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PUC DOCKET NO. 50605

PETITION FOR AN ORDER	§	PUBLIC UTILITY COMMISSION
APPOINTING A TEMPORARY MANAGER	§	
TO BLUE CEREUS, LLC	§	OF TEXAS

STAFF'S COMMENTS

The Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, files these comments in response to Mr. Lynn Sherman's request to end his appointment as the temporary manager of Blue Cereus, LLC, filed on May 11, 2021 and the temporary manager's report filed on July 12, 2021.

I. BACKGROUND

Blue Cereus is a retail public water utility with two public water systems that serve two neighborhoods with a total of approximately 100 connections in Val Verde. Blue Cereus holds Certificate of Convenience and Necessity No. 11088.

On August 30, 2018, the Executive Director of the Commission placed Blue Cereus under temporary management on an emergency basis.¹ The Commission later affirmed the Executive Director's emergency order following a hearing.² Thereafter, orders have been issued continuing temporary management of Blue Cereus; most recently, on March 16, 2020, the Commission appointed Mr. Sherman as the temporary manager of Blue Cereus.³ The Commission's order appointing Mr. Sherman provided in part that, in the event Mr. Sherman wishes to end his appointment, he must file a request in the docket at least 60 days before the desired end date of the appointment. On May 11, 2021, Mr. Sherman filed a request to end his appointment as temporary manager of Blue Cereus. On July 12, 2021, Mr. Sherman filed a final report as temporary manager.

¹ *Petition for an Order Appointing a Temporary Manager to Blue Cereus, LLC, Without a Hearing*, Docket No. 48650, Emergency Order Appointing a Temporary Manager to Blue Cereus, LLC Without a Hearing (Aug. 30, 2018).

² Docket No. 48650, Order Affirming and Modifying Emergency Order (Sep. 17, 2018).

³ *Petition for an Order Appointing a Temporary Manager to Blue Cereus, LLC*, Docket No. 50605, Order Appointing a Temporary Manager (Mar. 16, 2020).

II. STAFF'S RECOMMENDATION

Under Texas Water Code §13.4132(a)(1), the Commission may authorize a willing person to temporarily manage and operate a utility that has discontinued or abandoned operations after utility notice and an opportunity for a hearing. As required by the Commission's order appointing Mr. Sherman as temporary manager of Blue Cereus, Mr. Sherman has provided his request to end his appointment more than 60 days before the proposed end of his appointment. Additionally, Mr. Sherman has filed temporary manager's report that cover the period of his appointment. Therefore, Staff is unopposed to Mr. Sherman's request to end his appointment as temporary manager of Blue Cereus.

Since the time Mr. Sherman filed his request to end his appointment, Staff has been searching for a new temporary manager of Blue Cereus. However, to date, Staff has not found a party willing to accept the temporary manager position.

As noted above, on July 12, 2021, Mr. Sherman filed his final report as temporary manager. Staff is currently reviewing Mr. Sherman's filing. Staff respectfully recommends that, in this proceeding, the Commission need only address Mr. Sherman's position as temporary manager of Blue Cereus. To the extent Mr. Sherman has made any recommendations in his final report, some may be more appropriately addressed in the context of the two pending rate cases that will impact Blue Cereus.⁴

III. CONCLUSION

In conclusion, Staff is unopposed to Mr. Sherman's request to resign as temporary manager of Blue Cereus, LLC.

⁴ Blue Cereus has applied for a retail rate increase in Docket No. 50239. Additionally, in Docket No. 50769 Blue Cereus requested a review of the wholesale rates charged by the two entities from which Blue Cereus purchases its water at wholesale.

Dated: July 13, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on July 13, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ David Hoard
David Hoard