



Control Number: 47805



Item Number: 11

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Raywood Water Supply Corporation

P. O. Box 125

Raywood, TX 77582

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Docket No. 47805

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PUBLIC UTILITY COMMISSION
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December 28, 2017

TO: Public Utility Commission of Texas Central Record
Attention: Filing Clerk
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Austin, Texas 78711-3326

Raywood Water Supply Corporation
P.O. Box 125
Raywood, TX 77582
PH: 936-587-4505
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Raywood Water Supply Corporation's Response to RFI 1-2

DOCKET NO. 47805

Staff 1-2 Please provide a copy of the official notice of the terms of the rate increase provided to the ratepayers and any other documentation which supports the rate increase appealed in this case being just and reasonable.

A copy of the letter to ratepayers is attached as was mailed out to all customers on March 27, 2017. The informative letter explained the reasons for the rate increase and listed the new rates that had been approved on February 27, 2017 by the Board of Directors.

The Annual Meeting was held on March 12, 2017. The meeting was held after the public notice had been placed in a public place at the Raywood WSC administration building as well as on the Raywood WSC website, raywoodwater.com. There was an agenda item present on the public notice that indicated that rate increases were to be addressed. This was an opportunity for members present at the annual meeting to be informed and ask questions, complain or make comments. Many of the petitioners who signed the rate appeal did not attend any of the meetings, but did have the opportunity to do so as it was posted.

Although there was a delayed time frame before the new rates were added to the actual bills, it was noted in the letter that the effective date of the increase was anticipated for the April 2017 water bills. Therefore, June 30, 2017 was the first time that the new rates were billed to customers, but **not** the first time they were notified of such.

RAYWOOD WATER SUPPLY CORPORATION
P.O. BOX 125
RAYWOOD, TX 77582
936-587-4505

3/27/17

TO: RWS Membership

Raywood Water Supply Corporation (RWS), a non-profit organization, was chartered in 1970. The system was designed for 125 service connections. To date, we carry 500 active accounts and many accounts inactive. There have been (2) expansions to the system over the last 47 years. The first was the addition of a second plant located on FM 2830 North and service to residents of 2830 North including the Nugent Settlement. The second expansion included increased line sizes to the eastern portion of the service area with fire hydrants for rural fire department service. Both projects were funded through Community Block Development Grants through Liberty County.

In 2012 and 2015, TCEQ cited Raywood Water Supply for several non-compliance issues regarding insufficient pressure tanks, well capacity and borderline storage capacity from the system's overgrown size due to population growth. A comprehensive plan was researched and developed that would satisfy non-compliance issues and growth of the system for an additional 40 year projection. It included a third water plant, located on the east side of our service area, dividing the service area into (3) regions, West, Central and East. The project included purchase of land, an elevated water storage tank, hydro-pneumatic pressure tank, boosters/pumps and structures, electrical, fencing, and piping. Estimated cost of the project was \$1.8 million.

The Board of Directors directed management to research financing through government agencies such as USDA, Water Development Board and commercial institutions. All resulted in payback amounts exceeding our ability to fund the project based on our current revenues.

The Board took a second look at what must be done to minimally get us back into compliance and down scaled the project to cover immediate discrepancies that would satisfy TCEQ, prevent daily fines and address funding that will allow RWS to continue operating, satisfy TCEQ requirements and supply safe, quality water to residents.

At this year's annual meeting, the budget was discussed. Members present had the opportunity to dialog with the Board and Manager regarding operational cost and the expenditures we are facing due to compliance issues. The un-official Profit/Loss for 2016 exceeded \$18,000 in reserve spending. Each month we barely make ends meet and won't with TCEQ compliance expenses forthcoming.

For years the Board has been holding down cost but unanimously voted an increase in rates, calculated by State industry formulas, to re-align revenues with projected operational cost. Our Monthly Minimum is \$26.28 and gallon charge (above 3,000 gals.) is \$4.60 per 1000 gals. The existing rates have NOT been enough to sustain existing operations and definitely will not handle projects required by TCEQ.

We contacted the water system to our south across the railroad tracks in Raywood to find that they have been charging a Minimum Rate of 2000 gals.= \$57.21.
5,000 gals = \$81.78. That rate has been in effect since 2014.

It was decided to engage in a professional rate analysis, which resulted in identifying our rates as Too Low to keep up with operational cost, existing non-compliance capital expenditures and future growth of the system. It recommended the trend across the state of electronic metering, which will increase accuracy of readings/water sales, as well as substantially reduce labor cost and time in reading the meters manually, especially in inclement weather. The study also recommended the need to change to a Tier Rate structure that would allow decreased gallon charges.

Previous Rates: \$26.28 Min Monthly Charge, \$4.60 per 1000 gallons over 3000 gallons

NEW MONTHLY MINIMUM WITH NO GALLONAGE INCLUDED IS \$42.24

And new Tier Rate for Gallons Used

Tier per 1,000 Gallons Price per 1,000 Gallons

0-2,000	2.00
2,001-6,000	2.25
6,001-10,000	2.50
10,001 +	3.00

Installation of a 10,000 gal Hydro-pneumatic water tank, larger booster pumps with piping and electrical changes needed, and land for the new plant (to show TCEQ our efforts at future compliance) was determined to satisfy the immediate needs of compliance. That project was estimated at \$85,000. The need to replace the systems outdated and in-accurate water meters was added at a cost of \$107,839.

The additional revenues to the system with the new rate structure will hopefully allow us to operate (at break even), while taking care of mandated expenses and REQUIRED expansion of the system. Your understanding and cooperation in meeting the needs of operational cost in supplying you safe, quality drinking water is of the utmost concern of the Directors. Effective Date of Increase is anticipated in April 2017 water bills.

Raywood Water Supply Corporation
Annual Meeting Minutes
March 12, 2017
Sacred Heart Catholic Church Hall

- I. Meeting was called to by Frank Fontenot @ 12:33 pm. Prayer was led by James LaChapelle.
- II. Roll call present was Frank Fontenot, Wes Tanner, James LaChapelle, Lois Brooks, Martha Hardy, Peter Broussard, Todd Fontenot and Frankie Espree. Inez Echols and Addie Walker were absent.
- III. Annual Water Board Meeting minutes were read by Vincent Espree. Marie Collette moved that the minutes be accepted. Todd Fontenot seconded the motion. The Motion carried.
- IV. 2016 Audit Report is unavailable today as per Ray Smith, CPA of Wiggins & Smith. Because of the death of his partner in their business, he has been unable to prepare the report. He asked for an extension to prepare the report and it was granted. When it is complete, it will be available at the RWSC office should anyone like to review or need a copy. The manager's report followed in lieu of the audit report.
- V. Todd Fontenot presented and discussed the approved 2017 Proposed Budget to the membership present including a Rate increase.
- VI. Nomination Committee Report was read by Wesley Tanner. The committee consist of Wesley Tanner, Vincent Espree and James LaChapelle. The names of Peter Broussard , Inez Echols and Martha Hardy were recommended for consideration as positions on the Raywood Water Supply Corporation Board of Directors for the three positions that will expire this year of 2017. Todd Fontenot moved to accept the nominations and it was seconded by Wes Tanner. The motion carried.
- VII. Nominations from the floor at the meeting were Roland Ramos and Allison Fontenot. Allison Fontenot received 8 Votes.
Roland Ramos received 4 Votes.

The Election results therefore were:

Peter Broussard	57 Votes
Inez Echols	51 Votes
Martha Hardy	50 Votes

Marie Collette motioned to accept Peter Broussard, Inez Echols and Martha Hardy with the three highest votes received. Vincent Espree seconded the motion. The Motion carried.

VIII. Awarding of Door Prizes:

<u>\$50.00 Door Prize</u>	<u>\$25.00 Door Prize</u>
Norma Arceneaux	Leo Sterling
Emmanuel Fontenot	Mrs. Thomas Ramos
	Catherine Boutte
	Peter Broussard
	Wes Tanner
	Ruby LaBove
	Laura Mallett
	Allison Fontenot

Vincent Espree motioned to adjourn the meeting and it was seconded by Catherine Boutte. The Motion carried. Meeting ended with prayer with James LaChapelle at 1:48pm.

RAYWOOD WATER SUPPLY CORPORATION

P.O.BOX 125
26 FM 2830 NORTH
RAYWOOD, TX 77582
936-587-4505

NOTICE OF MEETING

Notice is hereby given that Raywood WSC will meet for the Annual Meeting at the Sacred Heart Catholic Church Hall at 3730 FM 160 North, Raywood, Texas at 12:00 PM on Sunday, March 12, 2017

AGENDA as follows:

- 1. CALL MEETING TO ORDER BY PRESIDING OFFICER**
- 2. ROLL CALL OF DIRECTORS AND ESTABLISH A QUORUM**
- 3. WELCOME AND RECOGNIZE VISITORS AND GUESTS**
- 4. READING & APPROVAL OF THE 2016 ANNUAL MEETING MINUTES**
- 5. MANAGERS REPORT:**
AUDIT, TCEQ REGULATIONS & RESOLVE, RATE INCREASES
- 6. NOMINATION COMMITTEE REPORT APPROVAL**
- 7. BOARD OF DIRECTORS ELECTION**
- 8. AWARDING OF DOOR PRIZES**
- 9. OPEN FORUM**
- 10. MEETING ADJOURNMENT**

RWSC WATER RATE CALCULATION WORKSHEET

2/27/17

AS PER GENERAL MANAGER, TODD FONTENOT

\$230,000	2016 WATER SALES
55,636	ADDITIONAL REVENUE FROM INCREASED RATE TO \$42.24 (\$42.24-26.28=\$15.96/CUSTOMER/MONTH (X 7 MONTHS-JUNE '17)
5,250	REVENUE (ESTIMATED MEMBERSHIP/BUY IN/INSTALLATION/INTEREST)
<hr/>	
\$290,886	

\$361,206	TOTAL EXPENSES
<u>290,886</u>	PROJECTED INCOME (W/42-24 MIN)
\$ 70,320	DEFICIT TO MEET TOTAL EXPENSES

<i>TIER BLOCK</i>	<i>%CUSTOMERS IN TIER</i>	<i>AVG WATER SOLD</i>	<i>RATE</i>	<i>REVENUE GENERATED</i>
0-2,000	31.31	9,181	2.00	18,364
2,001-6,000	32.08	9,407	2.25	21,166
6,001-10,000	9.47	2,776	2.50	6,942
10,001 +	27.14	7,960	3.00	23,881
			TOTAL	\$70,353

WITH ABOVE \$42.24 RATE
MINIMUM MONTHLY CHARGE AND TIER RATE /1,000 GAL.
\$290,886 ESTIMATED REVENUE
70,353 WATER SALES (GALLONAGE)
\$361,206 TOTAL ESTIMATED REVENUES

Raywood Water Supply Corporation

Water Rate Table as of 2/27/17

Calculated By: General Manager, Todd Fontenot
(with the help of TRWA Representative Circuit Rider, Paul King)

MINIMUM MONTHLY CHARGE

(STANDARD METER SIZE)

\$42.24

GALLONAGE RATE: (USING STEP/TIER RATE AS PER TRWA SUGGESTION)

USAGE	RATE:
0-2,000.....	\$2.00 / 1,000
2,001-6,000.....	\$2.25 / 1,000
6,001-10,000.....	\$2.50 / 1,000
10,000 +.....	\$3.00 / 1,000

ADDITIONAL SPECIAL SIZE METERS ONLY:

<i>RATE #</i>	<i>METER SIZE</i>	<i>MINIMUM MONTHLY CHARGE</i>
3	1 INCH	\$61.37
4	1 ½ INCH	\$93.24
5	2 INCH	\$131.49

**+.5% TCEQ ASSESSMENT TO WATER CHARGES ONLY*

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