

Control Number: 43078



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APPLICATION OF FREMONT
WATER COMPANY FOR A WATER
RATE/TARIFF CHANGE IN KERR
COUNTY (37993-R)

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

PUBLIC UTILITY COMMISSION
FILING CLERK

FREMONT WATER COMPANY'S LIST OF ISSUES

Fremont Water Company ("Fremont") hereby submits this List of Issues in response to the Order of Referral issued by the Public Utility Commission of Texas ("Commission") on May 7, 2015 ("Order"). In addition to the request for a list of issues, the Order also permits parties to: (1) identify any issue(s) which should not be addressed in the docket, and (2) identify any threshold legal and/or policy issue(s) which should be briefed for purposes of a preliminary order. This list of issues is timely filed.

I. BACKGROUND

Fremont Water Company, CCN No. 12821, is a privately owned (*i.e.*, investor-owned) utility serving water customers in Kerr County. As such, it must comply with certain statutory provisions under Texas Water Code, Chapter 13 ("Chapter 13") and implementing rules administered by the Commission since September 1, 2014 to change its tariff/rates. This application was filed with TCEQ in July 2014 prior to the jurisdictional transfer, but was not accepted as administratively complete until later. Nevertheless, the statutory and regulatory framework applicable to the application when filed was left largely intact after the transfer to the Commission for applicability to such applications. Substantive Commission rate regulation changes are in development, but not yet adopted. Fremont would be considered a Class C Utility under the new definitions in Chapter 13 as it only has about 56 water connections, but pre-existing Chapter 13 and current Commission Chapter 24 rules (carried over from TCEQ Chapter 291 rules) make no such classification distinctions. A small group of Fremont's customers requested a hearing on the application, but they comprise more than 10% of Fremont's total water connections triggering the SOAH referral. Thus, Fremont is compelled to engage in a contested case hearing to change its rates.

As instructed in the Order, Fremont hereby submits a list of issues for consideration in developing the Preliminary Order for this docket. Fremont does not intend this list to be exhaustive and reserves the right to address additional issues raised by other parties not contemplated herein.

II. LIST OF ISSUES

Fremont proposes the following list of issues to frame this docket if a hearing on the merits is held:

1. Who will be granted party status in this docket?
2. What are the statutory and regulatory provisions that apply in this docket and how does the transfer of economic regulation under Texas Water Code, Chapter 13 from TCEQ to the Commission effective September 1, 2014 affect that issue?
3. Was public notice of the rate/tariff change application properly provided?
4. Are the rate and tariff changes requested by Fremont just and reasonable according to the standards set forth in TEX. WATER CODE, Chapter 13 and P.U.C. SUBST. R., Ch. 24?
5. Should the Commission approve different rate/tariff changes for Fremont than those requested in its application?
6. If rate/tariff changes different from those proposed by Fremont in its application are appropriate, what rate/tariff changes should the Commission approve in this proceeding?
7. What should the effective date be for Fremont's retail water utility service rates approved by the Commission in this proceeding?
8. What methodology should the Commission use to set retail water utility service rates for Fremont while preserving its financial integrity?
9. What are the ratemaking components that the Commission should use to approve retail water utility service rates for Fremont in this proceeding? What are the amounts of those ratemaking components?
10. What is a reasonable rate of return and rate of return on equity for Fremont?
11. Did Fremont use reasonable meter equivalency factors to set the minimum monthly charges for various meter sizes?

12. Is Fremont's rate design incorporating both monthly minimum and gallonage charges just and reasonable?
13. What are the reasonable expenses incurred by Fremont in this proceeding?
14. How should Fremont recover its reasonable expenses incurred in this proceeding from its ratepayers?
15. Are any surcharges appropriate? If so, what is the total amount that such surcharges should collect for Fremont and over what time period? What should the monthly surcharge amount be?

Issues that Should Not be Addressed

Fremont has not identified other issues that should not be addressed.

Threshold Legal/Policy Issues Which Should be Briefed for Preliminary Order

There are no threshold legal/policy issues which should be briefed for the Preliminary Order. However, given Fremont's small utility size, a policy issue that the Commission or SOAH should determine is whether there are any procedural mechanisms which might serve to minimize rate case expenses in this matter while affording Fremont its right to a fair hearing (*e.g.*, discovery control; etc.). This may be a topic for discussion at the prehearing conference.

Respectfully submitted,

THE TERRILL FIRM, P.C.

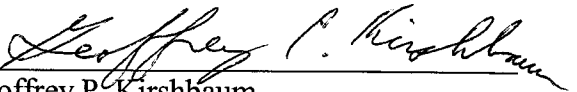
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**ATTORNEYS FOR FREMONT WATER
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on May 21, 2015 in accordance with P.U.C. Procedural Rule 22.74.



Geoffrey P. Kirshbaum