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DOCKET NO. 53631

APPLICATION OF LAKE LORRAINE	§	PUBLIC UTILITY COMMISSION
CIVIC ORGANIZATION, INC. FOR	§	
AUTHORITY TO CHANGE RATES	§	OF TEXAS

COMMISSION STAFF’S SUFFICIENCY RECOMMENDATION

On May 23, 2022, Lake Lorraine Civic Organization, Inc. (Lake Lorraine) filed an application for authority to change rates under Texas Water Code (TWC) § 13.1871. Lake Lorraine operates under certificate of convenience and necessity (CCN) number 11357.

On May 24, 2022, the administrative law judge (ALJ) filed Order No. 1 requiring the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation regarding how to proceed with the application and propose a procedural schedule, if appropriate, and to file comments on the administrative completeness of the application and proposed notice on or before June 22, 2022. On June 22, 2022, Staff requested an extension so it could review the responses provided by Lake Lorraine regarding Staff’s request for information.

I. SUFFICIENCY RECOMMENDATION

As detailed in the attached memorandum by Anna Givens, Rate Regulation Division, Staff recommends that the application be deemed insufficient at this time. Staff recommends that Lake Lorraine be granted an opportunity to cure the insufficiencies outlined in Ms. Givens’ memorandum by July 27, 2022, and that Staff be provided a deadline to file a supplemental recommendation on the sufficiency of the application by August 27, 2022.

II. CONCLUSION

Staff respectfully requests that application be deemed insufficient, that Lake Lorraine be granted a deadline of July 27, 2022 to cure its deficiencies, and that staff be granted a deadline of August 27, 2022 to provide a supplemental recommendation on the sufficiency of the application.

Dated: June 27, 2022

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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Division Director

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/s/ Kevin R. Bartz
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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 parties of record on June 27, 2022 in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Kevin R. Bartz
Kevin R. Bartz

Public Utility Commission of Texas

Memorandum

TO: Kevin Bartz, Attorney
Legal Division

FROM: Anna Givens, Director, Financial Review Sections
Rate Regulation Division

DATE: June 27, 2022

SUBJECT: **Docket No. 53631** - *Application of Lake Lorraine Civic Organization, Inc. for Authority to Change Rates*

On May 22, 2022, Lake Lorraine Civic Organization, Inc. (Lake Lorraine), a Class D sewer utility with 39 active connections, filed a Class C Rate Change Application for utility service provided under sewer Certificate of Convenience and Necessity No. (CCN) No. 11357. 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 21.33.

Based on a review of application filed on May 22, 2022, I determined that the application is insufficient. In order to be sufficient, I recommend that Lake Lorraine address the following issues.

1. In addition to a comprehensive rate change application, Lake Lorraine submitted an application for a “Class D Water or Sewer Utility Request for an Annual Rate Adjustment.” Lake Lorraine must designate which type of rate application it requests in this docket: a comprehensive rate case or a 5% annual rate adjustment.
2. Texas Water Code (TWC) § 13.136(b) states the following: The utility commission by rule shall require each utility to annually file a service, financial, and normalized earnings report in a form and at times specified by utility commission rule. The report must include information sufficient to enable the utility commission to properly monitor utilities in this state. The utility commission shall make available to the public information in the report the utility does not file as confidential. Please file the annual report for the water utility associated with this rate adjustment application.
3. Schedule I-1 to the application lacks mathematical accuracy at lines 22, 24, and 25. Lake Lorraine should amend its application so that any changes to the historical test year information appear in the “K&M Changes” column and when added to the historical test year amount equal the “Adjusted Test Year” amount.
4. Schedule V of the application provides a corporate tax rate of 30%. Lake Lorraine should amend its application to provide the correct federal income tax rate.
5. Lake Lorraine must provide a copy of its customer complaint policy and records.

6. If Lake Lorraine's cost of service includes any affiliated transactions (affiliates as defined in TWC § 13.002 (2)), it must list them separately and provide evidence that meets the affiliate transaction requirements in TWC § 13.185(e) and (f). Provide a schedule that includes direct assignment costs, allocated costs, and any other changes between affiliates with a summary by affiliated companies.
7. The application fails to include the required Notice of Proposed Rate Change Pursuant to Texas Water Code §§ 13.1871 and 13.18715. To be sufficient and administratively complete, I recommend that Lake Lorraine provide the notice to its customers and provide proof of notice to the Public Utility Commission in the form of an affidavit in accordance with 16 TAC § 24.27(b)(5). For Lake Lorraine's convenience, a copy of the required form is attached.
8. The application fails to include the required form for "Ratepayer Comments/Requests to Intervene." Lake Lorraine must submit the form with its application. For Lake Lorraine's convenience, a copy of the required form is attached.

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).