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Received - 2021-11-15 09:43:41 AM

Control Number - 52722

ItemNumber - 3

TARIFF CONTROL NO. 52722

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

**COMMISSION STAFF’S RECOMMENDATION ON THE APPLICATION AND
NOTICE**

On October 15, 2021, CSWR-Texas Utility Operating Company, LLC (CSWR) filed an application under 16 Texas Administrative Code (TAC) § 24.25(b)(2) for approval of a pass-through rate change for an increase in the fees billed by the City of Rockport (City).

On October 18, 2021, the administrative law judge filed a Notice establishing a deadline of November 15, 2021 for the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file its recommendation on the application and notice. Therefore, this pleading is timely filed.

I. RECOMMENDATION ON THE APPLICATION

Staff has reviewed the application and, as detailed in the attached memorandum of Maxine Gilford of the Commission’s Rate Regulation Division, Staff recommends that the application be found administratively incomplete at this time. Staff further recommends that CSWR be ordered to cure the deficiency identified in Ms. Gilford’s memorandum by November 29, 2021 and that Staff be given a deadline of December 13, 2022 to file a supplemental recommendation on the administrative completeness of the petition.

II. RECOMMENDATION ON NOTICE

Staff recommends that the proposed notice be deemed insufficient. Under 16 TAC § 24.25(b)(2)(F)(i)(V), a utility that requests the revise or implement an approved pass-through provision must file a written notice with the commission that must include historical documentation of line loss for one year. Staff recommends that CSWR amend the notice to include the correct line loss calculation and re-notice its customers. CSWR must provide such notice as required by this rule and as detailed in Ms. Gilford's memorandum.

III. CONCLUSION

For the reasons stated above, Staff respectfully requests that the application be found administratively incomplete, and that CSWR be ordered to file supplemental information to cure the deficiency in the petition by November 29, 2021. Staff respectfully requests the entry of an order consistent with these recommendations.

Dated: November 15, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

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/s/ Phillip Lehmann

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TARIFF CONTROL NO. 52722
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 November 15, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Phillip Lehmann
Phillip Lehmann

Public Utility Commission of Texas

Memorandum

To: Phillip Lehmann, Attorney
Legal Division

From: Maxine Gilford, Financial Analyst
Rate Regulation Division

Subject: Tariff Control No. 52722 - *Application of CSWR-Texas Utility Operating Company, LLC for a Pass- Through Rate Change*

Date: November 15, 2021

On October 15, 2021, CSWR-Texas Utility Operating Company, LLC (CSWR) filed an application to implement a pass-through rate change under 16 Texas Administrative Code (TAC) § 24.25(b)(2) for an increase in the fees billed by the City of Rockport (City). The increase by the City raises the fee charged to CSWR from \$5.99 to \$6.11 per thousand gallons effective September 15, 2021 and will affect the Copano Heights Units 1 & 2 Water System

Based upon my review of the information in the application, the following deficiency is noted:

- 1) The notice shows an incorrect percentage for line loss at 16.83%. The correct percentage for line loss is 16.87%. The equation for the pass-through rate shown in the tariff submitted with the application requires that the rate consider the actual line loss for the preceding 12 months.¹ However, the line loss calculation shown in the application and on the notice is based on 13 months of historical line loss.² The notice filed in the pass-through rate change application must be in accordance with 16 TAC § 24.25(b)(2)(F)(i)(V) for historical documentation of line loss for one year. CSWR must amend the notice to include the correct line loss calculation and re-notice its customers.

¹ Application at Attachment C, Page 8 of 42.

² Application at Attachments A and D.