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PUC DOCKET NO. 55942

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

RESPONSE TO "RESPONSE OF CITY OF ROCKPORT PURSUANT TO CORRECTED ORDER NO. 13"

1. We have finally received a dataset from the City of Rockport that provides the meter size and consumption data to allow us to assess whether refunds were properly calculated. Not surprisingly given the history of prior filings, the dataset has numerous errors. Despite these issues, the data shows the City correctly calculated refunds for not less than 98% of the out-of-city ratepayers.

2. Issues noted with the dataset include:

A. The dataset was not provided in "native format" as required by Corrected Order #13, and was instead provided as a text version (Exhibit B) of the PDF file (Exhibit A). This required substantial effort on our part to parse the data into a format allowing analysis. Our resulting Excel version of the City's dataset is uploaded as Exhibit A (confidential) to this filing.

B. If the City had taken the above step to conduct quality assurance of the vendor's submittal prior to this filing, they would have quickly noted something amiss with the dataset. The City states "on page 573-574 of Exhibit A, a summary table of water and sewer accounts by meter size is provided." If the City had summed the amounts shown for the 1" meter size, they would have found the amounts don't sum up to the TOTAL shown. This quick check might have allowed the vendor to identify why there are inconsistencies as discussed below.

C. Inconsistencies that may have resulted in individual ratepayers not receiving the correct refund:

- 1) Ratepayers billed & refunded @ 1" meter size for a listed 3/4" meter (24 rows impacted)
- 2) Ratepayers billed & refunded @ 3" meter size for a listed 2" meter (3 rows impacted)
- 3) No refund made on a usage charge that is inconsistent with published rates (34 rows impacted)
- 4) No refund made on an original charge that is inconsistent with published base rates (46 rows impacted)

D. Inconsistencies that may have resulted in excessive refunds to individual ratepayers:

- 1) Ratepayers billed & refunded @ "Residential Not On City Water" rate instead of the more costly 4" meter rate (12 rows impacted)
- 2) Ratepayers billed & refunded @ 3/4" meter size for a listed 1" meter (39 rows impacted)
- 3) Ratepayers billed at the lower in-city rate with no refund made (9 rows impacted)

4) Incorrect base rate of \$67.32 vs. \$67.62 resulting in an additional \$0.30 refund to ratepayers with a 1-1/2" meter (48 rows impacted)

5) Incorrect usage rate of \$0.816 vs \$8.16 per thousand gallons resulting in excessive refunds to high-volume users (87 rows impacted) [hopefully this expensive error didn't "stick" in the system beyond the refund period]

E. 170 rows show some ratepayers were refunded 100% of the billed amount. This did not happen per data from City filings #38 and 39. The actual refund amount would be a fraction of the \$5,526.93 shown in the City's latest filing. It is important to note a similar error was made in City filings #29 and 30, were corrected in filings #38 and 39, and reintroduced here.

F. Sewer usage over 15,000-gallons was not billed (43 rows impacted). This appears to be either an error with the language in the prior rate ordinance or a significant billing error with the end result being all ratepayers having to subsidize high-volume users to the tune of \$6,337.95 for the 3-month billing period.

G. The dataset did not include an index (legend) to link the Rate Table with the "ADJ RATE" to ensure this rate was correctly calculated. Issues 2.C.3-4 and 2.D.3-5 are related.

3. We take exception to two comments made by the City in their filing.

A. "It was not until Corrected Order No. 13 was issued that Tyler Tech did further investigation into its system to provide the special report that is attached hereto. The City wants to stress that the report provided herein is not something it could generate on its own." The City can delegate the task of billing to a vendor; however, it cannot delegate its responsibility for overseeing and managing the utility system, or its accountability with respect to this docket. The City could have used the Tyler Tech refund data previously provided and combined it with its own data for usage (the City reads its own meters) and meter sizes (info is on file) in a database to generate the reports requested by the PUC. We offered multiple times to meet with the City to discuss this and were never engaged.

B. "The combined total refunded to customers was \$131,803.34 for water and sewer accounts... The reason for the discrepancy is... some gas adjustments that were made during the examination period..." The reason this latest dataset incorrectly shows \$131,803.34 is almost exclusively due to the error explained in 2.E above, which greatly inflates the refund amount and **has absolutely nothing to do with gas adjustments**. The table in 4e of our filing #40 clearly shows only water and sewer refunds were included in the \$127,450.39 refund amount previously claimed by the City. As clearly shown in that filing, **the best estimate of refunds was \$126,536.14** when In-City Limit refunds were correctly removed from the calculation. This revised amount is also very close to what this dataset supports when subtracting the grossly overstated refund amount of \$5,526.93 shown in 2.E above (\$131,803.34 - \$5,526.93 = \$126,276.41). If the City wants to publish a number different than \$126,536.14, they need to correct the errors identified in 2.E.

SUMMARY

1. The petitioners agree the City has substantially provided the needed refunds to out-of-city ratepayers and concurs with closing this docket if the City:

A. addresses the issues in 2.C above to ensure those ratepayers are not due refunds, and

B. either agrees to use \$126,536.14 as the amount refunded in all official correspondence going forward or corrects the errors noted in 2.E to allow the correct refund amount to be calculated.

2. The issues above not related to refunds have been provided to help inform the City on issues it needs to address across its suite of utility management systems. The City clearly needs to provide better management and oversight of its staff and the billing vendor (this issue should not have taken a year to get to today's results), and implement better metrics and quality assurance reports to avoid these type of errors that are costing the utility thousands of dollars per month.

February 20, 2025

Respectfully submitted,

/s/ Patrick R. Kane
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