

BRYAN MAXEY DBA
CHANNEL OAKS WATER SYSTEM
NOTICE TO CUSTOMERS OF RATES
EFFECTIVE MAY 1, 2013

The Texas Commission on Environmental Quality did not receive protests from 10% of the customers during the statutory comment period for the recently noticed rate increase. This rate increase was effective as proposed without hearing according to Section 13.187 of the Texas Water Code.

The following Water rates were effective on May 1, 2013:

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	\$63.19 (Includes <u>0</u> gallons)	\$3.20 per 1000 gallons
1"	\$157.98	
1-1/2"	\$315.95	
2"	\$505.52	
3"	\$947.85	
4"	\$1579.75	

FORM OF PAYMENT: The utility will accept the following forms of payment:
Cash X, Check X, Money Order X, Credit Card , Other (specify)
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT..... 1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$450.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter) Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE.....\$25.00

THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00)\$25.00
- b) Customer's request that service be disconnected\$50.00

TRANSFER FEE.....\$35.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)..... 10%

TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE.....\$30.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....\$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

RECEIVED

2023 JUN 15 PM 2:12
PUBLIC UTILITY COMMISSION
FILING CLERK

PETITION FOR AN ORDER §
APPOINTING A TEMPORARY §
MANAGER FOR CHANNEL OAKS §
WATER SYSTEM, LLC §

PUBLIC UTILITY COMMISSION
OF TEXAS

ORDER APPOINTING A TEMPORARY MANAGER

This Order addresses Commission Staff’s petition for an order appointing CSWR-Texas Utility Operating Company, LLC as temporary manager for Channel Oaks Water System, LLC. The Commission appoints CSWR-Texas as temporary manager for Channel Oaks to the extent provided in this Order. CSWR-Texas’s appointment as temporary manager will begin on the date this Order is signed and will continue until the Commission orders otherwise or until an appropriate court appoints a receiver.

I. Findings of Fact

The Commission makes the following findings of fact.

Utility

1. Channel Oaks Water System, LLC is a limited liability company registered with the Texas secretary of state under filing number 0802645951.
2. Channel Oaks owns or operates for compensation facilities for the distribution, sale, or provision of potable water to the public in Burnet County.
3. Channel Oaks operates, maintains, or controls a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under the name Channel Oaks Water System, identification number 0270037.
4. Channel Oaks currently serves approximately 45 connections.

Violation of a Final Order of the Commission

5. On February 23, 2023 in Docket No. 54678, because discontinuance of water service was imminent, the Commission’s executive director filed an emergency order to compel Channel Oaks to provide continuous and adequate service. The emergency order required

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Channel Oaks to identify an individual who has the authority and responsibility to manage the utility and to file an affidavit attesting to this information.¹

6. In an order affirming and modifying the emergency order, the Commission required Channel Oaks to identify no later than May 12, 2023 the individual who has authority and responsibility to manage the utility.²
7. Channel Oaks failed to identify the individual with authority and responsibility to manage the utility and, consequently, violated the Commission's final order in Docket No. 54678.
8. At the May 25, 2023 open meeting, the Commission requested the attorney general initiate proceedings to appoint a receiver for Channel Oaks.

Petition for Temporary Manager

9. On June 2, 2023, Commission Staff filed a petition for an order appointing CSWR-Texas as temporary manager for Channel Oaks beginning on the date the order is signed and ending when the Commission orders otherwise or an appropriate court takes action on the appointment of a receiver, whichever occurs earlier.
10. Commission Staff recommended that the Commission appoint a temporary manager for Channel Oaks under Texas Water Code (TWC) § 13.4132 and 16 Texas Administrative Code (TAC) §§ 24.355 because Channel Oaks is being referred to the attorney general for the appointment of receiver under TWC § 13.412 for violating a final order of the Commission.
11. CSWR-Texas currently provides water service to more than 6,100 connections across multiple, geographically separate areas throughout Texas under water certificate of convenience and necessity number 13290.
12. CSWR-Texas employs or contracts with TCEQ-licensed water operators.
13. CSWR-Texas is willing to serve as temporary manager for Channel Oaks.

¹ *Request for an Emergency Order to Compel Channel Oaks Water System LLC to Provide Continuous and Adequate Water Service*, Docket No. 54678, Emergency Order Compelling Channel Oaks to Provide Continuous and Adequate Water Service at Ordering Paragraph Nos. 4 and 6 (Feb. 23, 2023).

² Docket No. 54678, Order Affirming and Modifying Emergency Order at Ordering Paragraph No. 4 (May 2, 2023).

14. Commission Staff recommended that CSWR-Texas be compensated \$15 per water connection per month as compensation for its work as temporary manager for Channel Oaks.
15. Commission Staff also requested a waiver of the requirement in 16 TAC § 24.357(c) regarding the temporary manager's duty to post financial assurance with the Commission.

Notice

16. On June 2, 2023, Commission Staff sent a copy of the petition via certified mail, return receipt requested, to the last known addresses of Channel Oaks' headquarters. A copy of the petition was also sent by regular mail to the last known address of CSWR-Texas in Commission records and to CSWR-Texas's counsel.
17. In Corrected Order No. 1 filed on June 2, 2023, the Commission administrative law judge (ALJ) set a hearing on the merits at the Commission's open meeting scheduled for June 15, 2023, to address Commission Staff's petition to appoint CSWR-Texas as temporary manager for Channel Oaks.
18. On June 2, 2023, Commission Staff filed and served upon Channel Oaks the required notice of hearing.
19. On June 5, 2023, Commission Staff filed the affidavit of Rose Ramirez, legal assistant in the Commission's division of compliance and enforcement, attesting to the provision of notice of the petition and notice of the hearing.

Evidentiary Record

20. At the prehearing conference held on June 14, 2023, the Commission ALJ admitted into evidence the following Commission Staff exhibits:
 - a) Exhibit number 1, the TCEQ drinking water system summary sheet for Channel Oaks;
 - b) Exhibit number 2, a May 20, 2023 email from Mary Maxey to Carolyn Maxey and Nima Momtahan;
 - c) Exhibit number 3, a May 18, 2023 email from Pauline Jones to Barksdale English;
 - d) Exhibit number 4, an affidavit of Todd Thomas;

- e) Exhibit number 5, the Commission utility detail summary for CSWR-Texas;
 - f) Exhibit number 6, the TCEQ-approved water utility tariff for Channel Oaks;
 - g) Exhibit number 7, Commission records for Channel Oaks;
 - h) Exhibit number 8, TCEQ central registry—regulated entity information for Channel Oaks;
 - i) Exhibit number 9, Texas secretary of state records for Channel Oaks;
 - j) Exhibit number 10, Commission records for CSWR-Texas;
 - k) Exhibit number 11, Commission Staff's petition to appoint CSWR-Texas as temporary manager of Channel Oaks;
 - l) Exhibit number 12, notice of hearing on the petition to appoint CSWR-Texas as temporary manager; and
 - m) Exhibit number 13, an affidavit of Rose Ramirez.
21. At the prehearing conference held on June 14, 2023, the Commission ALJ admitted into evidence interchange items 7, 8, and 9 filed on June 6, 2023 as Channel Oaks exhibits 1, 2, and 3.

Hearing

22. On June 15, 2023, the Commission held a hearing to address Commission Staff's petition to appoint CSWR-Texas as temporary manager for Channel Oaks.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this matter under TWC § 13.4132.
2. Channel Oaks is a water utility as defined under TWC § 13.002(23) and 16 TAC § 24.3(38).
3. Commission Staff filed a petition to appoint a temporary manager for Channel Oaks in accordance with 16 TAC § 24.355.

4. Commission Staff provided notice of the petition by certified mail to the last known address of Channel Oaks in accordance with 16 TAC § 22.74.
5. Because Channel Oaks has been referred to the attorney general for the appointment of a receiver under TWC § 13.412 for having violated a final order of the Commission, the Commission may appoint a willing person to temporarily manage and operate Channel Oaks under TWC § 13.4132(a)(2) and 16 TAC § 24.355(a)(2)(B).
6. The Commission provided Channel Oaks with notice and an opportunity to be heard by the Commissioners at an open meeting of the Commission in accordance with TWC § 13.4132(a) and 16 TAC §§ 22.54(a) and 24.355(a).
7. As temporary manager, CSWR-Texas has all the powers and duties necessary to ensure the continued operation of the utility and the provision of continuous and adequate service to customers, including but not limited to reading meters, billing for utility service, collecting revenues, disbursing funds, requesting rate increases if needed, accessing all system components, conducting required sampling, making necessary repairs, and performing other acts necessary to assure continuous and adequate utility service as authorized by the Commission under TWC § 13.4132(c) and 16 TAC § 24.357(b).
8. Under 16 TAC § 24.357(d), CSWR-Texas may be appointed to serve as temporary manager for a term in excess of 180 days if an extended term is specified by the Commission.
9. Within 60 days after appointment, CSWR-Texas is required to provide the Commission with an inventory of all property received as temporary manager under 16 TAC § 24.257(e).
10. CSWR-Texas is required to report to the Commission on a monthly basis the following items: an income statement for the reporting period; a summary of utility activities, such as improvements or major repairs made, number of connections added, and the amount of water produced or treated; and any other information required by the Commission under 16 TAC § 24.357(h).

11. CSWR-Texas's compensation as temporary manager must come from Channel Oaks' revenues and will be set by the Commission at the time of appointment under 16 TAC § 24.357(f).
12. The requirement for CSWR-Texas to post financial assurance with the Commission may be waived under 16 TAC § 24.357(c).
13. The Commission processed this docket in accordance with applicable statutes and Commission rules.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission appoints CSWR-Texas as temporary manager for Channel Oaks. The term of the appointment will begin the date this order is signed and will continue until the Commission orders otherwise or until an appropriate court appoints a receiver, whichever occurs earlier.
2. If CSWR-Texas wishes to terminate its temporary manager appointment for Channel Oaks before being discharged by the Commission or before an appropriate court appoints a receiver, it must file a request at least 60 days before the date it requests the appointment to end.
3. CSWR-Texas must exercise all the powers and duties necessary to ensure the continued operations of Channel Oaks and the provision of continuous and adequate service as required by TWC § 13.4132(c) and 16 TAC § 24.357(b).
4. CSWR-Texas must return to the Commission an inventory of all property received within 60 days of appointment in accordance with 16 TAC § 24.357(e). This inventory must be filed in Docket No. 55112, *Compliance Filing for Docket No. 55098 (Petition for an Order Appointing a Temporary Manager for Channel Oaks Water System, LLC)*.
5. CSWR-Texas must report to the Commission on a monthly basis. Under 16 TAC § 24.357(h), by the last day of each month the following documentation for the previous month must be filed: an income statement for the reporting period; a summary of utility

activities, such as improvements or major repairs made, number of connections added, and amount of water produced or treated; and any other information required by the Commission. The filings must be made in Docket No. 55112 , *Compliance Filing for Docket No. 55098 (Petition for an Order Appointing a Temporary Manager for Channel Oaks Water System, LLC)*.

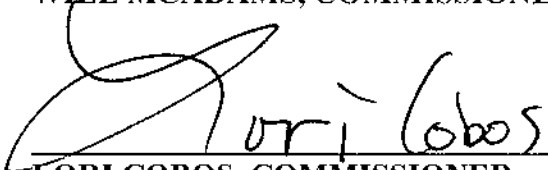
6. CSWR-Texas must employ a TCEQ-licensed operator for the duration of this temporary managership.
7. CSWR-Texas must comply with all applicable requirements of the TWC, as well as Commission and TCEQ rules.
8. The Commission waives the requirement under 16 TAC § 24.357(c) for CSWR-Texas to post financial assurance.
9. The Commission sets the compensation for CSWR-Texas as a temporary manager for Channel Oaks at \$15.00 per connection per month. The temporary manager's compensation must come from Channel Oaks' revenues.
10. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 15th day of June 2023.

PUBLIC UTILITY COMMISSION OF TEXAS


KATHLEEN JACKSON, INTERIM CHAIR


WILL MCADAMS, COMMISSIONER


LORI COBOS, COMMISSIONER


JIMMY GLOTFELTY, COMMISSIONER