



Control Number: 47784



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TARIFF NO. 47784

RECEIVED

APPLICATION OF COMMUNITY §
WATER COMPANY FOR A PASS- §
THROUGH RATE CHANGE §

2017 DEC 13 AM 11:11
PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

COMMISSION STAFF'S SUFFICIENCY RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this response to Order No. 1, Commission Staff's Sufficiency Recommendation. Staff recommends that the application be deemed deficient. In support thereof, Staff shows the following:

I. BACKGROUND

On November 20, 2017, Community Water Company (CWC or Applicant) filed a notice with the Public Utility Commission (Commission) regarding its pass-through rate increase to recover the increase of the purchase water use fee imposed by the City of Tyler related to CWC's Certificate of Convenience and Necessity (CCN) No. 10534 in Ellis, Henderson, Navarro, and Smith Counties.

On November 28, 2017, the Administrative Law Judge (ALJ) issued the Notice Setting Deadline for Staff's Recommendation, requiring Staff to file a recommendation on CWC's application and notice, as well as to propose a procedural schedule by December 13, 2017. Therefore this pleading is timely filed.

II. STAFF'S RECOMMENDATION ON SUFFICIENCY AND NOTICE

Staff has reviewed CWC's application, and in accordance with 16 Tex. Admin. Code § 24.21 (TAC), and as supported by the attached memorandum of Fred Bednarski of the Commission's Water Utility Regulation Division, Staff recommends that the application be deemed administratively incomplete and deficient. The memorandum sets forth the information required from CWC to supplement and cure the noted deficiencies. Staff further recommends suspension of the effective date of the pass-through rate until Staff is able to determine if CWC is over or under recovering based on the pass-through rate charged and collected by CWC from October 2016 through September 2017 pursuant to 16 TAC § 24.26.

III. PROPOSED PROCEDURAL SCHEDULE

Due to the deficiencies in the application, Staff does not recommend a procedural schedule for evaluation of the merits at this time. Instead, Staff recommends that CWC be given until January 9, 2018 to remedy the identified deficiencies and that Staff be required to provide a supplemental recommendation by February 6, 2018.

IV. CONCLUSION

Staff respectfully requests that the ALJ issue an order consistent with this recommendation.

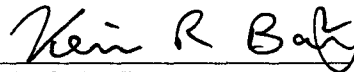
Dated: December 13, 2017

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
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DOCKET NO. 47784

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on December 13, 2017 in accordance with 16 TAC § 22.74.



Kevin R. Bartz

PUC Interoffice Memorandum

To: Kevin Bartz
Legal Division

Thru: Debi Loockerman, Finance Manager
Water Utility Regulation Division

From: Fred Bednarski, Financial Examiner
Water Utility Regulation Division

Date: December 13, 2017

Subject: **Tariff Control No. 47784**, *Application of Community Water Company for a Pass-Through Rate Change*

Staff recommends that the application not be accepted for filing. On November 20, 2017, Community Water Company (CWC or Applicant) filed a notice with the Public Utility Commission of Texas (Commission) regarding its pass-through rate increase to recover the increase of the purchase water use fee imposed on the utility by the City of Tyler related to CWC's Certificate of Convenience and Necessity (CCN) No. 10534 in Ellis, Henderson, Navarro, and Smith Counties.

Staff reviewed the information submitted in this application and recommends that the Commission find the application deficient due to the lack of historical documentation supporting the line loss calculation for one year. Furthermore, Staff is unable to determine if the Applicant is over or under recovering the pass-through charges based on the information provided. It is also not clear what documents were sent to customers as notice of the pass-through implementation.

Finally, in tariff control number 46430, CWC was ordered to separate the pass-through charges allowed by the pass-through provision from the gallonage charge allowed for general rates in future tariffs when a general rate increase is requested such that reconciliation of the pass-through revenues with actual expenses is possible. CWC shall also include a true-up provision in a future proposed tariff.

Staff recommends that the Commission order the Applicant to:

1. Provide the number of CWC's customers as of October 2016 and September 2017;
2. Provide historical documentation supporting the line loss for October 2016 through September 2017 including supporting documentation of usage data as well as supporting system documentation of gallons sold by month;
3. Provide documentation/calculations showing the exact amount of the total pass-through revenues collected from the customers during October 2016 through September 2017;
4. Provide monthly invoices paid to the City of Tyler for usage from October 2016 through September 2017
5. Clarify what documents filed in the application were part of the actual notice sent to customers.

Staff recommends suspension of the effective date of the pass-through rate until the application is deemed sufficient.