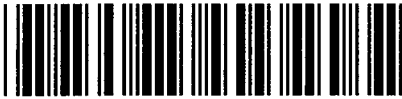




Control Number: 51843



Item Number: 15

Addendum StartPage: 0

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

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER

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 Order, and would show the following:

I. BACKGROUND

On February 3, 2021, the Commission appointed CSWR Texas as the temporary manager for Farrar Water Supply Corporation in Limestone County.¹ On February 26, 2021, CSWR-Texas filed an application requesting a temporary rate under Texas Water Code § 13.046 and 16 Texas Administrative Code (TAC) § 24.363.

On April 8, 2021, the Administrative Law Judge issued Order No. 2 requiring Staff and CSWR Texas to file a joint motion to admit evidence and proposed order on or before May 17, 2021. This pleading is therefore timely filed.

II. MOTION TO ADMIT EVIDENCE

Staff and CSWR Texas request that the following evidence be admitted into the record:

- (1) CSWR Texas’s Application and all attachments filed on February 26, 2021 and March 2, 2021 [Interchange Item Nos. 1 and 4];
- (2) CSWR Texas’s Response to Order No. 1 filed on March 25, 2021 [Interchange Item No. 6];

¹ *Petition for an Order Appointing a Temporary Manager for Farrar Water Supply Corporation*, Docket No. 51551, Order Appointing a Temporary Manager (Feb. 3, 2021).

- (3) CSWR Texas's Response to Staff's Request for Documentation and Confidential Response filed on April 21 and 22, 2021, [Interchange Item Nos. 10 and 12];
- (4) CSWR Texas's Supplemental Response to Staff's Request for Documentation filed on May 3, 2021 [Interchange Item No. 13]; and
- (5) Commission Staff's Recommendation on Final Disposition and all attachments filed on May 7, 2021 [Interchange Item No. 14].

III. PROPOSED ORDER

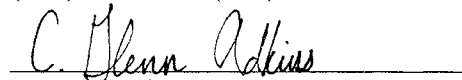
Staff and CSWR Texas offer the attached Proposed Order approving CSWR-Texas's temporary rates.

IV. CONCLUSION

Staff and CSWR Texas request that the Commission grant the joint motion to admit evidence and adopt the Proposed Order.

Respectfully submitted,

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**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of May 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
C. Glenn Adkins

DOCKET NO. 51843

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

PROPOSED ORDER

This Order addresses the application of CSWR-Texas Utility Operating Company, LLC for temporary rates for services provided for Farrar Water Supply Corporation, a nonfunctioning utility. The Commission approves the temporary rate provisions contained in the proposed water tariff filed by Commission Staff on May 7, 2021, and approves the proposed water tariff filed by Commission Staff on May 7, 2021, to the extent provided in this Order. The temporary rates approved by this Order are subject to reconciliation and the Commission may revise the temporary rates following its reconciliation review.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicant and Other Interested Persons

1. CSWR Texas is a limited liability company registered with the secretary of state under filing number 803367893.
2. Farrar owns the Farrar WSC public water system that provides retail water utility service to 22 connections in Limestone County, Texas.
3. Farrar is currently uncertificated by the Commission, and its public water system is registered with the Texas Commission on Environmental Quality (TCEQ) under Public Water System (PWS) identification number 1470007.
4. On February 3, 2021, the Commission appointed CSWR Texas as temporary manager for Farrar in Docket No. 51551.¹

Application

5. On February 26, 2021, CSWR Texas filed an application for temporary rates under Texas Water Code (TWC) § 13.046 and 16 Texas Administrative Code (TAC) § 24.363.

¹ *Petition for an Order Appointing a Temporary Manager for Farrar Water Supply Corporation*, Docket No. 51551, Order Appointing a Temporary Manager (Feb. 3, 2021).

6. The application requests approval of temporary rates in order to ensure sufficient funds are available to keep the water facilities operating properly within regulatory requirements. In addition, the temporary rates will allow 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.
7. In Order No. 2 filed on April 8, 2021, the administrative law judge (ALJ) found the application administratively complete.
8. On April 21 and 22, 2021, CSWR Texas filed documentation requested by Commission Staff regarding monthly operating costs, costs of repairs made to the system, and other costs.
9. On May 3, 2021, CSWR Texas provided supplemental documentation requested by Commission Staff.
10. On May 7, 2021, Commission Staff filed its recommendation on final disposition.

Notice

11. On March 7, 2021, CSWR Texas provided notice of the application to all customers of Farrar.
12. In Order No. 2 filed on April 8, 2021, the ALJ found the notice sufficient.

Evidentiary Record

13. On May 17, 2021, CSWR Texas and Commission Staff filed a joint motion to admit evidence.
14. In Order No. 3 filed on _____, 2021, the ALJ admitted the following evidence into the record of this proceeding: (1) the application and all attachments filed on February 26, 2021 and March 2, 2021; (2) CSWR Texas's response to Order No. 1 filed on March 25, 2021; (3) CSWR Texas's response to Commission Staff's request for documentation filed on April 21 and 22, 2021, (4) CSWR Texas's supplemental response to Commission Staff's request for documentation filed on May 3, 2021; and (5) Commission Staff's recommendation on final disposition and all attachments filed on May 7, 2021.

Reasonableness of Temporary Rates

15. The application requests a minimum monthly rate for water service of \$48.69 per connection for all meter sizes and a gallonage charge of \$2.58 per 1,000 gallons, with no gallons

- included. The requested rates are in addition to the temporary manager's fee of \$15.00 per month per connection that was approved in Docket No. 51551.
16. The application also requests to recover \$3,091.29, to be collected via a surcharge over a period of six months, needed to reimburse Donna Jones, a customer of the system, for expenses she covered with personal funds.
 17. The temporary rates were effective February 3, 2021, consistent with CSWR Texas's notice.
 18. Farrar does not have a Commission-approved tariff because it does not hold a certificate of convenience and necessity.
 19. CSWR Texas requested, and Commission Staff recommended, yearly costs for the water system of \$14,734. This amount does not include revenues generated by the temporary manager's fee of \$15 per connection per month.
 20. For water service, Commission Staff recommended a minimum monthly rate of \$48.69 per connection for all meter sizes and a gallonage charge of \$1.80 per 1,000 gallons. The gallonage charge was calculated using the updated connection count of 22 connections.
 21. Commission Staff also recommended a surcharge in the amount of \$23.42 per connection per month, to be collected for a period of six months, to recover \$3,091.29 needed to reimburse Donna Jones for expenses she covered with personal funds.
 22. The rates recommended by Commission Staff are reasonable for CSWR Texas to provide continuous and adequate water service for the customers of Farrar.
 23. The temporary rates and temporary manager's fee will remain in effect until the Commission orders otherwise.
 24. The temporary rates will remain in effect even in the event that a new temporary manager or receiver is appointed.

Requirement for Monthly Documentation

25. In its recommendation on final disposition, Commission Staff recommended that CSWR Texas provide monthly documentation, by the last day of the month following the operational month in question, until the temporary manager's term is completed. Commission Staff recommended that this documentation include:

- a) a summary of monthly revenues and expenses with a detailed list of actual costs incurred to operate the system, such as repairs, chlorine used, customer billing, operator costs, electricity used, laboratory fees, sampling costs;
- b) copies of invoices and receipts to support the actual cost of service; and
- c) the actual number of connections at the beginning and end of the month.

Tariff

- 26. On May 7, 2021, Commission Staff filed a proposed tariff as an attachment to its recommendation on final disposition.

Informal Disposition

- 27. At least 15 days have passed since the completion of notice provided in this docket.
- 28. No person filed a protest or motion to intervene.
- 29. CSWR Texas and Commission Staff are the only parties to this proceeding.
- 30. No party requested a hearing and no hearing is needed.
- 31. Commission Staff recommended approval of the application.
- 32. The decision is not adverse to 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. The Commission has authority to request that water and sewer utilities provide copies of reports and records under TWC § 13.131(a).
- 3. Farrar Water 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).
- 4. Public notice of the application was provided as required by TWC § 13.046 and 16 TAC § 24.363(b).
- 5. The application was processed in accordance with the requirements of the Administrative Procedure Act,² the TWC, and Commission rules.

² Tex. Gov't Code §§ 2001.001-.903.

6. The temporary rates approved in this case are, as required under 16 TAC § 24.363(a), calculated to enable CSWR Texas to recover the reasonable costs incurred in making service available to the customers in Farrar's service area and bringing public water system number 1470007 into compliance with Commission and TCEQ rules.
7. The temporary rates approved in this case are reasonable and consistent with TWC § 13.046.
8. 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.
9. The requirements for informal disposition under 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 orders.

1. The Commission approves the temporary rates proposed in the application, as modified by this Order and to the extent provided in this Order. The temporary rates approved by this Order are subject to reconciliation, and the Commission may revise the temporary rates following its reconciliation review.
2. The Commission approves the proposed tariff filed by Commission Staff on May 7, 2021, as modified by this Order.
3. For the reconciliation review, revenues received through the temporary rates will be compared to the actual expenses incurred by the utility. The temporary manager must file invoices, cancelled checks, or other documentation to support all actual expenses. The temporary manager must categorize all actual expenses into two categories: a) operating expenses; or b) repair, replacement, or improvement expenses.
4. Beginning 30 days from the date of this Order, the temporary manager must file quarterly reports that address, in detail, all needed repairs identified in the application and any additional repairs, replacements, and improvements for the utility that cost more than \$2,000. For each of these items, the report must describe the need for the repair, replacement, or improvement; identify the estimated cost and actual cost (once completed); and identify the completion date or estimated completion date. The quarterly reports must

- be filed in Docket No. _____, Compliance filing for Docket No. 51843 (*Application of CSWR-Texas Utility Operating Company, LLC for Temporary Rates for a Nonfunctioning Utility*).
5. Within 30 days of completing all needed repairs identified in the application and any additional repairs, replacements, and improvements identified in the quarterly reports, the temporary manager must file a final report verifying such completion. The final report must be filed in Docket No. _____, Compliance filing for Docket No. 51843 (*Application of CSWR-Texas Utility Operating Company, LLC for Temporary Rates for a Nonfunctioning Utility*).
 6. The reconciliation of the temporary rates will begin following the filing of the final report, upon the request of Commission Staff, or as directed by the Commission.
 7. For as long as CSWR Texas is the Temporary Manager of Farrar, it must provide monthly documentation, by the last day of the month following the operational month in question: (a) a summary of monthly revenues and expenses with a detailed list of actual costs incurred to operate the system, such as repairs, chlorine used, customer billing, operator costs, electricity used, laboratory fees, and sampling costs; (b) copies of invoices and receipts to support the actual cost of service; and (c) the actual number of connections at the beginning and at the end of the month. The filings must be made in Docket No. _____, *Compliance Filing for Docket No. 51843 (Application of CSWR-Texas Utility Operating Company, LLC for Temporary Rates for a Nonfunctioning Utility)*.
 8. 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 system improvements and repairs.
 9. If any overages were collected from customers for the months the requested rate was billed, CSWR Texas must 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 for repairs and maintenance.
 10. CSWR Texas may file for an additional or revised temporary rate for the nonfunctioning utility at a later date.
 11. 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.

12. 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 _____ 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

PETER LAKE
CHAIRMAN

WILL MCADAMS
COMMISSIONER