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DOCKET NO. 47477

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PUBLIC UTILITY COMMISSION

**APPLICATION OF UNDINE TEXAS,
LLC AND CONSUMERS WATER, INC.
FOR SALE, TRANSFER, OR MERGER
OF FACILITIES AND CERTIFICATE
RIGHTS IN HARRIS AND
MONTGOMERY COUNTIES**

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PUBLIC UTILITY COMMISSION

OF TEXAS

COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation on Administrative Completeness.

I. BACKGROUND

On August 7, 2017, Undine Texas, LLC (Undine) and Consumers Water, Inc. (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of certificate rights in Harris and Montgomery counties (Application).¹ Supplements to the application were filed on August 11, 2017 and August 28, 2017.

On August 7, 2017, Undine also filed a motion for waiver of notice and hearing.²

On August 8, 2017, Order No. 1 was entered, requiring Staff to file a recommendation on administrative completeness by September 7, 2017. This pleading is timely filed.

II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

Consistent with the attached memorandum of Leila Guerrero, Water Utility Regulation Division, Staff recommends that the application be deemed sufficient for filing and found to be administratively complete for the purpose of further review.

¹ Application (August 7, 2017).

² Motion for Waiver of Notice and Hearing (Jul. 25, 2017).

With respect to Undine's motion for waiver of a hearing, Staff opposes Undine's motion at this time. Staff continues to review the merits of the Application, and Staff has not determined at this time whether it believes a hearing will be necessary. Staff notes that the Commission is permitted 120 days from the filing of the Application and the completion of notice, if any is required, before informing the Applicants whether a hearing will be required in this proceeding.³

Further, Staff does not support Undine's motion for waiver of notice. However, Staff recommends that notice be provided consistent with Ms. Guerrero's memorandum and that the scope of notice be narrowed, similar to the requirements ordered in Docket No. 47396.⁴

Staff notes that 16 Tex. Admin. Code § 24.109(c) (TAC) requires notice be provided to affected customers and other affected parties, and 16 TAC § 24.109(d) requires that notice be provided to additional entities, which the Commission may waive if the requested area does not include any unserved area.

Staff recommends that notice to additional entities be waived as described in 16 TAC § 24.109(d), due to the requested area only including certificated areas (i.e., a "straight transfer") and not requiring a change to existing CCN boundaries. Staff also recommends that notice be limited to only current customers and not include cities and neighboring retail public utilities.

III. RECOMMENDATION REGARDING PROCEDURAL SCHEDULE

Staff is unable to propose a procedural schedule at this time until Staff is aware of what notice, if any, will be required.

If notice is required, Staff proposes that the Applicants be required to file a proof of notice with the Commission. Staff further proposes to file a recommendation on the sufficiency of notice, which will include a proposed procedural schedule, within 10 days of the filing of the Applicants' proof of notice.

If notice is not required, Staff proposes to file a recommendation on a proposed procedural schedule within 10 days of the filing of an order granting Undine's motion for waiver of notice.

³ Tex. Water Code § 13.301 (West Supp. 2016).

⁴ *Application of Undine Texas, LLC and Suburban Utility Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*, Docket No. 47396, Order No. 3 (Aug. 8, 2017).

IV. CONCLUSION

Staff respectfully requests the entry of an order consistent with the above discussion.

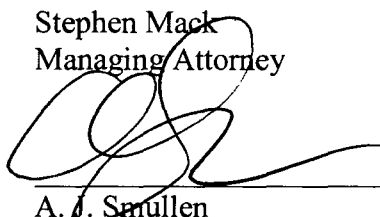
Date: September 7, 2017

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

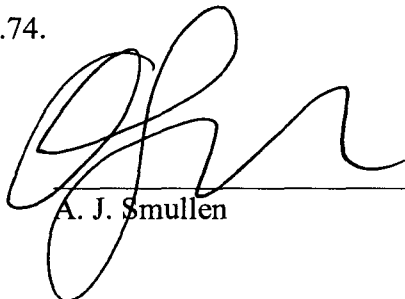
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DOCKET NO. 47477 CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on September 7, 2017 in accordance with 16 TAC § 22.74.



A. J. Smullen

PUC Interoffice Memorandum

TO: AJ Smullen, Attorney
Legal Division

THRU: Lisa Fuentes, Manager
Water Utility Regulation Division

FROM: Leila Guerrero, Regulatory Accountant/Auditor
Water Utility Regulation Division

DATE: September 7, 2017

SUBJECT: **Docket No. 47477, *Application of Consumers Water, Inc. and Undine Texas, LLC for Sale, Transfer, or Merger (STM) of Facilities and Certificate Rights in Harris and Montgomery Counties***

On August 7, 2017, Consumers Water, Inc. (Consumers or Seller) and Undine Texas, LLC, (Undine or Purchaser), (collectively Applicants) filed an application for the sale, transfer, or merger of facilities and certificate rights in Harris and Montgomery Counties pursuant to Texas Water Code Ann. § 13.301 (TWC) and the 16 Tex. Admin. Code § 24.109 (TAC). Specifically, Undine seeks approval to acquire facilities and to transfer water service area from Consumers under Certificate of Convenience and Necessity (CCN) No. 10347. The requested area includes 14 public water systems, approximately 1,518 acres and 1,746 current customers. Undine is requesting a waiver of notice and hearing pursuant to TWC § 13.301.

Staff has reviewed the application and recommends the application be deemed sufficient for filing and administratively complete.

Staff does not support the waiver of notice. If notice is required, Staff recommends that the scope of notice be narrowed, similar to the requirements ordered in Docket No. 47396,¹ which included a 20 day comment period and required Undine to issue notice to:

- a) the county judge of each county and each groundwater conservation district that is wholly or partly included in the requested area; and
- b) any customers transferred, or other affected parties in the requested area.

Staff recommends that notice to additional entities as described in 16 TAC § 24.109(d) be waived due to the requested area only including certificated area (i.e., a “straight transfer”) and not requiring change to existing CCN boundaries.

Lastly, Staff recommends that within 30 days of the Commission order, the Applicants file a copy of the actual notice along with a signed affidavit indicating that the notice was given. It is recommended that the Applicants use the attached notice and affidavit to meet these requirements.

¹ *Application of Undine Texas, LLC and Suburban Utility Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*, Docket No. 47396, Order No. 3 (Aug. 8, 2017).

Notice to Current Customers

**UNDINE TEXAS, LLC'S, NOTICE OF INTENT TO PURCHASE FACILITIES
AND TO TRANSFER WATER SERVICE AREA FROM CONSUMERS WATER,
INC., CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 10347, IN
HARRIS AND MONTGOMERY COUNTIES, TEXAS**

To: _____ Date Notice Mailed: _____, 2017
 (Name of Customer)

 (Address)

 (City State Zip)

Undine Texas, LLC	10913 Metronome Dr.	Houston, TX	77043
(Purchaser's or Transferee's Name)	(Address)	(City) (State)	(Zip Code)

has submitted an application with the Public Utility Commission of Texas (Commission) to purchase all water facilities and to transfer water service area under CCN No. 10347, in Harris and Montgomery Counties, Texas from:

Consumers Water, Inc.	P.O. Box 58	Spring, TX	77383
(Seller's or Transferor's Name)	(Address)	(City) (State)	(Zip Code)

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code § 13.301). The transaction and the transfer of the CCN includes the following subdivisions:

Greengate Acres Subdivision – PWS ID 1010132

The area subject to this transaction is located approximately 9 miles east of downtown Tomball, Texas, and is generally bounded on the north by Spring Stuebner Rd; on the east by Windsor Castle Dr.; on the south by FM 2920; and on the west by Glenbranch Dr in Harris County.

The total area being requested includes approximately 117 acres and serves 99 current customers.

Highland Mobile Home Subdivision – PWS ID 1010285

The area subject to this transaction is located approximately 9 miles north-northwest of downtown Baytown, Texas, and is generally bounded on the north by Greenbow Ln; on the east by N Crosby Lynchburg Rd; on the south by Lochness Dr; and on the west by a line 850' west of N Crosby Lynchburg Rd in Harris County.

The total area being requested includes approximately 10 acres and serves 25 current customers.

Highland Ridge Subdivision - PWS ID 1010157

The area subject to this transaction is located approximately 8 miles north-northwest of downtown Baytown, Texas, and is generally bounded on the north by Loch Katrine St; on the east by Braemer Rd; on the south by Barbers Hill Rd; and on the west by Sralla Rd in Harris County.

The total area being requested includes approximately 52 acres and serves 196 current customers.

Huffman Heights Subdivision - PWS ID 1010700

The area subject to this transaction is located approximately 12 miles west of downtown Dayton, Texas, and is generally bounded on the north by Success Ln; on the east by Crosby Huffman Rd; on the south by Darden Dr; and on the west by Faraway Ln in Harris County.

The total area being requested includes approximately 48 acres and serves 119 current customers.

Joy Village – PWS ID 1700021

The area subject to this transaction is located approximately 9 miles south-southeast of downtown Cleveland, Texas, and is generally bounded on the north by Joy Village Dr; on the east by FM 2090; on the south by Carol Ln; and on the west by a line 700' east of Usher Ln in Montgomery County. The total area being requested includes approximately 55 acres and serves 52 current customers.

Lakewood Colony - PWS ID 1700029

The area subject to this transaction is located approximately 15 miles southeast of downtown Conroe, Texas, and is generally bounded on the north by Lakeview Dr; on the east by FM 1314; on the south by Southridge Dr; and on the west by Westgrove Ln in Montgomery County. The total area being requested includes approximately 40 acres and serves 57 current customers.

Meadowlake Estates - PWS ID 1010287

The area subject to this transaction is located approximately 13 miles northeast of downtown Houston, Texas, and is generally bounded on the north by Little York Rd; on the east by Sheldon Reservoir; on the south by Avion St; and on the west by SL 8 in Harris County. The total area being requested includes approximately 158 acres and serves 219 current customers.

Peach Creek Colony – No Current Customers

The area subject to this transaction is located approximately 12 miles south-southeast of downtown Cleveland, Texas, and is generally bounded on the north by Peach Creek Dr; on the east by Peach Creek; on the south by Oak Hill Dr; and on the west by US 69 in Montgomery County. The total area being requested includes approximately 100 acres and serves 0 current customers.

Peach Creek Oaks Subdivision - PWS ID 1700051

The area subject to this transaction is located approximately 14 miles south-southeast of downtown Cleveland, Texas, and is generally bounded on the north by a line 220' north of Pine Dr; on the east by Roadway Ln; on the south by SH 99; and on the west by Peach Creek in Montgomery County. The total area being requested includes approximately 83 acres and serves 70 current customers.

Pioneer Trails Subdivision - PWS ID 1700114

The area subject to this transaction is located approximately 10 miles southeast of downtown Conroe, Texas, and is generally bounded on the north by a line 380' north of Springfield Dr; on the east by Old Houston Rd; on the south by a line 480' south of Deep Woods Trl; and on the west by Dry Creek in Montgomery County.

The total area being requested includes approximately 318 acres and serves 133 current customers.

Porter Terrace Subdivision- PWS ID 1700161

The area subject to this transaction is located approximately 19 miles southeast of downtown Conroe, Texas, and is generally bounded on the north by Old Sorters Rd; on the east by a line 200' east of E Terrace Dr; on the south by Lavone Dr; and on the west by Enloe Rd in Montgomery County. The total area being requested includes approximately 103 acres and serves 109 current customers.

Spring Forest Subdivision - PWS ID 1700033

The area subject to this transaction is located approximately 13 miles south of downtown Conroe, Texas, and is generally bounded on the north by Rayford Rd; on the east by a line 730' east of Wild Rose Dr; on the south by Old Ox Rd; and on the west by a line 270' west of W Hawthorne Dr in Montgomery County.

The total area being requested includes approximately 252 acres and serves 258 current customers.

Springmont Subdivision - PWS ID 1010255

The area subject to this transaction is located approximately 16 miles south of downtown Conroe, Texas, and is generally bounded on the north by FM 2920; on the east by a line 250' east of Nanette Ln; on the south by Old Holzwarth Rd; and on the west by Sunshine Ln in Harris County.

The total area being requested includes approximately 42 acres and serves 175 current customers.

Tall Cedars Mobile Home Subdivision - PWS ID 1010219

The area subject to this transaction is located approximately 13 miles southwest of downtown Dayton, Texas, and is generally bounded on the north by a line 175' north of Florabunda Ln; on the east by FM 2100; on the south by a line 200' south of Rose Elfe Ln; and on the west by a line 425' west of Zetak Ln in Harris County.

The total area being requested includes approximately 61 acres and serves 57 current customers.

Unnamed Area

The area subject to this transaction is located approximately 6 miles south of downtown Conroe, Texas, and is generally bounded on the north by Trade Center Ditch/College Park Ditch; on the east by West Fork San Jacinto River; on the south by Kingfisher Dr and Wood Hollow Dr; and on the west by Gleneagle Dr in Montgomery County.

The total area being requested includes approximately 57 acres and serves 0 current customers.

Urban Acres Subdivision - PWS ID 1010252

The area subject to this transaction is located approximately 11 miles north-northeast of downtown Houston, Texas, and is generally bounded on the north by a line 1500' north of E Mt Houston Rd; on the east by a line 170' east of Urban Dr; on the south by E Mt Houston Rd; and on the west by a line 175' west of Nanette Dr in Harris County.

The total area being requested includes approximately 22 acres and serves 177 current customers.

The total area being requested includes approximately 1,518 acres and serves 1,746 current customers.

This transaction will have the following effect on the current customers' rates and services: There is no effect on rates following the application.

You may request a public hearing. A request for a public hearing must be in writing and include: (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, docket number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application which would satisfy your concerns and cause you to withdraw your request for a hearing.

Hearing requests, comments or requests to intervene should be filed with the:

Public Utility Commission of Texas
Central Records
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request will receive notice if a hearing is scheduled.

If a valid public hearing is requested, the Commission will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, SOAH will submit a recommendation to the Commission for final decision. An evidentiary hearing is a legal proceeding similar to a civil trial in state district court.

Persons who wish to intervene in the proceeding or comment upon action sought should contact the Public Utility Commission, P.O. Box 13326, Austin, Texas 78711-3326, or call the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136. The deadline for intervention in the proceeding is (30 days from the mailing or publication of notice, whichever occurs later, unless otherwise provided by the presiding officer). You must send a letter requesting intervention to the commission which is received by that date.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

Utility Representative

Undine Texas, LLC.

PUBLIC UTILITY COMMISSION



AFFIDAVIT OF NOTICE TO CURRENT CUSTOMERS DOCKET NO. 47477

STATE OF TEXAS
COUNTY OF _____

_____ has provided individual
notice to the following customers:

DATE OF NOTICE

OATH

I, _____, being duly sworn, file this form as
_____ (indicate relationship to applicant, that is,
owner, member of partnership, title of officer of corporation, or other authorized representative of
applicant); that in such capacity, I am qualified and authorized to file and verify such form, am
personally familiar with the notices given with this application, and have complied with all notice
requirements in the application and application acceptance letter; and that all such statements made
and matters set for therein are true and correct.

Applicant's Authorized Representative

If the applicant to this form is any person other than the sole owner, partner, officer of the applicant,
or its' attorney, a properly verified Power of Attorney must be enclosed.

Subscribed and sworn to before me this _____ day of _____, 2017, to
certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

Print or Type Name of Notary Public

Commission Expires _____