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DOCKET NO. 54121

APPLICATION OF SP UTILITY	§	PUBLIC UTILITY COMMISSION
COMPANY, INC. FOR TEMPORARY	§	
RATES FOR A NONFUNCTIONING	§	OF TEXAS
UTILITY	§	

COMMISSION STAFF’S RECOMMENDATION ON SUFFICIENCY AND NOTICE

On September 15, 2022, Harrison Williams (Mr. Williams), owner of SP Utility Company, Inc. (SP Utility), and temporary manager of Villa Utilities, water Certificate of Convenience and Necessity (CCN) No. 12079, filed with the Public Utility Commission of Texas (Commission) a request for a temporary rate increase pursuant to Texas Water Code § 13.046 and 16 Texas Administrative Code (TAC) § 24.363 in Chambers County, Texas. Villa Utilities has three active public water systems (PWS): Vista Utilities (PWS ID: 0360026), Reed Estates Water System (PWS ID: 1010945), and Villa Utilities (PWS ID: 101183).

On September 16, 2022, the administrative law judge filed Order No. 1, setting a deadline of October 7, 2022, for the Staff (Staff) of the Commission to file comments on the administrative completeness of the application, a recommendation on notice, and to propose a procedural schedule, if appropriate. Therefore, this pleading is timely filed.

**I. RECOMMENDATION ON SUFFICIENCY OF THE APPLICATION
AND NOTICE**

Staff has reviewed SP Utility’s application, and as indicated in the attached memorandum of Patricia Garcia of the Commission’s Infrastructure Division, Staff recommends that the application be found sufficient for further processing. This recommendation does not address the merits of the application.

Staff has also reviewed the notice provided by SP Utility and recommends that it be deemed sufficient. Under 16 TAC § 24.363(b), notice of a temporary rate must be sent to customers “no later than the first bill which includes the temporary rates.” SP Utility has indicated that it provided notice to affected customers on or about August 26, 2022. Therefore, Staff recommends that notice be deemed sufficient.

II. PROCEDURAL SCHEDULE

In accordance with Staff's deficiency recommendation on notice, Staff proposes the following procedural schedule:

Event	Deadline
Deadline for Applicant to file proof of notice and documentation requested by Commission Staff's October 6, 2022 recommendation on administrative completeness and notice	October 31, 2022
Deadline for interested parties to file comments	October 31, 2022
Deadline for Commission Staff to request a hearing or file a recommendation on final disposition	November 7, 2022
Deadline for Applicant to respond to comments and Commission Staff's recommendation or request for hearing; if no disputes issues exist, deadline for parties to file a joint proposed order including findings of fact, conclusions of law, and ordering paragraphs	November 14, 2022
If applicable, administrative review completed 90 days from date Commission received notice of the temporary rate increase, per 16 TAC § 24.363	December 14, 2022

III. CONCLUSION

Staff recommends that the application and notice be found sufficient and that the above-proposed procedural schedule be adopted. Staff further requests that SP Utility be ordered to provide the additional information as described in the attached memorandum. Staff respectfully requests the entry of an order consistent with the foregoing recommendations.

Dated: October 6, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

John Harrison
Managing Attorney

/s/ Margaux Fox

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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 October 6, 2022, in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Margaux Fox

Margaux Fox

Public Utility Commission of Texas

Memorandum

TO: Margaux Fox, Attorney
Legal Division

FROM: Patricia Garcia, Infrastructure Analysis Section Director
Infrastructure Division

DATE: October 6, 2022

RE: Docket No. 54121 – *Application of SP Utility Company, Inc. for Temporary Rates for a Nonfunctioning Utility*

Background:

On September 15, 2022, Harrison Williams, owner of SP Utility Company, Inc. and temporary manager of Villa Utilities, water Certificate of Convenience and Necessity (CCN) No. 12079, filed with the Public Utility Commission (Commission) a request for a temporary rate increase pursuant to Texas Water Code § 13.046 (TWC) and 16 Tex. Admin. Code § 24.363 (TAC), in Chambers County, Texas.

Mr. Williams was appointed as the temporary manager for Villa Utilities by an emergency order issued by the Commission effective on June 7, 2022. Villa Utilities has three active public water systems (PWS), Vista Utilities, PWS ID: 0360026, Reed Estates Water System, PWS ID: 1010945, and Villa Utilities, PWS ID: 1011183.

Mr. Williams requests approval of a temporary rate increase to provide continuous and adequate service to customers and to assist in ensuring compliance with TCEQ and Commission rules. Mr. Williams's application states that notice was provided to the customers on August 26, 2022. 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." Mr. Williams is requesting the following rates:

Table 1 - Requested Temporary Rates

Meter Size	Flat Rate	Metered Rate + \$4 per 1,000 gallons
5/8" or 3/4"	\$116.14	\$95.27
1"	\$182.34	\$149.57

Meter Size	Flat Rate	Metered Rate + \$4 per 1,000 gallons
1.5"	\$253.18	\$207.69
2"	\$409.97	\$336.30

Commission Staff was given a deadline of October 7, 2022 to comment on the administrative completeness of the application and provide a recommendation on notice.

Recommendation:

Based on Staff's review of the temporary manager's request, Staff recommends the following:

- 1) The notice provided to the customers be considered sufficient;
- 2) The application be considered sufficient;
- 3) Recommendation for the temporary rate that applies a metered rate and gallonage charge be the only temporary rate carried forward;
 - a) The Villa Utilities PWS customers are all metered so the metered rate and gallonage charge can be appropriately applied to this system.
 - b) The Reed Estates and Vista Utilities PWSs are not fully metered. I recommend Mr. Harrison only charge the metered base rate to each connection until all of them are metered. Once all the connections are metered, I recommend Mr. Harrison be allowed to charge all customers the metered base rate and gallonage charge.
- 4) That Mr. Williams provide the following documentation to support the temporary rate increase:
 - a) Operator costs incurred or expected from June 7, 2022 to the current date;
 - b) Electric bills from June 7, 2022 to the current date;
 - c) Laboratory sampling costs incurred from June 7, 2022 to the current date, and support to show expected laboratory costs (costs expected due to water system's sampling schedule);
 - d) Number and size of meters;
 - e) Total gallonage billed to customers for one month of service;
 - f) Costs of chemicals needed to operate the water system for one full month, along with receipts;
 - g) Invoices for costs to repair the system;
 - h) Invoices for the costs of billing/postage;
 - i) Proof of the property taxes for the water system, if applicable and available;
 - j) Proof of the regulatory fees for the water system, if applicable;
 - k) Invoices for known and measurable monthly expenses incurred by the system;
 - l) Proof of any known and measurable adjustments to monthly expenses for the system, as well as any supporting calculations; and

- m) Any other expected monthly costs for operation of the water system that appear on the expense reports filed in Project No. 53633.¹

¹ *Compliance Filing for Docket No. 53356 (Request for Emergency Order Appointing a Temporary Manager for Villa Utilities, Reed Estates Water System, Vista Utilities, and J&L Terry Lane Without a Hearing)*, Project No. 53633 (May 23, 2022).