

Control Number: 42940



Item Number: 31

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**SOAH DOCKET NO. 473-15-1177.WS**  
**P.U.C. DOCKET NO. 42940**

FILED 2015 JUL 31 4:37 PM

**APPLICATION OF NORTH ORANGE §**  
**WATER & SEWER L.L.C DBA §**  
**COUNTRY SQUIRE WATER AND §**  
**SEWER FOR A RATE/TARIFF §**  
**CHANGE (37820-R AND 37821-R) §**

**BEFORE THE STATE OFFICE OF**  
**ADMINISTRATIVE HEARINGS**

**JOINT MOTION TO ADMIT EVIDENCE AND REMAND TO THE COMMISSION  
FOR REVIEW AND APPROVAL OF STIPULATION**

**COMES NOW** the Staff (Staff) of the Public Utility Commission of Texas (Commission) representing the public interest, and North Orange Water & Sewer L.L.C d/b/a Country Squire Water (North Orange) (collectively Signatories), files this Joint Motion to Admit Evidence and Remand to the Commission for Review and Approval of Stipulation, and would show the following:

**I. MOTION TO ADMIT EVIDENCE AND REMAND PROCEEDING**

On July 30, 2015, North Orange and Staff entered into the attached Stipulation that resolves the issues in this proceeding and recommends approval of the rates proposed by North Orange. The Signatories request that the following be admitted into evidence for the limited purpose of supporting this Stipulation and seeking Commission approval of the Stipulation:

1. The Stipulation;
2. The Memorandum of Mary Lupo, Debi Loockerman, and Heidi Graham, in support of the Stipulation, filed on behalf of Commission Staff on July 30, 2015;
3. The Memorandum by Bret Fenner in support of the Stipulation filed on July 30, 2015.

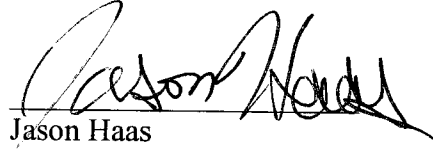
Signatories further request that this docket be remanded to the Commission to allow for review of the Stipulation and approval of the attached Proposed Final Order.

**Dated: July 30, 2015**

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director  
Legal Division

Karen S. Hubbard  
Managing Attorney  
Legal Division

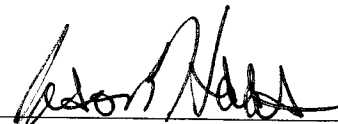


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**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on July 30, 2015 in accordance with 16 TAC § 22.74.



Jason Haas

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<b>APPLICATION OF NORTH ORANGE</b>	<b>§</b>	
<b>WATER &amp; SEWER L.L.C DBA</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE OF</b>
<b>COUNTRY SQUIRE WATER AND</b>	<b>§</b>	
<b>SEWER FOR A RATE/TARIFF</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>
<b>CHANGE (37820-R AND 37821-R)</b>	<b>§</b>	

**STIPULATION AND SETTLEMENT AGREEMENT**

This Stipulation and Settlement Agreement (Stipulation) is entered into by the parties in this case, who are the Staff (Staff) of the Public Utility Commission of Texas (Commission) and North Orange Water & Sewer L.L.C d/b/a Country Squire Water (North Orange) through their duly authorized representatives (collectively, Signatories).

**I. BACKGROUND**

On December 30, 2013, the Texas Commission on Environmental Quality (TCEQ) received an application from North Orange Water & Sewer L.L.C d/b/a Country Squire Water (North Orange) for a water and sewer rate/tariff change. By letter dated February 27, 2014 from TCEQ, the Application was deemed administratively complete and sufficient for filing. North Orange identified in its application that it sent notice of the rate change to its customers on or about December 30, 2013. On September 1, 2014, the Commission began the economic regulation of water and sewer utilities and this case formerly pending at the TCEQ was transferred to the Commission. On November 13, 2014, this proceeding was referred to the State Office of Administrative Hearings (SOAH). A prehearing conference was held on December 8, 2014. In SOAH Order No. 1, issued on December 16, 2014, the administrative law judge ruled that Staff and North Orange were the only parties in this proceeding.

The Signatories believe that a resolution of this docket is reasonable and in the public interest. The Signatories jointly request Commission approval of this Stipulation and entry of orders, findings of fact and conclusions of law consistent with the approval.

**II. STIPULATION AND AGREEMENT**

**1. Agreement as to Tariff/Rate Changes**

- a. **Retail Water Utility Rates.** The Signatories agree that North Orange should be allowed to implement the retail water utility rates as proposed in its application and set out in Section 1.0 of the tariff included as Attachment A to this Stipulation.
  - b. **Tariff Provisions.** The Signatories agree that North Orange should be allowed to implement the other tariff provisions included in Attachment A to this Stipulation. The Signatories agree that Attachment A to this Stipulation should be the governing water utility rates, terms, treatments, and conditions for North Orange.
2. **Proposed Order.** The Signatories jointly propose that the Commission issue a final order in the form attached as Attachment B. The Signatories submit the stipulated and agreed-upon Findings of Fact and Conclusions of Law included in the proposed order in Attachment B for the Commission's adoption of and inclusion in a final order in this case implementing the terms of this Stipulation.

### **III. IMPLEMENTATION OF AGREEMENT**

1. **Obligation to Support this Stipulation.** The Signatories will support this Stipulation before the Commission and will take reasonable steps to support expeditious entry of orders fully consistent with this Stipulation. This provision shall not preclude any party from taking action that is mandatory and nondiscretionary pursuant to a law enacted after the date this Stipulation is filed at the Commission.
2. **Effects of Stipulation**
- a. The Stipulation does not adopt any particular methodology underlying the settlement rates or rate design reflected in the Stipulation.
  - b. The failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest that issue in any other current or future proceeding. The failure to litigate an issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding.
  - c. The terms of this Stipulation may not be used either as an admission or concession of any sort or as evidence in any proceeding except to enforce the terms of this Stipulation. Oral or written statements made during the course of the

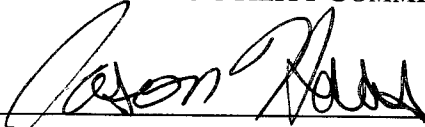
settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Stipulation. All oral or written statements made during the course of the settlement negotiations are governed by TEX. R. EVID. 408.

- d. The Signatories agree that this Stipulation is in the public interest. If the Commission does not accept this Stipulation as presented or enters an order inconsistent with any term of this Stipulation, any Signatory shall have the right to seek hearing on all issues, present evidence, and advance any positions it desires, as if it had not been a Signatory.
- e. This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth herein and for no other purposes. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in this proceeding or other proceedings. To the extent that there is a difference, a Signatory does not waive its position in any other proceedings. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other proceedings, whether those proceedings present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Stipulation.
- f. There are no third party beneficiaries of this Stipulation. Although this Stipulation represents a settlement among the Signatories with respect to the issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues.
- g. This Stipulation supersedes any prior written or oral agreement in this docket regarding the subject matter of this Stipulation.
- h. Except to the extent that the Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or precedential upon a Signatory outside this docket, and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.

3. **Execution.** The Signatories agree that this Stipulation may be executed in multiple counterparts and filed with facsimile or computer image signatures.

Executed as shown below:

**STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS**

By:   
Jason Haas  
Attorney for Staff of the Public Utility Commission of Texas

Date: 7/30/15

**NORTH ORANGE WATER & SEWER L.L.C D/B/A COUNTRY SQUIRE WATER**

By: \_\_\_\_\_  
Bret Fenner  
Authorized Representative for North Orange

Date: \_\_\_\_\_

3. **Execution.** The Signatories agree that this Stipulation may be executed in multiple counterparts and filed with facsimile or computer image signatures.

Executed as shown below:

**STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS**

**By:** \_\_\_\_\_

Jason Haas

Attorney for Staff of the Public Utility Commission of Texas

**Date:** \_\_\_\_\_

**NORTH ORANGE WATER & SEWER L.L.C D/B/A COUNTRY SQUIRE WATER**

**By:** \_\_\_\_\_

Bret Fenner

Authorized Representative for North Orange

**Date:** \_\_\_\_\_ 7/30/15



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<b>APPLICATION OF NORTH</b>	§	
<b>ORANGE WATER &amp; SEWER L.L.C</b>	§	<b>BEFORE THE STATE OFFICE OF</b>
<b>DBA COUNTRY SQUIRE WATER</b>	§	
<b>AND SEWER FOR A RATE/TARIFF</b>	§	<b>ADMINISTRATIVE HEARINGS</b>
<b>CHANGE (37820-R AND 37821-R)</b>	§	

**PROPOSED FINAL ORDER**

This Order addresses the application of North Orange Water & Sewer L.L.C d/b/a Country Squire Water (North Orange) for a water and sewer rate/tariff change. Public Utility Commission of Texas (Commission) Staff recommended approval of the application. The application is approved

The Commission adopts the following findings of fact and conclusions of law:

**I. Findings of Fact**

**Procedural History**

1. On December 30, 2013, North Orange filed an application with the Texas Commission on Environmental Quality (TCEQ) for a water and sewer rate/tariff change in Orange County.
2. North Orange holds Certificate of Convenience and Necessity (CCN) Nos. 11642 and 20564.
3. The application included an affidavit from Bobby Manshack, president of North Orange, certifying that notice of the proposed rate change was mailed to each customer and other affected persons on December 31, 2013.
4. On February 27, 2014, the TCEQ notified North Orange that the application was deemed administratively complete and sufficient for filing. TCEQ permitted the rates to go into effect on March 3, 2014.
5. Protest letters were received from 39 of North Orange's 250 customers.
6. On September 1, 2014, functions relating to the economic regulation of water and sewer utilities were transferred from TCEQ to the Commission.
7. On November 13, 2014, the Commission issued an order referring this proceeding to the State Office of Administrative Hearings.

8. A prehearing conference was held on December 8, 2014.
9. The only parties to this case are Staff and North Orange.
10. On July 30, 2015, the parties entered a stipulation resolving all issues in this proceeding.
11. On July 30, 2015, Commission Staff filed a memorandum in support of the Stipulation.
12. On July 30, 2015, North Orange filed a memorandum in support of the Stipulation.
13. On July 30, 2015, the parties filed a Joint Motion to Admit Evidence, and Remand Proceeding to the Commission.
14. On \_\_\_\_, Order No X was issued which admitted evidence and remanded this proceeding to the Commission.

**Proposed Rate Change**

15. North Orange requests a total annual revenue requirement of \$302,120.
16. The rates proposed by North Orange represent an annual revenue requirement increase of \$55,154.
17. The rates proposed by North Orange are as follows:

<b>Water</b>	
Meter	Base Rate (includes 0 gallons)
5/8"	\$34.04
1"	\$85.10
1½"	\$170.20
2"	\$272.32
3"	\$510.60
4"	\$851.00
6"	\$1,702.00
8"	\$2,723.20

<b>Water</b>	
Gallons Used	Volumetric Rate
All Usage	\$2.95 per 1,000 gallons

Sewer	
	Base Rate (includes 0 gallons)
5/8"	\$39.15
1"	\$97.88
1½"	\$195.75
2"	\$313.20
3"	\$587.25
4"	\$978.75
6"	\$1,957.50
8"	\$3,132.00

Sewer	
Gallons Used	Volumetric Rate
All Usage	\$2.95 per 1,000 gallons

### **Stipulation**

18. The Signatories agree that North Orange's proposed rates are appropriate.
19. North Orange's proposed rates, included in the tariff attached to this Order as Attachment 1, are just and reasonable.
20. North Orange's proposed changes in rates permit the utility a reasonable opportunity to earn a reasonable return on invested capital and to preserve the financial integrity of the utility.

## **II. Conclusions of Law**

1. North Orange is a public utility as defined in TEX. WATER CODE § 13.002(23) (TWC).
2. Prior to September, 1, 2014, the TCEQ had jurisdiction to consider North Orange's Application for a rate increase pursuant to TWC §§ 13.181 and 13.187.
3. The Commission has jurisdiction to consider North Orange's Application for a rate increase and to conduct both formal and informal ratemaking hearings pursuant to TWC §§ 13.041, 13.181, and 13.187 using procedures set forth in 30 TAC Chapter 291 before September 1, 2014, now set forth in 16 TAC Chapter 24.
4. Proper notice of the Application was given by North Orange as required by TWC § 13.187, 30 TAC §§ 291.22 and 291.28, and Tex. Gov't Code §§ 2001.051-.052.

5. This docket was processed in accordance with the requirements of the TEX. WATER CODE and Commission rules.
6. This docket contains no remaining contested issues of fact or law.
7. The Stipulation results in just and reasonable rates and terms and conditions. The Stipulation is consistent with Chapter 13 of the Texas Water Code and should be approved.
8. The rates agreed to in the Stipulation are not unreasonably discriminatory, preferential, or prejudicial.

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following Order:

1. North Orange's application for authority to changes its rates and tariff is approved.
2. The tariff implementing the rates is provided with this Notice as Attachment 1 is approved.
3. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are denied.