



Control Number: 50721



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**DeAnn T. Walker**  
Chairman  
**Arthur C. D'Andrea**  
Commissioner  
**Shelly Botkin**  
Commissioner  
**Thomas Gleeson**  
Executive Director



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***Public Utility Commission of Texas***

TO: Chairman DeAnn T. Walker  
Commissioner Arthur C. D'Andrea  
Commissioner Shelly Botkin

All Parties of Record (*via electronic transmission*)

FROM: David Hrnecir  
Office of Policy and Docket Management

RE: *Application of Crystal Clear Water, Inc. for Authority to Change Rates*, Docket  
No. 50721, SOAH Docket No. 473-21-0946, Draft Preliminary Order,  
January 29, 2021 Open Meeting, Item No. TBD.

DATE: January 21, 2021

Please find enclosed the draft preliminary order filed by Commission Advising in the above-referenced docket. The Commission will consider this draft preliminary order at the January 29, 2021 open meeting. Parties shall not file responses or comments addressing this draft preliminary order.

Any modifications to the draft preliminary order that are proposed by one or more Commissioners will be filed simultaneously prior to the consideration of the matter at the January 29, 2021 open meeting.

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**PUC DOCKET NO. 50721**  
**SOAH DOCKET NO. 473-21-0946.WS**

<b>APPLICATION OF CRYSTAL CLEAR</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>WATER, INC. FOR AUTHORITY TO</b>	<b>§</b>	
<b>CHANGE RATES</b>	<b>§</b>	<b>OF TEXAS</b>

**DRAFT PRELIMINARY ORDER**

Crystal Clear Water, Inc. filed an application for authority to change its water rates. This preliminary order identifies the issues that must be addressed in this proceeding.

Crystal Clear is applying under TWC § 13.1871 to change its water rates based on a test year ending on December 31, 2019. Crystal Clear provides water service to 461 active connections in Bosque County under certificate of convenience and necessity (CCN) number 12997. Crystal Clear is seeking a \$165,230.55 increase in annual revenues. The proposed rate change will increase the bill of a residential customer that has a 5/8" meter and uses 5,000 gallons per month as follows, depending on the subdivision in which the customer resides:

<b>Subdivision</b>	<b>Prior Rate</b>	<b>Proposed Rate</b>
Lakeline Acres	\$22.60	\$74.27
Glenshore	\$30.20	
Airport Addition and Whispering Ridge	\$39.00	

Crystal Clear originally filed its application on April 8, 2020. In Order No. 4 filed on June 4, 2020, the Commission administrative law judge (ALJ) found Crystal Clear's application incomplete, and on August 19, 2020, Crystal Clear filed an amended application. In Order No. 8 filed on September 4, 2020, the Commission ALJ found the amended application and notice of it to be sufficient and suspended the effective date of the proposed rate change until August 23, 2021. The Commission ALJ found Crystal Clear's notice of the amended application sufficient even though it was sent to customers before the Commission had determined that previously identified deficiencies had been corrected. Commission Staff had recommended the notice be found sufficient because the Commission had already received protests from far more than 10% of affected ratepayers, thus evidencing that ratepayers had been given an adequate opportunity to participate and were not prejudiced by the timing of the notice.

The following individuals have been granted intervention in this proceeding to date:<sup>1</sup> Kim and Arlettia Sharp, Harold Winnett, Justin Witte, Wayne Barnett, Pete Lohmer, Joy Lohmer, Roy Ince, Jr., Glenn Sammons, Thomas Murdoch, Walter Lane, Karla Lowder, Leonard and Janice McCain, Jeff and Krist Hall, Jasper Fuqua, John Graham, Donald Benda, Billy and Barbara Arnold, Emilie Shipman, Bryan Bronstad, Dale Hulme, Carl Montgomery, Judy Bingaman, James Nawara, Petra Rodriguez, Lance Alsobrook, Tony Hardin, Gerald Longacre, Troy and Jana Spies, Ben Johnson, Stephen Philipp, Dwayne Jackson, Dennis Poe, James Greenwade, Bill Reitmeyer, Nicholas P. Kuhn, Jr., George Saxon, Kelly Anderson, Britton Warren, Gary Fossett, Patrick and Renee Couley, Leonard and Janice McCain, Joe and Linda Howard, Carl Montgomery, Sam Wells, Kirk and Mary Sims, Juanita Cosper, Darrell Winnett, Jimmy and Kristi McElyea, Annelle Wells, and Melissa Boyetle.

On December 30, 2020, the Commission referred this docket to the State Office of Administrative Hearings (SOAH). Crystal Clear was directed, and Commission Staff and other interested persons were allowed, to file a list of issues to be addressed in the docket and also identify any issues not to be addressed and any threshold legal or policy issues that should be addressed by January 12, 2021. Only Commission Staff timely filed a list of issues.

### **I. Issues to be Addressed**

The Commission must provide to the administrative law judge (ALJ) a list of issues or areas to be addressed in any proceeding referred to the State Office of Administrative Hearings (SOAH).<sup>2</sup> After reviewing the pleadings submitted by the parties, the Commission identifies the following issues that must be addressed in this docket:

#### **Identification**

1. What is the legal name and all assumed names, if any, of the utility seeking a rate change? If the utility uses an assumed name, does it have a currently valid certificate for its assumed names?

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<sup>1</sup> Order No. 2 (May 18, 2020); Order No. 5 (Jun. 8, 2020); Order No. 6 (Jul. 1, 2020); Order No. 9 (Sept. 17, 2020); Order No. 10 (Oct. 26, 2020); and SOAH Order No. 1 (Jan. 8, 2021).

<sup>2</sup> Tex. Gov't Code § 2003.049(e).

2. What is the utility's business form (e.g., corporation, partnership, sole proprietorship)? What is the charter or authorization number, the date the business was formed, and the dates any changes were made?

**Notice**

3. Did the utility provide notice of the proposed rate change that complies with the applicable statutes and rules? TWC § 13.1871(b), (c); 16 Texas Administrative Code (TAC) § 24.27; Notice of proposed rate change form for class B and C utilities.

**Revenue requirement**

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? TWC § 13.183(a)(1); 16 TAC § 24.43(a); Class C rate-filing-package form (form) section I.
5. Will that revenue requirement preserve the utility's financial integrity? If not, what revenue requirement is required to do so? TWC § 13.183(a)(2); 16 TAC § 24.43(a).

**Allowable expenses**

6. What are the utility's allowable expenses calculated in accordance with the applicable statutes, Commission rules, and form? TWC §§ 13.183(a)(1), 13.185(f), (h), (j); 16 TAC § 24.41(b); Form sections II, IV, and V.

**Rate base**

7. What is the appropriate rate of return on the utility's rate base? TWC §§ 13.183(a)(1), 13.184(a), (b), 13.185(a) through (e), (i); 16 TAC § 24.41(c); Form section III.
8. Did the utility properly account for accumulated depreciation and for developer or customer contributions? TWC § 13.185(i); 16 TAC § 24.41(c)(2), (c)(3)(D).

**Rates**

9. Do the proposed rates properly reflect the utility's fixed and variable costs and allocate responsibilities appropriately? Form section VI.
10. Did the utility use the appropriate number of connections in designing rates?
11. Do the proposed rates recover the utility's revenue requirement?

12. Are the proposed rates just and reasonable, and do they meet all other legal requirements?  
TWC § 13.182(a), (b).

13. What is the appropriate effective date of the rates fixed by the Commission in this proceeding?  
TWC § 13.1871(b), (e) through (h); 16 TAC §§ 24.25(h), 24.33.

**Tariff**

14. Are the utility's proposed revisions to its tariffs and rate schedules appropriate?

**Refund or Surcharge**

15. If a refund or surcharge results from this proceeding, how and over what period of time should the refund or surcharge be made? TWC § 13.1871(u); 16 TAC § 24.35(e).

**Rate-case expenses**

16. What are the utility's rate-case expenses incurred in this rate proceeding that are just, reasonable, necessary, and in the public interest? 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? 16 TAC § 24.44.

This list of issues is not intended to be exhaustive. The parties and the ALJ are free to raise and address any issues relevant in this docket that they deem necessary, subject to any limitations imposed by the ALJ or by the Commission in future orders issued in this docket. The Commission may identify and provide to the ALJ in the future any additional issues or areas that must be addressed, as permitted under Texas Government Code § 2003.049(e).

**II. Effect of Preliminary Order**

This Order is preliminary in nature and is entered without prejudice to any party expressing views contrary to this Order before the SOAH ALJ at hearing. The SOAH ALJ, upon his or her own motion or upon the motion of any party, may deviate from this Order when circumstances dictate that it is reasonable to do so. Any ruling by the SOAH ALJ that deviates from this Order may be appealed to the Commission. The Commission will not address whether this Order should be modified except upon its own motion or the appeal of a SOAH ALJ's order. Furthermore, this Order is not subject to motions for rehearing or reconsideration.

Signed at Austin, Texas the \_\_\_\_\_ day of January 2020.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**DEANN T. WALKER, CHAIRMAN**

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**ARTHUR C. D'ANDREA, COMMISSIONER**

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**SHELLY BOTKIN, COMMISSIONER**