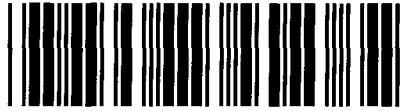




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DOCKET NO. 46553

**APPLICATION OF CARROLL WATER
COMPANY, INC. FOR AUTHORITY TO
CHANGE RATES** §
§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

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PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S COMMENTS ON ADMINISTRATIVE COMPLETENESS

Comes now the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files these Comments on Administrative Completeness in response to Order No. 1.

I. Background

On November 8, 2016, Carroll Water Co., Inc. (Applicant) filed its application for a Class B Rate/Tariff Change. The Applicant provides service under Certificate of Convenience and Necessity No. 11543 in Ellis County, Texas.

On November 14, 2016, the Administrative Law Judge issued Order No. 1, requiring Staff to file comments on the administrative completeness of the application and notice by December 8, 2016. Therefore, this pleading is timely filed.

II. Staff Comments on Administrative Completeness

Staff has reviewed the application, and as detailed in the attached memorandum from Fred Bednarski III and Gregory Charles of the Water Utility Regulation Division, Staff recommends that the application be deemed insufficient for filing and, therefore, administratively incomplete. During its administrative review, Staff found that the Applicant did not provide a copy of the notice of the proposed rate change and an affidavit attesting that notice was sent to customers. Staff also noted certain errors and omissions in the application, which are explained in the attached memorandum. Staff recommends that the Applicant correct these deficiencies through supplemental filings.

III. Proposed Procedural Schedule

Because the application is deficient, Staff does not recommend a procedural schedule for the evaluation of the merits of the application at this time. Staff recommends that Applicant be

given a deadline of January 20, 2017, by which to cure the deficiencies in the application, and that Staff be given until February 3, 2017, to review the amended application and file supplemental comments on administrative completeness.

IV. Conclusion

Staff respectfully requests entry of an order consistent with the above recommendation.

Dated: December 8, 2016

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney



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**DOCKET NO. 46553
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on December 8, 2016; in accordance with 16 TAC § 22.74.



Michael Crnich

Public Utility Commission of Texas

Memorandum

TO: Michael Crnich, Attorney
Legal Division

THRU: Debi Loockerman, Financial Manager
Water Utility Regulation

FROM: Fred Bednarski III, Financial Examiner
Greg Charles, Staff Engineer
Water Utility Regulation

DATE: December 08, 2016

SUBJECT: *Docket No. 46553, Application of Carroll Water Company, Inc. for a Rate/Tariff Change*

On November 8, 2016, Carroll Water Company Inc., (Carroll Water) Water Certificate of Convenience and Necessity (CCN) No. 11543 filed an application with the Public Utility Commission of Texas (Commission) for a water rate/tariff change in Ellis County, Texas. An administrative review of this application is now being made pursuant to Texas Water Code § 13.1871 (TWC) and 16 Tex. Admin. Code §§ 24.8 and 24.22 (TAC). Carroll Water currently provides retail water utility service to public water system (PWS) #0700064 (Spanish Grant), #0700058 (Emerald Forest), #0700063 (Grande Casa Ranchitos), #0700057 (Lakeview Ranchettes Estates), and #0700056 (Red Oak Community Water Service) to approximately 554 connections.

During our administrative review we found the applicant did not provide a copy of the notice of the proposed rate change, with the accompanying affidavits. Staff additionally found errors and omissions in the application. The application does not specify how the costs and revenues of Red Oak Community Water Service are treated in the application. Red Oak Community Water Service is under the original jurisdiction of the City of Red Oak, rather than Commission.

Therefore, staff recommends that the application is insufficient for filing and that the applicant provide the following:

1. Specific clarification on how the costs, revenues, and customer count for Red Oak Community Water Service are accounted for in the application.
2. A copy of the applicant's approved tariff by the City of Red Oak for the customers inside the city limits.
3. A draft notice, including page one (1) of the Commission's notice form, which includes billing comparisons and delay notice to Carroll Water's customers until the draft notice is reviewed.
4. The original installed cost, installation date, and name of each plant component that was purchased from another entity.

Public Utility Commission of Texas

Memorandum

5. The names of individuals or businesses from whom applicant purchased the plant components identified in response to these requests for information. Please also specify any purchase prices and the date of purchase.

In addition to providing the above documents, the Applicant needs to:

6. Provide explanations for each of the known and measurable changes on Schedules II-5, II-6, and II-7
7. Reference Schedule III-3 of the application, please review and recalculate the entries for Line Nos. 7 and 8.
8. Reconcile Line No. 2 in Schedule II-2 with Column [D.1] in Schedule III-3.
9. Recalculate the working cash allowance in Schedule III-5 based on the O&M expense total divided by 8 and carrying this amount forward to Schedule III-2 and Schedule III-1 and calculate return requested based on new amount(s) to ensure Carroll Water recovers a reasonable return amount based on the utility's investments.
10. Indicate on the schedule III-3 pages which public water system the assets are associated with (please provide the excel spreadsheet for the fixed assets).
11. Once changes are made to all the supporting schedules, please update Schedule I-1 with the new amount(s) and recalculate Schedule I-1. Specifically, ensure the amounts listed in rows 5, 11, 24, 25, 28, 31, 32, 33, 34, and 36 add-up as accurately as applicable.