



Control Number: 46150



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SOAH DOCKET NO. 473-17-0685.WS
PUC DOCKET NO. 46150

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APPLICATION OF PK-RE	§	BEFORE THE STATE OFFICE
DEVELOPMENT COMPANY, INC.	§	
d/b/a OAK SHORES WATER SYSTEM	§	
AND UNDINE DEVELOPMENT LLC	§	OF
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN TRAVIS COUNTY	§	ADMINISTRATIVE HEARINGS

UNDINE'S RESPONSE TO GREENSHORES ON LAKE AUSTIN
PROPERTY OWNERS' ASSOCIATION, INC.'S
FIRST REQUEST FOR PRODUCTION

Undine Development LLC ("Undine") files this Response to the First Request for Production ("RFP") filed by Greenshores on Lake Austin Property Owners' Association, Inc. ("Greenshores"). The discovery request was received by Undine on December 16, 2016. Pursuant to an agreement with counsel for Greenshores, responses are due on January 13, 2017. Thus, these responses are timely filed. Pursuant to 16 Tex. Admin. Code § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

Respectfully submitted,

LLOYD GOSSELINK ROCHELLÉ
& TOWNSEND, P.C.

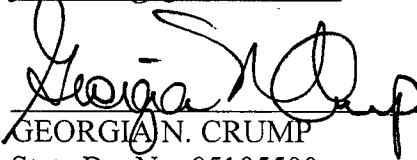
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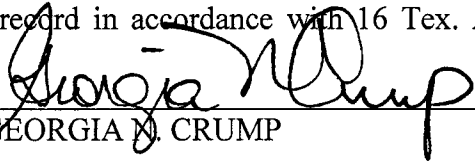

GEORGIA N. CRUMP
State Bar No. 05185500

JAMIE L. MAULDIN
State Bar No. 24065694

ATTORNEYS FOR UNDINE DEVELOPMENT
LLC

CERTIFICATE OF SERVICE

I hereby certify that on January 13, 2017, true and correct copy of the foregoing document has been served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.



GEORGIA N. CRUMP

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-1. Please produce all documents filed as "Confidential" with the Commission in this matter.

Response

All responsive documents have already been provided to counsel for Greenshores.

Prepared by: Mike Ashfield
Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-2. Please produce all documents that were relied upon or form the basis for the information submitted as part of the application filed in this proceeding.

Response

All responsive documents were provided with the Application.

Prepared by: Mike Ashfield
Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-3. Please produce all engineering plans and maps for the water and sewer utility systems that are the subject of this proceeding and required by 30 TAC §290.46(n).

Response

See Response to Greenshores RFP to PK-RE No. 1-3.

Prepared by: Mike Ashfield
Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-4. Please produce any agreements between PK-RE and Undine Development, LLC concerning the sale of the water and sewer utility systems that are the subject of this proceeding.

Response

Confidential documents are being provided pursuant to the Protective Order issued in this docket.

See Confidential Attachment 1-4.

Prepared by: Mike Ashfield
Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-5. Please produce any documents concerning communications between PK-RE or its affiliates and Undine or its affiliates.

Response

Objection pending.

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Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-6. Please produce all documents concerning communications between Undine and the Texas Commission on Environmental Quality for the past five years.

Response

See Attachment 1-6 for communication presented in March 2016.

Prepared by: Mike Ashfield
Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-7. Please produce all documents concerning the enforcement of any violations of federal, state or local laws, rules or regulations against Undine or its affiliates for the operation of the water and sewer utility systems for the past five year.

Response

None.

Prepared by: Mike Ashfield
Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-8. Please produce all documents concerning Undine's or its affiliates compliance with any judicial decree, compliance agreement or enforcement order.

Response

None.

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Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-9. Please produce all documents concerning any deficiencies or problems related to water and sewer utility systems owned by Undine or its affiliates that need correction in order to be in compliance with the rules of the Commission or Texas Commission on Environmental Quality.

Response

None.

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Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-10. Please produce all documents concerning any claims by third parties against Undine or its affiliates related to water and sewer utility systems for the past five years.

Response

None.

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Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-11. Please produce all documents concerning any agreement by Undine to provide water or sewer service to a third party using the water and sewer utility systems that are the subject of this proceeding.

Response

None.

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Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-12.

Please produce all documents concerning any real property owned by Undine or any affiliate of Undine that is within five miles of the area served by the water and sewer utility systems that are the subject of this proceeding water and sewer utility systems that are the subject of this proceeding.

Response

None.

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Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-13. Please produce the financial statements, including balance sheets and profit and loss statements, for Undine and any affiliates for the current year and the past five years.

Response

Financial statements for the past five years are not available as Undine has been in existence only since April 1, 2016. For current and projected information, please see Confidential pages 116-119 of the STM Application in this docket.

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-14. Please produce all documents concerning any Undine debt or the debt of its affiliates.

Response

Confidential documents are being provided pursuant to the Protective Order issued in this docket. See Confidential Attachment 1-14.

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Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-15. Please produce all documents concerning any Undine communications with a third-party, regarding the availability of water or sewer service from another utility for the purpose of serving the customers of the .

Response

Undine understands this request to refer to customers of the systems that are the subject of this proceeding. There are no responsive documents.

Prepared by: Mike Ashfield
Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-16. Please produce all documentation concerning the source of any funding for the construction or acquisition of the water and sewer utility systems that are the subject of this proceeding, including any loans, notes or other debt obligations.

Response

Prior to closing the transaction, Undine expects to have in place equity financing up to \$80,000,000 and a cash balance in excess of \$5,000,000. The documents related to this financing are in the process of being developed, and are not currently available.

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-17. For any testifying expert, please produce all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony.

Response

Undine has not designated any testifying experts at this time.

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-18. For any testifying expert, please produce the expert's current resume and bibliography.

Response

Undine has not designated any testifying experts at this time.

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Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-19. For any testifying fact witness, please produce the witness' current resume and bibliography.

Response

Undine has not determined testifying fact witnesses at this time.

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-20. Please produce all documents relied upon to prepare your answer to or concerning Greenshores' RFI No. 1-6 to you.

Response

Undine relied upon the documents contained in the Application.

Prepared by: Mike Ashfield

Sponsored by: Mike Ashfield

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UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-21. Please produce all documents relied upon to prepare your answer to or concerning Greenshores' RFI No. 1-7 to you.

Response

Undine relied upon the documents contained in the Application.

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Sponsored by: Mike Ashfield

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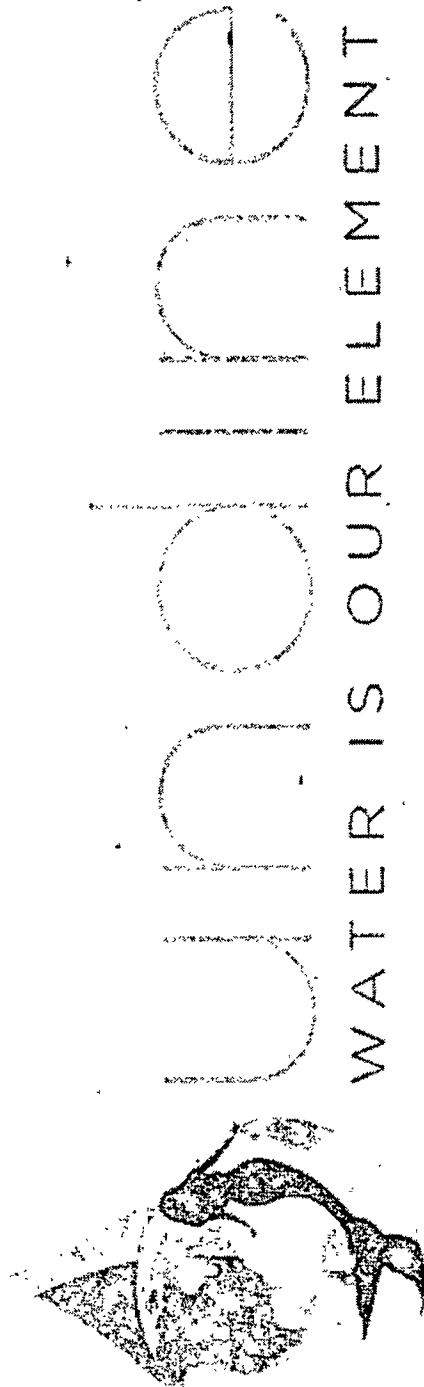
UNDINE RESPONSE TO GREENSHORES' FIRST RFP

Greenshores RFP 1-22. Please produce all documents relied upon to prepare your answer to or concerning Greenshores' RFI No. 1-8 to you.

Response

Undine relied on documents contained in the Application.

Prepared by: Mike Ashfield
Sponsored by: Mike Ashfield



Regulatory Presentation

Who We Are / *Proven Expertise*

The Undine team has PROVEN experience acquiring, managing, and consolidating water and wastewater systems

• Founders of AquaSource in 1996

- Acquired more than 130 water and wastewater companies in 16 states
- Developed a highly successful due diligence and integration process

• Founders of Ni America in 2007

- Grew from zero customers to ~ 45,000 through eight acquisitions
- Grew ERC's from zero to 49,000+ in just over seven years

Undine Benefits to Texas Utilities

- Highly Experienced Management
- Ample Capitalization
- Prompt Regulatory Compliance*
- Improved Customer and Regulatory Affairs

1. Dedication to Customer Service / Reputation
2. Regular Customer Meetings – Receive input from Customers, while educating them regarding utility responsibilities, the rate process, and the role of the

²⁷Regulators

3. Adversity to rate shock – Willingness to phase in rates, regular “smaller” rate cases, experience and desire to correct deficiencies and make improvements
VERY cost-effectively

4. Coordination with Regulators – Meet prior to acquisitions, rate cases, etc.
5. Reputation for meeting and completing commitments

6. REFERENCE – Dawn Hipp, SC Office of Regulatory Staff Director of

Water/Wastewater 803-737-0814 dhipp@regstaff.sc.gov

* **Agreed capital compliance plan prior to system acquisition**

"Entrepreneurial" Approach to Compliance Issues

Due Diligence Process

1. PRELIMINARY

- Asses overall status of plant, differentiate difference between "compliance", "improved efficiency", and "growth"
- Identify out-of-ordinary operational costs, complete operations checklist, operating costs

2. EXTENDED

- Obtain bids for improvements
- Coordinate with Regulatory and Environmental to reconcile our findings to current compliance reports, map the system, ensure pipe(s), etc. are in compliant with standards. Use third part when necessary

3. FINAL

- Follow-up with seller/operator to determine significant changes or events

KEY PERSONNEL

Name and Title	Experience	Summary Biography
Ed Wallace <i>President</i>	<ul style="list-style-type: none"> 29 years of total experience 	<ul style="list-style-type: none"> Founded AquaSource in 1996 Founded Ni America in 2007 Eight year career with Coopers and Lybrand Director at Credit Suisse First Boston
Carey Thomas <i>Sr. Vice President</i>	<ul style="list-style-type: none"> 19 years of total experience 	<ul style="list-style-type: none"> One 16 original Investors at AquaSource One of 10 Original Investors at Ni America Former Sr. VP of Administration and HR for AquaSource and Ni America Overall responsibility for Transition and Administration
Andy Thomas <i>Sr. Vice President</i>	<ul style="list-style-type: none"> 24 years of total experience 	<ul style="list-style-type: none"> One of 16 original Investors at AquaSource One of 10 Original Investors at Ni America Former Sr. VP of Capital Projects and Due Diligence for AquaSource and Ni America
Charlie Leibold <i>Chief Accounting Officer</i>	<ul style="list-style-type: none"> 19 years of total experience 	<ul style="list-style-type: none"> Director of Due Diligence at AquaSource 10 year career at Deloitte and Touche
Rick Melcher <i>Manager of Public Relations</i>	<ul style="list-style-type: none"> 16 years of total experience 	<ul style="list-style-type: none"> Former Public Relations Manager and Spokesperson for AquaSource and Ni America
Jeff Goebel <i>Manager Business Development</i>	<ul style="list-style-type: none"> 17 years of total experience 	<ul style="list-style-type: none"> Project Coordinator for AquaSource Business Development for Quadvest for 10 years