



## **Filing Receipt**

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**Item Number - 31**

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## *Public Utility Commission of Texas*

TO: Stephen Journeay  
Commission Counsel

All Parties of Record

FROM: Jeffrey J. Huhn *JJH*  
Administrative Law Judge

RE: **Docket No. 54121** – *Application of Harrison Williams for Temporary Rates for a Nonfunctioning Utility*

DATE: May 1, 2023

Enclosed is the Proposed Order in the above-referenced case. By copy of this memo, the parties to this proceeding are being served with the Proposed Order.

Please place this docket on an open meeting agenda for the Commissioners' consideration. Please notify me and the parties of the open meeting date. The parties must file corrections or exceptions to the Proposed Order by May 15, 2023.

**If a party proposes a correction or exception, the party must fully explain the correction or exception and must provide a citation to the record to support the correction or exception.**

**If there are no corrections or exceptions, no response is necessary.**

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**DOCKET NO. 54121**

<b>APPLICATION OF HARRISON</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>WILLIAMS FOR TEMPORARY</b>	<b>§</b>	
<b>RATES FOR A NONFUNCTIONING</b>	<b>§</b>	<b>OF TEXAS</b>
<b>UTILITY</b>	<b>§</b>	

**PROPOSED ORDER**

This Order addresses the application of Harrison Williams for temporary rates for services provided for Villa Utilities, Reed Estates Water System, and Vista Utilities, non-functioning utilities. The Commission approves the temporary rates proposed in the application, to the extent provided in this Order and approves the proposed tariff filed by the parties on March 8, 2023. 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 Utility**

1. Harrison Williams is an individual.
2. Norman Barnett dba Villa Utilities (Norman Barnett or the utility) owns and operates for compensation facilities and equipment for the transmission, storage, distribution, sale, or provision of potable water to the public.
3. Norman Barnett provides potable water service in Chambers and Harris counties under certificate of convenience and necessity number 12079.
4. Norman Barnett owns three public water systems registered with the Texas Commission on Environmental Quality (TCEQ) as Villa Utilities, identification number 1011183; Reed Estates Water System, identification number 1010945; and Vista Utilities, identification number 0360026.
5. Villa Utilities, Reed Estates, and Vista Utilities provide potable water service to approximately 91 connections.

6. On June 7, 2022, the Commission filed an order in Docket No. 53356<sup>1</sup> appointing Mr. Williams as temporary manager of Villa Utilities, Reed Estates, and Vista Utilities beginning March 16, 2022, and continuing until September 12, 2022, or until Mr. Williams is discharged from this appointment by the Commission, whichever occurs first.
7. On September 2, 2022, the Commission filed an order in Docket No. 53891<sup>2</sup> again appointing Mr. Williams as temporary manager of Villa Utilities, Reed Estates, and Vista Utilities beginning September 2, 2022 and continuing until the Commission orders otherwise. The Commission set Mr. Williams' compensation for his role as temporary manager at \$15.00 per month per connection for each utility.

#### **Application**

8. On September 15, 2022, Mr. Williams filed an application for temporary rates under Texas Water Code (TWC) § 13.046 and 16 Texas Administrative Code (TAC) § 24.363.
9. In Order No. 2 filed on October 7, 2022, the administrative law judge (ALJ) found the application administratively complete.
10. On November 9 and 18 and December 28, 2022, Mr. Williams filed supplemental information in response to discovery requests from Commission Staff.
11. On January 20, 2023, Commission Staff filed its recommendation on final disposition, recommending approval of the application with potential adjustments made to the temporary water utility rates proposed by Mr. Williams.
12. On February 10, 2023, Commission Staff filed a clarification regarding final recommendation.

#### **Notice**

13. On September 15, 2022, Mr. Williams filed proof of notice of the proposed rate change to all customers of Villa Utilities.

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<sup>1</sup> *Request for an Emergency Order Appointing A Temporary Manager for Villa Utilities, Reed Estates Water System, Vista Utilities, and J & L Terry Lane Without a Hearing*, Docket No. 53356, Order Modifying Emergency Order (June 7, 2022).

<sup>2</sup> *Joint Petition for an Order Appointing a Temporary Manager for Villa Utilities, Reed Estates Water System, and Vista Utilities*, Docket No. 53891, Order Appointing a Temporary Manager (Sept. 2, 2022).

14. In Order No. 2 filed on October 7, 2022, the ALJ found the notice sufficient.
15. On March 2, 2023, Mr. Williams filed proof of the amended notice of the proposed rate change to all customers of Villa Utilities.
16. In Order No. 11 filed on April 11, 2023, the ALJ found the amended notice sufficient.

**Evidentiary Record**

17. In Order No. 10 filed on April 11, 2023, the ALJ admitted the following evidence into the record of this proceeding:
  - (a) Mr. Williams' application and all attachments filed on September 15, 2022;
  - (b) Commission Staff's recommendation on sufficiency of notice filed on October 6, 2022;
  - (c) Mr. Williams' response to Commission Staff's first informal request for information filed on November 9, 2022;
  - (d) Mr. Williams' response to Commission Staff's second informal request for information filed on November 18, 2022;
  - (e) Mr. William's supplemental response to Commission Staff's requests for information filed on December 28, 2022;
  - (f) Commission Staff's recommendation on final disposition and all attachments filed on January 20, 2023;
  - (g) Commission Staff's clarification regarding its final recommendation on request for extension filed on February 10, 2023; and
  - (h) Mr. Williams' re-issued notice filed on March 2, 2023.
18. In Order No. 11 filed on April 11, 2023, the ALJ admitted Commission Staff's response to Order No. 9 filed on April 3, 2023.

**Reasonableness of Temporary Rates**

19. 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 to the system in order to begin to bring the system into compliance with the rules of the Commission and the TCEQ.

20. The application requests yearly costs for the water system of \$125,431.20. This amount does not include revenues generated by the temporary manager's fee of \$15.00 per month per connection, which was approved in Docket No. 53891.
21. The application requests a minimum monthly flat rate and a monthly metered rate for water services as follows:

<b>Meter Size</b>	<b>Monthly Flat Rate (Zero Gallons Included)</b>
5/8" or 3/4"	\$116.14
1"	\$182.34
1.5"	\$253.18
2"	\$409.97
<b>Meter Size</b>	<b>Monthly Metered Rate (Zero Gallons Included)</b>
5/8" or 3/4"	\$95.27
1"	\$149.57
1.5"	\$207.69
2"	\$336.30

Further, the applicant requests a gallonage charge of \$4 per 1,000 gallons for the metered rate. 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. 53891.

22. The temporary rates became effective March 1, 2023, consistent with Mr. Williams' notice.
23. Commission Staff recommended a minimum monthly metered rate for water service as follows:

Meter Size	Monthly Flat Rate (Zero Gallons Included)
5/8" or 3/4"	\$96.68
1"	\$241.70
1.5"	\$483.39
2"	\$773.43

Commission Staff recommended a gallonage charge of \$4 per 1,000 gallons, with no gallons included for Villa Utilities. Vista Utilities and Reed Estates will not have a gallonage charge included. The gallonage charges may be evaluated again if meters are installed at Vista Utilities and Reed Estates water systems. The recommended rates are in addition to the temporary manager's fee of \$15.00 per month per connection that was approved in Docket No. 53891.

24. Significant repairs to and replacement of water system components are necessary to allow Mr. Williams to provide continuous and adequate water service for customers within the water service area of the three public water systems and CCN number 12079.
25. The temporary rates recommended by Commission Staff are reasonable for Mr. Williams to provide continuous and adequate water service for the customers within the water service area of the three public water systems and CCN number 12079.

**Requirement for Monthly Documentation**

26. In its January 20, 2023 filing, Commission Staff recommended that Mr. Williams be required to provide monthly documentation, by the last day of the month following the month in question, until the temporary manager's term is completed. Commission Staff recommended the documentation include:
  - a. a summary of monthly revenues and expenses with a detailed list of actual costs for operating the system, including, but not limited to, manager's fees (if any), repairs, chlorine, billing, operator costs, electricity, laboratory fees, sampling costs, billing and postage fees, and legal fees;
  - b. copies of invoices and receipts to support the actual cost of service;

- c. the actual number of connections and actual number of customers at the beginning and end of the month; and
- d. a signed statement that copies of monthly reports have been provided to TCEQ at the same time it is provided to the Commission.

### **Tariff**

- 27. On January 20, 2023, Commission Staff filed a proposed tariff as an attachment to its recommendation on final disposition.
- 28. On March 8, 2023, the parties filed a revised proposed tariff to reflect the rates recommended following re-issued notice to customers, as an attachment to the parties' joint motion to admit evidence and proposed order.

### **Informal Disposition**

- 29. More than 15 days have passed since the completion of notice provided in this docket.
- 30. No person filed a protest or motion to intervene.
- 31. Mr. Williams and Commission Staff are the only parties to this proceeding.
- 32. No party requested a hearing and no hearing is needed.
- 33. Commission Staff recommended approval of the application.
- 34. This 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, 13.046, and 13.131.
- 2. Villa Utilities, Reed Estates, and Vista Utilities are public water systems operated by Mr. Williams, and are water utilities as defined in TWC § 13.002(23) and 16 TAC § 24.3(39).
- 3. Public notice of the application was provided as required by TWC § 13.046 and 16 TAC § 24.363(b).



4. The Commission processed this docket in accordance with the requirements of the Administrative Procedure Act,<sup>3</sup> the TWC, and Commission rules.
5. The temporary rates approved in this case are, as required under 16 TAC § 24.363(a), calculated to enable Mr. Williams to recover the reasonable costs incurred in making service available to the customers within the service area of the three public water systems and CCN number 12079 and bringing public water system numbers 0360026, 1010945, and 1011183 into compliance with Commission and TCEQ rules.
6. The temporary rates approved in this case are reasonable and consistent with TWC § 13.046.
7. The Commission may prescribe forms of books, accounts, records, and memoranda to be kept by water and sewer utilities, including the books, accounts, records, and memoranda of the rendition of and capacity for service as well as the receipts and expenditures of money, and any other forms, records and memoranda the Commission determines are necessary, in accordance with TWC § 13.131.
8. 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 rate provisions contained in the tariff attached to the parties' joint motion to admit evidence and joint proposed order filed on March 8, 2023. The temporary rates approved by this Order are subject to reconciliation.
2. The Commission approves the proposed tariff filed by the parties on March 8, 2023.
3. The reconciliation review must compare the revenues received through the temporary rates to the actual expenses incurred by the utility. If the reconciliation demonstrates that the temporary rates are excessive or deficient, the Commission may modify the temporary rates.

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<sup>3</sup> Tex. Gov't Code §§ 2001.001-.903.

4. For as long as Mr. Williams is the temporary manager of Villa Estates, Vista Estates, and Reed Estates, he 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, customer billing, operator costs, electricity, laboratory fees, and sampling costs; (b) copies of invoices and receipts to support the actual cost of service; (c) the actual number of connections at the beginning and at the end of the month, and (d) a signed statement that copies of the monthly report will be provided to the TCEQ at the same time it is provided to the Commission. The filings must be made in Docket No. 54944, *Compliance Filing for Docket No. 54121 (Application of Harrison Williams for Temporary Rates for a Nonfunctioning Utility)*.
5. The temporary rates and temporary manager's fee will remain in effect until the Commission orders otherwise.
6. The temporary rates will remain in effect even in the event that a new temporary manager or receiver is appointed.
7. Mr. Williams may file for an additional or revised temporary rate for the nonfunctioning utility at a later date.
8. Within ten days of the date this Order is filed, Commission Staff must provide the Commission with a clean copy of the tariff to be stamped *Approved* and retained by Central Records.
9. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2023.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**PETER M. LAKE, CHAIRMAN**

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**WILL MCADAMS, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**

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**KATHLEEN JACKSON, COMMISSIONER**