



Control Number: 47639



Item Number: 10

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<p>APPLICATION OF GULF COAST UTILITY COMPANY, INC. AND UNDINE TEXAS ENVIRONMENTAL, LLC FOR SALE, TRANSFER, OR MERGER OF SEWER FACILITIES AND CERTIFICATE RIGHTS IN BRAZORIA COUNTY</p>	<p>§ § § § § § § §</p>	<p>2017 OCT 23 AM 10:05 PUBLIC UTILITY COMMISSION PUBLIC UTILITY COMMISSION FILING CLERK OF TEXAS</p>
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**COMMISSION STAFF’S ADMINISTRATIVE COMPLETENESS
RECOMMENDATION**

COMES NOW the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this response to Order No. 1, Staff’s Administrative Completeness Recommendation. Staff recommends that the application be found administratively complete. In support thereof, Staff shows the following:

I. BACKGROUND

On September 22, 2017, Gulf Coast Utility Company, Inc. (Seller) and “Undine Texas Environmental, LLC formerly EMCAD Water and Wastewater, LLC” (Purchaser) (collectively, Applicants) filed an application for sale, transfer, or merger (STM) of facilities and certificate rights in Brazoria County, Texas pursuant to Tex. Water Code § 13.301 (TWC) and 16 Tex. Admin. Code § 24.109 (TAC). Specifically, Purchaser seeks approval to acquire all sewer system assets and the associated service area currently held by Seller under sewer certificate of convenience and necessity (CCN) No. 20688. The total area being requested for the Southwood Estates portion is approximately 245 acres with 530 affected customers and for Spring Crossing is approximately 286 acres and 0 current customers.

On September 26, 2017, the Commission administrative law judge (ALJ) issued Order No. 1 which established a deadline of October 23, 2017 for Staff to file a recommendation on administrative completeness. Therefore, this pleading is timely filed.

II. CLARIFICATION ON PURCHASER’S NAME

As noted above, the Purchaser listed in the application is “Undine Texas Environmental, LLC formerly EMCAD Water and Wastewater, LLC.” However, the Commission is currently reviewing EMCAD’s request to change its name to Undine Texas Environmental, LLC in

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Docket number 47641.¹ That name change has been documented with the Secretary of State, but not yet approved by the Commission. Therefore, the current name of Purchaser is EMCAD Water and Wastewater, LLC, though that name may change to Undine Texas Environmental, LLC during the pendency of this docket.

III. APPLICATION SUFFICIENCY RECOMMENDATION

As detailed in the attached memorandum of Debbie Reyes Tamayo of the Water Utility Regulation Division, Attachment A, Staff has reviewed the application and determined that it contains the required information and is sufficient for further review on the merits. Therefore, Staff recommends that the application be found administratively complete.

It was Staff's understanding from the application that the Applicants request to cancel Seller's CCN number (20688) and assign a *new* CCN number to Purchaser. Conversely, it appears that the ALJ assigned to this docket understood that, if the transaction were approved, the assets and service area from Seller would be assigned to Purchaser as part of Purchaser's CCN number 21106.² Seeking clarification, Staff has conferred with counsel for the Purchaser and is authorized to represent that the Purchaser's intent was a third option: upon closing of the transaction, the Purchaser would like to have the CCN No. 20688 (currently issued to Gulf Coast) issued as Purchaser's CCN number. In other words, rather than just the assets and service area under CCN No. 20688 being transferred to Purchaser and put into one of Purchaser's existing CCN numbers, the assets, service area, and CCN number would *all* be transferred to Purchaser. Counsel for Purchaser explained that Undine has other transactions being processed at this point, and that following the conclusion of those transactions, Undine intends to file a separate application to consolidate all of its sewer CCN numbers into one CCN number. Staff is amenable to this plan. Staff is also authorized to represent that Purchaser will be filing something in this docket, with authority from Seller, no later than October 27, 2017, which formally lays out their intent regarding the transfer of CCN No. 20688. Staff views this clarification letter as necessary for Staff's technical review of the application.

¹ *Request for Name Change from EMCAD Water and Wastewater, LLC to Undine Texas Environmental, LLC*, Docket No. 47641 (Sept. 22, 2017).

² See Order No. 1, stating "Specifically, Undine Texas Environmental, LLC seeks approval to acquire all of the sewer system assets and certificated service area held by Gulf Coast under sewer certificate of convenience and necessity (CCN) No. 20688, to be held under the same sewer CCN that will be assigned to Undine Texas, LLC in Docket No. 46745 when final approval is issued in that docket."

IV. ISSUANCE OF NOTICE

In accordance with Staff's recommendation that the application be found administratively complete, Staff recommends that the Applicants be ordered to provide notice to (1) any cities, districts, and neighboring retail public utilities providing the same utility service whose corporate boundaries or certificated service area are located within two miles from the outer boundary of the requested area; (2) the county judge of each county that is wholly or partially included in the requested area; (3) any each groundwater conservation district that is wholly or partially included in the requested area; and (4) affected customers. The Applicants should also issue notice to the entities listed in the attached Staff memorandum. Proposed notice is provided herein for the Applicants' use as Attachment B, and has been revised to explain the situation covered above in section II. After sending such notice, the Applicants should file a copy of the actual notice sent, including a copy of the map, and a signed affidavit affirming that the notices were sent. A blank affidavit for such purposes is attached to this pleading as Attachment C. That affidavit should include a list of the persons and entities to whom notice was sent.

V. PROPOSED PROCEDURAL SCHEDULE

In accordance with Staff's administrative completeness recommendation, Staff proposes the following procedural schedule:

Event	Date
Deadline for the Applicants to file proof of notice	November 22, 2017
Deadline for Staff to file a recommendation on sufficiency of notice	Within 10 days of the Applicants' filing proof of completed notice
Deadline to intervene ³	30 days after notice is issued

³ See 16 Texas Administrative Code § 24.109(b) (requiring the intervention period to be no less than 30 days for STM proceedings, absent good cause shown).

VI. CONCLUSION

For the reasons stated above, Staff respectfully recommends that the application be found administratively complete, that the above proposed procedural schedule be adopted, and that the Applicants be ordered to issue the attached notice and file proof thereof.

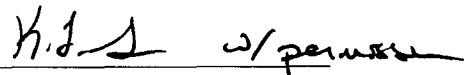
Dated: October 23, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

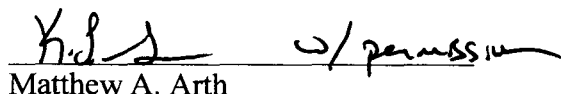


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PUC DOCKET NO. 47639

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record October 23, 2017 in accordance with 16 Tex. Admin. Code § 22.74.



Matthew A. Arth

PUC Interoffice Memorandum

To: Matthew Arth, Attorney
Legal Division

Thru: Lisa Fuentes, Manager
Water Utility Regulation Division

From: Debbie Reyes Tamayo, Program Specialist
Water Utility Regulation Division

Date: October 13, 2017

Subject: **Docket No. 47639**, *Application of Gulf Coast Utility Company, Inc. and Undine Texas Environmental, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Brazoria County*

On September 22, 2017, Undine Texas Environmental, LLC (Undine or Buyer) and Gulf Coast Utility Company, Inc. (Gulf Coast or Seller) (collectively, Applicants) filed an application for Sale, Transfer, or Merger (STM) of facilities and certificate rights in Brazoria County, Texas, pursuant to Texas Water Code § 13.301 (TWC) and the 16 Tex. Admin. Code § 24.109 (TAC). The requested area for Southwood Estates includes approximately 245 total acres and 530 current customers. The requested area for Spring Crossing includes approximately 286 total acres and 0 current customers.

Staff has reviewed the application information and recommends that the application be deemed sufficient for filing and administratively complete. Staff also recommends that the Applicants do the following:

- 1) Provide notice of the application to the following:
 - a) cities, districts, and neighboring retail public utilities providing the same utility service whose corporate boundaries or certificated service area are located within two miles from the outer boundary of the requested area;
 - b) the county judge of each county that is wholly or partially included in the requested area; and
 - c) each groundwater conservation district that is wholly or partially included in the requested area; and
 - d) affected customers

- 2) Provide correct notice of the application to the following entities:

Southwood Estates

 - Aqua Texas Inc (CCN No. 21065)
 - Brazoria County Drainage District 5
 - Brazoria County Groundwater Conservation District
 - Brazoria County Judge
 - Brazoria County MUD 21 (CCN No. 20945)
 - Brazoria County MUD 22 (CCN No. 21083)
 - Brazoria County MUD 25
 - Brazoria County MUD 29
 - Brazoria County MUD 30
 - Brazoria County MUD 31
 - Brazoria County MUD 39
 - Brazoria County MUD 40
 - Brazoria County MUD 42

- Brazoria County MUD 43
- City of Arcola
- City of Iowa Colony
- City of Pearland (CCN No. 20403)
- City of Manvel
- Fort Bend County Drainage District
- Fort Bend County FWSD 1
- Fort Bend County MUD 141
- Sedona Lake MUD 1 of Brazoria County
- West Brazoria County Drainage District

Spring Crossing

- Brazoria County Drainage District 5
 - Brazoria County Groundwater Conservation District
 - Brazoria County Judge
 - Brazoria County MUD 31
 - Brazoria County MUD 32
 - Brazoria County MUD 55
 - Brazoria County MUD 56
 - City of Iowa Colony
 - City of Manvel
 - Fort Bend County Drainage District
 - Port Freeport
 - West Brazoria County Drainage District
- 3) File in the docket an affidavit specifying every person and entity to whom notice was provided and the date that the notice was provided within 30 days of the date of the notice. It is recommended that the Applicant use the attached notice and affidavit to meet these requirements.

Notice to Current Customers, Neighboring Systems, and Cities

EMCAD WATER AND WASTEWATER, LLC. APPROVAL TO PURCHASE FACILITIES OF GULF COAST UTILITY COMPANY INC.'S CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) NO. 20688 IN BRAZORIA COUNTY, TEXAS

To: _____ Date Notice Mailed: _____, 2017
(Name of Customer, Neighboring System, or City)

(Address)

(City State Zip)

EMCAD Water and Wastewater, LLC. (proposed to be changed to "Undine Texas Environmental, LLC" in pending Public Utility Commission of Texas Docket No 47641), 10913 Metronome Dr. Houston, TX 77043

EMCAD Water and Wastewater, LLC. (which is *separately* seeking in Public Utility Commission Docket No 47641 to change its name to Undine Texas Environmental, LLC) seeks approval to Purchase facilities and to Transfer and CCN No. 20688 from Gulf Coast Utility Company Inc., in Brazoria County, Texas. The Transfer and Purchase of CCN No 20688 is the subject of **this** notice, which the Public Utility Commission is considering in Docket No. **47639**

Gulf Coast Utility Company, Inc. P.O. Box 2067 Alvin, TX 77512-2067
(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:

Southwood Estates

The requested area is located approximately 2 miles east of downtown Arcola, TX, and is generally bounded on the north by Croix Rd; on the east by Old Airline Rd; on the south by SH 6; and on the west by Savannah Pkwy.

The requested area includes approximately 245 total acres and 530 current customers.

Spring Crossing

The requested area is located approximately 6 miles south-southeast of downtown Arcola, TX, and is generally bounded on the north by CR 1125; on the east by SH 288; on the south by CR 5346; and on the west by Airline Rd S.

The requested area includes approximately 286 total acres and 0 current customers.

This transaction will have the following effect on the current customers' rates and services: This application will not change the customer's rates.

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.

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.

Si desea información en español, puede llamar al 1-888-782-8477.

Paul Rhodes 281-485-1330

Utility Representative

EMCAD Water and Wastewater, LLC. (which is proposed to be changed to “Undine Texas Environmental, LLC” in pending Public Utility Commission of Texas Docket No 47641) Utility Name

PUBLIC UTILITY COMMISSION



AFFIDAVIT OF NOTICE TO CURRENT CUSTOMERS, NEIGHBORING UTILITIES AND
AFFECTED PARTIES
DOCKET NO. 47639

STATE OF TEXAS
COUNTY OF _____

_____ has provided individual notice
to the following entities and 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 _____, 20____, 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 _____