



Control Number: 47640



Item Number: 49

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APPLICATION OF UNDINE TEXAS,	§	PUBLIC UTILITY COMMISSION
LLC AND GULF COAST UTILITY	§	
COMPANY, INC. FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF WATER	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS BRAZORIA AND	§	
MATAGORDA COUNTIES	§	

JOINT PROPOSED NOTICE OF APPROVAL AND MOTION TO ADMIT EVIDENCE

Date: February 15, 2019

Staff of the Public Utility Commission of Texas (Commission Staff) and Applicants, Gulf Coast Utility Company, Inc. (Gulf Coast) and Undine Texas, LLC (Undine) (together, Applicants), file this Joint Proposed Notice of Approval and Motion to Admit Evidence in response to Order No. 9 and would show the following:

I.

BACKGROUND

On September 22, 2017, Applicants filed an application with the Public Utility Commission of Texas (Commission) for the sale, transfer or merger of water facilities and certificate rights in Brazoria and Matagorda Counties. Specifically, Undine seeks approval to acquire all water system assets and certificated service area held by Gulf Coast under certificate of convenience and necessity (CCN) No. 12094, to be held by Undine under water CCN No. 13260. Gulf Coast's water CCN No. 12094 will be canceled. The total area being requested includes approximately 715 acres and 583 connections.

On February 5, 2019, Order No. 9 was issued, establishing a deadline of February 18, 2019, for the parties to file joint proposed findings of fact and conclusions of law. Accordingly, this pleading is timely filed.

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II.

MOTION TO ADMIT EVIDENCE

The parties move to admit the following evidence into the record of this proceeding: (1) Application of Undine and Gulf Coast, filed September 22, 2017; (2) the *Texas Register* notice filed on September 26, 2017; (3) Commission Staff's Recommendation on Administrative Completeness, filed October 23, 2017; (4) Applicants' affidavit of notice, filed December 6, 2017; (5) Commission Staff's recommendation finding notice sufficient, filed on December 15, 2017, (6) Commission Staff's recommendation on final disposition, filed January 17, 2018; (7) Undine's Notice of Completed Transaction, filed November 20, 2018, (8) Commission Staff's Closing Documents Recommendation, filed December 20, 2018, and (9) Applicants' signed consent forms, filed February 8, 2019.

III.

JOINT PROPOSED NOTICE OF APPROVAL

The Joint Proposed Notice of Approval (Attachment A) would grant Applicants' application for sale, transfer or merger of water facilities and certificate rights in Brazoria and Matagorda Counties.

IV.

CONCLUSION

The parties respectfully request that the Commission grant the motion to admit evidence specified above, and adopt the attached Joint Proposed Notice of Approval.

Respectfully submitted,

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Attorneys for Undine Texas, LLC

CERTIFICATE OF SERVICE

I do hereby certify by my signature above that a true and correct copy of the foregoing document was served by U.S. Mail and Email on this the 5th day of February 2019, to the following:

Alexander Petak
Public Utility Commission of Texas
Legal Division
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Austin, Texas 78711-3326
Alexander.Petak@puc.texas.gov

ATTACHMENT A

DOCKET NO. 47640

APPLICATION OF UNDINE TEXAS, LLC AND GULF COAST UTILITY COMPANY, INC. FOR SALE, TRANSFER, OR MERGER OF WATER FACILITIES AND CERTIFICATE RIGHTS BRAZORIA AND MATAGORDA COUNTIES	§ § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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JOINT PROPOSED NOTICE OF APPROVAL

This Notice addresses the application of Undine Texas, LLC (Undine) and Gulf Coast Utility Company, Inc. (Gulf Coast) for approval of Undine’s purchase of all of the water system assets and service area of Gulf Coast held under water Certificate of Convenience and Necessity (CCN) No. 12094. The Commission approves of the Application.

The Commission adopts the following findings of fact and conclusions of law:

I. FINDINGS OF FACT

Applicants

1. Gulf Coast is a utility company that provides water service in Texas under CCN No. 12094.
2. Undine is a for-profit corporation that provides water service in Texas under CCN No. 13260.

Application

3. On September 22, 2017, Undine and Gulf Coast filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Brazoria and Matagorda Counties.
4. The total area being requested comprises approximately 715 acres and 583 connections.

5. In Order No. 2 issued on October 26, 2017, the ALJ found the application sufficient.
6. In Order No. 4 issued on January 23, 2018, the ALJ approved the transaction to proceed.
7. In Order No. 8 issued on January 11, 2019, the ALJ found the closing documents sufficient.
8. On February 8, 2019, Undine and Gulf Coast filed consent forms concurring with the final map and certificate.

Notice of Application

9. Notice of the application appeared in the November 9, 2017 and November 16, 2017 issues of *The Facts* in Brazoria County, Texas.
10. Notice of the application also appeared in the November 12, 2017, November 15, 2017, and November 19, 2017 issues of the *Bay City Tribune* in Matagorda County, Texas.
11. On December 6, 2017, Undine filed the affidavit of Carey A. Thomas attesting that notice was provided to current customers, neighboring utilities, and affected parties on November 15, 2017, the publisher's affidavit of Cindy Cornette attesting to publication of notice in *The Facts* on November 9, 2017 and November 16, 2017 in Brazoria County, and the publisher's affidavit of Brenda Burr attesting to publication of notice in the *Bay City Tribune* on November 12, 2017, November 15, 2017 and November 19, 2017 in Matagorda County.
12. In Order No. 3, issued on December 18, 2017, the ALJ deemed the notice sufficient.

Evidentiary Record

13. On February 15, 2019 the parties filed a motion to admit evidence.
14. In Order No. ____ issued on _____, 2019, the ALJ admitted the following evidence into the record: (1) Application of Undine and Gulf Coast, filed September 22, 2017; (2)

the *Texas Register* notice filed on September 26, 2017; (3) Commission Staff's Recommendation on Administrative Completeness, filed October 23, 2017; (4) Applicants' affidavit of notice, filed December 6, 2017; (5) Commission Staff's recommendation finding notice sufficient, filed on December 15, 2017, (6) Commission Staff's recommendation on final disposition, filed January 17, 2018; (7) Undine's Notice of Completed Transaction, filed November 20, 2018, (8) Commission Staff's Closing Documents Recommendation, filed December 20, 2018, and (9) Applicants' signed consent forms, filed February 8, 2019.

Adequacy of Current Service

15. The current TCEQ-approved public water systems servicing the areas of Kucera Farms aka Magnolia Bend, Southwood Estates, Spring Crossing, and an area to be decertified currently meet the requirements of Texas Health and Safety Code Chapter 341 and TCEQ rules.

Need for Service

16. The 583 existing customers need continued service.

Effect of Granting the Amendment on Retail Public Utilities and Landowners

17. The Commission received no protests or concerns from any other adjacent retail public utility.

Financial Ability to Pay for, Operate, and Manage Facilities

18. Undine's debt-to-equity ratio is less than one.
19. Undine demonstrated that it has the available cash levels to serve the requested areas.

Feasibility of Obtaining Service From Adjacent Retail Public Utility

20. It is not feasible for an adjacent utility to provide service to the requested area.

Environmental Integrity

21. The proposed transaction will not adversely impact the environmental integrity of the land because the requested area is currently receiving service.

Improvement in Service of Lowering of Costs

22. The proposed transaction will improve customer service to existing customers because the water system will be integrated into Undine's system, and the rates will not change.

Informal Disposition

23. More than 15 days have passed since the completion of the notice provided in this docket.
24. No person filed a protest or motion to intervene.
25. Undine, Gulf Coast, and Commission Staff are the only parties to this proceeding.
26. No party requested a hearing and no hearing is necessary.
27. The decision is not adverse to any party.

II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this application under Texas Water Code (TWC) §§ 13.241, 13.246, 13.251, 13.254 and 13.301.
2. Undine and Gulf Coast are retail public utilities as defined in TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59).
3. Undine and Gulf Coast provided notice of the application as required by TWC § 13.246 and TAC § 24.235.

4. The Commission processed the application as required by the TWC, the Administrative Procedure Act,¹ and Commission rules.
5. The application meets the requirements of 16 TAC § 24.239(i), (j), and (o).
6. After considering the factors in TWC § 13.246(c), Undine has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and its current service area as required by TWC §§ 13.241(a) and 13.251.
7. Undine and Gulf Coast have demonstrated that the transfer of the service area and CCN requested in this application is necessary for the service, accommodation, convenience, and safety of the public, as required under TWC § 13.246(b) and 16 TAC § 24.227(c).
8. Under TWC §§ 13.257(r) and (s), Undine and Gulf Coast are required to record a certified copy of the approved CCN and map, along with a boundary description of the service area, in the real property records in Brazoria and Matagorda Counties in which the service area or a portion of the service area is located, and submit to the Commission evidence of the recording.
9. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

¹ Tex. Gov't Code §§ 2001.001-.902.

1. The Commission approves the transfer of certificate rights formerly held by Gulf Coast under CCN No. 12094 in Brazoria and Matagorda Counties to Undine, as described in this Notice. The rights will be held by Undine under CCN No. 13260.
2. The Commission cancels CCN No. 12094 and amends CCN No. 13260 to include the new boundaries, facilities, and certificate rights transferred from CCN No. 12094.
3. The Commission approves the certificate, map, and tariff attached to this Notice.
4. Undine must serve every customer and applicant for water service within the approved area that requests water service and meets the terms of Undine regulations to receive water service, and such service must be continuous and adequate.
5. Undine and Gulf Coast must comply with the recording requirements of TWC §§ 13.257(r) and (s) for the area in Brazoria and Matagorda Counties affected by the application and must submit to the Commission evidence of the recording no later than 31 days after receipt of this Notice.
6. Within ten days after this Notice is issued, Commission Staff must file a clean copy of Undine's updated tariff with Central Records to be marked *Approved* and kept in the Commission tariff book.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the _____ day of _____, 2019

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE