



Control Number: 43342



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DOCKET NO. 43342

**APPLICATION OF SUBURBAN
UTILITY COMPANY, INC. TO
IMPLEMENT A PASS - THROUGH
RATE CHANGE FOR WATER
CERTIFICATE OF CONVENIENCE
AND NECESSITY NO. 10835**

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PUBLIC UTILITY COMMISSION

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PUBLIC UTILITY COMMISSION

**STAFF'S RESPONSE TO NOTICE SETTING DEADLINE FOR STAFF'S
RECOMMENDATION**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Response to Notice Setting Deadline for Staff's Recommendation.

I. BACKGROUND

On June 25, 2014, Suburban Utility Company, Inc. (Applicant) filed an application with the Texas Commission on Environmental Quality (TCEQ) to implement a pass through provision in Certificate of Convenience and Necessity (CCN) No. 10835 for the Castlewood Subdivision in Spring, Texas pursuant to Title 30, TEX. ADMIN. CODE (30 TAC) § 291.21(h).¹

Effective 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 September 29, 2014, the Administrative Law Judge (ALJ) issued a Notice Setting Deadline for Staff's Recommendation directing Staff to file a recommendation on the application or to propose a procedural schedule, if needed, by October 20, 2014. Therefore, this Response is timely filed.

¹ This citation refers to the rule 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. Applicant's application was filed with TCEQ and the notice to customers was sent prior to the transfer; 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 Title 16, TEX. ADMIN. CODE (16 TAC) § 24.21(h).

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II. STAFF'S RECOMMENDATION ON SUFFICIENCY OF THE APPLICATION

As detailed in the attached memo from Mary Lupo, Utility Rates Analyst/Auditor and George Gogonas, Auditor, from the Water Utilities Division, Staff has reviewed the application and recommends that application be found materially deficient pursuant to Title 16, TEX. ADMIN. CODE (16 TAC) § 24.21(h)(5). In its application, the Applicant failed to submit documentation to support their reported 15% line loss. Additionally, the Applicant failed to submit proof supporting the Groundwater Reduction Plan Program (GRP) fee increase requested in the application. 16 TAC § 24.8(a) provides that, if material deficiencies exist in the required notice for a rate/tariff change application, the notice or application may be rejected. In order to cure these deficiencies, Staff recommends that the Applicant submit information regarding the gallons pumped and the gallons billed for the Castlewood Subdivision for the preceding 12 months of their proposed rate increase. Additionally, Staff recommends that the Applicant submit sufficient documentation to support its requested GRP fee increase.

Pursuant to 16 TAC § 24.8(a), the application is not considered filed until the Commission determines that the application or notice are both administratively complete.

Staff has identified deficiencies in the application and, therefore, recommends that the application package be found **not administratively complete** pursuant to 16 TAC § 24.22. Staff recommends that the application package be rejected pursuant to 16 TAC § 24.8(a) until the deficiencies are cured.

III. PROPOSED PROCEDURAL SCHEDULE

Staff recommends that the application be found not administratively complete due to the lack of supporting documentation for its reported line loss and requested GRP fee increase, and recommends that the application be rejected until the deficiencies have been cured. Accordingly, Staff has not proposed a procedural schedule for this application at this time.

IV. CONCLUSION

Staff recommends that the application is not administratively complete due to the lack of supporting documentation for its reported line loss and requested GRP fee increase; therefore, Staff recommends that the Applicant be given thirty (30) days to amend its application in order

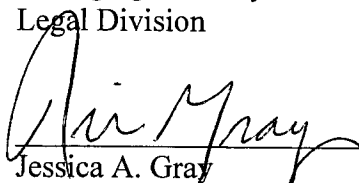
to cure the deficiencies identified by Staff. Staff will then review this amended application for administrative completeness. In the event that Staff determines that the Applicant's amended application is administratively complete, Staff will propose a procedural schedule. Staff respectfully requests that the ALJ issue an order consistent with this Response and direct the Applicant to submit supporting documentation for its reported line loss and requested GRP fee increase in order to cure the deficiencies in its application.

DATE: October 20, 2014

Respectfully Submitted,

Joseph P. Younger
Division Director
Legal Division

Shelah J. Cisneros
Managing Attorney
Legal Division

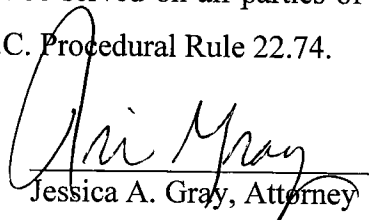
A handwritten signature in black ink, appearing to read "Jessica A. Gray", is written over a horizontal line.

Jessica A. Gray
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 20th day of October, 2014 in accordance with P.U.C. Procedural Rule 22.74.


Jessica A. Gray, Attorney

PUC Interoffice Memorandum

To: Jessica Gray
Legal Division

Thru: ^{10/17/14} JB Tammy Benter, Director
Water Utilities Division

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

Date: October 09, 2014

Subject: Executive Summary and Staff Recommendation for Commission Approval of Docket No. 43342 filed by Suburban Utility Company, Inc., Certificate of Convenience and Necessity (CCN) No. 10835

On June 25, 2014, Suburban Utility Company, Inc. (Suburban) filed an application request to implement a change in a Water Pass Through Provision charged by the City of Houston's (Houston) Groundwater Reduction Plan Program (GRP), for the Castlewood Subdivision (PWS No. 1010111).

Based upon my review of the information in the application, I discovered the following deficiencies:

1. Suburban failed to submit documentation to support their line loss of 15 percent. Suburban should submit the gallons pumped and the gallons billed for the preceding 12 months of their proposed rate increase, for the Castlewood Subdivision system only.
2. Suburban failed to submit proof that the GRP fee increased by the dollar amount stated in their application. Suburban should submit sufficient documentation to support its request.