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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 § **PUBLIC UTILITY COMMISSION OF TEXAS** § § § § § § §

COMMISSION STAFF’S RECOMMENDATION ON CLOSING DOCUMENTS AND PROPOSED PROCEDURAL SCHEDULE

I. INTRODUCTION

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

On August 12, 2024, the administrative law judge (ALJ) filed Order No. 37, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation on the closing documentation and propose a procedural schedule for further processing. Additionally, the parties have been directed to file a motion to admit any and all outstanding evidence, including Undine Texas and Undine Texas Environmental’s July 30, 2024 filing, by August 19, 2024. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON SUFFICIENCY OF CLOSING DOCUMENTS

Staff has reviewed the closing documents filed by the Applicants on February 1, 2023¹ and supplemental information filed on July 30² and August 19, 2024,³ and recommends that they are sufficient and meet the requirements of 16 TAC § 24.239(a), (i), and (k)-(m). Specifically, 16 TAC § 24.239(a) requires the filing of an STM application and the provision of public notice at least 120 days before the effective date of a proposed transaction. Additionally, under 16 TAC § 24.239(i), the proposed transaction may be completed at the end of the 120-day period or at any

¹ Notice of Close of Transaction (Feb. 1, 2023).

² Joint Clarification in Response to Order No. 36 (Jul. 30, 2024).

³ Supplement to Application (Aug. 19, 2024).

time after the transferee receives notice that a hearing will not be required. Further, under 16 TAC § 24.239(i), the proposed transaction must be completed within 180 days following the date of the Commission order allowing the transaction to proceed. Lastly, under 16 TAC § 24.239(l), the closing documents for the transaction must include a signed contract, bill of sale, or other appropriate documents as evidence that the transaction has closed as proposed, be signed by both the transferor and transferee, and be filed within 30 days after the actual effective date of the transaction. Based on Staff's review of the closing documents, Staff recommends that the Applicants properly and timely filed notice of the completed transaction, which included a bill of sale signed by both the transferor and the transferee.⁴

Regarding customer deposits, the Applicants' closing documentation includes a notarized statement stating that all of Conroe's customer deposits were returned or refunded to customers⁵ and a confidential attachment with the names and addresses of the customers who have deposits on record, the date such deposits were made, and the amount of each deposit.⁶ Therefore, Staff recommends a finding that customer deposits have been adequately addressed as required by 16 TAC § 24.239(k) and (l).

For these reasons, Staff recommends that the Applicants have complied with the applicable closing requirements of 16 TAC § 24.239. Staff therefore recommends that the closing documents and customer deposit information be found sufficient.

III. MOTION TO ADMIT EVIDENCE

In Order No. 37, the ALJ directed parties to file a motion to admit any and all outstanding evidence, including Undine Texas and Undine Texas Environmental's July 30, 2024 filing. Staff notes that on August 5, 2024, parties jointly requested that the joint statement of clarification, filed on July 30, 2024 (AIS Item No. 306) be admitted;⁷ however, in response to the ALJ's directive, parties reurge their request to admit the joint statement of clarification filed by Undine on July 30, 2024. Staff also respectfully requests that this pleading be admitted into the record of this proceeding. Finally, Staff has not identified any other outstanding evidence that has not yet been admitted into the record of this proceeding.

⁴ Notice of Close of Transaction, Exhibit A *and* Supplement to Application, Attachment A.

⁵ Notice of Close of Transaction, Exhibit B.

⁶ Supplement to Application, Attachment B.

⁷ Joint Motion to Admit Supplemental Evidence (Aug. 5, 2024).

IV. PROPOSED PROCEDURAL SCHEDULE

In accordance with Staff's recommendation that the Applicants' closing documents be found sufficient, Staff proposes the following procedural schedule:

Event	Date
Deadline for Commission Staff to provide final maps, certificates, and tariffs (if applicable), to applicants for review and consent	August 26, 2024
Deadline for applicants to file signed consent forms with the Commission	September 3, 2024
Deadline for parties to jointly file Proposed Notice of Approval, including findings of fact, conclusions of law, and ordering paragraphs	September 10, 2024

V. CONCLUSION

For the reasons discussed above, Staff respectfully requests that an order be issued finding Applicants' closing documents sufficient, admitting the July 30, 2024 joint statement of clarification and this pleading into the record, and adopting the proposed procedural schedule.

Dated: August 19, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

I certify that unless otherwise ordered by the presiding officer, notice of the filing of this document will be provided to all parties of record via electronic mail on August 19, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch

Ian Groetsch