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PUBLIC UTILITY COMMISSION
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OPEN MEETING COVER SHEET

COMMISSIONER MEMORANDUM

MEETING DATE: July 18, 2019

DATE DELIVERED: July 17, 2019

AGENDA ITEM NO.: 3

CAPTION: **Docket No. 47161; SOAH Docket No. 473-18-1228.WS - Application of Kerr County Water Systems, LLC for Authority to Change Rates**

DESCRIPTION: Commissioner Memoranda

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DeAnn T. Walker
Chairman

Arthur C. D'Andrea
Commissioner

Shelly Botkin
Commissioner

John Paul Urban
Executive Director

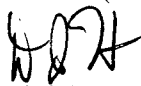


Greg Abbott
Governor

Public Utility Commission of Texas

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

All Parties of Record (*via electronic transmission*)

FROM: David Hrcir 
Commission Advising

RE: Docket No. 47161; SOAH Docket No. 473-18-1228.WS; *Application of Kerr County Water System LLC for Authority to Change Rates*, July 18, 2019 Open Meeting, Item No. 3.

DATE: July 17, 2019

Please find enclosed a memorandum by Chairman Walker regarding the above-referenced docket. No other commissioner will file a memorandum in this docket.

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Public Utility Commission of Texas

Memorandum

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

FROM: Chairman DeAnn T. Walker 

DATE: July 17, 2019

RE: Open Meeting of July 18, 2019 – Agenda Item No. 3
Docket No. 47161 – *Application of Kerr County Water Systems, LLC for Authority to Change Rates*

I request that the Commission defer deciding this case until the Commission is able to obtain additional information. First, the settlement agreement reflects an increase in rate base from \$38,815 to \$281,975; however, the evidence does not explain the significant increase in the amount. Prior to a decision, the parties should be required to explain specifically the cause in the large increase in rate base. Second, Commission Staff's memorandum in support of the settlement agreement contains rates that are different from the interim rates and those listed in the tariff attached to the settlement agreement. The parties should be required to provide clarification on the amount of the agreed rates and the basis for those rates. I recommend that the parties be required to file information on these two issues for the Commission's consideration at a subsequent open meeting.

Once the Commission has the requested information, then the amended proposed order should include the following changes.

Findings of fact 2, 8, 12, 13, 16, 38, and 42 should be modified for clarity and accuracy.

2. The increase in water rates and associated tariff change in ~~for~~ this proceeding apply ~~applies~~ to the Bumblebee Hills system, public water system number 1330092.
8. Kerr County WS's water rates before this docket and those proposed in the application ~~current and proposed metered water rates~~ are as follows:

CURRENT RATES BEFORE THIS DOCKET		PROPOSED RATES	
Monthly base rate including	<u>3,000 gallons</u>	Monthly base rate including	<u>0 gallons</u>
Meter Size:		Meter Size:	
RESIDENTIAL		RESIDENTIAL	
5/8" x 3/4"	\$ 21.75	5/8" x 3/4"	\$ 33.53
1"	\$ 45.38	1"	\$ 83.82
1-1/2"	\$ 84.75	1-1/2"	\$ 167.63
2"	\$ 132.00	2"	\$ 268.22
3"	\$ 242.25	3"	\$ 502.90
Gallonge Charge — per 1,000 gal	\$3.00 3.00	Gallonge Charge — per 1,000 gal	\$3.02 3.02

12. On September 22, ~~2017~~2018, Commission Staff requested that the Commission suspend the effective date of the proposed rates.
13. In Order No. 3 issued on September 25, ~~2017~~2018, the Commission ALJ suspended the effective date of August 1, 2017 for no more than 265 days.
16. Kerr County WS mailed notice of the proposed change in rates to each customer or other affected party on or about July 1, 2017.
38. The agreed rates listed above in finding of fact 37 are just and reasonable ~~and are not unreasonably discriminatory, preferential, or prejudicial.~~
42. Kerr County WS agreed ~~agrees~~ not to seek to recover ~~and will not collect~~ any rate-case expenses that it incurred or will incur regarding this application.

Finding of fact 9 should be deleted because it is unnecessary.

- ~~9. In Order No. 1 issued on July 10, 2017, the Commission administrative law judge (ALJ) addressed procedural matters and required a Commission Staff recommendation on administrative completeness of the application and notice and a proposed procedural schedule.~~

Finding of fact 43 should be deleted because it is not a proper finding of fact.

- ~~43. The revenue requirement set forth in the agreement permits Kerr County WS a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public over and above its reasonable and necessary operating expenses.~~

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