



Control Number: 51481



Item Number: 29

Addendum StartPage: 0

Peter M. Lake
Chairman
Will McAdams
Commissioner



Greg Abbott
Governor

2021 MAY 20 AM 10:19

Thomas J. Gleeson
Executive Director

Public Utility Commission of Texas

TO: Chairman Peter M. Lake
Commissioner Will McAdams
All Parties of Record

FROM: Stephen Journey, Commission Counsel

DATE: 20 May 2021

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

An amended proposed order in the above referenced docket is posted for consideration and action by the Commission. If the Commission approves the amended proposed order, I recommend the following changes.

Findings of fact 2 and 3 should be deleted, and new findings of fact should be added for consistency with a previous Commission order regarding the utility.¹ Finding of fact 6 should be deleted for accuracy and because it is not necessary to support the order.

2. ~~Castlecomb is a water system and on-site sewage facility that provide retail water and sewer service to the Castlecomb and Kensington subdivisions located in Kerr County.~~
3. ~~Castlecomb is currently uncertificated by the Commission. Its public water system is registered with the Texas Commission on Environmental Quality (TCEQ) under public water system identification number 1330163.~~
6. ~~The application requests approval of temporary rates in order to ensure sufficient funds are available to keep the water and sewage facilities operating properly within regulatory requirements. In addition, the temporary rates will allow for compensation to the temporary manager to make emergency repairs~~

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



~~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.~~

- XX. Castlecomb owns and operates for compensation in Kerr County, Texas, equipment and facilities for the transmission, storage, distribution, sale, or provision of potable water to the public and equipment and facilities for the collection, transportation, treatment, or disposal of sewage to the public.
- XX. Castlecomb provides retail water and sewer utility service in two geographically separate subdivisions in Kerr County: the Castlecomb and Kensington subdivisions.
- XX. Castlecomb owns and operates public water system number 1330163 and an on-site sewage facility (OSSF) system.
- XX. Castlecomb does not have a water or sewer tariff on file with the Commission.
- XX. Castlecomb does not possess either a water or sewer certificate of convenience and necessity (CCN) for its service area.
- XX. Castlecomb's service area is located within the City of Kerrville's water CCN; however, Kerrville does not provide service to the area.
- XX. The Castlecomb Trust is the sole owner of Castlecomb.
- XX. The only known trustee to the Castlecomb Trust, Corey Abel, passed away.

Findings of fact 4 and 15 should be modified for completeness. A new finding of fact should be added after finding of fact 15 for completeness.

- 4. On September 24, 2020, CSWR-Texas was appointed as temporary manager for Castlecomb in Docket No. 50851. The Commission set CSWR Texas's compensation for its role as temporary manager at \$7.50 per water and sewer connection per month, respectively.
- 15. The application requests 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 requests 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. In addition to monthly charges, the application also included several miscellaneous fees and charges including new tap fees, customer reconnection or disconnection request fees, a reconnection fee associated with non payment, an on-site collection charge, meter test fee, a late charge, and a returned check charge.
- XX. The application estimates that the proposed rates are sufficient to recover the revenue needed for the utility's monthly operating expenses. The application states that approximately \$41,000 in immediate capital improvements and

repairs are needed to comply with PUC and TCEQ rules. The application further states that the temporary rates are below the actual costs to operate and repair the system; however, the proposed rates are sufficient to provide continuous and adequate service.

Proposed findings of fact 25 through 30 and conclusion of law 9 should be deleted as they are unnecessary to support the order.

Informal Disposition

~~25. At least 15 days have passed since the completion of notice provided in this docket.~~

~~26. No person filed a protest or motion to intervene.~~

~~27. CSWR Texas and Commission Staff are the only parties to this proceeding.~~

~~28. No party requested a hearing and no hearing is needed.~~

~~29. Commission Staff recommended approval of the application.~~

~~30. This decision is not adverse to any party.~~

~~9. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.~~

Finally, the Commission should delegate 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 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.

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