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DOCKET NO. 50962

**APPLICATION OF NERRO SUPPLY
INVESTORS, LLC AND UNDINE
TEXAS, LLC FOR SALE, TRANSFER
OR MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN
MONTGOMERY COUNTY**

**PUBLIC UTILITY COMMISSION
OF TEXAS**

**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 Investors, 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 Montgomery County. Specifically, Undine, Certificate of Convenience and Necessity (CCN) No. 13260 seeks approval to acquire facilities and to transfer all of Nerro's water CCN No. 10336. Undine supplemented the application on July 1 and 7, 2020. The requested transfer includes approximately 282 acres and 240 connections.

On June 24, 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. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum from Alicia Maloy in the Commission's Infrastructure Division, Staff has reviewed the application and recommends that it be found administratively incomplete. Specifically, Staff has identified deficiencies in the application's content. Staff recommends that the Applicants be ordered to submit the additional application content described 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. Maloy'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**

Rachelle Nicolette Robles
Division Director

Eleanor D'Ambrosio
Managing Attorney

/s/ Daniel Moore
Daniel Moore
State Bar No. 24116782
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711
(512) 936-7465
(512) 936-7268 (facsimile)
Daniel.Moore@puc.texas.gov

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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/ Daniel Moore

Daniel Moore

PUC Interoffice Memorandum

To: Daniel Moore, Attorney
Legal Division

From: Alicia Maloy, Senior Infrastructure Analyst
Infrastructure Division

Date: July 20, 2020

Subject: **Docket No. 50962, Application of Nerro Supply Investors, LLC and Undine Texas, LLC for Sale, Transfer or Merger of Facilities and Certificate Rights in Montgomery County**

On June 19, 2020, Undine Texas, LLC (Undine or Purchaser) and Nerro Supply Investors, LLC (Nerro or Seller) (collectively, Applicants) filed an application for a Sale, Transfer, or Merger (STM) of facilities and certificate rights in Montgomery County, Texas, under Texas Water Code Ann. (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.

Specifically, Undine, Certificate of Convenience and Necessity (CCN) No. 13260, seeks approval to acquire facilities and to transfer all of Nerro's water CCN No. 10336. The requested area includes approximately 282 acres and 240 connections.

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:

Staff recommends that Nerro provide the following:

1. Proof that Nerro's Annual Report has been filed with the Commission.
2. From Nerro Supply, LLC's records, a detailed inventory listing each asset for each system to be transferred including the following:
 - a) Date placed in service,
 - b) Original cost of each asset, and
 - c) Accumulated depreciation associated with each asset.
3. Legal Status:
 - a. A copy of Undine's Certification of Account Status from the Texas Comptroller.
 - b. Undine's Corporation Charter number for Texas.
4. Active Violations – Proof all violations listed in the Texas Commission on Environmental Quality's databases have been returned to compliance or how they are being addressed by the Applicants.
 - a. Groundwater rule for Nerro.
 - b. All violations for Undine's public water systems.

Note: Any confidential items should be submitted as confidential filings with the PUCT. The instructions for filing confidential documents can be found on our website at: (<http://www.puc.texas.gov/industry/filings/FilingProceed.aspx>).