



Control Number: 48099



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DOCKET NO. 48099

LESTER BROWN II'S APPEAL OF § PUBLIC UTILITY COMMISSION
THE COST OF OBTAINING §
SERVICE FROM PAINT CREEK § OF TEXAS
WATER SUPPLY CORPORATION §

COMMISSION STAFF'S FINAL RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Final Recommendation in response to Order No. 3 and would show the following:

I. BACKGROUND

On February 23, 2018, Lester Brown II filed a petition with the Public Utility Commission of Texas (Commission) appealing the decision of Paint Creek Water Supply Corporation (Paint Creek) for the cost of obtaining service. This appeal is governed by Tex. Water Code (TWC) § 13.043(g) and 16 Texas Administrative Code (TAC) § 24.41(g). Mr. Brown stated that the total cost to obtain service from Paint Creek was \$102,000, which includes \$2,000 for a feasibility study. Additional information regarding the cost of obtaining service was filed on June 7, 2018.

On May 29, 2018, Order No. 3 was issued, establishing a deadline of July 25, 2018, for Staff to file a final recommendation on the petition or request a hearing. This pleading is therefore timely filed.

II. RECOMMENDATION

Staff has reviewed the petition and the information filed on June 7, 2018. As detailed in the attached memorandum from Jolie Mathis in the Commission's Water Utility Regulation Division, based on the information currently available, Staff recommends that both the \$2,000 feasibility study fee and the \$100,000 cost of obtaining service are consistent with Paint Creek's tariff, reasonably related to the cost of installing facilities to provide service, and otherwise consistent with the requirements of 16 TAC § 24.41(g)(2). In addition, Staff recommends that the feasibility study fee and the costs associated with obtaining service from Paint Creek are not clearly unreasonable, in compliance with 16 TAC § 24.41(g)(1).

Staff therefore recommends that a deadline of August 24, 2018, be established for Mr. Brown to request a hearing or to provide information further explaining upon what basis he has determined that the costs of obtaining service from Paint Creek are inconsistent with Paint Creek's tariff or clearly unreasonable. If that deadline is established and Mr. Brown does not file anything by that deadline, Staff recommends that the Commission affirm Paint Creek's decision and cost of obtaining service, including the feasibility study fee, under 16 TAC § 24.41(g)(2).

III. CONCLUSION

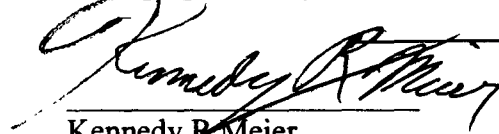
For the reasons detailed above, Staff recommends that, based on the information currently available, the cost of obtaining service from Paint Creek complies with the necessary criteria in TWC § 13.043(g) and 16 TAC § 24.41(g) and that, unless additional information or a request for a hearing is filed by August 24, 2018, the Commission affirm the cost of obtaining service from Paint Creek, including the feasibility study fee, under 16 TAC § 24.41(g)(2).

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

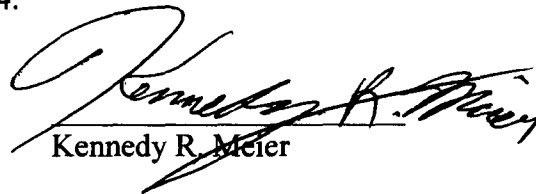


Kennedy R. Meier
State Bar No. 24092819
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7265
(512) 936-7268 (facsimile)
kennedy.meier@puc.texas.gov

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 25th of July, 2018 in accordance with 16 TAC § 22.74.



Kennedy R. Meier

PUC Interoffice Memorandum

To: Kennedy Meier, Attorney
Legal Division

Thru: Tammy Benter, Director
Heidi Graham, Manager
Water Utility Regulation

From: Jolie Mathis, Utility Engineering Specialist
Water Utility Regulation

Date: July 25, 2018

Subject: *Docket No. 48099, Lester Brown II's Appeal of the Cost of Obtaining Service from Paint Creek Water Supply Corporation*

On February 23, 2018 Mr. Lester Brown ("Applicant" or "Appellant"), filed a petition with the Public Utility Commission of Texas ("Commission") appealing the decision of Paint Creek Water Supply Corporation ("Paint Creek WSC"), Certificate of Convenience and Necessity (CCN) No. 10635 for the cost of obtaining service from Paint Creek WSC. This petition is being reviewed under Texas Water Code (TWC) § 13.043(g) and 16 Texas Administrative Code (TAC) § 24.41(g).

Mr. Lester Brown is appealing a \$2,000.00 charge for a feasibility study, and a \$100,000.00 estimate for the total cost of obtaining service. The \$2,000 feasibility charge is for the hydraulic study, cost estimate, and layout map. The \$100,000 cost estimate is for improvements to the system to serve a new subdivision with an additional 20 meters with construction of a new 3" water line to be laid along FM3495 beginning at the Earles Camp Road and extending to the Brown entrance. The estimate includes all labor, material, equipment and incidentals to furnish and install 11,000 feet of 3" water line plus valves, etc.

According to 16 TAC § 24.41(g)(2), in an appeal brought under this subsection, the commission shall affirm the decision of the water supply or sewer service corporation if the amount paid by the applicant or demanded by the water supply or sewer service corporation is consistent with the tariff of the water supply or sewer service corporation and is reasonably related to the cost of installing on-site and off-site facilities to provide service to that applicant.

According to the Paint Creek WSC Tariff, Section G Part 1.B. states that all Non-standard service applications shall be subject to a fee, unique to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with the applicant, provide cost estimates of the project, present detailed plans and specifications as per final plat, advertise and accept bids for the project. Staff finds the \$2,000.00 feasibility charge does not appear to be unreasonable or inconsistent with the tariff, as it includes the cost for the engineering study, cost estimate, layout map, and feasibility.

According to the Paint Creek WSC Tariff, Section G Part 4.B. states that Non-standard service shall include any and all construction labor and materials, administration, legal, engineering, membership, buy-in and monthly service availability fees as determined by the corporation under the rules of section E.1.C.(2) of this tariff. Staff finds the \$100,000 estimated cost of installation does not appear to be unreasonable or inconsistent with the tariff, as it includes all labor, material, equipment and incidental to furnish and install 11,000 feet of 3" water line plus valves, etc.

Staff therefore recommends that the amounts demanded by Paint Creek WSC be found to be consistent with the tariff of Paint Creek WSC and reasonably related to the cost of installing on-site and off-site facilities to provide service to the Applicant.
