



Control Number: 49937



Item Number: 10

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San Jacinto River Authority

ADMINISTRATIVE OFFICE
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PUBLIC UTILITY COMMISSION
FILING CLERK

December 19, 2019

Public Utility Commission of Texas
ATTN: CENTRAL RECORDS
1701 North Congress Avenue, Room 8-100
Austin, Texas 78701

VIA HAND DELIVERY

Re: *Application of Cypresswood Estates Water System for a Pass Through Rate Change; Docket No. 49937*

Dear Sir/Madam:

This letter is filed to inform the Public Utility Commission of Texas (Commission) of the updated interests of the San Jacinto River Authority (SJRA) in the above-referenced docket, particularly as it relates to SJRA's financial interest in pass-through rates owed to SJRA from Cypresswood Estates Water System (CWE). This information is relevant to the Commission Staff's findings of insufficiency in CWE's request for Commission approval of a pass through rate change related to the SJRA's Groundwater Reduction Program (GRP) pumpage fee increase, dated October 31, 2019.

SJRA's interest in this matter is the same as three additional dockets sharing the same underlying facts or underlying information: Docket No. 49464, Docket No. 50303, and Docket No. 47625. Namely, SJRA has an interest in recouping the funds CWE owes to SJRA for past-due amounts and ongoing charges for GRP pumpage fees. As of December 19, 2019, amounts due by CWE to SJRA are \$207,871.35. Additional details regarding these charges are attached to this letter as **Exhibit A**.

Furthermore, CWE's non-payment of amounts owed is in direct violation of prior Commission orders, namely as provided in Tariff Control, No. 47625, in which the Commission approved a CWE application for a pass-through rate change in order to require, among other things, CWE to "recover all arrearages owed by Cypresswood to SJRA..." A copy of the Commission's May 11, 2018 Order is attached hereto as **Exhibit B**. Non-payment of such arrearages is contrary to the Commission's Order, and SJRA asks the Commission to consider such amounts due as it undertakes its review and moves forward in the above-referenced docket.

Sincerely,

Matt Corley,
San Jacinto River Authority

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7977101

ENCLOSURES (2)

cc: Ms. Georgia N. Crump
Mr. Nathan E. Vassar
Ms. Lauren C. Thomas

Exhibit A



San Jacinto River Authority

P.O. Box 329
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STATEMENT

WE UTILITIES L.L.C.
3515 Cochran Rd
Haller, TX 77484

Customer #: 20191

Date	Reference	#	Description	Transaction	Balance
			Starting Balance	\$0.00	\$0.00
8/31/2015	Invoice	1025	GPF1505-101 - Remaining May Balance	\$490.78	\$490.78
8/31/2015	Bill	2145	June Billing	\$5,004.45	\$5,495.23
8/19/2015	Payment	1088	Payment	(\$5,004.45)	\$490.78
8/19/2015	Credit Memo	1093	For Late Fees per Matt	(\$490.78)	\$0.00
8/30/2015	Bill	4179	GRP July Billing Reported 8/27 & 8/30	\$7,380.01	\$7,380.01
8/30/2015	Bill	4179	GRP July Billing Reported 8/27 & 8/30	(\$0.01)	\$7,380.00
8/21/2015	Bill	4179	GRP July Billing Reported 8/27 & 8/30	\$0.01	\$7,380.01
8/21/2015	Invoice	1025	GPF1505-101 - Remaining May Balance	(\$0.01)	\$7,380.00
8/21/2015	Payment	1816	Payment	(\$7,380.00)	\$0.00
8/16/2015	Bill	7333	August 2015 Pumpage	\$5,373.91	\$5,373.91
8/20/2015	Payment	12424	Payment	(\$5,373.91)	\$0.00
8/20/2015	Penalty	16175	Late Fee of 5% billed amount	\$268.70	\$268.70
8/31/2015	Bill	9217	September 2015 Pumpage	\$5,362.44	\$5,631.14
8/19/2015	Payment	12791	Payment	(\$5,362.44)	\$268.70
8/19/2015	Invoice	1409	2016 Groundwater Allocation Quarterly Installment	\$375.00	\$643.70
8/19/2015	Penalty	18231	Late Fee of 5% billed amount	\$268.12	\$911.82
8/19/2015	Penalty	18235	Finance Fee	\$2.69	\$914.51
8/30/2015	Bill	9844	October 2015 Pumpage	\$2,620.67	\$3,535.18
8/17/2015	Bill	11660	November 2015 Pumpage	\$5,530.42	\$9,065.60
8/21/2015	Penalty	20804	Late Fee of 5% billed amount	\$131.03	\$9,196.63
8/21/2015	Penalty	20807	Finance Fee	\$5.37	\$9,202.00
8/21/2015	Payment	13406	Payment	(\$3,160.18)	\$6,041.82
8/20/2016	Payment	13847	Payment	(\$5,530.42)	\$511.40
8/20/2016	Penalty	22718	Late Fee of 5% billed amount	\$276.52	\$787.92
8/20/2016	Penalty	22720	Finance Fee	\$1.31	\$789.23
8/28/2016	Penalty	23572	Late Fee of 5% of	\$18.75	\$807.98
8/31/2016	Bill	13213	December 2015 Pumpage	\$2,618.35	\$3,426.33
8/01/2016	Invoice	1696	2016 Groundwater Allocation Quarterly Installment	\$375.00	\$3,801.33
8/19/2016	Payment	14316	Payment	(\$3,426.33)	\$375.00
8/29/2016	Bill	15985	January 2016 Pumpage	\$2,557.57	\$2,932.57
8/21/2016	Payment	15257	Payment	(\$2,557.57)	\$375.00
8/31/2016	Bill	17150	February 2016 Pumpage	\$3,249.39	\$3,624.39
8/04/2016	Penalty	29355	Late Fee of 5% of	\$18.75	\$3,643.14
8/20/2016	Penalty	30515	Late Fee of 5% of	\$162.47	\$3,805.61
8/01/2016	Bill	17810	Third Quarter Allocation Billing	\$375.00	\$4,180.61
8/19/2016	Penalty	33017	Finance Fee	\$38.05	\$4,218.66
8/31/2016	Penalty	34128	5% Late Fee	\$116.05	\$4,334.71

Date	Reference	#	Description	Transaction	Balance
3/31/2016	Bill	18951	March 2016 Pumpage	\$2,320.93	\$6,655.64
4/20/2016	Penalty	35533	Finance Fee	\$62.42	\$6,718.06
4/30/2016	Penalty	36365	5% Late Fee	\$161.51	\$6,879.57
4/30/2016	Bill	19637	April 2016 Pumpage	\$3,230.14	\$10,109.71
4/30/2016	Bill	19638	May 2016 Pumpage	\$3,608.06	\$13,717.77
4/30/2016	Bill	19639	June 2016 Pumpage	\$3,492.06	\$17,209.83
4/30/2016	Invoice	2050	Inspection Fee	\$250.00	\$17,459.83
7/19/2016	Penalty	37578	Finance Fee	\$96.34	\$17,556.17
7/19/2016	Penalty	37593	5% Late Fee	\$180.40	\$17,736.57
7/19/2016	Penalty	37611	5% Late Fee	\$18.75	\$17,755.32
7/26/2016	Payment	17971	Payment	(\$17,459.83)	\$295.49
9/01/2016	Bill	20316	Fourth Quarter Allocation Billing	\$375.00	\$670.49
7/10/2016	Bill	21674	July 2016 Pumpage	\$5,412.79	\$6,083.28
7/19/2016	Penalty	40090	Finance Fee	\$1.99	\$6,085.27
8/31/2016	Bill	22228	August 2016 Pumpage	\$3,067.27	\$9,152.54
8/20/2016	Penalty	41980	5% Late Fee	\$270.64	\$9,423.18
8/20/2016	Penalty	41987	Finance Fee	\$1.99	\$9,425.17
8/30/2016	Bill	22757	September 2016 Pumpage	\$3,534.00	\$12,959.17
8/19/2016	Penalty	43726	5% Late Fee	\$153.36	\$13,112.53
8/19/2016	Penalty	43727	5% Late Fee	\$18.75	\$13,131.28
8/19/2016	Penalty	43734	Finance Fee	\$58.83	\$13,190.11
10/01/2016	Bill	22891	2017 1st Quarter Allocation Installment	\$468.75	\$13,658.86
10/01/2016	Bill	23470	October 2016 Pumpage	\$2,651.06	\$16,309.92
11/18/2016	Payment	19777	Payment	(\$16,299.36)	\$10.56
11/30/2016	Bill	23974	November 2016 Pumpage	\$2,601.25	\$2,611.81
12/31/2016	Bill	25628	December 2016 Pumpage	\$2,999.25	\$5,611.06
1/19/2017	Penalty	50386	5% Late Fee	\$130.06	\$5,741.12
2/01/2017	Bill	25817	2nd Quarter Allocation Fees	\$468.75	\$6,209.87
2/01/2017	Bill	26493	January 2017 Pumpage	\$4,644.00	\$10,853.87
2/20/2017	Payment	21237	Payment	(\$5,741.12)	\$5,112.75
2/01/2017	Bill	30824	February 2017 Pumpage	\$4,036.25	\$9,149.00
2/20/2017	Payment	22043	Payment	(\$4,036.25)	\$5,112.75
2/21/2017	Penalty	55883	5% Late Fee	\$232.20	\$5,344.95
3/14/2017	Bill	31615	March 2017 Pumpage	\$2,810.00	\$8,154.95
3/19/2017	Penalty	58221	Finance Fee	\$48.76	\$8,203.71
3/19/2017	Penalty	58223	5% Late Fee	\$23.44	\$8,227.15
3/01/2017	Bill	31763	3rd Quarter Allocation Fee	\$468.75	\$8,695.90
3/15/2017	Payment	23377	Payment	(\$2,810.00)	\$5,885.90
3/22/2017	Penalty	61022	Finance Fee	\$53.68	\$5,939.58
3/25/2017	Bill	32560	April 2017 Pumpage	\$5,375.00	\$11,314.58
4/20/2017	Penalty	63112	5% Late Fee	\$268.75	\$11,583.33
4/20/2017	Penalty	63121	Finance Fee	\$53.68	\$11,637.01
4/30/2017	Bill	34275	May 2017 Pumpage	\$5,520.00	\$17,157.01
4/30/2017	Bill	34276	June 2017 Pumpage	\$5,340.00	\$22,497.01
5/05/2017	Invoice	2408	NON-COMPLIANCE FEE	\$250.00	\$22,747.01
7/19/2017	Penalty	65355	5% Late Fee	\$276.00	\$23,023.01
7/19/2017	Penalty	65361	5% Late Fee	\$23.44	\$23,046.45
7/19/2017	Penalty	65370	Finance Fee	\$110.12	\$23,156.57
8/01/2017	Bill	34525	2017 - 4th Quarter Allocation Fee	\$468.75	\$23,625.32
8/01/2017	Credit Memo	1763	2016 Allocation Rebate	(\$527.99)	\$23,097.33
8/22/2017	Penalty	68485	5% Late Fee	\$279.50	\$23,376.83
8/22/2017	Penalty	68495	Finance Fee	\$172.41	\$23,549.24
8/31/2017	Bill	35878	July 2017 Pumpage	\$4,223.75	\$27,772.99
8/31/2017	Bill	35909	August 2017 Pumpage	\$4,223.75	\$31,996.74

Date	Reference	#	Description	Transaction	Balance
1/31/2017	Invoice	2445	Inspection Fee	\$250.00	\$32,246.74
1/19/2017	Penalty	70138	5% Late Fee	\$223.69	\$32,470.43
1/19/2017	Penalty	70148	Finance Fee	\$231.11	\$32,701.54
1/01/2017	Bill	36676	September 2017 Pumpage	\$4,974.82	\$37,676.36
1/23/2017	Penalty	72823	5% Late Fee	\$211.19	\$37,887.55
1/23/2017	Penalty	72832	Finance Fee	\$278.09	\$38,165.64
1/31/2017	Bill	37277	October 2017 Pumpage	\$3,334.58	\$41,500.22
1/01/2017	Bill	36637	2018 1st Quarter Allocation Installment	\$656.25	\$42,156.47
1/15/2017	Invoice	2502	LEGAL FEES	\$1,982.75	\$44,139.22
1/15/2017	Invoice	2503	Legal Fees	\$1,279.00	\$45,418.22
1/15/2017	Invoice	2504	Legal Fees	\$3,467.50	\$48,885.72
1/15/2017	Invoice	2505	Legal Fees	\$523.31	\$49,409.03
1/21/2017	Penalty	74821	5% Late Fee	\$248.74	\$49,657.77
1/21/2017	Penalty	74829	Finance Fee	\$322.44	\$49,980.21
1/30/2017	Bill	37763	November 2017 Pumpage	\$3,458.40	\$53,438.61
1/20/2017	Penalty	76934	5% Late Fee	\$166.73	\$53,605.34
1/20/2017	Penalty	77248	Finance Fee	\$374.68	\$53,980.02
1/01/2018	Bill	39100	December 2017 Pumpage	\$5,611.58	\$59,591.60
1/25/2018	Penalty	79029	5% Late Fee	\$172.92	\$59,764.52
1/25/2018	Penalty	79033	5% Late Fee	\$32.81	\$59,797.33
1/25/2018	Penalty	79041	Finance Fee	\$409.70	\$60,207.03
1/31/2018	Bill	40687	January 2018 Pumpage	\$8,927.95	\$69,134.98
1/01/2018	Bill	38579	2018 - 2nd Quarter Allocation Fees	\$656.25	\$69,791.23
1/21/2018	Penalty	81278	5% Late Fee	\$280.58	\$70,071.81
1/21/2018	Penalty	81287	Finance Fee	\$452.90	\$70,524.71
1/20/2018	Penalty	84820	5% Late Fee	\$446.40	\$70,971.11
1/20/2018	Penalty	84826	Finance Fee	\$511.83	\$71,482.94
1/31/2018	Bill	41387	February 2018 Pumpage	\$7,269.24	\$78,752.18
1/01/2018	Bill	42065	March 2018 Pumpage	\$5,598.38	\$84,350.56
1/19/2018	Penalty	87360	5% Late Fee	\$363.46	\$84,714.02
1/19/2018	Penalty	87365	5% Late Fee	\$32.81	\$84,746.83
1/19/2018	Penalty	87371	Finance Fee	\$605.57	\$85,352.40
1/30/2018	Invoice	2625	Legal Fees	\$807.50	\$86,159.90
1/01/2018	Bill	42339	2018 3rd Quarter Allocation Fee	\$656.25	\$86,816.15
1/23/2018	Penalty	90047	5% Late Fee	\$279.92	\$87,096.07
1/23/2018	Penalty	90055	Finance Fee	\$688.78	\$87,784.85
1/31/2018	Bill	43068	April 2018 Pumpage	\$4,263.07	\$92,047.92
1/01/2018	Bill	43733	May 2018 Pumpage	\$5,092.30	\$97,140.22
1/20/2018	Penalty	92301	5% Late Fee	\$213.15	\$97,353.37
1/20/2018	Penalty	92310	Finance Fee	\$747.56	\$98,100.93
1/01/2018	Bill	44420	June 2018 Pumpage	\$8,051.21	\$106,152.14
1/01/2018	Invoice	2660	Legal Fees	\$475.00	\$106,627.14
1/19/2018	Penalty	94796	5% Late Fee	\$254.62	\$106,881.76
1/19/2018	Penalty	94803	5% Late Fee	\$32.81	\$106,914.57
1/19/2018	Penalty	94812	Finance Fee	\$792.32	\$107,706.89
1/01/2018	Bill	44544	2018 4th Quarter Allocation Fees	\$656.25	\$108,363.14
1/15/2018	Bill	45226	July 2018 Pumpage	\$12,435.72	\$120,798.86
1/21/2018	Penalty	97645	5% Late Fee	\$402.56	\$121,201.42
1/21/2018	Penalty	97652	Finance Fee	\$852.68	\$122,054.10
1/22/2018	Invoice	2697	Aug Legal Fees	\$1,330.00	\$123,384.10
1/31/2018	Bill	46155	August 2018 Pumpage	\$8,212.51	\$131,596.61
1/11/2018	Invoice	2725	NON-COMPLIANCE FEE	\$250.00	\$131,846.61
1/20/2018	Penalty	99624	Finance Fee	\$933.19	\$132,779.80
1/20/2018	Penalty	99631	5% Late Fee	\$621.79	\$133,401.59

Date	Reference	#	Description	Transaction	Balance
9/30/2018	Bill	46744	September 2018 Pumpage	\$4,608.65	\$138,010.24
9/18/2018	Payment	33531	Payment	(\$2,079.00)	\$135,931.24
9/19/2018	Penalty	101944	5% Late Fee	\$410.63	\$136,341.87
9/19/2018	Penalty	101949	5% Late Fee	\$32.81	\$136,374.68
9/19/2018	Penalty	101955	Finance Fee	\$1,047.01	\$137,421.69
9/23/2018	Payment	33754	Payment	(\$1,801.87)	\$135,619.82
9/30/2018	Payment	33769	Payment	(\$959.82)	\$134,660.00
9/31/2018	Bill	47653	October 2018 Pumpage	\$4,310.59	\$138,970.59
10/1/2018	Bill	47201	2019 1st Quarter Allocation Fee	\$656.25	\$139,626.84
10/9/2018	Payment	33843	Payment	(\$1,289.21)	\$138,337.63
10/15/2018	Payment	33921	Payment	(\$1,527.80)	\$136,809.83
10/20/2018	Credit Memo	2208		(\$307.87)	\$136,501.96
10/26/2018	Payment	34134	Payment	(\$1,646.69)	\$134,855.27
10/26/2018	Penalty	104682	5% Late Fee	\$230.43	\$135,085.70
10/26/2018	Penalty	104688	Finance Fee	\$1,117.04	\$136,202.74
10/30/2018	Payment	34189	Payment	(\$2,021.58)	\$134,181.16
10/30/2018	Bill	48197	November 2018 Pumpage	\$5,379.26	\$139,560.42
10/11/2018	Payment	34339	Payment	(\$584.18)	\$138,976.24
10/18/2018	Payment	34438	Payment	(\$881.75)	\$138,094.49
10/19/2018	Penalty	106652	5% Late Fee	\$215.53	\$138,310.02
10/19/2018	Penalty	106658	Finance Fee	\$1,150.39	\$139,460.41
10/31/2018	Payment	34665	Payment	(\$1,512.44)	\$137,947.97
10/31/2018	Bill	48810	December 2018 Pumpage	\$3,984.02	\$141,931.99
10/8/2019	Payment	34791	Payment	(\$1,187.93)	\$140,744.06
10/14/2019	Payment	34822	Payment	(\$1,754.05)	\$138,990.01
10/23/2019	Payment	34972	Payment	(\$1,329.55)	\$137,660.46
10/23/2019	Penalty	108771	5% Late Fee	\$268.96	\$137,929.42
10/23/2019	Penalty	108783	5% Late Fee	\$17.42	\$137,946.84
10/23/2019	Penalty	108790	Finance Fee	\$1,180.97	\$139,127.81
10/31/2019	Bill	50358	January 2019 Pumpage	\$4,279.44	\$143,407.25
10/01/2019	Bill	49020	2019 2nd Quarter Allocation Fee	\$656.25	\$144,063.50
10/01/2019	Payment	35176	Payment	(\$1,733.61)	\$142,329.89
10/07/2019	Payment	35236	Payment	(\$1,591.61)	\$140,738.28
10/12/2019	Payment	35297	Payment	(\$1,389.09)	\$139,349.19
10/20/2019	Payment	35402	Payment	(\$1,587.00)	\$137,762.19
10/21/2019	Penalty	111761	Finance Fee	\$1,189.78	\$138,951.97
10/21/2019	Penalty	111767	5% Late Fee	\$199.20	\$139,151.17
10/28/2019	Payment	35658	Payment	(\$1,520.39)	\$137,630.78
10/28/2019	Bill	51068	February 2019 Pumpage	\$7,689.26	\$145,320.04
10/28/2019	Invoice	2823	2018 groundwater allocation adjustment	\$482.56	\$145,802.60
10/05/2019	Payment	35728	Payment	(\$1,261.27)	\$144,541.33
10/15/2019	Payment	36070	Payment	(\$1,210.92)	\$143,330.41
10/20/2019	Penalty	115236	Finance Fee	\$1,203.58	\$144,533.99
10/20/2019	Penalty	115244	5% Late Fee	\$213.97	\$144,747.96
10/25/2019	Payment	36495	Payment	(\$1,371.71)	\$143,376.25
10/31/2019	Bill	52199	March 2019 Pumpage	\$5,805.10	\$149,181.35
10/01/2019	Payment	36723	Payment	(\$1,189.49)	\$147,991.86
10/09/2019	Payment	36917	Payment	(\$1,237.36)	\$146,754.50
10/19/2019	Payment	37082	Payment	(\$1,029.27)	\$145,725.23
10/23/2019	Penalty	118510	5% Late Fee	\$384.46	\$146,109.69
10/23/2019	Penalty	118517	Finance Fee	\$1,212.27	\$147,321.96
10/23/2019	Penalty	118647	5% Late Fee	\$32.81	\$147,354.77
10/30/2019	Payment	37487	Payment	(\$1,714.22)	\$145,640.55
10/30/2019	Bill	53324	April 2019 Pumpage	\$5,357.35	\$150,997.90

Date	Reference	#	Description	Transaction	Balance
4/01/2019	Bill	52492	2019 3rd Quarter Allocation Fee	\$656.25	\$151,654.15
4/15/2019	Payment	37662	Payment	(\$1,347.60)	\$150,306.55
4/21/2019	Penalty	121513	5% Late Fee	\$290.26	\$150,596.81
4/21/2019	Penalty	121521	Finance Fee	\$1,281.40	\$151,878.21
4/21/2019	Penalty	121524	5% Late Fee	\$24.13	\$151,902.34
4/29/2019	Payment	38068	Payment	(\$2,942.85)	\$148,959.49
4/13/2019	Bill	54665	May 2019 Pumpage	\$6,811.73	\$155,771.22
4/17/2019	Payment	38498	Payment	(\$2,638.56)	\$153,132.66
4/19/2019	Penalty	124269	5% Late Fee	\$267.87	\$153,400.53
4/19/2019	Penalty	124277	Finance Fee	\$1,304.42	\$154,704.95
4/30/2019	Bill	55457	June 2019 Pumpage	\$11,572.96	\$166,277.91
4/02/2019	Payment	38860	Payment	(\$2,590.31)	\$163,687.60
4/19/2019	Penalty	126856	5% Late Fee	\$32.81	\$163,720.41
4/19/2019	Penalty	126866	Finance Fee	\$1,347.80	\$165,068.21
4/19/2019	Penalty	126956	5% Late Fee	\$340.59	\$165,408.80
4/31/2019	Bill	56547	July 2019 Pumpage	\$9,901.59	\$175,310.39
4/01/2019	Bill	55873	2019 4th Quarter Allocation Fee	\$656.25	\$175,966.64
4/02/2019	Payment	39485	Payment	(\$2,998.62)	\$172,968.02
4/20/2019	Penalty	129651	5% Late Fee	\$578.65	\$173,546.67
4/20/2019	Penalty	129660	Finance Fee	\$1,404.88	\$174,951.55
4/31/2019	Bill	57348	August 2019 Pumpage	\$8,697.48	\$183,649.03
4/19/2019	Penalty	132072	5% Late Fee	\$495.08	\$184,144.11
4/19/2019	Penalty	132080	Finance Fee	\$1,531.23	\$185,675.34
4/01/2019	Bill	58080	September 2019 Pumpage	\$8,821.72	\$194,497.06
4/19/2019	Penalty	134303	5% Late Fee	\$434.87	\$194,931.93
4/19/2019	Penalty	134314	Finance Fee	\$1,635.20	\$196,567.13
4/20/2019	Penalty	134332	5% Late Fee	\$32.81	\$196,599.94
4/01/2019	Bill	58818	October 2019 Pumpage	\$6,924.64	\$203,524.58
4/19/2019	Penalty	136393	5% Late Fee	\$9,108.17	\$212,632.75
4/19/2019	Penalty	136404	Finance Fee	\$1,733.41	\$214,366.16
4/20/2019	Penalty	136455	5% Late Fee	\$441.09	\$214,807.25
4/20/2019	Bill	59100	2020 1st Quarter Allocation Fee	\$0.00	\$214,807.25
4/20/2019	Credit Memo	2818	Credit for Penalty Billing error Bill #136393	(\$9,108.17)	\$205,699.08
4/19/2019	Penalty	138767	5% Late Fee	\$346.23	\$206,045.31
4/19/2019	Penalty	138768	Finance Fee	\$1,826.04	\$207,871.35
			Ending Balance	\$207,871.35	

Exhibit B

APPLICATION OF CYPRESSWOOD
ESTATES WATER SYSTEM FOR A
PASS-THROUGH RATE CHANGE

§
§
§

PUBLIC UTILITY COMMISSION

OF TEXAS

2018 MAY 11 PM 2:37

PUBLIC UTILITY COMMISSION
FILING CLERK

ORDER

This Order addresses the amended application of Cypresswood Estates Water System for approval of a pass-through rate change to recover fees imposed on the utility by the San Jacinto River Authority (SJRA) for the utility's participation in SJRA's Groundwater Reduction Plan. The Commission approves the amended application, in part.

I. Background

A. The Application

On September 20, 2017, Cypresswood filed an application seeking a pass-through rate of \$26.36 to recover fees charged to it by SJRA.¹ Commission Staff recommended that the pass-through rate be approved, but that Cypresswood be ordered to install meters at each of its connections. After the Commission determined that there were further issues to resolve with regard to Cypresswood's failure to pay SJRA and the arrearages that it owed, the Commission voted to remand the docket to the administrative law judge (ALJ) to order an interim rate in the amount of \$26.36 per connection per month and determine the total amount due to the SJRA, including past-due payments, penalties and interest.² The parties were further ordered to disregard the metering issue, and determine a rate that would collect the arrearages owed to SJRA over a period of time that would prevent Cypresswood from accruing further penalties and interest.

B. Interim Rate and Amended Application

On January 31, 2018, the ALJ approved an interim pass-through rate \$26.36 per connection per month and the parties were further ordered to determine the total amount due to the SJRA, including past-due payments, penalties, and any interest owed in order for Cypresswood to file an amended application.

¹ Application of Cypresswood Estates Water System for a Pass-Through Rate Change (Sep. 20, 2017).

² Order Remanding Proceeding to ALJ (Jan. 26, 2018).

Thereafter, Cypresswood filed an amended application on March 19, 2018, including an invoice of the total amount owed and a proposed rate to provide for the ongoing fees and the recovery of all arrears. In addition to interest and penalties, Cypresswood requested that approximately \$7,200 in legal fees charged by the SJRA be included in a new surcharge.

C. Staff recommendation

On April 9, 2018, Commission Staff recommended that the Commission approve a surcharge of \$33.58 per connection per month, but noted that including recovery of legal fees would increase the surcharge to \$37.43 per connection per month, as requested in Cypresswood's amended application. Commission Staff stated that legal fees being sought by Cypresswood for a pass-through rate had not previously been considered as one of the types of pass-through costs permitted under 16 TAC § 24.21(b)(2)(C).³ Commission Staff also recommended final approval of the SJRA pass-through rate of \$26.36 per connection per month effective February 1, 2018 and that Cypresswood be required to issue a new notice to customers indicating the pass-through rate and the approved surcharge.

The Commission adopts the following findings of fact and conclusions of law:

II. Findings of Fact

Procedural History

1. On September 20, 2017, Cypresswood filed an application to add a pass-through rate clause to its current tariff to pass-through the utility's cost for the San Jacinto River Authority's Groundwater Reduction Plan.
2. Cypresswood's current tariff that has been in effect since 1991 authorizes a \$15.00 monthly flat rate for System 1 and a \$10.00 monthly flat rate for System 2.
3. The pumpage fee charged by SJRA of \$2.64 per 1,000 gallons, was effective September 1, 2017. Cypresswood proposed to pass through the annual cost, based on historical gallons pumped from the well and the new effective rate, as a flat monthly rate of \$26.36 per connection.

³ Commission Staff's Final Recommendation at 1 (April 9, 2018).

4. The applicant holds certificate of convenience and necessity (CCN) No. 12498 and serves 157 unmetered connections.
5. On September 25, 2017, a notice was issued by the Commission ALJ establishing an October 11, 2017 deadline for Commission Staff to file a recommendation on the application and notice, and to propose a procedural schedule.
6. On October 10, 2017, Commission Staff recommended that the application be denied. In the alternative, Commission Staff recommended that Cypresswood recover the SJRA fees from customers as a surcharge for one-year period and that Cypresswood be required to install meters and request a metered rate along with a pass-through provision based on a gallonage charge. Commission Staff's recommendation took into account that Cypresswood's use of a monthly flat rate to recover a gallonage rate cost might result in overrecovery of the gallonage charges billed by SJRA and would provide no incentive to conserve.
7. On December 13, 2017, Cypresswood filed a response to Commission Staff's recommendation stating that Cypresswood is owned by the Estate of Drew Spencer and the Estate is attempting to find a buyer for the system as there are no funds in the estate to make substantial improvements. The fees owed to SJRA are currently past due. Cypresswood stated in its Notice of Appearance of Counsel, Motion for Leave, and Response to Commission Staff's Recommendation that it "commits to including a provision in any sale that requires the installation and meters and implementation of a gallonage charge by August 31, 2018." Cypresswood added that should they not find a buyer within the next 60 days, Cypresswood plans to file for approval to relinquish its CCN.
8. On January 5, 2018, notice by the Commission ALJ was issued docketing the proceeding.
9. On January 5, 2018, the Commission ALJ filed a proposed order.
10. On January 26, 2018, the Commission issued an order remanding the proceeding to the ALJ authorizing the implementation of an interim rate.
11. On January 31, 2018, the Commission ALJ issued an order approving an interim rate and providing further instruction.

12. On February 15, 2018, Commission Staff filed a proposed procedural schedule setting a deadline for the applicant to file an amended application.
13. On February 22, 2018, the Commission ALJ issued an order adopting a procedural schedule.

The Amended Application

14. On March 19, 2018, Cypresswood filed an amended application seeking to recover past fees owed to the SJRA, including penalties and interest. In addition to late fee and finance fee penalties, a non-compliance fee, and an inspection fee, Cypresswood requested that approximately \$7,200 in legal fees charged by the SJRA be included in a new surcharge. Cypresswood proposed a surcharge of \$37.43.
15. On April 9, 2018, Commission Staff recommended approval of a \$33.58 per connection per month surcharge, excluding legal fees, as an extraordinary measure to protect the financial integrity of the utility.

Informal Disposition

16. The only parties to this application are Commission Staff and Cypresswood.
17. No party requested a hearing.

III. Conclusions of Law

1. Cypresswood is a retail public utility as defined in Texas Water Code § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.003(59).
2. The Commission has jurisdiction over the amended application under TWC § 13.041(a).
3. This docket was processed in accordance with the requirements of the Texas Administrative Procedure Act, the TWC and Commission rules.
4. Both the pass-through rate, collecting the current SJRA charges, and the surcharge, collecting the arrearages, are just and reasonable as required by TWC § 13.182.
5. The rates provided for in this order and any rates that Cypresswood currently charges fix Cypresswood's revenue at a level that provides a reasonable opportunity to earn a

reasonable return on invested capital, and preserves the financial integrity of Cypresswood as required by TWC § 13.183(a).

6. Cypresswood may recover the costs charged by SJRA under 16 TAC § 24.21(b)(2)(C) through (F).
7. Cypresswood may surcharge past-due costs under 16 TAC § 24.21(b)(2)(G).

IV. Ordering Paragraphs

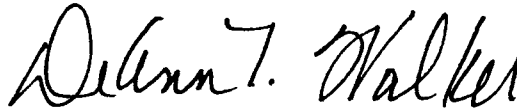
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves the amended application, in part.
2. Cypresswood shall implement a \$37.43 per connection per month surcharge, effective June 1, 2018 through May 31, 2019, to recover all arrearages owed by Cypresswood to SJRA, including legal fees.
3. The Commission denies the recovery of the legal fees in a pass-through rate.
4. The SJRA pass-through rate of \$26.36 per connection per month, which was approved on January 31, 2018 to collect fees charged by SJRA to Cypresswood on a going forward basis, is granted final approval.
5. Cypresswood shall issue a new notice to customers indicating the approved water pumpage fee and surcharge for past due SJRA fees.
6. Cypresswood must provide notice to all customers for the final pass-through rate of \$26.36 and the \$37.43 surcharge to be sent no later than May 24, 2018. The notice for both rates shall include an effective date of June 1, 2018, and the surcharge shall be authorized until May 31, 2019.
7. In all instances, the \$26.36 pass-through rate shall be called the "San Jacinto River Authority (SJRA) pass-through rate."
8. In all instances, the \$37.43 surcharge shall be called the "San Jacinto River Authority (SJRA) surcharge."
9. The tariff sheets attached to this Order are approved.

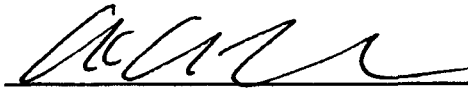
10. All other motions and any other requests for general or specific relief, if not expressly granted, are denied.

Signed at Austin, Texas the 11th day of May 2018.

PUBLIC UTILITY COMMISSION OF TEXAS



DEANN T. WALKER, CHAIRMAN



ARTHUR C. D'ANDREA, COMMISSIONER

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WATER UTILITY TARIFF

Tariff Control No. 47625

Drew T. Spencer dba Cypresswood Estates Water System
(Utility Name)

P.O. Box 2302
(Business Address)

Conroe, TX 77305
(City, State, Zip Code)

(409) 760-3111
(Area Code/Telephone)

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

12498

This tariff is effective in the following counties:

Montgomery

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

None

This tariff is effective in the following subdivisions or systems:

Cypresswood Estates (PWS #1700301)

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	4
SECTION 3.0 -- EXTENSION POLICY	11

APPENDIX A - DROUGHT CONTINGENCY PLAN
APPENDIX B - SAMPLE SERVICE AGREEMENT
APPENDIX C - APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
Same for all meter sizes	<u>\$15.00</u>

Additional Fees

San Jacinto River Authority (SJRA) Pass-through rate..... \$26.36
per connection per month (Authorized from February 1, 2018) (*Tariff Control No. 47625*)

San Jacinto River Authority (SJRA) Surcharge..... \$37.43
per connection per month (Authorized from June 1, 2018, thru May 31, 2019) (*Tariff Control No. 47625*)

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

Cash X, Check X, Money Order , Credit Card , Other (specify)
THE UTILITY MAY 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.

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.....\$300.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF
LISTED ON THIS TARIFF.

METER TEST FEEN/A
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST 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. THE FEE MAY NOT EXCEED \$25.

RECONNECTION FEE
THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS
BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION
2.0 OF THIS TARIFF)
a) Nonpayment of bill (Maximum \$25.00).....N/A
b) Customer's request that service be disconnected.....N/A

LATE CHARGE.....N/A
PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE
MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS
BILLING.

RETURNED CHECK CHARGEN/A
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....N/A

Tariff Control No. 47625

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
Same for all meter sizes	<u>\$10.00</u>

Additional Fees

San Jacinto River Authority (SJRA) Pass-through rate \$26.36
per connection per month (Authorized from February 1, 2018) (*Tariff Control No. 47625*)

San Jacinto River Authority (SJRA) Surcharge..... \$37.43
per connection per month (Authorized from June 1, 2018, thru May 31, 2019) (*Tariff Control No. 47625*)

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

Cash X, Check X, Money Order , Credit Card , Other (specify)
THE UTILITY MAY 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

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.....\$75.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF
LISTED ON THIS TARIFF.

METER TEST FEEN/A
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST 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. THE FEE MAY NOT EXCEED \$25

RECONNECTION FEE
THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS
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2.0 OF THIS TARIFF):
a) Nonpayment of bill (Maximum \$25.00).....N/A
b) Customer's request that service be disconnected.....N/A

LATE CHARGE.....N/A
PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE
MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS
BILLING.

RETURNED CHECK CHARGEN/A
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....N/A

Tariff Control No. 47625