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**APPLICATION OF UNDINE TEXAS § PUBLIC UTILITY COMMISSION
ENVIRONMENTAL, LLC AND NITSCH §
AND SON UTILITY COMPANY, INC. § OF TEXAS
FOR SALE, TRANSFER, OR MERGER §
OF FACILITIES AND CERTIFICATE §
RIGHTS IN HARRIS COUNTY §**

**ORDER NO. 22
REQUIRING COMMISSION STAFF RECOMMENDATION REGARDING INITIAL
RATES**

On July 14, 2022, Undine Texas Environmental, LLC and Nitsch and Son Utility Company, Inc. filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Harris County. In the application, Undine requested, under Texas Water Code (TWC) § 13.3011, that it be authorized to charge its currently approved rates to customers it will acquire from Nitsch and Son.

On June 1, 2023, Commission Staff filed its recommendation on the transaction. In its recommendation, Commission Staff states, “As allowed by the statute TWC § 13.3011, Undine has requested that the customers’ rates be changed to match Undine’s currently effective approved rates. . . . As shown in Attachment No. 2 to this memo, Undine’s [current] rates are appreciably higher than the current rates for the Nitsch and Son customers.”¹ Commission Staff’s recommendation does not address whether Undine’s current rates are just and reasonable rates to charge Nitsch and Son’s customers.

By May 15, 2024, Commission Staff must file a recommendation addressing whether Undine’s current rates are just and reasonable rates to charge to the customers that were formerly served by Nitsch and Son, as required by TWC § 13.182(a).²

¹ Commission Staff’s Recommendation on the Transaction at 3, 6.

² See *Water and Sewer Utility Rates After Acquisition*, Project No. 53924, Order Adopting 16 TAC 24.240 at 4–5 (Mar. 21, 2024) (“TWC § 13.182(a) unambiguously requires that the commission ‘shall ensure that every rate made, demanded, or received by any utility . . . shall be just and reasonable.’ Without specific language countermanning this directive in TWC § 13.3011, the commission cannot approve a request for authorized acquisition rates without ensuring that the requested rates are just and reasonable.”).

Signed at Austin, Texas on the 1st day of May 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read 'Isaac TA', written over a horizontal line.

ISAAC TA
ADMINISTRATIVE LAW JUDGE

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