



Control Number: 48697



Item Number: 69

Peter M. Lake
Chairman

Will McAdams
Commissioner

Lori Cobos
Commissioner

Jimmy Glotfelty
Commissioner



Greg Abbott
Governor

Thomas J. Gleeson
Executive Director

2021 DEC -9 AM 10:52

Public Utility Commission of Texas

TO: Peter M. Lake, Chairman
Will McAdams, Commissioner
Lori Cobos, Commissioner
Jimmy Glotfelty, Commissioner

All Parties of Record

FROM: Stephen Journeay, Commission Counsel

DATE: 9 December, 2021

RE: Docket No. 48697; SOAH Docket No. 473-20-1117.WS – *Application of Anderson Water Company Inc. for Authority to Change Rates*

The Office of Policy and Docket Management (OPDM) has identified the following evidentiary issues that require a response from the parties to facilitate the preparation of a proposed order.

Notice of the Interim Rate Changes

Under 16 TAC § 24.37(j), Anderson Water must provide notice of interim rates. The parties' proposed order does not address whether Anderson Water provided sufficient notice of the interim rates that went into effect in May 2019 or the interim rates approved on September 29, 2020 and May 5, 2021. Please identify the location in the evidentiary record of the proof of notice in compliance with 16 TAC § 24.37(j) for the notice required to all customers affected by the interim rates. If evidence in the record is currently deficient, please seek the admission of additional evidence. If full compliance with 16 TAC § 24.37(j) is impossible, a good cause exception should be requested.

Proposed Tap Fee and Other Miscellaneous Fees

The parties' proposed order states in proposed finding of fact 49 that "[t]he signatories agreed that Anderson Water is authorized the charge the rates and miscellaneous fees shown in exhibit B to the agreement to be effective for usage on and after the date of this Order." One of the miscellaneous fees agreed to by the parties is a \$1,200 tap fee. Anderson Water's current tap fee is \$300. OPDM requests that the parties review the tap fee and other miscellaneous fees included in the agreed tariff referenced in the parties' proposed order and either identify the record evidence that adequately explains and supports any changes in fees or new fees or seek the admission of additional evidence that does so. Additionally, please identify record evidence or



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seek the admission of evidence that demonstrates that fees do not recover costs already recovered elsewhere in the rates sought to be approved.

Proposed Reconnection Fee for Non-payment

The parties' proposed order states in proposed finding of fact 49 that "[t]he signatories agreed that Anderson Water is authorized the charge the rates and miscellaneous fees shown in exhibit B to the agreement to be effective for usage on and after the date of this Order." One of the miscellaneous fees agreed to by the parties is a reconnection fee for non-payment. It is not clear from the language of exhibit B, the parties' proposed tariff, whether the reconnection fee for non-payment is \$25, \$50, or some other amount. Please clarify the amount of the proposed reconnection fee for non-payment. To that end, please identify the location in the evidentiary record where this issue is clarified. If evidence in the record is currently deficient, please seek the admission of additional evidence including, if necessary, a revised proposed tariff that clearly states the correct price of the proposed reconnection fee for non-payment.

Cash Working Capital

The parties' proposed order does not provide Anderson Water's cash working capital. Under 16 TAC § 24.41(D)(iii)(I), a utility's cash working capital must not exceed 1/8 of the utility's total annual operations and maintenance expense, excluding amounts charged to operations and maintenance expense for materials, supplies, fuel, and prepayments. Please identify the location in the evidentiary record where it is established that Anderson Water's agreed-to cash working capital amount meets the requirements of this Commission rule. If the evidence in the record is currently deficient, please seek the admission of additional evidence.

Amounts Collected During Effective Date Suspension Period

In a motion for interim rates,¹ Commission Staff stated that Anderson Water began charging the rates proposed in its application in May 2019 even though the effective date had been postponed until January 16, 2020. It is not clear how long these unauthorized interim rates were in effect or whether Anderson water provided sufficient notice of the interim rates to its customers. Under 16 TAC § 24.37(h), Anderson Water must refund or credit against future bills all sums collected in excess of the rates approved by the Commission. OPDM requests that the parties prepare, file, and seek admission of additional evidence establishing the time period within which Anderson Water charged the interim rates.

OPDM requests responses to these issues by January 4, 2022 at 3:00 PM. If the requested information is not in the evidentiary record, please file a motion to admit additional evidence.

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¹ Commission Staff's Motion for Interim Rates (Aug. 17, 2020).

