



Control Number: 51481



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DOCKET NO. 51481

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

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PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS AND NOTICE**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and in response to Order No. 1, files this Recommendation on Administrative Completeness and Notice. Staff recommends that the application be deemed sufficient for further review. 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 utility (Castlecomb) in Kerr County, Texas.¹ 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 November 6, 2020, the administrative law judge filed Order No. 1, establishing a deadline of November 30, 2020 for Staff to file comments on the administrative completeness of the application, a recommendation on notice, and a recommendation regarding how to proceed with the application, and to propose a procedural schedule. Therefore, this pleading is timely filed.

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).

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II. COMMENTS REGARDING ADMINISTRATIVE COMPLETENESS AND SUFFICIENCY OF NOTICE

As supported in the attached memorandum from Patricia Garcia of the Infrastructure Division, Staff recommends that the application be found administratively complete and deemed sufficient for filing. Staff also recommends that CSWR-Texas's provision of notice be deemed sufficient. CSWR-Texas mailed notice to customers on October 26, 2020, noting that it would immediately begin charging customers the temporary rate. Staff recommends that this be found to be in compliance with 16 TAC § 24.363, which requires the provision of notice "no later than the first bill which includes the temporary rates."²

Staff further recommends that CSWR-Texas be required to file the information indicated in the attached memorandum and that CSWR-Texas be allowed to begin collecting the proposed rate.

III. COMMENTS ON PROCEDURAL SCHEDULE

Staff and CSWR-Texas have agreed on a proposed procedural schedule. The proposed schedule will be filed separately by CSWR-Texas.

² 16 Tex. Admin. Code § 24.363(b).

IV. CONCLUSION

For the reasons discussed above, Staff respectfully requests the entry of an order deeming the application administratively complete and notice sufficient, requiring that CSWR-Texas file the information identified in the attached memorandum, and approving the proposed procedural schedule.

Dated: November 30, 2020

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Rachelle Nicolette Robles
Division Director

Eleanor D'Ambrosio
Managing Attorney

/s/ Taylor Kilroy
Taylor Kilroy
State Bar No. 24087844
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7127
(512) 936-7268 (facsimile)
taylor.kilroy@puc.texas.gov

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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 November 30, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Taylor Kilroy
Taylor Kilroy

Public Utility Commission of Texas

Memorandum

TO: Taylor Kilroy, Attorney
Legal Division

FROM: Patricia Garcia, Senior Engineering Specialist
Infrastructure Division

DATE: November 30, 2020

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

Background:

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

CSWR-Texas was appointed as the temporary manager for Castlecomb by an order issued by the Commission effective on September 30, 2020.¹

CSWR-Texas requests approval of a temporary rate increase to provide continuous and adequate service to customers and to assist in ensuring compliance with Texas Commission on Environmental Quality and Commission rules. CSWR-Texas's application states that notice was provided to customers on October 26, 2020. Under 16 TAC § 24.363(b), "Notice of the temporary rate must be provided to the customers of the nonfunctioning system no later than the first bill which includes the temporary rates."

Staff was given a deadline of November 30, 2020 to comment on the administrative completeness of the application and provide a recommendation on notice.

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).

Recommendation:

Based on the reviews by Spencer English and Jorge Ordonez, Rate Regulation Division, and my review of CSWR-Texas's request, I recommend the following:

- 1) The notice provided to the customers be deemed sufficient;
- 2) The application be deemed sufficient;
- 3) That CSWR-Texas provide the following documentation to support the temporary rate increase:
 - a) Operator costs incurred or expected from September 30, 2020 to the current date;
 - b) Electric bills from September 30, 2020 to the current date;
 - c) Laboratory sampling costs incurred from September 30, 2020 to the current date, and support to show expected laboratory costs (costs expected due to water and sewer systems' sampling schedules);
 - d) Number and size of meters;
 - e) Costs of chemicals needed to operate the water system for one full month, along with receipts;
 - f) Invoices for repairs made to the systems;
 - g) Monthly costs for billing the customers (envelopes, ink for printing, software, etc.);
 - h) Proof of the property taxes for the water and sewer systems;
 - i) Proof of the regulatory fees for the water system;
 - j) Invoices for known and measurable monthly expenses incurred by the systems;
 - k) Proof of any known and measurable adjustments to monthly expenses for the systems, as well as any supporting calculations; and
 - l) Any other expected monthly costs for operation of the water and sewer systems.