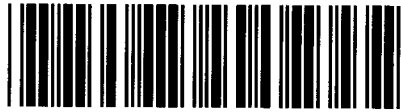


Control Number: 43078



Item Number: 21

Addendum StartPage: 0

PUC DOCKET NO. 43078

RECEIVED
2014 OCT 28 PM 2:43
PUBLIC UTILITY COMMISSION
PULLING BLANK

APPLICATION OF FREMONT WATER § PUBLIC UTILITY COMMISSION
COMPANY FOR A WATER §
RATE/TARIFF CHANGE IN KERR § OF TEXAS
COUNTY §
§
§

COMMISSION STAFF'S RESPONSE TO ORDER NO. 3 AND RECOMMENDATION

COMES NOW, Staff (Staff) of the Public Utility Commission of Texas (PUC) and files this Staff's Response to Order No. 3.

I. BACKGROUND

On July 25, 2014, Fremont Water Co. (Fremont or Applicant) filed an application with the Texas Commission on Environmental Quality (TCEQ) to change its water rates and tariff, with a proposed effective date of September 26, 2014. On August 19, 2014, the TCEQ sent the Applicant a notice of deficiency (NOD), directing Fremont to complete and revise portions of its notice to customers. Specifically, Fremont's notice to customers was deficient in that:

1. The 10,000 gallon calculations of its billing comparison for the existing rate was incorrect; and
2. The proposed effective date was September 26, 2014; however, Fremont reads customers' meters every last day of the month. Therefore, the new effective date needed to coincide with the meter reading date, which is the 30th of each month.

Because the Applicant had to re-notice its customers, it also had to change its effective date to at least 60 days following the date the completed application is mailed or delivered to customers, in accordance to Title 30 TEX. ADMIN. CODE § 291.22(a).¹

On September 1, 2014, the Commission began the economic regulation of water and sewer utilities and this case was transferred to the Commission. On September 30, 2014, the Commission's Advising and Docket Management Division (CADM) issued an order directing Staff to file a recommendation addressing whether the application and notice are administratively

¹ Currently P.U.C. SUBST. R. 24.22.

21

complete and propose a schedule for processing, if necessary, by October 30, 2014. Therefore, this response is timely filed.

II. RECOMMENDATION

On September 10, 2014, the Applicant submitted to the Commission documentation in response to the TCEQ's NOD. The Applicant also moved the effective date of the proposed rate increase from September 26, 2014 to October 31, 2014, which is 63 days from August 29, 2014, the date the Applicant mailed its revised notice to customers. Based on the attached memorandum of Leila Guerrero, regulatory accountant/auditor in the Water Utilities Division and Heidi Graham, Engineer in the Water Utilities Division, Staff finds that the Applicant has cured all previous deficiencies and finds that Fremont's application and notice are administratively complete pursuant to P.U.C. SUBST. R. 24.22. Staff therefore recommends that:

1. the application be deemed as sufficient for filing;
2. the Applicant should be instructed that the new rate may go into effect on October 31, 2014; and
3. the Applicant should be informed that its application will be scheduled for a hearing, pursuant to P.U.C. SUBST. R. 24.28 if:
 - a. the PUC receives complaints from at least 10% of the ratepayers within 90 days of the effective date of the rate increase; and/or
 - b. PUC staff protests the application on its own motion.

III. CONCLUSION

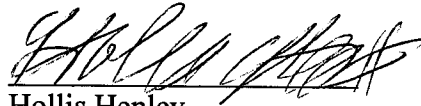
Staff respectfully requests that the Administrative Law Judge enter an order in accordance with this filing.

DATED: October 28, 2014

Respectfully Submitted,

Joseph P. Younger
Division Director
Legal Division

Karen S. Hubbard
Managing Attorney
Legal Division

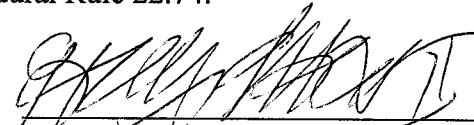


Hollis Henley
Attorney-Legal Division
State Bar No. 24066672
(512) 936-7230
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

DOCKET NO. 43078

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 28, 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: Leila Guerrero, Regulatory Accountant/Auditor
Heidi Graham, Engineer
Water Utilities Division

Date: 10/27/2014

Subject: Executive Summary and Staff Recommendation for Commission Approval of
PUC Docket No. 43078 (Application No. 37993-R)

Fremont Water Co., Certificate of Convenience and Necessity (CCN) No. 12821, has filed a water rate/tariff change application, in Kerr County, Texas. The application was filed under Texas Water Code, Section 13.187, and Title 16, Texas Administrative Code, Section 24, Subchapter B.

A notice of deficiency (NOD) was sent to the applicant on August 19, 2014, for deficiencies found during the administrative review of the rate change application. The applicant was required to submit an original and three (3) copies of the revised customer notice, notarized affidavit and other documentation required in the NOD. The required documentation was received by PUC on September 10, 2014.

Based on our review of the applicant's response to the NOD, the error in the calculation of the existing rates for the required 10,000 gallons comparison of the old rates versus the proposed rates is now correct. The applicant also moved the effective date of the proposed rate increase from September 26, 2014 to October 31, 2014, which is 63 days from the revised notice mailed to customers of August 29, 2014. A revised notice was sent to the customers and an affidavit that a revised notice was sent was executed by the applicant and attached to the documentation sent to PUC.

In view of the foregoing, Staff recommends the following:

1. Deem the application as sufficient for filing;
2. Instruct the applicant that the new rate may go into effect on October 31, 2014; and
3. Inform the applicant that the application will be scheduled for a hearing, if:
 - a. the Public Utility Commission (PUC) receives complaints from at least 10% of the ratepayers within 90 days of the effective date of the rate increase; or
 - b. PUC staff protests the application on its own motion.