



## **Filing Receipt**

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<b>APPLICATION OF</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>GUADALUPE-BLANCO RIVER</b>	<b>§</b>	
<b>AUTHORITY AND UNDINE TEXAS</b>	<b>§</b>	<b>OF TEXAS</b>
<b>ENVIRONMENTAL, LLC FOR SALE,</b>	<b>§</b>	
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	
<b>RIGHTS IN CALHOUN COUNTY</b>	<b>§</b>	

**ORDER NO. 8**  
**APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Guadalupe-Blanco River Authority and Undine Texas Environmental, LLC for approval of the sale, transfer, or merger of facilities and certificate rights in Calhoun County. The applicants seek approval of the following: (1) the sale and transfer to Undine of Guadalupe-Blanco's Crestview Subdivision sewer facilities and 68 existing customers; (2) the addition of 60 acres of uncertificated area currently served by the Guadalupe-Blanco River Authority to Undine's certificate of convenience and necessity (CCN) number 20816; and (3) the amendment to Undine's CCN number 20816 to include the facilities and customers of Guadalupe-Blanco and addition of the 60 uncertificated acres in Calhoun County. The administrative law judge (ALJ) approves the transaction between Guadalupe-Blanco and Undine and authorizes it to be completed.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicants**

1. Guadalupe-Blanco is a conservation and reclamation district in Calhoun County organized under article 16, section 59 of the Texas Constitution.
2. Guadalupe-Blanco owns and operates a wastewater treatment plant permitted by the Texas Commission on Environmental Quality (TCEQ) under the name Crestview Subdivision, wastewater treatment plant discharge permit number WQ0013954001.
3. Undine is a Texas limited liability company registered with the Texas secretary of state under file number 801768069.

4. Undine holds CCN number 20816 which obligates it to provide retail sewer service in its certificated service area in multiple counties.
5. Undine owns and operates multiple public sewer systems permitted by the TCEQ.

**Application**

6. On August 16, 2023, the applicants filed the application at issue in this proceeding.
7. Undine supplemented the application on September 28, 2023 and March 6, 2024.
8. The application, as supplemented, seeks approval of the following:
  - a. the acquisition by Undine of Guadalupe-Blanco's Crestview Subdivision wastewater treatment plant, sewer facilities, and 68 existing customers,
  - b. the addition of 60 acres of uncertificated area currently served by the Guadalupe-Blanco River Authority to Undine's certificate of convenience and necessity (CCN) number 20816; and
  - c. the amendment to Undine's CCN number 20816 to include the facilities and customers of Guadalupe-Blanco and additional of the 60 uncertificated acres in Calhoun County.
9. The requested area is located approximately 4.2 miles southwest of downtown Port Lavaca, Texas, and is generally bounded on the north by Farm-to-Market Road 2433, on the east by the intersection of Farm-to-Market Road 2433 and Sweetwater Road, on the south by the intersection of Sweetwater Road and Sanders Road, and on the west by Sanders Road.
10. The requested area includes 60 acres of uncertificated area and 68 customers.
11. In Order No. 3 filed on October 20, 2023, the ALJ found the application, as supplemented, administratively complete.

**Notice**

12. On December 14, 2023, Undine filed the following:
  - a. the affidavit of Vance Tillman, chief financial officer of Undine, attesting that there are no landowners owning tracts of land over 25 acres wholly or partly inside the requested CCN area; and

- b. the affidavit of Mr. Tillman, attesting that notice, including maps, was sent via first-class mail on December 4, 2023 to all customers, neighboring utilities, and affected parties.
13. On December 28, 2023, Undine filed a publisher's affidavit and tear sheets from the *Port Lavaca Wave*, a newspaper of general circulation in Calhoun County, attesting to publication on December 13 and 20, 2023.
14. In Order No. 5 filed on January 22, 2024, the ALJ found the notice, as supplemented, sufficient.

**Evidentiary Record**

16. In Order No. 7 filed on April 10, 2024, the ALJ admitted the following evidence into the record of this proceeding:
- a. The application and all attachments filed on August 16, 2023;
  - b. Commission Staff's recommendation on administrative completeness and notice, filed on September 18, 2023;
  - c. Undine's response to Order No. 2 filed on September 28, 2023;
  - d. Commission Staff's supplemental recommendation on administrative completeness and notice and proposed procedural schedule filed on October 18, 2023;
  - e. Commission Staff's recommendation on notice and proposed procedural schedule filed on December 1, 2023;
  - f. Undine's proof of notice filed on December 14, 2023;
  - g. Undine's supplemental proof of notice filed on December 28, 2023;
  - h. Commission Staff's supplemental recommendation on notice and proposed procedural schedule filed on January 18, 2024;
  - i. Applicants' supplement to the application filed on March 6, 2024;
  - j. Commission Staff's recommendation on approval of the sale and CCN amendment, including confidential attachment EB-1, filed on March 6, 2024; and

- k. Undine's response to Commission Staff's recommendation filed on March 13, 2024.

**Purchaser's Compliance History**

15. Undine has several TCEQ-approved wastewater treatment plants.
16. Undine has violations listed in the TCEQ database, which are being addressed.
17. The Commission's complaint records, which date back five years, show two complaints against Undine, which have been reviewed and closed by the Commission's consumer protection division.
18. Undine does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
19. Undine has demonstrated a compliance status that is adequate for approval of the transaction to proceed.

**Adequacy of Existing Service**

20. Guadalupe-Blanco owns and operates a wastewater treatment plant permitted by the TCEQ as Crestview Subdivision under permit number WQ0013954001.
21. The last TCEQ compliance investigation of the Crestview Subdivision system was on November 30, 2023.
22. Guadalupe-Blanco has two violations listed in the TCEQ database for the Crestview Subdivision sewer system, which are being addressed.
23. The Commission's complaint records, which date back five years, show four complaints against Guadalupe-Blanco, all of which have been reviewed and closed by the Commission's consumer protection division.
24. No capital improvements are necessary for Undine to provide continuous and adequate service to the requested area.
25. There is no evidence in the record that Guadalupe-Blanco has failed to comply with any Commission or TCEQ order.

**Need for Additional Service**

26. There are currently 68 existing customers in the requested area that are receiving service from the Crestview Subdivision system and have an ongoing need for service.
27. There have been no specific requests for additional service within the requested area.

**Effect of Approving the Transaction and Granting the Amendment**

28. Undine will be the sole certificated sewer utility for the requested area.
29. Undine will be required to provide continuous and adequate sewer service to current and future customers in the requested area.
30. Landowners in the requested area will be able to obtain sewer service from Undine.
31. All retail public utilities in the proximate area were provided notice of the transaction requested in this proceeding and none requested to intervene.
32. There will be no effect on any retail public utility providing service to the proximate area.

**Ability to Serve: Managerial and Technical**

33. Undine employs or contracts with TCEQ-licensed operators who will operate the sewer system being transferred.
34. No additional construction is necessary for Undine to provide sewer service to the requested area.
35. Undine has the managerial and technical capability to provide adequate and continuous service to the requested area.

**Ability to Serve: Financial Capability and Stability**

36. Undine's guarantor Undine Group, LLC has a debt-to-equity ratio that is less than one, satisfying the leverage test.
37. Undine projects no operating cash shortages in the first five years of operations, satisfying the operations test.
38. Undine demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

**Financial Assurance**

39. There is no need to require Undine to provide a bond or other financial assurance to ensure continuous and adequate service.

**Feasibility of Obtaining Service from Adjacent Retail Public Utility**

40. Guadalupe-Blanco is currently serving customers in the Crestview Subdivision system.
41. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed. At a minimum, an interconnection would need to be installed to connect to a neighboring retail public utility.
42. It is not feasible to obtain service from an adjacent retail public utility.

**Regionalization or Consolidation**

43. It will not be necessary for Guadalupe-Blanco to construct a physically separate wastewater system to serve the requested area.
44. Because the requested area will not require construction of a physically separate wastewater system, consideration of regionalization or consolidation with another retail public utility is not required.

**Environmental Integrity and Effect on the Land**

45. The requested area will continue to be served with existing infrastructure.
46. The environmental integrity and effect on the land will not be affected as no additional construction is needed to serve the requested area.

**Improvement of Service or Lowering Cost to Consumers**

47. The existing customers' rates served by the Crestview Subdivision sewer system will not change as a result of the transaction.
48. Reliability and quality of water service is expected to improve under Undine's management.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. Notice of the application was provided in compliance with Texas Water Code (TWC) §§ 13.246, 13.301(a)(2), and 16 Texas Administrative Code (TAC) § 24.239.

2. After consideration of the factors in TWC § 13.246(c) and 16 TAC § 24.227(e), Undine has demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251.
3. Undine demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC §§ 13.241(a) and 13.301(b).
4. The applicants demonstrated that the sale and transfer of the facilities and customers from Guadalupe-Blanco to Undine will serve the public interest and is necessary for the continued service, accommodation, convenience, or safety of the public, as required by TWC §§ 13.246(b) and 13.301(d) and (e).

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between Guadalupe-Blanco and Undine in this proceeding is approved and may be completed.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been completed and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period and no extension has been granted, this approval is void and the applicants will have to reapply for approval.
5. The facilities and customers will continue to be held by Guadalupe-Blanco until the final order or notice of approval is issued in this matter, in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.



7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

**Signed at Austin, Texas on the 10th day of April 2024.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

*Susan E. Goodson*

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**SUSAN E. GOODSON  
ADMINISTRATIVE LAW JUDGE**