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Public Utility Commission of Texas
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Docket No. 54617
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Subject: Order Requesting Reply Brief on Threshold Issues
TO WHOM IT MAY CONCERN

Reply Brief on threshold issues related to the application of Texas Water Utilities, L.P. and Southern Horizons Development, Inc. for approval of sale, transfer, merger of facilities and certificate right in Liberty and Montgomery Counties.

BILL ANALYSIS HB 1484 (SEC 13.3011) by: Metcalf (Springer):

When specific water or wastewater utility companies are acquired, the acquiring utility is required to use the acquired utility's rates. If the acquiring utility wishes to use its current filed rate instead, the utility must file a rate increase case with the Public Utility Commission of Texas (PUC).

Acquiring utilities would like to extend their previously approved existing rates to the customers transferred from the seller utility without filing a new rate change application. This will better enable the acquiring utility to more quickly upgrade, improve, and modernize the seller utility system and encourage the consolidation of substandard water and wastewater utilities. This benefits the consumer with:

More reliable water and wastewater service and fewer service disruptions over time;

More consistent and equitable rates across the utilities service area;

Reduced operation and maintenance costs, which means fewer rate increases over time; and

Improved water quality and increased water capacity.

Therefore, the bill seeks to address this issue by authorizing acquiring utilities to use previously approved rates immediately after acquiring another utility.

Texas Water Utilities, L.P. made reference to this Bill Analysis at numerous times and is basing their argument on this. Southern Horizons Development Inc. is not a substandard utility and upgrade, improvement, and modernizing is not necessary. It is a fully functional Class D water system by TCEQ standard with minor problems like so many systems but not substandard what this Bill was intended for. Therefore, we (the consumers) strongly believe that this sale, transfer, or merger is purely for revenue of approx. \$180,000 per year. As in the OPUC Brief, this is a rate shock (approx. 95% increase) and there is great concern that Tex. Gov't Code 311.021(5) public interest is favored over any private interest is applied. 311.023(2) circumstances under which the statute was enacted, "encourage the consolidation of substandard water and wastewater utilities" applies as well. Actions like this should be closely monitored by the Commission. During a separate tariff procedure TWU would have to justify such massive rate increase (95%). TWU is the holder of numerous tariffs ranging from approx. \$22.00 - \$68.00 base rates. Taking over the current tariff from Southern Horizons would be no additional strain. Just and reasonable would have to be applied and the consumers protected from such actions. For TWU to assume that the regulatory authority has no right in this process needs to be addressed. Interpretation like this would open the door to abuse and great monopolized behavior in all future sale, transfer, or merger proceedings. Our subdivisions consist of mobile homes not luxurious mansions and we are not very affluent, struggling to make ends meet.

Any assistance to ensure that every rate made, demanded, or received is just and reasonable is welcome. We the consumers appreciate the Commission's consideration for our concerns.

Anna Miller