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Public Utility Commission of Texas

Memorandum

MAY 19 PM 5:30

TO: Chairman Peter Lake

FROM: Commissioner Will McAdams

DATE: May 19, 2021

RE: Open Meeting of May 21, 2021 – Agenda Item No. 35
Docket No. 51481 – *Application of CSWR-Texas Utility Operating Company, LLC for Temporary Rates for a Nonfunctioning Utility*

I appreciate the hard work and effort that Commission Staff and CSWR-Texas have put into in this docket. I do, however, have concerns that the proposed tariff and rates will not adequately address the immediate needs of the Castlecomb Water System. I believe that Texas Water Code § 13.046(b) authorizes estimated or future costs in temporary rates because it allows for “costs that may necessarily be incurred to bring the nonfunctioning system into compliance with utility commission and commission rules.” In the application, the rates proposed by CSWR-Texas do not include the approximately \$41,000 needed for immediate capital improvements and repairs.¹ After thorough review, Commission Staff recommended, and the Proposed Order would adopt, rates lower than those proposed by CSWR-Texas. I am concerned that these lower rates will do little to address the immediate need for repairs and improvements that this utility needs to adequately serve its customers. Therefore, I recommend that the proposed order should be modified to approve the rates proposed by the temporary manager.

In determining whether the temporary rates are reasonable, I believe that the reconciliation process addressed in the ordering paragraphs is an important component for this case and for future temporary rate cases going forward. When approving temporary rates that include estimated expenses, making the temporary rates subject to reconciliation or true-up allows the Commission to address potential over-recovery or under-recovery of revenue once we have more information on the actual expenses for the utility’s operation and needed repairs. Therefore, I also recommend that the proposed order should be modified to add findings regarding the reconciliation process to support the ordering paragraphs.

Finally, I propose delegating to the Office of Policy and Docket Management staff the authority to modify the order to conform to the Citation and Style Guide for the Public

¹ Application at 1.

Utility Commission of Texas and to make other non - substantive changes to the order for such matters as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability.

I look forward to discussing this matter with you at the open meeting.