



Control Number: 50960



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DOCKET NO. 50960

**APPLICATION OF NERRO SUPPLY, § PUBLIC UTILITY COMMISSION
LLC AND UNDINE TEXAS, LLC FOR §
SALE, TRANSFER OF FACILITIES § OF TEXAS
AND CERTIFICATE RIGHTS IN §
CHAMBERS, HARRIS, AND LIBERTY §
COUNTIES §**

**COMMISSION STAFF’S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS AND PROPOSED NOTICE**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and in response to Order No. 1, files this Recommendation on Administrative Completeness and Proposed Notice. 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 June 19, 2020, Nerro Supply, LLC (Nerro) and Undine Texas, LLC (Undine) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Chambers, Harris, and Liberty Counties. Specifically, Undine seeks approval to acquire facilities and to transfer a portion of Nerro’s water Certificate of Convenience and Necessity (CCN) No. 12252. In addition, Undine seeks to amend its water CCN with additional area not currently certificated to Nerro. The total area Undine seeks to add to its CCN through the application is 680 acres and includes existing connections.

On June 23, 2020, the administrative law judge (ALJ) issued Order No. 1, establishing a deadline of July 20, 2020, for Staff to file comments on the administrative completeness of the application and proposed notice and to file a recommendation regarding how to proceed with the application and propose a procedural schedule. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memorandum from Patricia Garcia, Infrastructure Division, recommends that it be found administratively incomplete. Specifically, Staff has identified deficiencies in the application content. Staff requests that the Applicants be ordered to submit additional application content, as further detailed in the attached memorandum.

III. COMMENTS ON PROCEDURAL SCHEDULE

In accordance with Staff's deficiency recommendation, Staff does not propose a procedural schedule for further processing of the docket at this time. Staff recommends that the Applicants be ordered to cure the deficiencies identified in Ms. Garcia's memorandum by August 20, 2020, and that Staff be given a deadline of September 18, 2020, to file a supplemental recommendation on the administrative completeness of the application. Staff notes that the Applicants should not issue notice until the application is found administratively complete. Staff intends to propose a procedural schedule alongside a subsequent recommendation for application sufficiency.

IV. CONCLUSION

For the reasons stated above, Staff respectfully recommends that the application be found administratively incomplete at this time, and that the Applicants be ordered to file a supplement addressing the identified deficiencies in the application by August 20, 2020.

Dated: July 20, 2020

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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s/ Kourtnee Jinks
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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 20, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

s/ Kourtnee Jinks
Kourtnee Jinks

PUC Interoffice Memorandum

To: Kourtnee Jinks, Attorney
Legal Division

From: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

Date: July 20, 2020

Subject: **Docket No. 50960**, *Application of Nerro Supply, LLC and Undine Texas, LLC for Sale, Transfer of Facilities and Certificate Rights in Chambers, Harris and Liberty Counties*

On June 19, 2020, Undine Texas, LLC (Undine or Purchaser) and Nerro Supply, LLC (Nerro or Seller) (collectively, Applicants) filed an application for Sale, Transfer, or Merger (STM) of facilities and certificate rights in Chambers, Harris, and Liberty Counties, Texas, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. Additionally, Undine is seeking to add additional area and decertify a portion of H C M U D, Inc. (H C M U D) water Certificate of Convenience and Necessity (CCN) No. 11952 in Chambers, Harris, and Liberty Counties, Texas pursuant to TWC §§ 13.242 to 13.250 and the 16 TAC §§ 24.225 to 24.237.

Specifically, Undine, CCN No. 13260, seeks approval to acquire facilities and to transfer a portion of Nerro's water CCN No. 12252. Undine is also requesting adjustments to the CCN area to decertify a portion of the area currently certificated to Nerro's water CCN No. 12252 that is served by another entity and adjust borders to properly cover the customers served in the areas. The area to be transferred from Nerro is approximately 384 acres; 32 of these acres are incorrectly reflected on Nerro's current CCN map and need to be moved to the correct location. An additional 9 acres currently certificated to Nerro will be decertified. The area to be amended/added to Undine's CCN is approximately 328 acres. This includes the 32 acres to be transferred from Nerro and moved to the correct location and approximately 5 acres currently certificated to H C M U D that will be decertified.

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:

1. Staff recommends that the Applicants provide the following:
 - a. Pages 2 and 3 of the application, revise to indicate that only a portion of Nerro's CCN is being transferred in this application.
 - b. Page 4, identify the number of customers in the area to be transferred with deposits held by Nerro
 - c. Pages 9 and 10 of the application, answer questions 22 to 28 for each of the water systems being transferred in this application with responses for each of the questions asked.
 - d. A detailed listing of each inventory asset for each system to be transferred including:
 - i. Date in service,
 - ii. Original in-service amount, and
 - iii. Accumulated depreciation.
 - e. Proof that Nerro's Annual Report has been filed with the Commission.
 - f. Legal Status:
 - i. A copy of Undine's Certification of Account Status from the Texas Comptroller.

- ii. Undine's Corporation's Charter number for Texas.
 - g. Active Violations – Proof that all violations for Undine's public water systems in the Texas Commission on Environmental Quality's databases have been returned to compliance or how they are being addressed by the Applicants.
- 2. Based on the mapping documentation submitted, Undine is seeking to decertify a portion of H C M U D's water CCN No. 11952. Staff recommends that Undine provide an agreement or other proof that H C M U D has consented to the decertification of this area. If Undine has not obtained H C M U D's consent, please provide information per 16 TAC § 24.245(d) to demonstrate why the area should be decertified from the current CCN holder.
- 3. The requested area overlaps with a portion of the City of Old Win-free. Staff recommends that Undine provide an agreement or other proof that the City has consented to this overlap or adjust the mapping to remove this overlap.