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DOCKET NO. 50961



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

**PUBLIC UTILITY COMMISSION
OF TEXAS**

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

COMES NOW, the Staff (Staff) of the Public Utility Commission of Texas (Commission), 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. In support, Staff shows the following:

I. BACKGROUND

On June 19, 2020, Nerro Supply, LLC (Nerro) and Undine Texas Environmental, LLC (Undine) (collectively, Applicants) filed an application for approval of the sale and transfer of certificate of convenience and necessity (CCN) rights in Chambers and Harris Counties. Undine, CCN No. 20816, seeks approval to acquire facilities and to transfer all of Nerro’s sewer CCN No. 20366, cancel CCN No. 20366, decertify a portion of Gulf Coast Waste Disposal Authority’s sewer CCN No. 20465, and add additional area to adjust CCN boundaries to properly cover the existing customers. The total area to be added to Undine’s CCN No. 20816 is 344 acres and includes current customers. Applicants filed supplemental information on July 1, 2020, and July 6, 2020.

On June 23, 2020, Order No. 1 was issued establishing a deadline of July 20, 2020, for Staff to file a recommendation on administrative completeness and proposed notice. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum of Patricia Garcia of the Commission’s Infrastructure Division, Staff has reviewed the application, along with the supplemental information provided, and recommends that it be found administratively incomplete. Staff

recommends that Applicants be required to cure the deficiencies identified in Ms. Garcia's memorandum.

III. PROPOSED PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule for the continued processing of this application:

Event	Date
Deadline for Applicants to file information to cure deficiencies identified in Staff's memorandum	August 19, 2020
Deadline for Staff to file a supplemental recommendation on sufficiency of the application and propose a procedural schedule for the continued processing of this application	September 18, 2020

IV. CONCLUSION

For the reasons discussed above, Staff respectfully requests that the application be deemed administratively incomplete and that the proposed procedural schedule be adopted for further processing of the application.

Dated: July 20, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Merritt Lander
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CERTIFICATE OF SERVICE

I hereby certify that, unless otherwise ordered by the presiding officer, a true and correct copy of the foregoing document was transmitted by electronic mail to the parties of record on July 20, 2020 in accordance with the Order Suspending Rules issued in Docket No. 50664.

/s/ Merritt Lander
Merritt Lander

PUC Interoffice Memorandum

To: Merritt Lander, Attorney
Legal Division

From: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

Date: July 20, 2020

Subject: **Docket No. 50961**, *Application of Nerro Supply, LLC and Undine Texas Environmental, LLC for Sale, Transfer or Merger of Facilities and Certificate Rights in Chambers and Harris Counties*

On June 19, 2020, Undine Texas Environmental, 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 and Harris 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 Gulf Coast Waste Disposal Authority's sewer certificate of convenience and necessity (CCN) No. 20465 in Chambers and Harris Counties, Texas pursuant to TWC §§ 13.242 to 13.250 and the 16 TAC §§ 24.225 to 24.237.

Specifically, Undine, sewer CCN No. 20816, seeks approval to acquire facilities and to transfer all of Nerro's sewer CCN No. 20366, cancel CCN No. 20366, and decertify a portion of Gulf Coast Waste Disposal Authority's (Gulf Coast) sewer CCN No. 20465. Undine is also requesting adjustments to the CCN area to adjust borders to properly cover the customers served in the areas. The total area to be transferred from Nerro is approximately 111 acres; 32 of these acres are incorrectly reflected on Nerro's current sewer CCN map and need to be moved to the correct location. The total area to be amended/added to Undine's CCN is approximately 265 acres. This includes the 32 acres to be transferred from Nerro and moved to the correct location and approximately 198 acres currently certificated to Gulf Coast 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 9 and 10 of the application for each of the wastewater facilities being transferred in this application with responses for each of the questions asked. Additional pages were provided; however, those pages appear to only include information about one of the systems, and not all of the questions were answered on these pages.
 - b. From Nerro Supply, LLC's records, a detailed inventory listing each of the assets for each system to be transferred including the following:
 - i. Date placed in service,
 - ii. Original cost each asset, and
 - iii. Accumulated depreciation associated with each asset.
 - c. Proof that Nerro's Annual Report has been filed with the Commission.
2. Based on the mapping documentation submitted, Undine is seeking to decertify a portion of Gulf Coast's sewer CCN No. 20465. Staff recommends that Undine provide an agreement or other

proof that Gulf Coast has consented to the decertification of this area. If Undine has not obtained Gulf Coast'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. A portion of the requested area overlaps 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.