



Control Number: 50721



Item Number: 207

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Public Utility Commission of Texas

TO: All Parties of Record

FROM: Stephen Journeay, Commission Counsel

DATE: 15 November, 2021

RE: Docket No. 50721; SOAH Docket No. 473-21-0946.WS – *Application of Crystal Clear Water, Inc. for Authority to Change Rates.*

The Office of Policy and Docket Management (OPDM) has identified the following evidentiary issues that require a response from the parties to facilitate the preparation of a proposed order.

The parties' agreement states that Crystal Clear has demonstrated that the public water systems of Lakeline Acres, Glenshores, Airport Addition, and Whispering Ridge are substantially similar systems and, under the agreement, will share a single tariff, including for future rate change applications.¹ However, the joint proposed final order does include any findings of fact or conclusions of law supporting multiple system consolidation. Under 16 Texas Administrative Code (TAC) § 24.25(k), a utility may consolidate its tariff and rate design for more than one system if: (1) the systems included in the tariff are substantially similar in terms of facilities, quality of service, and cost of service; and (2) the tariff provides for rates that promote water conservation for single-family residences and landscape irrigation. Please identify the record evidence supporting multiple system consolidation in this case under the rule or explain why the rule does not apply to this case.

The preliminary order filed on January 29, 2021 provided a list of issues identified by the Commission that must be addressed in this docket. Issue number two of the preliminary order is whether the utility provided notice of the proposed rate change that complies with the applicable statutes and rules.² The joint proposed final order includes a conclusion of law that Crystal Clear complied with the requirement to provide notice of the rate application as required by Texas Water Code (TWC) § 13.1871(b) and 16 TAC § 24.27(d).³ However, there are no findings of fact supporting this conclusion of law. Please identify the record evidence that addresses whether

¹ Joint Motion to Admit Evidence and Remand to the Public Utility Commission, Exhibit 2, Unanimous Stipulation and Agreement at 2 (Jan. 29, 2021).

² TWC § 13.1871(b), (c); 16 Texas Administrative Code (TAC) § 24.27; Notice of proposed rate change form for class B and C utilities.

³ Joint Motion to Admit Evidence and Remand to the Public Utility Commission, Attachment A, Joint Proposed Final Order at conclusion of law 5.



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Crystal Clear provided notice of the proposed rate change that complies with the applicable statutes and rules. The response should identify record evidence that addresses whether Crystal Clear provided a copy of the notice filed with the Commission to the Office of Public Utility Counsel in accordance with 16 TAC § 24.27(d)(1)(A) or, if a copy of the notice was not provided to OPUC, the seek a good cause exception to the applicable Commission rule.

Issue number nine of the preliminary order reads as follows.

9. 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.

The parties' proposed order does not address whether Crystal Clear has any affiliates and, if so, whether Crystal clear has included in allowable expenses or in rate base any payments to affiliates and the other elements of issue nine related to affiliates. Please identify the record evidence that addresses whether Crystal Clear has any affiliates and, if so, please identify the record evidence that addresses the other elements of issue nine related to affiliates.

OPDM requests responses to this issue by December 3, 2021 at 3:00 PM. If there is insufficient evidence in the record to respond to the foregoing evidentiary issues, please file a motion to admit additional evidence.

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