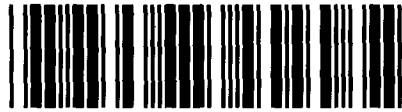


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Addendum StartPage: 0

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COMPLIANCE DOCKET FOR REFUNDS FROM DOCKET NO. 46104 (APPLICATION OF SHORE TECH INC. DBA L&M WATER DEVELOPMENT COMPANY FOR A RATE/TARIFF CHANGE)	§ § § § § § §	2018 FEB -2 AM 11:10 PUBLIC UTILITY COMMISSION FILING CLERK OF TEXAS
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COMMISSION STAFF'S RECOMMENDATION

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

I. BACKGROUND

On August 17, 2017, the Commission issued its final Order in Docket No. 46104 approving an increase in water rates for Shore-Tech, Inc. d/b/a L&M Water Development Company (Shore-Tech).¹ As part of its rate increase, Shore-Tech is authorized to charge a monthly capital improvements surcharge of \$8.87 for 36 months or until a total of \$11,490.64 is recovered, whichever occurs first.² This monthly surcharge is intended to cover the purchase and installation of a new pressure tank and well pump.³ The Commission's Order requires Shore-Tech to make a compliance filing within 30 days of the final installation of such facilities.⁴

During the pendency of Docket No. 46104, Shore-Tech also began charging the then proposed rate increase in spite of Order No. 5's suspension of the proposed effective date.⁵ Accordingly, the Commission's final Order required Shore-Tech to refund by October 16, 2017

¹ *Application of Shore Tech, Inc. dba L&M Water Development Company for a Rate/Tariff Change*, Docket No. 46104 (Aug. 17, 2017).

² *Id.* at Finding of Fact No. 38 and Ordering Paragraph Nos. 4 & 5.

³ *Id.* at Finding of Fact No. 38.

⁴ *Id.* at Ordering Paragraph Nos. 4 and 5.

⁵ *Id.* at Finding of Fact Nos. 39 and 40; see also *Application of Shore Tech, Inc. dba L&M Water Development Company for a Rate/Tariff Change*, Docket No. 46104, Order No. 5: Finding Application Administratively Complete; Finding Notice Sufficient, Suspending Effective Date and Adopting a Procedural Schedule at 1 (Dec. 14, 2016).

the proposed rates incorrectly charged beginning on January 1, 2017.⁶ Furthermore, Shore-Tech was required to make a compliance filing within 30 days of the issuance of the refund that includes an affidavit attesting to the amount of the refunds that were issued.⁷

Shore-Tech initially filed its compliance documentation on November 20, 2017 in Docket No. 46104, which had been closed following issuance of the Commission's final Order. On December 11, 2017, Staff filed in Docket No. 46104 a Request for Extension and Establishment of New Compliance Docket. Shore-Tech's compliance filing was subsequently moved to Docket No. 47850 on December 11, 2017. On December 19, 2017, Order No. 1 was issued requiring Shore-Tech to file certain clarifications by January 18, 2018. Order No. 1 also required Staff to file a recommendation regarding Shore-Tech's filing by February 2, 2018. Therefore, this pleading is timely filed.

II. REFUND RECOMMENDATION

As indicated by the attached memorandum of Fred Bednarski of the Commission's Water Utility Regulation Division, Staff has reviewed Shore-Tech's initial compliance filing and subsequent clarification filing. Staff first notes that the date on the refund checks that Shore-Tech issued was October 17, 2017.⁸ Although it appears that Shore-Tech issued the refund 61 days after the Commission's final Order in Docket No. 46104 was signed and therefore a day later than the ordered deadline, Staff recommends that good cause be found that Shore-Tech materially complied with the Order. In regard to the refund amounts, as Mr. Bednarski states in his memorandum the refunds did not include the one percent regulatory assessment fee (RAF) paid to the Texas Commission on Environmental Quality (TCEQ). Staff therefore recommends that Shore-Tech be ordered to issue an additional refund to each affected customer of that additional one percent. Staff recommends that Shore-Tech be ordered to issue such additional refunds within 60 days of a Commission order affirming that requirement and that Shore-Tech file a notarized affidavit within 30 days of such refund attesting to the issuance of such refund.

⁶ *Application of Shore Tech, Inc. dba L&M Water Development Company for a Rate/Tariff Change*, Docket No. 46104 at Ordering Paragraph No. 2 (Aug. 17, 2017).

⁷ *Id.*

⁸ Confidential – Copies of Refund (Dec. 11, 2017).

III. SURCHARGE RECOMMENDATION

In regard to the information that Shore-Tech provided relating to the monthly capital improvements surcharge, Staff acknowledges Shore-Tech's statement that the pertinent equipment has been purchased but not yet installed.⁹ In accordance with the requirement of Ordering Paragraph Nos. four and five of the Commission's final Order in Docket No. 46104, Staff recommends that Shore-Tech be ordered to file the following documentation in this docket within 30 days after installation of such facilities and equipment is completed: (1) a notarized affidavit attesting to the date that installation was completed, affirming that all associated invoices and receipts are included with the compliance filing, and confirming the total amount Shore-Tech has collected through the monthly surcharge at that time, and (2) a copy of all invoices and receipts for the purchase and installation of such facilities and equipment.

IV. CONCLUSION

For the reasons stated above, Staff respectfully recommends that Shore-Tech be ordered to issue the noted additional refund to affected customers within 60 days of the Commission's order, that Shore-Tech be ordered to file a notarized affidavit attesting to such additional refund within 30 days of the refund's issuance, and that Shore-Tech be ordered to file the specified compliance documentation relating to the capital improvements facilities and equipment within 30 days of the completion of installation of such facilities.

⁹ Compliance Filing Related to Refunds at 3 (Jan. 24, 2018) ("In regard to the capital improvements, We have purchased the new equipment and awaiting [sic] fair weather to proceed with the installation and replacement. We are lining up for this to be done in spring of 2018 weather permitting.").

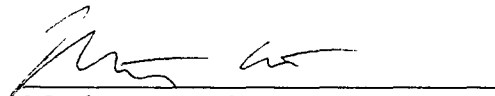
Dated: February 2, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

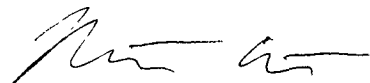


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PUC DOCKET NO. 47850

CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record on February 2, 2018, in accordance with the requirements of 16 TAC § 22.74.



Matthew A. Arth

PUC Interoffice Memorandum

To: Matthew Arth, Attorney
Legal Division

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

From: Fred Bednarski, Financial Examiner
Water Utility Regulation Division

Date: February 02, 2018

Subject: **Docket No. 47850; Compliance Docket For Refunds From Docket No. 46104**
(Application of Shore Tech, Inc. DBA L&M Water Development Company For A Rate/Tariff Change)

On December 19, 2017, Order No. 1 required Shore Tech, Inc. dba L&M Water Development Company (Shore Tech) to provide the calculation that it used to determine how much each customer or other affected party was refunded and clarify whether it has installed the facilities for which the monthly capital improvements surcharge is being charged and if so, when it intends to file compliance documentation for that installation.

Staff reviewed Shore Tech's filing made on January 24, 2018, and determined that the refunded amount to each customer was accurate with the exception of the regulatory assessment fee. Shore Tech is required to charge and remit 1% of its retail sales as a regulatory assessment fee (RAF) to the Texas Commission on Environmental Quality (TCEQ). Although Shore Tech calculated and refunded the correct amounts to its ratepayers, it failed to refund the 1% RAF corresponding to the additional amount of over charges. Therefore, Staff recommends that Shore Tech additionally refund each customer 1% of the amount already refunded to each customer.

Staff also noted that Shore Tech is planning to install and replace facilities for the water utility this spring. These facilities are associated with the capital improvements surcharge Shore Tech is authorized to collect. Staff recommends that Shore Tech be ordered to file copies of receipts and invoices in this docket within 30 days of the final installation of the facilities associated with the monthly capital improvements surcharge. Staff further recommends that the receipts and invoices be accompanied with the installation date and a description of each item installed.