



Control Number: 48342



Item Number: 58

Addendum StartPage: 0

PUC DOCKET NO. 48342

**APPLICATION OF GUM ISLAND
UTILITY FOR AUTHORITY TO
CHANGE RATES**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMISSION STAFF'S RECOMMENDATION ON SUFFICIENCY OF REVISED
NOTICE**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Commission Staff's Recommendation and would show 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. On May 30, 2018, the administrative law judge (ALJ) issued Order No. 2, finding the application and notice deficient and suspending 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).

On September 24, 2019, Gum Island filed a revised Notice of Proposed Rate Change with a revised effective date of November 1, 2019. On September 20, 2019, Gum Island filed an application for a sales, transfer, or merger (STM) (Docket No. 50038). On September 26, 2019, Staff filed a recommendation that the ALJ suspend the new effective date for 265 days pursuant to TWC § 13.1871(g) and 16 TAC § 24.33(a)(2).

On November 5, 2019, the ALJ issued Order No. 12, suspending the new effective date and requiring Staff to file its recommendation on the sufficiency of the revised notice on or before November 19, 2019 and otherwise abating the proceeding until January 25, 2020. Therefore, this pleading is timely filed.

**II. STAFF'S RECOMMENDATION ON SUFFICIENCY OF REVISED
NOTICE**

Gum Island has provided notice, as required by 16 TAC § 24.27, which requires that a copy of the notice be provided to all customers of the utility affected by the proposed rate change, to the appropriate offices of each municipality affected by the proposed rate change, and to the Office of

58

Public Utility Counsel (OPUC). The affidavit of Hannah Krebs states only that the notice was sent to "each customer or other affected party." Thus, it is impossible to discern whether notice was sent to affected municipalities and OPUC, as required by the rule. In addition, the proposed notice form appears to be an outdated version of what is currently available on the Commission website. Moreover, the revised notice does not include the ratepayer protest page of the form. Finally, the form includes under the gallonage charge a Tier 1 amount of 1 to 5,001 gallons, when the monthly base rate indicates it also includes the first 5,001 gallons. It is not clear whether the gallonage charge is included in the monthly base rate, or if it is in addition to the monthly base rate.

For these reasons, Staff recommends that the ALJ find that the revised proposed notice is incomplete and deficient. Staff respectfully requests that Gum Island be required to cure these deficiencies on the form and then use the revised form to re-notice all customers of the utility, municipalities affected by the proposed rate increase, and OPUC. Gum Island should re-notice those individuals and entities using the current "Class B and C Utility Notice of Proposed Rate Change" form on the Commission's website with a new effective date that is at least 35 days from the date the new notice is provided. Finally, the affidavit filed with the notice should explicitly state that the affected municipalities and OPUC have been provided a copy of the notice.

III. CONCLUSION

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

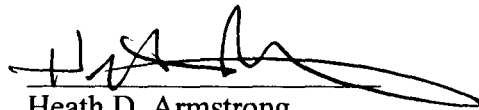
Date: November 19, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Rachelle Nicolette Robles
Managing Attorney

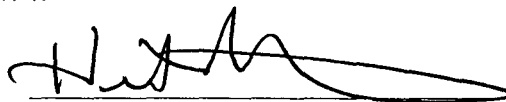


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on November 19, 2019, in accordance with 16 TAC § 22.74.



Heath D. Armstrong