



Control Number: 48937



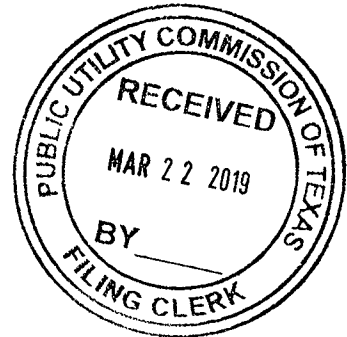
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March 22, 2019

Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326



Re: **Project No. 48937, Rulemaking to Amend § 24.44 Rate-case Expenses Pursuant to Texas Water Code § 13.187 and § 13.1871; Liberty Utilities Reply Comments on Strawman**

Dear Commission:

Please accept these comments on behalf of Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Tall Timbers Sewer) Corp., and Liberty Utilities (Silverleaf Water) LLC (collectively "Liberty Utilities") with respect to Staff's strawman proposed rule amendments in the above-referenced project. These three Liberty Utilities entities provide water and wastewater service in the State of Texas and are Class B utilities under the Texas Water Code ("TWC"), Chapter 13 classification system. Liberty Utilities strongly supports Staff's strawman proposal and joins the views expressed in the initial and reply comments filed by the Water IOUs.¹

Recently, Liberty Utilities has experienced two TWC § 13.1871 rate cases before this Commission and finds the 51% and settlement offer rule provisions patently unfair. Liberty Utilities echoes the comments of the Water IOUs on those issues. Further, arbitrary disallowance of rate case expenses otherwise deemed reasonable and necessary without considering case specific facts disrupts a utility's opportunity to earn a reasonable return in violation of the principles set forth by the United States Supreme Court in *Hope* and *Bluefield*.² Liberty Utilities

¹ Docket No. 48937, *Rulemaking to Amend § 24.44 Rate-case Expenses Pursuant to Texas Water Code § 13.187 and § 13.1871*, Joint Initial Comments of Aqua Texas, Canyon Lake Water Service Company, SouthWest Water Company, Quadvest, and Corix Utilities (Texas) on Strawman Amendments to § 24.44 (Feb. 19, 2019) and Joint Reply Comments of Aqua Texas, Canyon Lake Water Service Company, SouthWest Water Company, Quadvest, and Corix Utilities (Texas) on Strawman Amendments to § 24.44 (Mar. 12, 2019).

² *Federal Power Commission et al v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944); *Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923).


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has regulated affiliates that operate in eleven states outside of Texas.³ None of the regulatory authorities in those jurisdictions have a rule like the Commission's current 51% or settlement offer rule.

In sum, Liberty Utilities joins the Water IOUs in requesting that the Commission officially propose and adopt a revised 16 Texas Administrative Code § 24.44 in line with the strawman rule and reject the recommended changes offered by the Office of Public Utility Counsel and Mr. Joe Freeland.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd C. Wiley". The signature is fluid and cursive, with the first and last names being more prominent than the middle initial.

Todd C. Wiley
General Counsel
Liberty Utilities (West Region)

³ Those states are Arizona, Arkansas, California, Georgia, Illinois, Iowa, Kansas, Massachusetts, Missouri, Oklahoma and New Hampshire.