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DOCKET NO. 46958

APPLICATION OF DOGWOOD §
ESTATES WATER COMPANY FOR §
AUTHORITY TO CHANGE RATES §

PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

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COMMISSION STAFF'S AMENDED FINAL RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this response to Order No. 4, Staff's Amended Final Recommendation. In support thereof, Staff shows the following:

I. BACKGROUND

On April 21, 2017, Dogwood Estates Water Company (Applicant) filed with the Public Utility Commission of Texas (Commission) an application for a rate/tariff change under Certificate of Convenience and Necessity (CCN) No. 10823 in Henderson County.

On August 21, 2017, Order No. 4 was issued, deeming the application and administratively complete and giving Staff a deadline of January 12, 2018, to make a final recommendation or request a hearing.

Staff filed a Final Recommendation on January 11, 2018, and is filing this Amended Final Recommendation to correct misstatements contained in the memorandum attached to the Final Recommendation.

II. STAFF'S AMENDED RECOMMENDATION

Staff has reviewed the Application and, based on the attached memorandum of Andrew Novak and Patricia Garcia of the Commission's Water Utility Regulation Division, Staff recommends that the Application be approved. Staff also recommends that the Applicant's proposed rates and the tariff provisions included in the tariff attached to Staff's January 11, 2018 filing be approved and a copy of that tariff be provided to the Applicant.

III. CONCLUSION

For the reasons discussed above, Staff respectfully requests the entry of an order consistent with the above recommendation.

Dated: January 31, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney



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**DOCKET NO. 46958
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on January 31, 2018, in accordance with 16 TAC § 22.74.



Joshua Adam Barron

Public Utility Commission of Texas

Memorandum

TO: Joshua Barron, Attorney
Legal Division

THRU: Tammy Benter, Director
Heidi Graham, Manager
Water Utility Regulation Division

FROM: Andrew Novak, Financial Analyst
Patricia Garcia, Staff Engineer
Water Utilities Division

DATE: January 30, 2018

SUBJECT: **Docket No. 46958**, *Application of Dogwood Estates Water Company for a Rate/Tariff Change*

Background

On April 21, 2017, Dogwood Estates Water Company, (Applicant), Certificate of Convenience and Necessity (CCN) No. 10823, filed an application with the Public Utility Commission of Texas (Commission) for a water rate/tariff change in Henderson County, Texas. The application was filed pursuant to Tex. Water Code Ann. Chapter 13, Subchapter E (TWC) and 16 Tex. Admin. Code §§ 24.21, 24.22, 24.8 and 24.31(TAC).

One protest out of 429 connections was received by the ratepayers affected by this water rate/tariff change. Staff and Dogwood Estates Water Company are the only parties to this case. Staff completed the review of all information provided by the Applicant and determined that the requested rates are supported by the documents provided. Staff's analysis included review of the Applicant's rate filing package, the accompanying work papers, and responses to request for information. Staff determined that the rate increase after mutually agreed upon Staff adjustments by the Applicant complies with the requirements of TWC §§13.182, 13.183 and 13.185 and 16 TAC §24.31 for the reasons discussed below.

Staff Recommendation

Revenue Requirement

The Applicant's filed revenue requirement of \$341,531 was higher than the revenue the requested rates generated. After review, Staff recommends that the revenue requirement of \$291,292 for Phase I, effective June 5, 2017, and the revenue requirement of \$317,512 for Phase II, effective June 5, 2019, be found reasonable and necessary for utility operations. Staff believes that the revenue requirement produced by the agreed-upon rates is within a reasonable range of the revenue requirements that may result from a full evidentiary proceeding.

Rate Design

TWC § 13.182 requires that rates be just and reasonable and that they are sufficient, equitable, and consistent with respect to each class of customers. Staff reviewed the proposed rate design indicated in Sections IX and X of the application. Using the reported number of customers 429 indicated in the application, the Applicant proposed a base rate of \$34.00 plus \$2.75 per 1,000 gallons for Phase I and a base rate of \$39.00 for Phase II. Staff recommends that the following rates for Phase I and Phase II are just and reasonable:

PHASE ONE – EFFECTIVE JUNE 5, 2017	
Meter Size	Minimum charge includes zero (0) gallons
5/8" or 3/4"	\$34.00
1"	\$85.00
1 ½"	\$170.00
2"	\$272.00
3"	\$510.00
4"	\$850.00
6"	\$1,700.00

**Gallage Charge: \$2.75 for each additional gallons over the minimum
Pass Through Rate for all usage: \$0.03 per 1,000 gallons for the Neches &
Trinity Valley's Groundwater Conservation District's pumpage fee.**

PHASE TWO – EFFECTIVE JUNE 5, 2019	
Meter Size	Minimum charge includes zero (0) gallons
5/8" or 3/4"	\$39.00
1"	\$97.50
1 ½"	\$195.00
2"	\$312.00
3"	\$585.00
4"	\$975.00
6"	\$1,950.00

**Gallage Charge: \$2.75 for each additional gallons over the minimum
Pass Through Rate for all usage: \$0.03 per 1,000 gallons for the Neches &
Trinity Valley's Groundwater Conservation District's pumpage fee.**