

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



DECISION OF THE COMMISSION REGARDING THE PETITION FOR RULEMAKING FILED BY QUADVEST, INC.; SJWTX, INC.; SOUTHERN UTILITES COMPANY; AND SOUTHWEST WATER COMPANY

Docket No. 2009-1778-RUL

On December 9, 2009, the Texas Commission on Environmental Quality (Commission) considered the petition for rulemaking filed by Quadvest, Inc.; SJWTX, Inc.; Southern Utilities Company and Southwest Water Company. The petition, filed on October 30, 2009, requests that the agency initiate rulemaking to amend 30 TAC Chapter 291, Utility Regulations, to allow the original cost of an asset, less net salvage and accumulated depreciation at the date of retirement, of depreciable utility plant, property and equipment retired by the utility to be included in rate base and in turn, used for establishing rate of return. The proposed rulemaking would implement Senate Bill (SB) 2306 from the 81st Legislature, 2009, Regular Session, regarding the accounting treatment of accumulated depreciation for investor owned utilities in utility ratemaking.

IT IS THE DECISION OF THE COMMISSION pursuant to Administrative Procedure Act (APA), Texas Government Code, §2001.021 and Texas Water Code, §5.102 to instruct the Executive Director to examine the issues in the petition and to deny the petition.

The Commission is denying the petition because the Commission has already initiated a rulemaking for legislative implementation of SB 2306. Implementation of SB 2306 for this rulemaking will be considered by the Commissioners on January 27, 2010. The Commission is also denying the petition because the language suggested by the petitioners does not adequately implement the requirement of SB 2306 that the rule be consistent with accounting treatment of regulated electric and gas utilities in Texas.

This Decision constitutes the decision of the Commission required by the APA, §2001.021(c).

Issued date: **DEC 17 2009**

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ENVIRONMENTAL QUALITY

A handwritten signature in black ink that reads "Bryan W. Shaw".

Bryan W. Shaw, Ph.D., Chairman