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DOCKET NO. 52852

APPLICATION OF TERRA	§	PUBLIC UTILITY COMMISSION
SOUTHWEST, INC. AND UNDINE	§	
TEXAS, LLC FOR SALE, TRANSFER,	§	OF TEXAS
OR MERGER OF FACILITIES AND	§	
CERTIFICATE RIGHTS IN DENTON	§	
COUNTY		

COMMISSION STAFF’S COMMENTS ON SUPPLEMENTAL FILING

I. INTRODUCTION

On November 16, 2021, Terra Southwest, Inc. and Undine Development, LLC filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity rights in Denton County. On August 26, 2022, the application was supplemented to replace Undine Development, LLC with Undine Texas, LLC (Undine).

On June 21, 2023, the administrative law judge filed Order No. 27, requiring the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file comments on Undine’s June 19, 2023 supplemental filing by June 30, 2023. Therefore, this pleading is timely filed.

II. COMMISSION STAFF’S COMMENTS ON SUPPLEMENTAL FILING

Staff has reviewed Undine’s June 19, 2023 supplemental filing and, as supported by the attached memorandum of Fred Bednarski of the Rate Regulation Division, recommends that Undine’s supplemental filing does not change Staff’s April 20, 2023 recommendation.

III. CONCLUSION

For the reasons detailed above, Staff respectfully requests that an order be issued allowing the proposed transaction to proceed.

Dated: June 30, 2023

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Ian Groetsch
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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 June 30, 2023, in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Ian Groetsch
Ian Groetsch

Public Utility Commission of Texas

Memorandum

TO: Ian Groetsch
Legal Division

FROM: Fred Bednarski III
Rate Regulation Division

DATE: June 30, 2023

RE: Docket No. 52852 *Application of Terra Southwest, Inc. and Undine Texas, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Denton County*

On November 16, 2021, Undine Development, LLC, CCN No. 12407, and Terra Southwest, Inc. (Terra), CCN No. 11608 filed an application for the sale of facilities and certificate rights in Denton County under the provisions of Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. On August 26, 2022, the application was supplemented to replace Undine Development, LLC with Undine Texas, LLC, (Undine) CCN No. 13260.

On June 21, 2023, the administrative law judge issued Order No. 27, requiring staff to file comments on Undine's June 19, 2023 supplemental filing stating whether the filing has any effect on Commission Staff's April 20, 2023 recommendation on the transaction.

Undine provided additional equity funding agreements demonstrating access to adequate funding for the purchase price and capital improvements as indicated in confidential attachment FB-1. Undine's parent (Undine LLC) has committed capital to pay for the capital improvements and purchase price of Terra and is capable, available, and willing to cover any temporary cash shortages and operating expense shortfalls.¹ Therefore, I recommend a finding that Undine provided access to adequate cash funding, a firm capital commitment, and that, if necessary, a good cause exception should be granted for 16 TAC § 24.11(e)(5)(A), and that the filing doesn't have any effect on Commission Staff's April, 20, 2023 recommendation on the transaction.

¹ Application, Confidential Exhibit A Guaranty, Item no. 104, at bates 2 (Feb. 17, 2023).