



Control Number: 50605



Item Number: 18

Addendum StartPage: 0

PUC Docket No. 50605
TEMPORARY MANAGER'S REPORT
June 2020



Lynn Sherman, Temporary Manager of Blue Cereus LLC, is pleased to provide the following report required by the Commission's "Order Appointing a Temporary Manager," dated March 16, 2020, and entered in the above-referenced docket.

I. Inventory of All Property. The inventory has not changed since the last reporting period.

II. Business Transactions.

To demonstrate all activities during the current temporary manager's term, beginning on March 15, 2019 and extending through June 30, 2020, the following spreadsheets have been prepared and assembled into an Excel workbook (each with its own tab, as referenced below) and filed as a "Native File" attachment to this report:

- A. A spreadsheet reflecting all invoicing and collections since Lynn Sherman was appointed Temporary Manager through June 30, 2020 (1st Tab);
- B. A spreadsheet reflecting income and expenses (i.e., profit and loss) since Lynn Sherman was appointed Temporary Manager through June 30, 2020 (2nd Tab);
- C. The spreadsheet of income and expenses, referenced immediately above, broken down by month (3rd Tab);
- D. A list of accounts payable, as qualified in its footnotes (4th Tab);
- E. A list of invoices from and payments to B&J Tractor Service (5th Tab); and
- F. A table of meter readings – both retail and wholesale – from July 2018 through June 2020 (6th Tab).

III. Overview of Current Accounts and Outstanding Accounts Payable.

As demonstrated by the attached spreadsheets, the current temporary manager has paid the following:

- A. "base fees" for all invoices received by the utility's wholesale providers during the current temporary manager's term through June 30, 2020;
- B. "base fees" for all invoices received for all seven (7) months of the previous temporary manager's term, except: one (1) invoice from Seguro Water Co., LLC; and two (2) invoices from San Pedro Water Resources, JV; and
- C. all invoices from B&J Tractor Services received by June 30, 2020, including a significant number of outstanding invoices received prior to the current temporary manager's appointment, save and except: two (2) tap installations totaling \$2,070.60 (one of which remains in dispute); and four (4) system repairs in La Caleta Estates totaling \$2,520.94.

IV. Disconnections and Payment Arrangements.

During his tenure, the current temporary manager has had to issue disconnection notices for

lack of payment to one-third (1/3) of the customers of San Pedro Village retail system and almost half (1/2) of the customers of the La Caleta Estates retail system. However, the prohibition against disconnecting utility services continuing into June 2020 prevented the temporary manager from acting on outstanding disconnection notices or issuing new disconnection notices. Within the past few weeks, which fall outside the reporting period for this report, the temporary manager has renewed collection efforts and the issuance of disconnect notices for those accounts that are in significant arrears over a period of time extending before the pandemic.

V. Number of Connections.

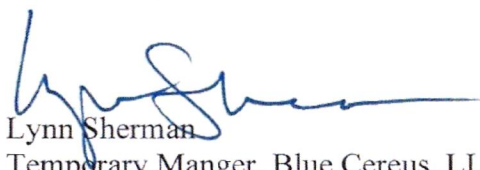
No new connections have been added since the last reporting period.

VI. Significant Events to Bring the System into Compliance.

- A. Sale of the Utility: NONE
- B. TCEQ FMT Assistance: NONE
- C. System Repairs: *four (4) distribution line and point of connection repairs in La Caleta Estates*
- D. Bacteriological Tests: NONE
- E. Planned Improvements: NONE

If I may provide additional information, please do not hesitate to contact me at 512-431-6515.

Respectfully submitted,



Lynn Sherman
Temporary Manager, Blue Cereus, LLC

Enclosures (*filed collectively as a "Native File"*):

- i) spreadsheet re: invoicing and collections (1st Tab);
- ii) spreadsheet re: income and expenses (2nd Tab);
- iii) spreadsheet re: income and expense, broken down by month (3rd Tab);
- iv) list of accounts payable, as qualified in its footnotes (4th Tab);
- v) list of invoices from and payments to B&J Tractor Service (5th Tab); and
- vi) table of wholesale and retail meter readings (6th Tab).

cc: Alaina Zermeno

Public Utility Commission
Legal, Oversight and Enforcement
alaina.zermeno@puc.texas.gov

Tammy Benter
Public Utility Commission
Water Utility Regulations
tammy.benter@puc.texas.gov