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TARIFF CONTROL NO. 52722

APPLICATION OF CSWR-TEXAS	§	PUBLIC UTILITY COMMISSION
UTILITY OPERATING	§	
COMPANY, LLC FOR A	§	OF TEXAS
PASS-THROUGH RATE CHANGE	§	

ORDER NO. 6 REOUIRING CLARIFICATION

In this matter, CSWR Texas Utility Operating Company, LLC seeks approval of a passthrough rate change necessitated by an increase in the wholesale water rate recently adopted by the City of Rockport.

The administrative law judge (ALJ) requires clarification of the following issues:

- In its application filed on October 15, 2021, and in its supplemental information filed on November 29, 2021, CSWR explains that it is seeking to raise its pass-through rate by 75 cents per 1,000 gallons (from \$6.60 to \$7.35). According to CWSR, this increase is necessary because Rockport raised its wholesale water rate by 12 cents (from \$5.99 to \$6.11). Similarly, in Commission Staff's final recommendation, filed on January 14, 2022, financial analyst Maxine Gilford apparently concludes that a 12-cent wholesale rate increase by Rockport necessitates a 75-cent pass-through increase by CSWR. Even accounting for line loss, the ALJ does not understand how a 12-cent wholesale rate increase can warrant a 75-cent pass-through increase.
- The proposed tariff attached to CSWR's application filed on October 15, 2021 and its supplemental information filed on November 29, 2021 provides contradictory information:
 - On the one hand, it states that the pass-through rate is changing from \$7.19/1,000 gallons to \$7.35/1,000 gallons.
 - On the other hand, it states that the change represents a 75-cent increase from \$6.60/1,000 gallons to \$7.35/1,000 gallons.

¹ By the ALJ's tentative calculations, a 12-cent wholesale rate increase should result in a 14-cent pass-through increase for CSWR once line loss is taken into account.

In this case, is the CSWR pass-through rate going from \$6.60 to \$7.35, or from \$7.19 to \$7.35? If the former, how is a 75-cent increase justified by a 12-cent wholesale rate increase? If the latter, should the application be amended to clarify this, should notice be re-issued to accurately reflect this fact, and should the proposed tariff filed by Commission Staff on January 14, 2022 be corrected to reflect that this is an increase from \$7.19/1,000 to \$7.35/1,000?

CSWR must file responses to the questions raised in this order by March 8, 2022. Commission Staff must do the same by March 15, 2022.

Signed at Austin, Texas the 23rd day of February 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

HUNTER BURKHALTER CHIEF ADMINISTRATIVE LAW JUDGE