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**DOCKET NO. 50960**

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

**COMMISSION STAFF'S RESPONSE TO ORDER NO. 7**

On June 19, 2020, Nerro Supply, LLC (Nerro) and Undine Texas, LLC (Undine) 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) number 12252. In addition, Undine seeks to amend its water CCN with additional area not currently certificated to Nerro.

On March 31, 2021, the administrative law judge (ALJ) filed Order No. 7, directing Staff of the Public Utility Commission of Texas (Staff) to file a clarification on the issues identified in Order No. 7 by March 15, 2021. Therefore, this pleading is timely filed.

**I. RESPONSE TO ORDER NO. 7**

First, the ALJ asks for clarification regarding finding of fact number five in the Proposed Order attached to the Parties' Joint Motion to Admit Evidence filed on March 18, 2021. The proposed order states that "Undine Texas, LLC seeks to decertify a portion of HCMUD, Inc.'s water service area under water certificate of convenience and necessity (CCN) number 11952." Staff maintains its statement made in its recommendation on February 5, 2021 that Staff approves the dual certification of Undine and HCMUD. Therefore, finding of fact number five should read:

5. On June 19, 2020, the applicants filed an application for approval of the sale of facilities sale, transfer, or merger of facilities and certificate rights in Chambers, Harris, and Liberty Counties, Texas. Additionally, Undine is seeking to add additional area and dually

certify a portion of H C M U D water CCN number 11952 in Chambers, Harris, and Liberty Counties, Texas.

Second, the ALJ asks for clarification regarding finding of fact number seven. The proposed order states that “the total requested service area, including the uncertificated service area, consists of approximately 680 acres.” Staff maintains its statement made in its recommendation on February 5, 2021 that the total requested area is 671 acres. Therefore, finding of fact number seven should read:

7. The total requested service area, including the uncertificated service area, consists of approximately 671 acres.

Lastly, the ALJ asks for clarification on Staff's February 5, 2021 recommendation stating that Undine has minor violations issued by the Texas Commission on Environmental Quality (TCEQ) for some of the public water systems they operate. Staff maintains from its February 5, 2021 that the four systems registered as Maple Leaf Mobile Home Subdivision, PWS ID: 1011493, Oakland Village Mobile Home Community, PWS ID: 1011049, Riverwood Estates, PWS ID: 1460146, and Woodland Acres Subdivision, PWS ID: 0360027 do not have any active TCEQ issued violations listed in the TCEQ database for the requested areas. These four are the water systems listed in the requested area. Staff further states in its February 5, 2021 recommendation that several of Undine's other water systems have minor violations issued by TCEQ for some of the public water systems they operate. Staff agrees that all of Undine's active TCEQ violations have been preliminarily addressed.

Dated: April 7, 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 April 7, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Kourtnee Jinks  
Kourtnee Jinks