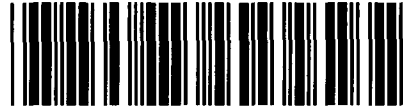


Control Number: 49379



Item Number: 10

Addendum StartPage: 0

APPLICATION OF NERRO SUPPLY
INVESTORS, LLC AND UNDINE
TEXAS, LLC FOR SALE, TRANSFER,
OR MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN HARRIS
AND MONTGOMERY COUNTIES

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PUBLIC UTILITY COMMISSION

PUBLIC UTILITY COMMISSION
OF TEXAS
FILING OFFICE

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

COMES NOW the Commission Staff of the Public Utility Commission of Texas (Commission), representing the public interest, and in response to Order No. 1, files this Recommendation on Administrative Completeness and Proposed Procedural Schedule. Staff recommends that the application be deemed administratively incomplete and that the applicants be ordered to address the identified deficiencies. In support thereof, Staff shows the following:

I. BACKGROUND

On March 27, 2019, Nerro Supply Investors, LLC (NSI) and Undine Texas, LLC (Undine) (collectively, Applicants) filed an application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Haris and Montgomery Counties, Texas. Specifically, the applicants seek to sell and transfer portions of NSI's facilities and service area under water Certificate of Convenience and Necessity (CCN) No. 10336 to Undine's CCN No. 13260. The requested transfer includes approximately 916 acres and 988 current customers.

On April 1, 2019, Order No. 1 was issued establishing a deadline of April 26, 2019 for Staff to file a recommendation on the administrative completeness of the application and notice and propose a procedural schedule for further processing of the application. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum from Emily Sears in the Commission's Water Utility Regulation Division, Staff has reviewed the application and recommends that it be found administratively incomplete. Specifically, Staff has identified deficiencies in the application

content and financial information. Staff recommends that Applicants submit additional application content and financial information, as further detailed in the attached memorandum.

III. PROCEDURAL SCHEDULE

Staff recommends that the application be found administratively incomplete. Therefore, Staff recommends that a deadline of May 28, 2019 be established for Applicants to supplement the application. Staff further recommends that a deadline of June 27, 2019 be established for Staff to review Applicants' supplemental information and make a supplemental recommendation on the administrative completeness of the application. Staff notes that Applicants should not issue notice until the application is found administratively complete.

IV. CONCLUSION

For the reasons discussed above, Staff respectfully recommends that the application be found administratively incomplete. Staff further recommends that the procedural schedule proposed above be adopted for further processing of this docket.

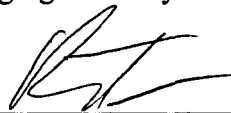
Dated: April 26, 2019

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

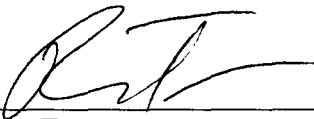


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DOCKET NO. 49379

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 26, 2019, in accordance with 16 TAC § 22.74.



Rustin Tawater

PUC Interoffice Memorandum

To: Rustin Tawater, Attorney
Legal Division

Thru: Lisa Fuentes, Manager
Water Utility Regulation Division

From: Emily Sears, Financial Analyst
Water Utility Regulation Division

Date: April 25, 2019

Subject: **Docket No. 49379**, *Application of Nerro Supply Investors, LLC and Undine Texas, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris and Montgomery Counties*

On March 27, 2019, Nerro Supply Investors, LLC (Seller) and Undine Texas, LLC (Purchaser) (collectively, Applicants) filed an application for Sale, Transfer, or Merger (STM) of facilities and certificate rights in Harris and Montgomery Counties, Texas, pursuant to Texas Water Code Ann. (TWC) § 13.301 and the 16 Texas Administrative Code (TAC) § 24.239.

Specifically, Undine Texas, LLC, Certificate of Convenience and Necessity (CCN) No. 13260, seeks approval to acquire facilities and to transfer a portion of Nerro Supply Investors, LLC's water CCN No. 10336. The requested area includes approximately 916 acres and 988 connections.

Based on Staff's review of the above referenced application, Staff recommends that the application be deemed insufficient for filing and be found administratively incomplete. During Staff's review of the application, Staff found that the legal entity responsible for CCN 10336 is Nerro Supply Investors, LLC. However, the documentation attached to the filing transferring ownership of the assets shows that Nerro Supply, LLC (a separate legal entity) owns the assets. Therefore, Staff recommends that Applicants correct the deficiency.

Staff will also need the following for sufficiency:

- 1) Calculation of interest listed for customer deposits;
- 2) Identify the entity the historic financials belong;
- 3) Provide historical financial records for 2018;
- 4) Reconcile \$0 developer contribution listed in this docket with Docket No. 44387 showing \$84,775 in developer contributions; and
- 5) Answer questions 26 and 27.