

Control Number: 47153



Item Number: 33

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CS Water Corporation f/k/a Cedar Shores Water Corporation  
102 N. 30<sup>th</sup> Street, Waco, Texas 76710  
(254) 715-4788

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PUBLIC UTILITY COMMISSION  
FILING CLERK

July 19, 2018

Public Utility Commission  
Central Records  
1701 N Congress, Suite 8-100  
Austin, Texas 78701

**RE: Docket 47153 FILING JOINT MOTION to ADMIT EVIDENCE and PROPOSED NOTICE OF APPROVAL, and PROPOSED NOTICE OF APPROVAL**

PUC Central Records:

Please file above 8 page document served to PUC Staff July 19, 2018

Respectfully,

SUSAN CALHOUN

Susan Calhoun  
Vice President, IOU co-owner  
Cedar Shores Water Corporation

**DOCKET NO. 47153**

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

§  
§  
§

**PUBLIC UTILITY COMMISSION  
OF TEXAS**

**JOINT MOTION TO ADMIT EVIDENCE  
AND PROPOSED NOTICE OF APPROVAL**

COMES NOW the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) and CS Water Corporation f/k/a Cedar Shores Water Corporation (CS Water) (collectively, the Parties) to jointly file this Motion to Admit Evidence and Proposed Notice of Approval, including proposed findings of fact, conclusions of law, and ordering paragraphs. In support thereof, the Parties show the following:

**I. Background**

On December 27, 2017, CS Water filed an application requesting authority for water rate and tariff changes in Bosque County, Texas. On February 20, 2018, CS Water filed an amended application and proof of revised notice. The amended application proposes to increase CS Water's water rates and revise CS Water's tariff for water Certificate of Convenience and Necessity (CCN) No. 11441.

Commission Staff filed its Recommendation on Final Disposition on July 11, 2018. In accordance with the additional procedural schedule proposed therein, CS Water and Staff file this joint motion and proposed notice of approval by July 20, 2018.

**II. Motion to Admit Evidence**

The Parties jointly request that the following evidence be admitted into the record of this proceeding:

- a. CS Water's Amended Application for a Class B Rate/Tariff Change, filed on February 20, 2018;
- b. CS Water's Response to Staff's First Request for Information, filed on May 29, 2018;
- c. Staff's Recommendation on Final Disposition, including the attached Staff memorandum and amended tariff, filed on July 11, 2018;

- d. Staff's Errata to Recommendation on Final Disposition, including the revised tariff, filed on July 19, 2018; and
- e. CS Water's Consent to Amended Tariff, filed on July 20, 2018.

### **III. Proposed Notice of Approval**

The attached Proposed Notice of Approval would approve the amended application of CS Water Corporation and thus effectuate the water rate increase and associated tariff revisions held under CS Water's water CCN No. 11441. The Parties have reviewed and agree to the Proposed Notice of Approval attached hereto.

This docket was processed in accordance with applicable statutes and Commission rules. Notice of the amended application was provided to interested persons. CS Water and Staff are the only parties to this proceeding. No hearing on the merits is necessary in this proceeding. The Parties respectfully request that the ALJ approve the application, as amended, and adopt the attached proposed notice of approval.

### **IV. Conclusion**

Staff has reviewed the amended application and recommends that it be approved. The Parties respectfully request that the ALJ approve the amended application using the amended tariff attached to Staff's Errata to Recommendation on Final Disposition and consented to by CS Water, grant the admittance of the evidence specified herein, and adopt the attached proposed notice of approval.

Dated: July 20, 2018

Respectfully submitted,




Susan Calhoun  
Vice-President  
Cedar Shores Water Corporation  
d/b/a CS Water Corporation

**DOCKET NO. 47153**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on July 20, 2018 in accordance with the requirements of 16 Tex. Admin. Code § 22.74.

  
Susan Calhoun

DOCKET NO. 47153

APPLICATION OF CS WATER  
CORPORATION FOR AUTHORITY TO  
CHANGE RATES

§  
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§

PUBLIC UTILITY COMMISSION  
  
OF TEXAS

**PROPOSED NOTICE OF APPROVAL**

This Notice addresses the application of CS Water Corporation f/k/a Cedar Shores Water Corporation (CS Water) for rate/tariff change. Commission Staff recommended approval of the application, as amended. The application, as amended, is approved.

The Commission adopts the following findings of fact and conclusions of law:

**I. Findings of Fact**

**Procedural History**

1. On December 27, 2017, CS Water filed confidentially an application requesting authority for water rate and tariff changes.
2. CS Water holds water Certificate of Convenience and Necessity (CCN) No. 11441 in Bosque County, Texas.
3. On December 28, 2017, the Commission ALJ issued Order No. 1: Requiring Comments on Administrative Completeness and Addressing Other Procedural Matters.
4. On January 3, 2018, Johnny Rowe and Jane Schmegner filed a ratepayer protest of the application. Lisa Harvell also filed a ratepayer protest on that date.
5. On January 5, 2018, Elbert Wayne Fogle filed a ratepayer protest of the application.
6. On January 9, 2018, Paula Dean filed a ratepayer protest of the application. Lloyd Davis also filed a ratepayer protest on that date.
7. On January 12, 2018, Jane Brown filed two ratepayer protests of the application, each of which was for a separate property.
8. On January 18, 2018, John Hanlon filed a ratepayer protest of the application.
9. On January 26, 2018, Commission Staff filed its First Administrative Completeness Recommendation, recommending that the application be deemed insufficient.
10. On February 5, 2018, the ALJ issued Order No. 2 finding the application administratively incomplete and establishing a deadline for CS Water to cure the deficiency. Order No. 2 also suspended the proposed effective date.

11. On February 20, 2018, CS Water filed an amended application, part of it filed confidentially. CS Water requested an effective date of March 28, 2018. CS Water included revised notice and proof of such notice's issuance with the amended application. The proof of notice indicated that notice was mailed to CS Water's ratepayers on February 17, 2018.
12. On February 26, 2018, Murphy and Marcia Webster filed a ratepayer protest of the application.
13. On February 27, 2018, H.B./Cynthia Smith filed a ratepayer protest of the application. Richard Hamilton also filed a ratepayer protest on that date.
14. On March 6, 2018, Elizabeth Soch filed a ratepayer protest of the application.
15. On March 16, 2018, Danny Pence filed two ratepayer protests of the application, each of which was for a separate property.
16. On March 29, 2018, Commission Staff filed its Second Administrative Completeness Recommendation, recommending that the amended application be deemed sufficient. Staff also recommended that the revised notice issued by CS Water be deemed sufficient.
17. On April 5, 2018, the ALJ issued Order No. 3 finding the application administratively complete and the notice sufficient.
18. On May 29, 2018, CS Water filed its Response to Commission Staff's First Request for Information (RFI).
19. On July 11, 2018, Commission Staff filed its Recommendation on Final Disposition, recommending that no hearing in this matter is necessary and that the application, as amended, be approved.
20. On July 19, 2018, Commission Staff filed its Errata to Recommendation on Final Disposition, containing a revised tariff.
21. CS Water did not file a response to Commission Staff's Recommendation on Final Disposition.
22. On July 20, 2018, CS Water filed its Consent to Amended Tariff consenting to the revised tariff contained in Staff's Errata to Recommendation on Final Disposition.
23. Also on July 20, 2018, CS Water and Commission Staff jointly filed a Motion to Admit Evidence and Proposed Notice of Approval.
24. On \_\_\_\_\_, 2018, the ALJ issued Order No. \_\_\_ admitting the following evidence into the record:

- a. CS Water's Amended Application for a Class B Rate/Tariff Change, filed on February 20, 2018;
- b. CS Water's Response to Staff's First RFI, filed on May 29, 2018;
- c. Commission Staff's Recommendation on Final Disposition, including the attached Staff memorandum and amended tariff, filed on July 11, 2018;
- d. Commission Staff's Errata to Recommendation on Final Disposition, including the attached revised tariff, filed on July 19, 2018; and
- e. CS Water's Consent to Amended Tariff, filed on July 20, 2018.

#### **Revenue Requirement**

25. CS Water's cost of service in its amended application is \$138,243, which includes operations and maintenance expense of \$111,222, depreciation expense of \$8,383, other taxes in the amount of \$6,708, federal income taxes in the amount of \$2,284, and a return of \$12,942.
26. CS Water's requested rates produce estimated total revenues of \$121,212.

#### **Plant in Service**

27. CS Water asserts in its amended application an original cost for plant in service of \$252,963.
28. CS Water's amended application asserts annual depreciation of \$8,383, accumulated depreciation of \$133,850, and net plant in service of \$107,454.57.

#### **Return on Invested Capital**

29. CS Water requested a rate of return of 9.73%.
30. Commission Staff's Recommendation on Final Disposition recommends an overall rate of return of 7.45%.

#### **Rate Design**

31. In CS Water's amended application, for meter sizes of 5/8" or 3/4", it proposed a monthly base rate of \$46.00 with 2,000 gallons included. CS Water also proposed a gallonage rate of \$4.75 per 1,000 gallons for 2,001 to 5,000 gallons and \$5.00 per 1,000 gallons for 5,001 or more gallons.

#### **Informal Disposition**

32. More than 15 days have passed since completion of the notice provided in this docket.
33. CS Water and Staff are the only parties to this proceeding.



34. Twelve ratepayer protests were filed in this docket. Although there were 14 protests filed, two of those protests were from the same ratepayer.
35. CS Water has under 191 ratepayers. The 12 ratepayer protests account for 6.3% of CS Water's ratepayers. Therefore, protests from at least 10% of CS Water's ratepayers were not received and pursuant to Texas Water Code (TWC) § 13.1871(i) the Commission was not required to set a hearing.
36. No hearing on the merits is necessary.

## **II. Conclusions of Law**

1. The Commission has jurisdiction over the application under TWC §§ 13.041, 13.181-.185, and 13.1871.
2. CS Water is a retail public utility as defined in TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59) and is a utility and a public utility as defined in TWC § 13.002(23).
3. CS Water is a class C utility as defined in TWC § 13.002(4-c).
4. Notice was provided in accordance with TWC § 13.1871, the Administrative Procedure Act<sup>1</sup> (APA) §§ 2001.051-.052, and 16 TAC § 24.22.
5. This docket was processed in accordance with the requirements of the APA, TWC §§ 13.041, 13.181-.185, and 13.1871, and 16 TAC §§ 24.8, 24.21-.22, 24.26, 24.28, and 24.31-.32.
6. In compliance with TWC § 13.183, and based on the findings of fact and conclusions of law, CS Water's overall revenues approved in this case permit CS Water a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses.
7. An overall rate of return of 7.45% will permit CS Water a reasonable opportunity to earn a reasonable return on its invested capital in accordance with TWC § 13.184.
8. The rates approved in this case are based on original cost, less depreciation, of property use and useful to CS Water's provision of service in accordance with TWC § 13.185.

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<sup>1</sup> Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-.902 (West 2016 & Supp. 2017).

9. The rates approved in this case are just and reasonable, comply with the ratemaking provisions in TWC chapter 13, and are not unreasonably discriminatory, preferential, or prejudicial.
10. This application does not constitute a major rate proceeding, as defined by 16 TAC § 22.2(27).
11. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following Orders:

1. CS Water's application for a rate increase, as amended, is approved.
2. All other motions and any other requests for general or specific relief, if not expressly granted herein, are denied.

**SIGNED AT AUSTIN, TEXAS the \_\_\_\_\_ day of \_\_\_\_\_, 2018.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**IRENE MONTELONGO**  
**ADMINISTRATIVE LAW JUDGE**