

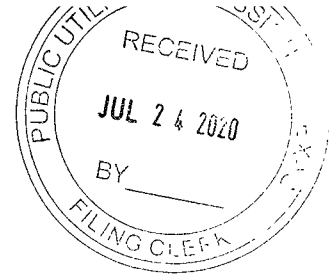


Control Number: 49759



Item Number: 34

Addendum StartPage: 0



DOCKET NO. 49759

**APPLICATION OF MARK
PATTERSON FOR TEMPORARY
RATES FOR SERVICE PROVIDED
FOR A NONFUNCTIONING UTILITY**

§
§
§
§
§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

COMMISSION STAFF'S AMENDED RECOMMENDATION ON FINAL DISPOSITION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest and files this Amended Recommendation on Final Disposition. In support thereof, Staff shows the following:

I. BACKGROUND

On July 17, 2019, Horseshoe Bend Water (Horseshoe) through its temporary manager, Mark Patterson, filed with Public Utility Commission (Commission) a request for a temporary rate increase for Certificate of Convenience and Necessity (CCN) No. 10263 pursuant to Texas Water Code § 13.046 and 16 Texas Administrative Code (TAC) § 24.363 in Hood County, Texas. Mr. Patterson was appointed as temporary manager for Horseshoe and its public water system no. 1840002, by an order issued by the Texas Commission on Environmental Quality on July 3, 2020.

On September 13, 2019, Staff filed its Recommendation on Final Disposition. Staff now files an Amended Recommendation on Final Disposition after review of additional information submitted by its temporary manager Mark Patterson.

II. RECOMMENDATION

As supported by the attached memorandums of Patricia Garcia of the Commission's Infrastructure Division as well as Debi Loockerman of the Commission's Rate Regulation Division, Staff recommends that:

- 1) Approve the yearly expenses of \$212,426.
- 2) Approve the temporary rate and gallonage rate as follows:

Customer Meters	Monthly Minimum Charge
5/8"	\$17.36
3/4"	\$26.03
1"	\$54.00
2"	\$192.00

Volumetric Charge
\$3.10 per 1,000 gallons

- 3) Approve the previously billed surcharge noticed and billed to the customers for the months of October 2019 through December 2019.

Surcharge	Amount
Replacement of the well pump, motor and wiring that were stolen from the well	\$2.93

- 4) Approve the surcharge calculated using the total from Table 2 be charged for four months.
- a. Order the temporary manager provide notice of this surcharge prior to billing.

Surcharge	Amount	Duration
New Account Fees, Parts purchased, and Equipment Use Fees	\$2.22	Four Months

- 5) Approve the pass-through charge of \$0.22 per 1,000 gallons for fees charged by the Upper Trinity Groundwater Conservation District.
- 6) Approve the proposed temporary tap fees of \$1,000 for a 3/4-inch meter, \$1,250 for a 1-inch meter and \$2,500 for a 2-inch meter.
- 7) Approve the attached tariff.
- 8) No refunds to the customers based on the temporary rates recommended. Staff recommends that the temporary manager keep separate accounting for all amounts collected in excess of the approved temporary rate between July 3, 2019 through May 2020 in regulatory liability. The excess funds collected should be used to pay for any

repairs or maintenance at the water system and the liability reduced by the amount incurred for repairs and maintenance in excess of the amount included in the approved temporary rate. If this excess amount has already been used to help pay for repairs or maintenance, Staff recommends that the temporary manager submit the invoices to substantiate the costs of the repair or maintenance.

- 9) Order Applicant to provide the following documentation monthly by the last day of the month following the month in question, ending with providing this documentation for the month that his term as temporary manager for Horseshoe Bend is completed:
 - a) Summary of monthly revenues and expenses with a detailed list of actual expenses for operating the system, such as repairs, chlorine, billing, operator costs, electricity, laboratory fees, sampling costs, etc.;
 - b) Copies of invoices and receipts to support the actual cost of service;
 - c) The actual number of connections at the beginning and at the end of the month;
and
 - d) A signed statement that copies of the monthly report will be provided to the TCEQ at the same time it is provided to the PUC.

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

/s/ Rashmin J. Asher
Rashmin J. Asher
State Bar No. 24092058
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7216
(512) 936-7268 (facsimile)
Rashmin.Asher@puc.texas.gov

DOCKET NO. 49759

CERTIFICATE OF SERVICE

I hereby certify that, unless otherwise ordered by the presiding officer, a true and correct copy of the foregoing document was transmitted by electronic mail to the parties of record on July 24, 2020 in accordance with the Order Suspending Rules issued in Docket No. 50664.

/s/ Rashmin J. Asher
Rashmin J. Asher

Public Utility Commission of Texas

Memorandum

To: Rashmin Asher, Attorney
Legal Division

From: Patricia Garcia, Engineering Specialist
Infrastructure Division

Date: July 24, 2020

SUBJECT: **Docket No. 49759**, *Application of Mark Patterson for Temporary Rates for Services Provided for a Nonfunctioning Utility*

Background:

On July 17, 2019, Horseshoe Bend Water, through its temporary manager, Mark Patterson, filed with the Public Utility Commission (Commission or PUC) a request for a temporary rate increase pursuant to Texas Water Code § 13.046 and 16 Texas Administrative Code § 24.363 and § 24.43(b) in Hood County, Texas for Horseshoe Bend Water, Certificate of Convenience and Necessity (CCN) No. 10263 and Public Water System No. 1840002.

Analysis:

Under 16 Texas Administrative Code (TAC) § 24.363(a), Applicant may charge temporary rates “to recover the reasonable costs incurred for interconnection or other costs incurred in making services available and any other reasonable costs incurred to bring the nonfunctioning system into compliance with commission rules.” On April 2, 2020, Applicant filed electricity bills and reports showing the actual expenses to operate and maintain the system from July 2019 through February 2020. I have used those actual expenses to recommend expenses for the calculation of the temporary rates. In addition, to these expenses the Applicant provided an invoice from a water well driller showing repairs done on one of the wells that had a pump stolen. The invoice showed the expenses for repairs done. These expenses were recovered by the temporary manager in a surcharge noticed to the customers on October 25, 2019 and collected from the customers on their utility bills from October 2019 through December 2019.

The following table provides a summary of the expenses that I am recommending be included in the calculation of rates. I calculated the annual expenses by taking the monthly average expenses using the electricity bills and reports provided by the applicant and annualizing them by multiplying the monthly average expenses by 12. Additionally, I took into consideration the expenses the temporary manager took on for the system in order to make repairs to the well, additional expenses that were not billed to the system, and groundwater conservation district charges from the Upper Trinity Groundwater Conservation District which had not been implemented into the utility’s tariff prior to the temporary manager taking over operations of the system. Each of these items will be discussed below.

Unfortunately, the expense categories used by Applicant, which were based on his estimates, do not closely match the listing of expenses in the reports provided. In the reports, different types of costs are bundled together – for example, “Mow, rereads, install meter” and “re reads, turn ons, mowing.” As a result, the table shows \$0 for some categories proposed by Applicant, but they are

covered in other categories of expenses that I recommend, mainly the Operations & Maintenance category. The attached workpapers provide detail for all the expenses listed.

The other major difference between the costs estimated by Applicant and the costs from the invoices and reports that I used are that Applicant included estimated costs for capital improvements, which are listed as Needed Repairs in the table. He amortized these costs over ten years; he included only 1/10th of the estimated costs as the annual costs. The costs amortized by Applicant over ten years include capital improvements that have not been made at this time. Additionally, there is a Sale, Transfer, Merger application in review by Commission Staff to transfer the system to a new owner. The new owner has indicated that they will be implementing many of these improvements on the utility.

Applicant requested a total yearly expense of \$312,755 for the temporary rates, including \$13,200 in billing/postage reviewed by Ms. Debi Loockerman in the Rate Regulation Division and \$37,440 for the temporary manager's fee. I excluded the temporary manager's fee from my review because the temporary manager's fee is assigned by order of the Commission or the Texas Commission on Environmental Quality (TCEQ) and listed separately on the temporary rate tariff. I reviewed the expenses requested by Applicant and listed below, totaling \$262,115. I am recommending inclusion of \$202,292.17 in expenses for the temporary rates. This is a decrease of \$59,822.83, which is 22.8% lower than the Applicant requested. Looking at the total expenses that I have calculated, they are at a level consistent with other similar systems' expenses that I have reviewed for temporary rates over the years when adjusting for the various sizes of the systems.

Table 1- Expenses for Temporary Rates

	Applicant's Proposed Expenses Expressed as Yearly Amounts	Staff's Recommended Yearly Expenses	Description of Expenses (see attached workpapers for details)
Laboratory fees	\$30,000.00	\$1,891.21	My recommended expenses were calculated using the testing schedule for this water system from TCEQ's Drinking Water Watch database and the fees from https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/chemicals/LabFees.pdf .
Chlorine Expenses	\$5,040.00	\$3,085.88	Reports provided by Applicant for this system.
Needed Repairs	\$23,159.00	\$0.00	This category of estimated costs includes costs that are not recoverable in the temporary rates.
New Repairs	\$45,600.00	\$17,183.18	Reports provided by Applicant for this system.
Electric Utility Bills	\$19,200.00	\$10,028.75	Electricity bills provided by the Applicant for this system.
Operations & Maintenance (O&M)	\$98,172.00	\$109,942.50	Reports provided by Applicant for this system.
Fuel	\$14,544.00	\$0.00	See above paragraphs discussing why this was adjusted.

	Applicant's Proposed Expenses Expressed as Yearly Amounts	Staff's Recommended Yearly Expenses	Description of Expenses (see attached workpapers for details)
Truck & Auto Insurance	\$9,000.00	\$0.00	Reports provided by Applicant for this system.
Excavator Expenses	\$6,000.00	\$0.00	See above paragraphs discussing why this was adjusted.
Groundwater Conservation District Fees	\$7,500.00	\$0.00	Recommend to be included as a pass-through fee of \$0.22 per 1,000 gallons for the Groundwater Conservation District (GCD) fee based on the Upper Trinity GCD fee listed on their website.
Liability Insurance	\$3,000.00	\$0.00	See above paragraphs discussing why this was adjusted.
Lawn Maintenance	\$900.00	\$0.00	See above paragraphs discussing why this was adjusted.
Mileage	\$0.00	\$60,160.66	Reports provided by Applicant for this system.
Totals	\$262,115.00	\$202,292.17	

On November 1, 2019, the Applicant submitted a copy of the notice dated October 25, 2019 that was submitted to the customers informing them of a surcharge that would be applied to their bills from October 2019 through December 2019. The surcharge in the amount of \$2.93 was applied to customer bills during the months of October 2019 through December 2019 in order to recoup expenses paid out by the Applicant in order to replace the well pump, motor and wiring that were stolen from the well in the amount of \$3,868.71. To support this surcharge, Applicant submitted an invoice from Erwin Water Well Drilling dated September 27, 2019.

I also reviewed the following additional expenses provided in Applicant's reports, which were indicated to have been "Paid for by PWS to be reimbursed." As a result, I separated them from the expenses described above and recommend they be surcharged to the customers for four months, as the temporary manager's term ends in when the Sale, Transfer, Merger application is complete or December 2020, whichever comes first.

Table 2- Expenses for Surcharge

	Staff's Recommended Expenses for Surcharge	Description of Expenses
Electric - Account Initiation Fee	\$80.00	Temporary Manager's reports showed these items as needing to be paid.
Parts	\$941.47	Temporary Manager's reports showed these items as needing to be paid.
Equipment use fee	\$2,890.00	Temporary Manager's reports showed these items as needing to be paid.
Surcharge Total	\$3,911.47	

Rate Analysis:

The temporary manager requested the rates as shown in the chart below:

Minimum Monthly Charge	
5/8" or 3/4"	\$ 42.00
1"	\$ 57.00
2"	\$ 175.00

Volumetric Charge	\$ 4.00 per 1000 gallons
--------------------------	--------------------------

Under 16 TAC § 26.363, the Commission must issue an order regarding the reasonableness of the temporary rates. In making the reasonableness determination, the Commission must consider information submitted by the retail public utility taking over the provision of service, the customers of the nonfunctioning system, or any other affected person.

I calculated temporary rates that reflect the Receiver's functional split between fixed and variable costs, as well as the updated billing determinants provided in response to Staff's Supplemental Recommendation and requests for information. In calculating Staff's recommended temporary rate and surcharges, I incorporated the recommendations listed above. The revenue requirement used for the calculation of the temporary rate is \$212,426. The previously billed surcharge of \$2.93 was collected from the customers from October 2019 through December 2019 for a total of \$3,868.71. I recommend this rate be included in the approved tariff to show the temporary manager was allowed to collect this rate during that time. The surcharge for the remaining portion needing to be paid to the temporary manager is \$3,911.47. The resulting temporary rate, gallonage rate and surcharge are as follows:

Customer Meters	Monthly Minimum Charge
5/8"	\$17.36
3/4"	\$26.03
1"	\$43.39
2"	\$138.84

Volumetric Charge
\$3.10 per 1,000 gallons

Surcharge	Amount	Duration
New Account Fees, Parts purchased, and Equipment Use Fees	\$2.22	Four Months

I would like to point out that the temporary rates are lower than the rates previously approved for the system. Considering that the previously approved rates included 2,000 gallons in the minimum

monthly charge and the temporary rates do not include any gallonage in the monthly minimum charge, the minimum monthly charge for the 3/4" meter is similar to the previously approved rates for the 5/8" or 3/4" meters, listed separately in the proposed temporary rates listed above. The rates for the 1" and 2" meters are much lower than the previously approved rates. I recommend the following rates for the 1" and 2" meters to remain consistent with the previously approved rates:

Customer Meters	Monthly Minimum Charge
1"	\$54.00
2"	\$192.00

In support of the temporary tap fee increase, the Applicant submitted an invoice for a meter installed at a nearby water system. The invoice shows the cost of the meter installation to be approximately \$1,600 including labor and locating the original meter. The invoice provided was for installation of a meter for a home that was sharing a meter with another home. This unusual situation may have resulted in the installation cost being higher than a typical meter installation. The cost for installation of the meter and labor itself shows the costs to have been approximately \$1,400. The documents provided did not show what size meter was installed in this case, but given the circumstances and the fact that the receiver is requesting lower tap fees than those shown in the invoice provided, I believe the temporary tap fees requested by the receiver are reasonable based on the invoice and my experience reviewing such costs for similar systems. The receiver requests that the temporary tap fees be \$1,000 for a 3/4-inch meter, \$1,250 for a 1-inch meter, and \$2,500 for a 2-inch meter.

I recommend inclusion of a pass-through charge for the Upper Trinity Groundwater Conservation District of \$0.22 per 1,000 gallons based on the fees listed on the Upper Trinity Groundwater Conservation District website.

Based on my review of the Temporary Manager's application and the responses to Staff's Supplemental Recommendation and requests for information, I recommend that the above temporary rate is reasonable for the purpose of a temporary rate and should be approved. Similarly, I also recommend that the surcharges, temporary tap fees, and pass-through for the Upper Trinity Groundwater Conservation District listed above are reasonable and should be approved.

Attached is a tariff for Horseshoe Bend that reflects the temporary rates, temporary manager's fee, surcharges, pass-through, and temporary tap fees described in the preceding paragraphs. The tariff is based on the pro forma tariff approved by the Commission for many utilities.

Recommendation:

I recommend the Commission:

- 1) Approve the yearly expenses that I recommend in Table 1 in the preceding section.
- 2) Approve the temporary rate and gallonage rate as follows:

Customer Meters	Monthly Minimum Charge
5/8"	\$17.36

3/4"	\$26.03
1"	\$54.00
2"	\$192.00

Volumetric Charge
\$3.10 per 1,000 gallons

- 3) Approve the previously billed surcharge noticed and billed to the customers for the months of October 2019 through December 2019.

Surcharge	Amount
Replacement of the well pump, motor and wiring that were stolen from the well	\$2.93

- 4) Approve the surcharge calculated using the total from Table 2 be charged for four months.
a. Order the temporary manager provide notice of this surcharge prior to billing.

Surcharge	Amount	Duration
New Account Fees, Parts purchased, and Equipment Use Fees	\$2.22	Four Months

- 5) Approve the pass-through charge of \$0.22 per 1,000 gallons for fees charged by the Upper Trinity Groundwater Conservation District.
- 6) Approve the proposed temporary tap fees of \$1,000 for a 3/4-inch meter, \$1,250 for a 1-inch meter and \$2,500 for a 2-inch meter.
- 7) Approve the attached tariff.
- 8) No refunds to the customers based on the temporary rates recommended. Staff recommends that the temporary manager keep separate accounting for all amounts collected in excess of the approved temporary rate between July 3, 2019 through May 2020 in regulatory liability. The excess funds collected should be used to pay for any repairs or maintenance at the water system and the liability reduced by the amount incurred for repairs and maintenance in excess of the amount included in the approved temporary rate. If this excess amount has already been used to help pay for repairs or maintenance, Staff recommends that the temporary manager submit the invoices to substantiate the costs of the repair or maintenance.
- 9) Order Applicant to provide the following documentation monthly by the last day of the month following the month in question, ending with providing this documentation for the month that his term as temporary manager for Horseshoe Bend is completed:

- a) Summary of monthly revenues and expenses with a detailed list of actual expenses for operating the system, such as repairs, chlorine, billing, operator costs, electricity, laboratory fees, sampling costs, etc.;
- b) Copies of invoices and receipts to support the actual cost of service;
- c) The actual number of connections at the beginning and at the end of the month; and
- d) A signed statement that copies of the monthly report will be provided to the TCEQ at the same time it is provided to the PUC.

Public Utility Commission of Texas

Memorandum

TO: Rashmin Asher, Legal Division
FROM: Debi Loockerman, Rate Regulation Division
DATE: July 24, 2020
SUBJECT: Docket No. 49759, Application of Mark Patterson for Temporary Rates for Services Provided for a Nonfunctioning Utility

SUMMARY AND RECOMMENDATION

On July 17, 2019, Horseshoe Bend Water, through its Temporary Manager, Mark Patterson, filed with the Commission a request for a temporary rate increase under 16 Texas Administrative Code (TAC) § 24.363. Under 16 TAC § 24.363,

A retail public utility that takes over the provision of services for a nonfunctioning retail public water utility may immediately begin charging customers of the nonfunctioning system a temporary rate to recover the reasonable costs incurred for interconnection or other costs incurred in making services available and any other reasonable costs incurred to bring the nonfunctioning system into compliance with Commission rules.

Additionally, under 16 TAC § 24.363, the Commission must issue an order regarding the reasonableness of the temporary rates. In making the reasonableness determination, the Commission must consider information submitted by the retail public utility taking over the provision of service, the customers of the nonfunctioning system, or any other affected person.

Staff requested documentation in its recommendation on administrative completeness on August 19, 2019 and in discovery requests to the Temporary Manager on March 20, 2020, and April 3, 2020. The discovery responses provided by the Temporary Manager include additional documentation to support the Temporary Manager's out-of-pocket expenditures.

Recommended Total Estimated Annual Costs

Based upon my review of the Temporary Manager's responses to Staff's requests for information (RFI), including the 2019 Profit and Loss Statement and third-party documentation, I recommend that the total estimated yearly costs used to set the temporary rate include the following items.

Billing and customer service labor	\$ 6,480
Printing and Office Supplies	\$ 470
Postage and Delivery Expenses	\$ 2,858
Software Updates	\$ 326

The billing and customer service labor was not charged in the invoices from the Temporary Manager, nor was it included in the temporary manager monthly documentation. However, the amount was proposed in the original request and estimated in Attachment A of the Applicant's native files response to Staff's RFI No. 2 on June 17, 2020. Although invoices were not available, the estimate was based on the estimated monthly time and billing rate of individual employees of the Temporary Manager. I recommend that this amount be included as a component of the temporary rates because the Temporary Manager has provided billing and customer services since July 2019 and the proposed compensation is reasonable. I base this on my experience in billing and customer service in the industry. The printing and office supplies, postage and delivery expenses, and software updates were based on the Temporary Manager's monthly reports that included detailed invoice numbers calculations for postage based on customer count, and allocations to Horseshoe Bend Water System based on customer count. The Temporary Manager's documentation also included third-party invoices for the software updates and bill printing supplies.

As a result of my review, I recommend approval of the Temporary Manager's request for a temporary rate increase with the modifications to the request described above. Staff's recommended total amount of annual temporary costs is \$212,426, including the recommendations of Staff Witness Patricia Garcia that appear in Attachment DL-1. Attachment DL-1 provides detailed information to identify specific line item components that comprise the annual operating expense total recommended by the Commission Staff. Recovery of the annual temporary costs is reasonable for the provision of adequate and continuous water utility service. Ms. Garcia also presents the resulting rate design.

Additionally, I concur with Ms. Garcia's recommendations as to the report summarizing monthly operations, maintenance, administrative, and general expenses with a detailed list of actual expenses, and the accounting treatment of any excess funds collected.

UTILITY NAME
DOCKET NUMBER

Horseshoe Bend
49759

CCN No 10263

WATER FIXED & VARIABLE REVENUE ALLOCATION

Category	Account Name	Requested Yearly Expenses	Staff Adjustment	Estimated Yearly Expenses ①	Fixed % of ① ②	Fixed Expenses ③ = ①*②	Variable Expenses ④ = ① - ③
Laboratory	Laboratory Testing	\$30,000	(\$28,109)	\$1,891			
Chlorine	Chlorine	\$5,040	(\$1,954)	\$3,086			
Electrical	Utilities - Electric	\$19,200	(\$9,171)	\$10,029			
Repairs	New Repairs	\$45,600	(\$28,417)	\$17,183			
Repairs	Needed Repairs	\$23,159	(\$23,159)	\$0			
Billing	Stamps, labor for mailouts, etc	\$13,200	(\$6,720)	\$6,480			
Billing	Printing and Office Supplies	\$0	\$470	\$470			
Billing	Postage and Delivery	\$0	\$2,858	\$2,858			
Billing	Software Updates	\$0	\$326	\$326			
O&M	Operator Patterson Water	\$98,172	\$11,771	\$109,943			
O&M	Fuel	\$14,544	(\$14,544)	\$0			
O&M	Truck / Insurance	\$9,000	(\$9,000)	\$0			
O&M	Groundwater Conservation District Fees	\$7,500	(\$7,500)	\$0			
O&M	Excavator Expense	\$6,000	(\$6,000)	\$0			
O&M	Insurance	\$3,000	(\$3,000)	\$0			
O&M	Lawn Maintenance	\$900	(\$900)	\$0			
Mileage	Travel/Mileage Expense	\$0	\$60,161	\$60,161			
	TOTAL EXPENSES	\$275,315	(\$62,888)	\$212,427			
	REQUESTED RETURN						
	TOTAL REVENUE REQUIREMENT			\$212,427			
	LESS OTHER REVENUES			\$0			
	REVENUE for RATE DESIGN			\$212,427	65%	\$138,077	\$74,349

Category	Account Name	Requested Yearly Expenses	Staff Adjustment	Estimated Yearly Expenses
Managers	Receiver Fee Per Court Order	\$37,440	\$4,800	\$42,240

Surcharged 1 - collected from October 2019 through December 2019

Account Name	Total to be repaid
Well Repair	\$3,869
Total	\$3,869

Surcharged 2 - to be collected for 2 months

Account Name	Total to be repaid
Electric Account Initiation Fee	\$80
Parts	\$941
Equipment use fee	\$2,890
Total	\$3,911

49759 - Temporary Rate Design PG

UTILITY NAME.

Horseshoe Bend

DOCKET NUMBER:

49759

Line No.	Description	Reference	Amount
1	Fixed Revenue		\$138,077
2	Test Year Meter Equivalencies		663.00
3	Billing Cycles per Year		12
4	Base Rate		17.36

Customer Meters	No.:	Multiplier:	Conn. Equiv.	Base Rate	Base Rate Revenue
Number of 5/8" connections:		1.00	0.00	\$ 17.36	\$ -
Number of 3/4" connections:	437	1.50	655.50	\$ 26.03	\$ 11,376.28
Number of 1" connections:	3	2.50	7.50	\$ 43.39	\$ 130.16
Number of 1-1/2" connections:		5.00	0.00	\$ 86.78	\$ -
Number of 2" connections:		8.00	0.00	\$ 138.84	\$ -
Number of 3" connections:		16.00	0.00	\$ 277.68	\$ -
Number of 4" connections:		25.00	0.00	\$ 433.88	\$ -
Number of 6" connections:		50.00	0.00	\$ 867.76	\$ -
Number of 8" connections:		80.00	0.00	\$ 1,388.41	\$ -
Total =		440.00	663.00		\$ 138,077.37

Tiers	Gallage Rates	Gallons billed by Tier	Volumetric Revenue
0 to All Gallage/1000	2,009,265.00	3.10	\$74,745
Total		3.10	\$74,745

Total Revenue Generated	\$212,822
Revenue Requirement	212,427

UTILITY NAME: Horseshoe Bend
DOCKET NUMBER: 49759

Line No.	Description	Amount
1.	Surcharge for well repair	\$3,869
2.	Connection Count	440.00
3.	Enter the number of months for surcharge to be collected (example: 1 year = 12 months, 2 years = 24 months, etc.)	3
4.	Surcharge Calculation (Line 1/Line 2/Line 3)	2.93

UTILITY NAME **Horseshoe Bend**
DOCKET NUMBER **49759**

Line No.	Description	Amount
1.	Surcharge for outstanding bills	\$3,911
2.	Connection Count	440.00
3.	Enter the number of months for surcharge to be collected (example: 1 year = 12 months, 2 years = 24 months, etc.)	4
4.	Surcharge Calculation (Line 1/Line 2/Line 3)	2.22

Revenue Requirement	Estimated monthly costs from Receiver	Estimated Yearly Costs from Receiver	Recommended Yearly Costs	Staff Adjust to Yearly Estimates from Receiver	Estimated Monthly Costs	How Costs Were Determined
	In Letter / Notice					
Laboratory fees	\$2,500.00	\$30,000.00	\$1,891.21	(\$28,108.79)	\$157.60	My recommended costs were calculated using the testing schedule for this water system from TCEQ's Drinking Water Watch database and the fees from https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/chemicals/LabFees.pdf . Page 4
Chlorine Expenses	\$420.00	\$5,040.00	\$3,085.88	(\$1,954.12)	\$257.16	Reports provided by the Applicant for this system. Page 5
Needed Repairs	\$1,929.92	\$23,159.00	\$0.00	(\$23,159.00)	\$0.00	This category of estimated costs include costs that are not recoverable in the temporary rates.
New Repairs	\$3,800.00	\$45,600.00	\$17,183.18	(\$28,416.83)	\$1,431.93	Reports provided by the Applicant for this system. Pages 6 - 8
Electric Utility Bills	\$1,600.00	\$19,200.00	\$10,028.75	(\$9,171.26)	\$835.73	Invoices provided by the Applicant. Pages 9 - 11
Operations & Maintenance (O&M)	\$8,181.00	\$98,172.00	\$109,942.50	\$11,770.50	\$9,161.88	Reports provided by the Applicant for this system. Pages 12 - 16
Fuel	\$1,212.00	\$14,544.00	\$0.00	(\$14,544.00)	\$0.00	Adjusted as these costs were not supported on the reports or invoices, may be included in Operations & Maintenance.
Truck & Auto Insurance	\$750.00	\$9,000.00	\$0.00	(\$9,000.00)	\$0.00	Adjusted as these costs were not supported on the reports or invoices, may be included in Operations & Maintenance.
Excavator Expenses	\$500.00	\$6,000.00	\$0.00	(\$6,000.00)	\$0.00	Adjusted as these costs were not supported on the reports or invoices, may be included in Operations & Maintenance.
Groundwater Conservation District Fees	\$625.00	\$7,500.00	\$0.00	(\$7,500.00)	\$0.00	Recommended \$0.22 per 1,000 gallons for Groundwater Conservation District (GCD) fee based on the Upper Trinity GCD fee listed on their website.
Liability Insurance	\$250.00	\$3,000.00	\$0.00	(\$3,000.00)	\$0.00	Adjusted as these costs were not supported on the reports or invoices, may be included in Operations & Maintenance.
Lawn Maintenance	\$75.00	\$900.00	\$0.00	(\$900.00)	\$0.00	Included in Operations & Maintenance.
Mileage	\$0.00	\$0.00	\$60,160.66	\$60,160.66	\$5,013.39	Reports provided by the Applicant for this system. Page 12
Totals	\$21,842.92	\$262,115.00	\$202,292.17	(\$59,822.83)	\$16,857.68	

Temporary Manager's Fee	Estimated monthly costs from Receiver	Estimated Yearly Costs from Receiver	Recommended Yearly Costs	Staff Adjust to Yearly Estimates from Receiver	Estimated Monthly Costs	How Costs Were Determined
	In Letter / Notice					
Manager's fee	\$3,120.00	\$37,440.00	\$42,240.00	\$4,800.00	\$3,520.00	The manager's fee of \$6 per connection per month proposed by Mr. Patterson was from TCEQ's emergency order on July 3, 2019 appointing him temporary manager. I used the more recent fee of \$8 per connection per month from the TCEQ's second emergency order issued on December 30, 2019. Page 2

Temporary Rate Review

Docket No. 49759

	Costs from Receiver	Staff Adjust	Costs Approved by PUC Staff	How cost was determined by PUC Staff
Well Repair	\$3,868.71	\$0.00	\$3,868.71	Receipt provided by Temporary Manager for well repair page 19
Surcharge Total	\$3,868.71	\$0.00	\$3,868.71	

TM charged \$2.93 for 90 days from October 2019 through December 2019.

	Costs from Receiver	Staff Adjust	Costs Approved by PUC Staff	How cost was determined by PUC Staff
Electric - Account Initiation Fee	\$80.00	\$0.00	\$80.00	Temporary Manager's reports showed these items as needing to be paid. page 20
Parts	\$941.47	\$0.00	\$941.47	Temporary Manager's reports showed these items as needing to be paid. page 20
Equipment use fee	\$2,890.00	\$0.00	\$2,890.00	Temporary Manager's reports showed these items as needing to be paid. page 20
Surcharge Total	\$3,911.47	\$0.00	\$3,911.47	

Temporary Rate Review - Receiver's Fee per Connection

Docket No. 49759

Breakdown			
Fee	Customer Count	Monthly Manager's Fee	Estimated Yearly Fee
Original Estimated	\$6	520	\$3,120
Actual	\$8	440	\$3,520
			\$37,440
			\$42,240

TCEQ's Emergency Order Appointing Temporary Manager (Docket No. 2019-0923-UCR-E) ordered the Temporary Manager's fee to be \$8.00 per connection.

Costs are based on Lab Fees found at

<https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/chemicals/LabFees.pdf>

These are the annual test that are required by TCEQ.

Total Yearly Estimate **\$1,891.21**

Samples Required

TCR Samples (12 samples per year, at a minimum)

Lead & Copper (10 samples required every year)

504.1 EDB/DBCP

SOC Method 515.4

SOC Method 531.1

Asbestos

Cyanide Total (Screen) (Entry Point 1)

Cyanide Total (Screen) (Entry Point 2)

Metals

Minerals

Nitrate 1041

Nitrite 1040 (Entry Point 1)

Nitrite 1040 (Entry Point 2)

Radionuclides (Entry Point 1)

Radionuclides (Entry Point 2)

Synthetic Organics (SOC5)

Total Haloacetic Acids

Trihalomethanes

Volatile Organics (VOC)

How often (years) based on TCEQ DWW	How many samples	Estimated Cost	Cost per year
Monthly Samples	2	\$21.00	\$504.00
1	10	\$40.00	\$400.00
3	2	\$75.67	\$50.45
3	2	\$313.25	\$208.83
3	2	\$57.01	\$38.01
9	1	\$130.00	\$14.44
1	1	\$53.75	\$53.75
3	1	\$53.75	\$17.92
3	2	\$152.43	\$101.62
3	2	\$102.25	\$68.17
1	2	\$8.49	\$16.98
1	1	\$8.49	\$8.49
9	1	\$8.49	\$0.94
6	1	\$170.73	\$28.46
3	1	\$170.73	\$56.91
3	2	\$272.47	\$181.65
1	1	\$53.72	\$53.72
1	1	\$50.13	\$50.13
3	2	\$55.12	\$36.75
Total Yearly Estimate			\$1,891.21

Estimated yearly costs for labs using the TCEQ sampling schedule from Drinking Water Watch.

Receipts Provided

City of Denison - Lab Charges	10/2019	\$294.00	14 TCR samples
City of Denison - Lab Charges	11/2019	\$42.00	2 TCR samples
City of Denison - Lab Charges	12/2019	\$42.00	2 TCR samples
City of Denison - Lab Charges	1/2020	\$63.00	3 TCR samples
City of Denison - Lab Charges	2/2020	\$42.00	2 TCR samples
	3/2020	\$42.00	2 TCR samples

Average for one month of charges

\$87.50

Yearly estimate based on monthly average

\$1,050.00

Temporary Rate Review - Chlorine Costs

Docket No. 49759

Description	Date	Breakdown		Total
		Quantity	Rate	
Chlorine	7/1/19	2	\$131.93	\$263.86
Chlorine	10/1/19	2	\$131.93	\$263.86
Chlorine	11/1/19	2	\$121.88	\$243.75
				\$257.16

Yearly estimate based on average chlorine purchased
\$3,085.88

Temporary Rate Review - Repairs

Docket No. 49759

Invoice From	Date	Description
Patterson	7/3/19	Radio Auto Dialer
Patterson	7/12/19	Pipe to fix leak
Patterson	7/15/19	Sensaphone activation
Lowes	7/21/19	Pipe & adapters
Home Depot	7/21/19	Pipe & adapters
Patterson	7/31/19	Selector Switch control

Breakdown		
Quantity	Rate	Total
1	1542.28	\$1,542.28
1	69.3	\$69.30
1	299.4	\$299.40
1	8.71	\$8.71
1	77.61	\$77.61
1	75.9	\$75.90

July Total \$2,073.20

Invoice From	Date	Description
Patterson	8/7/19	MP - Core & Main - (3) 5/8 x 3/4 mtr cplg & (3) 5/8 x 3/4 x 1.5 mtr cplg
Patterson	8/7/19	MP - Ferguson - 1049529 - pipe, couplings, clamps, etc.
Patterson	8/15/19	Ferguson - returned parts
Patterson	8/9/19	NP - Home Depot - 20" box fan
Patterson	8/9/19	NP - Home Depot - electrical supplies
Patterson	8/12/19	MP - Home Depot - A/C and parts
Patterson	8/20/19	Ferguson - 6x7 1/2 repair clamp

Breakdown		
Quantity	Rate	Total
1	75.44	\$75.44
1	4585.88	\$4,585.88
1	-1284.1	-\$1,284.10
1	20.52	\$20.52
1	54.99	\$54.99
1	306.02	\$306.02
1	117.21	\$117.21

August Total \$3,875.96

Invoice From	Date	Description
Patterson	8/8/19	Core & Main - (5) 3/4 x 1 coupling - missing post from August
Patterson	9/3/19	MP - Callum Inc (Paypal) - valve
Patterson	9/4/19	Core & Main - (10) cut-off valves
Patterson	9/11/19	DC - Harbor Freight - 3" pump

Breakdown		
Quantity	Rate	Total
1	196.69	\$196.69
1	829	\$829.00
1	522.2	\$522.20
1	346.98	\$346.98

Temporary Rate Review - Repairs

Docket No. 49759

Invoice From	Date	Description
Patterson	9/13/19	Core & Main - KB - 6x12.5 reg clp & (2) PVC CL200 repair cplg
Patterson	9/23/19	KB - Core & Main - 6 x 7.5 repair clamp
Patterson	9/11/19	DC - oil
Patterson	9/11/19	DC - gas

Breakdown		
Quantity	Rate	Total
1	271.69	\$271.69
1	98.2	\$98.20
1	5.4	\$5.40
1	5.76	\$5.76

September Total **\$2,275.92**

Invoice From	Date	Description
Patterson	10/22/19	KB - Winnelson - 6" couplings

Breakdown		
Quantity	Rate	Total
1	177.23	\$177.23

October Total **\$177.23**

Invoice From	Date	Description
Patterson	11/4/19	KB - Winnelson - (2) Repair couplings & 20" PVC pipe
Patterson	11/5/19	NP - Home Depot - duct tape for insulation
Patterson	11/8/19	NP - 1/2 bag of insulation from shop
Patterson	11/8/19	NP - Home Depot - 13 pkgs of 3/4" x 1/2" x 6' foam insulation
Patterson	11/14/19	NP - Home Depot - 3/4" elbow & 3/4" x 2' PVC pipe
Patterson	11/15/19	NP - Core & Main - (3) couplings & direct read meter
Patterson	11/27/19	NP - blue marker paint, meter lid, black box

Breakdown		
Quantity	Rate	Total
1	254.95	\$254.95
1	9.18	\$9.18
1	30	\$30.00
1	24.48	\$24.48
1	2.97	\$2.97
1	162.52	\$162.52
1	50.47	\$50.47

November Total **\$534.57**

Temporary Rate Review - Repairs

Docket No. 49759

Invoice From	Date	Description
Patterson	12/4/19	KB - Core & Main - repair dampers & couplings
Patterson	12/10/19	Home Depot - valve box, foam insulation, cpvc ball valve

Breakdown		
Quantity	Rate	Total
1	369.89	\$369.89
1	91.16	\$91.16

December Total \$461.05

Invoice From	Date	Description
Patterson	1/10/20	Core and Main - 6" 226 Clamp
Patterson	1/14/20	Core and Main - Ang bmv fx mn (10)
Patterson	1/14/20	Core and Main - Rep cpl
Patterson	1/15/20	Core and Main - Reed VKP10 ADJ
Patterson	1/17/20	Reimburse PPS for Tri County Bill put on Amex
Patterson	1/23/20	Core and Main - Rubber Washer
Patterson	1/28/20	Core and Main - 3 PVC CL200 Cplg

Breakdown		
Quantity	Rate	Total
1	87.38	\$87.38
1	514.94	\$514.94
1	193.13	\$193.13
1	235.69	\$235.69
1	970.54	\$970.54
1	11.91	\$11.91
1	39.77	\$39.77

January Total \$2,053.36

Invoice From	Date	Description
Patterson	2/8/20	MC - Home Depot - Parts for repair

Breakdown		
Quantity	Rate	Total
1	4.16	\$4.16

February Total \$4.16

Average Monthly Total \$1,431.93

Yearly cost based on
Average Monthly Cost
\$17,183.18

Temporary Rate Review - Electrical Costs

Docket No. 49759

Invoice From	Date	Meter No.	Monthly Charge	Receipt provided
Tri-County Electric Co-op	07/2019	169430	\$72.41	X
Tri-County Electric Co-op	07/2019	170061	\$75.62	X
Tri-County Electric Co-op	07/2019	146451	\$233.84	X
Tri-County Electric Co-op	07/2019	173287	\$253.50	X

July 2019 Total \$635.37

Invoice From	Date	Meter No.	Monthly Charge	
Tri-County Electric Co-op	08/2019	169430	\$25.00	X
Tri-County Electric Co-op	08/2019	170061	\$147.50	X
Tri-County Electric Co-op	08/2019	146451	\$389.59	X
Tri-County Electric Co-op	08/2019	173287	\$330.65	X

August 2019 Total \$892.74

Invoice From	Date	Meter No.	Monthly Charge	
Tri-County Electric Co-op	09/2019	170061	\$143.44	X
Tri-County Electric Co-op	09/2019	146451	\$369.99	X
Tri-County Electric Co-op	09/2019	169430	\$25.00	X
Tri-County Electric Co-op	09/2019	173287	\$305.30	X

September 2019 Total \$843.73

Invoice From	Date	Meter No.	Monthly Charge	
Tri-County Electric Co-op	10/2019	170061	\$161.52	X
Tri-County Electric Co-op	10/2019	146451	\$305.82	X
Tri-County Electric Co-op	10/2019	169430	\$25.00	X
Tri-County Electric Co-op	10/2019	173287	\$318.30	X

October 2019 Total \$810.64

Temporary Rate Review - Electrical Costs

Docket No. 49759

Invoice From	Date	Meter No.	Monthly Charge	
Tri-County Electric Co-op	11/2019	170061	\$164.64	X
				Based on Past bill
				listed on December
Tri-County Electric Co-op	11/2019	146451	\$379.15	bill.
Tri-County Electric Co-op	11/2019	169430	\$25.00	X
Tri-County Electric Co-op	11/2019	173287	\$292.71	X
November 2019 Total			\$861.50	

Invoice From	Date	Meter No.	Monthly Charge	
Tri-County Electric Co-op	12/2019	170061	\$212.36	X
Tri-County Electric Co-op	12/2019	146451	\$354.56	X
Tri-County Electric Co-op	12/2019	169430	\$25.00	X
Tri-County Electric Co-op	12/2019	173287	\$378.62	X
December 2019 Total			\$970.54	

Invoice From	Date	Meter No.	Monthly Charge	
Tri-County Electric Co-op	01/2020	170061	\$240.39	X
Tri-County Electric Co-op	01/2020	146451	\$235.39	X
Tri-County Electric Co-op	01/2020	169430	\$25.00	X
Tri-County Electric Co-op	01/2020	173287	\$339.92	X
January 2020 Total			\$840.70	

Invoice From	Date	Meter No.	Monthly Charge	
Tri-County Electric Co-op	02/2020	170061	\$206.51	X
Tri-County Electric Co-op	02/2020	146451	\$287.14	X
Tri-County Electric Co-op	02/2020	169430	\$25.00	X
Tri-County Electric Co-op	02/2020	173287	\$311.96	X
February 2020 Total			\$830.61	

Monthly average
\$835.73

Yearly estimate based on monthly average
\$10,028.75

**Temporary Rate Review
Operations and Maintenance**

Docket No. 49759

Operator Hourly Cost \$45.00

Date	Description	Breakdown		
		No. of Employees	No. of Hours	Rate
7/12/19	Fix Leak	2	7	\$45.00
7/21/19	Fixed Leaks	1	4	\$45.00
7/24/19	Locate & Read Meters, Fix Leak	3	7.25	\$45.00
7/23/19	NP, HP, DD - Locate & read meters	3	8.25	\$45.00
7/24/19	NP, HP, DD - Locate & read meters, fix leak	3	7.25	\$45.00
7/25/19	NP, HP, DD - Locate & read meters	3	8	\$45.00
7/26/19	NP, HP, DD - Locate & read meters	3	8.5	\$45.00
				Total

July Total \$6,108.75

Date	Description	Breakdown		
		No. of Employees	No. of Hours	Rate
7/29/19	JP, DD - read meters	2	4	\$45.00
7/29/19	NP - read meters	2	8.5	\$45.00
7/30/19	NP - read meters	1	7.5	\$45.00
7/31/19	JS, BM - Trench in electric	2	6	\$45.00
8/2/19	JS, KB - Dig up 6" valve	1	5.5	\$45.00
8/2/19	MP - Excess over 4 hours	1	3.5	\$45.00
8/4/19	MP - Excess over 4 hours	1	2.5	\$45.00
8/5/19	MP, NP - check well lots	2	6.5	\$45.00
8/6/19	MP - Excess over 4 hours	1	3	\$45.00
8/7/19	NP - Check well lots	1	6.5	\$45.00
8/8/19	NP - Check well lots	1	6.5	\$45.00
8/9/19	DP, NP - Work on electrical issue	2	7.5	\$45.00
8/10/19	DP - Work on electrical issue	1	5	\$45.00
8/11/19	DP, ZW - leak on Pueblo Rd - 6" line split	2	10	\$45.00
8/12/19	MP - Excess over 4 hours	1	6	\$45.00
8/13/19	NP, JS - Fixed valve meter leak, read meters	2	7.5	\$45.00
8/14/19	NP - Pulled boil water notice signs	1	5.5	\$45.00
8/15/19	DC, PP - Check system	2	5	\$45.00
8/19/19	MP - Excess over 4 hours	1	2	\$45.00
8/19/19	NP, DD - Read Meters	2	9	\$45.00
8/20/19	HP - disconnects	1	10.5	\$45.00
8/20/19	NP, DD - Read Meters	2	10	\$45.00
8/21/19	NP, DD - Read Meters	2	9.5	\$45.00
8/21/19	HP - disconnects & turn ons	1	11	\$45.00
8/22/19	MP - Excess over 4 hours	1	3	\$45.00
8/22/19	NP, DD - Fixed broken meter & Read Meters	2	8.5	\$45.00
8/22/19	JP - Disconnects	1	3	\$45.00
8/22/19	JP - Fix Leak	1	6.5	\$45.00
8/23/19	MP - Excess over 4 hours	1	3	\$45.00
8/23/19	NP, DD - read meters & turn water back on	2	8	\$45.00
8/26/19	NP, DD - read meters	2	9.5	\$45.00
8/26/19	MP - Excess over 4 hours	1	1	\$45.00
8/27/19	MP - Worked on leak (excess over 4 hours)	1	5	\$45.00
				Total

**Temporary Rate Review
Operations and Maintenance**

Docket No. 49759

Date	Description	Breakdown		Rate	Total
		No. of Employees	No. of Hours		
8/27/19	NP, BC, JN - Work on leak with MP	3	8.5	\$45.00	\$1,147.50
8/27/19	DP, NP, JT - worked on leak	3	9	\$45.00	\$1,215.00
8/28/19	MP - Excess over 4 hours	1	2	\$45.00	\$90.00
8/28/19	DC - Bleed lines & put up boil water notice signs	1	1.5	\$45.00	\$67.50
8/29/19	JP, NP, DD - Read Meters	3	9	\$45.00	\$1,215.00
8/30/19	MP - Excess over 4 hours	1	2	\$45.00	\$90.00
8/30/19	JP, NP, DD - Read Meters	3	8.5	\$45.00	\$1,147.50

August Total **\$19,170.00**

Date	Description	Breakdown		Rate	Total
		No. of Employees	No. of Hours		
9/3/19	JP, NP - Read Meters	2	10.5	\$45.00	\$945.00
9/4/19	DC - Turn ons	1	5.5	\$45.00	\$247.50
9/5/19	MP - Excess over 4 hours	2	1	\$45.00	\$90.00
9/11/19	MP - work on bad leak - excess over 4 hours	1	11	\$45.00	\$495.00
9/11/19	JP, NP - Fix leak on main	2	12.5	\$45.00	\$1,125.00
9/12/19	MP - Excess over 4 hours	1	6.5	\$45.00	\$292.50
9/12/19	NP - Mowed, 2 work orders	1	9.5	\$45.00	\$427.50
9/12/19	DD - Read meters, work orders	1	11	\$45.00	\$495.00
9/13/19	MP - Excess over 4 hours	1	1	\$45.00	\$45.00
9/16/19	NP - disconnects	1	9.5	\$45.00	\$427.50
9/17/19	NP - Turn ons & work orders	1	10.5	\$45.00	\$472.50
9/17/19	HP, DD - Deliver C12 and disconnects	2	9	\$45.00	\$810.00
9/18/19	NP - Turn ons & work orders	1	8.5	\$45.00	\$382.50
9/19/19	NP - Turn ons & work orders	1	10.5	\$45.00	\$472.50
9/20/19	NP - Turn ons & work orders	1	9.5	\$45.00	\$427.50
9/22/19	DC - Check tank level	1	5.5	\$65.00	\$357.50
9/23/19	NP - Work Orders	1	6.5	\$45.00	\$292.50
9/24/19	JP, DD - mowed well lots	2	6.5	\$45.00	\$585.00
9/24/19	NP - Work Orders	1	8.5	\$45.00	\$382.50
9/24/19	DC - meet erwin to replace well	1	6	\$45.00	\$270.00
9/25/19	NP - Work Orders	1	8	\$45.00	\$360.00
9/25/19	DC - meet erwin to replace well	1	5.5	\$45.00	\$247.50
9/11/19	DC - buy pump & deliver to HSB (2 hrs RT to & from Perrin)	1	3.25	\$45.00	\$146.25

September Total **\$9,796.25**

Date	Description	Breakdown		Rate	Total
		No. of Employees	No. of Hours		
10/2/19	JP, NP - Read Meters	2	10.5	\$45.00	\$945.00
10/3/19	NP - turn offs	1	3	\$45.00	\$135.00
10/3/19	JP, DD - Read Meters	2	7	\$45.00	\$630.00
10/4/19	NP - Work Orders	1	11.5	\$45.00	\$517.50
10/4/19	JP, DD - Read Meters	2	8	\$45.00	\$720.00
10/8/19	DC - Check system, get meter readings & serial #	1	1.5	\$45.00	\$67.50
10/10/19	NP - Work orders & check vacant lots	1	11	\$45.00	\$495.00
10/10/19	JP, DD - find vacant houses	2	2.5	\$45.00	\$225.00
10/11/19	NP - Work orders	1	10	\$45.00	\$450.00

**Temporary Rate Review
Operations and Maintenance**

Docket No. 49759

Date	Description	Breakdown		
		No. of Employees	No. of Hours	Rate
10/17/19	NP, JP - Work Orders	2	6.25	\$45.00
10/21/19	KB, CW - Fix 6" main	2	9.5	\$45.00
10/22/19	NP - re reads, turn ons, mowing	1	10	\$45.00
10/22/19	JP - Mow, rereads, install meter	1	6.75	\$45.00
10/22/19	KBX - 6" water leak	1	9.5	\$65.00
10/22/19	CW - 6" water leak	1	9.5	\$45.00
10/24/19	NP, JP - Work Orders	2	7	\$45.00
10/25/19	NP, JP - reinstalled meter	2	7	\$45.00
10/28/19	CW - 6" water leak	1	10	\$45.00
10/28/19	KBX - 6" water leak	1	10	\$65.00
10/28/19	NP - Fixed big leak	1	7	\$45.00
10/29/19	DC, JP - bleed waterline & turn on well	2	4	\$45.00
10/30/19	JP - Read Meters	1	10.25	\$45.00
10/31/19	JP, NP - Read Meters	2	10	\$45.00

October Total **\$11,797.50**

Date	Description	Breakdown		
		No. of Employees	No. of Hours	Rate
10/28/19	MP - Excess hours over 4 working on water leak	1	5	\$45.00
11/1/19	JP, NP - Read Meters	2	8	\$45.00
11/1/19	JP, NP - Read Meters	2	2	\$65.00
11/4/19	KBX - 6" water main leak	1	7.25	\$85.00
11/4/19	CW - 6" water main leak	1	7.25	\$45.00
11/4/19	JP, NP - Read Meters	2	8	\$45.00
11/4/19	JP, NP - Read Meters	2	4	\$65.00
11/5/19	NP - Reconnects	1	5	\$45.00
11/6/19	NP - Finishing reading meters	1	8	\$45.00
11/6/19	NP - Finishing reading meters	1	3	\$45.00
11/7/19	DC - 3 reconnects	1	4.5	\$45.00
11/8/19	NP - reconnects, winterizing wells	1	4	\$45.00
11/11/19	NP - checked well, did work orders	1	4	\$45.00
11/12/19	NP - Work Orders	1	5	\$45.00
11/14/19	NP - Work Orders	1	8	\$45.00
11/18/19	CW - Water Leak	2	8.5	\$45.00
11/19/19	NP - Work Orders	1	8	\$45.00
11/21/19	NP - Work Orders	1	8	\$45.00
11/21/19	NP - Work Orders	1	1	\$65.00
11/22/19	KB, JP - Fix water leak on 6" main - used PWS mini	2	8	\$45.00
11/22/19	KB, JP - Fix water leak on 6" main - used PWS mini after hours	2	1.75	\$65.00

November Total **\$7,752.50**

Date	Description	Breakdown		
		No. of Employees	No. of Hours	Rate
12/2/19	JP, NP - disconnect	2	8	\$45.00
12/2/19	JP, NP - disconnect (OT)	2	4.5	\$65.00
12/2/19	CW, KB - repack 8" line	2	8	\$45.00
12/2/19	CW, KB - repack 8" line (OT)	2	1	\$65.00
12/3/19	NP, CW - reconnects	1	8	\$45.00

**Temporary Rate Review
Operations and Maintenance**

Docket No. 49759

Date	Description	Breakdown		Rate	Total
		No. of Employees	No. of Hours		
12/3/19	DC - reconnects	1	5	\$45.00	\$225.00
12/3/19	DC - reconnects (OT)	1	6	\$45.00	\$270.00
12/4/19	KB, CW - 6' line break (PWS mini)	2	4	\$45.00	\$360.00
12/4/19	KB, CW - TCEQ meeting	2	1	\$45.00	\$90.00
12/4/19	KB, CW - 6" main break repair (PWS mini)	2	2	\$45.00	\$180.00
12/4/19	KB, CW - tum ons	2	4.25	\$45.00	\$382.50
12/6/19	NP - reconnects	1	3	\$45.00	\$135.00
12/10/19	JP - read meter	1	3.5	\$45.00	\$157.50
12/10/19	NP - read meters	1	8	\$45.00	\$360.00
12/10/19	NP - read meters (OT 9.25 hrs total)	1	1.25	\$65.00	\$81.25
12/11/19	JP, NP - read meter	2	8	\$45.00	\$720.00
12/11/19	JP, NP - read meter (01 12.5 hrs total)	2	4.5	\$45.00	\$405.00
12/12/19	NP - work orders	1	8	\$45.00	\$360.00
12/12/19	NP - work orders (OT 8.5 hrs total)	1	0.5	\$65.00	\$32.50
12/16/19	NP - read meter	1	10	\$45.00	\$450.00
12/18/19	NP - work orders	1	8	\$45.00	\$360.00
12/19/19	JP - rereads	1	10	\$45.00	\$450.00
12/26/19	NP, JP - read meters	2	9.5	\$45.00	\$855.00
12/27/19	NP, JP - read meters	2	9.25	\$45.00	\$832.50

December Total **\$9,221.25**

Date	Description	Breakdown		Rate	Total
		No. of Employees	No. of Hours		
12/30/19	NP - work orders	1	8	\$45.00	\$360.00
1/7/20	NP - work orders	1	8	\$45.00	\$360.00
1/7/20	JP-disconnects	1	8	\$45.00	\$360.00
1/7/20	JP - disconnects (OT)	1	4	\$65.00	\$260.00
1/8/20	JP-reconnects	1	8	\$45.00	\$360.00
1/8/20	JP-reconnects (OT)	1	2.25	\$65.00	\$146.25
1/9/20	JP - reconnects, work orders	1	5	\$45.00	\$225.00
1/9/20	JP - 6" water leak	1	7	\$65.00	\$455.00
1/9/20	CW, KB - 6' water leak	2	6	\$65.00	\$780.00
1/13/20	JP - work orders	1	5.5	\$45.00	\$247.50
1/15/20	NP - work orders	1	8	\$45.00	\$360.00
1/15/20	NP - work orders (OT)	1	1	\$45.00	\$45.00
1/17/20	NP - fixed cellular, work orders	1	6	\$45.00	\$270.00
1/17/20	JP - work orders	1	8	\$45.00	\$360.00
1/18/20	NP - install modem for radio	1	4.5	\$45.00	\$202.50
1/22/20	JP - work orders	1	8	\$45.00	\$360.00
1/22/20	JP - work orders (OT)	1	1	\$65.00	\$65.00

January Total **\$5,216.25**

Date	Description	Breakdown		Rate	Total
		No. of Employees	No. of Hours		
1/27/20	NP - work orders	1	1	\$45.00	\$45.00
1/28/20	NP - read meters	1	6	\$45.00	\$270.00
1/28/20	JP - read meters	1	7	\$45.00	\$315.00
1/29/20	NP - read meters, work orders	1	6	\$45.00	\$270.00
1/29/20	JP - read meters	1	5.5	\$45.00	\$247.50
1/30/20	NP, JP - 3 work orders, fixed leak, finished re	2	8	\$45.00	\$720.00
1/30/20	NP, JP - 3 work orders, fixed leak, finished re	2	3.25	\$65.00	\$422.50

**Temporary Rate Review
Operations and Maintenance**

Docket No. 49759

Date	Description	Breakdown		Rate	Total
		No. of Employees	No. of Hours		
1/31/20	NP - work orders	1	8	\$45.00	\$360.00
1/31/20	NP - work orders (OT)	1	2	\$65.00	\$130.00
2/3/20	JP - disconnects	1	8	\$45.00	\$360.00
2/3/20	NP - disconnects	1	7	\$45.00	\$315.00
2/3/20	JP - disconnects (OT)	1	3	\$65.00	\$195.00
2/4/20	JP, NP- reconnects	2	8	\$45.00	\$720.00
2/4/20	JP, NP - reconnects (OT)	2	0.5	\$65.00	\$65.00
2/4/20	NP - dispatched to do turn on, 8pm-12:30am	1	4.5	\$65.00	\$292.50
2/5/20	DC - reconnects	1	6	\$45.00	\$270.00
2/6/20	DC - reconnects (3)	1	4	\$45.00	\$180.00
2/7/20	DC - reconnects (3)	1	4	\$45.00	\$180.00
2/8/20	MC - service line repair	1	6.5	\$65.00	\$422.50
2/10/20	NP, JP - work orders	2	4.75	\$45.00	\$427.50
2/13/20	JP - work orders	1	7	\$45.00	\$315.00

February Total **\$4,232.50**

Monthly Average **\$9,161.88**

Yearly cost based on Average Monthly Cost \$109,942.50

Temporary Rate Review - Mileage

Docket No. 49759

Date	Description	Breakdown		Total
		Quantity	Rate	
7/2019	Mileage	6328	0.58	\$3,670.24

Date	Description	Breakdown		Total
		Quantity	Rate	
8/2019	Mileage	7006	0.58	\$4,063.48

Date	Description	Breakdown		Total
		30 trips 4 hours each	Rate	
9/2019	Mileage	120	45	\$5,400.00

Date	Description	Breakdown		Total
		30 trips 4 hours each	Rate	
10/2019	Mileage	120	45	\$5,400.00

Date	Description	Breakdown		Total
		30 trips 4 hours each	Rate	
11/2019	Mileage	120	45	\$5,400.00

Date	Description	Breakdown		Total
		31 trips 4 hours each	Rate	
12/2019	Mileage	124	45	\$5,580.00

Date	Description	Breakdown		Total
		31 trips 4 hours each	Rate	
1/2020	Mileage	124	45	\$5,580.00

Date	Description	Breakdown		Total
		29 trips 4 hours each	Rate	
2/2020	Mileage	116	45	\$5,220.00

Monthly Average \$5,013.39

Yearly based on Average Monthly Cost
\$60,160.66

Temporary Rate Review - Estimated Costs for Needed Repairs

Docket No. 49759

Category	Receiver's Estimates	Estimated Total cost by year	Estimated yearly repair costs amortized over 10 years	Estimated monthly repair costs
Debt Service		\$230,390.00	\$23,039.00	\$1,919.92

Needed Item	Additional Notes	Estimated Total cost
1 Missing Booster Pump	Additional pump \$4,000 to \$6,000	\$5,000.00
Chlorine systems repairs	\$500/part / \$500/labor	\$1,600.00
Customer meters are very old, need replacing	\$150 / meter installed or water loss until changed	\$78,000.00
Distribution piping replacement plan	\$10,000 per year for 10 years	\$100,000.00
Fences overgrown with vines/trees	\$250 labor	\$250.00
Finding meter locations	12 outside worker hours @ 20 /hour	\$3,600.00
Needed tank maintenance	42,000 gallon tank has several leaks/severe corrosion	\$15,000.00
No air compressors at either pump station		\$1,200.00
No monitoring plan	5 office hours @ \$20 / hour	\$100.00
No plant manuals	7 office hours @ \$20 / hour	\$140.00
No plant schematics/as-builts	\$5000 for engineer	\$5,000.00
No sanitary control easements	20 office hours @ \$20 / hour	\$400.00
No system maps	\$500 to \$5,000	\$2,500.00
No well logs	20 office hours @ \$20 / hour	\$400.00
Unknown connections	unknown amounts of water loss	
Unpaid charges for samples at state labs		\$1,200.00
Unpaid Upper Trinity Groundwater Conservation District fees	All fees since 2017	\$11,000.00
Well control system inoperable	Radio well control system not working	\$5,000.00

Temporary Rate Review - Total Cost for Well Repair

Docket No. 49759

Repairs done on well on 9/27/2019

Surcharge of \$2.93 was billed to customers from October through December

Total Cost for Well Repair
\$3,868.71

Item	Description	Breakdown		
		Quantity	Rate	Total
Pump	35G830 PEO	1	1175.4	\$1,175.40
Motor	3 hp motor 230v 1 phase	1	1069.2	\$1,069.20
1530	3 hp centripro control box	1	292.5	\$292.50
6124	Cable, 12-4 submersible pump	186	1.02	\$189.72
5-1258	Pipe, 1-1/4" sch 80 PVC threaded w/galvanized coupling	120	1.26	\$151.20
Pipe	Airline	120	0.5	\$60.00
Pipe	Air gauge	1	60	\$60.00
6103	2" brass gate valve	1	54.88	\$54.88
8001	Service Rig-Hourly	5	125	\$625.00
Tax				\$190.81

Temporary Rate Review - Items to be Surcharged

Docket No. 49759

Total
\$3,911.47

Date	Invoice From
07/2019	Tri-County Electric Co-op
07/2019	Tri-County Electric Co-op
07/2019	Tri-County Electric Co-op
07/2019	Tri-County Electric Co-op

Meter No.	Account Initiation Fee	Total
169430	\$20.00	\$20.00
170061	\$20.00	\$20.00
146451	\$20.00	\$20.00
173287	\$20.00	\$20.00

Date	Description
7/30/19	DPC Industries - (2) 150 # of cylinders of chlorine
7/30/19	Sand to fill holes
10/24/19	DPC Industries - (2) 150 # of cylinders of chlorine
11/11/19	DPC Industries - (2) 150 # of cylinders of chlorine

Units	Rate	Total
2	131.93	\$263.86
1	170	\$170.00
2	131.93	\$263.86
2	\$121.88	\$243.75

Date	Description
8/27/19	Excavator - MP
8/27/19	Excavator - DP
9/11/19	Excavator - MP
9/12/19	Excavator - MP
10/21/19	KB - use of PWS mini to fix leak
11/22/19	KB - Use of PWS mini to fix 6" water main leak
12/2/19	KB - use of PWS mini to pack 8" valve
12/4/19	KB - use of PWS mini to fix 6" water main leak

Breakdown			
No. of Employees	No. of Hours	Rate	Total
1	9	\$40.00	\$360.00
1	9	\$40.00	\$360.00
1	12.5	\$40.00	\$500.00
1	7.5	\$40.00	\$300.00
1	9.5	\$40.00	\$380.00
1	9.75	\$40.00	\$390.00
1	9	\$40.00	\$360.00
1	6	\$40.00	\$240.00

PUC DOCKET NO. 49759
 COMPANY NAME Patterson Water Supply LLC (Horseshoe Bend Water System)
 TEMPORARY RATE RATE REQUEST

Attachment DL-1

ANNUAL TEMPORARY RATE COMPONENTS	Company Requested Total (a)	Staff Adjustments To Company Request (b)	Staff Adjusted Total (a) + (b) = (C)	Notes
Manager's Fee				1
Laboratory Fees	\$ 30,000	\$ (28,109)	\$ 1,891	2
Chlorine Expenses	\$ 5,040	\$ (1,954)	\$ 3,086	2
Needed Repairs	\$ 23,159	\$ (23,159)	\$ -	2
New Repairs	\$ 45,600	\$ (28,417)	\$ 17,183	2
Electric Utility Bills	\$ 19,200	\$ (9,171)	\$ 10,029	2
Operations and Maintenance	\$ 98,172	\$ 11,771	\$ 109,943	2
Fuel	\$ 14,544	\$ (14,544)	\$ -	2
Auto Insurance	\$ 9,000	\$ (9,000)	\$ -	2
Excavator Expenses	\$ 6,000	\$ (6,000)	\$ -	2
Liability Insurance	\$ 3,000	\$ (3,000)	\$ -	2
Groundwater Conservation District Fees	\$ 7,500	\$ (7,500)	\$ -	2
Lawn Maintenance	\$ 900	\$ (900)	\$ -	2
Mileage	\$ -	\$ 60,161	\$ 60,161	2
Subtotal	\$ 262,115	\$ (59,823)	\$ 202,292	
Billing and customer service	\$ 13,200	\$ (6,720)	\$ 6,480	3
Printing and Office Supplies	\$ -	\$ 470	\$ 470	3
Postage and Delivery	\$ -	\$ 2,858	\$ 2,858	3
Software Updates	\$ -	\$ 326	\$ 326	3
Travel Expenses	\$ -			3
Legal and Accounting Expenses	\$ 0		\$ -	3
Bank Charges	\$ 0		\$ -	3
TOTAL ANNUAL TEMPORARY COSTS	\$ 275,315	\$ (62,889)	\$ 212,426	

Notes.

1 Temporary Manager Fee of \$37,440 was set by the Texas Commission on Environment Quality in Docket No 2018-0923-UCR-E and is not included in the annual temporary cost

2 The reasonableness of the expense was determined by staff of the Infrastructure Division

3 The reasonableness of the expense was determined by Rate Regulation



WATER UTILITY TARIFF Docket Number 49759

Castle Water, Inc. dba Horseshoe Bend Water System
(Utility Name)

2308 Lipan Hwy
(Business Address)

Mansfield, TX 76063
(City, State, Zip Code)

(817) 473-6080
(Area Code/Telephone)

Temporary Manager Contact Information

Mark Patterson
(Temporary Manager Name)

P.O. Box 910
(Business Address)

Collinsville, TX 76233
(City, State, Zip Code)

(903) 429-3008
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

10263

This tariff is effective in the following county(ies):

Hood, Parker

This tariff is effective in the following cities or unincorporated towns (if any):

Granbury, Texas

This tariff is effective in the following subdivisions or systems:

Horseshoe Bend Water System, PWS ID 1840002

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	5
SECTION 3.0 -- EXTENSION POLICY	12

APPENDIX A – DROUGHT CONTINGENCY PLAN
APPENDIX B – APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Temporary Rates (Effective July 23, 2019)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonge Charge</u>
5/8"	\$17.36	\$3.10 per 1,000 gallons
3/4"	\$26.03	
1"	\$54.00	
2"	\$192.00	

Temporary Manager's Fee, Monthly Surcharge, and Pass-Through Fee to be charged in addition to the "Monthly Minimum Charge"

Temporary Manager's Fee.....\$8.00 per connection per month

Monthly Surcharge.....\$2.93 per connection per month

The monthly surcharge shall be effective from October 2019 through December 2019 or until the temporary manager collects the total amount of \$3,868.71.

Monthly Surcharge.....\$2.22 per connection per month

The monthly surcharge shall be effective from July 2020 through November 2020 or until the temporary manager collects the total amount of \$3,911.47.

*Pass-through Fee

Upper Trinity Groundwater Conservation District Fee.....\$0.22 per 1,000 gallons of water usage
(Docket No. 49759)

TEMPORARY TAP FEES

AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

\$1,000 for a 3/4" meter

\$1,250 for a 1" meter

\$2,500 for a 2" meter

The temporary rates and temporary tap fees effective on July 23, 2019 and the temporary manager's fee effective on July 3, 2019, will remain in effect until Horseshoe Bend Water System, is not under a temporary manager or receiver. At the end of this term, the rates will return to the rates listed below "Section 1.01 – Rates" if one of the following has not been put in place:

1. A new temporary rate or permanent rate has been approved for the utility;
2. A new temporary manager's fee or receiver's fee has been approved by the Commission, TCEQ or the Office of the Attorney General;
3. A Sale, Transfer, Merger application is approved, and the commission determines the temporary rates may stay in effect for a specific period of time;
4. Temporary manager's term is renewed/extended; or
5. System is put in receivership.

SECTION 1.0 -- RATE SCHEDULE (CONTINUED)

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes <u>2,000</u> gallons all meters)	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$30.00</u>	<u>\$3.00</u> per 1,000 gallons over 2000
1"	<u>\$60.00</u>	
1½"	<u>\$126.00</u>	
2"	<u>\$198.00</u>	
3"	<u>\$366.00</u>	

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash , Check X, Money Order X, Credit Card/Debit Card X, Other (specify) echeck/ACH
 THE UTILITY DOES NOT HAVE CHANGE FOR CASH PAYMENTS, THEREFORE WILL REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT..... 1.0%
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TCEQ.

Section 1.02 – Miscellaneous Fees

TAP FEE\$450.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

TAP FEE (Unique costs).....Actual Cost
 FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

LARGE METER TAP FEE.....Actual Cost
 TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" METERS.

METER RELOCATION FEE.....Actual Relocation Cost, Not to Exceed Tap Fee
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER

METER TEST FEE (actual cost of testing the meter up to)\$25.00
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:

- a) Non-payment of bill (Maximum \$25.00)\$25.00
 - b) Customer's request\$50.00
- or other reasons listed under Section 2.0 of this tariff

TRANSFER FEE.....\$50.00
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

SECTION 1.0 -- RATE SCHEDULE (CONTINUED)

LATE CHARGE 10%

A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$25.00

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT 1/6TH ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE: \$ Variable

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING [16 TAC § 24.25(b)(2)(G)].

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.02 POLICY FOR TERMS, CONDITIONS, AND CHARGES.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE - ALL WATER SUBJECT TO FEE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G + B/(1-L),$$

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent;
 G = approved gallonage charge (per 1,000 gallons);
 B = change in purchased water/district gallonage charge (per 1,000 gallons);
 L = system average line loss for preceding 12 months not to exceed 0.15

SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Public Utility Commission of Texas (PUC or commission) Chapter 24, Substantive Rules Applicable to Water and Sewer Service Providers, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the PUC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the commission.

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

(A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with PUC Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit - If service is not connected, or after disconnection of service, the Utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The Utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 16 TAC § 24.163(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.05 - Customer Responsibility (continued)

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, Title 30 Texas Administrative Code (TAC) §Section 290.46(j). The utility is not required to perform these inspections for the applicant/customer but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in 30 TAC §290.47(f) Appendix F, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC §290.47(f) Appendix F, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.07 - Back Flow Prevention Devices

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the commission.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.09 - Meter Requirements, Readings, and Testing

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.11 - Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve-month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the PUC Rules.

B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the PUC Rules.

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through either the TCEQ or PUC complaint process, depending on the nature of the complaint. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the commission.

Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

Limitation on Product/Service Liability - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the utility's tariff and the PUC's rules. The utility is not required by law and does not provide fire prevention or firefighting services. The utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies.

SECTION 3.0--EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the utility and the applicant, in compliance with PUC rules and policies, and upon extension of the utility's certified service area boundaries by the PUC.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the appropriate regulatory authority, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.

Exceptions may be granted by the TCEQ if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

SECTION 3.0--EXTENSION POLICY (CONTINUED)

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

If an exception is granted by the TCEQ, the utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one-inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the commission under this specific extension policy.

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(c). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.163(c)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or

SECTION 3.0--EXTENSION POLICY (CONTINUED)

Section 3.03 - Contributions in Aid of Construction

- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.

for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

The utility will provide a written service application form to the applicant for each request for service received by the utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the utility's business office during normal weekday business hours. Service applications will be sent by prepaid first-class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

SECTION 3.0--EXTENSION POLICY (CONTINUED)

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

APPENDIX A - DROUGHT CONTINGENCY PLAN

(This page incorporates by reference the utility's Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.)

**APPENDIX B -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)**