition**

19. No hearing requests have been filed and no issues of fact or law are disputed by any party; therefore no hearing is necessary.

**II. Conclusions of Law**

1. The Commission has jurisdiction over Ni America's application under TWC §§ 13.041-.042 and 16 TAC § 24.111.
2. Ni America is a retail public utility, as defined by TWC § 13.002(19) and 16 TAC § 24.3(58).
3. This application was processed in accordance with the requirements of the Administrative Procedures Act, Tex. Gov't Code §§ 2001.001-.902 (West 2008 & Supp. 2014), TWC § 13.302, and 16 TAC § 24.111.
4. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

5. Applicants have demonstrated that their application meets the requirements in TWC § 13.302 and 16 TAC § 24.111.
6. Based on the evidence admitted into the record, Ni Pacolet has demonstrated that it has adequate financial, managerial, and technical capability to provide continuous and adequate service to customers in the service area located in Johnson and Wise Counties.

### III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. Ni America's and Ni Pacolet's application is approved.
2. The voting stock of Ni America will be purchased by and transferred to Ni Pacolet.
3. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted in this Notice, are denied.

SIGNED AT AUSTIN, TEXAS the 19<sup>th</sup> day of October 2015.

PUBLIC UTILITY COMMISSION OF TEXAS

  
STEPHANIE FRAZZELLE  
ADMINISTRATIVE LAW JUDGE