

**SOAH DOCKET NO. 473-16-4051
PUC DOCKET NO. 45414**

REVIEW OF THE RATES OF	§	BEFORE THE STATE OFFICE
SHARYLAND UTILITIES, L.P.,	§	
ESTABLISHMENT OF RATES FOR	§	
SHARYLAND DISTRIBUTION &	§	
TRANSMISSION SERVICES, L.L.C.,	§	OF
AND REQUEST FOR GRANT OF A	§	
CERTIFICATE OF CONVENIENCE	§	
AND NECESSITY AND TRANSFER OF	§	
CERTIFICATE RIGHTS	§	ADMINISTRATIVE HEARINGS

**SOAH ORDER NO. 27
ORDER APPROVING RESIDENTIAL INTERIM RATES
AND DISCUSSING PROCEDURES**

I. APPROVING RESIDENTIAL INTERIM RATES

On July 26, 2017, Sharyland Utilities, L.P. (Sharyland) and Sharyland Distribution & Transmission Services, L.L.C. (SDTS) (collectively, Applicants) filed an Unopposed Motion for Residential Interim Rates (Motion), pursuant to 16 Texas Administrative Code (TAC) § 22.125. In the Motion, Applicants proposed interim rates for service to residential customers in Sharyland's Stanton, Brady, and Celeste (SBC) divisions, which reflect a Residential class retail electric delivery revenue requirement decrease of \$3 million on an annual basis for the SBC divisions. Staff (Staff) of the Public Utility Commission of Texas (Commission) and the Office of Public Utility Counsel (OPUC) support this Motion, and the Motion is unopposed by all other parties to this proceeding.

The Administrative Law Judges (ALJs) find that the Motion has merit and APPROVE the proposed interim rates for service to residential customers in Sharyland's SBC divisions.¹ The residential tariff sheet to implement the residential interim rates, attached to the Motion as Exhibit A, is APPROVED on an interim basis effective for service provided 45 days after the date of this order, and will remain in effect until the earlier of: (i) the date upon which all of Sharyland's retail electric delivery customers in the residential class in the SBC division have been transitioned to Oncor Electric Delivery Company LLC, as contemplated in the proposed transaction described in the Motion (Proposed

¹ In Section I of this order, the ALJs use the language in the proposed order attached to the Motion, with some clarifications.

Transaction); or (ii) in the event the Proposed Transaction is terminated prior to closing, the effective date of Sharyland's new residential retail electric delivery rates finally ordered in this proceeding.²

Applicants **SHALL** make the appropriate tariff filing with the Commission's docket clerk prior to implementing the interim rates. Applicants **SHALL** also, within two working days of the date of this order, submit to the Commission via cadmorders@puc.texas.gov a word version of the tariff, which is Exhibit A of the Motion.

Sharyland **SHALL** be permitted to record on its books as a regulatory asset the difference between the money collected under the approved residential interim rates and the amount of money that would have been collected under Sharyland's residential retail electric delivery rates that the Commission approved in Sharyland's last rate case, Docket No. 41474.³ In the event the Proposed Transaction is terminated prior to closing, the regulatory asset would be eliminated and⁴ the residential interim rates, only, will be subject to refund to or surcharge from the Residential class in the SBC divisions to the extent the residential retail electric delivery rates ultimately established in this proceeding differ from the interim rates, consistent with Public Utility Regulatory Act (PURA)⁵ § 36.155 and 16 TAC § 22.125(e).

II. DISCUSSING PROCEDURES

The Motion also states that Applicants will soon file a Joint Unopposed Motion to Dismiss the Amended Application, which requests that the ALJs, consistent with 16 TAC § 22.181, issue a proposal for decision (PFD) recommending that the Commission dismiss this case without prejudice and contingent on the Commission's approval of the Joint Report and Application and closing of the Proposed Transaction. The ALJs appreciate the advance notice and wish to alert the parties that the rule and procedure described are not those the ALJs would expect to use in this situation. The parties

² The ALJs assume that here, "effective date" means the date Sharyland's new residential retail electric delivery rates finally ordered by the Commission in this proceeding take effect.

³ *Application of Sharyland Utilities, L.P. to Establish Retail Delivery Rates, Approve Tariff for Retail Delivery Service, and Adjust Wholesale Transmission Rate*, Docket No. 41474, Order (Jan. 23, 2014).

⁴ The ALJs here added "the regulatory asset would be eliminated and" to the language in the proposed order attached to the Motion because that phrase appears in the similar language in the Motion at 2. The ALJs assume it was inadvertently omitted from the proposed order. This order authorizes the recording of the regulatory asset, as agreed by the parties. It does not address ratemaking treatment of the asset, a matter that should be determined by the Commission, not in a State Office of Administrative Hearings order approving agreed interim rates.

⁵ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.


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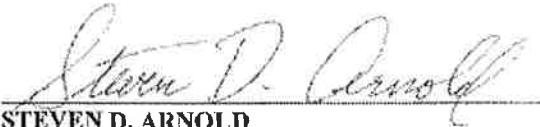
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contemplate that the Commission will issue its order after the State Office of Administrative Hearings (SOAH) returns the case to the Commission because a unanimous settlement of all issues has been reached. In such a circumstance, SOAH ALJs typically issue an order: (1) taking actions agreed to by the parties and appropriate for a SOAH ALJ to take in a fully settled case, such as approving agreed interim rates or admitting in evidence documents offered to support the settlement; and (2) dismissing the case from SOAH's docket and remanding it to the Commission for further action. The SOAH ALJs do not issue a PFD or otherwise opine on the merits of what the Commission should do. That approach is consistent with the Order of Referral, which states that the Commission referred this case to SOAH and requested the assignment of an ALJ "to conduct a hearing and issue a proposal for decision, if such is necessary in the event one or more issues are contested by the parties."⁶ At the parties' request, the ALJs abated this case for settlement negotiations before the evidentiary hearing began, and the ALJs' understanding is that no issues contested by the parties would remain. SOAH typically issues PFDs for dismissal only when the dismissal is for a reason other than settlement, such as dismissal for want of prosecution.

SIGNED July 27, 2017.


ELIZABETH DREWS
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS


MICHAEL J. O'MALLEY
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS


STEVEN D. ARNOLD
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

⁶ Order of Referral (May 4, 2016) at 1.