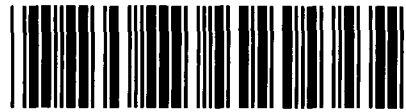




Control Number: 49225



Item Number: 51

Addendum StartPage: 0

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PETITION BY OUTSIDE CITY § BEFORE THE STATE OFFICE
RATEPAYERS APPEALING THE §
WATER RATES ESTABLISHED BY § OF
THE CITY OF CELINA §
§ ADMINISTRATIVE HEARINGS

CITY OF CELINA'S LIST OF ISSUES

COMES NOW the City of Celina ("City") in the above-styled case and files this List of Issues as directed by the Public Utility Commission of Texas ("Commission") in its Order of Referral issued December 10, 2019, requiring such List of Issues to be filed by January 3, 2020. Accordingly, this pleading is timely filed.

I. ISSUES TO BE ADDRESSED

This is not a general rate case. The Petitioners have appealed the City's residential water rates outside the City, and the burden has shifted to the City to establish that those rates, and only those rates, are just and reasonable. Because the City is a governmental entity, it has no affiliates, so typical questions regarding affiliates would not apply to the City. Also, because the City is a governmental entity, issues relating to taxes from which the City is exempt would also not apply to the City. The following issues should be addressed:

1. Did the utility provide proper notice of the proposed rate change to each customer or other interested party outside the City? TWC § 13.1871(b), (c); 16 TAC § 24.27.
2. What is the appropriate methodology to determine just and reasonable rates in this proceeding?

3. What are the just and reasonable rates for the utility that are sufficient, equitable, and consistent in application to each class of customers residing outside the City and that are not unreasonably preferential, prejudicial, or discriminatory? TWC §§ 13.182, 13.1871.
4. What revenue requirement will give the utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses while preserving the utility's financial integrity? TWC § 13.183(a)(1) and (2); 16 TAC § 24.43(a).
5. Are the utility's proposed revisions to its tariffs and rate schedules appropriate?
6. What is the reasonable and necessary cost of providing service to customers outside the City? 16 TAC § 24.41.
7. What adjustments, if any, should be made to the utility's proposed test-year data? TWC § 13.185(d)(1); 16 TAC § 24.41(b), (c)(5).
8. What is the appropriate debt-to-equity capital structure of the utility?
9. What is the appropriate weighted cost of capital (also called the overall rate of return), including return on equity and cost of debt for the utility? 16 TAC § 24.41(c)(1).
10. What are the reasonable and necessary components of the utility's invested capital? 16 TAC § 24.41 (c)(2).
11. Is the utility seeking inclusion of construction work in progress? If so, what is the amount sought, and for what facilities is it being sought? Additionally, has the utility proven that the inclusion is necessary to the financial integrity of the utility and that major projects under construction have been efficiently and prudently planned and managed? TWC § 13.185(b); 16 TAC § 24.41(c)(4).
12. Does the utility have any debt? If so, what is the cost of that debt?
13. What is the reasonable and necessary working capital allowance for the utility? 16 TAC § 24.41(c)(2)(C).

14. Does the utility have any water- or sewer-utility property that was acquired from a developer before September 1, 1976? If so, has such property been included by the utility in its rate base, and has it been included in all ratemaking formulas at the actual cost of the property rather than the price set between the entities? TWC § 13.185(i).
15. Has the utility financed any of its plant with developer contributions? TWC § 13.185(j), 16 TAC § 24.41(b)(1)(B). What is the amount, if any, of accumulated depreciation on that property?
16. Has the utility included any customer contributions or donations in invested capital? TWC § 13.185(j), 16 TAC § 24.41(c)(2)(B)(v). If so, what is the amount of those customer contributions or donations?
17. What are the utility's reasonable and necessary operations and maintenance expenses? 16 TAC § 24.41(b)(1)(A).
18. What are the utility's reasonable and necessary administrative and general expenses?
19. What is the reasonable and necessary amount for the utility's advertising expense, contributions, and donations? 16 TAC § 24.41(b)(1)(F).
20. Are any expenses, including but not limited to, executive salaries, advertising expenses, rate-case expenses, legal expenses, penalties and interest on overdue taxes, criminal penalties or fines, and civil penalties or fines, unreasonable, unnecessary, or not in the public interest? TWC § 13.185(h)(3), 16 TAC § 24.41(b)(2)(I).
21. What is the reasonable and necessary depreciation expense? For each class of property, what are the proper and adequate depreciation rates (including service lives and salvage values) and methods of depreciation? TWC § 13.185(j); 16 TAC § 24.41(b)(1)(B).
22. What is the reasonable and necessary amount for municipal franchise fees, if any, to be included in rates?
23. What regulatory assets, if any, are appropriately included in the utility's rate base? If such assets are included in rate base, what is the appropriate treatment of such assets?
24. What is the appropriate allocation of costs and revenues among the utility's rate classes outside the City?

25. What is the appropriate rate design for each rate class of customers residing outside the City? 16 TAC § 24.43.
26. What are the utility's expenses incurred in this rate proceeding that are just, reasonable, necessary, and in the public interest? 16 TAC § 24.44. Does that amount include any prospective rate-case expenses to be incurred after the Commission's final order? Should the utility be able to recover its reasonable and necessary rate-case expenses from ratepayers? If so, how should such expenses, if any, be recovered by the utility?
27. If a refund or surcharge results from this proceeding, how and over what period of time should that be made? TWC § 13.1871.
28. What is the appropriate effective date of the rates fixed by the Commission in this proceeding? TWC § 13.1871.

II. ISSUES NOT TO BE ADDRESSED

1. Whether a special district has standing under TWC § 13.044 to appeal the rates in this case. (Issue already decided in the negative by the Commission in Docket No. 49448.)¹
2. What the appropriate allocation of costs and revenues among the utility's rate classes inside the City should be. (TWC § 13.042 (f) creates a regulatory ring fence around the City's corporate limits, denying the Commission the power or jurisdiction to regulate or supervise the rates or service of a utility owned and operated by a municipality within its corporate limits.)²
3. What the appropriate rate design for each rate class of customers residing inside the City should be. (TWC § 13.042 (f) creates a regulatory ring fence around the City's corporate limits, denying the Commission the power or jurisdiction to regulate or supervise the rates or service of a utility owned and operated by a municipality within its corporate limits.)³

¹ *Petition of Collin County Municipal District No. 1 Appealing the Water Rates of the City of Celina and Request for Interim Rates*, Docket No. 49448, Order of Dismissal on Interim Appeal (Dec. 2, 2019).

² TWC § 13.042 (f) ("This subchapter does not give the utility commission power or jurisdiction to regulate or supervise the rates or service of a utility owned and operated by a municipality, directly or through a municipally owned corporation, within its corporate limits or to affect or limit the power, jurisdiction, or duties of a municipality that regulates land and supervises water and sewer utilities within its corporate limits, except as provided by this code.")

³ *Id.*

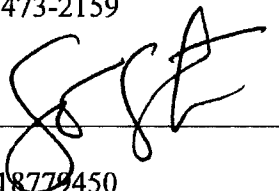
III. CONCLUSION AND PRAYER

WHEREFORE, PREMISES CONSIDERED, City of Celina respectfully requests that the Commission include the issues listed above as issues to be addressed and exclude the issues listed above as not to be addressed in its order of referral and such other relief to which the City is justly entitled.

Respectfully submitted,

DAVIDSON TROILO REAM & GARZA, P.C.
919 Congress Avenue, Suite 810
Austin, Texas 78701
Telephone: (512) 469-6006
Facsimile: (512) 473-2159

By: _____


Scott Smyth
State Bar No. ~~18779~~450
ssmyth@dtgrlaw.com
Patrick W. Lindner
State Bar No. 12367850
plindner@dtgrlaw.com

ATTORNEYS FOR CITY OF CELINA

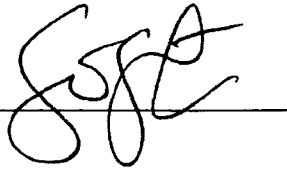
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document has been served on all parties of record on this 3rd day of January, 2020, in accordance with 16 Tex. Admin. Code § 22.74.

Randall B. Wilburn
Helen S. Gilbert
Gilbert Wilburn, PLLC
7000 N. MoPac Expressway, Suite 200
Austin, TX 78731
rbw@gwtlaw.com
hgilbert@gwtlaw.com

Rashmin J. Asher
Staff Attorney
Public Utility Commission of Texas
1701 N. Congress Ave.
Austin, TX 78711
Rashmin.asher@puc.texas.gov

Scott Smyth

A handwritten signature in black ink, appearing to read 'SSA', is written over a horizontal line. The signature is stylized and cursive.