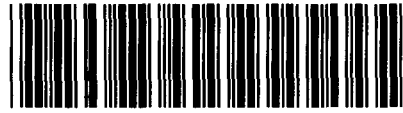
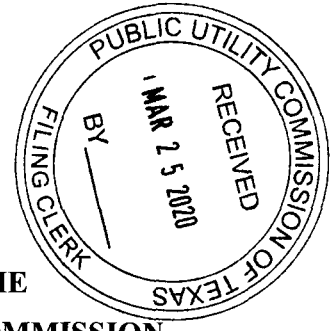


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SOAH DOCKET NO. 473-20-3110.WS
PUC DOCKET NO. 50200

APPLICATION OF UNDINE TEXAS, §
LLC AND UNDINE TEXAS §
ENVIRONMENTAL, LLC FOR §
AUTHORITY TO CHANGE RATES §

BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

**UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC'S
LIST OF ISSUES TO BE ADDRESSED**

Undine Texas, LLC and Undine Texas Environmental, LLC (together, Undine) hereby file their proposed list of issues to be addressed in the above-styled docket, in accordance with the Commission's Order of Referral.

ISSUES TO BE ADDRESSED

1. What is the appropriate methodology to determine just and reasonable rates in this docket?
2. What are the just and reasonable rates for the utility that are sufficient, equitable, and consistent in application to each customer class and that are not unreasonably preferential, prejudicial, or discriminatory as required by Texas Water Code (TWC) § 13.182?
3. 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 financial integrity of the utility, under TWC § 13.183(a) and 16 Tex. Admin. Code (TAC) § 24.43(a)?
4. Are Undine's proposed revisions to its tariffs and rate schedules appropriate?
5. What is the reasonable and necessary cost of providing water service calculated in accordance with 16 TAC § 24.41?
6. What adjustments, if any, should be made to the utility's proposed test-year data? TWC § 13.185(d)(1) and 16 TAC § 24.41(b).
7. What is the appropriate debt-to-equity capital structure for Undine?
8. What is the appropriate overall rate of return, return on equity, and cost of debt for Undine?

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9. What is the appropriate weighted average cost of capital?
10. What are the reasonable and necessary components of Undine's invested capital?
11. What is the original cost of the property used and useful in providing water service to the public at the time the property was dedicated to public use? What is the amount of accumulated depreciation of such property? TWC § 13.185(b); 16 TAC § 24.41(c)(2)(A)-(B).
12. 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 for depreciation? TWC § 13.185(j) and 16 TAC § 24.41(b)(1)(B).
13. Does Undine have any debt, and, if so, what is the cost of that debt?
14. What is the reasonable and necessary working capital allowance for Undine? 16 TAC § 24.41(c)(2)(C).
15. Has Undine included any customer contributions or donations in invested capital? What is the amount, if any, of accumulated depreciation on that property? TWC § 13.185(j); 16 TAC § 24.41(c)(2)(B)(v).
16. What is the reasonable and necessary amount for Undine's operations and maintenance expenses?
17. What is the reasonable and necessary amount for Undine's administrative, overhead, and general expenses?
18. What is the reasonable and necessary amount for assessment and taxes, other than federal income taxes? 16 TAC § 24.41(b)(1)(C).
19. What is the reasonable and necessary amount for Undine's federal income tax expense? TWC § 13.185(f); 16 TAC § 24.41(b)(1)(D).
20. What is the reasonable and necessary amount of Undine's accumulated reserve for deferred federal income taxes, unamortized investment tax credits, contingency reserves, property insurance reserves, contributions in aid of construction, customer deposits, and other sources of cost-free capital? What other items should be deducted from Undine's rate base?
21. Is Undine seeking rates for both water and sewer service? If so, is the revenue requirement properly allocated between water and sewer services?

22. What is the appropriate allocation of the revenue requirement among rate classes?
23. What is the appropriate rate design for each class? 16 TAC § 24.43
 - a. What is the appropriate fixed charge?
 - b. What is the appropriate volumetric charge?
24. In establishing the proposed rate increase, did Undine allocate costs and revenues among its customer classes consistent with ratemaking principles?
 - a. What is the appropriate allocation of costs to Undine's customer classes?
 - b. What is the appropriate allocation of revenues to Undine's customer classes?
25. Has Undine made any payments to affiliates?
 - a. For affiliate transactions that affect the cost of service, are these transactions reasonable and necessary? TWC § 13.185(e).
 - b. For all affiliated transactions affecting the cost of service, what are the costs to the affiliate of each item or class of items in question, and is the price for each transaction no higher than prices charged by the supplying affiliate to its other affiliates or divisions for the same item or items, or to unaffiliated persons or corporations? *Id.*
26. What are Undine's expenses incurred in this rate proceeding that are just, reasonable, and in the public interest? 16 TAC § 24.44. Does that amount include any anticipated expenses to appeal this docket that are just, reasonable, necessary, and in the public interest? Should Undine be able to recover its reasonable and necessary rate-case expenses from ratepayers? If so, how should such expenses, if any, be recovered by Undine?
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.

PRAYER

Undine respectfully requests that the Commission include the foregoing list of issues as matters to be decided in this case. This proposed list of issues is not intended to be exhaustive,

and Undine reserves the right to raise or address other issues and may be presented in this proceeding.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

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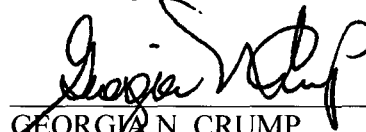
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ATTORNEYS FOR UNDINE TEXAS, LLC AND
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on March 25, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.



GEORGIA N. CRUMP