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APPLICATION OF CRYSTAL	§	PUBLIC UTILITY COMMISSION
SYSTEMS TEXAS, LLC AND UNDINE	§	
TEXAS, LLC FOR SALE, TRANSFER,	§	OF TEXAS
OR MERGER OF FACILITIES AND	§	
CERTIFICATE RIGHTS IN SMITH	§	
COUNTY	§	

ORDER NO. 19
ORDER ON CLARIFICATION

This Order addresses the legal issue raised in Order 18 in this application regarding the applicability of Texas Water Code (TWC) § 13.3011 to this application of Crystal Systems Texas, LLC and Undine Texas, LLC for the sale, transfer, or merger of facilities and certificate rights in Smith County. The administrative law judge (ALJ) finds that TWC § 13.3011 applies to customers affected by this application. However, the Commission only has original exclusive rate setting authority for the customers that are subject to this application and that are not located inside the city limits of the City of Hideaway.

On September 25, 2023, Undine clarified that in this application it only seeks to set the rates for customers located outside the municipal limits of Hideaway. In its March 8, 2023 recommendation on the transaction, Commission Staff stated that there is no demonstration that Hideaway ceded its ratemaking authority and was of the opinion that the Commission lacks the authority to change the rates of customers within Hideaway's municipal limits under TWC § 13.3011.

The ALJ agrees with both Undine and Commission Staff. A plain reading of this statute says that Undine, as the purchasing or acquiring person, is entitled to request that initial rates for customers on the acquired system be set according to this statute. Which means, Undine is entitled to request that the Commission set its initial rates for customers that are subject to this application and over which it has original rate setting authority at Undine's currently tariffed rate that was in effect on another system when this application was filed.

TWC § 13.3011 does not authorize the Commission to override or interfere with the original water rate jurisdiction of Hideaway. In fact, Undine would need to make a request under TWC § 13.3011 to Hideaway for initial rates to be set for customers that are on the system acquired

in this application and that are located within the city limits. Undine may appeal a rate setting action by Hideaway to the Commission.

Signed at Austin, Texas on the 14th day of November 2023.

PUBLIC UTILITY COMMISSION OF TEXAS



SUSAN E. GOODSON

ADMINISTRATIVE LAW JUDGE