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

COMMISSION STAFF’S CLARIFICATION

I. INTRODUCTION

On September 2, 2021, Texas Water Systems, Inc. (TWS) and Undine Development, LLC filed an application for approval of the sale, transfer, or merger (STM) of facilities and certificate of convenience and necessity (CCN) rights in Gregg, Henderson, Smith, and Upshur Counties. On August 26, 2022, the application was amended to replace Undine Development, LLC with Undine Texas, LLC (Undine Texas) as the applicant.

On February 8, 2023, the administrative law judge (ALJ) filed Order No. 19, requiring parties to clarify whether there are any violations, resolved or unresolved, associated with Undine Texas, LLC in the Commission or the Texas Commission on Environmental Quality’s (TCEQ) databases by February 21, 2023. Therefore, this pleading is timely filed.

II. CLARIFICATION

In its review of the application, as amended, Staff evaluated the compliance histories of the nine public water systems (PWSs) and subdivisions that are proposed for transfer in this transaction and concluded that some of the PWSs do have violations listed in the TCEQ database.¹ Nevertheless, Staff pointed out that there is a plan in place to resolve these violations.² Staff also discovered that, since 2017, there have been 10 complaints against TWS, all of which have been closed.³ Beyond this inquiry, Staff cannot confirm whether there are any other violations, resolved or unresolved, involving Undine Texas’ other systems. For the sake of efficiency and due to a lack

¹ Commission Staff’s Recommendation on the Transaction, Attachment 1 at 2 (Nov. 17, 2022).

² *Id.*, Attachment 1 at 2–3.

³ *Id.*, Attachment 1 at 3.

of resources, for STM transactions, Staff focuses its review of seller's compliance history and is unable to check all of the buyer's compliance history, especially when the buyer owns and operates multiple public water systems and wastewater treatment plants, like in this case. Thus, Staff can only confirm that some of the nine PWSs and subdivisions to be transferred in this transaction do have violations listed in the TCEQ database and that Undine has a plan in place to resolve these violations.

III. CONCLUSION

Staff respectfully requests that the foregoing information be taken into consideration by the ALJ.

Dated: February 21, 2023

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

John Harrison
Managing Attorney

/s/ Ian Groetsch

Ian Groetsch
State Bar No. 24078599
Kevin R. Bartz
State Bar No. 24101488
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7465
(512) 936-7268 (facsimile)
Ian.Groetsch@puc.texas.gov

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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 February 21, 2023, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch
Ian Groetsch