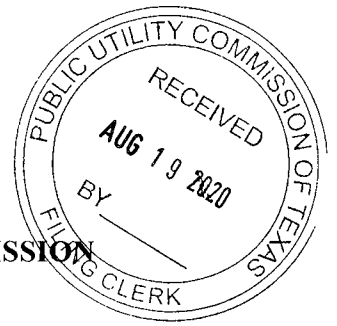


Control Number: 50961



Item Number: 13

Addendum StartPage: 0



DOCKET NO. 50961

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

APPLICANTS' RESPONSE TO ORDER NO. 2

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

Undine Texas Environmental, LLC ("Undine") and Nerro Supply, LLC ("Nerro") file this Response to Order No. 2. In support thereof, Applicants state the following:

I. BACKGROUND

On June 19, 2020, Undine and Nerro filed with the Public Utility Commission of Texas ("Commission") an application for sale, transfer or merger of facilities and certificate rights in Chambers and Harris Counties. On July 6, 2020, Undine and Nerro filed Applicants' First Amendment to Application. On July 20, 2020, Commission Staff filed its Recommendation of Administrative Completeness and Proposed Notice. On July 23, 2020, the Administrative Law Judge ("ALJ") issued Order No. 2, finding the application deficient and not administratively complete and directing Applicants to amend the application to cure the deficiencies noted by Commission Staff on or before August 19, 2020. Accordingly, this response is timely filed.

II. Supplemental Application Information Provided

In response to Order No. 2, Undine and Nerro hereby file the following information:

Deficiency - 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.

**RESPONSE:**

1.a. – See Attachment 1A.

1.b. – See Attachment 1B (Confidential).

1.c. – See Attachment 1C (Confidential).

- 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.

**RESPONSE:**

See Attachment 2.

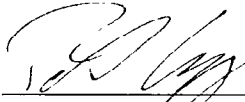
- 3. A portion of the requested area overlaps a portion of the City of Old Win-free. Staff recommends that Undine provide an agreement or other proof that the City has consented to this overlap or adjust the mapping to remove this overlap.

**RESPONSE:**

See Attachment 3.

Respectfully submitted,

**DuBois, Bryant & Campbell, LLP**

By:  \_\_\_\_\_

Peter T. Gregg  
State Bar No. 00784174  
303 Colorado, Suite 2300  
Austin, Texas 78701  
[pgregg@dbcllp.com](mailto:pgregg@dbcllp.com)  
(512) 457-8000  
(512) 457-8008 (fax)

**Attorneys for Undine Texas  
Environmental, LLC**

**CERTIFICATE OF SERVICE**

I certify by my signature above that a true and correct copy of the foregoing document was served by email on this the 19th day of August, 2020, to:

Merritt Lander  
Public Utility Commission of Texas  
Legal Division  
1701 N. Congress Avenue  
P. O. Box 13326  
Austin, Texas 78711-3326  
[merritt.lander@puc.texas.gov](mailto:merritt.lander@puc.texas.gov)

**ATTACHMENT 1A**  
**APPLICATION PAGES 9 AND 10**

**Part F: TCEQ Public Water System or Sewer (Wastewater) Information**

**Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction. Attach a separate sheet with this information if you need more space for additional systems being transferred.**

22. A. For Public Water System (PWS):

TCEQ PWS Identification Number: \_\_\_\_\_ (7 digit ID)

Name of PWS: \_\_\_\_\_

Date of last TCEQ compliance inspection: \_\_\_\_\_ (attach TCEQ letter)

Subdivisions served: \_\_\_\_\_

B. For Sewer service:

TCEQ Water Quality (WQ) Discharge Permit Number: WQ 0011720-001 (8 digit ID)

Name of Wastewater Facility: Woodland Acres Wastewater Treatment Facility

Name of Permittee: Nerro Supply, LLC

Date of last TCEQ compliance inspection: 1/31/2020 (attach TCEQ letter)

Subdivisions served: Woodland Acres

Date of application to transfer permit *submitted* to TCEQ: \_\_\_\_\_

23. List the number of *existing* connections, by meter/connection type, to be affected by the proposed transaction:

Water				Sewer	
	Non-metered		2"	222	Residential
	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:				Total Sewer Connections:	222

24. A. Are any improvements required to meet TCEQ or Commission standards?

No  Yes

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?

No  Yes:

25. Does the system being transferred operate within the corporate boundaries of a municipality?

No  Yes: Old River Win-free (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: \_\_\_\_\_ Sewer: 222

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?  
 No     Yes:    If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: \_\_\_\_\_

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

- B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?  
 No     Yes

- C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

- D. Will the purchase agreement or contract be transferred to the Transferee?  
 No     Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

No     Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer

**Part G: Mapping & Affidavits**

**ALL applications require mapping information to be filed in conjunction with the STM application.  
 Read question 29 A and B to determine what information is required for your application.**

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:
1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
    - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
    - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

**Part F: TCEQ Public Water System or Sewer (Wastewater) Information**

**Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction. Attach a separate sheet with this information if you need more space for additional systems being transferred.**

22. A. For Public Water System (PWS):

TCEQ PWS Identification Number: \_\_\_\_\_ (7 digit ID)

Name of PWS: \_\_\_\_\_

Date of last TCEQ compliance inspection: \_\_\_\_\_ (attach TCEQ letter)

Subdivisions served: \_\_\_\_\_

B. For Sewer service:

TCEQ Water Quality (WQ) Discharge Permit Number: WQ 0012342-001 (8 digit ID)

Name of Wastewater Facility: Maple Leaf Gardens Wastewater Treatment Facility

Name of Permittee: Nerro Supply, LLC

Date of last TCEQ compliance inspection: 2/29/2020 (attach TCEQ letter)

Subdivisions served: Maple Leaf Gardens

Date of application to transfer permit *submitted* to TCEQ: \_\_\_\_\_

23. List the number of *existing* connections, by meter/connection type, to be affected by the proposed transaction:

Water				Sewer	
	Non-metered		2"	137	Residential
	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:				Total Sewer Connections:	137

24. A. Are any improvements required to meet TCEQ or Commission standards?

No  Yes

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?

No  Yes:

25. Does the system being transferred operate within the corporate boundaries of a municipality?

No  Yes: \_\_\_\_\_ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: \_\_\_\_\_ Sewer: \_\_\_\_\_



26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?  
 No     Yes:    If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: \_\_\_\_\_

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

- B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?  
 No     Yes

- C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

- D. Will the purchase agreement or contract be transferred to the Transferee?  
 No     Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

No     Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer

**Part G: Mapping & Affidavits**

**ALL applications require mapping information to be filed in conjunction with the STM application.  
 Read question 29 A and B to determine what information is required for your application.**

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:
1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
    - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
    - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

**ATTACHMENT 1B**

**NERRO ASSET AND DEPRECIATION SCHEDULE**

**CONFIDENTIAL**

# **CONFIDENTIAL**

**DOCKET NO.:** 50961

**STYLE:** 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

**SUBMITTING PARTY:** Undine Texas, LLC

**BRIEF DESCRIPTION OF CONTENTS:** Attachment 1B – Nerro Asset and Depreciation Schedule

**BATE STAMP OR SEQUENTIAL PAGE NUMBER RANGE:** 13 to 29

**ENVELOPE #:** 1 OF 1

**ADDITIONAL INFORMATION REQUIRED BY PROTECTIVE ORDER:**

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**DATE SUBMITTED TO COMMISSION:** August 19, 2020

**ATTACHMENT 1C**  
**NERRO 2019 ANNUAL REPORT**  
**CONFIDENTIAL**

**ATTACHMENT 2**  
**UNDINE APPROVAL FOR CCN TRANSFER**



August 17, 2020

Lori Traweek, General Manager  
Gulf Coast Authority  
910 Bay Area Blvd  
Houston, Texas 77058

Re: Application of Nerro Supply, LLC (“Nerro”) and Undine Texas Environmental, LLC (“Undine”) for Sale, Transfer or Merger of a Retail Public Utility in Chambers and Harris Counties (Docket No. 50961) – Request for GCA Written Consent

Dear Ms. Traweek:

On June 19, 2020, Nerro and Undine submitted an application to the Public Utility Commission of Texas (“PUC”) for the sale, transfer or merger of a retail public utility and certificate rights from Nerro to Undine (the “Application”). Based on subsequent review of the Application by the PUC, it has been determined that the Application includes an area of overlap with Gulf Coast Authority (“Authority”) CCN No. 20465. The attached map specifies the area of overlap bounded in red and shaded in green and referred to herein as the “Overlap Area”).

This letter requests that the Authority consent in writing to decertification of the Overlap Area identified on the attached map from its CCN No. 20465 so that Nerro and Undine may incorporate the Overlap Area into the service areas that are otherwise the subject of the Application. Pursuant to Texas Water Code (“TWC”) §13.254 the PUC may amend any CCN with the written consent of the certificate holder after notice and hearing. Consistent with TWC Section 13.254, Undine and Nerro request that the Authority provide such written consent by its signature to this letter agreement. By its signature the Authority below consents to amendment of CCN No. 20465 pursuant to TWC § 13.254 to remove the Overlap Area as indicated on the attached map.

It is the understanding of Undine and Nerro that the Authority will consent to amendment of CCN 20465 for no compensation under TWC §13.254, except and provided that Undine and Nerro agree to reimburse the Authority for legal expenses incurred by the Authority, up to \$2,000 supported by invoices to the Authority, associated with its review and consent to this request and related to any further actions required of the Authority associated with the Application. Undine and Nerro will reimburse the Authority within thirty (30) days following receipt of written request from the Authority. Further, Undine and Nerro agree to promptly provide to the Authority (1) a copy of digital mapping submitted to the PUC indicating the area removed from CCN No. 20465 and (2) a copy of all filings by the applicants and orders issued by the PUC in Docket No. 50961 that have any effect on CCN No. 20465 or the Authority.

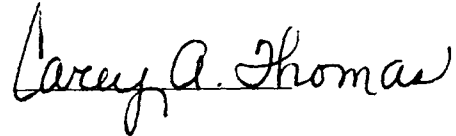
If approved, the amendment to CCN No. 20465 will allow Undine to exercise its authority to provide retail, public water and sewer utility service under Undine’s STM Application. Undine

and Nerro request that the Authority sign this letter at the signature block below indicating its agreement and acknowledgment that the Authority consents to amendment of CCN No. 20465 pursuant to TWC §13.254 to remove the Overlap Area indicated on the attached map.

The Authority should send the request for reimbursement to Kevin Binder at AccountsPayable@UndineLLC.com or 17681 Telge Road, Cypress, Texas 77429.

We appreciate your consideration in this matter.

Sincerely,



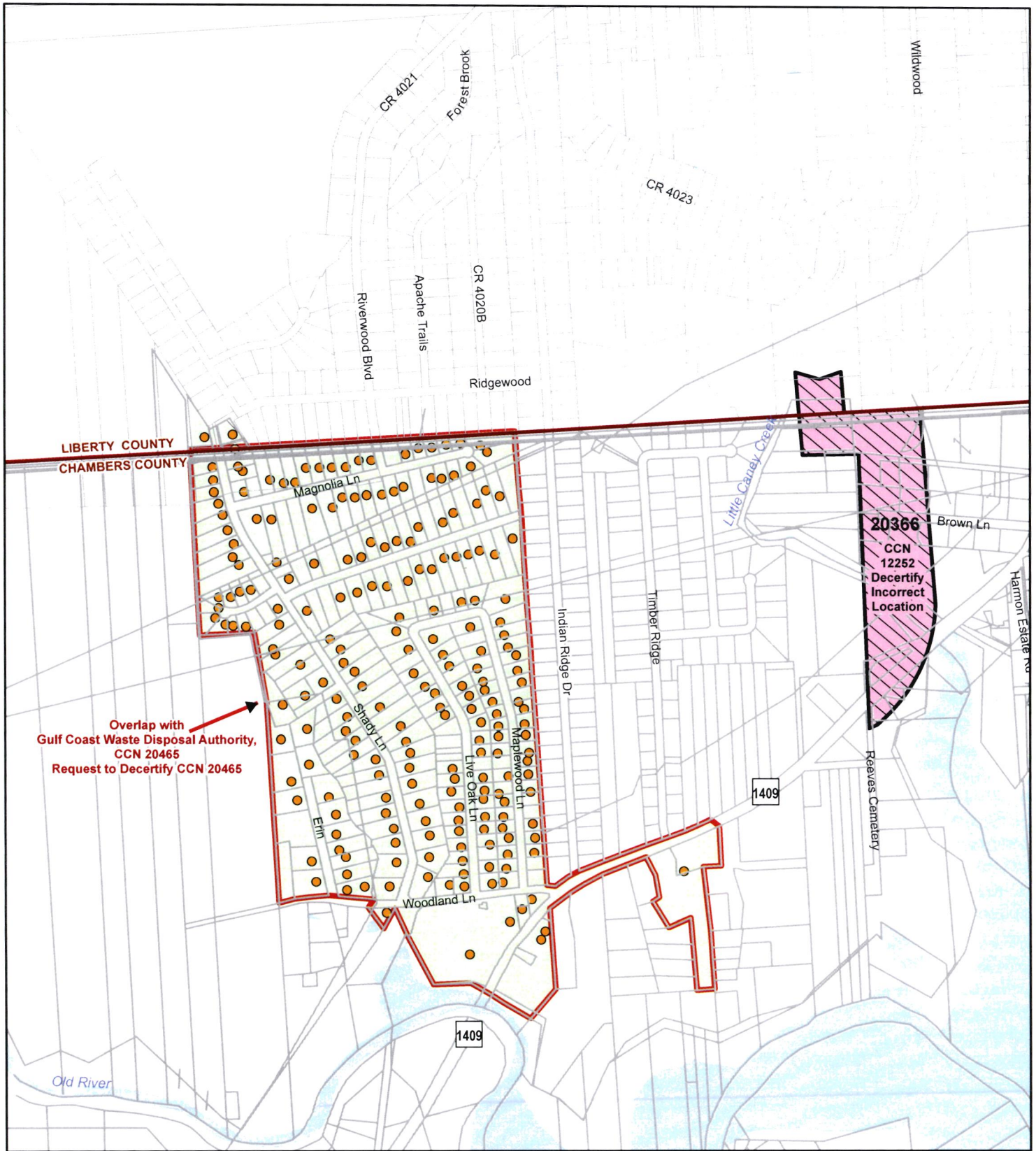
**By the signature below, Gulf Coast Authority consents to amendment of CCN No. 20465 to remove the Overlap Area as indicated on the attached map according to the terms of this letter.**

Signature: Lori Traweck

Name: Lori Traweck

Title: General Manager

Date: 8/18/2020

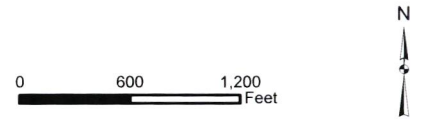


Overlap with  
Gulf Coast Waste Disposal Authority,  
CCN 20465  
Request to Decertify CCN 20465

20366  
CCN  
12252  
Decertify  
Incorrect  
Location

**Woodland Acres Customers' Points of Service in Chambers and Liberty Counties - Sewer**

- Customers Points of Service - Woodland Acres
- Area to Amend / Add
- Decertify Portion of CCN 12252 - incorrect location, no customers
- Overlap- Decertify Portion of Gulf Coast Waste Authority, CCN 20465



Map by: S. Burt, ASBGI  
Date: June 3, 2020  
Base: Chambers Land Parcels; Liberty Land Parcels  
Project: Sewer Woodland Acres Customers POS



**ATTACHMENT 3**  
**OLD RIVER WIN-FREE LETTER**



August 6, 2020

City of Old River Winfree  
4818 N FM 565 Road  
Old River-Winfree, TX 77523

Re: Transfer of Water Utilities to Undine Texas, LLC

Dear Linda Murphy:

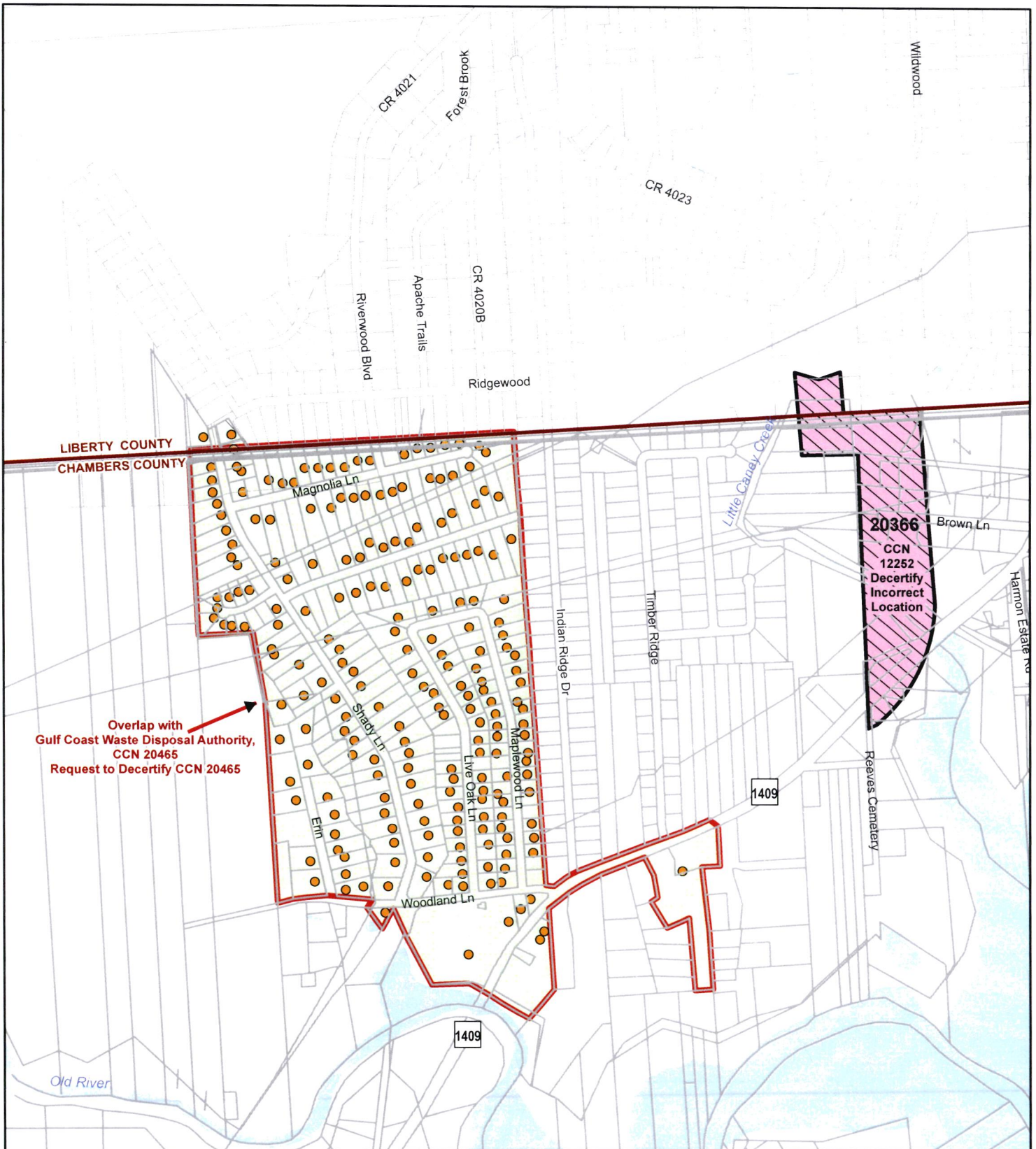
As we discussed, Undine Texas Environmental, LLC is in the process of acquiring certain wastewater utility assets from Nerro Supply, LLC. Because the sale involves wastewater utility assets, the Public Utility Commission of Texas has a regulatory oversight role in the transaction. One of the items the PUC has requested regarding the transaction is confirmation from the City of Old River-Winfree that it understands that the transfer involves a water utility service area that overlaps with a portion of the City, as reflected on the attached map, and that the City consents to the overlap. If you do consent to the overlap, please confirm with your signature below. We appreciate your assistance and cooperation in this matter, and please do not hesitate to contact me if you have any further questions.

Sincerely,

Carey Thomas  
Sr. Vice President

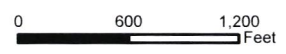
By my signature below, the City of Old River-Winfree hereby consents to the overlap reflected in the Application of Nerro Supply, LLC and Undine Texas Environmental, LLC for Sale, Transfer of Facilities and Certificate Rights in Chambers, Harris and Liberty Counties (PUC Docket No. 50961).

Signature:   
Name: Joe Landry  
Title: Mayor  
Date: 8-10-20



**Woodland Acres Customers' Points of Service in Chambers and Liberty Counties - Sewer**

- Customers Points of Service - Woodland Acres
- Area to Amend / Add
- Decertify Portion of CCN 12252 - incorrect location, no customers
- Overlap- Decertify Portion of Gulf Coast Waste Authority, CCN 20465



Map by: S. Burt, ASBGI  
 Date: June 3, 2020  
 Base: Chambers Land Parcels; Liberty Land Parcels  
 Project: Sewer Woodland Acres Customers POS