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Received - 2022-07-14 05:08:25 PM
Control Number - 52502
ItemNumber - 46

DOCKET NO. 52502

APPLICATION OF TEXAS WATER	§	PUBLIC UTILITY COMMISSION
SYSTEMS, INC. AND UNDINE	§	
DEVELOPMENT, LLC FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN GREGG, HENDERSON,	§	
SMITH, AND UPSHUR COUNTIES	§	

STATUS UPDATE

On September 2, 2021, Texas Water Systems, Inc. (TWS) and Undine Development, LLC (Undine) (jointly, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Gregg, Henderson, Smith, and Upshur Counties.

On June 24, 2022, the administrative law judge (ALJ) filed Order No. 10 requiring the Staff (Staff) of the Public Utility Commission of Texas (Commission) and Applicants (collectively, Parties) to file a joint status report and propose a procedural schedule by July 14, 2022. Therefore, this pleading is timely filed. Staff attempted to reach an agreement on the language of this status update by the deadline but was unsuccessful.

I. STATUS UPDATE

Applicants filed a sale, transfer, merger (STM) application under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. However, unlike previous STM applications in which an acquiring utility was required to maintain the same rates of the acquired utility,¹ Applicants used a new statute—TWC § 13.3011—to request new rates that are currently in force for another water system Undine owns and operates. Undine has a number of similar applications pending.² At Undine's request, Staff has been prioritizing its review of Docket

¹ See 16 TAC § 24.25(a).

² *Application of Conroe Resort Utilities, LLC and Undine Development, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montgomery County*, Docket No. 52797 (pending); *Application of Terra Southwest, Inc. and Undine Development, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Denton County*, Docket No. 52852 (pending); *Application of Orbit Systems, Inc. and Undine Texas, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Brazoria County*, Docket No. 53629 (pending); *Application*

No. 52797 and intends to use that docket as a model for resolution of the other similar pending dockets. Staff expects to make a substantive filing in that docket in the near term.

The Commission has not yet drafted regulatory rules that correspond to TWC § 13.3011, and as a result, Staff has taken a cautious and measured approach in processing this application. The parties are still engaged in negotiations on how to move forward on this application.

II. PROCEDURAL SCHEDULE

Staff propose either filing another joint status report or requesting a hearing or filing a recommendation on the administrative completeness of the application and approval of the sale by July 29, 2022.

III. CONCLUSION

For the reasons stated above, Staff respectfully request an order requiring Staff to either file another joint status report or request a hearing or file a recommendation on the administrative completeness of the application and approval of the sale by July 29, 2022.

of Orbit Systems, Inc. and Undine Texas Environmental, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Brazoria County, Docket No. 53630 (pending); and Application of Crystal Systems Texas, LLC and Undine Texas, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Smith County, Docket No. 53765 (pending).

Dated: July 14, 2022

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on July 14, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch
Ian Groetsch