



Control Number: 48342



Item Number: 31

Addendum StartPage: 0

APPLICATION OF GUM ISLAND  
UTILITY FOR AUTHORITY TO  
CHANGE RATES

§  
§  
§

PUBLIC UTILITY COMMISSION  
OF TEXAS

2018 AUG 3 AM 10:06

PUBLIC UTILITY COMMISSION  
FILING CLERK

**COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION ON  
ADMINISTRATIVE COMPLETENESS AND REQUEST FOR A HEARING**

**COMES NOW** the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Supplemental Recommendation on Administrative Completeness and Request for Hearing. In support thereof, Staff shows the following:

**I. BACKGROUND**

On May 3, 2018, Gum Island Utility Company (Gum Island) filed an application as "Whitewing" utility for a Class B rate change.

Commission Order No. 2, issued on May 30, 2018, found the application and notice deficient and suspended the effective date of the requested rate change in accordance with Texas Water Code (TWC) § 13.1871(e) and 16 Texas Administrative Code (TAC) § 24.26(b)(1). Order No. 2 also instructed Gum Island to file its annual operations report in Docket No. 47833, which was due on June 1, 2018. To date, Gum Island has not filed its annual operations report in Docket No. 47833.

Gum Island filed supplemental information to its application on and June 28, 2018, and July 26, 2018.

Commission Order No. 5, issued on July 27, 2018, granted Staff's request for an extension to file a supplemental recommendation on the sufficiency of the application and notice, and propose a procedural schedule, if appropriate, until August 3, 2018.

**II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS AND  
NOTICE**

Staff has reviewed the application and supplemental information filed by Gum Island, and as detailed in the attached memorandum of Andrew Novak and Sean Scaff of the Commission's Water Utilities Division, Staff recommends that the application be found administratively complete. Although Gum Island re-noticed its ratepayers on July 10, 2018, it was actually

prohibited from doing so by 16 TAC § 24.26(a)(c). Pursuant to TWC § 13.1871 and 16 TAC § 24.26, Gum Island must re-notice its customers with a new proposed effective date after the Commission finds that the application is administratively complete. In accordance with TWC § 13.1871(b), the new proposed effective date must be at least 35 days after the new statement of intent is filed. Staff notes that a document is not considered filed at the Commission until the hardcopy is stamped by the clerk in the Office of Central Records, not the day of mailing.

Although Staff has no recommendation to make on the sufficiency of notice at this time, Staff notes that the notice issued on July 10, 2018 contains two deficiencies. First, the utility did not identify how many ratepayers comprise 10% of Gum Island's ratepayers. Second, on the rate change schedule for both current and proposed rates, Gum Island states under gallonage charge that tier one volume is "1 to 5,000" gallons. Staff assumes this is a clerical error, as the proper tier one volume would be "5,001 and more gallons."

### **III. REQUEST FOR A HEARING**

Pursuant to 16 TAC § 24.28(c)(2), the Commission shall set an application to change rates for a hearing if it receives protests from the lesser of 1,000 or ten percent of the affected ratepayers of the utility over whose rates the Commission has original jurisdiction. According to its application, Gum Island has 29 metered connections. The Commission received 14 protests from affected ratepayers,<sup>1</sup> which is greater than ten percent of the 29 affected ratepayers, or 2.9 ratepayers. Therefore, Staff hereby requests that this matter be referred to the State Office of Administrative Hearings for an evidentiary hearing and does not recommend a procedural schedule at this time.

### **IV. RECOMMENDATION ON SUSPENSION OF EFFECTIVE DATE**

Order No. 2 suspended the effective date pursuant to TWC § 13.1871(e) and 16 TAC § 24.26(b)(1) until the application is found administratively complete. Upon a finding of administrative completeness, Staff recommends that the effective date be suspended pursuant to TWC § 13.1871(g) and 16 TAC § 24.26(a)(2) for 265 days from the date of Gum Island's new

---

<sup>1</sup> The Commission received 17 protest filings, but two protesters share an address and two protesters filed twice. Protests were received from Debbie Barker, Kathy Carrell, Gary Davis (filed twice), Jose Escalante, Barry and Stacy Evans (filed twice), Paul and Karen Guidry, Daniel Johnstonbaugh, Jesse "J.D." Keller, Gary Lechner, Rhonda and Beckie Marchal (same address), Fred McCoy, Lynn and Margaret McLemore, Daryl Parker, and Robert Stevenson.

proposed effective date. Gum Island is requesting a 94% increase to its revenue requirement. Furthermore, 14 of the 29 ratepayers have protested the rate change. The 265-day suspension period under TWC § 13.1871(g) and 16 TAC § 24.26(a)(2) would start with the new proposed effective date in the new notice that Gum Island must provide after the application is deemed administratively complete.<sup>2</sup>

## V. CONCLUSION

Staff respectfully requests issuance of an order consistent with the above recommendations.

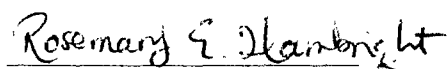
**DATED:** August 3, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF  
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Stephen Mack  
Managing Attorney



Rosemary E. Hambright  
State Bar No. 24101856  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7230  
(512) 936-7268 (facsimile)  
Rosemary.Hambright@puc.texas.gov

---

<sup>2</sup> See *Application of Forest Glen Utility Company for Authority to Change Rates*, Docket No. 47897, Chairman DeAnn T. Walker's Memorandum re: Open Meeting of May 25, 2018 Agenda Item No. 2 (May 24, 2018).

**DOCKET NO. 48342**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of this document will be served on all parties of record on August 3, 2018, in accordance with 16 TAC § 22.74.

Rosemary E. Hambright  
Rosemary E. Hambright

## PUC Interoffice Memorandum

---

**To:** Rosemary Hambright  
Legal Division

**Thru:** Tammy Benter, Division Director  
Heidi Graham, Manager  
Water Utilities Regulation Division

**From:** Sean Scaff, Engineering Specialist  
Andrew Novak, Financial Analyst  
Water Utilities Regulation Division

**Date:** July 27, 2018

**Subject:** **Docket No 48342**, *Application of Gum Island Utility for Authority to Change Rates*

On May 3, 2018, Gum Island Utility Company (Applicant), Certificate of Convenience and Necessity (CCN) No. 12042, filed with the Public Utility Commission of Texas (Commission) an application to change its tariff and increase its water service rates pursuant to Texas Water Code (TWC) §13.1871 and 16 Texas Administrative Code (TAC) §§ 24.21-.26.

On June 28, 2018, and July 26, 2018, the Applicant filed supplemental information in order to address the insufficiencies outlined in Staff's recommendation to the Commission filed on May 25, 2018. Staff has reviewed the supplemental information and Staff recommends the application be found administratively complete and sufficient for filing.

In addition, due to the number of protests received regarding this docket, Staff recommends this docket be referred to the State Office of Administrative Hearings.