



Control Number: 51481



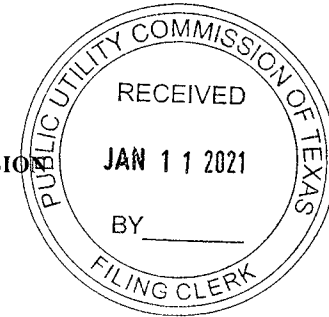
Item Number: 19

Addendum StartPage: 0

DOCKET NO. 51481

APPLICATION OF CSWR-TEXAS §  
UTILITY OPERATING COMPANY, §  
LLC FOR TEMPORARY RATES FOR A §  
NONFUNCTIONING UTILITY §

PUBLIC UTILITY COMMISSION  
OF TEXAS



**COMMISSION STAFF'S RECOMMENDATION ON FINAL DISPOSITION**

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

**I. BACKGROUND**

On September 30, 2020, the Commission issued an order appointing CSWR-Texas Utility Operating Company, LLC (CSWR-Texas) as the temporary manager for the Castlecomb Water System (Castlecomb) in Kerr County, Texas.<sup>1</sup> On November 2, 2020, CSWR-Texas filed a request for a temporary rate increase under Texas Water Code § 13.046 and 16 Texas Administrative Code (TAC) § 24.363.

On December 2, 2020, the administrative law judge (ALJ) filed Order No. 2, adopting the procedural schedule proposed by CSWR. Order No. 2 included a deadline of January 5, 2021 for Staff to request a hearing or file a recommendation on final disposition. On January 4, 2021, Staff filed a request for extension proposing a revised procedural schedule for use in this proceeding, which included a proposed deadline of January 11, 2021 for Staff to file its recommendation on final disposition. An order has not yet been issued adopting Staff's proposed procedural schedule or setting an alternative deadline for Staff to file its final recommendation. Therefore, this pleading is timely filed.

**II. FINAL RECOMMENDATION**

As supported by the attached memoranda of Patricia Garcia, Infrastructure Division, Jorge Ordonez, Rate Regulation Division, and Spencer English, Rate Regulation Division, Staff recommends that the Commission:

<sup>1</sup> *Petition for an Order Appointing a Temporary Manager to the Castlecomb Water System*, Docket No. 50851, Order Appointing a Temporary Manager (Sept. 30, 2020).

19

- 1) Include in the calculation of temporary rates the recommended yearly expenses proposed by Staff and include a calculation for a surcharge for four months provided in Staff witness Spencer English's memo and worksheet;
- 2) Approve the attached tariffs;
- 3) If any overages were collected from customers for the months the requested rate was billed, issue no refunds to the customers. Instead, 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;
- 4) Order CSWR-Texas to provide to the Commission the following documentation monthly, by the last day of the month following the month in question, until the temporary manager's term is completed.
  - a. Summary of monthly revenues and expenses with a detailed list of actual costs 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; and
  - c. The actual number of connections at the beginning and at the end of the month.
- 5) Order that the temporary rate shall remain in place in until the Commission orders otherwise.

### **III. CONCLUSION**

For the reasons stated above, Staff respectfully requests the issuance of an order consistent with the above recommendation.

Dated: January 11, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Rachelle Nicolette Robles  
Division Director

Heath D. Armstrong  
Managing Attorney

/s/ Taylor P. Denison  
Taylor P. Denison  
State Bar No. 24116344  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7203  
(512) 936-7268 (facsimile)  
taylor.denison@puc.texas.gov

**DOCKET NO. 51481**

**CERTIFICATE OF SERVICE**

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on March 26, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Taylor P. Denison  
Taylor P. Denison

# *Public Utility Commission of Texas*

---

## **Memorandum**

**TO:** Taylor Demson, Attorney  
Legal Division

**FROM:** Patricia Garcia, Senior Engineering Specialist  
Infrastructure Division

**DATE:** January 11, 2021

**RE:** Docket No. 51481 – *Application of CSWR-Texas Utility Operating Company, LLC for Temporary Rates for a Nonfunctioning Utility*

---

### **Background:**

CSWR-Texas Utility Operating Company, LLC (CSWR-Texas), temporary manager for Castlecomb Water System (Castlecomb), submitted to the Public Utility Commission (Commission) an application for a temporary rate increase related to an unregistered utility in Kerr County, Texas under Texas Water Code § 13.046 and 16 Texas Administrative Code (TAC) § 24.363. Castlecomb provides water and sewer service (through an on-site sewage facility) to the customers in the Castlecomb and Kensington subdivisions. Castlecomb does not have a water certificate of convenience and necessity (CCN) or a sewer CCN.

Under 16 TAC § 24.363(a), CSWR-Texas 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.” CSWR-Texas based the proposed temporary rate on the charges the customers were paying to the homeowner’s association for the water and wastewater systems, \$125 per customer per month.<sup>1</sup> This amount included water and sewer service. As a result, CSWR-Texas notified the customers that the temporary rate would be a flat rate of \$62.50 for water and \$62.50 for sewer.<sup>2</sup> Based on the proposed temporary rates and the current customer connection count of 27 connections for each the water and sewer systems, the estimated revenues would be approximately \$3,375 monthly or \$40,500 yearly for the combined water and sewer systems.

On December 18, 2020, CSWR-Texas submitted invoices from the company operating the water and sewer systems for the months of November and December 2020, repairs for the

---

<sup>1</sup> Application at 1 (Nov. 2, 2020).

<sup>2</sup> *Id* at 4

month of October 2020, and an electricity bill for the month of December 2020.<sup>3</sup> CSWR-Texas also submitted invoices for billing, set up of the billing system, and an answering service for the water and sewer customers of Castlecomb.<sup>4</sup> These invoices will be reviewed by Spencer English, Rate Regulation Division.

The following table provides a summary of expenses that I recommend be included in the calculation of rates. CSWR-Texas provided expenses for two months of operation of the utility and one month for electricity, repairs, and customer billing. These expenses have been annualized by multiplying the equivalent of one month of operation of the utility by twelve. I allowed for laboratory fees based on the sampling schedule of Castlecomb and the costs from the Texas Commission on Environmental Quality's (TCEQ) website at <https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/chemicals/Labfees.pdf>

Additionally, I allowed for an amount to cover the costs of chlorine disinfection of the well. Based on previous reviews of other similar water systems, I allowed an amount equivalent to twelve gallons per month at \$1.90 per gallon.

I have used the actual costs from the invoices and electricity bills submitted by CSWR-Texas along with the estimated costs for laboratory fees and chlorine disinfection of the well to recommend the expenses for the calculation of the temporary rates.

CSWR-Texas requested a total yearly expense of \$40,500 for the temporary rates.<sup>5</sup> This was based on the rates the customers were already paying to their homeowner's association for the upkeep of the water and sewer systems. It was not based on estimates from CSWR-Texas for the operation of the water and sewer systems. I reviewed the invoices and electricity bills submitted by CSWR-Texas along with the estimated costs for laboratory fees and chlorine disinfection of the well. The invoices submitted for billing, set up of the billing system, and the answering service for the water and sewer customers of Castlecomb will be reviewed by Spencer English in the Rate Regulation Division. I recommend inclusion of \$15,307 in expenses for the temporary rates for the water system and \$19,220 in expenses for the temporary rates for the sewer system. The total costs I calculated are at a level consistent with other similar systems that I have reviewed over the years.

**Water System**

	<b>Staff's Recommended Yearly Costs</b>	<b>Description of Costs (see attached workpapers for details)</b>
General Operations & Maintenance	\$9,000.00	Invoices provided by CSWR-Texas

<sup>3</sup> CSWR's Response to Staff's Request for Documentation at 4-9 (Dec. 18, 2020), CSWR's Response to Staff's 2nd RFI at 4 (Jan. 4, 2021)

<sup>4</sup> CSWR's Response to Staff's Request for Documentation at 10-12 (Dec. 18, 2020).

<sup>5</sup> Application at 1 (Nov. 2, 2020).

	<b>Staff's Recommended Yearly Costs</b>	<b>Description of Costs (see attached workpapers for details)</b>
Laboratory Fees	\$1,074.48	My recommended costs were calculated using the testing schedule for this water system from TCEQ's Drinking Water Watch database and the fees from <a href="https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/chemicals/LabFees.pdf">https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/chemicals/LabFees.pdf</a>
Chlorine Expenses	\$273.60	Based on an estimate of 12 gallons per month at \$1.90 per gallon. No documentation provided by CSWR-Texas.
Electric Utility Bills	\$2,406.00	Invoice provided by CSWR-Texas
Repairs	\$2,553.00	Invoice provided by CSWR-Texas.
<b>Total</b>	<b>\$15,307.08</b>	

### Sewer System

	<b>Staff's Recommended Yearly Costs</b>	<b>Description of Costs (see attached workpapers for details)</b>
General Operations & Maintenance	\$9,000.00	Invoices provided by CSWR-Texas.
Laboratory Fees	\$0.00	No documentation provided by CSWR-Texas.
Chlorine Expenses	\$0.00	No documentation provided by CSWR-Texas.
Electric Utility Bills	\$0.00	Assigned all costs to water based on electricity being needed for water system
Repairs	\$10,220.00	Invoice provided by CSWR-Texas.
<b>Total</b>	<b>\$19,220.00</b>	

Some of the invoices submitted by CSWR-Texas were one-time only expenses. These expenses included a charge for septic overflowing,<sup>6</sup> printing of CSWR-Texas signs,<sup>7</sup> and packaging including freight.<sup>8</sup> I recommend these charges be included in a surcharge to be collected for four months. These expenses are shown in the table below.

Each of the following is a one-time only fee.				
Invoice From	Date	Description	Water	Sewer

<sup>6</sup> CSWR's Response to Staff's Request for Documentation at 9 (Dec 18, 2020), CSWR's Response to Staff's 2nd RFI at 4 (Jan 4, 2021).

<sup>7</sup> CSWR's Response to Staff's Request for Documentation at 14 (Dec 18, 2020).

<sup>8</sup> *Id*

Enriched Organics	10/1/2020	Septic Overflowing		380
Elite Printing & Packaging	11/23/2020	CSWR Signs	24	24
Freight	11/23/2020	CSWR Signs	2	2
<b>Totals</b>			<b>\$26</b>	<b>\$406</b>

Attached is a tariff for Castlecomb that reflects the rates recommended by Staff expert Jorge Ordonez. The tariff is based on the pro forma tariff approved by the Commission for many utilities.

**Recommendation:**

I recommend the following:

- 1) Include in the calculation of rates the recommended yearly costs and include a calculation for a surcharge for four months provided in Mr. Spencer English's memo and worksheet.
- 2) Approve the attached tariff
- 3) If any overages were collected from customers for the months the requested rate was billed, I recommend that no refunds be issued to the customers based on the proposed temporary rates. I recommend that the temporary manager keep separate accounting for all amounts collected in excess of the Commission approved temporary rate for the months the requested rate was billed to the customers, rather than the Commission approved rate. 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.
- 4) Order CSWR-Texas to provide to the Commission the following documentation monthly, by the last day of the month following the month in question, until the temporary manager's term is completed:
  - a) Summary of monthly revenues and expenses with a detailed list of actual costs 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; and
  - c) The actual number of connections at the beginning and at the end of the month.
- 5) Order that the temporary rate shall remain in place until the Commission orders otherwise.





**SEWER UTILITY TARIFF  
Docket Number 51481**

Castlecomb Utility  
(Utility Name)

**Temporary Manager Contact Information**

CSWR – Texas Utility Operating Company, LLC  
(Utility Name)

1011 W. 31<sup>st</sup> St.  
(Business Address)

Austin, TX 78705  
(City, State, Zip Code)

866/ 301-7725  
(Area Code/Telephone)

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

None

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

Kerr

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

None

This tariff is effective in the following subdivisions or systems.

Subdivisions: Castlecomb and Kensington

**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 .....	9

SECTION 1 0 -- RATE SCHEDULE

Section 1.01 - Rates

Temporary Rates (Effective September 30, 2020)

Monthly Minimum Charge

Flat Rate \$64.67

Temporary Manager/Receiver's Fee to be charged in addition to the "Monthly Minimum Charge"

Temporary Manager/Receiver's Fee \$7.50 per connection per month

Surcharge \$7.54 per connection per month for 4 months

The temporary rates will remain in effect until the Commission orders otherwise.

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

Cash X, Check X, Money Order X, Credit Card X, 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. 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%

PUBLIC UTILITY COMMISSION (PUC) RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees

TAP FEE ..... Actual Cost  
 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 PUCT RULE AT COST

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

TAP FEE (Large Connection Tap)..... Actual Cost  
 TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" METERS

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) Non-payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request (regular hours) . . . . . \$27.50  
 8:00 a m to 5:00 p m Monday through Friday,  
 and scheduled more than 24 hours in advance
- c) Customer's request (before or after working hours and weekends) . . . . . \$164.00  
 Before 8:00 a m. or after 5:00 p.m. on Monday through Friday,  
 or Saturday or Sunday, or scheduled less than 24 hours in advance

TRANSFER FEE ..... \$10.00  
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (Either \$5.00 or 10% of the bill)..... 10%  
 COMMISSION 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 CHARGE..... \$25.00  
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:  
 WHEN AUTHORIZED IN WRITING BY THE COMMISSION 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)(F)]

LINE EXTENSION AND CONSTRUCTION CHARGES:  
 REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE

## SECTION 2.0 - SERVICE RULES AND REGULATIONS

The Utility will have the most current Public Utility Commission of Texas (PUCT or Commission) Rules, Chapter 24, 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 Sewer 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 commission 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 and 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 commission 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 that 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. Deposits from non-residential customers may be held as long as that customer takes service.

## 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 commission 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 to cover unique costs not normally incurred as permitted by 16 TAC § 24.163(b)(1)(C) if they are listed on this approved tariff. 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 and utility cut-off 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 tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.06 Access to Customer's Premises

All customers or service applicants shall provide access to utility cutoffs 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 2.07 - 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 either \$5.00 or 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 commission 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 2.08 - 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 2.09 - 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 commission rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the commission rules.

Section 2.10 - 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 24 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 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.11 - 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 2.12 - Quality of Service

The Utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the TCEQ. Unless otherwise authorized by the TCEQ, the Utility will maintain facilities as described in the TCEQ Rules.

Section 2.13 - 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 the PUCT complaint process. 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 2.14 - Customer Liability

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



## 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 commission rules and policies, and upon extension of the utility's certified service area boundaries by the commission.

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 sewer collection 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 collection 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 PUCT, the residential service applicant shall not be required to pay for costs of main extensions greater than 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the PUCT 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)

If an exception is granted, 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.

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 sewer mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional treatment facilities. Contributions in aid of construction 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 the TCEQ minimum design criteria for facilities used in the production, collection, transmission, pumping, or treatment of sewage or the 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(d). 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(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

## SECTION 3.0 - EXTENSION POLICY (Continued)

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
- 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, commission 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 commission 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.

## SECTION 3 0 - EXTENSION POLICY (Continued)

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 commission for resolution.

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, commission rules and/or 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 commission 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 commission service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by commission rules.

Section 3.07 - Developer Requirements

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



**WATER UTILITY TARIFF**  
**Docket Number 51481**

Castlecomb Utility  
(Utility Name)

**Temporary Manager Contact Information**

CSWR – Texas Utility Operating Company, LLC  
(Utility Name)

1011 W. 31<sup>st</sup> St.  
(Business Address)

Austin, TX 78705  
(City, State, Zip Code)

866/ 301-7725  
(Area Code/Telephone)

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

None

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

Kerr

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

None

This tariff is effective in the following subdivisions or systems:

PWS ID: 1330163 – Castlecomb Water System

Subdivisions: Castlecomb and Kensington

**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

NOTE: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality (TCEQ), however, the DCP is included as part of your approved tariff pursuant to PUCT rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

**Temporary Rates (Effective September 30, 2020)**

Monthly Minimum Charge

Flat Rate \$52.60

**Temporary Manager/Receiver's Fee and Surcharge to be charged in addition to the "Monthly Minimum Charge"**

Temporary Manager/Receiver's Fee ..... \$7.50 per connection per month

Surcharge..... \$4.02 per connection per month for 4 months

**The temporary rates will remain in effect until the Commission orders otherwise.**

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

Cash , Check , 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. 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%

PUCT RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TCEQ.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees

TAP FEE ..... Actual Cost  
 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 PUCT 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

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 (regular hours) ..... \$27 50  
 8:00 a.m to 5:00 p.m Monday through Friday,  
 and scheduled more than 24 hours in advance
- c) Customer's request (before or after working hours and weekends)..... \$164 00  
 Before 8 00 a m or after 5 00 p m on Monday through Friday,  
 or Saturday or Sunday, or scheduled less than 24 hours in advance

TRANSFER FEE..... \$10.00  
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

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

METER TEST FEE (actual cost of testing the meter up to) .. . . . . \$120.00  
 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

METER RELOCATION FEE. . . . . Actual Relocation Cost  
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER

METER CONVERSION FEE..... Actual Cost to Convert Meter  
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMERS SERVICE DEMAND

SEASONAL RECONNECTION FEE-  
 BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE-MONTH PERIOD

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

LINE EXTENSION AND CONSTRUCTION CHARGES

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

WHEN AUTHORIZED IN WRITING BY PUCT 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)]

SUPPLEMENTAL EMERGENCY SERVICE FEE.

APPLICABLE TO NONRESIDENTIAL WATER SERVICE CUSTOMERS WHO REQUIRE SUPPLEMENTAL SERVICE OVER AND ABOVE THEIR EXISTING WATER SERVICE FROM TIME TO TIME. USAGE IS TO BE DETERMINED BY CUSTOMER. THE MINIMUM DIAMETER FOR SUPPLEMENTAL SERVICE METER SHALL BE 2 INCHES.

METER TAMPERING, DAMAGE OR DIVERSION FEE

ONE TIME PENALTY PER OCCURRENCE FOR TAMPERING WITH OR DAMAGING A WATER METER OR ANY APPURTENANCE THERE TO INCLUDING LOCKS AND METER BOXES OR SERVICE DIVERSION OF ONE HUNDRED DOLLARS (\$100.00)



## SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Public Utility Commission of Texas (PUCT or commission) rules relating to Water and Wastewater Utility regulations, 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 PUCT 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 PUCT 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. Deposits from non-residential customers may be held as long as that customer takes service.

## SECTION 2 0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected (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 PUCT 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 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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.

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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.07 - Back Flow Prevention Devices (continued)

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.

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 (continued)

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 either \$5.00 or 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 PUCT 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 PUCT Rules.

B) Without Notice

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

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 PUCT rules and policies, and upon extension of the utility's certified service area boundaries by the PUCT.

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 PUCT, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines

Exceptions may be granted by the PUCT 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 (continued)

If an exception is granted by the PUCT, 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.

## SECTION 3.0--EXTENSION POLICY (Continued)

Section 3.03 - Contributions in Aid of Construction (continued)

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
- 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, PUCT 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 PUCT 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

## SECTION 3.0--EXTENSION POLICY (Continued)

Section 3.05 - Applying for Service (continued)

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 PUCT for resolution.

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, PUCT rules and/or PUCT 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 PUCT 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 PUCT service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUCT rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the utility shall require a developer (as defined by PUCT 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)**

**Public Utility Commission of Texas**

**Memorandum**

**To:** Taylor Denison, Attorney, Legal Division

**From:** Spencer English, Financial Analyst, Rate Regulation Division

**Date:** January 11, 2021

**RE:** Docket No. 51481 – *Application of CSWR-Texas Utility Operating Company, LLC for Temporary Rates for a Nonfunctioning Utility*

---

**SUMMARY AND RECOMMENDATION**

On November 2, 2020, CSWR-Texas Utility Operating Company, LLC (CSWR-Texas), temporary manager of Castlecomb Water System, filed with the Public Utility Commission (Commission) a request for a temporary rate increase under Texas Water Code (TWC) § 13.046 and 16 Texas Administrative Code (TAC) § 24.363. 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.

Further, under 16 TAC § 24.363(a), the 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.”

CSWR-Texas based its requested temporary rate on the charges the customers were paying to the homeowner’s association for the water and wastewater systems equal to \$125 per customer per month for both water and wastewater service.<sup>1</sup> Based on this assessment, CSWR-Texas notified the customers that the temporary rate would be a flat rate of \$62.50 for water service and \$62.50 for wastewater service.<sup>2</sup> Using the temporary rates and the customer connection count of 27 connections for each of the water and wastewater systems, the estimated monthly revenues equal approximately \$3,375 or \$40,500 yearly for the water and wastewater systems combined. On December 18, 2020, CSWR-Texas submitted invoices from the company that operates the water and wastewater systems for the months of November and December 2020, invoices for repairs for

---

<sup>1</sup> Application at 1 (Nov 2, 2020)

<sup>2</sup> *Id.* at 3.

the month of October 2020, invoices for the set-up of the billing system, and an electric utility bill for the month of December 2020.<sup>3</sup>

**Recommendation for Billing Costs**

Based on my review of the application and the invoices included in *CSWR's Response to Staff's Request for Documentation* filed on December 18, 2020, I recommend annual administrative billing costs and answering services of \$1,734.00 for water service and \$1,734.00 for wastewater service. Tables 1a and 1b, below, include details of my recommended billing and answering services costs. Any other administrative costs not supported by CSWR-Texas are expected to be funded by the approved Temporary Manager fee of \$7.50 per connection per month.

<b>Table 1a</b>		
Each of the following is a recurring fee for water service.		
Invoice From	Recommended Monthly Cost	Total Recommended Annual Cost
Nitor Billing Services, Inc.	\$125.00	\$1,500.00
IveVoice	\$ 19.50	\$ 234.00
<b>Total Cost</b>	<b>\$144.50</b>	<b>\$1,734.00</b>

<b>Table 1b</b>		
Each of the following is a recurring fee for wastewater service.		
Invoice From	Recommended Monthly Cost	Total Recommended Annual Cost
Nitor Billing Services, Inc.	\$125.00	\$1,500.00
IveVoice	\$ 19.50	\$ 234.00
<b>Total Cost</b>	<b>\$144.50</b>	<b>\$1,734.00</b>

**Recommended Surcharge for Non-Recurring Administrative Expenses**

I recommend a one-time surcharge to recover administrative costs of \$408.75 as detailed in the following table. The costs claimed on December 18, 2020 are appropriately associated with transitioning the operations of the utility, but these costs should not recur. Tables 2a and 2b, below, provide a summary of the administrative costs requested by CSWR-Texas.

<sup>3</sup> CSWR-Texas Utility Operating Company, LLC's Response to Staff's Request for Documentation, Attachment B, pages 3 and 4 (Dec 18, 2020)

<b>Table 2a</b>			
Each of the following is non-recurring fee for water service.			
Invoice From	Date	Description	Total Recommended Cost
Nitor Billing Services, Inc	11/23/2020	Billing Setup	\$375.00
Nitor Billing Services, Inc.	11/23/2020	Per Customer Setup fee	\$33.75
<b>Total Cost</b>			<b>\$408.75</b>

<b>Table 2b</b>			
Each of the following is non-recurring fee for wastewater service.			
Invoice From	Date	Description	Total Recommended Cost
Nitor Billing Services, Inc.	11/23/2020	Billing Setup	\$375.00
Nitor Billing Services, Inc.	11/23/2020	Per Customer Setup fee	\$33.75
<b>Total Cost</b>			<b>\$408.75</b>

As a result of my review of CSWR-Texas' request and responses to requests for documentation, I recommend approval of CSWR-Texas' request for a temporary rate increase with the modifications to the request described above. Staff's recommended total annual temporary costs for water service of \$17,041, including the recommendations of Staff Witness Patricia Garcia, appear in Attachment SE-1. Attachment SE-1 provides detailed information to identify specific line item components that comprise the recommended annual operating expense total for water service. I recommend total annual temporary costs for wastewater service of \$20,954, including the recommendations of Ms. Garcia, as shown in Attachment SE-2. Recovery of the annual temporary costs is reasonable for the provision of adequate and continuous water and wastewater utility service. Staff witness Jorge Ordonez presents the resulting rate design.

I also recommend a one-time surcharge of \$434.39 to allow CSWR-Texas to recover its non-recurring administrative expenses related to water service. As shown in Attachment SE-1, the amount includes the recommendations of Ms. Garcia. Likewise, I recommend a one-time surcharge of \$814.39 to allow CSWR-Texas to recover its non-recurring administrative expenses related to wastewater service. As shown in Attachment SE-2, the amount includes the recommendations of Ms. Garcia.



Additionally, I recommend that the Commission order CSWR-Texas to provide a summary of its monthly operations, maintenance, administrative, and general expenses with a detailed list of actual expenses. I recommend that the filing of the monthly summary occur no later than the last business day of the month following the operational month. Further, I recommend that the monthly filings continue until completion of CSWR-Texas' term. Monthly filings must include copies of invoices or receipts to support the actual costs.

Temporary Rate Review

Docket No. 51481

Water	Estimated monthly costs from Temporary Manager.	Estimated yearly costs from Temporary Manager.	Estimated Yearly Costs by PUC Staff	Staff Adjust	Estimated Monthly Costs by PUC	How cost was determined by PUC Staff
	In Letter / Notice					
General Operations & Maintenance			\$9,000.00	\$750.00	\$750.00	Operating expenses divided by two <b>Page 3</b>
Laboratory fees			\$1,074.48	\$89.54	\$89.54	My recommended costs were calculated using the testing schedule for this water system from TCEQ's Drinking Water Watch database and the fees from <a href="https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/chemicals/LabFees.pdf">https://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/chemicals/LabFees.pdf</a> . <b>Page 4</b>
Chlorine			\$273.60	\$22.80	\$22.80	Based on an estimate of 12 gallons per month at \$1.90 per gallon. No documentation provided by CSWR-Texas. <b>Page 5</b>
Electrical			\$2,406.00	\$200.50	\$200.50	Electrical bill provided for one month. <b>Page 6</b>
Repairs			\$2,553.00	\$212.75	\$212.75	Repairs done to Water System. <b>Page 7</b>
<b>Totals</b>	<b>\$1,687.50</b>	<b>\$20,250.00</b>	<b>\$15,307.08</b>	<b>\$1,275.59</b>	<b>\$1,275.59</b>	

Temporary Rate Review

Docket No. 51481

Sewer	Estimated monthly costs from Temporary Manager	Estimated yearly costs from Temporary Manager	Estimated Yearly Costs by PUC Staff	Staff Adjust	Estimated Monthly Costs by PUC	How cost was determined by PUC Staff
	In Letter / Notice					
General Operations & Maintenance			\$9,000.00	\$750.00	\$750.00	Operating expenses divided by two. <b>Page 3</b>
Laboratory fees			\$0.00	\$0.00	\$0.00	No documentation provided by CSWR-Texas.
Chlorine			\$0.00	\$0.00	\$0.00	No documentation provided by CSWR-Texas
Electrical			\$0.00	\$0.00	\$0.00	Assigned all costs to water based on electricity being needed for water system
Repairs			\$10,220.00	\$851.67	\$851.67	Repairs done to Sewer System. <b>Page 7</b>
<b>Totals</b>	<b>\$1,687.50</b>	<b>\$20,250.00</b>	<b>\$19,220.00</b>	<b>\$1,601.67</b>	<b>\$1,601.67</b>	

**Temporary Rate Review  
Operations and Maintenance**

**Docket No. 51481**

<b>Date</b>	<b>Invoice From</b>	<b>Description</b>	<b>Total</b>
11/1/20	Enriched Organics, LLC - WW and PWS Management	Monthly Operating Costs	\$1,500.00
12/1/20	Enriched Organics, LLC - WW and PWS Management	Monthly Operating Costs	\$1,500.00
			\$1,500.00
			<b>Yearly based on Monthly Cost</b>
			<b>\$18,000.00</b>

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 **\$1,074.48**

Samples Required	How often (years) based on TCEQ DWW	How many samples	Estimated Cost	Cost per year
TCR Samples (12 samples per year, at a minimum)	1	12	\$21.00	\$252.00
Lead & Copper (10 samples required every 3 years)	3	5	\$40.00	\$66.67
504.1 EDB/DBCP	3	1	\$75.67	\$25.22
SOC Method 515.4	3	1	\$313.25	\$104.42
SOC Method 531.1	3	1	\$57.01	\$19.00
Asbestos	3	1	\$130.00	\$43.33
Chloride	3	1	\$15.11	\$5.04
Cyanide (Free)	3	1	\$113.43	\$37.81
Cyanide Total (Screen)			\$53.75	\$0.00
Disinfection By-Products (HAA5 & TTHM)	3	1	\$103.85	\$34.62
Fluoride			\$15.03	\$0.00
Metals	3	1	\$152.43	\$50.81
Minerals	3	1	\$102.25	\$34.08
Nitrate 1041	1	1	\$8.49	\$8.49
Nitrite 1040	1	1	\$8.49	\$8.49
Secondaries			\$102.03	\$0.00
Radionuclides	3	1	\$170.73	\$56.91
Single Metal - Arsenic, Barium, Cadmium, Manganese, Selenium or Thallium			\$6.88	\$0.00
Single Metal - Iron, Sodium			\$7.73	\$0.00
Synthetic Organics (SOC5)	1	1	\$272.47	\$272.47
Total Dissolved Solids			\$14.65	\$0.00
Total Haloacetic Acids			\$53.72	\$0.00
Trihalomethanes			\$50.13	\$0.00
Volitile Organics (VOC)	1	1	\$55.12	\$55.12
			Total Yearly Estimate	<b>\$1,074.48</b>

Purchased from  
 Estimate based on past  
 temporary rate cases

Date	Breakdown		Total
	Quantity	Rate	
	12	1.9	\$22.80

Yearly estimate based on 1 month of charges	
Assigned to Water only	\$273.60

Invoice From

Well No.

Date

Kerrville Public Utility Board

12/2020

Meter No.	Account Initiation Fee	Monthly Charge
		\$200.50
		\$200.50

Yearly estimate based on 1 month of charges	\$2,406.00
---	------------

Assigned to Water only

Invoice From	Date	Description	Breakdown			
			Quantity	Rate	Total	
Enriched Organics	10/2/2020	Pump Septic Tank	1	1680	\$1,680.00	Quarterly at a rate of \$2,200 to \$2,500
Enriched Organics	10/2/2020	Jetting of Collection Lines	1	1100	\$1,100.00	Once every 5 years
Enriched Organics	10/27/2020	Prepare and mail lead/copper paperwork	1	97.75	\$97.75	
Enriched Organics	10/27/2020	Landscape mower for PWS facility	1	115	\$115.00	
					\$0.00	

Repairs to Sewer	\$2,500.00	Quarterly
Repairs to Water	\$212.75	

	Yearly cost based on Monthly Cost
Repairs to Sewer	\$10,220.00
Repairs to Water	\$2,553.00



Breakdown				
	Fee	Customer Count	Monthly Manager's Fee	Estimated Yearly Fee
Original Estimated (water)	\$7.50	27	\$203	\$2,430
Original Estimated (sewer)	\$7.50	27	\$203	\$2,430
Actual			\$0	\$0

Each of the following is a one time only fee.

Invoice From	Date	Description
Enriched Organics	10/1/2020	Septic Overflowing
Nitor Billing Services, Inc.	11/23/2020	Billing Setup
Billing Setup (Water)	11/23/2020	Per Customer Setup fee
Billing Setup (Sewer)	11/23/2020	Per Customer Setup fee
Elite Printing & Packaging	11/23/2020	CSWR Signs
Freight	11/23/2020	CSWR Signs

Breakdown			
Quantity	Rate	Water	Sewer
4	95		380
1	750	375	375
27	1.25	33.75	
27	1.25		33.75
2	23.99	23.99	23.99
241	398	1.65	1.65
<b>Totals</b>		<b>\$434.39</b>	<b>\$814.39</b>

PUC DOCKET NO. 51481  
 COMPANY NAME Castlecomb  
 TEMPORARY RATE INCREASE

Attachment SE-1

ANNUAL TEMPORARY RATE COMPONENTS-WATER		Company Requested Total (a)	Staff Adjustments To Company Request (b)	Staff Adjusted Total (a) + (b) = (C)	Notes
General Operations & Maintenance	\$	-	\$ 9,000	\$ 9,000	1
Laboratory Fees	\$	-	\$ 1,074	\$ 1,074	1
Chlorine Expenses	\$	-	\$ 274	\$ 274	1
Electric Utility Bills	\$	-	\$ 2,406	\$ 2,406	1
Repairs	\$	-	\$ 2,553	\$ 2,553	1
Bookkeeping & Billing	\$	-	\$ 1,500	\$ 1,500	2
Answering Service	\$	-	\$ 234	\$ 234	2
<b>TOTAL ANNUAL TEMPORARY COSTS</b>	<b>\$</b>	<b>20,250</b>	<b>\$ (3,209)</b>	<b>\$ 17,041</b>	3, 4
Billing Setup	\$	-	\$ 375	\$ 375	2
Billing Setup Per Customer Setup fee	\$	-	\$ 33.75	\$ 33.75	2
CSWR Signs Printing & Packaging	\$	-	\$ 23.99	\$ 23.99	1
Frieght for CSWR Signs	\$	-	\$ 1.65	\$ 1.65	1
<b>SURCHARGE</b>	<b>\$</b>	<b>-</b>	<b>\$ 434.39</b>	<b>\$ 434.39</b>	

- Notes
- 1 Amounts were determined by staff of the Infrastructure Division
  - 2 Amounts were determined by staff of the Rate Regulation Division
  - 3 The annual amount requested by the Applicant equals one-half of the previously assessed \$125 monthly fee for both water and wastewater service wastewater service (\$125 X 12 months X 27 customers X 1/2)
  - 4 The Staff recommended annual temporary costs were calculated using actual invoices from the Applicant and produce total annual temporary costs that are \$3,209 less than the \$20,250 requested by the Applicant Therefore, the total in Column (b) does not show the sum of the Staff recommended adjustments, but provides the decrease to the Applicant's request.

PUC DOCKET NO. 51481  
 COMPANY NAME Castlecomb  
 TEMPORARY RATE INCREASE

Attachment SE-1

ANNUAL TEMPORARY RATE COMPONENTS-WASTEWATER	Company Requested Total (a)	Staff Adjustments To Company Request (b)	Staff Adjusted Total (a) + (b) = (C)	Notes
General Operations & Maintenance	\$ -	\$ 9,000	\$ 9,000	1
Laboratory Fees	\$ -	\$ -	\$ -	1
Chlorine Expenses	\$ -	\$ -	\$ -	1
Electric Utility Bills	\$ -	\$ -	\$ -	1
Repairs	\$ -	\$ 10,220	\$ 10,220	1
Bookkeeping & Billing	\$ -	\$ 1,500	\$ 1,500	2
Answering Service	\$ -	\$ 234	\$ 234	2
<b>TOTAL ANNUAL TEMPORARY COSTS</b>	<b>\$ 20,250</b>	<b>\$ 704</b>	<b>\$ 20,954</b>	<b>3, 4</b>
Septic Overflowing	\$ -	\$ 380	\$ 380	1
Billing Setup	\$ -	\$ 375	\$ 375	2
Billing Setup Per Customer Setup fee	\$ -	\$ 33 75	\$ 33 75	2
CSWR Signs Printing & Packaging	\$ -	\$ 23 99	\$ 23 99	1
Frieght for CSWR Signs	\$ -	\$ 1.65	\$ 1.65	1
<b>SURCHARGE</b>	<b>\$ -</b>	<b>\$ 814.39</b>	<b>\$ 814.39</b>	

- Notes
- 1 Amounts were determined by staff of the Infrastructure Division
  - 2 Amounts were determined by staff of the Rate Regulation Division
  - 3 The annual amount requested by the Applicant equals one-half of the previously assessed \$125 monthly fee for both water and wastewater service wastewater service (\$125 X 12 months X 27 customers X 1/2)
  - 4 The Staff recommended annual temporary costs were calculated using actual invoices from the Applicant and produce total annual temporary costs that are \$704 more than the \$20,250 requested by the Applicant Therefore, the total in Column (b) does not show the sum of the Staff recommended adjustments, but provides the increase to the Applicant's request

# Public Utility Commission of Texas

## Memorandum

**TO:** Taylor Denison, Legal Division  
**FROM:** Jorge Ordonez, Tariff & Rate Analysis, Rate Regulation Division  
**DATE:** January 11, 2021  
**RE:** Docket No 51481 – *Application of CSWR-Texas Utility Operating Company, LLC for Temporary Rates for a Nonfunctioning Utility*

On November 2, 2020, CSWR-Texas Utility Operating Company, LLC (CSWR-Texas) filed an application (Application) providing notice that, in its capacity as the Commission-appointed Temporary Manager for Castlecomb Water System (Castlecomb), a water and wastewater system, it would begin charging temporary rates to Castlecomb customers. CSWR-Texas' proposed temporary rates are based on a combined annual revenue requirement of \$40,500<sup>1</sup> for water and sewer service, corresponding to a monthly rate of \$62.50 each for water and sewer service, and the temporary manager's monthly fee of \$7.50 for each water and sewer connection.<sup>2</sup> In addition to the requested temporary water and sewer service rates, CSWR-Texas proposed the miscellaneous fees listed in Table 1, below.

Table 1<sup>3</sup>

Miscellaneous Fees	
New Tap Fee	Actual cost of materials and labor to install a standard residential 5/8" or 3/4" meter.
Turn-On/Turn-Off Requested by the Customer	\$27.50, 8 am to 5 pm Monday through Friday, when scheduled at least 24 hours in advance; \$164.00, before 8 am and after 5 pm and on Saturday & Sunday, or when scheduled with less than 24 hours' notice
Reconnection Fee Associated with Non-Payment	\$25.00
On-Site Collection Charge	\$25.00
Meter Test Fee	\$120.00
Late Charge	10% of the bill
Returned Check Charge	\$25.00

<sup>1</sup> This is a combined revenue requirement for water and wastewater service. It was calculated by multiplying the monthly rate of \$125 (\$62.50 for water service and \$62.50 for wastewater service) by 12 (number of months in a year) and by 27 (number of customers).

<sup>2</sup> Application, Attachment A, at 1 (Nov. 2, 2020).

<sup>3</sup> *Id.* at 2.

CSWR-Texas requested the Commission determine that its proposed temporary rates and miscellaneous fees are reasonable.<sup>4</sup>

Based on their reviews of CSWR-Texas' request, Commission Staff members Spencer English and Patricia Garcia recommend annual revenue requirements of \$17,041<sup>5</sup> for water service and \$20,954<sup>6</sup> for sewer service, and the recovery of one-time expenses of \$434<sup>7</sup> for water service and \$814<sup>8</sup> for sewer service. I calculated the resulting Staff-recommended temporary rates and surcharges for the one-time expenses shown in Column B of Table 2, below:

**Table 2**

	<b>CSWR Texas-Proposed (Column A)</b>	<b>Staff-Recommended (Column B)</b>
Water – Annual Revenue Requirement	\$40,500	\$17,041
Sewer – Annual Revenue Requirement		\$20,954
Water – Monthly Rate	\$62.50	\$52.60 <sup>9</sup>
Sewer – Monthly Rate	\$62.50	\$64.67 <sup>10</sup>
Water Temp Manager's Fee <sup>11</sup> – Monthly Rate	\$7.50	\$7.50
Sewer Temp Manager's Fee <sup>12</sup> – Monthly Rate	\$7.50	\$7.50
Water – One-Time Expenses	\$0	\$434
Sewer – One-Time Expenses	\$0	\$814
Water – Monthly Surcharge (for 4 months)	\$0	\$4.02 <sup>13</sup>
Sewer – Monthly Surcharge (for 4 months)	\$0	\$7.54 <sup>14</sup>

Therefore, I recommend approval of the rates listed in Column B of Table 2 above, which consist of temporary monthly rates of \$52.60 for water service and \$64.67 for sewer service,

<sup>4</sup> Application at 1 (Nov 2, 2020)

<sup>5</sup> \$17,041 is the sum of \$15,307.08 recommended by Staff witness Patricia Garcia and \$1,734.00 recommended by Staff witness Spencer English.

<sup>6</sup> \$20,954 is the sum of \$19,220.00 recommended by Staff witness Patricia Garcia and \$1,734.00 recommended by Staff witness Spencer English.

<sup>7</sup> \$434 is the rounded sum of \$26 recommended by Staff witness Patricia Garcia and \$408.75 recommended by Staff witness Spencer English.

<sup>8</sup> \$814 is the rounded sum of \$406 recommended by Staff witness Patricia Garcia and \$408.75 recommended by Staff witness Spencer English.

<sup>9</sup> The rate of \$52.60 is the result of dividing the annual revenue requirement of \$17,041 by 12 (number of months in a year) and by 27 (number of customers).

<sup>10</sup> The rate of \$64.67 is the result of dividing the annual revenue requirement of \$20,954 by 12 (number of months in a year) and by 27 (number of customers).

<sup>11</sup> *Petition for an Order Appointing a Temporary Manager to the Castlecomb Water System*, Docket No 50851, Order Appointing a Temporary Manager, Ordering Paragraph 10 (Sept 30, 2020)

<sup>12</sup> *Id*

<sup>13</sup> The surcharge rate of \$4.02 is the result of dividing the water one-time expense of \$434 by 4 (number of months during which the expenses will be recovered) and by 27 (number of customers).

<sup>14</sup> The surcharge rate of \$7.54 is the result of dividing the sewer one-time expense of \$814 by 4 (number of months during which the expenses will be recovered) and by 27 (number of customers).

the temporary manager's fee of \$7.50 for each water and sewer connection, and the monthly surcharges of \$4.02 for water service and \$7.54 for sewer service for one-time expenses to be applied for four months. I also recommend that the miscellaneous fees listed in Table 1 above, be approved.