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**APPLICATION OF INLINE
DEVELOPMENT INC. FOR A PASS
THROUGH RATE CHANGE**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

SUPPLEMENT TO JOINT RESPONSE TO NOTICE REQUIRING CLARIFICATION

COMES NOW, Inline Development Inc. (Inline), by and through its undersigned attorneys of record, files this Supplement to Joint Response to Notice Requiring Clarification (Supplement) in this Docket. In support thereof, Inline would respectfully show as follows:

I. BACKGROUND

On April 15, 2021, Inline filed an application under 16 Texas Administrative Code (TAC) § 24.25(b) for approval of a pass-through rate change related to an increase in fees imposed on the utility by North Harris County Regional Water Authority. On August 23, 2021, the administrative law judge (ALJ) filed a notice requiring clarification (Notice), directing Inline and the Staff (Staff) of the Public Utility Commission of Texas (Commission) to provide clarification on the application by September 7, 2021. Specifically, the Notice required Inline and Staff (the Parties) to (1) identify the Texas Commission on Environmental Quality or Commission proceeding in which Certificate of Convenience and Necessity (CCN) No. 12946 was issued, (2) identify the name on the CCN that was issued, (3) clarify whether the listed entity was registered with the Texas secretary of state, (4) clarify whether the entity is still in existence, and currently registered with the Texas secretary of state, (5) identify the proceeding in which the CCN was subsequently transferred, if any, and (6) provide comments on the ALJ's recommendation that the approval of interim rates be conditioned on the requirement that all proceeds resulting from the interim rate be deposited into an interest-bearing escrow account.

Accordingly, on September 7, 2021, the Parties timely filed a Joint Response to Notice

Requiring Clarification (Joint Response), providing the requested information. Additionally, the Parties indicated that they did not object to the ALJ's proposal. However, they sought clarification as to what amount of the pass-through fees would be deposited into the escrow account and whether the Commission would release funds from escrow to allow Inline to meet its operating expenses in accordance with 16 TAC § 24.39(a)(3). This supplement clarifies Inline's position regarding such terms for the escrow protocol and offers an alternative solution.

II. CLARIFICATION ON INTERIM RATES

Inline supplements the Joint Response to the ALJ's proposal to clarify (i) that it only be required to deposit the difference between the existing fees and interim fees in escrow and for the Commission to release those funds to meet Inline's operating expenses, as incurred; or (ii) that the escrow requirement be removed altogether since the purpose of the interim rates is to pass-through its rate increase from North Harris County Regional Water Authority. Commission Rule 16 TAC § 24.39(a)(3) states, "If necessary to meet the utility's current operating expense, or for other good cause shown, the commission may authorize the release of funds to the utility from the escrow account during the pendency of the proceeding." Consistent with that rule, Inline supplements the Joint Response to request that it only be required to deposit the difference between the existing pass-through fee and the interim pass-through fee in escrow. Inline also requests that the Commission release funds from escrow as it incurs expenses, namely, from North Harris County Regional Water Authority, to allow Inline to meet its operating expenses and for other good cause.

This Docket is currently abated to allow Inline to file and process a Sale, Transfer, and Merger application at the Commission. Based on Commission rules, the closing on the system would occur no sooner than 120-days from the date of administrative completeness, and thus the time between filing such application and the final order from the Commission approving the CCN

transfer will take additional time to complete.¹ Thus, Inline will need to use these additional pass-through fee funds from the interim rates to pay for the rate increase from North Harris County Regional Water Authority during this abatement period. Therefore, Inline requests the ALJ to only require it to deposit the additional pass-through fees and to release such amounts, as needed, to pay for its operating expense and other good cause.

In the alternative, since the interim rates are increased in an amount equal to the pass-through rate increase from North Harris County Regional Water Authority, the escrow requirement could be removed. Commission Staff have indicated that they are unopposed to either of Inline's clarifications.

III. CONCLUSION

Inline respectfully requests that the ALJ grant (i) the Joint Motion to Set Interim Rates, (ii) its request to only deposit the additional pass-through fees in escrow and to release funds from escrow to allow it to meet operating expenses and for other good cause, (iii) in the alternative, to remove the escrow requirement, and (iv) all other relief to which it may be entitled.

¹ See 16 TAC §24.239(a).

Dated: September 10, 2021

Respectfully submitted,

LLOYD GOSSELINK
ROCHELLE & TOWNSEND, P.C.
816 Congress Ave., Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)



DAVID J. KLEIN
State Bar No. 24041257
dklein@lglawfirm.com

DANIELLE LAM
State Bar No. 24121709
dlam@lglawfirm.com

ATTORNEYS FOR
INLINE DEVELOPMENT INC.

CERTIFICATE OF CONFERENCE


The undersigned counsel certifies that she has conferred with counsel for Commission Staff regarding this Supplement and that such counsel does not oppose the relief requested herein.



DANIELLE LAM

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 September 10, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.



David J. Klein