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SOAH DOCKET NO. 473-17-2372.WS
PUC DOCKET NO. 46438

APPLICATION OF J&S WATER § BEFORE THE STATE OFFICE
COMPANY, LLC FOR A § OF
RATE/TARIFF CHANGE § ADMINISTRATIVE HEARINGS

J&S WATER COMPANY, LLC'S LIST OF ISSUES TO BE ADDRESSED

In response to the Order of Referral,¹ J&S Water Company, LLC ("J&S") files this list of issues to be addressed in the docket.

I. ISSUES TO BE ADDRESSED

1. What is the appropriate ratemaking methodology for determining J&S's just and reasonable water and sewer rates?²
2. What are just and reasonable rates for J&S that are not unreasonably preferential, prejudicial, or discriminatory, but are sufficient, equitable, and consistent in application to each class of consumers?³
3. What overall revenue will permit J&S a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public over and above its reasonable and necessary operating expenses and preserve the financial integrity of J&S?⁴

¹ Order of Referral (January 26, 2017).

² TEX. WATER CODE § 13.183; 16 TEX. ADMIN. CODE § 24.34.

³ TEX. WATER CODE § 13.182(a) & (b).

⁴ TEX. WATER CODE § 13.183(a).

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4. Is it reasonable to allow J&S to collect additional revenues to provide funds for capital improvements necessary to provide facilities capable of providing adequate and continuous utility service?⁵
5. What are J&S's reasonable and necessary allowable expenses based on J&S's historic test year expenses as adjusted for known and measurable changes?⁶
 - a. What are J&S's reasonable and necessary operations and maintenance expenses incurred in furnishing normal utility service and in maintain utility plant used by and useful to J&S in providing such service?⁷
 - b. Are J&S's payments to affiliated interests reasonable and necessary, based on prices charged to J&S being no higher than prices charged by the supplying affiliate to its other affiliates or divisions for the same item or items, or to unaffiliated persons or corporations?⁸
 - c. What are J&S's reasonable and necessary depreciation expenses?⁹
 - d. What are J&S's reasonable and necessary assessments and taxes, other than income taxes?¹⁰
 - e. What are J&S's reasonable and necessary federal income taxes?¹¹

⁵ TEX. WATER CODE § 13.183(b).

⁶ TEX. WATER CODE § 13.185(d); 16 TEX. ADMIN. CODE § 24.31(b).

⁷ 16 TEX. ADMIN. CODE § 24.31(b)(1)(A).

⁸ *Id.*; TEX. WATER CODE § 13.185(e).

⁹ TEX. WATER CODE § 13.185(j); 16 TEX. ADMIN. CODE § 24.31(b)(1)(B).

¹⁰ 16 TEX. ADMIN. CODE § 24.31(b)(1)(C).

¹¹ 16 TEX. ADMIN. CODE § 24.31(b)(1)(D).

- f. What are J&S's reasonable and necessary funds expended in support of membership in professional or trade associations that contribute toward the professionalism of their membership?¹²
 - g. What are J&S's reasonable and necessary advertising, contributions and donations?¹³
6. What rate will yield a fair return on the invested capital used and useful in rendering service to the public, considering the efforts and achievements of J&S in the conservation of resources, the quality of J&S's services, the efficiency of J&S's operations, and the quality of J&S's management?¹⁴
7. What is J&S's total cost of capital?¹⁵
- a. What is J&S's cost of debt capital or actual cost of debt?¹⁶
 - b. What is J&S's cost of equity capital, based on a fair return on its value?¹⁷
8. What is J&S's total invested capital, also referred to as rate base?¹⁸
- a. What is the original cost, less accumulated depreciation, of utility plant, property, and equipment used by and useful to J&S in providing service?¹⁹

¹² 16 TEX. ADMIN. CODE § 24.31(b)(1)(E).

¹³ 16 TEX. ADMIN. CODE § 24.31(b)(1)(F).

¹⁴ TEX. WATER CODE § 13.184; 16 TEX. ADMIN. CODE § 24.31(c)(1) & (c)(1)(A).

¹⁵ 16 TEX. ADMIN. CODE § 24.31(c)(1)(B).

¹⁶ 16 TEX. ADMIN. CODE § 24.31(c)(1)(B)(i).

¹⁷ 16 TEX. ADMIN. CODE § 24.31(c)(1)(B)(ii).

¹⁸ 16 TEX. ADMIN. CODE § 24.31(c)(2).

¹⁹ TEX. WATER CODE § 13.185(b); 16 TEX. ADMIN. CODE § 24.31(c)(2)(A).

- b. What is the original cost, less net salvage and accumulated depreciation at the date of retirement, of depreciable utility plant, property, and equipment retired by J&S?²⁰
9. What is J&S's reasonable working capital allowance?²¹
10. What is the total amount to be deducted from J&S's rate base per 16 TEX. ADMIN. CODE § 24.31(c)(3)(A)–(E)?
11. What amount, if any, of construction work in progress does J&S seek to include in its rate base?²²
12. What post-test year adjustments, if any, does J&S seek to make to its rate base?²³
13. Is an acquisition adjustment appropriate?²⁴
14. What intangible assets, if any, does J&S seek to include in its rate base?²⁵
15. What rate-case expenses incurred by J&S, including attorney fees, are just, reasonable, necessary, and in the public interest?²⁶
16. If there are any intervening cities, what are the reasonable and necessary rate-case expenses incurred by those cities?²⁷

²⁰ 16 TEX. ADMIN. CODE § 24.31(c)(2)(B).

²¹ 16 TEX. ADMIN. CODE § 24.31(c)(2)(C).

²² 16 TEX. ADMIN. CODE § 24.31(c)(4).

²³ 16 TEX. ADMIN. CODE § 24.31(c)(5).

²⁴ 16 TEX. ADMIN. CODE § 24.31(d) & (e).

²⁵ 16 TEX. ADMIN. CODE § 24.31(f).

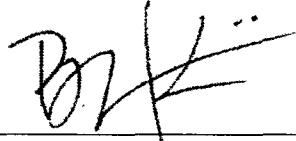
²⁶ 16 TEX. ADMIN. CODE § 24.33.

²⁷ TEX. WATER CODE § 13.084.

II. PRAYER

J&S respectfully requests that the Commission include the foregoing list of issues as matters to be decided in this case.

Respectfully submitted,

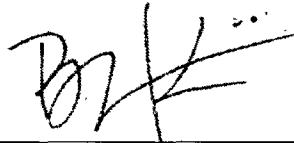


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ATTORNEYS FOR J&S WATER COMPANY, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served on all parties of record in this proceeding as required by SOAH Order No. 1 on this 2nd day of March, 2017.



Brytne D. Kitchin