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2019 JAN 9 PM 4:16
PUBLIC UTILITY COMMISSION
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**PUBLIC UTILITY COMMISSION OF TEXAS
PUBLIC NOTICE OF WORKSHOP ON STRAWMAN AMENDMENTS TO 16 TEXAS
ADMINISTRATIVE CODE (TAC) §24.44 AND REQUEST FOR COMMENTS**

The staff of the Public Utility Commission of Texas (commission) will hold a workshop regarding Project Number 48937, *Rulemaking to Amend §24.44 Rate-Case Expenses Pursuant to Texas Water Code §13.187 and §13.1871*, on Tuesday, January 29, 2019, at 10:00 a.m. in the Commissioners' Hearing Room, located on the 7th floor of the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas 78701. For discussion at the workshop, staff developed a strawman rule that proposes an amendment to 16 TAC §24.44 that would provide a list of acceptable evidentiary information that a utility, which has the burden to prove the reasonableness of rate-case expenses, may file in support of recovering such expenses. The staff strawman rule proposes to delete §24.44(b), which precludes utilities from recovering rate-case expenses when the commission-approved rate following a contested case hearing generates less than 51% of the applicant's requested revenue requirement. Additionally, the staff strawman rule proposes to delete §24.44(c), which limits the recovery of rate-case expenses following a written settlement offer.

The strawman can be found on the commission's interchange filer system under Project No. 48937. Written comments on the strawman rule may be filed by submitting 16 copies to the commission's filing clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 within 30 days of the date of publication of this notice. All responses should reference Project Number 48937.

Questions concerning the workshop or this notice should be referred to Tammy Benter, Division Director, Water Utility Regulation Division, (512) 936-7165, Elisabeth English, Engineering Specialist, Water Utility Regulation Division, (512) 936-7224, or Justine Tan, Attorney, Legal Division, (512) 936-7163. Hearing and speech-impaired individuals with text telephones (TTY) may contact the commission through Relay Texas by dialing 7-1-1.

**ISSUED IN AUSTIN, TEXAS ON THE 9th DAY OF JANUARY 2019 BY THE
PUBLIC UTILITY COMMISSION OF TEXAS
ADRIANA A. GONZALES**

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§24.33. Rate-case Expenses Pursuant to Texas Water Code §13.187 and §13.1871.

- (a) A utility may recover rate-case expenses, including attorney fees, incurred as a result of filing a rate-change application pursuant to TWC §13.187 or TWC §13.1871, only if the expenses are just, reasonable and, necessary, and in the public interest.
- (b) A utility requesting recovery of its rate-case expenses has the burden to prove the reasonableness of such rate-case expenses. A utility seeking recovery of rate-case expenses must submit information that sufficiently details and itemizes all rate-case expenses, including, but not limited to, evidence verified by testimony or affidavit, showing:
- (1) the nature and difficulty of the work done;
 - (2) the time and labor expended;
 - (3) the fees or other consideration paid for the services rendered;
 - (4) the expenses incurred for lodging, meals and beverages, transportation, or other services or materials;
 - (5) the nature and scope of the rate case, including
 - (A) the size of the utility and number and type of customers served;
 - (B) the amount of money or value of property or interest at stake;
 - (D) the amount and complexity of discovery; and
 - (E) the occurrence and length of a hearing.
- ~~(b) A utility may not recover any rate-case expenses if the increase in revenue generated by the just and reasonable rate determined by the commission after a contested case hearing is less than 51% of the increase in revenue that would have been generated by a utility's proposed rate.~~

~~(c) A utility may not recover any rate case expenses incurred after the date of a written settlement offer by all ratepayer parties if the revenue generated by the just and reasonable rate determined by the commission after a contested case hearing is less than or equal to the revenue that would have been generated by the rate contained in the written settlement offer.~~

(cd) Unamortized rate-case expenses may not be a component of invested capital for calculation of rate-of-return purposes.