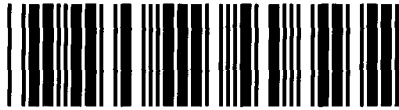


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DOCKET NO. 46553

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

PUBLIC UTILITY COMMISSION
OF TEXAS

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STAFF'S RESPONSE TO ORDER NO. 2, SUPPLEMENTAL COMMENTS ON ADMINISTRATIVE COMPLETENESS

Comes now the Staff ("Staff") of the Public Utility Commission of Texas ("Commission"), representing the public interest, and files these Supplemental Comments on Administrative Completeness in response to Order No. 2.

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 December 9, 2016, the Administrative Law Judge ("ALJ") issued Order No. 2, requiring Applicant to amend its application to cure the noted deficiencies and requiring Staff to file comments on the administrative completeness of the application by February 3, 2017. 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 either that (a) the application be dismissed without prejudice to refiling of a revised application or (b) the application be deemed insufficient for filing and, therefore, administratively incomplete. On January 26 and 30, 2017, the Applicant supplemented its application. Staff has reviewed the supplemental filings and found the application still contains several material errors and inconsistencies. For example, the Applicant did not request return on equity on Schedule III-1, which affects the total cost of service on Schedule I-1. Furthermore, the Applicant included apparent capital expenditures as part of administrative and general expenses. If the ALJ decides that the application should be found insufficient and the Applicant ordered to amend and

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supplement, Staff recommends that because of the extensive nature of the deficiencies, the Applicant be given more time than typically allowed to meet the sufficiency requirements.

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. If the ALJ orders that the application is insufficient for filing and should be amended, then Staff recommends that Applicant be given until May 5, 2017, or approximately 90 days, to cure the deficiencies in the application, as detailed in the attached memorandum.

Staff proposes to file comments on the administrative completeness by May 19, 2017. If the applicant corrects the noted deficiencies earlier, Staff may file its recommendation earlier.

IV. Conclusion

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

Dated: February 3, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on February 3, 2017, in accordance with 16 TAC § 22.74.



Michael Crnich