



Control Number: 43069



Item Number: 9

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DOCKET NO. 43069

**APPLICATION OF INCLINE
DEVELOPMENT LLC FOR A
RATE/TARIFF CHANGE**

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**PUBLIC UTILITY COMMISSION
OF
TEXAS**

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FILED CLERK

STAFF'S RESPONSE TO ORDER NO. 3 AND RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Response to Order No. 3 and Recommendation.

I. BACKGROUND

On August 28, 2014, Incline Development LLC (Incline) filed an Application for Water and Sewer Rate/Tariff Change (Application) for water Certificate of Convenience and Necessity (CCN) No. 12946 and sewer CCN No. 20879 in Harris County, Texas pursuant to TEX. WATER CODE ANN. § 13.187, Title 30, TEX. ADMIN. CODE (30 TAC) §§ 291.21 and 291.22, and 30 TAC §§ 291.8. and 291.26.¹ TEX. WATER CODE ANN. § 13.187 and 30 TAC § 291.22 provide that in order to change its rates, a utility must file an original completed application with the Commission and must give proper notice of the proposed rate change to all affected utility customers at least 60 days prior to the proposed effective date of the rate change.

On September 24, 2014, Commission Staff stated that the application was not administratively complete. Specifically, Incline's application (1) failed to complete the affidavit and provide proper notice to the appropriate parties affected by the rate change; (2) failed to provide the 12-month test year period regarding the costs to the utility of providing water and sewer service information; and (3) contains discrepancies in the rate of return for both the water and sewer long term debt and equity information. Accordingly, the Commission Administrative Law Judge (ALJ) issued Order No. 3 finding Incline's application incomplete. In addition, Order No. 3 found Incline's notice of rate change insufficient, because: Incline failed to complete the

¹ These citations refer to the statutes and rules in place at the time the Application was filed. On September 1, 2014, jurisdiction over the water utilities and rates program transferred from the Texas Commission on Environmental Quality (TCEQ) to the Commission. Incline's rate application was filed with TCEQ; accordingly, the Application filing and notice procedure were governed by the rules in effect at the time the Application was filed and notice was sent. The current versions of the statute and rule are located at TEX. WATER CODE ANN. § 13.1872 and 16 TAC §§ 24.8, 24.21, 24.22, and 24.26.

affidavit and did not provide dates of delivery of notice to customers; and the Notice of Proposed Rate Change inaccurately calculated certain dollar amounts regarding water and sewer billing comparisons. Inline was directed to cure the all deficiencies, and re-notify customers of a revised proposed effective date once the Commission has determined that all deficiencies have corrected. On October 29, 2014, Inline filed a supplement to its application to cure prior deficiencies.

II. COMMENTS ON CURING DEFICIENCIES OF APPLICATION AND RECOMMENDATION

Staff has reviewed Inline's supplement to its Application and based on the attached memorandum of George Gogonas, Utility Rates Analyst/Auditor in the Water Utilities Division, Staff has determined that Inline has corrected all deficiencies. Accordingly Staff recommends Inline be directed to provide proper notice to its customers. The Applicant should also properly calculate all dollar amounts regarding the water and sewer billing comparisons on the Notice of Propose Rate Change. Pursuant to 16 TAC §24.22(c), notice of a proposed rate change by a utility must be mailed, e-mailed, or hand delivered to the customers at least sixty (60) days prior to the effective date of the rate increase.

III. CONCLUSION

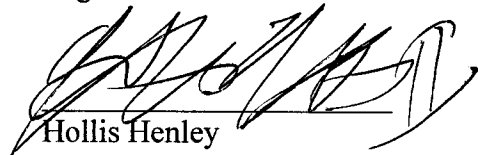
Because Inline's Application has been cured of all deficiencies, Staff requests that an order be issued requiring the following: Inline provide proper notice to its customers sixty (60) days prior to the effective date of rate change; that this notice properly calculate all dollar amounts regarding the water and sewer billing comparisons, pursuant to P.U.C. SUBST. R §24.22(c); and Inline file with the Commission an affidavit that notice was delivered to all affected ratepayers.

Date: December 10, 2014

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Karen S. Hubbard
Managing Attorney
Legal Division

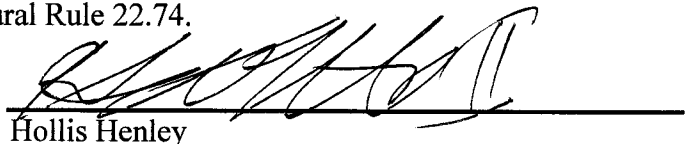


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on December 10, 2014 in accordance with P.U.C. Procedural Rule 22.74.


Hollis Henley

PUC Interoffice Memorandum

To: Hollis Henley
Legal Division

Thru: Tammy Benter, Director
Water Utilities Division

From: George Gogonas, Utility Rates Analyst/Auditor
Water Utilities Division

Date: December 8, 2014

Subject: Executive Summary and Staff Recommendation for Commission Approval of Control No(s). 43069.

Inline Development LLC has filed Rate/Tariff Change Applications for Certificate of Convenience and Necessity (CCN) No. 12946 & 20879, in Harris County, pursuant to the criteria in the Texas Water Code §13.3187, Statement of Intent to Change Rates; Hearing; Determination of Rate Level and Title 16, Texas Administrative Code §24.22, Notice to Change Rates.

Commission Staff identified the following deficiencies in Staff's Response to Order No. 2:

1. The Applicant failed to provide the twelve month "test year" period regarding the costs to the utility of providing water and sewer service information. The Applicant should provide the "test year" regarding the costs to the utility of providing water and sewer information.
2. The Applicant provided discrepancies in the rate of return for both the water and sewer long term debt and equity information. The Applicant should provide the "test year" regarding the costs to the utility of providing water and sewer information.

Based upon our review of the information in the application, the Applicant has corrected these deficiencies. Therefore, Staff recommends the Applicant provide proper notice by notifying the appropriate parties sixty (60) days prior to the effective date pursuant to 16 TAC §24.22. The Applicant should also properly calculate all dollar amounts regarding the water and sewer billing comparisons on the Notice of Propose Rate Change. Pursuant to 16 TAC §24.22(c) notice of a proposed rate change by a utility must be mailed, e-mailed, or hand delivered to the customers at least sixty (60) days prior to the effective date of the rate increase.