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**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**

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PUBLIC UTILITY COMMISSION
FILING CLERK
**PUBLIC UTILITY COMMISSION
OF TEXAS**

NOTICE OF APPROVAL

This Notice of Approval addresses the application of Undine Texas, LLC and Gulf Coast Utility Company, Inc. (collectively, applicants) for the sale, transfer, or merger of facilities and certificate rights in Brazoria and Matagorda Counties. The Commission approves the transfer of facilities and certificate rights formerly held by Gulf Coast to Undine to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Gulf Coast is a domestic for-profit corporation registered with the Texas secretary of state under file number 800158242.
2. Gulf Coast operates, maintains, and controls facilities for providing water service under CCN No. 12094.
3. Undine is a foreign limited liability company registered with the secretary of state under file number 802339329.
4. Undine operates, maintains, and controls facilities for providing water service under CCN No. 13260.

Application

5. On September 22, 2017, Undine and Gulf Coast filed the application at issue in this proceeding for approval of the sale, transfer, or merger of facilities and certificate rights in Brazoria and Matagorda Counties.

6. The total area being requested comprises approximately 715 acres and has 583 connections.
7. Undine currently holds and will retain its existing water CCN number 13260. The geographic area certificated under CCN number 13260 will be expanded to include the area formerly certificated to Gulf Coast's water CCN number 12094.
8. In Order No. 2 issued on October 26, 2017, the administrative law judge (ALJ) found the application sufficient.
9. In Order No. 4 issued on January 23, 2018, the ALJ approved the transaction to proceed.
10. In Order No. 8 issued on January 11, 2019, the ALJ found the closing documents sufficient.
11. On February 8, 2019, Undine and Gulf Coast filed consent forms concurring with the final map and certificate.

Notice

12. Notice of the application appeared in the *Texas Register* on October 6, 2017.
13. 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.
14. In Order No. 3 issued on December 18, 2017, the ALJ deemed the notice sufficient.

Sale

15. In Order No. 4 issued on January 23, 2018, the ALJ approved allowing the transaction to proceed and required the applicants to file proof that the transaction had closed and that customer deposits had been addressed
16. On November 20, 2018, Undine filed notice that the sale had closed, along with the attached executed agreement for the sale and transfer of the requested area and indicating that customer deposits had been transferred to Undine.

17. In Order No. 8 issued January 11, 2019, the ALJ found the closing documents were sufficient.

Evidentiary Record

18. On February 15, 2019, the parties filed a motion to admit evidence.
19. In Order No. 10 issued on April 1, 2019, the ALJ admitted the following evidence into the record: (1) application of Undine and Gulf Coast filed on September 22, 2017; (2) the *Texas Register* notice filed on September 26, 2017; (3) Commission Staff's recommendation on administrative completeness filed on October 23, 2017; (4) Applicants' affidavit of notice filed on 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 on January 17, 2018; (7) Undine's notice of completed transaction filed on November 20, 2018; (8) Commission Staff's closing documents recommendation filed on December 20, 2018, (9) Applicants' signed consent forms filed on February 8, 2019, and (10) Commission Staff's submission of final documents and all attachments filed on March 21, 2019.

Compliance–TWC § 13.301(d) and (e)(3)(A), 16 TAC § 24.239(j)(3)(A) and (j)(5)(A)

20. Gulf Coast and Undine have not been subject to any unresolved enforcement action by the Commission, Texas Commission on Environmental Quality (TCEQ), the Texas Department of Health, the Office of the Attorney General, or the United States Environmental Protection Agency.

Adequacy of Existing Service–TWC § 13.301(d), 16 TAC § 24.239(j)(5)(B); TWC § 13.246(c)(1), 16 TAC § 24.227(d)(1)

21. 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 Additional Service–TWC § 13.301(d), 16 TAC § 24.239(j)(5)(C); TWC § 13.246(c)(2), 16 TAC § 24.227(d)(2)

22. The 583 existing customers need continued service.

Effect of Approving the Transaction and Granting the Amendment–TWC § 13.301(d), 16 TAC § 24.239(j)(5)(D); TWC § 13.246(c)(3), 16 TAC § 24.227(d)(3)

23. There are no other retail public utilities providing water service that would be affected by the proposed transaction.

Ability to Serve: Managerial and Technical–TWC §§ 13.301(b) and (e)(2), 16 TAC § 24.239(g), (j)(5)(E); TWC §§ 13.246(c)(4), 13.241(a), 16 TAC §§ 24.227(a), 24.227(d)(4)

24. Undine has access to an adequate supply of water and has the capacity to serve the requested area.
25. Undine employs TCEQ-certified water operators.

The Feasibility of Obtaining Service from Adjacent Retail Public Utility–TWC § 13.301(d), 16 TAC § 24.239(j)(5)(F); TWC § 13.246(c)(5), 16 TAC § 24.227(d)(5)

26. The requested area has existing facilities and is currently being served by Gulf Coast PWSs.
27. Utilities within a two mile radius were noticed and no protests or requests to opt out were received regarding the proposed transaction.
28. It is not feasible for an adjacent utility to provide service to the requested area.

Financial Assurance–TWC §§ 13.246(d) and 13.301(c); 16 TAC §§ 24.227(e) and 24.239(h)

29. There is no need to require Undine to provide a bond or other financial assurance to ensure continuous and adequate service.

Ability to Serve: Financial Ability and Stability–TWC §§ 13.301(b), 16 TAC § 24.239(g), (j)(5)(G); TWC §§ 13.246(c)(6), 13.241(a), 16 TAC §§ 24.227(a), 24.227(d)(6)

30. Undine has a debt-to-equity ratio of less than one and has demonstrated the financial capability to serve the requested area.
31. Undine has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations within the new area.
32. Undine demonstrated it has the available cash levels to service the requested area.
33. Undine demonstrated adequate financial and managerial capability to provide continuous and adequate service to the requested area.
34. Undine is capable of providing continuous and adequate service in the requested area.

Environmental Integrity–TWC § 13.301(d), 16 TAC § 24.239(j)(5)(H); TWC § 13.246(c)(7), 16 TAC § 24.227(d)(7)

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

Effect on Land–TWC § 13.246(c)(9), 16 TAC § 24.227(d)(9)

36. The requested area currently receives water service, and the transaction should have no effect on the land.

Improvement of Service or Lowering Cost to Consumers–TWC § 13.301(d), 16 TAC § 24.239(j)(5)(I); TWC § 13.246(c)(8), 16 TAC § 24.227(d)(8)

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

Tariff and Maps

38. Commission Staff emailed to Gulf Coast and Undine proposed maps and certificates on February 18, 2019, and tariffs on February 7, 2019 related to this docket.
39. On February 8, 2019, Gulf Coast and Undine filed consent forms concurring with the proposed maps, certificates, and tariffs.
40. On March 21, 2019, the proposed maps, certificates, and tariffs were filed as an attachment to the Commission Staff's submission of final documents.

Certificates

41. Gulf Coast has sold all of its water systems and will no longer provide service.
42. Gulf Coast transferred all of the water system area under CCN number 12094 to Undine's CCN number 13260 and requests that CCN No. 12094 be canceled.
43. Gulf Coast has no further need for CCN number 12094; therefore, it should be cancelled.
44. On March 21, 2019, Commission Staff filed an amended CCN number 13260 for Undine.

Informal Disposition

45. More than 15 days have passed since the completion of notice provided in this docket.
46. No person filed a protest or motion to intervene.
47. Gulf Coast, Undine, and Commission Staff are the only parties to this proceeding.

48. No party requested a hearing and no hearing is needed.
49. Commission Staff recommended that the ALJ find closing the documents sufficient.
50. Commission Staff recommended approval of the application.
51. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has jurisdiction over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.244, 13.246, 13.251, 13.254, and 13.301.
2. Gulf Coast and Undine are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59).
3. Public notice of the application was provided as required by TWC § 13.301(a) and 16 TAC § 24.239.
4. The Commission processed the application in accordance with the requirements of TWC § 13.301 and 16 TAC § 24.239.
5. Gulf Coast and Undine completed the sale within the time required by 16 TAC § 24.239(o).
6. After consideration of the factors in TWC § 13.246(c), Undine has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area. TWC §§ 13.246, 13.251, 13.301(b).
7. Gulf Coast and Undine have demonstrated that the sale of Gulf Coast's water systems and the amendment of Undine's CCN will serve the public interest and are necessary for the service, accommodation, convenience, or safety of the public. TWC §§ 13.301(d), 13.246(b).
8. Undine must record a certified copy of the approved map for the certificate amendment, along with a boundary description of the service area, in the real property records of Brazoria and Matagorda Counties within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording. TWC § 13.257(r), (s).

9. The requirements for informal disposition under 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 orders:

1. The Commission approves Undine's purchase of Gulf Coast's water systems identified in this Notice of Approval and operated under water CCN number 12094.
2. The Commission amends Undine's CCN number 13260 to include the service area described by this Notice of Approval and shown on the maps attached to this Notice of Approval.
3. The Commission grants the certificate attached to this Notice of Approval.
4. The Commission cancels Gulf Coast's CCN number 12094.
5. The Commission approves the certificate and map attached to the Commission Staff's submission of final documents filed on March 21, 2019.
6. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariffs approved by this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff books.
7. Undine must serve every customer and applicant for service within the approved area under water CCN number 13260 that requests water service and meets the terms of Undine's water service, and such service must be continuous and adequate.
8. Undine must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Brazoria and Matagorda Counties affected by the application.
9. Undine must file in this docket proof of the recording no later than 45 days after the recording required by ordering paragraph 8.
10. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

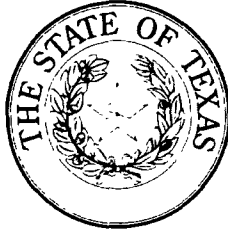
Signed at Austin, Texas the 3rd day of April 2019.

PUBLIC UTILITY COMMISSION OF TEXAS


HUNTER BURKHALTER
ADMINISTRATIVE LAW JUDGE

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Public Utility Commission of Texas

By These Presents Be It Known To All That

Undine Texas, LLC

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Undine Texas, LLC is entitled to this

Certificate of Convenience and Necessity No. 13260

to provide continuous and adequate water utility service to that service area or those service areas in Brazoria, Fort Bend, Harris, Matagorda, Montgomery Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47640 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Undine Texas, LLC to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, the 3rd day of April 2019.

Undine Texas, LLC
Water CCN No. 13260
PUC Docket No. 47640
Transferred all of Gulf Coast Utility Co., Inc., CCN No. 12094 and
Decertified a Portion of CCN No. 12094 in Matagorda and Brazoria County






Undine Texas, LLC
Portion of Water CCN No. 13260
PUC Docket No. 47640
Transferred all of Gulf Coast Utility Co., Inc., CCN No. 12094 and
Decertified a Portion of CCN No. 12094 in Matagorda and Brazoria County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN

-  13260 - Undine Texas LLC
-  11008 - City of Pearland
-  13042 - Brazoria County MUD 21

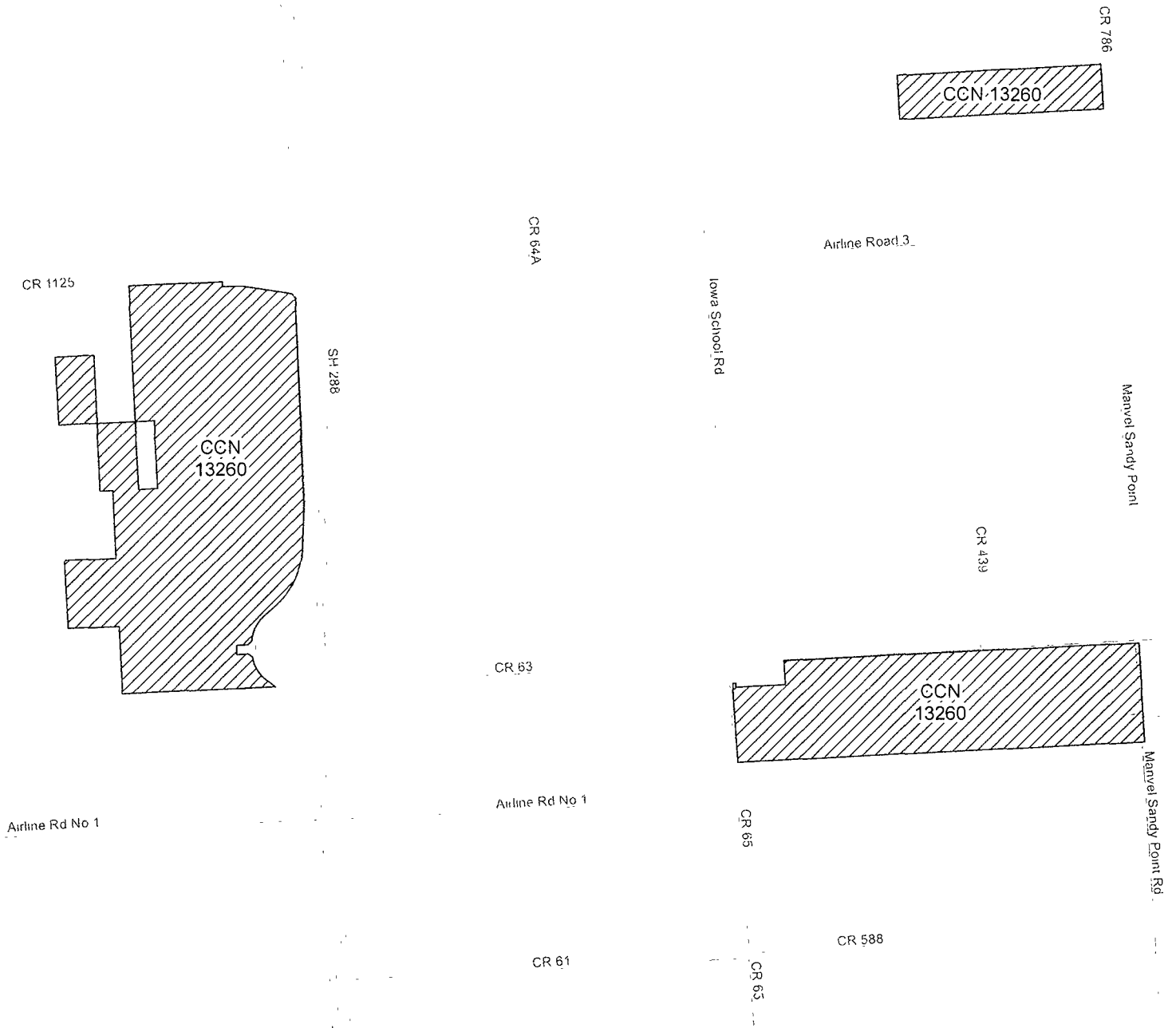
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Map by: Komal Patel
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Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN



13260 - Undine Texas LLC

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