



Control Number: 49382



Item Number: 10

Addendum StartPage: 0

RECEIVED

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

PUBLIC UTILITY COMMISSION

2019 APR 29 PM 1:37
 PUBLIC UTILITY COMMISSION
 OF TEXAS CLERK

**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 (Nerro) and Undine Texas Environmental, LLC (Undine) (collectively, Applicants) filed an application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Chambers, Harris and Walker Counties, Texas. Specifically, the applicants seek to sell and transfer portions of Nerro’s facilities and service area under sewer Certificate of Convenience and Necessity (CCN) No. 20366 to Undine’s CCN No. 20816. The requested transfer includes service area within the Bayridge Subdivision and Oaks at Houston Point in Chambers County; Wildwood Shores in Walker County; and Greens Bayou Fabrication Yard in Harris County.

On April 1, 2019, Order No. 1 was issued establishing a deadline of April 29, 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.

10

II. ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum of Patricia Garcia in the Commission's Water Utility Regulation Division, Staff has reviewed the application and recommends that it be found administratively incomplete. Staff has identified deficiencies in the application content, financial and mapping information supplied with the application. Staff recommends that Applicants submit additional information resolving the deficiencies, 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 29, 2019 be established for Applicants to supplement the application. Staff further recommends that a deadline of June 28, 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.

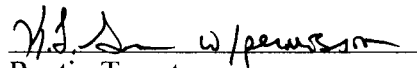
Dated: April 29, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

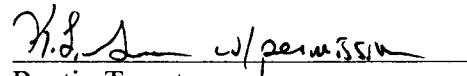
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DOCKET NO. 49382

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 29, 2019, in accordance with 16 TAC § 22.74.

 w/permission
Rustin Tawater

PUC Interoffice Memorandum

To: Rustin Tawater, Attorney
Legal Division

Thru: Lisa Fuentes, Manager
Water Utility Regulation Division

From: Patricia Garcia, Engineering Specialist
Water Utility Regulation Division

Date: April 23, 2019

Subject: **Docket No. 49382**, *Application of Nerro Supply, LLC and Undine Texas Environmental, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Chambers, Harris, and Walker Counties - REDACTED*

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

Specifically, Undine, Certificate of Convenience and Necessity (CCN) No. 20816, seeks approval to acquire facilities and to transfer a portion of Nerro Supply's sewer CCN No. 20366. The requested area includes service area within the Bayridge Subdivision and Oaks at Houston Point in Chambers County; Wildwood Shores in Walker County; and Greens Bayou Fabrication Yard in Harris County.

Staff has reviewed the information provided by the Applicants and recommends the application be deemed administratively incomplete and not accepted for filing due to the deficiencies detailed below:

Application Content:

The Applicants must provide the following:

1. The number of customers to be transferred with and without deposits.
2. The inspection reports from the Texas Commission on Environmental Quality associated with the date of the last inspection provided in the application.

Financial Information:

The Applicants must provide the following:

[REDACTED]

3. A list of the assets for each system being transferred that includes the date in service, original cost amount, and accumulated depreciation amount for each assets.

[REDACTED]

5. Indicate what entity's historical and projected financial information and systems were included in the application. The information should be provided for the purchasing entity.
6. Undine's most current financial statements compiled and audited.

Mapping Content:

In the application, the Applicants state Nerro Supply is seeking to transfer a portion of CCN No. 20366 to multiple sewer CCNs belonging to Undine. However, the mapping documentation shows all of Nerro Supply's existing CCN No. 20366 is to be transferred to CCN No. 20816. The Applicant may only transfer one CCN from Nerro Supply to one sewer CCN number belonging to Undine. The Applicants did not include the requested notice documentation describing the written location of each requested area to be transferred and provide the number of customer connections within each requested area.

The Applicants must submit the following items to resolve the mapping deficiencies:

1. Confirm that the intent of the application is to transfer all and cancel Nerro Supply (20366) to Undine's CCN No. 20816, as noted on the general location and detailed maps.
2. The notice documentation describing the written location of each requested area and provide the number of customer connections within each requested area.

Note: Any confidential items should be submitted as confidential filings with the PUC. The instructions for filing confidential documents can be found on our website at: (<http://www.puc.texas.gov/industry/filings/FilingProceed.aspx>).