



## **Filing Receipt**

**Filing Date - 2023-05-12 02:29:25 PM**

**Control Number - 52797**

**Item Number - 242**

**DOCKET NO. 52797**

<b>APPLICATION OF CONROE RESORT UTILITIES, LLC AND UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN MONTGOMERY COUNTY</b>	<b>§ § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------	----------------------------------------------------

**COMMISSION STAFF'S FINAL RECOMMENDATION**

**I. INTRODUCTION**

On November 8, 2021, Conroe Resort Utilities, LLC (Conroe) and Undine Development, LLC (Undine) (jointly, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Montgomery County. On August 25, 2022, the application was amended to replace Undine Development, LLC with Undine Texas, LLC (Undine Texas) and Undine Texas Environmental, LLC (Undine Texas Environmental) as the applicants.

On May 8, 2023, the administrative law judge (ALJ) filed Order No. 24, requiring the Staff (Staff) of the Public Utility Commission of Texas (Commission) to request a hearing or file a final recommendation on approval of the sale by May 12, 2023. Therefore, this pleading is timely filed.

**II. RECOMMENDATION ON APPROVAL OF THE TRANSACTION**

Staff has reviewed the application, as amended, and supplemental information and, as supported by the attached memoranda by Patricia Garcia of the Infrastructure Division and Ethan Blanchard of the Rate Regulation Division, recommends that the proposed transaction satisfies the relevant statutory and regulatory criteria, including those factors identified in Texas Water Code (TWC) Chapter 13 and 16 Texas Administrative Code Chapter 24. Additionally, based upon its review, Staff recommends that Undine has demonstrated it possesses the financial, technical, and managerial capability to provide continuous and adequate service to the area subject to the proposed transaction. Therefore, Staff recommends that the transaction will serve the public interest and should be allowed to proceed without a public hearing.

In addition, Staff recommends that the Applicants be ordered to file documentation demonstrating that the transaction has been consummated and that the disposition of any remaining deposits have been addressed as required under 16 TAC §§ 24.109(m)-(n).

If the Commission enters an order permitting the transaction to proceed, such approval expires 180 days from the date of the Commission's written approval of the sale. If the sale is not effectuated within that period, and unless the Applicants request and receive an extension from the Commission, the approval is void and the Applicants must re-apply for approval of the sale.

### III. CONCLUSION

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

Dated: May 12, 2023

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Marisa Lopez Wagley  
Interim Division Director

John Harrison  
Managing Attorney

*/s/ Ian Groetsch*  
Ian Groetsch  
State Bar No. 24078599  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7465  
(512) 936-7268 (facsimile)  
ian.groetsch@puc.texas.gov

**DOCKET NO. 52797**

**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 May 12, 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, Attorney  
Legal Division

**FROM:** Patricia Garcia, Infrastructure Analysis Section Director  
Infrastructure Division

**DATE:** May 12, 2023

**RE:** Docket No. 52797 – *Application of Conroe Resort Utilities, LLC and Undine Texas, LLC and Undine Texas Environmental, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montgomery County*

---

### **1. Introduction**

On November 8, 2021, Undine Development, LLC (Undine Development) and Conroe Resort Utilities, LLC (Conroe Resort) filed an application for a public interest determination for a transaction to transfer facilities and certificate rights in Montgomery County, Texas, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. The application will be amended to substitute Undine Texas, LLC (Undine Texas) and Undine Texas Environmental, LLC (Undine Texas Environmental) as the purchasing utilities. Collectively, I refer to Undine Texas, Undine Texas Environmental, and Conroe Resort as the Applicants.

Undine Texas, water certificate of convenience and necessity (CCN) No. 13260, seeks approval to acquire facilities and to transfer all of the water service area and customers from Conroe Resort under water CCN No. 11942.

Undine Texas Environmental, sewer CCN No. 20816, seeks approval to acquire facilities and to transfer all of the sewer service area and customers from Conroe Resort under sewer CCN No. 20638.

The area to be transferred is the entire certificated water and sewer service areas of Conroe Resort. Conroe Resort's certificated water and sewer service areas completely overlap; cover approximately 282 acres; and include approximately 294 water customer connections and 289 sewer customer connections.

## **2. Notice**

Undine Development provided notice consistent with 16 TAC § 24.239(c).<sup>1</sup> The deadline to intervene was February 28, 2022; there were 27 protests received and one intervenor, the Office of Public Utility Counsel. Undine Texas and Undine Texas Environmental provided notice to customers on August 16, 2022. The deadline to intervene was September 16, 2022. There were 6 individuals received. Notice was deemed sufficient by the administrative law judge (ALJ) on September 27, 2022.

On December 20, 2022, Order No. 14, the ALJ withdrew the finding that notice was sufficient when the amended applications were submitted and required revised notice to be sent to customers. Undine Texas provided revised notice on April 6, 2023. The intervention deadline date was May 8, 2023; there were 63 protests received and 5 intervenors. There are 30 individuals from whom the ALJ has requested clarification regarding intervention on the case.

## **3. Factors Considered**

Under TWC § 13.301(e) and 16 TAC § 24.239(h), the Commission must consider certain factors when granting or amending a water or sewer CCN. These factors are addressed below.

### ***3.1. Consideration of the adequacy of service currently provided to the requested area and system compliance (TWC § 13.246(c)(1), 13.301(e)(3)(A); 16 TAC §§ 24.227(a) and (e)(1), 24.239(h)(3)(A), (h)(5)(A), and (h)(5)(I)).***

Conroe Resort has a Texas Commission on Environmental Quality (TCEQ) approved public water system (PWS) registered as Conroe Resort, PWS ID No. 1700416 and an approved wastewater treatment plant (WWTP) registered as Del Lago WWTP, Wastewater Discharge Permit No. WQ 0012493-001. The last TCEQ compliance investigation of the Conroe Resort system was on June 8, 2021. Two violations or concerns were noted as a result of that investigation and have since been resolved. The Commission's complaint records, which date back to 2017, show no complaints against Conroe Resort.

### ***3.2. Consideration of the need for additional service in the requested area (TWC § 13.246(c)(2); 16 TAC §§ 24.227(e)(2) and 24.239(h)(5)(B)).***

The transaction will transfer the PWS to Undine Texas and the WWTP to Undine Texas Environmental. Customers are currently receiving water service from Conroe Resort's PWS and WWTP in the requested areas. The application states that Conroe Resort did not have any pending requests for service in the requested areas.

### ***3.3. Consideration of the effect of granting an amendment on the recipient of the certificate or amendment, on the landowners in the area, and on any other retail public utility of the same kind already servicing the proximate area (TWC § 13.246(c)(3), 16 TAC §§ 24.227(e)(3), 24.239(h)(5)(c)).***

Undine Texas and Undine Texas Environmental will be the certificated entities for the requested areas and be required to provide continuous and adequate service to the requested area.

---

<sup>1</sup> Order No. 7. Finding Notice Sufficient and Establishing Procedural Schedule (Mar. 25, 2022).

There will be no change to landowners in the affected areas because Undine Texas and Undine Texas Environmental will be acquiring Conroe Resort's existing systems serving those areas.

There will be no effect on any retail public utility servicing the proximate area.

**3.4. *Consideration of the managerial and technical ability of the applicant to provide adequate service (TWC §§ 13.241(a) and (b), 13.246(c)(4); and 13.301(b) and (e)(2); 16 TAC §§ 24.227(a) and (e)(4), and 24.239(f) and (h)(5)(D)).***

TCEQ rule, 30 TAC § 290.46(e), Minimum Acceptable Operating Practices for Public Drinking Water Systems, requires the operation of a PWS by trained and licensed personnel. The production, treatment, and distribution facilities of a PWS must be operated at all times under the direct supervision of a water works operator who holds an applicable, valid license issued by the TCEQ executive director. The licensed operator of a public water system may be an employee, contractor, or volunteer. Undine Texas will have qualified TCEQ licensed operators licensed in water to run the acquired systems.

TCEQ rule, 30 TAC §30.331(b), Wastewater Operators and Operations Companies, requires the operators of a domestic wastewater treatment facility to have a valid license issued by the TCEQ executive director. Undine Texas Environmental will have qualified TCEQ licensed operators licensed in wastewater treatment to run the acquired systems.

Undine Texas and Undine Texas Environmental have the managerial and technical ability to provide adequate service in the requested area. Undine Texas has many TCEQ-approved PWS. Undine Texas Environmental has many TCEQ-approved WWTPs. The Commission's complaint records, which date back to 2017, show 100 informal complaints against Undine Texas and no informal complaints against Undine Texas Environmental. All the complaints have been closed by the Commission's Customer Protection Division.

Undine Texas indicated that there are open violations in the TCEQ database which mostly stem from inspections performed by the TCEQ after the purchase of under-capitalized systems. Undine Texas further states that many of these violations, which may have existed for a long period before Undine Texas submitted the application for transfer to the Commission, are not made official by the TCEQ until after the system is acquired by Undine Texas. Undine Texas states they are actively working on resolving the violations that have been identified by the TCEQ at each of their water and wastewater systems. Undine Texas has an open violation at the Commission, SIR2021120009, for violations related to compliance with their rate tariff. The investigation is on hold as a formal complaint was filed in Docket 53373 over the same issue.

**3.5. *The applicants' demonstration that regionalization or consolidation with another retail public utility is not economically feasible when construction of a physically separate water or sewer system is required to provide service to the requested area. (TWC § 13.241(d); 16 TAC § 24.227(b)).***

The construction of a physically separate system is not necessary for Undine Texas and Undine Texas Environmental to serve the requested areas. Therefore, concerns of regionalization or consolidation do not apply.

**3.6 *Consideration of the feasibility of obtaining service from an adjacent retail public utility (TWC § 13.246(c)(5); 16 TAC §§ 24.227(e)(5) and 24.239(h)(5)(E)).***

Conroe Resort is currently serving customers and has sufficient capacity. 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 interconnect would need to be installed in order to connect to a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

**3.7. *An application for a certificate of public convenience and necessity or for an amendment to a certificate must contain: a capital improvements plan, including a budget and estimated timeline for construction of all facilities necessary to provide full service to the entire proposed service area (TWC § 13.244(d)(3)).***

Undine Texas and Undine Texas Environmental are proposing to make improvements to the Conroe Resort water and sewer systems. The proposed capital improvements are expected to exceed \$100,000, therefore the need for firm capital commitment under 16 TAC § 24.11(e)(5) is required.

**3.8. *Consideration of the financial ability of the applicant to pay for facilities necessary to provide continuous and adequate service.***

The Rate Regulation Division is addressing this factor in a separate memo and has concluded that Undine Texas and Undine Texas Environmental have the necessary financial ability.

**3.9. *Requirement of the applicant to provide a bond or other financial assurance in a form and amount specified by the Commission to ensure that continuous and adequate utility service is provided.***

The Rate Regulation Division is addressing this factor in a separate memo and has concluded that a bond or other financial assurance is not needed.

**3.10. *Consideration of the environmental integrity and the effect on the land to be included in the certificated area (TWC § 13.246(c)(7) and (9); and 16 TAC §§ 24.227(e)(7) and (9) and 24.239(h)(5)(G)).***

The environmental integrity of the land will be minimally affected as new construction is completed to provide additional service to the requested areas.

**3.11. *Consideration of the probable improvement in service or lowering of cost to consumers (TWC § 13.246(c)(8); 16 TAC §§ 24.227(e)(8), 24.239(h)(5)(H)).***

If the transaction occurs, I expect that service will improve and costs to customers (consumers) will be lower compared to service and costs if the transaction does not occur. Undine Texas and Undine Texas Environmental are large utilities. This scale gives them the ability to operate their systems and comply with regulatory requirements more efficiently than smaller utilities.



As originally filed, the Conroe Resort systems and service areas proposed for acquisition would have become a part of Undine Development. Undine Development is a much smaller utility than Undine Texas and Undine Texas Environmental, has higher rates, and a pending application for approval of a system improvement charge that would substantially increase rates to customers of its currently owned system.

As shown in Attachment 1 of my memorandum, Undine's evaluation shows that the Conroe Resort systems need extensive water and sewer capital upgrades. As a result, if Conroe Resort were not acquired, the current owner would need to make upgrades and those upgrades would support a substantial increase of Conroe Resort's rates. Attachment 2 of my memorandum shows Undine Texas' and Undine Texas Environmental's financial projections using Conroe Resort's rates and Undine Texas' and Undine Texas Environmental's phased-in rates that were approved by the Commission in their last comprehensive rate case, Docket No. 50200. Attachment 2 shows projections for Undine Texas and Undine Texas Environmental using their phased-in rates

to the authorized rate of return of 6.7%<sup>2</sup> approved in their last comprehensive rate case.

Attachment 3 of my memorandum are excerpts from the tariffs of Undine Texas and Undine Texas Environmental that were in force when the application in this docket was filed on November 8, 2021.<sup>3</sup> Attachment 4 of my memorandum is a comparison of the rates of Conroe Resort, Undine Texas, and Undine Texas Environmental at the monthly comparison usage levels of 2,000, 5,000, and 10,000 gallons. Attachment 5 of my memorandum is a comparison of the rates of Conroe Resort, Undine Texas, and Undine Texas Environmental at the monthly average usage of 6,408 gallons.

It is important to note that the rates, including the rate design, for Undine Texas and Undine Texas Environmental were recently approved by the Commission in a comprehensive rate case, Docket No. 50200, on November 5, 2020, whereas the Undine Development system has not been subject to a comprehensive rate case at the Commission. In addition, Undine Development has a pending proposal for large system improvement charges of \$47.81 for water and \$85.23 for sewer for a 3/4" meter. These charges would not apply to customers served by the Conroe Resort systems but could potentially be included in consolidated rates in the future for all systems owned by Undine Development. A concern that I have is that Undine Development currently owns only one system, in Travis County (Austin area), serving approximately 223 connections that has much different cost characteristics than the Conroe Resort systems, which are in Montgomery County (Houston area). The Conroe Resort water and sewer systems are a better fit for Undine Texas and Undine Texas Environmental, which already own systems in the Houston area and have consolidated rates for a large number of systems with over 10,000 connections. This better fit will likely result in lower rates in the long run for customers of the acquired systems.

---

<sup>2</sup> *Application of Undine Texas, LLC and Undine Texas Environmental, LLC for Authority to Change Rates*, Docket No. 50200 (Nov. 5, 2020).

<sup>3</sup> Since the filing of the application in the current docket, Undine Texas filed an application for a pass-through rate change for three subdivisions it serves. *Application of Undine Texas, LLC for a Pass Through Rate Change*, Tariff Control No. 53209 (pending).

The Applicants meet all of the applicable statutory requirements of TWC Chapter 13 and the Commission's Chapter 24 rules. Approving this application is in the public interest and necessary for the service, accommodation, convenience and safety of the public.

**4. Recommendation**

Based on the above information, I recommend that the Commission find that the transaction will serve the public interest and that the Applicants be allowed to proceed with the proposed transaction. There are deposits held by Conroe Resort for the customers being served by Conroe Resort Water and Sewer Systems. I further recommend that a public hearing is not necessary.

# *Public Utility Commission of Texas*

---

## **Memorandum**

**TO:** Ian Groetsch  
Legal Division

**FROM:** Ethan Blanchard  
Rate Regulation Division

**DATE:** May 12, 2023

**RE:** Docket No. 52797 *Application Of Conroe Resort Utilities, LLC And Undine Texas, LLC And Undine Texas Environmental, LLC For Sale, Transfer, Or Merger Of Facilities And Certificate Rights In Montgomery County*

---

### **1. Introduction**

On November 8, 2021, Undine Development, LLC and Conroe Resort Utilities, LLC (Conroe) filed an application for the sale of facilities and certificate rights in Montgomery County under the provisions of Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. The application will be amended to substitute Undine Texas, LLC as the applicant for the acquisition of the water facilities and water service certificate rights and Undine Texas Environmental, LLC as the applicant for the acquisition of the sewer facilities and sewer service certificate rights (acquiring entities). This substitution of Undine entities does not substantively affect my evaluation because the financial guarantee will remain as in the original application with the same ultimate parent, Undine Group, LLC.

TWC § 13.301(e)(2) and 16 TAC § 24.239(h)(2) require consideration of the financial capability of the acquiring entities to provide continuous and adequate service to the service area being acquired and to any areas currently certificated to the acquiring entities; TWC § 13.246(c)(6) requires consideration of the financial ability of the acquiring entities to pay for the facilities necessary to provide continuous and adequate service; and TWC § 13.246(c)(6) and 16 TAC § 24.239(h)(5)(F) require consideration of the financial stability of the acquiring entities, including, if applicable, the adequacy of the acquiring entities' debt-equity ratios. These issues are addressed by 16 TAC § 24.11, which states in subsection (a) that the section establishes criteria to demonstrate that an owner or operator of a retail public utility has the financial resources to operate

and manage the utility and to provide continuous and adequate service to the current and proposed utility service area. Subsection (b) states that the section applies to new and existing owners or operators of retail public utilities that are required to provide financial assurance under TAC Chapter 16. Furthermore, subsection (c) states that financial assurance must be demonstrated by compliance with subsection (d) or (e) of the section, with subsection (d) providing for an irrevocable stand-by letter of credit and subsection (e) providing a financial test.

The acquiring entities will submit information to demonstrate compliance with the financial test in 16 TAC § 24.11(e). Paragraph (1) states that an owner or operator may demonstrate financial assurance by satisfying the leverage and operations tests that conform to the requirements of the section, unless the commission finds good cause exists to require only one of these tests. Paragraph (4) requires as part of meeting these two tests that the owner or operator submit an affidavit meeting certain requirements and a copy of one of three types of financial information.

## **2. Leverage Test**

The leverage test is in 16 TAC § 24.11(e)(2) and requires the owner or operator to meet one or more of four criteria and subparagraph (E) allows the owner or operator to meet one or more of those four criteria by demonstrating that an affiliated interest is capable, available, and willing to cover temporary cash shortages. The acquiring entities will meet subparagraph (E) by filing a guaranty agreement between Undine Texas, LLC and Undine Group, LLC and a guaranty agreement between Undine Texas Environmental, LLC and Undine Group, LLC, each of which state that Undine Group, LLC is capable, available, and willing to cover temporary cash shortages of the acquiring entities.

The acquiring entities will meet the criterion in 16 TAC § 24.11(e)(2)(A), which requires that the owner or operator must have a debt-to-equity ratio of less than one, using long-term debt and equity or net assets. Financial statements of Undine Group, LLC that comply with 16 TAC § 24.11(e)(4)(B)(i) have been filed in the docket.<sup>1</sup> These financial statements contain an unqualified auditor's opinion from Plante & Moran, PLLC stating that the financial statements present fairly, in all material respects, the financial position of Undine Group, LLC as of December 31, 2020.<sup>2</sup>

---

<sup>1</sup> Application, *Highly Sensitive Attachments to Response to RFI No. 1*, at bates 7 (Mar. 11, 2022).

<sup>2</sup> *Id.*

Based upon my review of the financial statements of Undine Group, LLC, I calculated the debt-to-equity ratio to be equal to 0.18.<sup>3</sup> Because the ratio is less than one, Undine Group, LLC meets the leverage test specified in 16 TAC § 24.11(e)(2)(A). Therefore, the acquiring entities through their affiliate, Undine Group, LLC, meet the leverage test as specified in 16 TAC § 24.11(e)(2)(E).

### 3. Operations Test

16 TAC § 24.11(e)(3) requires an owner or operator to demonstrate sufficient cash is available to cover any projected operations and maintenance shortages in the first five years of operations and also provides that an affiliated interest may provide a written guarantee of coverage of temporary cash shortages.

### 4. Capital Improvement Plan

An applicant who is proposing service to a new CCN area requiring capital improvements in excess of \$100,000 must provide documents indicating funds are available for the purchase of an existing system plus any improvements, as required by 16 TAC § 24.11(e)(5)(A).

Undine provided a list of needed system improvements<sup>4</sup> which will be withheld from the purchase price.<sup>5</sup> Undine has provided loan approval documents demonstrating that funds are available for the purchase price.<sup>6</sup> Therefore, I recommend a finding that Undine meets the requirements specified in 16 TAC § 24.11(e)(5)(A).

### 5. Additional Financial Assurance

TWC § 13.301(d) allows the Commission to require an applicant for a CCN or CCN amendment to provide a bond or other financial assurance in a form and amount specified by the Commission to ensure that continuous and adequate utility service is provided. Because the acquiring entities will meet the financial test in 16 TAC § 24.11(e), I do not recommend that the acquiring entities be required to provide additional financial assurance.

---

<sup>3</sup> *Id.*, at 8. The calculations for which can be found in confidential Attachment EB-1.

<sup>4</sup> Application, *Highly Sensitive Applicant's Supplement Information – Attachment A*, item no. 68, at bates 5 (Jun. 14, 2022).

<sup>5</sup> Application, *Confidential Undine Response to OPUC's First RFI (Exhibit A)*, item no. 72, at bates 2 (Jun. 29, 2022).

<sup>6</sup> The calculations for which can be found in confidential Attachment EB-1.

**6. Conclusion**

After the filing of the financial guarantees between Undine Group, LLC and the acquiring entities and the filing of the affidavit required by 16 TAC § 24.11(e)(4)(A) signed by the acquiring entities attesting to the accuracy of the information provided, I recommend a finding that the acquiring entities demonstrate the financial capability needed to provide continuous and adequate service to the area subject to this application. My determinations are based on information for Undine Group, LLC as of the date specified above and therefore does not reflect any changes after that date.

Attachment 3:  
UNDINE TEXAS, LLC WATER AND SEWER TARIFF  
RATE PAGES

SECTION 1.0 - RATE SCHEDULE

Section 1.01 – Rates

Rate Year 1

Effective Date: August 1, 2020

Meter Size:

Monthly Minimum Charge

All Meters

\$75.00 Flat Rate

Rate Year 2

Effective Date: August 1, 2021

Meter Size:

Monthly Minimum Charge

All Meters

\$92.50 Flat Rate

Rate Year 3

Effective Date: August 1, 2022

Meter Size:

Monthly Minimum Charge

All Meters

\$110.00 Flat Rate

Volume charges are determined based on average consumption for winter period which includes the following months: N.A.

RATE CASE EXPENSES .....\$1.12 per month

Effective Date: August 1, 2020. The rate case expense surcharge will be collected for 36 months or until the full \$85,289.03 of rate case expenses related to Docket No. 50200 is collected, whichever occurs first.

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X , Check X , Money Order X , Credit Card X , Other (specify Online Payment or Automatic Bank Draft)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CREDIT CARD AND ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

REGULATORY ASSESSMENT .....1.0%

PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE .....\$865.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF, INCLUDING COSTS RELATED TO ROAD BORES, ROCK CUTS, AND UNUSUALLY LONG TAPS.



SECTION 1.0 – RATE SCHEDULE (Continued)

TAP FEE (Large Connection Tap)..... Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Nonpayment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected ..... \$50.00
- c) After hours reconnection ..... \$50.00

TRANSFER FEE ..... \$65.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (HIGHER OF \$5.00 OR 10% OF THE BILL) ..... \$5.00 or 10 %

COMMISSION RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE ..... \$30.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)..... \$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT..... 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY THE COMMISSION AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(G)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

Attachment 4:  
COMPARISON OF RATES AT 2,000, 5,000 AND  
10,000 GALLONS

Rate comparison - Water  
Conroe Resorts

Meter Size	Current Rate	Including _____ # of gallons	Tiered Rates	Gallonage Range		Gallons		
				Lowest	Highest	2,000	5,000	10,000
3/4"	\$26.16	1000	\$4.66	1,001	1,000,000	\$30.82	\$44.80	\$68.10

Gallonage Charge (\$2.18) + Pass Through Charge (\$2.48)

**Phase 3**

13260 - Undine Texas, LLC

Meter Size	Proposed	Including _____ # of gallons	Tiered Rates	Gallonage Range		Gallons		
				Lowest	Highest	2,000	5,000	10,000
3/4"	\$76.40		\$2.41	0	6,000	\$81.22	\$88.45	\$100.50
			\$3.33	6,001	15,000			

Increase            \$50.40            \$43.65            \$32.40  
                                  163.53%            97.43%            47.58%

Rate comparison - Sewer

20638 - Conroe Resorts

Meter Size	Current Rate	Including _____ # of gallons	Tiered Rates	Gallonage Range		Gallons		
				Lowest	Highest	2,000	5,000	10,000
3/4"	\$35.22		\$3.68	0	1,000,000	\$42.58	\$53.62	\$72.02

Phase 3

20816 - Undine Texas Environmental, LLC

Meter Size	Proposed	Including _____ # of gallons	Tiered Rates	Gallonage Range		Gallons		
				Lowest	Highest	2,000	5,000	10,000
3/4"	\$110.00			0		\$110.00	\$110.00	\$110.00

Increase	\$67.42	\$56.38	\$37.98
	158.34%	105.15%	52.74%

Attachment 5:  
COMPARISON OF RATES AT AVERAGE USAGE OF  
6,408 GALLONS

Rate comparison - Water

Conroe Resorts

Meter Size	Current Rate	Including _____ # of gallons	Tiered Rates	Gallage Range		Gallons
				Lowest	Highest	6,408
3/4"	\$26.16	1000	\$4.66	1,001	1,000,000	\$51.36

Gallage Charge (\$2.18) +

Pass Through Charge (\$2.48)

**Phase 3**

13260 - Undine Texas, LLC

Meter Size	Proposed	Including _____ # of gallons	Tiered Rates	Gallage Range		Gallons
				Lowest	Highest	6,408
3/4"	\$76.40		\$2.41	0	6,000	\$91.84
			\$3.33	6,001	15,000	

Increase \$40.48

78.82%

Rate comparison - Sewer

20638 - Conroe Resorts

Meter Size	Current Rate	Including _____ # of gallons	Tiered Rates	Gallonage Range		Gallons
				Lowest	Highest	6,408
3/4"	\$35.22		\$3.68	0	1,000,000	\$58.80

**Phase 3**

20816 - Undine Texas Environmental, LLC

Meter Size	Proposed	Including _____ # of gallons	Tiered Rates	Gallonage Range		Gallons
				Lowest	Highest	6,408
3/4"	\$110.00			0		\$110.00

Increase      \$51.20  
 87.07%