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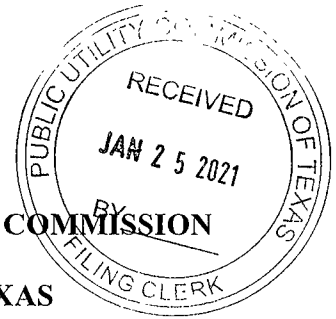
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DOCKET NO. 51481

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

PUBLIC UTILITY COMMISSION
OF TEXAS



JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”), together with the Staff (“Staff”) of the Public Utility Commission of Texas (“Commission”), files this Joint Motion to Admit Evidence and Proposed Notice of Approval, and would show the following:

I. BACKGROUND

On January 12, 2021, the Administrative Law Judge issued Order No. 3 requiring Staff and CSWR Texas to file a joint motion to admit evidence and proposed notice of approval on or before January 25, 2021. This pleading is therefore timely filed.

II. MOTION TO ADMIT EVIDENCE

Staff and CSWR Texas move to admit the following into evidence: (1) CSWR Texas’s Application filed on November 2, 2020, [Interchange Item No. 1], (2) CSWR Texas’s Response to Staff’s Request for Documentation filed on December 18, 2020, [Interchange Item No. 14], (3) CSWR Texas’s Response to Staff’s 1st Request for Information (“RFI”) filed on January 4, 2021 [Interchange Item No. 18], (4) CSWR Texas’s Response to Staff’s 2nd RFI filed on January 4, 2021 [Interchange Item No. 17], and (5) Commission Staff’s Recommendation on Final Disposition, including the attached Staff memoranda and proposed water utility tariff and sewer utility tariff filed on January 11, 2021 [Interchange Item No. 19].

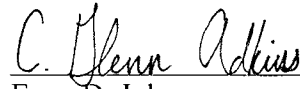
III. CONCLUSION

Staff and CSWR Texas request that the Commission grant the motion to admit evidence and enter a Notice of Approval consistent with the Joint Proposed Notice of Approval included with this pleading as Attachment A.

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Respectfully submitted,

L. Russell Mitten
General Counsel
CSWR-Texas Utility Operating Company, LLC
1650 Des Peres Rd., Suite 303
St. Louis, MO 63131
(314) 380-8595
(314) 763-4743 (Fax)



Evan D. Johnson
State Bar No. 24065498
C. Glenn Adkins
State Bar No. 24103097
Coffin Renner LLP
1011 W. 31st Street
Austin, Texas 78705
(512) 879-0900
(512) 879-0912 (fax)
evan.johnson@crtxlaw.com
glenn.adkins@crtxlaw.com

**ATTORNEYS FOR CSWR-TEXAS
UTILITY OPERATING COMPANY, LLC**

Rachelle Nicolette Robles
Division Director

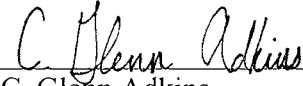
Heath D. Armstrong
Managing Attorney

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

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of January 2021, a true and correct copy of the foregoing document was served on all parties of record via electronic mail in accordance with the Order Suspending Rules issued in Project No. 50664.



C. Glenn Adkins

DOCKET NO. 51481

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

JOINT PROPOSED NOTICE OF APPROVAL

This Notice addresses the application of CSWR-Texas Utility Operating Company, LLC (CSWR Texas) for temporary water utility and sewer utility rates for a nonfunctioning utility. CSWR Texas requests approval of these rates in order to provide continuous and adequate service. Public Utility Commission of Texas (Commission) Staff recommended adjustments to the temporary water utility and sewer utility rates and recommended that the application be approved as adjusted. The application is approved.

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

I. Findings of Fact

Applicant and Other Interested Persons

1. CSWR Texas conducts business under the legal name CSWR.
2. On September 24, 2020, in Docket No. 50851, the Commission appointed CSWR Texas as temporary manager of Castlecomb, a water system and on-site sewage facility that provides retail water and wastewater service to the Castlecomb and Kensington subdivisions located in Kerr County, Texas.
3. The Castlecomb utility system is currently uncertificated. The public water system is registered with the Texas Commission on Environmental Quality (TCEQ) under Public Water System (PWS) identification number 1330163.

Application

4. On November 2, 2020, CSWR Texas filed with the Commission an application for temporary rates pursuant to Texas Water Code (TWC) § 13.046 and 16 Texas Administrative Code (TAC) § 24.363.

5. The application requests approval of temporary rates in order to ensure sufficient funds are available to keep the water and sewage facility operating properly within regulatory requirements. In addition, the temporary rate increase will allow for compensation to the temporary manager to make emergency repairs and required improvements on the system in order to begin to bring the system into compliance with the rules of the Commission and the TCEQ.
6. In Order No. 2, issued on December 2, 2020, the administrative law judge (ALJ) found the application administratively complete.
7. On December 18, 2020, CSWR Texas filed supplemental documentation requested by Commission Staff regarding monthly operating costs, costs of repairs made to the system, and other costs.
8. On January 4, 2021, CSWR Texas provided supplemental information in response to discovery requests from Commission Staff.
9. On January 11, 2021, Commission Staff filed its recommendation on final disposition, recommending approval of the application and proposed tariffs with adjustments made to the temporary water utility and sewer utility rates proposed by CSWR Texas.

Notice

10. On October 26, 2020, CSWR Texas mailed notice of the application to all Castlecomb customers of the temporary rate pursuant to TWC § 13.4312 and 16 TAC § 24.363.
11. In Order No. 2, issued on December 2, 2020, the ALJ found the notice sufficient.

Evidentiary Record

12. On January 25, 2021, CSWR Texas and Commission Staff filed a joint motion to admit evidence.
13. In Order No. 4 filed on _____, 2021 the ALJ admitted the following evidence into the record of this proceeding: (1) CSWR Texas's Application filed on November 2, 2020, (2) CSWR Texas's Response to Staff's Request for Documentation filed on December 18, 2020, (3) CSWR Texas's Response to Staff's 1st Request for Information (RFI) filed on January 4, 2021, (4) CSWR Texas's Response to Staff's 2nd RFI filed on January 4, 2021,

and (5) Commission Staff's Recommendation on Final Disposition, including the attached Staff memoranda and proposed water utility tariff and sewer utility tariff filed on January 11, 2021.

Reasonableness of Temporary Rates

14. The application requested a monthly flat rate for water service of \$62.50 per month per connection and a flat rate for sewer service of \$62.50 per month per connection. The application also requested a Temporary Manger's fee of \$7.50 per month per connection for water service and a Temporary Manger's fee of \$7.50 per month per connection for sewer service.
15. The temporary rates were effective September 25, 2020, consistent with CSWR Texas's notice.
16. In its Recommendation on Final Disposition, Commission Staff recommended yearly costs for the water system of \$15,307.08 and yearly costs for the sewer system of \$19,220.00. Commission Staff also recommended a surcharge for CSWR Texas to recover one-time only fees already expended by CSWR Texas.
17. For monthly sewer utility service, Commission Staff recommended a \$64.67 flat rate, a \$7.50 Temporary Manager's fee, and a \$7.54 surcharge for four months.
18. For monthly water service, Commission Staff recommended a \$52.60 flat rate, a \$7.50 Temporary Manager's fee, and a \$4.02 surcharge for four months.
19. The rates recommended by Commission Staff are reasonable for CSWR Texas to provide continuous and adequate water service for the customers of Castlecomb.
20. The temporary rates and Temporary Manager's fee should remain in effect until the Commission orders otherwise.
21. The temporary rates should remain in effect even in the event that a new temporary manager or receiver is appointed.

Requirement for Monthly Documentation

22. In its Recommendation on Final Disposition, Commission Staff recommended that CSWR Texas provide monthly documentation, by the last day of the month following the month in question, until the Temporary Manager's term is completed. Commission Staff recommended that the documentation include:
- a) a summary of monthly operations, including revenues and expenses, with a detailed list of actual expenses incurred, including manager's fees, repairs, chlorine, billing, operator costs, electricity, laboratory fees, and sampling costs;
 - b) copies of invoices and receipts to support the actual cost of service;
 - c) the number of actual customers at the beginning and end of the month; and
 - d) a signed statement that a copy of the same information has been provided to the TCEQ.

Tariff

23. On January 11, 2021, Commission Staff filed proposed tariffs as attachments to its Recommendation on Final Disposition.

Informal Disposition

24. CSWR Texas and Commission Staff are the only parties to this proceeding.
25. More than 15 days have passed since completion of the notice in this docket.
26. The Commission received no protests, motions to intervene, or requests for a hearing.
27. No issues of fact or law remain disputed by any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

- 1. The Commission has authority over this proceeding under TWC §§ 13.041 and 13.046.
- 2. Castlecomb is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31) and a water utility as defined in TWC and § 13.002(23) and 16 TAC § 24.3(39).

3. Public notice of the application was provided as required by TWC § 13.046 and 16 TAC § 24.363(b).
4. The application was processed in accordance with the requirements of the Administrative Procedure Act,¹ TWC, and Commission rules.
5. The temporary rates approved in this case are consistent with 16 TAC § 24.363(a), calculated to enable CSWR Texas to recover the reasonable costs incurred in making services available to the customers in Castlecomb's service area and bringing the public water system number 1330163 and Castlecomb's on-site sewage facility into compliance with Commission and TCEQ rules.
6. The temporary rates approved in this case are reasonable and consistent with TWC § 13.046.
7. Under TWC § 13.046(c), CSWR Texas is hereby given a reasonable time to bring the nonfunctioning system into compliance with Commission rules, including the requirement of obtaining a certificate of convenience and necessity.
8. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

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

1. The Commission approves the temporary rate provisions contained in the proposed tariffs filed by Commission Staff in its Recommendation on Final Disposition on January 11, 2021.
2. For as long as CSWR Texas is the Temporary Manager of Castlecomb, it must provide monthly documentation, by the last day of the month following the month in question: (a) a summary of monthly operations, including revenues and expenses, with a detailed list of actual expenses incurred, including manager's fees, repairs, chlorine, billing, operator costs, electricity, laboratory fees, and sampling costs; (b) copies of invoices and receipts to support

¹ Tex. Gov't Code §§ 2001.001- 903

the actual cost of service; (c) the number of actual customers at the beginning and end of the month; and (d) a signed statement that a copy of the same information has been provided to the TCEQ.

3. If the required monthly reports demonstrate a collection of excess funds as a result of the temporary rate, CSWR Texas must use excess funds for systems improvements and repairs.
4. 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 should be used to pay for system improvements and repairs and the liability reduced by the amount incurred repairs and maintenance.
5. CSWR Texas may file for an additional or revised temporary rate for the nonfunctioning utility at a later date.
6. Within ten days of the date of this Order, Commission Staff must provide a clean copy of the tariff approved by this Order to central records to be marked *Approved* and filed in the Commission's tariff books.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted herein.

SIGNED AT AUSTIN, TEXAS the _____ day of January 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE