



Control Number: 47989



Item Number: 7

Addendum StartPage: 0

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PUBLIC UTILITY COMMISSION
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OPEN MEETING COVER SHEET

COMMISSIONER MEMORANDUM

MEETING DATE: May 10, 2018

DATE DELIVERED: May 9, 2018

AGENDA ITEM NO.: 23

CAPTION: Docket No. 47989 - Petition of Sitz Family Investments, LLC for Modification of a True-up Provision Approved in Docket No. 44434

ACTION REQUESTED: Discussion and possible action with respect to the Final Order.

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7

DeAnn T. Walker
Chairman

Arthur C. D'Andrea
Commissioner




Greg Abbott
Governor

John Paul Urban
Executive Director

Public Utility Commission of Texas

TO: Chairman DeAnn T. Walker
Commissioner Arthur C. D'Andrea

All Parties of Record (*via electronic transmission*)

FROM: Petrus Wassdorf 
Commission Advising

RE: *Petition of Sitz Family Investments LLC for Modification of a True-up Provision
Approved in Docket No. 44434; Docket No. 47989, Proposed Order, May 10, 2018
Open Meeting, Item No. 23.*

DATE: May 9, 2018

Please find enclosed a memorandum regarding questions concerning the proposed order that are proposed by Chairman Walker in the above-referenced docket. No other commissioner will file a memorandum in this docket.

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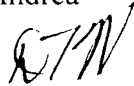
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Public Utility Commission of Texas

Memorandum

TO: Commissioner Arthur C. D'Andrea
FROM: Chairman DeAnn T. Walker 
DATE: May 9, 2018
RE: Open Meeting of May 10, 2018 – Agenda Item No. 23
Docket No. 47989 – *Petition of Sitz Family Investments LLC for Modification of a True-up Provision Approved in Docket No. 44434*

At the last open meeting, the Commission addressed Docket No. 47958, *Petition of the Ridge at Frio River Water Company for Modification of a True-up Provision Approved in Docket No. 43783*, in which similar issues related to the applicability of 16 Texas Administrative Code (TAC) §§ 24.21 and 24.34 were considered. As with that proceeding, the previous order of the Commission in which Sitz Family Investments, LLC was granted a certificate of convenience and necessity (CCN), which was Docket No. 44434, *Application of Sitz Family Investments, LLC for Initial Rates for the Little River Ranch Water System and for a Certificate of Convenience and Necessity in Matagorda County*, raised the same issues as addressed in the Ridge at Frio River case.

Based on the provisions in the Commission's order in Docket No. 44434, the Sitz Family Investments LLC filed the current proceeding requesting an extension to file a true-up proceeding by November 13, 2017. However, as determined in the Ridge at Frio River case at the last open meeting, rates that are set associated with a new CCN are granted pursuant to 16 TAC § 24.21(b). This provision requires a water utility to file a rate-change application, including a true-up proceeding, within 18 months after the initiation of service.

Because the record in this case does not indicate that service has been initiated by the Sitz Family Investments LLC, the 18 month deadline for submitting a rate application has not begun. Therefore, the application before the Commission is not appropriate at this time. Instead, the Sitz Family Investments LLC should have sufficient time remaining in which to file an application in compliance with 16 TAC § 24.21(b)(1)(C). Therefore, I recommend the Commission make the following changes to the proposed order.

A conclusion of law should be added to reflect that the rates granted in Docket No. 44434 were granted under 16 TAC § 24.21(b).

5. The rates set in Docket No. 44434 were granted under 16 TAC § 24.21(b).

Ordering paragraphs 1 and 2 should be modified as follows to reflect the fact that an extension is not necessary at this time and that a rate application, including a true-up of rates, should be filed as set forth in 16 TAC § 24.21(b)(1)(C):

1. The Commission ~~grants~~ denies the petition.
2. A ~~true-up~~ rate application, including a true-up proceeding of the rates approved in Docket No. 44434, shall be filed 18 months after Sitz begins serving customers as described in 16 TAC § 24.21(b)(1)(C). ~~The true-up shall consist of a reconciliation by customer account to true-up the revenues received under the rates approved in Docket No. 44434 with the revenues that would have been received had the rates reflected the actual costs of service that would be approved in a rate case.~~

Finally, I propose delegating to the Office of Policy and Docket Management staff the authority to modify the order to conform to the *Citation and Style Guide for the Public Utility Commission of Texas* and to make other non-substantive changes to the order for such matters as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability.

I look forward to discussing this matter with you at the open meeting.