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Public Utility Commission of Texas

Commissioner Memorandum

2021 JAN 28 AM 9:01

FILING CLERK

TO: Commissioner Arthur C. D'Andrea
Commissioner Shelly Botkin

FROM: Chairman DeAnn T. Walker *DW*

DATE: January 28, 2021

RE: January 29, 2021 Open Meeting – Item Nos. 15, 17, and 20
Docket No. 50347, SOAH Docket No. 473-21-0947.WS – *Application of Texas Country Water, Inc. for Authority to Change Rates*
Docket No. 50721, SOAH Docket No. 473-21-0946.WS – *Application of Crystal Clear Water, Inc. for Authority to Change Rates*
Docket No. 51239, SOAH Docket No. 473-21-0948.WS – *Application of Carroll Water Company, Inc. for Authority to Change Rates*

I recommend that the Commission make the following changes to the preliminary orders in all three of these dockets.

The citations in issues 6, 7, and 8 for each preliminary order should be revised as follows:

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) through (g); Form section III.
8. Did the utility properly account for accumulated depreciation and for developer or customer contributions? TWC §§ 13.183(b), 13.185(b), (i), (j); 16 TAC § 24.41(c)(2), (c)(3)(D).

In addition, the following section related to affiliates should be added after issue 8 in each preliminary order. Subsequent issues should be renumbered accordingly.

Affiliates

- X. Does the utility have any affiliates? TWC § 13.002(2); 16 TAC § 24.3(3). If so, has the utility included in allowable expenses or in rate base any payments to affiliates? Are the

payments reasonable and necessary? Were affiliate costs properly assigned to the utility? What are the costs to the affiliate of each item or class of items in question, and is the price to the utility no higher than prices charged by the supplying affiliate to its other affiliates or divisions or to unaffiliated persons or corporations for the same item or items? TWC § 13.185(e); Form at page 3.

Finally, I propose delegating to the Office of Policy and Docket Management staff the authority to modify the preliminary order to conform to the *Citation and Style Guide for the Public Utility Commission of Texas* and to make other non-substantive changes to the preliminary order for such matters as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability.

I look forward to discussing this matter with you at the open meeting.