



Control Number: 47153



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APPLICATION OF CS WATER §
CORPORATION FOR AUTHORITY TO §
CHANGE RATES §

PUBLIC UTILITY COMMISSION
OF TEXAS

2018 JAN 26 PM 2:51
PUBLIC UTILITY COMMISSION
FILING CLERK

**COMMISSION STAFF'S FIRST
ADMINISTRATIVE COMPLETENESS RECOMMENDATION**

COMES NOW the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this First Administrative Completeness Recommendation. Staff recommends that the application be found deficient at this time. In support thereof, Staff shows the following:

I. BACKGROUND

On December 27, 2017, CS Water Corporation (CS Water) filed an application with the Commission for authority to change its rates for water Certificate of Convenience and Necessity (CCN) No. 11441 in Bosque County, Texas. On December 28, 2017, Order No. 1 was issued requiring Staff to file a recommendation on administrative completeness, notice sufficiency, and to propose a procedural schedule by January 26, 2018. Therefore, this pleading is timely filed.

II. APPLICATION DEFICIENCY RECOMMENDATION

As indicated in the attached memorandum of Emily Sears of the Commission's Water Utility Regulation Division, Staff determined that the application is deficient and therefore recommends that it be found not administratively complete at this time. Ms. Sear's memorandum details the deficiencies which CS Water should address in a revised and supplemented application.

Staff recommends that the Applicant be given a deadline of February 28, 2018 by which to cure the identified deficiencies and file a revised application. Staff also respectfully requests a deadline of March 29, 2018 by which to make a supplemental recommendation on administrative completeness.

Furthermore, because the application is deficient and pursuant to 16 Tex. Admin. Code § 24.26(b)(1), Staff recommends that CS Water's proposed effective date of January 28, 2018 for the rate change be suspended until such time as the application is found to be administratively complete.

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III. NOTICE DEFICIENCY RECOMMENDATION

As also indicated in Ms. Sears' memorandum, Staff determined that the proposed notice is deficient and therefore recommends that no notice be issued yet. Staff recommends that CS Water include revised proposed notice with its revised application filing.

IV. PROCEDURAL SCHEDULE

Due to the deficiencies in the application, Staff does not recommend a procedural schedule for the evaluation of the merits of the application at this time. Staff intends to propose a procedural schedule for further processing of this docket when the application is sufficient.

V. CONCLUSION

For the reasons stated herein, Staff respectfully requests that CS Water's application be found not administratively complete, that CS Water be ordered to revise and supplement its application by February 28, 2018, that the proposed effective date be suspended, and that Staff be given a deadline of March 29, 2018 by which to file a supplemental recommendation regarding administrative completeness.

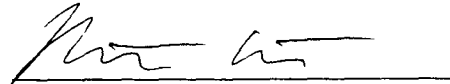
Dated: January 26, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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PUC DOCKET NO. 47153

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on January 26, 2018 in accordance with the requirements of 16 Tex. Admin. Code § 22.74.



Matthew A. Arth

PUC Interoffice Memorandum

To: Matthew Arth, Attorney
Legal Division

Through: Heidi Graham, Manager
Water Utility Regulation Division

From: Emily Sears, Financial Analyst
Water Utility Regulation Division

Date: January 23, 2018

Subject: **Docket No. 47153:** *Application of CS Water Corporation for Authority to Change Rates*

On December 27, 2017, CS Water Corporation (Applicant) filed an application with the Public Utilities Commission of Texas (Commission) for a rate/tariff change under water Certificate of Convenience and Necessity (CCN) No. 11441 in Bosque County. An administrative review of the application and notice has been made pursuant to Texas Water Code §§ 13.1871 (TWC) and 16 Texas Administrative Code §§ 24.21 through 24.26 (TAC).

Based on a review of the information in the application, Staff recommends that the application be deemed insufficient for filing and found administratively incomplete due to the deficiencies detailed below.

1. Pursuant to TWC § 13.1871(b), the Applicant is required to file notice with the regulatory authority having original jurisdiction, as well as each of its ratepayers, at least 35 days before the effective date of the proposed rate change. The date that the application was received by the Commission was December 27, 2017. The effective date of the proposed change included in the application is January 28, 2018. Therefore, notice was filed at the Commission only 32 days before the effective date of the proposed change.
2. The billing comparison regarding the existing water rate and the new water rate on the notice is incorrect.
3. The notice shows an annual revenue increase of \$22,000, however, the Applicant requests rates lower than the revenue requirement listed on Schedule I-1. The utility has not shown what the revenue requirement would be using the rates it has requested in its notice.
4. The rate of return on Schedule III-1 shows that the utility has debt, but has not included it in the calculation of return. The return should be calculated using any debt or equity used to finance the rate base.
5. The cash working capital (CWC) listed in Schedule III-5 is incorrect. The annual O&M expenses used to calculate CWC should equal what is listed on Schedule I-1, line 24.
6. The taxes listed on Schedule IV(a) do not match those recorded on Schedule I-1, line 26.
7. The Applicant included a tiered rate in its application, however no usage information was provided. The Applicant should provide the usage that supports the calculation of each tiered gallonage rate listed in its notice.

Staff also recommends that the rate effective date be suspended until the application is administratively complete.