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PUBLIC UTILITY COMMISSION  
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# OPEN MEETING COVER SHEET

## COMMISSIONER MEMORANDUM

**MEETING DATE:** August 9, 2018

**DATE DELIVERED:** August 8, 2018

**AGENDA ITEM NO.:** 2

**CAPTION:** Docket No. 46948; SOAH Docket No. 473-17-5930.WS -  
*Application of Vineyard Ridge, LLC to  
Obtain a Water Certificate of Convenience  
and Necessity in Gillespie County*

**ACTION REQUESTED:** Discussion and possible action with respect  
to Proposed Order

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Chairman

**Arthur C. D'Andrea**  
Commissioner

**Shelly Botkin**  
Commissioner

**John Paul Urban**  
Executive Director



**Greg Abbott**  
Governor

## *Public Utility Commission of Texas*

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TO: Chairman DeAnn T. Walker  
Commissioner Arthur C. D'Andrea  
Commissioner Shelly Botkin

All Parties of Record (*via electronic transmission*)

FROM: Hannah Turner *HT*  
Commission Advising

RE: *Application of Vineyard Ridge, LLC to Obtain a Water Certificate of Convenience and Necessity in Gillespie County*, Docket No. 46948, SOAH  
Docket No. 473-17-5930, August 9, 2018 Open Meeting, Item No. 2.

DATE: August 8, 2018

Please find enclosed a memorandum containing modifications proposed by Chairman Walker to the proposed order in the above-referenced docket. No other commissioner will file a memorandum in this docket.

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# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Commissioner Arthur C. D'Andrea  
Commissioner Shelly Botkin

**FROM:** Chairman DeAnn T. Walker 

**DATE:** August 8, 2018

**RE:** Open Meeting of August 9, 2018 – Agenda Item No. 2  
Docket No. 46948 – SOAH Docket No. 473-17-5930, *Application of Vineyard Ridge, LLC to Obtain a Water Certificate of Convenience and Necessity in Gillespie County*

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I recommend that the Commission make the following changes to the Order in this proceeding.

Finding of fact 38 should be deleted, because Vineyard Ridge will not have any invested capital.

38. ~~Once Vineyard Ridge completes its water facilities, acquires customers, and begins providing water service, Vineyard Ridge invested capital will be used and useful in providing service.~~

Finding of fact 39 should be modified to make it consistent with the statutory provisions.

39. Once Vineyard Ridge begins providing service, it must have tariffed rates in place to charge customers for water service. ~~in order to recover its reasonable and necessary costs and a reasonable opportunity for a reasonable return on its invested capital that is used and useful in providing service.~~

Finding of fact 43 should be modified to provide more clarity.

43. B & D Environmental calculated two revenue requirements and associated rates for Vineyard Ridge: (a) one in the amount of \$74,044 with monthly base rates of \$36.64 for the first year of operation with a partial customer base; and (b) one in the amount of \$72,344 with monthly base rates of \$25.25 for the second year with a full customer base.

The following should be added as new finding of fact 44:

44. The year-two rates will recover Vineyard Ridge's revenue requirement based on projected costs.

Finding of fact 84 should be modified to provide more specificity.

84. In SOAH Order No. 6 issued on April 5, 2018, the SOAH ALJ ~~admitted evidence~~, remanded the proceeding to the Commission, ~~and dismissed the SOAH docket~~, and admitted the following into evidence: (a) Vineyard Ridge's application, filed on July 5, 2017; (b) Vineyard Ridge's supplemental information, filed on April 17, 2017, May 3, 2017, and February 13, 2018; (c) an affidavit of notice to neighboring systems and landowners, filed on July 17, 2017; (d) Vineyard Ridge's consent forms, filed March 23, 2017; and (e) Commission Staff's final recommendation, including attachments, filed on April 2, 2018.

Conclusion of law 6 is not a proper conclusion of law and should be deleted:

- ~~6. Vineyard Ridge requests that the Commission approve a tariff, including retail rates, to become effective when Vineyard Ridge begins to provide retail service to the public.~~

Conclusions of law 11, 12, and 13 should be modified for accuracy.

11. ~~After considering the factors set forth in TWC § 24.102(d), the Commission determines that i~~ssuance of a CCN to Vineyard Ridge is necessary for the service, accommodation, convenience, or safety of the public under TWC § 13.246.
12. The rates in the proposed tariff attached to Commission Staff's recommendation filed on April 2, 2018 are just and reasonable, are not unreasonably preferential, prejudicial or discriminatory, and comply with the requirements of for customers and the utility as required by TWC § 13.182 and 13.183(c) and 16 TAC § 24.21(b).
13. Approval of theis application will ~~set establish~~ Vineyard Ridge's overall revenues at a level that will permit ~~a reasonable opportunity to earn a reasonable return on invested capital, once used and useful in rendering service to the public, plus Vineyard Ridge to recover its reasonable and necessary operating expenses, subject to the Commission's final determination in the rate proceeding under 16 TAC § 24.21(b)(1)(C), and to preserve the financial integrity of Vineyard Ridge as required by TWC § 13.183(a).~~

The following ordering paragraphs should be added.

4. Within 10 days of the date this Order is signed, Commission Staff shall file a clean record copy of Vineyard Ridge's tariff to be stamped *Approved* and retained by the Commission.
5. The tariff approved in this Order is effective the date the Order is signed.

In addition, I propose delegating to Commission Advising and Docket Management staff the authority to modify the order to conform to the *Citation and Style Guide for the Public Utility Commission of Texas* and to make other non-substantive changes to the order for such matters as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability.

I look forward to discussing this matter with you at the open meeting.