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**DOCKET NO. 50960**

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

**PUBLIC UTILITY COMMISSION  
OF TEXAS**  
Filing Clerk

**ORDER NO. 7  
REQUIRING CLARIFICATION**

This Order addresses the March 18, 2021 proposed order approving sale and allowing transaction to proceed and Commission Staff’s February 5, 2021 recommendation on the transaction. The administrative law judge (ALJ) has identified issues requiring clarification or additional information:

1. Finding of fact five of the proposed order<sup>1</sup> states that Undine Texas, LLC seeks to decertify a portion of H C M U D, Inc.’s water service area under water certificate of convenience and necessity (CCN) number 11952. However, Commission Staff’s February 5, 2021 recommendation states that Undine is requesting dual certification with H C M U D for the five acres of water service that overlap. It is the ALJ’s understanding that Undine is requesting dual certification rather than decertification;
2. Finding of fact seven of the proposed order<sup>2</sup> states that the total requested service area, including the uncertificated service area, consists of approximately 680 acres. However, Commission Staff’s February 5, 2021 recommendation states that the “total area to be amended or added to Undine’s CCN is approximately 671 acres.”<sup>3</sup> It is the ALJ’s understanding that the total requested area is 671 acres comprised as follows: (a) 384 acres of water service area transferred from Nerro Supply, LLC; (b) 328 acres of added water service area (five acres of which are to be either dually

<sup>1</sup> The first finding of fact under the “Application” section of the proposed order.

<sup>2</sup> The third finding of fact under the “Application” section of the proposed order.

<sup>3</sup> Memorandum at 1.

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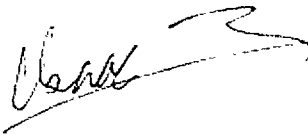
certificated with or decertified from H C M U D); and (c) 41 acres of decertified water service area (32 acres of which are incorrectly reflected on Nerro's water CCN map and nine acres of which do not have customers); and

3. Commission Staff's February 5, 2021 recommendation states that Undine has minor violations issued by the Texas Commission on Environmental Quality (TCEQ) for some of the public water systems they operate. Commission Staff's recommendation further states that there are no unaddressed violations associated with public water systems that were acquired by Undine. However, Commission Staff's recommendation does not appear to address whether Undine has any violations associated with its other public water systems. Based on Undine and Nerro's response to Order No. 2, it appears to the ALJ that all of Undine's active TCEQ violations have been at least preliminarily addressed.<sup>4</sup>

On or before April 7, 2021, Commission Staff must file clarification on the identified issues.

**Signed at Austin, Texas the 31st day of March 2021.**

**PUBLIC UTILITY COMMISSION OF TEXAS**



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**ISAAC TA  
ADMINISTRATIVE LAW JUDGE**

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<sup>4</sup> Applicants' Response to Order No. 2 at 2, 44-45 (AIS Item Number 13).