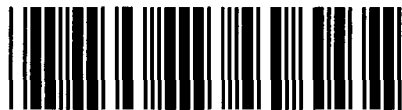




Control Number: 47110



Item Number: 4

Addendum StartPage: 0

RATEPAYERS' APPEAL OF THE §
 DECISION BY THE CITY OF §
 CANADIAN TO CHANGE RATE §

PUBLIC UTILITY COMMISSION
 OF TEXAS

2017 MAY 22 AM 9:56
 PUBLIC UTILITY COMMISSION
 FILING CLERK

CITY OF CANADIAN'S RESPONSE TO PETITION OF RATEPAYERS

COMES NOW the City of Canadian, Texas ("City"), and files this Response, as follows:

I. APPEAL IS PREMATURE

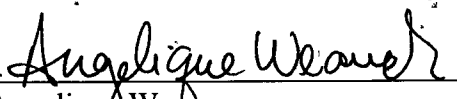
On January 16, 2017, the City Council passed Ordinance 686, which raised water and sewer rates for outside city limits customers, and is the basis for the appeal of ratepayers. The increased rates are not in effect yet, and are scheduled to go into effect on June 19, 2017, to be billed on July's utility bill. (See *Exhibit A* -Amended Notice of Proposed Rate Change.) Therefore, the appeal of ratepayers is premature because the increased rates are not effective until June 19, 2017.

II. THE ISSUE IS MOOT

On May 19, 2017, the City Council held a specially called meeting and repealed Ordinance 686, thereby repealing the increased water and sewer rates. (See *Exhibit B*- Agenda and *Exhibit C* - Verification of City Secretary with attached Minutes.) As such, increased rates never went into effect, and the appeal of ratepayers is moot.

Respectfully submitted,

MAYFIELD LAW FIRM, LLP
 Angelique Weaver
 SBN 24008247
 1001 Main Street, Suite 504
 Lubbock, Texas 79401
 Tel. (806) 722-1616
 Fax: (806) 722-1614
 Email: aweaver@mayfield-lawfirm.com


 Angelique Weaver

Attorneys for City of Canadian, Texas

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CERTIFICATE OF SERVICE

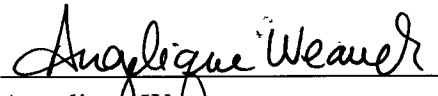
I hereby certify that a copy of this document was served on all parties of record on May 19, 2017, in accordance with 16 TAC §22.74, as follows:

Via First Class Mail

Ed Hedgecoke
PO Box 1184
Canadian, Texas 79014
Ratepayers' Representative

Via Facsimile

PUC Legal Division
Ashley Nwonuma
1701 N. Congress Avenue
PO Box 13326
Austin, Texas 78711-3326
Facsimile: 512-936-7268


Angelique Weaver

March 21, 2017

**AMENDED NOTICE OF PROPOSED RATE CHANGE
(RATEPAYERS OUTSIDE CITY LIMITS)
CERTIFICATE OF PUBLIC CONVENIENCE NUMBER 10618 and 20260**

You have previously received notice that on January 16, 2017, the City Council of the City of Canadian made a decision to raise the rates charged for water and sewer to rate payers located outside the city limits. **The effective date for the implementation of the new rates has changed, and this Amended Notice is being provided to provide you with the new effective date and protest information.** The rates listed below will apply to service received after June 19, 2017, and will be reflected on the bill mailed on July 25, 2017. If the Public Utility Commission receives protests to the proposed increase from 10 percent of the rate payers before the 91ST day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. **Protests should be made to the Public Utility Commission of Texas.**

Unless protests are received from 10 percent of the rate payers or the Commission staff requests a hearing, no hearing will be held and rates will be effective as proposed. Please read the following information carefully:

- Date Amended Customer Notice Mailed: March 21, 2017
- Date of last Rate Change: March 2012
- Date Meters Typically read: Around the 20th of each month
- Effective Date of Proposed Increase: June 19, 2017

Billing Comparison for Water Rates:

- The old rates: \$3.19 per 1,000 gallons (or any part thereof) per month.
- The new rates: \$4.79 per 1,000 gallons (or any part thereof) per month.

Billing Comparison for Sewer Rates:

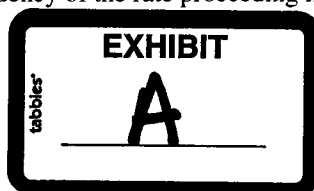
- The old rates: \$4.50 per 1,000 gallons (or any part thereof) per month.
- The new rates: \$6.75 per 1,000 gallons (or any part thereof) per month.

For Example:

<u>Water</u>	<u>Existing</u>	<u>Proposed</u>
10,000 gallons	\$ 31.90	\$ 47.90
30,000 gallons	\$ 95.70	\$143.70

<u>Sewer</u>	<u>Existing</u>	<u>Proposed</u>
10,000 gallons	\$ 45.00	\$ 67.50
30,000 gallons	\$135.00	\$202.50

In the event that protests are set for hearing, the specific rates may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered, plus interest.

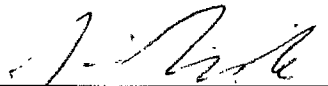


AGENDA

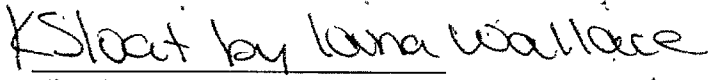
CITY OF CANADIAN CALLED MEETING MAY 19, 2017

Notice is hereby given that the governing body of the City of Canadian will hold a Called Meeting on Friday, May 19, 2017 at 12:00 P.M. in the Auditorium at City Hall, 6 Main St., Canadian, Texas to discuss the following agenda:

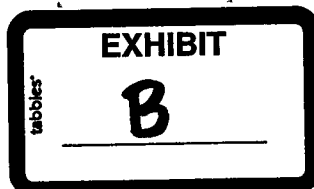
1. Call to Order.
2. Invocation.
3. Public Comment
4. Discuss and Consider Repeal of Ordinance No. 686 of the Code of Ordinances: An Ordinance Affecting Chapter 13, Utilities, By Increasing Water Rates and Sewer Rates for Water and Sewer Users Outside the City Limits; Requiring Users Outside of the City Limits to Petition for Annexation of Their Property Located Outside the City Limits; Requiring All Users of Water and Sewer to Also Use City Trash Service; Providing a Repealer; Providing for Severability;
5. Discuss Study for Water and Sewer Rates
6. Adjourn.


City Manager

I certify that the above notice of meeting was posted on the bulletin board at City Hall by 12:00 P.M. on the 16th day of May, 2017.


City Secretary

The City Council of the City of Canadian reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts & Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), and 551.086 (Economic Development).



VERIFICATION

I hereby certify that I was present in the Specially-called meeting of the City Council of the City of Canadian, Texas on May 19, 2017. The Minutes attached hereto accurately reflect the Motion made and approved to repeal Ordinance 686, and said Minutes will be approved at the next regularly scheduled meeting of the City Council of the City of Canadian, Texas.

Signed this 19 day of May, 2017.



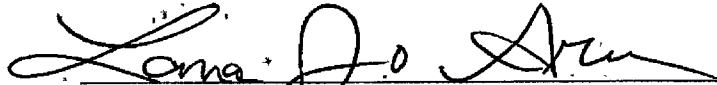
KIMBERLY SLOAT
City Secretary
City of Canadian

THE STATE OF TEXAS

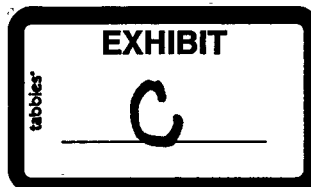
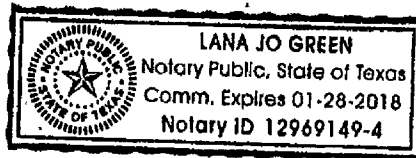
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COUNTY OF HEMPHILL

BEFORE ME, the undersigned authority, on this 19 day of May, 2017, personally appeared KIMBERLY SLOAT, who, after being by me duly sworn, stated that the Minutes attached hereto are true and correct.



NOTARY PUBLIC
in and for the STATE OF TEXAS



**CITY OF CANADIAN
MINUTES -- CALLED MEETING
MAY 19, 2017**

Be it remembered that on the 19th day of May, 2017, the governing body of the City of Canadian met in a called meeting with Mayor Rob Talley presiding. Members present were: Rob Talley, Blake Beedy, Jonathan Frederick, Bob Gober, Joe Schaef and Gary Prater.

1. Call to Order

The meeting was called to order by Mayor Rob Talley.

2. Invocation

The invocation was given by Rob Talley.

3. Public Comment

Ed Hedgecock wanted to clarify to Joe Schaef that he wasn't on the council when the water rates went in to affect back in 2011. He was off the council in 2009.

Robert Boyd said that he didn't agree with the trash portion of Ordinance 686, requiring an outside city limits customer to pay for trash service since the county contributes \$180,000 a year to the transfer station, and he is a county tax payer.

4. Discuss and Consider Repeal of Ordinance No. 686 of the Code of Ordinances: An Ordinance Affecting Chapter 13, Utilities, By Increasing Water Rates and Sewer Rates for Water and Sewer Users Outside the City Limits; Requiring Users Outside of the City Limits to Petition for Annexation of Their Property Located Outside the City Limits; Requiring All Users of Water and Sewer to Also Use City Trash Service; Providing a Repealer, Providing for Severability.

On May 1, 2017 the City received notification from the Public Utilities Commission of Texas (PUC) of an appeal from local ratepayers. Texas Administrative Code Title 16, Chapter 22 Rule 22.78 requires the City respond to the complaint within 21 days.

Texas Administrative Code 30 Section 291.31, PUC Cost of Service, requires that a cost analysis be furnished to justify the rate increase. Given the time constraints and lack of a cost analysis, it is recommended the City repeal Ordinance No. 686.

There was a lot of discussion regarding the validity of the proposed rate, the funds needed to replace infrastructure in the future, and the plan behind the water line that was given to the City.

Gary Prater made a motion to repeal Ordinance No. 686 of the Code of Ordinances, seconded by Joe Schaef. All in favor, motion carried.

5. Discuss Study for Water and Sewer Rates.

The PUC requires a municipality to provide a rate study and analysis to justify rate increases should objection occur. If the council would like to address a similar outside city limits rate increase in the future, a rate study would need to be conducted prior to the rate increase.

Called Meeting

May 19, 2017

Page 2

City Manager Joe Jarosek said the rate study would cost approximately \$30,000 and would provide information needed to build the rate structure as to better plan for the future needs. He thought a different rate structure would be better suited for our city.

The council was in agreement to obtain information on conducting a water and sewer rate study while the mayor disagreed.

No further business, meeting adjourned.

Mayor

City Secretary