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PUC DOCKET NO. 56028

APPLICATION OF CAMINO REAL	§	PUBLIC UTILITY COMMISSION
UTILITY COMPANY, LLC FOR A	§	
CERTIFICATE OF CONVENIENCE	§	OF TEXAS
AND NECESSITY IN CALDWELL	§	
AND TRAVIS COUNTIES	§	

**CAMINO REAL UTILITY COMPANY LLC'S MOTION FOR
ADOPTION OF PROPOSED TARIFF**

COMES NOW Camino Real Utility Company LLC (CRU or Applicant) and hereby submits this Consent of Maps and Certificate and Motion for Revised Tariff. In support thereof, CRU would show the following.

I. BACKGROUND

On March 28, 2025, the Administrative Law Judge (ALJ) filed Order No. 23, establishing a deadline of April 1, 2025, for CRU to file signed forms consenting to the maps, certificates, and tariff provided to CRU by Commission Staff. Therefore, this pleading is timely filed.

II. MOTION FOR ADOPTION OF PROPOSED TARIFF

As an initial matter, in a typical utility scenario there are a sufficient number of customers to allow the utility to earn its revenue requirement while charging an affordable rate. However, for utilities like CRU that are constructing greenfield water systems in new residential developments, there is a period of time where the number of customers connected to the system is not sufficient for the utility to earn its revenue requirement through rates. As a result, CRU sometimes enters into bilateral contracts with developers in which the developers agree to voluntarily pay a charge per living unit equivalent that the utility would then recognize as revenue if and when needed. The utility maintains a dedicated account and would draw off that account as needed to balance the cost to operate the system with the revenues received from connected customers until such time that the revenue requirement for those facilities is fully paid for by connected customers. To be clear, these charges are not used to construct system assets. CRU constructs system assets from debt and equity provided by its parent company.

As a result of this practice, early customers connecting to a greenfield water system receive significant benefit as it results in reasonable monthly bills, continuous and adequate service from a fully constructed water system, and potentially reduced monthly bills in the future as once the developments' full connection count is realized any residual GSC funding would be refunded to the customers. Further, the ratepayers are protected from a scenario where the development of a subdivision is delayed or otherwise remains incomplete for an extended period of time. In that scenario, the utility would normally need to adjust its rates to account for the reduced connection count whereas if the developer has contributed GSCs, that need is eliminated and the ratepayers reduced rates are preserved. Finally, this type of charge is recognized by the National Association of Regulatory Utility Commissioners (NARUC) Chart of Accounts (COA). Account 530 titled "Guaranteed Revenues" states the following:

Guaranteed Revenues. This account shall be credited with revenue received from developers or other persons for a period of time prior to water or wastewater service being established. Normally, this type of revenue is usually received to reserve or guarantee the availability of plant capacity when needed.

For clarity, the guaranteed revenue is not guaranteed revenue for the utility. It's a charge to developers to guarantee service for future customers of the planned development. Therefore, in our context, CRU's GSCs are agreed to as terms in CRU's bilateral contracts with developers prior to construction of assets to serve the development and are equivalent to the "Guaranteed Revenues" as described in the NARUC COA. Ultimately, GSCs reduce the overall revenue requirement of the utility and reflect only the active connections thereby representing a proxy for capacity that is used and useful.

To account for the use of GSCs, CRU provided a proposed tariff in its Application which included language, already approved by the City of Mustang Ridge for its in-city customers, that reflects CRU's potential use of GSCs to lower its revenue requirement. This is also not the first time the Commission has been presented with this concept, in fact the Commission has already been presented and considered the use of similar revenue in the most recent rate case filed by Forest Glen Utility Company, LLC, a subsidiary of CRU.¹ The GSC revenue collected was

¹ *Application of Forest Glen Utility Company, Inc. for Authority to Change Rates*, PUC Docket No. 52075, Application at 12 (May 3, 2021) ("FGU charges the Builder's \$2,950 per lot at closing as a connection fee. This is declared as income, not CIAC. . . . These funds are used to pay for the costs of operating the WWT system that are not covered by rates until the number of customers and the rates have been established for normal operations as well as necessary plant expansion and repairs.").

included in “other revenue” and the Commission did not adjust that treatment in its final order approving the application.² Further, representatives of BVRT Utility Holding Company, LLC, the parent company of CRU, previously conducted informational briefings with the current commissioners as well as representatives from the Commission’s Rates and Legal divisions and the Office of Public Utility Counsel in an effort to ensure there is no confusion on GSC revenue and how it is used. CRU believes the proposed tariff language is necessary to ensure clarity regarding how GSC revenue is being collected and recognized for accounting and ratemaking purposes. Therefore, CRU moves for adoption of the Proposed Tariff attached to this motion as Exhibit A.

In the alternative, should the ALJ consider it more appropriate, CRU would be willing to include language similar to the proposed tariff language as findings of fact in the proposed order to be submitted to the ALJ for inclusion in a notice of approval for this proceeding. While CRU still believes it is important to include this language when establishing the new tariff associated with this CCN, at the time the CCN is approved, similarly worded findings of fact included in the proposed order effectively accomplishes the same goal of providing clarity as to how GSC revenue is recognized by CRU.

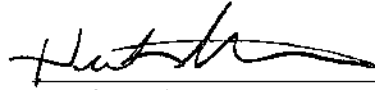
III. CONCLUSION

For the reasons stated above, CRU respectfully requests that an order be issued adopting the proposed tariff attached to this motion as Exhibit A or, in the alternative, directing the parties to include similar findings of fact in a proposed order to be submitted to the ALJ for inclusion in a notice of approval for this proceeding.

² *Application of Forest Glen Utility Company, Inc. for Authority to Change Rates*, PUC Docket No. 52075, Order (Feb. 15, 2024).

Respectfully submitted,

JACKSON WALKER LLP

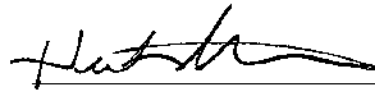


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**ATTORNEY FOR CAMINO REAL
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CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record on this date, via the Commission's Interchange in accordance with the Commission's Second Order in Docket No. 50664 suspending the PUC Procedural Rule 22.74.



Heath D. Armstrong

Confidential

EXHIBIT A

(To be filed in a separate confidential filing)