



Filing Receipt

Received - 2022-03-03 02:09:58 PM
Control Number - 51764
ItemNumber - 10

DOCKET NO. 51764

COMPLIANCE FILING FOR	§	PUBLIC UTILITY COMMISSION
DOCKET 49758 (APPLICATION OF	§	
MARK PATTERSON FOR	§	OF TEXAS
TEMPORARY RATES FOR A	§	
NONFUNCTIONING UTILITY)	§	

COMMISSION STAFF'S RESPONSE TO ORDER NO. 7

I. BACKGROUND

On January 26, 2021, the Office of Policy and Docket Management (OPDM) opened a compliance filing for Docket No. 49758. In Docket No. 49758,¹ Mark Patterson requested temporary rates under Texas Water Code (TWC) § 13.046 and 16 Texas Administrative Code (TAC) § 24.363 for Castle Water, Inc. dba Horseshoe Bend Water System (Castle Water). On February 12, 2021, the Commission entered an order and approved modified rates that allowed recovery of compensation for the temporary manager through a separate rate and not as part of the minimum monthly charge or volumetric charge. According to the final order dated February 12, 2021, reconciliation of the temporary rates will begin following the filing of the final report, upon the request of the Staff (Staff) of the Public Utility Commission, or as directed by the Commission.

On February 17, 2022, the administrative law judge (ALJ) filed Order No. 7, requiring Staff to file a status report by March 3, 2022, as to whether or not a reconciliation of the temporary rates should begin in compliance with ordering paragraph six of the order in Docket No. 49758 filed on February 12, 2021. Therefore, this pleading is timely filed.

II. COMMISSION STAFF'S RESPONSE

In Docket No. 51763 filed on January 28, 2022, Mr. Patterson and Horseshoe Bend Water Company LLC (HBWC) stated that they estimate the system still has approximately \$107,378 in additional work that will be required during the 12 month period that ends on December 31, 2022.² Mr. Patterson and HBWC also stated that there is still approximately \$85,007 in work to complete from the initial estimated repairs, specifically consisting of \$48,007 for meter replacement and \$27,000 for continuation of the distribution pipeline replacement and repair plan, \$5,000 for plant schematics/as-built drawings, and \$5,000 for system maps.³ Mr. Patterson noted that the

¹ *Application of Mark Patterson for Temporary Rates for Temporary Rates for a Nonfunctioning Utility*, Docket No. 49758, Order (Feb. 12, 2021).

² *Compliance Filing for Docket 49759 (Application of Mark Patterson for Temporary Rates for a Nonfunctioning Utility)*, Docket No. 51763, Response to Order No. 6 – Request for Clarification (Jan. 28, 2022).

³ *Id.*

approximately \$85,007 in repairs still need to be completed before December 31, 2022 as part of the initial estimated repairs, and that he expects once the temporary rates are finalized in Docket No. 52341 they will be applied for a "reasonable period" of time pursuant to Texas Water Code §13.046(d)(1) in Docket No. 50085.⁴

Given Mr. Patterson's update on January 28, 2022, Staff respectfully recommends that a reconciliation in Docket No. 49758 is not appropriate at this time. Given the update Mr. Patterson filed in Docket No. 51763 on January 28, 2022,⁵ Staff believes that it would be more appropriate for the temporary rates to be finalized in Docket No. 49759 so that they may be applied for a "reasonable period" of time pursuant to Texas Water Code §13.046(d)(1) in Docket No. 50085. Staff would note that there are various dockets related to this matter which are substantively intertwined, and this approach would allow for a single comprehensive reconciliation process. Staff believes that this approach would serve to eliminate confusion and to streamline the reconciliation process while allowing Mr. Patterson to withdraw as temporary manager ⁶ and allowing the sale, transfer, merger process of Docket No. 50085 to complete.

III. CONCLUSION

For the reasons discussed above, Staff respectfully recommends that a reconciliation is not appropriate at this time and that a final reconciliation should be performed upon the expiration of the "reasonable period" that temporary rates are applied in Docket No. 50085.

⁴ *Id.*

⁵ *Id.*

⁶ *See Id.* at footnote 11 (Jan. 28, 2022).

Dated: February 4, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

Sneha Patel
Managing Attorney

/s/ John Harrison
John Harrison
State Bar No. 24097806
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7277
(512) 936-7268 (facsimile)
John.Harrison@puc.texas.gov

DOCKET NO. 51764

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 February 4, 2022, in accordance with the Order Suspending Rules, filed in Project No. 50664.

/s/ John Harrison
John Harrison