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Received - 2021-08-30 01:37:39 PM
Control Number - 52365
ItemNumber - 13

DOCKET NO. 52365

APPLICATION OF MEDINA	§	PUBLIC UTILITY COMMISSION
HIGHLANDS, INC. FOR AUTHORITY	§	
TO CHANGE RATES	§	OF TEXAS
	§	

**COMMISSION STAFF’S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS AND PROPOSED NOTICE**

On July 29, 2021, Medina Highlands, Inc. (Medina Highlands), a Class D water utility filed a Class C Rate Change Application. Specifically, the application proposes a rate change for service provided under water Certificate of Convenience and Necessity (CCN) No. 12043.

On July 9, 2021, the administrative law judge (ALJ) filed Order No. 1 requiring Staff of the Public Utility Commission of Texas to file comments on the administrative completeness of the application and proposed notice along with a proposed procedural schedule, if appropriate.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memorandum from Maxine Gilford, Rate Regulation Division, recommends that the petition is administratively incomplete and insufficient. Staff further recommends that Medina Highlands be ordered to cure the deficiencies identified in Ms. Gilford’s memorandum September 30, 2021, and that Staff be given a deadline of October 30, 2021, to file a supplemental recommendation on the administrative completeness of the application and proposed notice.

Staff further recommends that Medina Highland’s proposed effective date be suspended pursuant to 16 Texas Administrative Code § 24.33(b)(1) until an administratively complete application is submitted.

II. NOTICE

It appears that Medina Highlands has already provided notice to customers and affected parties, however, Staff recommends that Medina Highlands wait to provide new notice until the application is deemed sufficient. As noted by the Commission in Docket No. 47897, “[i]f the Commission rejects a utility’s application as incomplete and suspends the proposed rates under TWC § 13.1871(e) and 16 TAC § 24.26(b)(1), the utility must file a properly completed application and provide an updated statement of intent with a new proposed effective date. In

fact, under 16 TAC § 24.26(c), the utility is prohibited from notifying its customers of a new effective date until the Commission has provided written notification that all deficiencies have been corrected.”¹ Accordingly, when Medina Highlands makes a filing to cure the deficiencies in the application, it should include a new proposed notice with a new effective date.

III. PROCEDURAL SCHEDULE

In accordance with Staff’s deficiency recommendation, Staff does not propose a procedural schedule for further processing of the docket at this time. Staff intends to propose a procedural schedule alongside a subsequent recommendation that the application be found administratively complete.

IV. CONCLUSION

For the reasons detailed above, Staff recommends that the application and notice be found administratively incomplete, that Medina Highlands be ordered to file supplemental information to cure the deficiencies in the application by September 30, 2021, and that Staff be given a deadline of October 30, 2021 to file a supplemental recommendation on the administrative completeness of the application and notice. Staff respectfully requests the entry of an order consistent with these recommendations.

¹ *Application of Forest Glen Utility Company for Authority to Change Rates*, Docket No. 47897, Commissioner memorandum (May 24, 2018). At the time this memorandum was filed, the current version of 16 TAC § 24.33 was found in 16 TAC § 24.26.

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

Rashmin J. Asher
Managing Attorney

/s/ Rashmin Asher for Mildred Anaele
Mildred Anaele
State Bar No. 24100119
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7245
(512) 936-7268 (facsimile)
Mildred.Anaele@puc.texas.gov

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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 other parties of record via electronic mail on August 30, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Rashmin Asher for Mildred Anaele
Mildred Anaele

Public Utility Commission of Texas

Memorandum

TO: Mildred Anaele, Attorney
Legal Division

FROM: Maxine Gilford, Financial Analyst
Rate Regulation Division

DATE: August 30, 2021

RE: Docket No. 52365 - *Application of Medina Highlands, Inc. for Authority to Change Rates*

On July 29, 2021, Medina Highlands, Inc., a Class D utility, filed a Class C Rate/Tariff Change Application for service provided under Certificate of Convenience and Necessity (CCN) No. «CCN_No.». I have conducted an administrative review of the application and notice according to Texas Water Code (TWC) § 13.1871 and 16 Texas Administrative Code (TAC) §§ 24.25 through 24.33.

Based on a review of the initial application filed on July 29, 2021, and supplemental information filed on August 23, 2021, I determined that the application is insufficient. To be sufficient and administratively complete, I recommend that Medina Highlands provide the following:

- A notarized Verification of Accuracy form;
- An explanation of all expenses in the test year that are higher than the previous years on Schedule II-3, Operating Expenses;
- Supporting documentation that all Regulatory Assessment Fee payments are current for the years 2004, 2006, and 2007;
- An invoice for Schedule II-8, Rate Case Expenses;
- An explanation of the requested return on equity in Column D, Line 5; and
- A reconciliation of the name of the company as it appears on the application with the name of the company as it appears on the current tariff.

I also recommend the suspension of the effective date for all proposed rates as allowed by TWC § 13.1871(e) and 16 TAC § 24.33(b)(1).