

AGENDA

Workshop: Proposed Changes to Water Rate and CCN Program Rules and Forms

February 26th, 2014

Commissioner's Hearing Room (7th Floor)
1701 N. Congress Ave, Austin, TX 78701

- I. Introduction
 - a. The purpose of this workshop is to discuss Staff's proposed changes to the substantive rules, procedural rules, and forms related to the water rate and CCN programs being transferred from TCEQ to the PUC.

- II. Project 42190: Migration of Rules Related to Water Utilities from the TCEQ to the PUC
 - a. PUC Staff will discuss and take comments regarding the migration of Chapter 291 in TCEQ's rules to new Chapter 24 in the PUC's rules.

- III. Project 42191: Amendments to PUC Procedural Rules Related to the Migration of Water Utilities from TCEQ to the PUC
 - a. Staff will discuss and take comments regarding proposed changes to procedural rules governing the water rate and CCN programs beginning September 1, 2014.

- IV. Project 42192: Migration of Forms Related to the Water Utilities from TCEQ to PUC
 - a. Staff will discuss and take comments regarding proposed changes to forms governing the water rate and CCN programs beginning September 1, 2014.

- V. Additional Questions and Comments

Donna L. Nelson
Chairman

Kenneth W. Anderson, Jr.
Commissioner

Brandy D. Marty
Commissioner

Brian H. Lloyd
Executive Director



Rick Perry
Governor

Public Utility Commission of Texas

TO: Persons Interested in PUC Project Nos. 42190, 42191 and 42192

FROM: Thomas S. Hunter
Agency Counsel

Thomas Gleeson
Project Manager

DATE: February 14, 2014

SUBJECT: February 26, 2014 Workshop related to

PUC Project No. 42190—Migration of Rules Related to Water Utilities from the TCEQ to the PUC; PUC Project No. 42191---Amendments to PUC Procedural Rules Related to the Migration of Water Utilities from TCEQ to the PUC and PUC Project No. 42192— Migration of Forms Related to the Water Utilities from TCEQ to PUC

The Staff of the Public Utility Commission of Texas (PUCT Staff or Staff) will hold a workshop in the above-referenced projects on February 26, 2014. The workshop will be held at 10:00 A.M. in the Commissioners' Hearing Room (7th Floor) of the William B. Travis Building located at 1700 Congress Avenue, Austin, Texas.

I. Purpose of the Workshop

The purpose of the workshop will be to explain Staff's draft changes to the Texas Commission on Environmental Quality (TCEQ's) substantive rules and forms related to water rates and Certificate of Convenience and Necessity (CCN) programs being transferred from TCEQ to the PUCT beginning on September 1, 2014. The workshop will also include discussion of changes to PUCT procedural rules necessary to operate these programs going forward as well as the process and procedures for handling cases currently pending at the State Office of Administrative Hearings (SOAH) on the September 1, 2014 transfer date.

As discussed more fully below, issues related to Phase II of the transfer process, including substantive and procedural rules necessary to enhance the efficiency of water rate and CCN regulation and rules required to implement the new rate classification system Class A, B and C utilities are beyond the scope of the current proceeding. As such, they will not be discussed at the February 26 workshop. Interested stakeholders will have an opportunity to participate in the development of these rules and processes during a number of future rulemaking projects addressing revisions to the current substantive and procedural rules throughout the transition year, and the PUCT welcomes stakeholder comments in those proceedings.

II. Overview of Water Rate and CCN Program Transfer

The transfer of water rate and CCN programs from TCEQ to the PUCT will occur in two phases.

Phase I (July 10, 2013-August 31, 2014) will include transferring the water rate and CCN programs as they operate today, over to the PUCT. The PUCT will operate the water rate and CCN programs as they exist today beginning on September 1, 2014..

Phase II (September 1, 2014-August 31, 2014) will include review of existing water rate and CCN substantive rules and PUCT procedural rules to determine changes to enhance the efficiency of these programs. Phase II will also include the adoption of new rules and forms to implement the new water rate classification system that will go into effect on September 1, 2015.

III. Phase I Transfer Process

PUCT Staff's broad plan for Phase I is as follows:

1. Transfer water rate and CCN programs from TCEQ to PUCT as they operate today.
2. Adopt all existing TCEQ water rate and CCN rules currently in Chapter 291 of TCEQ's rules as new Chapter 24 of the PUCT's substantive rules.
3. Adopt all existing TCEQ water rate and CCN forms as PUCT forms.
4. Amend PUCT procedural rules to allow PUCT and SOAH to process water rate and CCN cases according to PUCT procedural rules.
5. Require all filings made in water rate and CCN cases made from September 1, 2014 forward to be made in accordance with PUCT procedural rules (which include electronic filing of documents in excess of 10 pages).

Again, only rules necessary to implement Phase I of the transfer will be discussed at the February 26 workshop.

IV. Phase I Rules

Contemporaneous with the filing of this memo, the rule and form amendments necessary to implement Phase I of the transfer are being filed. These rule and form amendments will be posted on the PUCT's website at [<http://www.puc.texas.gov/industry/projects/water/WaterProjectIndex.aspx>]

Staff proposes to adopt Chapter 291 of TCEQ's existing substantive rules as new Chapter 24 of the PUCT's substantive rules. Staff is proposing limited, generally non-substantive changes to these rules in Phase I (e.g., change "executive director" to "commission").

Staff also proposes to adopt TCEQ's existing water rate and CCN forms with limited, generally non-substantive amendments (e.g., change of address from TCEQ to PUCT).

Finally, Staff proposes amendments to PUCT's procedural rules to address how water rate and CCN cases pending on September 1, 2014 and those filed thereafter will be processed.