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Item Number - 2498

Public Utility Commission of Texas

Memorandum

TO: Shelah Cisneros, Commission Counsel

FROM: Darryl Tietjen, Rate Regulation

DATE: May 9, 2024

RE: Docket No. 54565, SOAH Docket No. 473-23-18885.WS—*Application of CSWR-Texas Utility Operating Company, LLC for Authority to Change Rates*
SECOND REVISED Commission Number Run

Please find attached to this memo the second revised number-run schedules for CSWR-Texas as requested in your memo filed on April 26, 2024. Also attached are three internal Staff memos describing the steps we performed in carrying out the number-running instructions. Additionally, please note that the Excel models containing the calculations are included as part of the filing of this number-run.

Please advise if you have any questions regarding this information.

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END December 31, 2022

Commission Schedule I
Water Revenue Requirement

	Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
WATER REVENUE REQUIREMENT					
Operations and Maintenance	\$ 3,975,923	\$ 635,120	\$ 4,611,043	\$ -	\$ 4,611,043
Depreciation and Amortization Expense	\$ 172,033	\$ 502,082	\$ 674,115	\$ -	\$ 674,115
Deprecitaion Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes Other Than Income	\$ 50,286	\$ 31,044	\$ 81,330	\$ -	\$ 81,330
Federal Income Taxes	\$ -	\$ 323,873	\$ 323,873	\$ (83,606)	\$ 240,265
Return on Invested Capital	\$ -	\$ 1,753,037	\$ 1,753,037	\$ (410,014)	\$ 1,343,023
TOTAL	\$ 4,198,242	\$ 3,245,157	\$ 7,443,399	\$ (493,622)	\$ 6,949,776
Other Revenues - Taps, Recon, late fee, Etc.	\$ (78,219)	\$ -	\$ (78,219)	\$ -	\$ (78,219)
Revenue Requirement Used to Set Rates	\$ 4,120,023	\$ 3,245,157	\$ 7,365,180	\$ (493,622)	\$ 6,871,557

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule II
Water O&M Expense

WATER OPERATIONS AND MAINTENANCE EXPENSE		Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
Acct. No.	ACCOUNT	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
610	PURCHASED WATER	\$ 323,246	\$ (323,246)	\$ -	\$ -	\$ -
615	POWER EXPENSE-PRODUCTION OF	\$ 238,010	\$ 65,136	\$ 303,146	\$ -	\$ 303,146
618	OTHER VOLUME RELATED EXPENSES	\$ 104,860	\$ 25,599	\$ 130,459	\$ -	\$ 130,459
601-1	EMPLOYEE LABOR	\$ -	\$ -	\$ -	\$ -	\$ -
620	MATERIALS	\$ 3,682	\$ -	\$ 3,682	\$ -	\$ 3,682
631-636	CONTRACT WORK	\$ 1,888,752	\$ 365,142	\$ 2,253,894	\$ -	\$ 2,253,894
650	TRANSPORTATION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
664	OTHER PLANT MAINTENANCE	\$ 360	\$ -	\$ 360	\$ -	\$ 360
601-2	OFFICE SALARIES	\$ -	\$ -	\$ -	\$ -	\$ -
601-3	MANAGEMENT SALARIES	\$ -	\$ -	\$ -	\$ -	\$ -
604	EMPLOYEE PENSIONS & BENEFITS	\$ -	\$ -	\$ -	\$ -	\$ -
615	PURCHASED POWER-OFFICE ONLY	\$ -	\$ -	\$ -	\$ -	\$ -
670	BAD DEBT EXPENSE	\$ 126	\$ 73,209	\$ 73,335	\$ -	\$ 73,335
676	OFFICE SERVICES & RENTALS	\$ 339	\$ -	\$ 339	\$ -	\$ 339
677	OFFICE SUPPLIES & EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
678	PROFESSIONAL SERVICES	\$ -	\$ -	\$ -	\$ -	\$ -
684	INSURANCE	\$ 190,596	\$ 233,111	\$ 423,697	\$ -	\$ 423,697
667	REGULATORY EXPENSE (OTHER)	\$ 185,605	\$ -	\$ 185,605	\$ -	\$ 185,605
675	MISCELLANEOUS	\$ 1,040,357	\$ 196,169	\$ 1,236,526	\$ -	\$ 1,236,526
	TOTAL	\$ 3,975,923	\$ 635,120	\$ 4,611,043	\$ -	\$ 4,611,043

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule III
Water Invested Capital

	Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
WATER INVESTED CAPITAL					
Plant in Service (incl CWIP)	\$ 15,094,142	\$ 2,624,428	\$ 17,718,570	\$ -	\$ 17,718,570
Accumulated Depreciation	\$ (1,129,572)		\$ (1,129,572)	\$ -	\$ (1,129,572)
Net Plant in Service	\$ 13,964,570	\$ 2,624,428	\$ 16,588,998	\$ -	\$ 16,588,998
Working Cash Allowance	\$ -	\$ -	\$ 347,873	\$ -	\$ 347,873
Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Prepayments	\$ 36,381	\$ -	\$ 36,381	\$ -	\$ 36,381
Customer Advances Construction	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Adjustments	\$ -	\$ 1,249,591	\$ 1,249,591	\$ -	\$ 1,249,591
Developer Contribution in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Deposits	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -
ADFIT	\$ -	\$ -	\$ -	\$ -	\$ -
Excess ADFIT	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -		
TOTAL INVESTED CAPITAL (RATE BASE)	\$ 14,000,951	\$ 3,874,019	\$ 18,222,843	\$ -	\$ 18,222,843
RATE OF RETURN			9.62%		7.37%
RETURN ON INVESTED CAPITAL		\$ 1,753,037	\$ 1,753,037	\$ (410,014)	\$ 1,343,023

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule IIIA
Water Plant In Service
(Original Cost to Install or Construct)

WATER PLANT IN SERVICE (Original Cost to Install or Construct)		Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
Acct. No.	ACCOUNT	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
303	LAND AND LAND RIGHTS			\$ -	\$ -	\$ -
307	WELLS			\$ -	\$ -	\$ -
	WELL PUMPS:			\$ -	\$ -	\$ -
311	5 HP OR LESS			\$ -	\$ -	\$ -
311	GREATER THAN 5 HP			\$ -	\$ -	\$ -
	BOOSTER PUMPS:			\$ -	\$ -	\$ -
311	5 HP OR LESS			\$ -	\$ -	\$ -
311	GREATER THAN 5 HP			\$ -	\$ -	\$ -
320	CHLORINATORS			\$ -	\$ -	\$ -
	STRUCTURES:			\$ -	\$ -	\$ -
304	WOOD			\$ -	\$ -	\$ -
304	MASONRY			\$ -	\$ -	\$ -
305	STORAGE TANKS			\$ -	\$ -	\$ -
311	PRESSURE TANKS			\$ -	\$ -	\$ -
331	DISTRIBUTION SYSTEM			\$ -	\$ -	\$ -
334	METERS AND SERVICE			\$ -	\$ -	\$ -
340	OFFICE EQUIPMENT			\$ -	\$ -	\$ -
341	VEHICLES			\$ -	\$ -	\$ -
343	SHOP TOOLS			\$ -	\$ -	\$ -
345	HEAVY EQUIPMENT			\$ -	\$ -	\$ -
348	FENCING			\$ -	\$ -	\$ -
TOTAL		15,202,328	2,624,428	17,826,756	0	17,826,756

SOAH DOCKET N° 473-23-18885.WS
PUC DOCKET NO 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule IIIB
Water Depreciation Expense

WATER PLANT IN SERVICE		Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
Acct. No.	ACCOUNT	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
303	LAND AND LAND RIGHTS			\$ -	\$ -	\$ -
307	WELLS			\$ -	\$ -	\$ -
	WELL PUMPS:			\$ -	\$ -	\$ -
311	5 HP OR LESS			\$ -	\$ -	\$ -
311	GREATER THAN 5 HP			\$ -	\$ -	\$ -
	BOOSTER PUMPS:			\$ -	\$ -	\$ -
311	5 HP OR LESS			\$ -	\$ -	\$ -
311	GREATER THAN 5 HP			\$ -	\$ -	\$ -
320	CHLORINATORS			\$ -	\$ -	\$ -
	STRUCTURES:			\$ -	\$ -	\$ -
304	WOOD			\$ -	\$ -	\$ -
304	MASONRY			\$ -	\$ -	\$ -
305	STORAGE TANKS			\$ -	\$ -	\$ -
311	PRESSURE TANKS			\$ -	\$ -	\$ -
331	DISTRIBUTION SYSTEM			\$ -	\$ -	\$ -
334	METERS AND SERVICE			\$ -	\$ -	\$ -
340	OFFICE EQUIPMENT			\$ -	\$ -	\$ -
341	VEHICLES			\$ -	\$ -	\$ -
343	SHOP TOOLS			\$ -	\$ -	\$ -
345	HEAVY EQUIPMENT			\$ -	\$ -	\$ -
348	FENCING			\$ -	\$ -	\$ -
	CONTRIBUTIONS IN AID OF CONSTRUCTION			\$ -	\$ -	\$ -
	TOTAL	\$ 172,033	\$ 502,082	\$ 674,115	\$ -	\$ 674,115

SOAH DOCKET NO 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule IV
Water Taxes Other Than FIT

	Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
WATER TAXES OTHER THAN FIT	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
Non-Revenue Related					
Ad Valorem Taxes	\$ 50,286	\$ 31,044	\$ 81,330	\$ -	\$ 81,330
Total Property	\$ 50,286	\$ 31,044	\$ 81,330	\$ -	\$ 81,330
Payroll Taxes					
FICA	\$ -	\$ -	\$ -	\$ -	\$ -
MEDICARE	\$ -	\$ -	\$ -	\$ -	\$ -
MEDICARE-Affordable Care Act			\$ -	\$ -	\$ -
FUTA	\$ -	\$ -	\$ -	\$ -	\$ -
SUTA	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -
LESS Capitalized	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes					
Other taxes and Licenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL TAXES OTHER THAN INCOME	\$ 50,286	\$ 31,044	\$ 81,330	\$ -	\$ 81,330

Commission Attachment A
Water

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule V
Water Federal Income Taxes

	Test Year Total	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
WATER FEDERAL INCOME TAXES	(a)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
Return	Total	\$ 1,753,038	\$ (410,015)	\$ 1,343,023
Less				
Interest Included in Return		\$ 534,658	\$ (95,487)	\$ 439,171
Plus				
Other Adjustments				
TAXABLE COMPONENT OF RETURN		\$ 1,218,380	\$ (314,527)	\$ 903,853
TAX RATE		21%	\$ -	21%
TAX FACTOR (1/(1-TR))*(TR)		0.265822785	\$ -	0.265822785
FEDERAL INCOME TAX BEFORE ADJUSTMENTS		\$ 323,873	\$ (83,608)	\$ 240,265
LESS				
Adjustments		\$ -	\$ -	\$ -
TOTAL FEDERAL INCOME TAXES		\$ 323,873	\$ (83,608)	\$ 240,265

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END December 31, 2022

Commission Schedule I
Sewer Revenue Requirement

	Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
SEWER REVENUE REQUIREMENT					
Operations and Maintenance	\$ 912,406	\$ 380,080	\$ 1,292,486	\$ -	\$ 1,292,486
Depreciation and Amortization Expense	\$ 47,898	\$ 191,321	\$ 239,219	\$ -	\$ 239,219
Taxes Other Than Income	\$ 9,026	\$ 8,843	\$ 17,869	\$ -	\$ 17,869
Federal Income Taxes	\$ -	\$ 113,293	\$ 113,293	\$ (29,247)	\$ 84,047
Return on Invested Capital	\$ -	\$ 613,227	\$ 613,227	\$ (143,426)	\$ 469,801
TOTAL	\$ 969,330	\$ 1,306,765	\$ 2,276,095	\$ (172,673)	\$ 2,103,421
Other Revenues - Taps, Recon, late fee, Etc.	\$ -	\$ (12,800)	\$ (12,800)	\$ -	\$ (12,800)
Revenue Requirement Used to Set Rates	\$ 969,330	\$ 1,293,965	\$ 2,263,295	\$ (172,673)	\$ 2,090,621

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COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule II
Sewer O&M Expense

SEWER OPERATIONS AND MAINTENANCE EXPENSE		Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
Acct. No.	ACCOUNT	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
610	PURCHASED SEWER TREATMENT	\$ 59,944	\$ -	\$ 59,944	\$ -	\$ 59,944
	SLUDGE REMOVAL EXPENSE	\$ 1,300	\$ -	\$ 1,300	\$ -	\$ 1,300
615	POWER EXPENSE-PRODUCTION ONLY	\$ 60,320	\$ 26,453	\$ 86,773	\$ -	\$ 86,773
618	OTHER VOLUME RELATED EXPENSES	\$ 30,138	\$ 7,724	\$ 37,862	\$ -	\$ 37,862
601-1	EMPLOYEE LABOR	\$ -	\$ -	\$ -	\$ -	\$ -
620	MATERIALS	\$ 998	\$ -	\$ 998	\$ -	\$ 998
631-636	CONTRACT WORK	\$ 293,282	\$ 229,033	\$ 522,315	\$ -	\$ 522,315
650	TRANSPORTATION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
664	OTHER PLANT MAINTENANCE	\$ -	\$ -	\$ -	\$ -	\$ -
601-2	OFFICE SALARIES	\$ -	\$ -	\$ -	\$ -	\$ -
601-3	MANAGEMENT SALARIES	\$ -	\$ -	\$ -	\$ -	\$ -
604	EMPLOYEE PENSIONS & BENEFITS	\$ -	\$ -	\$ -	\$ -	\$ -
615	PURCHASED POWER-OFFICE ONLY	\$ -	\$ -	\$ -	\$ -	\$ -
670	BAD DEBT EXPENSE	\$ -	\$ 22,542	\$ 22,542	\$ -	\$ 22,542
676	OFFICE SERVICES & RENTALS	\$ -	\$ -	\$ -	\$ -	\$ -
677	OFFICE SUPPLIES & EXPENSES	\$ 1,021	\$ -	\$ 1,021	\$ -	\$ 1,021
678	PROFESSIONAL SERVICES	\$ -	\$ -	\$ -	\$ -	\$ -
684	INSURANCE	\$ 74,867	\$ 2,821	\$ 77,688	\$ -	\$ 77,688
667	REGULATORY EXPENSE (OTHER)	\$ 29,575	\$ -	\$ 29,575	\$ -	\$ 29,575
675	MISCELLANEOUS	\$ 360,961	\$ 91,507	\$ 452,468	\$ -	\$ 452,468
	TOTAL	\$ 912,406	\$ 380,080	\$ 1,292,486	\$ -	\$ 1,292,486

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule III
Sewer Invested Capital

	Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
SEWER INVESTED CAPITAL					
Plant in Service	\$ 5,809,190	\$ -	\$ 5,809,190	\$ -	\$ 5,809,190
Accumulated Depreciation	\$ (88,134)	\$ -	\$ (88,134)	\$ -	\$ (88,134)
Net Plant in Service	\$ 5,721,056	\$ -	\$ 5,721,056	\$ -	\$ 5,721,056
Working Cash Allowance	\$ -	\$ -	\$ 99,358	\$ -	\$ 99,358
Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Prepayments	\$ 8,349	\$ -	\$ 8,349	\$ -	\$ 8,349
Customer Advances Construction	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Adjustments	\$ -	\$ 545,739	\$ 545,739	\$ -	\$ 545,739
Developer Contribution in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Deposits	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -
ADFIT	\$ -	\$ -	\$ -	\$ -	\$ -
Excess ADFIT	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL INVESTED CAPITAL (RATE BASE)	\$ 5,729,405	\$ 545,739	\$ 6,374,502	\$ -	\$ 6,374,502
RATE OF RETURN			9.62%		7.37%
RETURN ON INVESTED CAPITAL		\$ 613,227	\$ 613,227	\$ (143,426)	\$ 469,801

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule IIIA
Sewer Plant In Service
(Original Cost to Install or Construct)

SEWER PLANT IN SERVICE (Original Cost to Install or Construct)		Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
Acct. No.	ACCOUNT	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
303	LAND AND LAND RIGHTS			\$ -	\$ -	\$ -
307	WELLS			\$ -	\$ -	\$ -
	WELL PUMPS:			\$ -	\$ -	\$ -
311	5 HP OR LESS			\$ -	\$ -	\$ -
311	GREATER THAN 5 HP			\$ -	\$ -	\$ -
	BOOSTER PUMPS:			\$ -	\$ -	\$ -
311	5 HP OR LESS			\$ -	\$ -	\$ -
311	GREATER THAN 5 HP			\$ -	\$ -	\$ -
320	CHLORINATORS			\$ -	\$ -	\$ -
	STRUCTURES:			\$ -	\$ -	\$ -
304	WOOD			\$ -	\$ -	\$ -
304	MASONRY			\$ -	\$ -	\$ -
305	STORAGE TANKS			\$ -	\$ -	\$ -
311	PRESSURE TANKS			\$ -	\$ -	\$ -
331	DISTRIBUTION SYSTEM			\$ -	\$ -	\$ -
334	METERS AND SERVICE			\$ -	\$ -	\$ -
340	OFFICE EQUIPMENT			\$ -	\$ -	\$ -
341	VEHICLES			\$ -	\$ -	\$ -
343	SHOP TOOLS			\$ -	\$ -	\$ -
345	HEAVY EQUIPMENT			\$ -	\$ -	\$ -
348	FENCING			\$ -	\$ -	\$ -
	TOTAL	\$ 5,809,190	\$ 694,911	\$ 6,504,101	\$ -	\$ 6,504,101

SOAH DOCKET NO. 473-23-18885.WS
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COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule IIIB
Sewer Depreciation Expense

SEWER PLANT IN SERVICE		Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
Acct. No.	ACCOUNT	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
303	LAND AND LAND RIGHTS			\$ -	\$ -	\$ -
307	WELLS			\$ -	\$ -	\$ -
	WELL PUMPS:			\$ -	\$ -	\$ -
311	5 HP OR LESS			\$ -	\$ -	\$ -
311	GREATER THAN 5 HP			\$ -	\$ -	\$ -
	BOOSTER PUMPS:			\$ -	\$ -	\$ -
311	5 HP OR LESS			\$ -	\$ -	\$ -
311	GREATER THAN 5 HP			\$ -	\$ -	\$ -
320	CHLORINATORS			\$ -	\$ -	\$ -
	STRUCTURES:			\$ -	\$ -	\$ -
304	WOOD			\$ -	\$ -	\$ -
304	MASONRY			\$ -	\$ -	\$ -
305	STORAGE TANKS			\$ -	\$ -	\$ -
311	PRESSURE TANKS			\$ -	\$ -	\$ -
331	DISTRIBUTION SYSTEM			\$ -	\$ -	\$ -
334	METERS AND SERVICE			\$ -	\$ -	\$ -
340	OFFICE EQUIPMENT			\$ -	\$ -	\$ -
341	VEHICLES			\$ -	\$ -	\$ -
343	SHOP TOOLS			\$ -	\$ -	\$ -
345	HEAVY EQUIPMENT			\$ -	\$ -	\$ -
348	FENCING			\$ -	\$ -	\$ -
	CONTRIBUTIONS IN AID OF CONSTRUCTION			\$ -	\$ -	\$ -
	TOTAL	\$ 47,898	\$ 191,321	\$ 239,219	\$ -	\$ 239,219

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule IV
Sewer Taxes Other Than FIT

	Test Year Total	Company Adjustments To Test Year	Company Requested Test Year Total	Commission Adjustments To Company Request	Commission Adjusted Total
SEWER TAXES OTHER THAN FIT	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)+(d)
Non-Revenue Related					
Ad Valorem Taxes	\$ 9,026	\$ 8,843	\$ 17,869	\$ -	\$ 17,869
Total Property	\$ 9,026	\$ 8,843	\$ 17,869		\$ 17,869
Payroll Taxes					
FICA	\$ -	\$ -	\$ -	\$ -	\$ -
MEDICARE	\$ -	\$ -	\$ -	\$ -	\$ -
MEDICARE-Affordable Care Act			\$ -	\$ -	\$ -
FUTA	\$ -	\$ -	\$ -	\$ -	\$ -
SUTA	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -
LESS Capitalized	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payroll	\$ -		\$ -	\$ -	\$ -
Other Taxes					
Other taxes and Licenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL TAXES OTHER THAN INCOME	\$ 9,026	\$ 8,843	\$ 17,869	\$ -	\$ 17,869

Commission Attachment A
Sewer

SOAH DOCKET NO. 473-23-18885.WS
PUC DOCKET NO. 54565
COMPANY NAME CSWR-Texas
TEST YEAR END 31-Dec-22

Commission Schedule V
Sewer Federal Income Taxes

	Test Year Total (a)	Company Requested Test Year Total (c)=(a)+(b)	Commission Adjustments To Company Request (d)	Commission Adjusted Total (e)=(c)+(d)
SEWER FEDERAL INCOME TAXES				
Return	Total	\$ 613,227	\$ (143,426)	\$ 469,801
Less				
Interest Included in Return		\$ 187,028	\$ (33,403)	\$ 153,625
Plus				
Other Adjustments				
TAXABLE COMPONENT OF RETURN		\$ 426,199	\$ (110,024)	\$ 316,175
TAX RATE		21%		21%
TAX FACTOR $(1/(1-TR)) \times (TR)$		0.265822785		0.265822785
FEDERAL INCOME TAX BEFORE ADJUSTMENTS		\$ 113,293	\$ (29,247)	\$ 84,047
LESS				
Adjustments		\$ -	\$ -	\$ -
TOTAL FEDERAL INCOME TAXES		\$ 113,293	\$ (29,247)	\$ 84,047

SOAH Docket No. 473-23-18885
PUC Docket No. 54565
Commission Schedule A

**VII-2 REVENUE GENERATED FOR SINGLE
TIER GALLONAGE CHARGE FOR ALL
USAGE**

Meter Size	Meter Ratio	Customer Charge
5/8"	1.133921	\$ 49.89
3/4"	1.133921	\$ 49.89
1"	2.5	\$ 109.99
1.5"	5	\$ 219.99
2"	8	\$ 351.99
Unmetered	1.133921	\$ 81.09

FIXED CHARGE PROOF OF REVENUES		
Meter Size	Connections	Revenue
5/8"	5,087	\$ 3,045,485
3/4"	1,884	\$ 1,127,913
1"	69	\$ 91,072
1.5"	1	\$ 2,640
2"	2	\$ 8,448
Unmetered	63	\$ 37,718
Customer Charge Total Revenue		\$ 4,313,276
Total Volumetric Revenue		\$ 2,555,923
TOTAL REVENUE		\$ 6,869,199
Revenue Requirement		\$ 6,871,557
Over / (Under) Recovery		\$ (2,358)

**VI-3 RATE CALCULATION FOR SINGLE TIER
GALLONAGE CHARGE FOR ALL USAGE**

Description	Amount	
Fixed Expenses	\$	4,313,427
Test Year End Meter Equivalencies		8170
Billing Cycles per Year		12
Minimum Monthly Charge	\$	44.00
Variable Expenses	\$	2,558,130
Test Year Gallons Billed		486,987,682
Unmetered Expected Gallonage		4,536,000
Volumetric Rate	\$	5.20

I-3 CONNECTION COUNT

Meter Size	Connections	Meter Ratio	Meter Equivalencies
5/8"	5,087	1.133921	5,768
3/4"	1,884	1.133921	2,136
1"	69	2.5	173
1.5"	1	5	5
2"	2	8	16
Unmetered	63	1.133921	71
Total	7,106		8,170

SOAH Docket No. 473-23-18885

PUC Docket No. 54565

Commission Schedule A

VI-1 FIXED & VARIABLE ALLOCATION FOR RATE DESIGN

Account No.	Account Name	CSWR Historical Test Year	CSWR Proposed K&M	Commission Adjustments	Adjusted Total Expenses	CSWR Proposed Fixed %	Fixed Expenses	Variable Expenses
610	Purchased water/sewer treatment	\$ 323,246	\$ (323,246)	\$ -	\$ 0	0%	\$ -	\$ 0
615.1	Purchased Power-wells, booster pumps	\$ 238,013	\$ 65,136	\$ -	\$ 303,149	0%	\$ -	\$ 303,149
618	Chemicals and other volume related exp	\$ 104,859	\$ 25,598	\$ -	\$ 130,457	0%	\$ -	\$ 130,457
601.1	Employee labor	\$ -	\$ -	\$ -	\$ -	67%	\$ -	\$ -
620	Materials and Supplies	\$ 3,681	\$ -	\$ -	\$ 3,681	67%	\$ 2,466	\$ 1,215
631-636	Contract work	\$ 1,888,752	\$ 365,142	\$ -	\$ 2,253,894	67%	\$ 1,510,109	\$ 743,785
650	Transportation expenses	\$ -	\$ -	\$ -	\$ -	67%	\$ -	\$ -
664	Other plant maintenance	\$ 360	\$ -	\$ -	\$ 360	67%	\$ 241	\$ 119
601.2	Office salaries	\$ -	\$ -	\$ -	\$ -	67%	\$ -	\$ -
603	Management salaries	\$ -	\$ -	\$ -	\$ -	67%	\$ -	\$ -
604	Employee pensions & benefits	\$ -	\$ -	\$ -	\$ -	67%	\$ -	\$ -
615.8	Purchased power - G&A	\$ -	\$ -	\$ -	\$ -	67%	\$ -	\$ -
670	Bad debt expense	\$ 126	\$ 73,209	\$ -	\$ 73,336	67%	\$ 49,135	\$ 24,201
676	Office services & rentals	\$ -	\$ -	\$ -	\$ -	67%	\$ -	\$ -
677	Office supplies & expenses	\$ 338	\$ -	\$ -	\$ 338	67%	\$ 226	\$ 111
656-659	Insurance	\$ 190,586	\$ 233,111	\$ -	\$ 423,697	67%	\$ 283,877	\$ 139,820
667	Regulatory expense (other)	\$ 185,605	\$ -	\$ -	\$ 185,605	67%	\$ 124,356	\$ 61,250
675	Miscellaneous expenses	\$ 1,040,356	\$ 196,169	\$ -	\$ 1,236,525	67%	\$ 828,472	\$ 408,053
	Subtotal O&M Expenses	\$ 3,975,923	\$ 635,120	\$ -	\$ 4,611,043		\$ 2,798,883	\$ 1,812,160
403	Depreciation	\$ 172,033	\$ 502,082	\$ -	\$ 674,115	67%	\$ 451,657	\$ 222,458
408	Taxes Other Than Income	\$ 50,286	\$ 31,044	\$ -	\$ 81,330	67%	\$ 54,491	\$ 26,839
409/410	Income Tax Expense	\$ -	\$ 323,873	\$ (83,608)	\$ 240,265	67%	\$ 160,977	\$ 79,287
	TOTAL EXPENSES	\$ 4,198,242	\$ 1,492,119	\$ (83,608)	\$ 5,606,753		\$ 3,466,008	\$ 2,140,745
	Requested Return	\$ -	\$ 1,753,037	\$ (410,014)	\$ 1,343,023	67%	\$ 899,825	\$ 443,198
	Less: Other Revenues	\$ (63,311)	\$ (14,908)	\$ -	\$ (78,219)	67%	\$ (52,407)	\$ (25,812)
	TOTAL REVENUE REQUIREMENT	\$ 4,134,931	\$ 3,230,248	\$ (493,622)	\$ 6,871,557		\$ 4,313,427	\$ 2,558,130

SOAH Docket No. 473-23-18885

PUC Docket No. 54565

Commission Schedule B

VI-2 FLAT RATE CALCULATION

Description	Amount
Revenue Requirement	\$ 2,090,621
Sewer Counts	2,753
Billing Cycles per Year	12
Flat Rate	\$ 63.28

FLAT RATE PROOF OF REVENUES	
Flat Rate	\$ 63.28
x Customer Count	2,753
Revenue Generated from Flat Rate	\$ 2,090,518
Application Revenue Requirement	\$ 2,090,621
Over / (Under) Recovery	\$ (103)

SOAH Docket No. 473-23-18885

PUC Docket No. 54565

Commission Schedule B

VI-1 FIXED & VARIABLE ALLOCATION FOR RATE DESIGN

Account No.	Account Name	CSWR Historical Test Year Expenses	CSWR Proposed K&M Changes	Commission Adjustments	Adjusted Test Year Expenses
710	Purchased water/sewer treatment	\$ 59,944	\$ -	\$ -	\$ 59,944
711	Sludge Removal Expense	\$ 1,300	\$ -	\$ -	\$ 1,300
715	Purchased Power-wells, booster pumps	\$ 60,320	\$ 26,453	\$ -	\$ 86,773
718	Chemicals and other volume related expenses	\$ 30,138	\$ 7,724	\$ -	\$ 37,862
720	Materials and Supplies	\$ 998	\$ -	\$ -	\$ 998
731-736	Contract work	\$ 293,283	\$ 229,033	\$ -	\$ 522,316
770	Bad debt expense	\$ -	\$ 22,542	\$ -	\$ 22,542
777	Office supplies & expenses	\$ 1,021	\$ -	\$ -	\$ 1,021
756-759	Insurance	\$ 74,866	\$ 2,821	\$ -	\$ 77,687
767	Regulatory expense (other)	\$ 29,575	\$ -	\$ -	\$ 29,575
775	Miscellaneous expenses	\$ 360,961	\$ 91,507	\$ -	\$ 452,468
	Subtotal O&M Expenses	\$ 912,406	\$ 380,080	\$ -	\$ 1,292,486
	Depreciation	\$ 47,898	\$ 191,321	\$ -	\$ 239,219
	Taxes Other Than Income	\$ 9,026	\$ 8,843	\$ -	\$ 17,869
	Income Tax Expense	\$ -	\$ 113,294	\$ (29,247)	\$ 84,047
	TOTAL EXPENSES	\$ 969,330	\$ 693,538	\$ (29,247)	\$ 1,633,621
	Requested Return	\$ -	\$ 613,227	\$ (143,426)	\$ 469,801
	Less: Other Revenues	\$ (12,800)	\$ -	\$ -	\$ (12,800)
	TOTAL REVENUE REQUIREMENT	\$ 956,530	\$ 1,306,764	\$ (172,673)	\$ 2,090,621

Commission Attachment A.2
Rate Case Expense Surcharge Calculation

PUC DOCKET No.: 54565
COMPANY NAME: CSWR-Texas

Commission Rate-Case Expense Surcharge

Total Commission-Recommended Rate -Case Expenses	\$	419,459
Meter Equivalents		10923
Surcharge Period		<u>24</u>
Commission Monthly Rate-Case Expense Surcharge	\$	1.60

Public Utility Commission of Texas

Memorandum

To: Darryl Tietjen, Division Director, Rate Regulation Division

From: Kathryn Eiland, Regulatory Accountant, Rate Regulation Division

Subject: Docket No. 54565 – Application of CSWR-Texas Utility Operating Company, LLC
for Authority to Change Rates
Response to Second Clarification Regarding Commission Number Run

Date: May 9, 2024

Attached to this memo, please find an updated number run consistent with the second clarification provided in Commission Counsel's April 26, 2024 memorandum. All applicable schedules or documentation to support the updated number run to include the ratemaking rate base approved by the Commission for water and sewer systems in the underlying sale, transfer or merger proceedings are included.

Public Utility Commission of Texas

Memorandum

TO: Darryl Tietjen, Rate Regulation Division

FROM: James Euton, Infrastructure Division

DATE: May 9, 2024

RE: Docket No. 54565 – Application of CSWR-Texas Utility Operating Company, LLC for Authority to Change Rates

In CSWR-Texas’ Exceptions to the Proposal for Decision (54565 2476 1358685), the company provided a table showing the ratemaking rate base applied to each of the FMV utilities acquired through the FMV process:

Acquisition	Docket Number	Date Closed	Value of Plant Assets	Adjustment to Capture FMV Ratemaking Rate Base	Approved Ratemaking Rate Base⁴
North Orange	53483	10/31/2022	846,218	903,782	1,750,000
Lake Limestone	53456	9/21/2022	850,000	-	850,000
Aransas Bay	53326	8/11/2022	1,500,000	-	1,500,000
Texas Landing	52850	6/23/2022	1,398,341	1,659	1,400,000
Carroll Water	52879	5/31/2022	970,716	273,254	1,250,000
Copano Cove	52803	5/13/2022	1,491,384	3,616	1,500,000
Leon Springs	52410	2/28/2022	3,893,000		3,893,000
			10,949,689	1,193,311	12,143,000

This is consistent with what was shown in Sched WPs – WP III-2 (item number 3 in the Docket). Below is a breakdown of the 1,193,311 “Adjustment to Capture FMV Ratemaking Rate Base” (from the above table) from Sched WPs – WP III-2:

Original Service Area	Split Service Area	Service Type	GL Account	Amount	Total by account
TX-Copano Cove	Copano Cove	Water	114.100	\$6,634.55	
TX-Copano Cove	Copano Ridge	Water	114.100	\$1,981.75	
TX-Carroll	Emerald Forest	Water	114.100	\$24,102.40	
TX-Carroll	Grande Casa	Water	114.100	\$36,264.44	
	Lakeview Ranchettes				
TX-Carroll	Estates	Water	114.100	\$115,283.51	
TX-Carroll	Red Oak	Water	114.100	\$67,778.24	
TX-Carroll	Spanish Grant	Water	114.100	\$35,825.11	
TX-Texas Landing	Deerwood	Water	114.100	\$255.67	
TX-Texas Landing	Goode City	Water	114.100	\$259.22	
TX-Texas Landing	Texas Landing	Sewer	114.100	\$669.46	

TX-Texas Landing	Texas Landing	Water	114.100	\$474.97	
TX-North Orange	Country Squire	Sewer	114.100	\$366,247.64	
TX-North Orange	Country Squire	Water	114.100	\$273,347.79	
TX-North Orange	Longford	Sewer	114.100	\$133,821.47	
TX-North Orange	Longford	Water	114.100	\$130,364.79	\$1,193,311.02

In the Number Run Memo dated 3/8/2024 (item no. 2489), Staff was directed to remove the acquisition adjustments identified by CSWR-Texas for the FMV Systems, which Staff interpreted as the \$1,193,311.02 figure. In CSWR-Texas' response to Staff's number run (54565_2492_1380198), the Company indicated that the "Adjustment to Capture FMV Ratemaking Rate Base" was an increase to the "Pre-acquisition Value of Plant Assets" used to capture the ratemaking rate base. This is shown in the table below:

Acquired Utility	STM Docket No.	Pre-acquisition Value of Plant Assets	Increase to Capture Ratemaking Rate Base	Approved Ratemaking Rate Base	Staff Proposed Reduction to Rate Base
North Orange	53483 ⁶	\$846,218	\$903,782	\$1,750,000	-
Texas Landing	52880 ⁷	\$1,398,341	\$1,659	\$1,400,000	-
Carroll Water	52879 ⁸	\$970,746	\$196,347	\$1,167,093	-
Copano Cove	52803 ⁹	\$1,491,384	\$8,616	\$1,500,000	-
Total			\$1,110,404		\$(1,193,311)

In the listings for Carroll Water in the two tables provided in CSWR-Texas' Exceptions to the Proposal for Decision and CSWR-Texas' response to Staff's number run, there is a discrepancy in what is shown as the approved amount. In its application and its Exceptions to the Proposal for Decision, the company showed the approved ratemaking rate base for Carroll Water as \$1,250,000, which was the purchase price of that system. The \$1,167,093 figure in the table above was the average of the three appraisers in the FMV process, which is the lesser of the two numbers and the correct approved ratemaking rate base for Carroll Water, pursuant to TWC 13.305(g) which states: "*For an acquisition of a selling utility, the ratemaking rate base of the selling utility is the lesser of the purchase price negotiated by the acquiring utility and the selling utility or the fair market value.*" The difference between the 1,193,311 figure and the 1,110,404 figure is 82,907, which is the exact difference between the purchase price and the average appraisal of Carroll Water ($1,250,000 - 1,167,093 = 82,907$). Although the company did not produce any documentation to produce the 1,110,404 figure, Staff was able to determine that the company simply input the wrong approved ratemaking rate base figure for the Carroll Water system in its workpapers and Exceptions to the Proposal for Decision.

The Commission Counsel's Number Run Memo clarified that for each system acquired using the FMV process, Staff's number run should include the ratemaking rate base approved by the Commission for systems in the underlying STM proceedings from SOI Exhibit F-1: Highly Sensitive Schedule Workpapers - FMV Ratemaking Rate Base Support (Staff Memos) (Feb. 3, 2023). § 24.238(f)(6) states:

“The ratemaking rate base established under this section will be the rate base for the system or facilities acquired in the transaction.” CSWR-Texas should not have labeled these ratemaking rate base adjustments as acquisition adjustments in the rate base summary or in the Direct Testimony of Brent Thies. These were simply the rate base numbers for each system that was acquired using the FMV process.

Nonetheless, with Commission Counsel’s clarification, and the correct approved ratemaking rate base presented in the Company’s response to Staff’s number run, the \$1,110,404 figure is the correct amount that should and has been included in the ratemaking rate base.

Public Utility Commission of Texas

Memorandum

TO: Darryl Tietjen
Rate Regulation Division

FROM: Ethan Blanchard
Rate Regulation Division

DATE: May 9, 2024

RE: Docket No. 54565 – *Application of CSWR-Texas Utility Operating Company for Authority to Change Rates*

Please find attached to this memo the updated rate design Schedules A and B, consistent with the number-running instructions.

For the consolidated water rates, in the worksheet ‘Schedule A’, the revenue requirement of \$6,871,557—provided by Staff witness Kathryn Eiland—was separated into fixed and variable expenses, per the application of CSWR-Texas Utility Operating Company (CSWR-Texas). The fixed expenses were divided by the total test year meter equivalents and then multiplied by meter equivalent ratios, consistent with the proposal for decision, to arrive at the minimum monthly charges summarized in Table 1 below. The variable expenses were divided by the test year gallonage to arrive at a volumetric rate of \$5.20 per thousand gallons.

For the consolidated sewer rates, in the worksheet ‘Schedule B’, the revenue requirement of \$2,090,621—provided by Staff witness Kathryn Eiland—was divided by the total customer count for a fixed monthly charge of \$63.28.

Table 1: Fixed Monthly Charges for Water Service

Meter Size	Fixed Monthly Charge
5/8-inch	\$ 49.89
3/4-inch	\$ 49.89
1-inch	\$ 109.99
1.5-inch	\$ 219.99
2-inch	\$ 351.99
unmetered	\$ 81.09

The following files are not convertible:

WATER.xlsx	2--CSWR Commission Schedules -
SEWER.xlsx	3--CSWR Commission Schedules -
Surcharge Calculation.xlsx	4--54565 Commission Rate Case Expense
3.xlsx	5--54565 Com NR Schedules A and B -

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.