



## **Filing Receipt**

**Filing Date - 2023-05-17 08:30:45 AM**

**Control Number - 54565**

**Item Number - 2282**

**BEFORE THE  
STATE OFFICE OF ADMINISTRATIVE  
HEARINGS**

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**APPLICATION OF CSWR-TEXAS UTILITY OPERATING  
COMPANY, LLC FOR AUTHORITY TO CHANGE RATES**

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**SOAH ORDER NO. 1**

**CASE DESCRIPTION; JURISDICTION; ADDRESSING EFFECTIVE DATE;  
GRANTING INTERVENTIONS; SETTING PREHEARING CONFERENCE  
AND INTERVENTION DEADLINE; GENERAL PROCEDURAL  
REQUIREMENTS**

**I. CASE DESCRIPTION**

On February 3, 2023, CSWR-Texas Utility Operating Company, LLC (CSWR-Texas) filed with the Public Utility Commission of Texas (Commission) an application for a rate change. CSWR-Texas is a class B utility that provides retail water service to approximately 7,000 connections under certificate of convenience and necessity (CCN) 13290 and retail sewer service to approximately 2,700 connections under CCN 21120. CSWR-Texas's application addresses 62 water

systems and 12 sewer systems that it seeks to consolidate and establish uniform rates, fees, and terms of service under a single water and single sewer tariff.

The application is based on a historic test year for the 12-month period ending December 31, 2022. CSWR-Texas requests an annual revenue requirement of approximately \$7.4 million for its water operations and approximately \$2.3 million for its sewer operations, an approximate increase of \$3.6 million and \$1.2 million over test year revenues, respectively. CSWR-Texas asserts the requested rate increase is necessary to recover operational costs and \$24 million in capital improvements it has made to its systems.

CSWR-Texas also requests: to recover of all reasonable rate-case expenses through a 24-month surcharge; to establish cost-of-service baselines for calculating a future system improvement charge for recovery of additional incremental investments; a prudence determination for all plant placed in service through December 31, 2022, as well as post-test year adjustments to rate base; and authority to create a regulatory asset to capture any of its requested costs that are deferred by the Commission.

The Commission issued a briefing order concerning CSWR-Texas's requested acquisition adjustments for six utilities that were processed in accordance with the fair market value rule.<sup>1</sup> Briefs were due May 12, 2023, and the Commission may file a supplementary preliminary order to address that issue.

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<sup>1</sup> OPDM Briefing Order (May 5, 2023).

## **II. JURISDICTION**

The Commission has jurisdiction over this matter pursuant to Texas Water Code sections 13.042, .1871. The State Office of Administrative Hearings (SOAH) has jurisdiction over matters in this case relating to the conduct of the hearing and issuance of a proposal for decision, if needed, pursuant to Texas Government Code section 2003.049.

On March 30, 2023, a Commission Administrative Law Judge (ALJ) found CSWR-Texas's application administratively complete and the proposed notice sufficient.<sup>2</sup> On May 9, 2023, the Commission referred this matter to SOAH, requesting assignment of an ALJ to conduct a hearing on the merits and to issue a proposal for decision to resolve any contested issues. On May 11, 2023, the Commission issued the Preliminary Order that lists the issues to be addressed in this proceeding.

## **III. EFFECTIVE DATE**

CSWR-Texas proposed a March 10, 2023 effective date for its requested rate change. On March 30, 2023, the effective date was suspended "through the pendency of this proceeding, or until an interim rate is requested and approved," pursuant to Texas Water Code section 13.1871(g).<sup>3</sup> Because that section authorizes the Commission to suspend the effective date of the rate change "for not more than

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<sup>2</sup> Commission Order No. 3 (Mar. 30, 2023).

<sup>3</sup> PUC Order No. 3 (March 30, 2023).

265 days from the proposed effective date,” the ALJs construe this to mean the earlier of 265 days or interim rates are approved. Accordingly, the **effective date is November 30, 2023.**

#### **IV. GRANTING INTERVENTIONS**

Curtis Krause, Nicole Hausler, and Richard Hodges filed motions to intervene on April 1, 3, and 6, 2023, respectively. No objections were filed. The motions are **GRANTED.**

#### **V. SETTING PREHEARING CONFERENCE AND INTERVENTION DEADLINE**

A prehearing will convene at **10:00 a.m. (CT) on June 15, 2023**, remotely via Zoom videoconference. The parties may attend the prehearing conference in one of these ways:

Join by computer or smart device:

Go to <https://soah-texas.zoomgov.com> and enter the following:

Meeting ID:           **160 112 2526**

Video Passcode:   **PUC885**

Join by telephone (audio only):

Call +1 669 254 5252, and then enter the following:

Meeting ID:           **160 112 2526**

Telephone Passcode:   **622464**

The following matters will be discussed at the prehearing conference: any pending motions; a procedural schedule, including deadlines for prefiling exhibits and the hearing date; and any other matters that may aid in the efficient and fair processing of this case.

At least 20 days before the prehearing conference, CSWR-Texas **SHALL** provide notice of the prehearing conference to the governing body of each affected municipality and county and to each ratepayer in accordance with 16 Texas Administrative Code section 24.27(d)(2). The notice **SHALL** include the text of the paragraphs immediately before and the paragraph immediately after this paragraph. Before providing notice, CSWR-Texas **SHALL** consult with Commission staff regarding the notice to be provided. CSWR-Texas **SHALL, no later than June 10, 2023**, file an affidavit and a copy of the notice, demonstrating that it provided the notice as required.

To participate as a party in this case, a person shall move to intervene either (1) in a written motion to intervene filed with the Commission **no later than June 10, 2023**, or (2) orally at the June 15, 2023 prehearing conference. Any filed motion shall include both SOAH Docket No. 473-23-18885 and PUC Docket No. 54565, the person's contact information (including email address, if applicable), and otherwise comply with the Commission's procedural rules. Previous submission of a protest **DOES NOT** meet the intervention requirements discussed above.

## **VI. GENERAL PROCEDURAL REQUIREMENTS**

All Commission filings are available for viewing and downloading from the Commission's Interchange available at <http://interchange.puc.texas.gov/>, by entering the control number 54565 and selecting the "search" tab. A list of documents filed in this docket will appear, which (with a few exceptions such as confidential documents, if any) can be accessed by clicking on the document number. The Commission's procedural rules are available on the Commission's website (<http://www.puc.texas.gov/agency/rulesnlaws/procrules/Procedural.aspx>). The procedural rules will govern the conduct of this case, and the parties are expected to comply with those rules.

Routine procedural and logistical questions may be directed to the ALJs' administrative assistant Natalie Polm at [natatlie.polm@soah.texas.gov](mailto:natatlie.polm@soah.texas.gov). SOAH support personnel may not provide advice or interpret law or orders for the parties.

Except as modified by orders issued in this case or by the Commission or SOAH, the Commission's procedural rules govern this case. The parties should review the Commission and SOAH websites as needed for updates regarding any such modifications.

## **A. FILING AND SERVICE**

Filing of pleadings is governed by 16 Texas Administrative Code section 22.71 and service is governed by section 22.74. However, under the Commission's Second Order entered in Docket No. 50664, all parties must file any pleading or document with the Commission solely through the Interchange on the Commission's website (<https://interchange.puc.texas.gov/filer>) and provide notice, by e-mail, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered. It will be incumbent upon all other parties to obtain a copy of the pleading or document by accessing the Interchange. **Filings should not be made at SOAH. All filings must contain both the SOAH and PUC docket numbers.**

When a party files a document with the Commission, that party is also required to serve (i.e., provide a copy of that document to) every other party. At this time, service must be accomplished by e-mail. Any party to this proceeding who has not previously provided an e-mail address **SHALL**, no later than seven days after the date of this order, file a notice informing the parties of the e-mail address to be used for service.

## **B. MOTIONS**

Motions for continuance shall be governed by 16 Texas Administrative Code section 22.79. If a continuance or extension of time is sought, the motion shall propose a range of new dates and state whether the other parties agree. The ALJ will not contact parties to ascertain their position or to negotiate dates. In the absence of



a ruling by the ALJ, a contested motion for continuance or extension is not granted and the existing schedule remains in place.

Unless otherwise specified in the applicable procedural rules, responses to any motion or other pleading shall be filed within five working days from receipt of the motion or pleading. The response shall state the date of receipt of the motion or pleading to which a response is made. If a party does not respond to a motion, the ALJ will assume that the party agrees with the motion or does not oppose the requested relief.

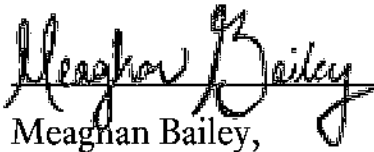
### **C. DISCOVERY**

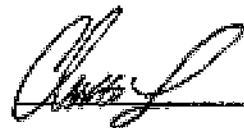
Discovery may begin immediately. Copies of requests for information (RFIs) and objections and responses to RFIs will not be provided to the ALJ. If a party files a motion to compel responses to discovery, the motion shall include every RFI and objection to which the motion applies. Any affidavits supporting an objection, motion to compel, or response shall be attached to the relevant document. The ALJ will resolve discovery disputes based on the written documents, any sworn affidavits attached thereto, and materials, if any, provided for in camera inspection, unless the ALJ concludes that a prehearing conference on the discovery dispute should be held.

If a party seeks in camera review of documents in accordance with 16 Texas Administrative Code section 22.144(g), it will submit the documents to the ALJ at SOAH. Documents submitted for review should not be filed with the

Commission filing clerk. If they are filed with the Commission filing clerk, even inadvertently, the documents may not be physically removed from the Commission. Further, any claim to privilege or exemption may be waived by the filing.

**Signed May 17, 2023**

  
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Meaghan Bailey,  
Administrative Law Judge

  
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Christiaan Siano,  
Administrative Law Judge