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DOCKET NO. 52797

APPLICATION OF CONROE RESORT UTILITIES, LLC, 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
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JOINT EXCEPTIONS TO PROPOSAL FOR DECISION

COME NOW Undine Texas, LLC (Undine Texas) and Undine Texas Environmental, LLC (Undine Texas Environmental) (collectively, Undine), and Conroe Resort Utilities, LLC (Conroe Resort) (collectively, the Applicants), together with the staff (Staff) of the Public Utility Commission of Texas (Commission) (collectively, the Parties), and file these Joint Exceptions to the Second Revised Proposed Order. In support thereof, the Parties show the following:

I.

BACKGROUND

On September 11, 2024, the Parties filed a Joint Proposed Notice of Approval (JPNOA). On September 24, 2024, the administrative law judge (ALJ) filed a Second Revised Proposed Order (Second Revised PO) and established a deadline of September 27, 2024, for parties to file exceptions to the Second Revised PO. Therefore, this pleading is timely filed.

The Parties support and agree with the Second Revised PO's overall conclusions and findings. The Parties offer the following limited exceptions to the Second Revised PO related to Undine's allowed tariff rates, which are proposed for clarity and accuracy.

II.

EXCEPTIONS TO SECOND REVISED PROPOSED ORDER

A. Findings of Fact Paragraph 71

Findings of Fact Paragraph 71 states:

Undine Texas's phase one water tariff rates approved in Docket No. 50017 are just and reasonable initial rates for Undine Texas to charge to customers served by Conroe Resort's public water system, identification number 1700416.

It is not clear from the language in Findings of Fact Paragraph 71 that Undine Texas is permitted to follow the rate schedule approved in Docket No. 50017, beginning in Phase 1 for

Year 1, and moving to Phases 2 and 3 for Years 2 and 3, respectively. Because Findings of Fact Paragraph 71 makes no mention of Phases 2 and 3, there is no indication that higher rates will be phased in after the end of year one. Furthermore, even if the Parties are incorrect in their interpretation of Findings of Fact Paragraph 71, without a Commission finding that the rates in Phases 2 and 3 are just and reasonable, Undine's rates are susceptible to being challenged in the future, and Undine could be faced with administrative uncertainty. For that reason, the Parties propose the following revised language:

Undine Texas's ~~phase one~~ phased water tariff rates approved in Docket No. 50017, beginning with phase one, are just and reasonable initial rates for Undine Texas to charge to customers served by Conroe Resort's public water system, identification number 1700416.

B. Findings of Fact Paragraph 74

Findings of Fact Paragraph 74 states:

Undine Texas Environmental's phase one water tariff rates approved in Docket No. 50018 are just and reasonable initial rates for Undine Texas Environmental to charge to customers served by Conroe Resort's public sewer system, TCEQ permit number WQ0012493001.

The Parties request that Findings of Fact Paragraph 74 be corrected to replace "water" with "sewer." Additionally, the Parties have the same concern with the language in Ordering Paragraph 74 regarding the rate schedule approved for Undine Texas Environmental in Docket No. 50018. The Parties propose the following revised language:

Undine Texas Environmental's ~~phase one water~~ phased sewer tariff rates approved in Docket No. 50018, beginning with phase one, are just and reasonable initial rates for Undine Texas Environmental to charge to customers served by Conroe Resort's public sewer system, TCEQ permit number WQ0012493001.

C. Ordering Paragraph 6

For further clarification on this issue, the Parties request that Ordering Paragraph be revised as follows:

The Commission approves the maps, certificates, and tariff pages attached to this Order, with the tariff rates beginning in Phase one of three of both tariffs.

III.

CONCLUSION

The Parties respectfully request that the Commission issue an order adopting the Second

Revised Proposed Order with the above-described corrections. The undersigned counsel for Undine represents that Conroe Resort has authorized them to file this pleading on Conroe Resort's behalf.

Dated: September 25, 2024.

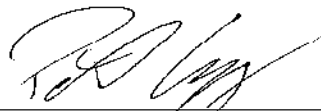
Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

As indicated by my signature above, I, Peter Gregg, 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 September 25, 2024 in accordance with the Second Order Suspending Rules, issued in Project No. 50664.