



## **Filing Receipt**

**Filing Date - 2024-03-27 12:13:20 PM**

**Control Number - 55414**

**Item Number - 35**

**DOCKET NO. 55414**

<b>APPLICATION OF CSWR-TEXAS</b>	<b>§</b>	
<b>UTILITY OPERATING COMPANY, LLC</b>	<b>§</b>	
<b>AND VINEYARD RIDGE WATER</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>SUPPLY, LLC FOR SALE, TRANSFER,</b>	<b>§</b>	
<b>OR MERGER OF FACILITIES AND</b>	<b>§</b>	<b>OF TEXAS</b>
<b>CERTIFICATE RIGHTS IN GILLESPIE</b>	<b>§</b>	
<b>COUNTY</b>	<b>§</b>	

**CSWR-TEXAS UTILITY OPERATING COMPANY, LLC'S  
SECOND SUPPLEMENT TO APPLICATION**

CSWR-Texas Utility Operating Company, LLC (“CSWR-Texas” or the “Company”) submits this Second Supplement to its Application. The Company is providing the order adopting new rates for Vineyard Ridge in Docket No. 52877. The final approved tariff has not been filed yet in the docket. Once it is filed, CSWR-Texas will provide that tariff as an additional supplement to its Application.

Respectfully submitted,

**ATTORNEYS FOR CSWR-TEXAS  
UTILITY OPERATING COMPANY, LLC**

L. Russell Mitten  
General Counsel  
Central States Water Resources, Inc.  
1630 Des Peres Rd., Suite 140  
Des Peres, Missouri 63131  
(314) 380-8595  
(314) 763-4743 (fax)

Wendy K. L. Harvel

Evan D. Johnson  
State Bar No. 24065498  
Wendy K. L. Harvel  
State Bar No. 00796719  
Coffin Renner LLP  
1011 W. 31<sup>st</sup> Street  
Austin, Texas 78705  
(512) 879-0900  
(512) 879-0912 (fax)  
evan.johnson@crtxlaw.com  
wendy.harvel@crtxlaw.com

**CERTIFICATE OF SERVICE**

I hereby certify that on this 27<sup>th</sup> day of March 2024, a true and correct copy of the foregoing document was served on all parties of record via electronic mail in accordance with the Second Order Suspending Rules filed in Project No. 50664.

Wendy K. L. Harvel

Wendy K. L. Harvel

2023 DEC 14 PM 1:30

APPLICATION OF VINEYARD RIDGE §  
WATER SUPPLY, LLC FOR §  
AUTHORITY TO CHANGE RATES §

PUBLIC UTILITY COMMISSION  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS

**ORDER**

This Order addresses the application of Vineyard Ridge Water Supply, LLC for authority to change its tariffed rates for water service. Vineyard Ridge and the remaining intervenors in the case—David and Catherine Wolzmut, Bobby and Jane Bridges, and Lynn Nowlin (the aligned intervenors)—filed an agreement on the terms of the rate and tariff changes. Commission Staff recommended approval of the agreement. The Commission approves the agreed rates and associated tariff to the extent provided in this Order.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. Vineyard Ridge is a Texas limited liability company registered with the Texas secretary of state under file number 802658376.
2. Vineyard Ridge owns and operates for compensation in Texas facilities and equipment for the transmission, storage, distribution, sale, or provision of potable water to the public in Gillespie County.
3. Vineyard Ridge provides potable water service for compensation to approximately 56 active water connections under certificate of convenience and necessity (CCN) number 13265.

**Existing Rates**

4. Vineyard Ridge’s rates have not changed since April 22, 2020.
5. Vineyard Ridge’s existing rates consist of a \$25.25 monthly minimum charge for all meter sizes, a gallonage charge of \$2.07 per 1,000 gallons, plus miscellaneous fixed fees.

**Application**

6. On November 22, 2021, Vineyard Ridge filed the application at issue in this proceeding.
7. On January 14, February 28, March 15, and December 28, 2022, and January 11, 2023, Vineyard Ridge filed supplements to the application.
8. The application is based on a historical test year ending August 31, 2021.
9. In its application, as supplemented, Vineyard Ridge requests a revenue requirement of \$66,875, which represents a 40% increase from the 2020 revenue requirement.
10. In the application, Vineyard Ridge seeks to change its monthly minimum charges and gallonage charges but does not seek changes to its miscellaneous fixed fees.
11. In Order No. 6 filed on April 26, 2022, the ALJ found the application, as supplemented, administratively complete.

**Notice**

12. On June 21, 2022, Vineyard Ridge filed the affidavit of Brent Taylor, president of Vineyard Ridge, attesting that notice of the proposed water rate changes was mailed to all customers and the Office of Public Utility Counsel (OPUC) on June 17, 2022.
13. In Order No. 9 filed on July 5, 2022, the ALJ found the notice sufficient.
14. On October 14, 2022, Vineyard Ridge filed a clarification regarding its notice stating that no notice was given to any municipality because there are no municipalities located near the service area.
15. On October 21, 2022, Vineyard Ridge filed a clarification that notice was provided to OPUC on October 18, 2022.
16. On April 24, 2023, Vineyard Ridge filed the affidavit of Bret W. Fenner, authorized representative of Vineyard Ridge, attesting that notice of the proposed water rate changes was provided to the OPUC on April 22, 2022.

**Interventions and Protests**

17. In Order No. 4 filed on March 30, 2022, the ALJ granted the motion to intervene filed by Ms. Nowlin.

18. In Order No. 5 filed on April 5, 2022, the ALJ granted the motions to intervene filed by Mr. Bridges and Robert Hoover.
19. In Order No. 7 filed on May 20, 2022, the ALJ granted the motion to intervene filed by Mr. and Ms. Wolzmuth.
20. In Order No. 9 filed on July 5, 2022, the ALJ granted the motions to intervene filed by Mr. Bridges and Larry Fuqua.
21. In Order No. 11 filed on July 20, 2022, the ALJ granted Mr. Fuqua's request to change his status from an intervenor to a protestor.
22. In Order No. 12 filed on July 26, 2022, the ALJ granted the motion to intervene filed by Dan and Susan Banker.
23. In Order No. 13 filed on August 16, 2022, the ALJ granted Mr. Hoover's request to change his status from an intervenor to a protestor, and aligned Mr. and Ms. Wolzmuth, Mr. and Ms. Bridges, and Ms. Nowlin (the aligned intervenors).
24. In Order No. 17 filed on September 21, 2022, the ALJ granted Mr. and Ms. Bankers' request to change their status from intervenors to protestors.
25. As a result of these orders, only the aligned intervenors remain as intervenors in this case.

**Remand to Docket Management**

26. On April 18, 2023, the ALJ filed a proposed order for the Commission's consideration and, on May 3, 2023, a corrections memorandum.
27. On June 15, 2023, the Commission declined to adopt the proposed order, found that it was unclear whether the statutory threshold for complaints was met, and remanded the proceeding to Docket Management to address the hearing requirements of Texas Water Code (TWC) § 13.1871(i), which requires a hearing if the Commission receives complaints from at least 10% of the ratepayers of the utility before the 91st day after the effective date of the rate change.

**Following Remand**

28. In Order No. 31 filed on June 20, 2023, the ALJ requested the parties file responses regarding whether a hearing was necessary, whether more than 10% of the ratepayers

- affected by the proposed rate increase filed protests, whether the statutory threshold for complaints was met, and what revisions were necessary to the proposed order.
29. On June 30, 2023, the parties filed a joint motion for an informal hearing.
  30. On July 7, 2023, Commission Staff recommended that more than 10% of ratepayers affected by the proposed rate increase filed protests and that an informal hearing should be held.
  31. In Order No. 32 filed on July 19, 2023, the ALJ required further clarifications related to the hearing requirements.
  32. On August 2, 2023, Commission Staff filed a response to Order No. 32 recommending that the 10% threshold had been met and re-urging the request for an informal hearing.
  33. As of October 31, 2022, the 91st day after the proposed effective date of the rate change, the Commission had received complaints from 28 of Vineyard Ridge's ratepayers, which is more than 10% of the utility's 56 ratepayers, thereby exceeding the 10% threshold.
  34. On August 21, 2023, Vineyard Ridge filed a second request for informal hearing.
  35. In Order No. 33 filed on September 25, 2023, the ALJ found that the 10% threshold had been met and scheduled a prehearing conference and informal hearing.
  36. On October 6, 2023, Vineyard Ridge filed the affidavit of Duke Lafayette Coleman, office manager for Vineyard Ridge, attesting that notice of the prehearing conference and informal hearing was provided to all customers, affected counties, and municipalities.
  37. On October 25, 2023, a prehearing conference and informal hearing was held. At that time, Vineyard Ridge and the aligned intervenors affirmed that they continued to support approval of their agreement that was filed with the Commission on January 9, 2023. Commission Staff also confirmed that it supports approval of the agreement.
  38. At the prehearing conference and informal hearing, the parties agreed that Vineyard Ridge began charging the rates specified in the agreement in September 2023, rather than waiting until the Commission issued a final order in this docket as required by the agreement.

**Evidentiary Record**

39. In Order No. 30 filed on April 17, 2023, the ALJ entered the following evidence into the record of this proceeding:
- a. the application filed on November 22, 2021;
  - b. Vineyard Ridge's response to Order No. 2 filed on January 14, 2022;
  - c. Vineyard Ridge's response to Order No. 3 filed on February 28, 2022;
  - d. Vineyard Ridge's response to Order No. 3 filed on March 15, 2022;
  - e. Order No. 6 finding application, as supplemented, complete, finding notice insufficient, suspending effective date, and establishing deadlines filed on April 26, 2022;
  - f. Vineyard Ridge's response to Order No. 6 filed on May 2, 2022;
  - g. Vineyard Ridge's affidavit of notice filed on June 21, 2022;
  - h. Order No. 9 finding notice sufficient, granting interventions and establishing a procedural schedule filed on July 5, 2022;
  - i. Vineyard Ridge's response to Order No. 18 requesting clarification filed on October 14, 2022;
  - j. Vineyard Ridge's response to Order No. 19 requiring clarification filed on October 21, 2022;
  - k. Vineyard Ridge's affiliated interests comparison information filed on December 28, 2022;
  - l. Agreement between Vineyard Ridge and the aligned intervenors filed on January 9, 2023;
  - m. Vineyard Ridge's rate-case expenses to support agreement filed on February 14, 2023;
  - n. Commission Staff's final recommendation on final disposition filed on February 17, 2023; and



- o. The proposed final tariff as attached to the amended joint motion to admit evidence filed on March 9, 2023.
40. At the prehearing conference and informal hearing held on October 25, 2023, the ALJ admitted the following additional evidence into the record of this proceeding:
  - a. revised affidavit of notice to OPUC filed by Vineyard Ridge on April 24, 2023;
  - b. the joint motion for an informal hearing filed by Vineyard Ridge, the aligned intervenors, and Commission Staff on June 30, 2023;
  - c. Commission Staff's response to Order No. 31 filed on July 7, 2023;
  - d. Commission Staff's response to Order No. 32 filed on August 2, 2023; and
  - e. the affidavit and proof of mailing of prehearing conference to customers and affected parties filed by Vineyard Ridge on October 6, 2023.

**Abatement and Agreement**

41. On September 29, 2022, Vineyard Ridge and the aligned intervenors advised the ALJ that they had reached an agreement in principle regarding the issues in this case and requested abatement of this case in order to draft and submit an agreement.
42. In Order No. 20 filed on October 21, 2022, the ALJ abated the case.
43. In Order No. 21 filed on November 30, 2022, the ALJ granted the parties' motion to continue the abatement.
44. In Order No. 22 filed on December 20, 2022, the ALJ granted the parties' motion to continue the abatement.
45. In Order No. 23 filed on January 3, 2023, the ALJ lifted the abatement.
46. On January 9, 2023, Vineyard Ridge and the aligned intervenors filed their agreement, which resolves the parties' disputes and avoids the necessity for a hearing.
47. On February 17, 2023, Commission Staff recommended approval of the agreement.

**Rates and Tariff Provisions**

48. In the agreement, Vineyard Ridge and the aligned intervenors agreed that Vineyard Ridge's net rate base, as of September 1, 2021, is \$37,741, as shown on Schedule III-2 included with Vineyard Ridge's application filed on November 22, 2021.
49. The agreed retail water schedule for Vineyard Ridge is as follows:

<b>Meter Size</b>	<b>Minimum Monthly Charge (includes 0 gallons)</b>
5/8"	\$55.00
3/4"	\$82.70
1"	\$137.50
1 1/2"	\$275.00
2"	\$440.00
3"	\$825.00
4"	\$1,375.00
	<b>Gallonge Charge</b>
	\$4.14 per 1,000 gallons

50. Vineyard Ridge did not request changes to its tap fee, reconnecting fee for non-payment, late charge or returned check charge and Vineyard Ridge and the aligned intervenors did not agree to any changes to these fees or charges.
51. Vineyard Ridge and the aligned intervenors agreed that the rates shown on the revised tariff filed on April 13, 2023 will be effective for usage on and after the first day of the billing cycle following the Commission's issuance of an order approving the application, as amended.
52. The agreed rates are just and reasonable.

**Tariff**

53. On April 13, 2023, Vineyard Ridge filed its proposed tariff as an attachment to its second amended joint motion to admit evidence.
54. The proposed tariff reflects the changes to Vineyard Ridge's current rate tariff and incorporates the changes contained in the agreement between Vineyard Ridge and the aligned intervenors.

**Affiliate Expenses**

55. In the agreement, Vineyard Ridge and the aligned intervenors agreed that payments from Vineyard Ridge to Spicewood Utility Services were reasonable and necessary.

**Rate Base**

56. Vineyard Ridge and the aligned intervenors agreed that Vineyard Ridge's net rate base, as of September 1, 2021, is \$37,741.
57. The agreed net rate base is appropriate.

**Rate-Case Expenses**

58. In the agreement, Vineyard Ridge and the aligned intervenors agreed that Vineyard Ridge could recover \$7,500.00 in rate-case expenses through a surcharge in the amount of \$7.00 per connection per month.
59. On February 14, 2023, Vineyard Ridge filed the testimony of its rate case consultant, Bret W. Fenner, P.E., and supporting documents, and the testimony of Les Romo, attorney for Vineyard Ridge, and supporting documents.
60. Rate-case expenses in the amount of \$7,500 are reasonable and necessary.

**Effective Date**

61. In Order No. 2 filed on December 29, 2021, the ALJ suspended the effective date because the application was not complete.
62. In Order No. 8 filed on May 25, 2022, the ALJ continued the suspension the effective date under TWC § 13.1871(g).

63. Vineyard Ridge and the aligned intervenors are in agreement according to the provisions of the agreement that the effective date of the new rates will be within 30 days after the Commission approves the agreed rates.

## II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC § 13.041, 13.181, 13.1871, and 13.1872(c)(2).
2. Vineyard Ridge is a utility, public utility, and water utility as defined in TWC § 13.002(23) and 16 Texas Administrative Code (TAC) § 24.3(38).
3. Vineyard Ridge is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31).
4. Vineyard Ridge is a class D utility as defined in TWC § 13.002(4-d) and 16 TAC § 24.3(8).
5. The Commission processed the application as required by the TWC, the Administrative Procedure Act,<sup>1</sup> and Commission rules.
6. Vineyard Ridge provided notice of the application in compliance with TWC § 13.1871 and 16 TAC § 24.27(d)(1).
7. Vineyard Ridge met its burden of proof under TWC § 13.184(c) and 16 TAC § 24.12 to show that the rates approved by this Order are just and reasonable.
8. The rates approved in this Order are just and reasonable in accordance with TWC § 13.182(a).
9. In accordance with TWC § 13.182(b), the rates approved by this Order are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each class of customers.
10. As required by TWC § 13.183(a), the rates approved by this Order will preserve the financial integrity of Vineyard Ridge and will permit Vineyard Ridge a reasonable

---

<sup>1</sup> Tex. Gov't Code §§ 2001.001–.903.

- opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses.
11. As required by TWC § 13.185(h), the rates approved by this Order do not include legislative advocacy expenses, the costs of processing a refund or credit, or any expenditure that is unreasonable, unnecessary, or not in the public interest.
  12. In accordance with TWC § 13.185 and 16 TAC § 24.41(c)(2)(B), the rates approved by this Order are based on original cost, less accumulated depreciation, of property used and useful in Vineyard Ridge's provision of service.
  13. The rates approved by this Order comply with 16 TAC § 24.43(b)(1) regarding conservation.
  14. Under TWC § 13.1871(i), the Commission will set a hearing if it receives a complaint from any affected municipality or complaints from the lesser of 1,000 or 10 percent of the affected ratepayers of the utility over whose rates the Commission has original jurisdiction, during the first 90 days after the effective date of the proposed rate change.
  15. Under TWC § 13.1871(l), the hearing may be informal.
  16. Under 16 TAC § 24.35(c)(4), an order establishing a date for a prehearing conference is deemed to be the beginning of the required hearing.
  17. A prehearing conference and informal hearing were held in compliance with TWC § 13.1871(i) and (l) and 16 TAC § 24.35(c)(2), (3), and (4).
  18. Vineyard Ridge provided notice of the prehearing conference and informal hearing in compliance with TWC § 13.1871(m) and (n) and 16 TAC § 24.27(d)(2).

### **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 agreed rates as reflected in the proposed tariff filed by Vineyard Ridge on April 13, 2023, effective the first day of the billing cycle following the date of this Order.
2. The Commission approves the proposed tariff filed by Vineyard Ridge on April 13, 2023.

3. Vineyard Ridge must not file for an increase in base rates with an effective date that is sooner than 12 months after the date that this Order is signed.
4. Vineyard Ridge must maintain the original third-party invoices for any assets placed into service and for any materials used to perform repairs that are capitalized.
5. In its next filing for a rate increase under TWC § 13.1872(c)(2) and § 13.1871, Vineyard Ridge must use \$37,741 as its rate base as of September 1, 2021.
6. The Commission authorizes Vineyard Ridge to collect rate-case expenses in the amount of \$7,500 through a surcharge of \$7.00 per connection per month until it collects the total sum of \$7,500 or for 15 months after the date that this Order is signed. Vineyard Ridge may recover no more than \$7,500 through the surcharge.
7. Vineyard Ridge must not seek to recover any additional rate-case expenses incurred in connection with this docket in a future proceeding.
8. The surcharge for rate-case expenses must be implemented in Docket No. 54896, *Compliance Filing for Docket No. 52877 (Application of Vineyard Ridge Water Supply, LLC for Authority to Change Rates)*.
9. Within 90 days of the date this Order is signed, Vineyard Ridge must refund to customers the difference in revenues collected via the new rates as compared to the revenues that would have been collected under the old rates for the period from September 1, 2023 to the effective date of the rates approved by this Order. Vineyard Ridge must verify to the Commission that such refunds have been provided in compliance Docket No. 54896.
10. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and shall not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
11. Within ten days after the date of this this Order is filed, Vineyard Ridge must provide the Commission with a clean copy of the tariff to be stamped *Approved* and retained by Central Records.
12. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 14<sup>th</sup> day of December 2023.

**PUBLIC UTILITY COMMISSION OF TEXAS**

  
KATHLEEN JACKSON, INTERIM CHAIR

  
WILL MCADAMS, COMMISSIONER

  
LORI COBOS, COMMISSIONER

  
JIMMY GLOTFELTY, COMMISSIONER