

Control Number: 46150



Item Number: 104

Addendum StartPage: 0

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

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

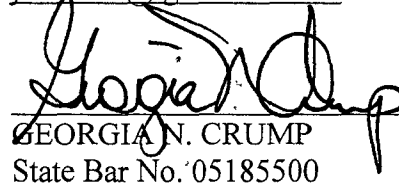
UNDINE'S RESPONSE TO GREENSHORES ON LAKE AUSTIN  
PROPERTY OWNERS' ASSOCIATION, INC.'S  
FIRST REQUEST FOR INFORMATION

Undine Development LLC ("Undine") files this Response to the First Request for Information ("RFI") filed by Greenshores on Lake Austin Property Owners' Association, Inc. ("Greenshores"). The discovery request was received by Undine on December 16, 2016; 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 ROCHELLE  
& TOWNSEND, P.C.

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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

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

**UNDINE RESPONSE TO GREENSHORES' FIRST RFI**

Greenshores RFI 1-1. Please identify all affiliates of Undine.

**Response**

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

See Confidential Attachment 1-1.

Prepared by: Mike Ashfield  
Sponsored by: Mike Ashfield

**UNDINE RESPONSE TO GREENSHORES' FIRST RFI**

Greenshores RFI 1-2. Please provide the name, address and telephone number for any person who owns any portion of Undine or any of its affiliates.

**Response**

Ed Wallace – President – 713-574-7755

Carey Thomas – Sr. VP Administration & HR – 713-574-7760

Andy Thomas – Sr. VP Operations & CapEx – 713-574-7771

Mike Ashfield – Sr. VP Transactions – 713-574-7762

Rick Melcher – Manager Public Relations – 713-568-7697

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(Main office #) 713-554-7820

Prepared by: Mike Ashfield

Sponsored by: Mike Ashfield

SOAH DOCKET NO. 473-17-0685.WS  
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**UNDINE RESPONSE TO GREENSHORES' FIRST RFI**

Greenshores RFI 1-3. Please provide the name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the case.

**Response**

See Response to RFI No. 1-2.

Prepared by: Mike Ashfield  
Sponsored by: Mike Ashfield

**UNDINE RESPONSE TO GREENSHORES' FIRST RFI**

Greenshores RFI 1-4. For any testifying expert, please provide:

- (i) The expert's name, address and telephone number;
- (ii) The subject matter on which the expert will testify;
- (iii) The general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to the control of the responding party, documents reflecting such information;
- (iv) If the expert is retained by, employed by, or otherwise subject to the control of the responding party.

**Response**

Undine has not at this time designated any testifying experts.

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Sponsored by: Mike Ashfield

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**UNDINE RESPONSE TO GREENSHORES' FIRST RFI**

Greenshores RFI 1-5. Please describe in detail whether the retail water and sewer customers' rates for the water and sewer utility systems that are the subject of this proceeding will increase as a result of this transaction.

**Response**

Rates will not and cannot increase as a result of this transaction. Regulated utilities, such as this, are under the jurisdiction of the Public Utility Commission of Texas and any change in rates must be applied for and approved by the Commission. Capital expenditures and/or expenses must meet certain criteria and be deemed used and useful and reasonable and necessary in order to be passed on to customers.

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**UNDINE RESPONSE TO GREENSHORES' FIRST RFI**

Greenshores RFI 1-6. Please explain the basis for the 49% increase in "Fees per Meter" shown on unnumbered page 117 of the confidential filings.

**Response**

"Fees per Meter" is derived from the projected total revenue (water and sewer) divided by total customers (water and sewer counted separately). The increase in projected "Fees per Meter" is directly correlated to the increased revenues as reflected in the initial (and pending) water and sewer rate case filed by the Seller, as reflected below:

Sewer = \$224,808 (Schedule I-1 Rev Requirement)  
Water = \$157,001 (Schedule I-1 Rev Requirement)

Subsequently, the water and sewer rate case filing was revised, as recommended by the Public Utility Commission of Texas ("PUC"), in November 2016. As such, the table below reflects "Fees per Meter" using the requested revenue increases from the aforementioned revised rate case filing:

The table is being submitted under the Protective Order issued in this document.


Prepared by: Mike Ashfield  
Sponsored by: Mike Ashfield

**UNDINE RESPONSE TO GREENSHORES' FIRST RFI**

Greenshores RFI 1-7. Please explain the basis for your assertion that the "cost per meter" will decrease as a result of this transaction.

**Response**

The projected "Costs per Meter" will decrease primarily due to the decrease in Interest Expense from "Start-up" to "Year 1" stemming from the reduction of Seller debt as a result of the transaction (paid at closing out of purchase price proceeds).

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Sponsored by: Mike Ashfield

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**UNDINE RESPONSE TO GREENSHORES' FIRST RFI**

Greenshores RFI 1-8. Please describe in detail how you derived the \$1.8 million purchase price?

**Response**

The purchase price was mutually agreed upon between the Seller and Undine. Several factors were considered as part of Undine's valuation of the utility including, but not limited to, future cash flows (net of utility capital requirements), rate base, and various market analyses.

Prepared by: Mike Ashfield  
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