



Filing Receipt

Filing Date - 2023-05-12 11:25:29 AM

Control Number - 54565

Item Number - 2276

**SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565**

APPLICATION OF CSWR-TEXAS UTILITY OPERATING COMPANY, LLC FOR AUTHORITY TO CHANGE RATES	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
---	----------------------------	---

**CSWR-TEXAS UTILITY OPERATING COMPANY LLC’S
RESPONSE TO BRIEFING ORDER**

CSWR-Texas Utility Operating Company, LLC (“CSWR-Texas” or the “Company”) submits this response to the briefing order that was issued on May 4, 2023, which requested that parties submit responses by May 12, 2023. Accordingly, this response is timely filed.

The briefing order asks the following question:

Does 16 TAC § 24.41(f) preclude utilities from seeking a positive acquisition adjustment for plant, property, or equipment acquired through a transaction based on the fair market valuation process under 16 TAC § 24.238?

At this time, CSWR-Texas takes no position on this issue because CSWR-Texas has not applied an “acquisition adjustment” under 16 TAC § 24.41(f) to the rate base of any of its acquisitions for which the Commission has approved a “ratemaking rate base” pursuant to the fair market valuation process under 16 TAC § 24.238. The requested rate base for each system acquired pursuant to the fair market valuation process is the exact same “ratemaking rate base” that was approved by this Commission in each of the related sale-transfer-merger proceedings. There is no additional “acquisition adjustment” applied to the “ratemaking rate base” that was previously approved. However, in order to reconcile the ratemaking rate base approved by the Commission with the net book value for the system, it is necessary to make an accounting adjustment to the book value for each FMV-related system, which the Company refers to in its schedules as an “FMV Acquisition Adjustment.”¹

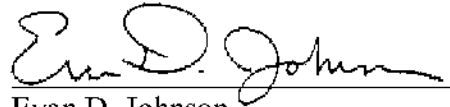
CSWR-Texas has attached to this pleading a copy of the highly sensitive Exhibit BT-3, which was attached to the direct testimony of witness Brent Thies as part of the Company’s original statement of intent rate filing package. The “FMV Adjustments” column refers to the amount of

¹ CSWR-Texas has requested an acquisition adjustment under 16 TAC § 24.41(f) for certain of its systems that were not acquired through the fair market valuation process, which it refers to as a “Non-FMV Acquisition Adjustment,” but again, no such adjustment is made to the ratemaking rate base for FMV-approved systems.

the adjustment to net book value so that the net book value equals the approved ratemaking rate base for the FMV system. The "Non-FMV Adjustments" column refers to the acquisition adjustments sought pursuant to 16 TAC § 24.41(f) that were necessary to capture the difference between the net book value and the purchase price for a non-FMV system.

Respectfully submitted,

L. Russell Mitten
General Counsel
Central States Water Resources, Inc.
1630 Des Peres Rd., Suite 140
Des Peres, MO 63131
(314) 380-8595
(314) 763-4743 (Fax)

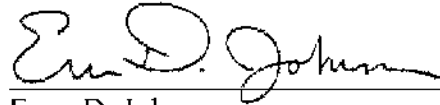


Evan D. Johnson
State Bar No. 24065498
Kate Norman
State Bar No. 24051121
C. Glenn Adkins
State Bar No. 24103097
Coffin Renner LLP
1011 W. 31st Street
Austin, Texas 78705
(512) 879-0900
(512) 879-0912 (fax)
evan.johnson@crtxlaw.com
kate.norman@crtxlaw.com
glenn.adkins@crtxlaw.com

**ATTORNEY FOR CSWR-TEXAS
UTILITY OPERATING COMPANY, LLC**

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of May 2023, a true and correct copy of the foregoing document was served on all parties of record via electronic mail in accordance with the Second Order Suspending Rules issued in Project No. 50664.

A handwritten signature in black ink, appearing to read "Evan D. Johnson", written over a horizontal line.

Evan D. Johnson

Exhibit BT-3 is Highly Sensitive
and will be provided pursuant to the terms of the Protective Order