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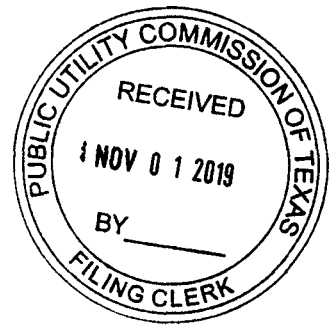
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Patterson Professional Services, LLC
P.O. Box 910
9963 Hwy 377
Collinsville, Texas 76233
903-429-3008

49759



October 25, 2019

Public Utility Commission
P.O. Box 13326
Austin, Texas 78711-3326

RE: Notice of Temporary Rate for Services Provided for a Nonfunctioning Utility.
Horseshoe Bend Water PWS# 1840002

Dear PUC:

As the Temporary Manager, see TCEQ Docket NO. 2018-0923-UCR-E Agreed Order for Horseshoe Bend Water Service, I am providing notice that I will immediately begin charging a temporary rate under Texas Water Code§ 13.046 and 16 Texas Administrative Code§ 24.147. The temporary rate increase for this utility is based on the following information and is necessary to provide continuous and adequate service.

To our best knowledge this system currently has 440 connections. As no records were transferred, this is our current count after a few months of billing cycles. In September, the well pump, motor and wiring were removed from the well adjacent to the golf course. The cost to Patterson Water was \$3,868.90 and the theft has been reported to the TCEQ criminal investigations team. To cover this expense, we are requesting a temporary well surcharge fee of \$2.93 to last 90 days beginning October 1st. Without repairing this well there is no way to provide adequate water production to customers of the utility. The current rates do not generate enough revenue to sustain the system and the unforeseen cost of replacing the pump and motor has placed significant financial strain on the system. The well surcharge fee would allow us as Temporary Managers to at least recoup a part of the cost to replace this equipment.

Attached with this letter is a copy of the letter sent to our customers notifying them of the surcharge.

Respectfully yours,

Mark Patterson
Temporary Manager

Patterson Water Supply
P.O. Box 910
Collinsville, TX 76233

October 1, 2019

Horseshoe Bend Water Users: Rates / Well Issue / Surcharge

Dear Water System Clients:

We are working with TCEQ and PUC to come up with the final rate that you will be charged throughout the Temporary Manager / Receivership operational period. We have struggled to come up with the final rate as we had no prior expenses, income statements, or customer numbers to go by. It looks like based on initial figures that an average total bill of \$50 per customer per month will be the final amount, but some small adjustments may still be coming.

Currently Patterson Water Supply is -\$22,500.00 on the Horseshoe Bend Temporary Managership. It is our hope that things will settle out during the final three months of the term and we can at least break even. As of today, there is no word if we will be extended into another term, or if a receiver will be appointed.

The Well Pump, Motor, and Wiring that was removed from the well adjacent to the golf course has been replaced. The TCEQ criminal investigator is still pursuing the case. The total cost for replacement of the equipment was \$3868.90. The TCEQ and PUC has approved for us to place this in a surcharge to your water bills to cover this expense. The surcharge will be \$2.93 per customer for three months. If restitution is made, we will credit you this amount back. We are sorry this surcharge is necessary, however without this well being in service there simply isn't enough water production to keep up with demand. We believe this repair was necessary to assure a reliable supply.

We hope that you will view this as a partnership. A quality water supply will affect you on a personal level, everything from your health all the way to helping your property value. Our Office number (903) 429-3008. We will be in the area on a regular basis for the foreseeable future. If you see us out there stop and introduce yourself, we'd like to get to know you all... visit us at pattersonwatersupply.com for more information.

Sincerely,

Mark Patterson

Mark Patterson

President - Patterson Water Supply