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DOCKET NO. 54171

APPLICATION OF TEXAS WATER UTILITIES, L.P. AND CS WATER CORPORATION FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN BOSQUE COUNTY § **PUBLIC UTILITY COMMISSION OF TEXAS**

TEXAS WATER UTILITIES, L.P.’S RESPONSE TO ORDER NO. 8
AND CLARIFICATION OF REQUESTED RATE

Texas Water Utilities, L.P. (TWU) files this response to Order No. 8 Requesting Clarification issued on March 24, 2023.

I. BACKGROUND

On September 30, 2022, TWU and CS Water Corporation (CS Water) (collectively, applicants) filed an application for the sale, transfer, or merger of facilities and certificate rights in Bosque County, under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239. The application was also filed pursuant to TWC § 13.3011, which allows the transferee to request to charge initial rates for service that differ from the existing rates charged to the customers affected by the proposed sale and transfer. On March 24, 2023, the administrative law judge (ALJ) issued Order No. 8, establishing a deadline of April 7, 2023 for TWU to clarify which of the rate schedules in its tariff it intends to apply in this proceeding. Therefore, this pleading is timely filed.

II. CLARIFICATION

In Attachment 1 - Transaction Summary of TWU’s application filed on September 30, 2022, TWU explained the rates it proposed to charge and included a table showing the comparison of current and proposed rates for CS Water customers:

... per TWC 13.3011, Monarch also proposes to charge customers transferred from CSWC to Monarch the rates that are in Monarch’s approved tariffs on the date the application is filed. Monarch’s most recently approved water tariffs as of the application-filing date were approved in Docket No. 52201 and may be found as Exhibit 4 of the Application. Below is a comparison of CSWC’s current residential base rates to Monarch’s.

Rate Type	CSWC rate	Monarch rate
5/8" base	\$46.00	\$48.37
Usage (0-2 kgal)	\$0.00	\$6.48
Usage (2-5 kgal)	\$4.75	\$7.98
Usage (5-10 kgal)	\$5.00	\$7.98
Usage (10-20 kgal)	\$5.00	\$9.05
Usage (>20 kgal)	\$5.00	\$9.64

As shown above, TWU is requesting to charge the rates identified in its application filed on September 30, 2022. These are the rates that were approved by the Commission in TWU's most recent general rate proceeding, Docket No. 50944,¹ and are charged to the vast majority of TWU customers.² As part of the general rate proceeding, the parties negotiated a settlement that incorporated phased-in rate increases for select groups of customers, consisting of a very small percentage of TWU's overall customer base; the rates in the final phase are uniform for all TWU customers. TWU's tariffs also include rate schedules for customers acquired from Utilities Investment Company, Inc. and UIC 13, LLC in Docket No. 52201³ and Goins Utility Service LLC in Docket No. 50424.⁴ A table summarizing the 18 water systems subject to a phased-in rate increase is below. On the date the application in this proceeding was filed, the Phase 2 rates were in effect for these systems. On June 1, 2023, the Phase 3 rates will take effect.

¹ *Application of Monarch Utilities I L.P. for Authority to Change Rates*, Docket No. 50944, Order at 15-17, Findings of Fact Nos. 68 and 73 (Feb. 23, 2022).

² Of the 30,046 water customers used for setting rates in TWU's last rate case 28,759 (or 96%) did not have any rate phase-ins.

³ *Application of Utilities Investment Company, Inc. and UIC 13, LLC*, Docket No. 52201, Notice of Approval (Aug. 26, 2022). This application was filed before TWC § 13.3011 took effect on September 1, 2021.

⁴ *Application of Monarch Utilities I, L.P. and Goins Utility Service LLC*, Docket No. 50424, Notice of Approval (Dec. 3, 2021). This application was filed before TWC § 13.3011 took effect on September 1, 2021.

Water System ⁵	Number of Phases	Water Tariff Page Number ⁶
Villas of Willowbrook	7	10–13
Cedar Springs MHP, Center Point, Heritage Park Water System, Hills & Dales, Oak Ridge Estates Water System, Platten Creek Water System, Rocky Creek Subdivision Water System, Southern Hills, Verde Park Estates, Vista Hills, Windwood Oaks Water System, and Woodhaven Mobile Home Park	4	18–19
Westwood Water System	5	21–23
Western Trails Subdivision	5	24–26
Dal-High Water System	7	27–30
Oak Terrace Estates Water System	3	31–32
Huntington Estates	3	33–34

The notice of the transaction in the instant proceeding was provided to customers of CS Water on November 18, 2022 and stated: “The proposed transaction may change the current customers’ rates and services to the current approved rates and services of Monarch Utilities I LP, which are higher than the current rate for a 5/8" meter for CS Water Corporation.”⁷ The notice also provided a link to TWU’s then-current tariff (the tariff approved in Docket No. 52201) as well as a toll-free number to call to request a copy of the tariff.⁸ The URL included in the notice was inadvertently rendered inactive before the end of the intervention period, which expired December 19, 2022.⁹

III. NOTICE AND PROPOSED PROCEDURAL SCHEDULE

TWU has conferred with Commission Staff and has agreed to provide new notice to customers. To facilitate further processing of this docket, TWU proposes the following procedural schedule:

⁵ TWU serves just over 150 water systems. Accordingly, about 12% of its water systems are subject to a phased in rate increases.

⁶ Page numbers are from version of the TWU tariff that was approved in Docket No. 52201. Application at Attachment 4.

⁷ Affidavit and Example of Notice (Nov. 21, 2022).

⁸ *Id.*

Event	Date
Deadline for Commission Staff to provide notice forms to applicants	April 14, 2023
Deadline for applicants to file with the Commission signed affidavits that notice was given along with copies of the notices sent to the affected parties	May 1, 2023
Deadline for Commission Staff to file a recommendation on sufficiency of new notice	May 15, 2023
Deadline to Intervene	30 days after the date notice was issued
If no new interventions are granted, deadline for applicants to file a supplemental motion to admit evidence and revised proposed order approving the sale and transfer to proceed to reflect additional notice	40 days after the date notice was issued

TWU is authorized to represent that Commission Staff is unopposed to the proposed schedule.

IV. CONCLUSION

TWU respectfully provides this clarification regarding the rates requested in this proceeding and requests the entry of an order approving the sale and transfer to proceed. Additionally, TWU requests any further relief to which it has shown itself entitled.

Respectfully submitted,

SPENCER FANE, LLP
816 Congress Avenue
Suite 1200
Austin, TX 78701
Telephone: (512) 840-4550
Facsimile: (512) 840-4551

William A. Faulk, III
State Bar No. 24075674
cfaulk@spencerfane.com
Rashmin J. Asher
State Bar No. 24092058
rasher@spencerfane.com

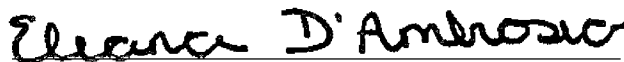


Eleanor D' Ambrosio
State Bar No. 24097559
edambrosio@spencerfane.com

**ATTORNEYS FOR TEXAS WATER
UTILITIES, L.P.**

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 April 7, 2023, in accordance with the Order Suspending Rules, issued in Project No. 50664.



Eleanor D' Ambrosio