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DOCKET NO. 55942

RATEPAYERS APPEAL OF THE	§	PUBLIC UTILITY COMMISSION
WATER AND WASTEWATER RATES	§	
ESTABLISHED BY THE CITY OF	§	OF TEXAS
ROCKPORT	§	

COMMISSION STAFF'S RECOMMENDATION ON SUFFICIENCY OF THE CITY OF ROCKPORT'S REFUNDS

On December 4, 2023, certain ratepayers (Petitioners) outside of the City of Rockport (the City) filed a petition appealing the City's water and wastewater rates under Texas Water Code § 13.043(b)(3) and 16 Texas Administrative Code § 24.101(c)(3).

On August 5, 2024, the administrative law judge filed Order No. 10, lifting the abatement and directing the Staff (Staff) of the Public Utility Commission of Texas (Commission) to provide a recommendation on the sufficiency of the City's refunds and propose additional schedule, if needed, by August 15, 2024. Therefore, this pleading is timely filed.

I. RECOMMENDATION ON SUFFICIENCY OF THE CITY'S REFUNDS

Staff has reviewed the City's additional proof of refunds, filed on July 26, 2024, and, as detailed in the attached memorandum from Kathryn Eiland of the Rate Regulation Division, recommends that there is not enough information for Staff to make a recommendation on the sufficiency of the refunds. Staff recommends that the City be ordered to provide the information requested in Ms. Eiland's memorandum. Staff respectfully recommends that the City be ordered to file the supplemental information by September 16, 2024 and that Staff and the Petitioners be given a deadline of October 16, 2024 to provide a supplemental recommendation on the sufficiency of the refunds. This recommendation does not address the merits of the petition.

II. CONCLUSION

For the reasons detailed above, Staff recommends that the City be ordered to file the supplemental information by September 16, 2024 and that Staff and the Petitioners be given a deadline of October 16, 2024 to provide a supplemental recommendation on the sufficiency of the refunds. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: August 15, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Rowan Pruitt
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CERTIFICATE OF SERVICE

I certify that unless otherwise ordered by the presiding officer, notice of the filing of this document will be provided to all parties of record via electronic mail on August 15, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Rowan Pruitt
Rowan Pruitt

Public Utility Commission of Texas

Memorandum

TO: Rowan Pruitt, Attorney
Legal Division

FROM: Kathryn Eiland, Regulatory Accountant
Rate Regulation Division

DATE: August 15, 2024

SUBJECT: Docket No. 55942 – *Petition by Ratepayers Appealing the Water and Wastewater Rates Established by the City of Rockport*

On December 4, 2023, certain ratepayers (Petitioners) of the City of Rockport (the City) filed a petition under Texas Water Code (TWC) § 13.043(b) to appeal water and wastewater rates approved by the City. These rates took effect on September 15, 2023.

The City filed a response to Order No. 1 on December 29, 2023, stating that the adopted water and wastewater rates were repealed as of December 13, 2023 due to a printing error in the vendor's notice.¹ The City engaged its billing partner to locate, calculate, and credit the appropriate refunds to ensure that the affected ratepayers received the refunds they were due.² The vendor completed its investigation and refunded the affected ratepayers.³ The City refunded the affected ratepayers \$103,873.85 for water service and \$23,576.54 for wastewater service.⁴

On February 21, 2024, the administrative law judge (ALJ) filed Order No. 4, requiring the City to file documentation demonstrating the amount that was over collected and proof of issuance of refunds. In response to Order No. 4, the City only restated the amount that it over collected and a declaration that it provided the total refunds to affected ratepayers.⁵ In my April 15, 2024 recommendation on sufficiency of the City's response to Order No. 4, I recommended that the City provide the number of affected customers and the calculation for the refund per customer in native format to confirm that all monies over collected were fully refunded.⁶

¹ Response to Order No. 1 and Motion to Dismiss at 4 (Dec. 29, 2023).

² City's Response to Order No. 3 and Renewed Motion to Dismiss at 2 (Feb. 15, 2024).

³ *Id.*

⁴ *Id.*

⁵ Response of Rockport Pursuant to Order No. 4 (Mar. 5, 2024).

⁶ Commission Staff's Recommendation on Sufficiency of the City of Rockport's Refunds at attached memorandum (Apr. 15, 2024).

On July 26, 2024, the City provided a spreadsheet (Exhibit A) that showed the original and rebilled amounts for customer bills issued in October, November, and December 2023.⁷ The spreadsheet also included a column which showed three credit amounts issued because of three rebilled invoices.⁸ Additionally, as noted by the Petitioners,⁹ the totaled amount of Column K for the Account Credit Calculations is \$135,892.84, which exceeds the City's previously declared total refund of \$103,873.85 for water service and \$23,576.54 for wastewater service.¹⁰ Further, the totaled amount of Column K does not separate the credit calculations by water and wastewater service. Based on my review of the City's filed information, I am unable to determine whether it properly calculated the refunds. The City's water and wastewater rate structure for customers outside the city limits includes the following meter sizes:

Water	Wastewater
3/4"	3/4"
1"	1" or larger
1-1/2"	
2"	
3"	
4" and larger	

In order to opine on the accuracy of the underlying calculations that the City used to determine the ratepayer refund amounts, I recommend that the ALJ require the City to provide additional detailed supporting refund calculations for each meter size that correspond with customers who appear in the tab "OCL and FCL adjustments." Using Exhibit A of its July 26, 2024 filing, I propose the City submit the additional calculations by the following:

- a. fixed charge;
- b. number of gallons used;
- c. gallonage charge;

Additionally, I recommend that the City reconcile the totaled amount of Column K with the \$103,873.85 refund for water service and \$23,576.54 refund for wastewater service. Further, I recommend that the City separate Column K of Exhibit A by water and wastewater service.

⁷ City of Rockport Submission of Proof of Refunds and Re-urged Motion to Dismiss at Exhibit A, Tab "OCL and FCL Adjustments" (Jul. 26, 2024).

⁸ *Id.*

⁹ Response to City of Rockport Submission of Proof of Refunds and Analysis of Exhibit A Spreadsheet (Aug. 5, 2024).

¹⁰ City of Rockport Submission of Proof of Refunds and Re-urged Motion to Dismiss at Exhibit A, Tab "OCL and FCL Adjustments; *contrast with* City's Response to Order No. 3 and Renewed Motion to Dismiss at 2.