



Control Number: 50605



Item Number: 10

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PETITION FOR AN ORDER §  
 APPOINTING A TEMPORARY §  
 MANAGER TO BLUE CEREUS, LLC §

2020 MAR 11 PM 12:50  
 PUBLIC UTILITY COMMISSION  
 PUBLIC UTILITY COMMISSION  
 FILING CLERK  
 OF TEXAS

### NOTICE OF CORRECTIONS

Staff of the Public Utility Commission of Texas (Staff) files this Notice of Corrections and would show in support as follows:

The administrative law judge in this matter established March 11, 2020 as the deadline for filing corrections or exceptions to the proposed order issued on March 9, 2020. Accordingly, this notice of corrections is timely filed. Commission Staff submits the following corrections to the proposed order:

1. **Page 1, Finding of Fact No. 3:** Staff recommends omitting the phrase “under two agreements to purchase water.”

As currently phrased in the proposed order, this finding of fact may imply that the wholesalers are currently providing water to Blue Cereus, LLC (Blue Cereus) under active wholesale contracts. Blue Cereus, the wholesalers, and temporary manager Lynn Sherman have acknowledged in Docket No. 48650 that there are no current wholesale water contracts in effect.<sup>1</sup>

2. **Page 2, Finding of Fact No. 6:** change “are unable to resolve” to “have yet to resolve” or “have not yet resolved.”

As currently phrased in the proposed order, this finding of fact concludes that Blue Cereus and the wholesalers are not able to resolve their contract disputes. Mr. Sherman has not yet made this conclusion in his recommendations to

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<sup>1</sup> See *Petition for an Order Appointing a Temporary Manager to Blue Cereus, LLC Without a Hearing*, Docket No. 48650, Tr. At 25:13-28:10 (Hall Direct) (Sep. 15, 2018) wherein the president of Blue Cereus, Mr. Jimmy Alan Hall, testified during a Commission hearing that: (a) the wholesalers claim previously executed wholesale water agreements were in effect from 2009 to December 31, 2018; and (b) Blue Cereus claims the 2009 agreements expired by their plain terms on December 31, 2014. See also Docket No. 48650, Update from Seguro Water Company, LLC and San Pedro Canyon Water Resources at 2 (Nov. 12, 2019), stating “[...] even with the absence of a contract, the Wholesalers have continued to provide water to Blue Cereus out of a sense of civic responsibility to the retail customers.” See also Docket No. 48650, Temporary Manager’s Summary Report at 4 (Aug. 9, 2019) wherein Mr. Sherman alludes to Blue Cereus’s contracts with the wholesalers being “previously in effect and expired at the end of 2014.”

Commission Staff. Additionally, such a conclusion may support a recommendation of receivership in the future but is not yet timely.

Respectfully Submitted,



Alaina Zermeno

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### **CERTIFICATE OF SERVICE**

I certify that on March 11, 2020, a copy of this document was sent certified mail, return receipt requested, to the last known address of the headquarters of Blue Cereus in the Commission's records:

Blue Cereus, LLC  
401 Green Acres Drive, Suite 100  
Wimberley, Texas 78676-5025

cc: Steve Dickman  
Law Office of Steve Dickman  
6005 Upvalley Run  
Austin, TX 78731

Also via email: [sdickmanlaw@att.net](mailto:sdickmanlaw@att.net)

Commission Staff also provided a copy of this request by certified mail, return receipt requested, to San Pedro Canyon Water Resources and Seguro Water Co., LLC:

Robert Ferguson  
San Pedro Canyon Water Resources

P.O. Box 781248  
San Antonio, Texas 78278

Kitty Lewis  
Seguro Water Co., LLC  
210 Kings Way  
Del Rio, Texas 78840

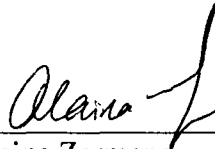
cc: Celina Romero and Kerry McGrath  
Duggins, Wren, Mann, and Romero  
P.O. Box 1149  
Austin, Texas 78767

Also via email: [cromero@dwmrlaw.com](mailto:cromero@dwmrlaw.com)

Commission Staff also provided a copy of this request by certified mail, return receipt requested, to Lynn Sherman:

Lynn Sherman Law Firm  
P.O Box 5605  
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