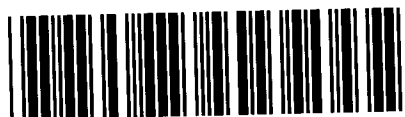




Control Number: 45283



Item Number: 12

Addendum StartPage: 0

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RATEPAYERS' APPEAL OF THE §  
DECISION BY NORTH SAN SABA §  
WATER SUPPLY CORPORATION TO §  
CHANGE RATES §

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PUBLIC UTILITY  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
COMMISSION OF TEXAS

### COMMISSION STAFF'S LIST OF ISSUES

Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files its List of Issues. In support of its List of Issues, Staff states the following:

#### I. Background

On October 26, 2015, certain ratepayers of the North San Saba Water Supply Corporation (North San Saba WSC) petitioned for an appeal of new rates established by North San Saba WSC. These new rates are effective September 5, 2015.

On December 4, 2015, Staff filed its Comments regarding the ratepayers' appeal. In its Comments, Staff recommended that the jurisdictional threshold for an appeal had been satisfied.<sup>1</sup> Additionally, Staff requested that this appeal be referred to the State Office of Administrative Hearings in order to develop an evidentiary record.

On January 11, 2016, the Commission referred this proceeding to the State Office of Administrative Hearings. In its Order of Referral, the Commission permitted any party to file a list of issues.

#### II. Staff's List of Issues

Staff has identified the following issues in this proceeding:

1. What information was available to the North San Saba WSC when it established the protested rates?<sup>2</sup>
  - a. Did the North San Saba WSC have sufficient information to establish the protested rates?

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<sup>1</sup> See Tex. Water Code § 13.043(c) ("The petition must be signed by the lesser of 10,000 or 10 percent of those ratepayers whose rates have been changed and who are eligible to appeal . . .").

<sup>2</sup> See Tex. Water Code § 13.043(e) ("The utility commission may consider only the information that was available to the governing body at the time the governing body made its decision . . .").

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b. Does the information that was available to the North San Saba WSC at the time it established the protested rates support the protested rates?

c. If the information available to the North San Saba WSC at the time it established the protested rates does not support the protested rates, what rates does such information support?

2. Are the protested rates established by the North San Saba WSC just and reasonable?<sup>3</sup>

a. What is the appropriate revenue requirement?

b. What is the appropriate operations and maintenance expense?

c. What is the appropriate tax expense?

d. What is the appropriate debt service expense?

e. What is the appropriate expense for capital projects funded from rates?

3. If the protested rates established by the North San Saba WSC are not just and reasonable, what rates should be established by the Commission?<sup>4</sup>

a. What is the appropriate Commission-established revenue requirement?

b. What is the appropriate Commission-established operations and maintenance expense?

c. What is the appropriate Commission-established tax expense?

d. What is the appropriate Commission-established debt service expense?

e. What is the appropriate Commission-established expense for capital projects funded from rates?

4. In the event that the Commission establishes rates that are different from the protested rates, what mechanism should be used for refunds or surcharges?<sup>5</sup>

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<sup>3</sup> See Tex. Water Code § 13.043(j) ("In an appeal under this section, the utility commission shall ensure that every rate made, demanded, or received by any retail public utility or by any two or more retail public utilities jointly shall be just and reasonable.").

<sup>4</sup> See Tex. Water Code § 13.043(e) ("[T]he utility commission shall hear the appeal de novo and shall fix in its final order the rates the governing body should have fixed in the action from which the appeal was taken.").

<sup>5</sup> See Tex. Water Code § 13.043(e) ("The utility commission may establish the effective date for the utility commission's rates at the original effective date as proposed by the service provider, may order refunds or allow a surcharge to recover lost revenues, and may allow recovery of reasonable expenses incurred by the retail public utility in the appeal proceedings.").

5. What are the reasonable expenses incurred by the North San Saba WSC for this proceeding?<sup>6</sup>

a. Should such expenses be recovered from ratepayers?

b. In the event that such expenses are to be recovered from ratepayers, what mechanism should be used for recovery?

6. Should the Commission establish interim rates for the North San Saba WSC until this proceeding is concluded?<sup>7</sup>

7. In establishing the protested rates, did the North San Saba WSC allocate costs among its customer classes consistent with ratemaking principles?

8. In establishing the protested rates, did the North San Saba WSC design rates for each customer class consistent with ratemaking principles?

9. What methodology did the North San Saba WSC use to establish the protested rates?

a. Did the North San Saba WSC use the utility basis to establish the revenue requirement?

b. Did the North San Saba WSC use the cash basis to establish the revenue requirement?

### **III. Conclusion**

Staff requests that its identified issues be among the issues that will be considered by the Commission in this proceeding.

Date: January 27, 2016

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director  
Legal Division

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<sup>6</sup> *Id.*

<sup>7</sup> See Tex. Water Code § 13.043(h) (“The utility commission may, on a motion by the utility commission or by the appellant under Subsection (a), (b), or (f), establish interim rates to be in effect until a final decision is made.”).

Stephen Mack  
Managing Attorney  
Legal Division



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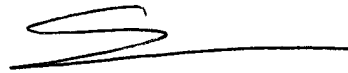
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*Commission Staff of the Public Utility  
Commission of Texas*

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**CERTIFICATE OF SERVICE**

I certify that a copy of this document was served on all parties of record on January 27, 2016, in accordance with 16 Tex. Admin. Code § 22.74.



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Sam Chang