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DOCKET NO. 48697

**APPLICATION OF ANDERSON
WATER COMPANY, INC. FOR
AUTHORITY TO CHANGE RATES**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

2018 OCT 31 AM 9:17
FILING CLERK

**COMMISSION STAFF'S COMMENTS
ON ADMINISTRATIVE COMPLETENESS**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and in response to Order No. 1, files Staff's Comments on Administrative Completeness. In support thereof, Staff shows the following:

I. BACKGROUND

On October 1, 2018, Anderson Water Company, Inc. (Applicant) filed an application with the Commission for a water rate/tariff change with an effective date of November 28, 2018, under Certificate of Convenience and Necessity (CCN) No. 11675 in Grimes County.

On October 3, 2018, the Administrative Law Judge (ALJ) issued Order No. 1, giving Staff a deadline of October 31, 2018 to file comments on the administrative completeness of the application and notice and to propose a procedural schedule, if appropriate. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS AND NOTICE

As detailed in the attached memorandum from Kathryn Eiland in the Commission's Water Utility Regulation Division, Staff has reviewed the application and recommends that it be found administratively incomplete at this time. The attached memorandum describes the deficiencies to be cured by Applicant. Because Staff recommends that the application be found administratively incomplete, Staff also recommends that Applicant be directed to file a supplemental application to cure the deficiencies identified by Staff, including a new proposed notice for Staff to review before it is distributed to customers.

Staff notes that Applicant should not issue notice until the application is found administratively complete. Staff also recommends that the rate effective date be suspended pursuant to Texas Water Code § 13.1871(e) until the application is deemed administratively

complete; once the application is administratively complete, Applicant should issue a new notice with a new effective date.

III. PROCEDURAL SCHEDULE

Due to the deficiencies in the application, Staff does not recommend a procedural schedule for evaluation of the merits of the application at this time. Given the number of deficiencies, Staff recommends that Applicant be given until December 10, 2018 to cure the deficiencies identified by Staff and to file a supplemental application. Staff proposes a deadline of January 10, 2019 for Staff to file additional comments regarding administrative completeness, along with a proposed procedural schedule, if the application is deemed administratively complete.

IV. CONCLUSION

For the reasons discussed above, Staff respectfully recommends that the application be found administratively incomplete and that Applicant be ordered to file a supplemental application addressing the identified issues by December 10, 2018.

Date: October 31, 2018

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 31, 2018, in accordance with 16 TAC § 22.74.



Justine Isabelle Caedo Tan

PUC Interoffice Memorandum

To: Justine Tan, Attorney
Legal Division

Through: Debi Loockerman, Manager
Water Utility Regulation

From: Kathryn Eiland, Financial Analyst
Water Utility Regulation

Date: October 23, 2018

Subject: **Docket No. 48697:** *Application of Anderson Water Company, Inc. for Authority to Change Rates*

On October 1, 2018, Anderson Water Company, Inc. (Applicant) filed an application with the Public Utility Commission of Texas (PUC) for a rate/tariff change under Certificate of Convenience and Necessity (CCN) No. 11675 in Grimes County. An administrative review of the application and notice has been made pursuant to Texas Water Code (TWC) §§ 13.1871 and 16 Texas Administrative Code (TAC) §§ 24.25 through 24.33, formerly 16 TAC §§ 24.21 through 24.26.

Based on a review of the information in the application, Staff recommends that the application be deemed insufficient for filing and found administratively incomplete due to the deficiencies detailed below:

1. The Applicant did not file their 2017 Annual Report in project number 47833;
2. The Applicant did not provide the income statement and balance sheet for the test year¹;
3. The Applicant did state whether or not they were affiliated with another entity and provide the most recent annual income statement, statement of cash flow, and balance sheet for the affiliated entity(ies);
4. The Applicant did not complete several schedules because the sections were blank and not filled out or marked N/A;
 - A. Schedule II-4(a), The amounts for 2015 and 2016 were unknown and the Applicant did not provide a reason the increase in 2017;
 - B. Schedule II-5, The amount for 2017 was higher than the amounts in 2015 and 2016 and the Applicant did not provide a reason for the increase;
 - C. Schedule II-8(a), The amounts for 2015 and 2016 were \$0 and the Applicant did not provide a reason for the increase in 2017;
 - D. Schedule II-12(a), The amounts for 2015 and 2016 were \$0 and the Applicant did not provide a reason for the increase in 2017;
 - E. Schedule II-14(b), This section was blank;
 - F. Schedule II-17(a), The amounts for 2015 and 2016 were \$0 and the Applicant did not provide a reason for the increase in 2017;
 - G. Schedule II-17(b), This section was blank;
 - H. Schedule II-19(a), The amounts for 2015 and 2016 were \$0 and the Applicant did not provide a reason for the increase in 2017;

¹ Filing the Annual Report as an attachment to the response would satisfy deficiency number 1.

5. Schedule III-5, The Actual O & M Expenses do not match the Total Operating Expenses in Schedule I-1;
6. Schedule IV(a), The total for payroll taxes in column G is incorrect;
7. Schedule IV(a), Other Taxes chart was blank;
8. Proposed notice, The requested revenue increase does not match the Application, Schedule I-1;
9. The Applicant did not provide the water usage from the test year for each of the tiers in the proposed rate; and
10. The Applicant did not provide any supporting documentation for the plant additions after previous rate case listed on Schedule III-3(a).
11. Staff also recommends that the Applicant calculate federal income tax using the new corporate rate of 21% set by the Tax Cuts and Jobs Act of 2017 passed on December 22, 2017, rather than using the "Federal Income Tax Calculation" included on Schedule V of the Application.²

Additionally, Staff recommends that the proposed increase on November 28, 2018 be suspended and the Applicant provide a new proposed notice to Commission Staff for review before it is distributed to customers.

² The Class B Rate application form is currently being amended to reflect this change, but has not yet been approved by the Commission.