



Control Number: 48388



Item Number: 42

Addendum StartPage: 0

**DOCKET NO. 48388**

**APPLICATION OF CHUCK BELL DBA §  
CHUCK BELL WATER SYSTEMS, LLC §  
AND UNDINE TEXAS, LLC FOR SALE, §  
TRANSFER, OR MERGER OF §  
FACILITIES AND CERTIFICATE §  
RIGHTS IN JOHNSON AND TARRANT §  
COUNTIES §**

**PUBLIC UTILITY COMMISSION**

**OF TEXAS**

2019 AUG -1 PM 2:59  
PUBLIC UTILITY COMMISSION  
CLERK

**NOTICE OF APPROVAL**

This Notice of Approval addresses the application of Chuck Bell dba Chuck Bell Water Systems, LLC and Undine Texas, LLC for approval of Undine's purchase and transfer of all water service area rights and public water systems from Chuck Bell under water certificate of convenience and necessity (CCN) number 12190 to Undine's CCN number 13260. Chuck Bell's CCN number 12190 will be cancelled as a result of the transfer. The Commission approves the application.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicants**

1. Chuck Bell is a domestic limited liability company registered to with the Texas secretary of state on March 30, 2009, under file number 801104323.
2. Chuck Bell operates, maintains, and controls facilities for providing water service under CCN number 12190 in Johnson and Tarrant Counties.
3. Chuck Bell conducts business under the name Chuck Bell Water Systems, LLC.
4. Undine is a foreign limited liability company registered with the Texas secretary of state on November 25, 2015, under file number 802339329.
5. Undine operates, maintains, and controls facilities for providing water service under CCN number 13260.

**Application**

6. On May 24, 2018, Chuck Bell and Undine applied for approval of the sale of Chuck Bell's water systems and the transfer of the area certificated under Chuck Bell's CCN number 12190 to Undine's CCN number 13260.
7. On July 20, 2018, July 24, 2018, and August 16, 2018, Undine filed supplements to the application.
8. The following service areas totaling approximately 598 acres and 305 current customers are to be transferred to Undine: (a) approximately 39.3 acres (including adding approximately 29.2 acres and decertifying approximately 14.4 acres) and 20 customer connections within the Bear Creek Estates, public water system number 2200336; (b) approximately 63 acres and 23 customer connections within the Bell Manor Estates, public water system number 1260080; (c) approximately 231 acres (including adding approximately 27 acres to be tri certificated with the City of Cleburne, CCN number 10917 and Johnson County SUD, CCN number 10081) and 74 customer connections within both the Buffalo Creek Estates, public water system number 1260084 and Sandersview addition, public water system number 1260086; (d) approximately 95.88 acres (including adding approximately 1.6 acres, adding approximately 47.4 acres to be dually certificated with Johnson County SUD, CCN number 10081, and decertifying approximately 62.12 acres) and 129 customer connections within both the Crowley II Acres addition, public water system number 1260012 and the John Dame addition, public water system 1260090; (e) approximately 68 acres and 23 customer connections within the Martin Creek Estates, public water system number 1260122; and (f) approximately 101.4 acres (including adding approximately 8.6 acres to be dually certificated with Monarch Utilities I LP, CCN number 12983, and adding approximately 3.8 acres to be dually certificated with Johnson County SUD, CCN number 10081) and 36 customer connections within the Rock Creek Estates, public water system number 1260082.
9. Chuck Bell and Undine agreed to the sale and transfer of the requested service area.
10. Chuck Bell, Undine, the City of Cleburne, Johnson County SUD, and Monarch Utilities I consented to the dual and tri certifications as described in finding of fact number eight.

11. In Order No. 3 issued on August 28, 2018, the administrative law judge (ALJ) found the application administratively complete.

**Notice**

12. Notice of the application appeared in the June 15, 2018 issue of the *Texas Register*.
13. On September 14, 2018, the applicants filed the affidavit of Carey Thomas, senior vice president of Undine, attesting that notice was provided to current customers, neighboring utilities, and affected parties on August 24, 2018; and the publishers affidavit of Christine Lopez, attesting to publication of notice in the Fort Worth Star Telegram on September 1, 2018 and September 8, 201—a newspaper of general circulation in Tarrant and Johnson Counties.
14. In Order No. 4 issued on September 26, 2018, the ALJ found notice of the application sufficient.

**Sale**

15. In Order No. 5 issued on October 25, 2018, the ALJ approved the transaction to proceed and required Chuck Bell and Undine to file proof that the transaction had closed and that customer deposits had been addressed.
16. On March 6, 2019, Chuck Bell and Undine filed notice that the sale had closed on March 4, 2019, along with the attached executed agreement for the sale and transfer of the requested areas and public water systems, and indicated that there were no customer deposits to address.
17. In Order No. 6 issued on April 30, 2019, the ALJ found the closing documents sufficient.

**Evidentiary Record**

18. On April 29, 2019, the parties filed a joint motion to admit evidence into the record.
19. In Order No. 7 issued on July 29, 2019, the ALJ admitted the following evidence into the record: (a) the applicants' application, filed on May 24, 2018, as supplemented on July 20, 2018, July 24, 2018, and August 16, 2018; (b) the *Texas Register* notice filed on June 15, 2018; (c) the applicants' proof of notice documentation, filed on September 14, 2018; (d) Commission Staff's recommendation on final disposition, filed on October 15, 2018; (e) the applicants' transaction closing documentation, filed on

March 6, 2019; (f) Commission Staff's recommendation on the closing of the transaction, filed on March 21, 2019; and (g) the applicants' consent forms, filed on April 18, 2019.

**System Compliance—Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative Code (TAC) §§ 24.227(a), 24.239(j)(3)(A), (j)(5)(A)**

20. Undine has not been subject to any enforcement action by the Commission, TCEQ, the Texas Department of Health, the Office of the Attorney General, or the United States Environmental Protection Agency.
21. Although Chuck Bell's public water systems have had previous violations and enforcement actions, no outstanding violations currently exist with the Commission, the TCEQ, the Texas Department of Health, the Office of the Attorney General, or the United States Environmental Protection Agency.

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

22. The eight public water systems to be transferred have been approved by the TCEQ, are capable of providing drinking water that meets the requirements of the Texas Health and Safety Code, Chapter 341 and TCEQ rules, and have access to an adequate supply of water.
23. The public will be better served through Undine's ownership of public water systems due to improvements in customer service and operations and maintenance.

**Need for Additional Service—TWC § 13.246(c)(2); 16 TAC §§ 24.227(d)(2), 24.239(j)(5)(C)**

24. Customers are currently receiving water from the water systems requested to be transferred.
25. Additional areas that are uncertificated have been requested to be added to the requested areas in order to correct errors in the CCN boundaries and accurately reflect the areas currently being served by Chuck Bell.

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

26. As a result of the transaction, the customers will benefit from a public water system that is professionally operated and maintained and capable of providing continuous and adequate service.
27. The water rates in the requested areas will not change due to the transfer.

28. There are no other retail public utilities providing water service that would be affected by the proposed transaction.
29. The customers and landowners in the requested areas are not adversely affected because Undine has requested dual and tri certification for the requested areas that overlap with other CCN service areas, and has obtained consent from the respective CCN holders.

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

30. Undine has access to an adequate supply of water and has the capacity to serve the requested areas continuously.
31. Undine's management team possesses lengthy experience in utility-related accounting and project development, and is capable of managing the water systems and providing service that is continuous and adequate.

**Ability to Serve: Financial Ability and Stability—TWC §§ 13.241(a), 13.246(c)(6), 13.301(b); 16 TAC §§ 24.11(e), 24.227(a), (d)(6), 24.239(g), (j)(5)(G)**

32. Undine meets the debt to equity ratio requirement of less than one, meeting the leverage test, and has demonstrated the financial capability to serve the requested areas.
33. Undine has sufficient cash available and projected to cover any projected operations and maintenance shortages in the next five years of operations.
34. Undine has demonstrated adequate financial ability and stability to provide continuous and adequate service to the requested areas.

**Financial Assurance—TWC §§ 13.246(d), 13.301(c); 16 TAC §§ 24.227(e), 24.239(h)**

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

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

36. The requested areas have existing facilities and are currently being served by Undine.
37. Utilities within a two mile radius were noticed and no protests were received regarding the proposed transaction.

38. It is not feasible for an adjacent utility to provide service to the requested areas because water service to the requested areas will be provided by Undine using existing infrastructure.

**Regionalization or Consolidation—TWC §§ 13.241(d); 16 TAC § 24.227(b)**

39. Since Undine does not anticipate building any new facilities to continue serving the requested areas, regionalization or consolidation is not applicable.

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

40. The proposed transaction will not adversely impact the environmental integrity of the land because the requested areas are currently receiving service.

**Effect on Land—TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)**

41. Because the requested areas currently receive water service, the transaction will have minimal effect on the land.

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

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

**Map, Tariff, and Certificates**

43. On April 3, 2019, Commission Staff emailed to Chuck Bell and Undine the proposed maps and certificate related to this docket.
44. On April 12, 2019, Commission Staff emailed to Chuck Bell and Undine its proposed tariff related to this docket.
45. On April 18, 2019, Chuck Bell and Undine filed consent forms concurring with the proposed maps, tariff, and certificate.
46. On April 29, 2019, the parties filed the proposed maps, tariff, and certificate as an attachment to the joint motion to admit evidence and proposed Notice of Approval.
47. Chuck Bell has sold all of its water systems and will no longer provide water service.
48. Because Chuck Bell will have no customers and no further need for CCN number 12190, the CCN should be cancelled.

**Informal Disposition**

49. More than 15 days have passed since the completion of notice provided in this docket.
50. No person filed a protest or motion to intervene.
51. Chuck Bell, Undine, and Commission Staff are the only parties to this proceeding.
52. No party requested a hearing and no hearing is needed.
53. Commission Staff recommended approval of the application.
54. This 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 TWC §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, and 13.301.
2. Chuck Bell and Undine are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(59).
3. Public notice of the application was provided as required by TWC § 13.301(a)(2) and 16 TAC § 24.239(a) through (c).
4. The Commission processed the application as required by the TWC, the Administrative Procedure Act<sup>1</sup>, and Commission rules.
5. Chuck Bell and Undine completed the sale within the time required by 16 TAC § 24.239(o).
6. Undine and Chuck Bell complied with the requirements of 16 TAC § 24.239(m) with respect to customer deposits.
7. 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 areas. TWC § 13.301(b).

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<sup>1</sup> Tex. Gov't Code ch. 2001.



8. Undine and Chuck Bell have demonstrated that the sale and transfer of the public water systems and the water service area of CCN number 12190 from Chuck Bell to Undine's CCN number 13260 will serve the public interest and are necessary for the service, accommodation, convenience, or safety of the public. TWC § 13.301(d), (e).
9. A sale not completed in accordance with TWC § 13.301 is void. TWC 13.301(h).
10. Undine must record a certified copy of the CCN granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Johnson and Tarrant counties within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording. TWC § 13.257(r), (s).
11. 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 Chuck Bell's public water systems and the transfer of Chuck Bell's water service areas under CCN number 12190, as identified in this Notice of Approval, to Undine.
2. The Commission amends Undine's CCN number 13260 to include the service areas described by this Notice of Approval and shown on the attached maps.
3. The Commission cancels Chuck Bell's CCN number 12190.
4. The Commission grants the certificate attached to this Notice of Approval.
5. Within ten days of the date of this Notice of Approval, Commission Staff shall 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.
6. Undine must serve every customer and applicant for service within the approved areas under water CCN number 13260 that requests water service and meets the terms of Undine's tariff, and such service must be continuous and adequate.

7. Undine must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Tarrant and Johnson counties affected by the application and submit to the Commission evidence of the recording no later than 45 days after receipt of this Notice of Approval.
8. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 1<sup>ST</sup> day of August 2019.

**PUBLIC UTILITY COMMISSION OF TEXAS**

  
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**CHRISTOPHER OAKLEY**  
**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, Johnson, Matagorda, Montgomery, and Tarrant Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48388 are on file at the Commission offices in Austin, Texas; and are matters 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, this 1<sup>ST</sup> day of AUGUST 2019.

Undine Texas, LLC  
Portion of Water CCN No. 13260  
PUC Docket No. 48388  
Transferred all of Chuck Bell Water Systems, LLC, CCN No. 12190 in Tarrant County



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

**Water CCN**

-  13260 - Undine Texas LLC
-  12983 - Monarch Utilities I LP

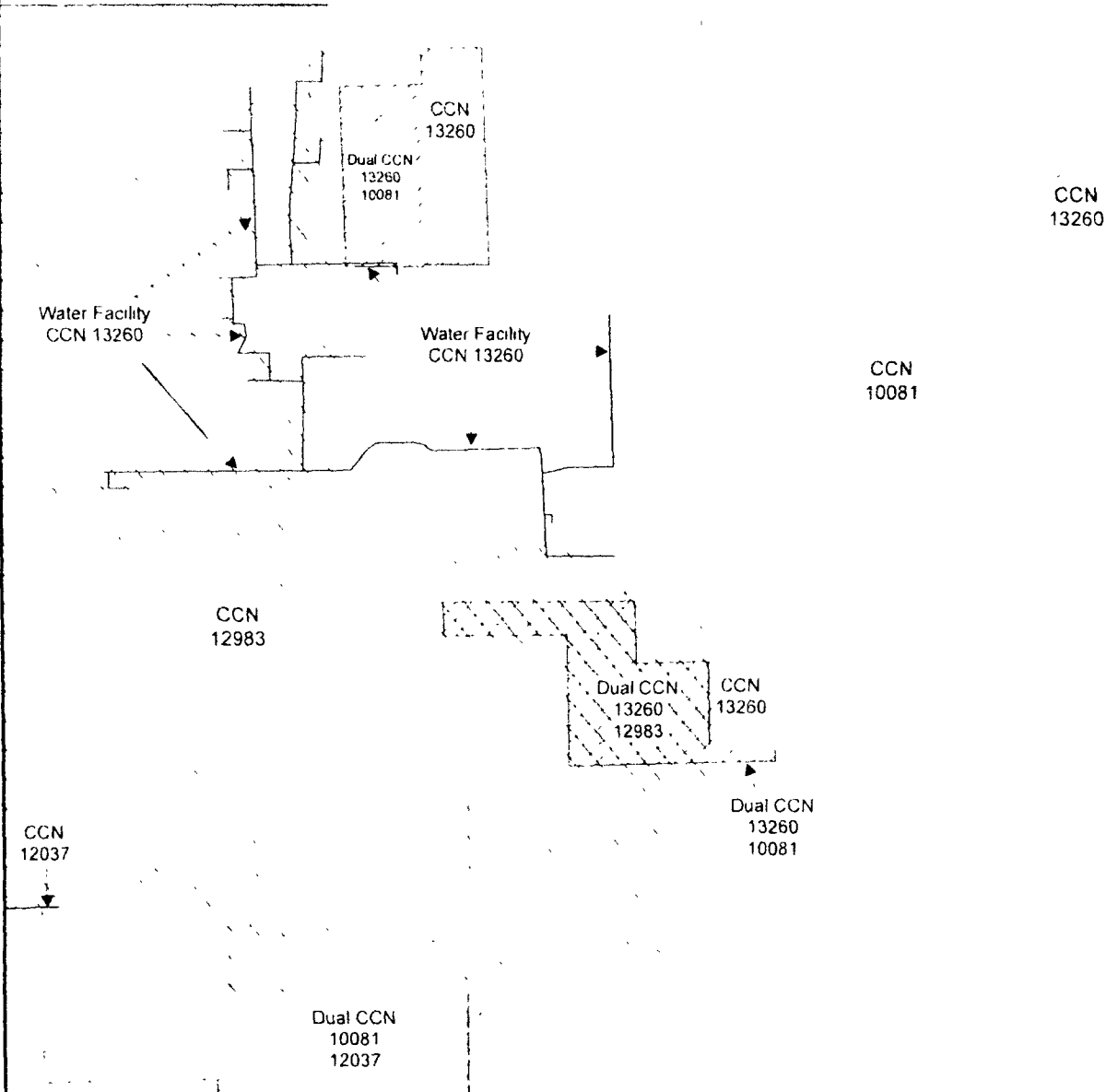
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Feet



Map by: Komal Patel  
Date created: March 20, 2019  
Project Path: n:\finalmapping\  
48388UndineMAP1.mxd

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Undine Texas, LLC  
 Portion of Water CCN No. 13260  
 PUC Docket No. 48388  
 Transferred all of Chuck Bell Water Systems, LLC, CCN No. 12190 in Johnson County



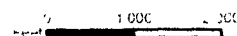
Public Utility Commission of Texas  
 1701 N. Congress Ave  
 Austin, TX 78701

**Water CCN**

- 13260 - Undine Texas LLC
- 10081 - Johnson County SUD
- 12037 - James A Dyche
- 12983 - Monarch Utilities I LP

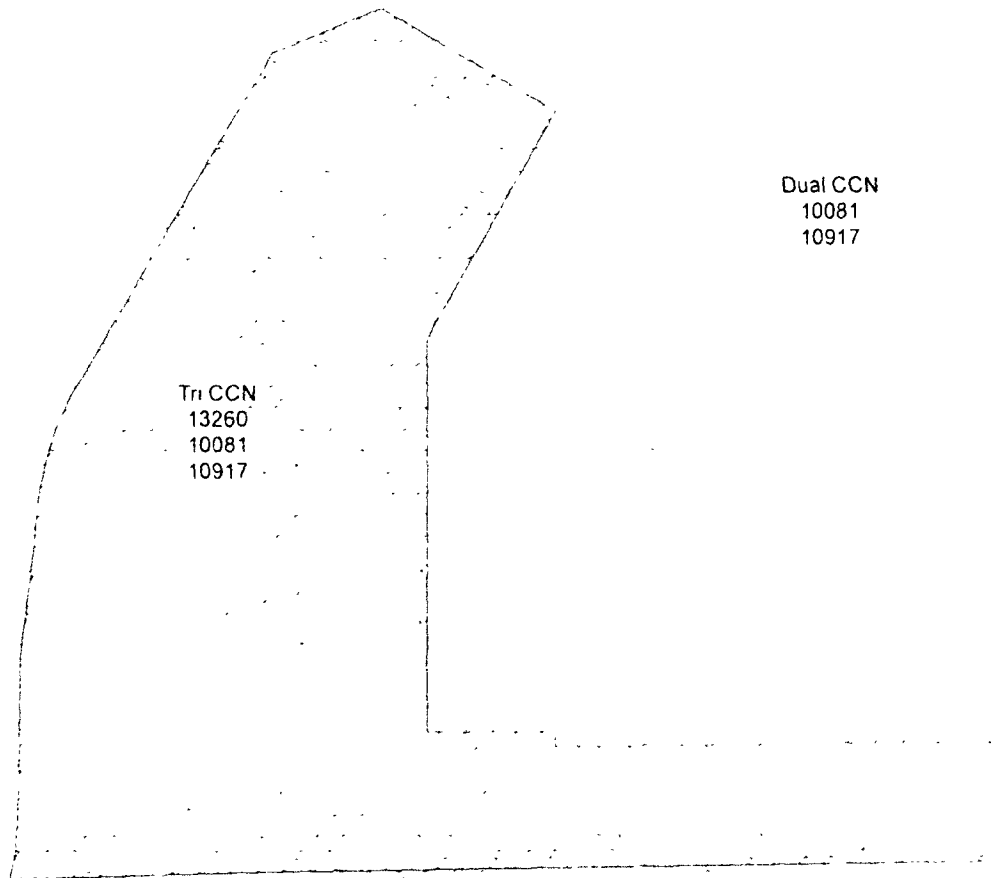
**Facility Only**

- 13260 - Undine Texas LLC



Map by - Koral Patel  
 Date created - March 20, 2019  
 Project Path - n:\finalmapping  
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Undine Texas, LLC  
Portion of Water CCN No. 13260  
PUC Docket No. 48388  
Transferred all of Chuck Bell Water Systems, LLC, CCN No. 12190 in Johnson County



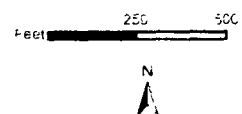
Dual CCN  
10081  
10917



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

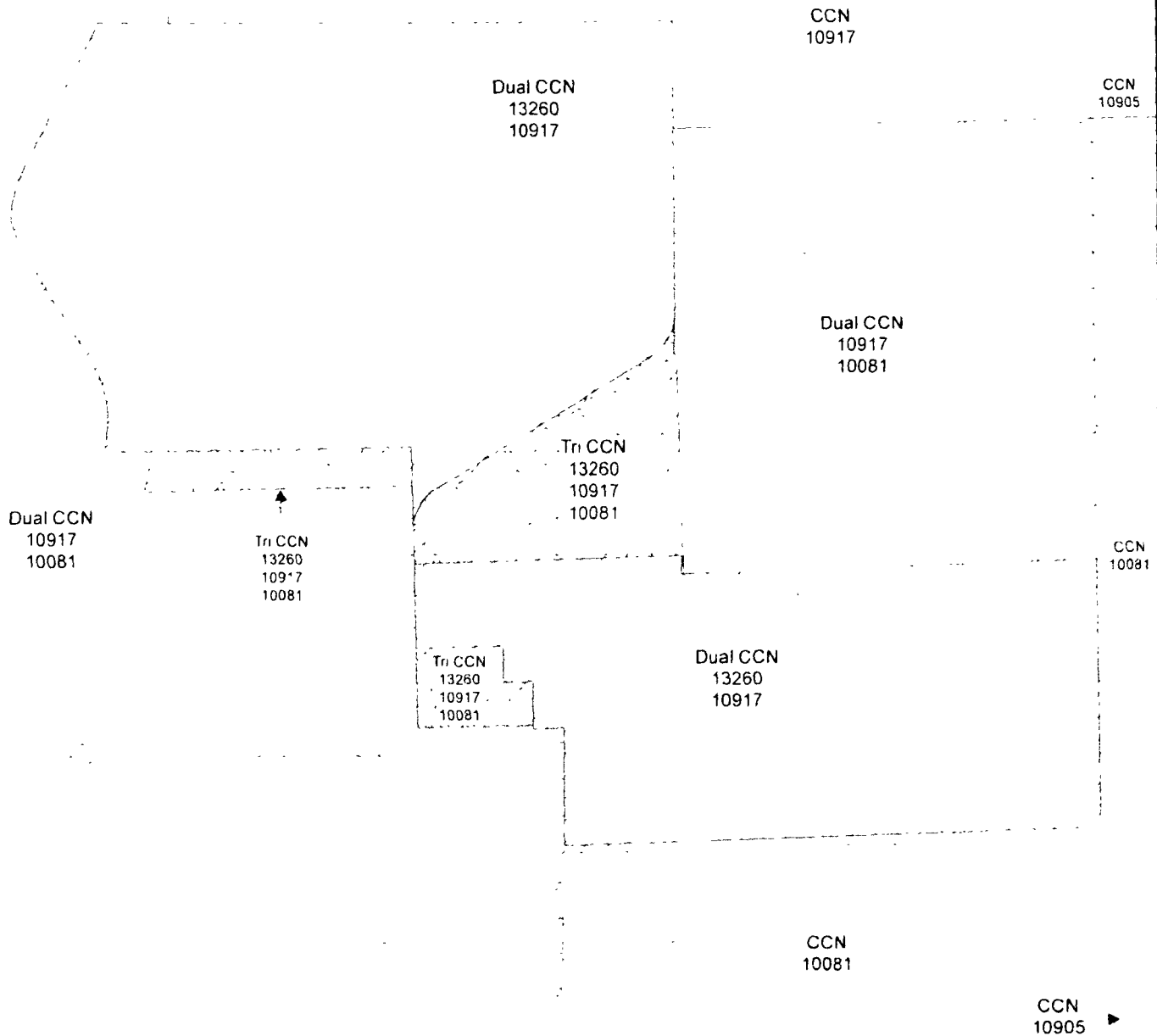
**Water CCN**

- ☐ 13260 - Undine Texas LLC
- ☐ 10081 - Johnson County SUD
- ☐ 10917 - City of Cleburne



Map by: Komal Patel  
Date created: March 20, 2019  
Project Path: n:\vinalmapping  
48388\UndineMap3.mxd

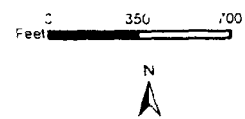
Undine Texas, LLC  
Portion of Water CCN No. 13260  
PUC Docket No. 48388  
Transferred all of Chuck Bell Water Systems, LLC, CCN No. 12190 in Johnson County



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

**Water CCN**

- 13260 - Undine Texas LLC
- 10917 - City of Cleburne
- 10081 - Johnson County SUD
- 10905 - City of Keene



Map by: Komal Patel  
Date created: March 20, 2019  
Project Path: n:\vinalmapping\48388UndineMAP4.mxd