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**SOAH DOCKET NO. 473-25-14320
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| APPLICATION OF CSWR-TEXAS UTILITY OPERATING COMPANY, LLC FOR AUTHORITY TO CHANGE RATES | § § § § § | STATE OFFICE OF ADMINISTRATIVE HEARINGS |
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LEON SPRINGS SEWER SYSTEM’S STATEMENT OF POSITION

Leon Springs Sewer System (“Leon Springs”) hereby files its Statement of Position in accordance with the procedural schedule established in this docket by State Office of Administrative Hearings Order No. 3.

Leon Springs urges the Administrative Law Judges (“ALJ”) and the Public Utility Commission of Texas (“Commission”) to reject or at least reduce the rate increase sought by CSWR-Texas Utility Operating Company, LLC (“CSWR”). In Docket No. 54565, the Commission authorized CSWR to increase Leon Springs residential customers’ sewer rates from \$36 per month to \$63 per month, an increase of approximately 75 percent.¹ Now, less than a year later, CSWR seeks to increase the Leon Springs residential customers’ sewer rates to approximately \$96 per month,² an increase of 54 percent over the current rate. If that full increase were granted, Leon Springs customers would experience an increase of approximately 166 percent over a two-year period. Leon Springs respectfully submits that such an increase would produce unreasonable rates and therefore is unwarranted.

One way that the ALJs and Commission can and should trim CSWR’s rate request is by rejecting CSWR’s requested return on equity (“ROE”). Less than a year ago, the Commission

¹ *Application of CSWR-Texas Utility Operating Company, LLC for Authority to Change Rates*, Docket No. 54565, Order at 27 (June 13, 2024).

² CSWR Statement of Intent, SOI Ex. D at 89 (Bates page 558).

found that a 9.53 percent was an appropriate authorized ROE for CSWR,³ yet CSWR seeks an authorized ROE of 10.75 percent in this case. CSWR has not adequately justified an increase of 122 basis points over the ROE that the Commission found reasonable less than a year ago.

The ALJs and Commission should also reject CSWR's request to increase its authorized equity ratio from 52 percent to 55 percent. Like the 9.53 percent ROE, the 52 percent equity ratio was approved by the Commission less than a year ago,⁴ and CSWR has not provided a compelling reason to add 300 basis points worth of equity to its capital structure in this case.

As the Commission correctly found in Docket No. 54565, CSWR has the burden of proof to show that its proposed rate change is reasonable under section 13.184(c) of the Texas Water Code and 16 Tex. Admin. Code § 24.12.⁵ CSWR has not met that burden, and therefore its proposed rate increase should be rejected.

Respectfully submitted,

WINSTEAD PC

By: /s/ *Ron H. Moss*

Ron H. Moss
State Bar No. 14591025
rhmosse@winstead.com
600 W. 5th Street, Suite 900
Austin, Texas 78701
Telephone: (512) 370-2867
Facsimile: (512) 370-2850

**ATTORNEYS FOR
LEON SPRINGS SEWER SYSTEM**

³ Docket No. 54565, Order at 19, Finding of Fact No. 75.

⁴ *Id.* at 20, Finding of Fact No. 85.

⁵ *Id.* at 25, Conclusion of Law No. 7.

CERTIFICATE OF SERVICE

This document was filed on the Commission's Interchange website on June 6, 2025. Dominion will serve this pleading on CSWR-Texas and designated party representatives by email.

/s/ Ron H. Moss

Ron H. Moss