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Addendum StartPage: 0

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Frank Marx, III Statement of Position

First of all, it is my belief that this water company should be placed into receivership and allow the City of Corsicana to take it over. Most of the meters being serviced are in a dual service area already. I state the following items in support of placing the water company into a receivership. The current water company has charged rates that are not in agreement with approved tariffs for years. This is evident in my case against them in docket number 50285. It is also evident by the fact that my July bill was in excess of \$500 and when I went to confirm the meter reading, I discovered that the meter could not have been read as it was totally covered in dirt. It had been that way for the entire year of 2020 as I would look at it each month. Some of the months I was charged under the 10,000 gallon level when I probably used more. That resulted in an overcharged based on rates on this bill. The company has not cared what the PUC said, they have billed what they have wanted in the past.

If regards to the rate increase. There rate increase is out of line with what they need and what they originally asked for as a rate increase. The original rate suggested by staff was over 50% more than what they asked for. I spoke to Mrs. Richardson, and she confirmed this. In fact, here is a quote from her in an email she sent me "It was less than I wanted (referring to her interim request). I told you I thought we needed at least \$30 base rate and at least \$6 per 1,000 when all was said and done." This is what she wanted and said she would be please with that. I would think something slightly less would be good for the consumer and the company. Now they are asking for much more.

I do not understand how a PU commission that should be looking out for the best interest of the consumer could grant rates in excess of what a company said they wanted. Just does not make any sense to me. Please explain this one if you can.

Comments on direct testimony of Northtown Acres Water.

First - She comments that Northtown has not had any base rate increases in over a decade. That may be true if you are talking about approved increases. It is not true if you are talking about increases charged to the public. I believe that I proved this in my docket 50285. Thanks to help from staff, I able to show that I had been overcharged for the last three years. The Richarson's and I went through mediation and settled. I was paid somewhere around \$1,200 for the overcharges. I know there was more but did not want to go further back than what I did. I really wanted to show that they had overcharged the customers. Everyone on this

system has been overcharged and should be able to recover those charges. I would think that the PUC would take a look into this as this should be part of their oversight functions for the public. I am requesting that the PUC take a look at prior overcharges and get those refunded to the public.

This shows the type people they are and that they do not care about rules or the public using their utility.

In looking at the major cost categories listed on page five there are two cost that stand out. I will address both at a later time. The 78K labor and the 68,279 return on investment. I will address both when I get the rate increase application.

Second - Comments concerning rate increase.

Return on Capital.

In the testimony, Sheroll states that they have no records of invested capital. In their filings for a rate increase that was filed in January of 2019 (filing #3 of case 48819) they state on page 31 that their original cost was 108,500. How do we get from 108,500 to the 985,276 they are now claiming? I believe they do know what the original cost was. There are no costs showing on their depreciation schedules filed with the IRS for any of these costs. Seems strange that if they incurred costs, that they would not deduct them. Most people that I know deduct everything that they can.

Now to address the 78,000 in labor that they are asking for. This is way out of line for a utility company that only has 211 meters and requires only part time work. In the same January 2019 proposal they were asking for two workers. Office worker at 200/week and field person at 500/week. That is 36,400 annually for both. I know a company (Community Water) that provides these services for municipal water companies in our area. They charge 4,250/mo or 51,000 for a 311 meter municipality. This includes some of the lighter maintenance also, so some other expenses would be eliminated. On a prorated basis, this would be 34,600 annually. Another 1,000 meter company in our area pays a manager 62,000, helper 50,000 and office worker 30,000. This is a total payroll for 1,000 meters. Prorated, this would be 29,962. So for talking purposes, the labor cost might be reasonable at 30,000 based on the proration of what two other companies are doing. The Richardson's per their 2019 tax return showed profits from the water companies of 14,699 net. Add back depreciation of 6,588 and they showed profit for labor of 21,287. This would need to be deducted from the additional labor they are asking for, since they are actually earning something. Again, I would venture that the tax return amount is low, but we have to go on what is filed.

The depreciation would be added back since they are requesting a return on capital that would replace the stated depreciation on the return. 2019 was before the rate increase that was granted to them.

On the current rate increase and in the testimony, they claim return on investment as a cost driver of 68,279 (page 3) however the computed amount is only 38,084. The revenue requirement schedule shows on page 14 \$153,583 of expenses, however the 2019 tax returns only show 141,096. How do we get more expenses here?

I do not know that we will ever get to the truth on costs and expenses incurred. I believe the actual costs are less than they are claiming

Again, my recommendation is that the system be put into receivership.

Respectively Submitted,

Frank Marx, III

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on June 10, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.