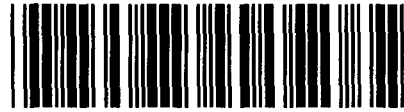




Control Number: 49169



Item Number: 23

Addendum StartPage: 0

APPLICATION OF UNDINE TEXAS, §
LLC AND UNDINE TEXAS §
ENVIRONMENTAL, LLC FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN BRAZORIA COUNTY §

2019 JUL 15 4:11:13
PUBLIC UTILITY COMMISSION
OFFICE OF THE CLERK
PUBLIC UTILITY COMMISSION
STATE OF TEXAS

**JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER APPROVING
SALE/TRANSFER TO PROCEED**

COME NOW, Undine Texas Environmental, LLC (Undine Texas Environmental) and Undine Texas, LLC (Undine Texas) (collectively, applicants) together with the Staff of the Public Utility Commission of Texas (Staff), (collectively, the Parties), and file this Joint Motion to Admit Evidence and Proposed Order Approving Sale/Transfer to Proceed. In support thereof, the Parties show the following:

I. BACKGROUND

On February 4, 2019, applicants filed an application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Brazoria County, Texas. Specifically, the applicants seek to transfer all of Undine Texas' facilities and service area under sewer Certificate of Convenience and Necessity Number 21106 to Undine Texas Environmental. The requested transfer includes approximately 205 acres and 178 current customers. Applicants filed supplemental information on February 19, 2019 and March 12, 2019.

Staff filed a recommendation requesting the entry of an order permitting the proposed transaction to proceed on May 13, 2019. Order No. 4, issued on June 13, 2019, requested the parties to submit a motion to admit evidence and a proposed order approving the sale. This pleading is therefore timely filed.

II. CORRECTION TO STAFF RECOMMENDATION

On May 13, 2019, Staff incorrectly listed in its Recommendation on Final Disposition the existing customer count in the area to be transferred as approximately 119 customers. As the

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applicants noted in their amendment to the application filed on March 12, 2019, the actual customer connection count should be approximately 178.

III. JOINT MOTION TO ADMIT EVIDENCE

The Parties move to admit the following into the record evidence of this proceeding:

- (a) The applicants' application, filed on February 4, 2019, as supplemented on February 19, 2019 and March 12, 2019;
- (b) The applicants' proof of notice and supporting documentation, filed on March 14, 2019;
- (c) The applicants' responses to Staff's first request for information, filed on April 9, 2019; and
- (d) Commission Staff's recommendation on the sale to proceed, filed on May 13, 2019.

IV. JOINT PROPOSED ORDER APPROVING SALE/TRANSFER TO PROCEED

The attached Joint Proposed Order Approving Sale/Transfer to Proceed would authorize the transaction to Undine Texas Environmental all of Undine Texas' facilities and service area under sewer Certificate of Convenience and Necessity Number 21106.

V. CONCLUSION

The Parties respectfully request that the Commission authorize the proposed transaction to proceed.

Dated: July 15, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

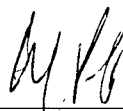
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PUC DOCKET NO. 49169

I certify that a copy of this document will be served on all parties of record July 15, 2019
in accordance with 16 TAC § 22.74.



Alexander Petak

PUC DOCKET NO. 49169

APPLICATION OF UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN BRAZORIA COUNTY	§ § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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JOINT PROPOSED ORDER APPROVING SALE/TRANSFER TO PROCEED

This Order addresses the application of Undine Texas Environmental, LLC (Undine Texas Environmental) and Undine Texas, LLC (Undine Texas) (collectively, applicants) for the sale, transfer, or merger of facilities and certificate rights in Brazoria County. The Commission approves the sale and authorizes the transaction proposed in this application to proceed.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Undine Texas is a retail public utility that operates, maintains, and controls facilities for providing sewer service in Brazoria County under Certificate of Convenience and Necessity (CCN) No. 21106.
2. Undine Texas has wastewater discharge permitted registered with the Texas Commission on Environmental Quality (TCEQ) for Angle Acres (WQ0012420001) and Beechwood (WQ0012113001).
3. Undine Texas Environmental is a retail public utility that operates, maintains, and controls facilities for providing sewer service in Brazoria County under CCN No. 20816.
4. Undine Texas Environmental has wastewater discharge permitted registered with the TCEQ for Sugartree (WQ0014163001), Mayfair Addition (WQ0013518001), Grand Ranch Phase 2 (WQ0013846001) and Country Vista Plant (WQ0013769001).

Application

5. On February 2, 2019, applicants filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Brazoria County.

6. Applicants seek to transfer all of Undine Texas' facilities and service area under sewer CCN No. 21106 to Undine Texas Environmental, cancel Undine Texas' sewer CCN No. 21106, and amend Undine Texas Environmental CCN No. 20816.
7. The total area requested in this application includes approximately 205 acres and 178 current customers and includes all of the area constituting the Angle Acres Subdivision and the Beechwood Subdivision.
8. The requested service area subject to this transaction for Angle Acres is located approximately 2 miles east of downtown Angleton, TX, and is generally bounded on the north by E. Kiber Street; on the east by FM 523; on the south by Fort Road (CR 233); and on the west by Jamison Road (CR 428).
9. The requested service area subject to this transaction for Beechwood is located approximately 3.5 miles north of downtown Angleton, Texas, and is generally bounded on the north by FM 45; on the east by SH 288 Business; on the south by CR 229; and on the west by FM 521.
10. In Order No. 2 issued on March 11, 2019, the administrative law judge (ALJ) found the application administratively complete.

Notice

11. Notice of the application appeared in the *Texas Register* on August 10, 2018.
12. On March 14, 2019, Carey Thomas filed an affidavit on behalf of Undine Texas Environmental, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on March 13, 2019.
13. In Order No. 3, issued on March 26, 2019, the ALJ deemed the notice sufficient.

Evidentiary Record

14. On July 15, 2019, the parties filed a joint motion to admit evidence.
15. In Order No. __ issued on _____, 2019, the ALJ admitted the following evidence into the record: The applicants' application, filed on February 4, 2019, as supplemented on February 19, 2019 and March 12, 2019; the applicants' proof of notice and supporting documentation, filed on March 14, 2019; the applicants' responses to Staff's first request

for information, filed on April 9, 2019; and Commission Staff's recommendation on the sale to proceed, filed on May 13, 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)

16. Undine Texas and Undine Texas Environmental have not been subject to any unresolved enforcement action by the Commission, TCEQ, the Texas Department of Health, the Office of Attorney General, or the United States Environmental Protection Agency.
17. Undine Texas and Undine Texas Environmental do not have any violations listed in the TCEQ database.

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

18. Undine Texas has wastewater discharge permitted registered with the TCEQ for Angle Acres (WQ0012420001) and Beechwood (WQ0012113001) and does not have any violations listed in the TCEQ database.

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

19. This application is to transfer only existing facilities, customers, and service area.
20. Undine Texas Environmental has received no new requests for service and is not requesting to add additional uncertificated area.
21. Undine Texas' existing customers in the requested area have a need for service.

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)

22. Undine Texas and Undine Texas Environmental are the only utilities affected by this sale and transfer.
23. All customers will be charged the same rates as they were charged before the transaction.

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

24. Undine Texas Environmental has a sufficient number of licensed operators and the managerial and technical capability to provide adequate and continuous service to the requested service area.

25. Undine Texas Environmental and Undine Texas have sufficient capacity to serve the customers and no additional construction is necessary.

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)

26. Undine Texas Environmental's long term debt, divided by equity, produces a debt to equity ratio of less than one.
27. Undine Texas Environmental demonstrated that it has the available cash levels to serve the requested service area.
28. Undine Texas Environmental has demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

The 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)

29. The requested area has existing facilities and is currently being served by Undine Texas.
30. Utilities within a two mile radius were noticed and no protests or requests to opt out were received regarding the proposed transaction.
31. It is not feasible for an adjacent utility to provide service to the requested area.

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

32. Undine Texas Environmental's projected operating revenues are sufficient to cover projected operations and maintenance expense for the first five years after the completion of the proposed sale and transfer.
33. There is no need to require Undine Texas Environmental to provide a bond or other financial assurance to ensure continuous and adequate service.

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

34. 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)

35. The requested area will continue to be served by existing systems and facilities and no additional construction is needed; therefore the effect on the land should be minimal.

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

36. The proposed transaction will improve customer service to existing customers because the sewer system will be integrated in the system of Undine Texas Environmental, and the rates will not change.

II. Conclusions of Law

1. After consideration of the factors in TWC § 13.246(c), Undine Texas Environmental has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area. TWC § 13.301(b).
2. Undine Texas and Undine Texas Environmental have demonstrated that the transfer of all of Undine Texas' facilities and service area under sewer CCN No. 21106 to Undine Texas Environmental's CCN No. 20816 will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public. TWC § 13.301(d), (e).

III. Ordering Paragraphs

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

1. The sale is approved and the transaction between applicants may proceed and be consummated.
2. As soon as possible after the effective date of the transactions, but not later than 30 days after the effective date, the applicants shall file proof that the transaction has been consummated and customer deposits have been addressed.
3. The applicants have 180 days to complete the transaction.
4. Under 16 TAC § 24.109(o), if the transaction is not consummated within this period, or an extension is not granted, this approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that Angle Acres (WQ0012420001) and Beechwood (WQ0012113001) and the corresponding service area will remain under CCN No. 21106

and held by Undine Texas until the sale and transfer transaction is complete in accordance with Commission rules.

6. In an effort to finalize this case as soon as possible, the applicants shall continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
7. Within 15 days following the filing of the applicants' proof that the transaction has been consummated and customer deposits, if any, have been addressed, Commission Staff shall file a recommendation regarding the sufficiency of the documents and propose a procedural schedule for continued processing of this docket.

SIGNED AT AUSTIN, TEXAS on the ____ day of _____, 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE