



Control Number: 45049



Item Number: 6

Addendum StartPage: 0

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APPLICATION OF LAKELAND SECTION FOUR CIVIC CLUB WATER SYSTEM FOR A PASS THROUGH RATE CHANGE	§ § § § § § §	PUBLIC UTILITY COMMISSION 2015 OCT 22 AM 9:53 PUBLIC UTILITY COMMISSION OF TEXAS FILING CLERK
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### COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Supplemental Recommendation recommending that the application and notice are sufficient. In support thereof, Staff shows the following:

#### I. BACKGROUND

On August 18, 2015, Lakeland Section Four Civic Water Club Water System (Lakeland or Applicant) filed an application pursuant to 16 Tex. Admin. Code § 24.21(h)(4) (16 TAC) to implement its purchased water pass through clause. Lakeland proposed to increase the purchased water pass through rate charge to customers from \$2.64 to \$2.72 per 1,000 gallons effective September 1, 2015.

Lakeland's request is governed by 16 TAC § 24.21(h). The review of a proposed revision of a utility's billings to its customers to allow the recovery of additional costs under the utility's approved pass through provision is an informal proceeding.<sup>1</sup> Only Staff, or the utility, may request a hearing on the proposed revision.<sup>2</sup>

On September 11, 2015, the Administrative Law Judge (ALJ) found the application materially deficient and allowed the Applicant until October 8, 2015 to cure the deficiencies and Staff until October 22, 2015 to file a recommendation on the amended application. Applicant provided revised information on September 23, 2015. Therefore, Staff's response is timely filed.

<sup>1</sup> 16 TAC § 24.21(h)(3).

<sup>2</sup> *Id.*

6

## **II. ADMINISTRATIVE COMPLETENESS OF THE APPLICATION AND NOTICE**

As detailed in the attached memo from Emily Sears, in the Commission Water Utilities Division, Staff has reviewed the application and recommends that it be found sufficient pursuant to 16 TAC § 24.21(h).

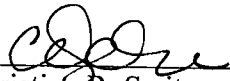
## **III. CONCLUSION**

Staff respectfully requests until November 23, 2015 to file a final recommendation.

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director  
Legal Division

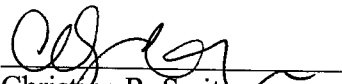
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**TARIFF NO. 45049**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on October 22, 2015 in accordance with P.U.C. Procedural Rule 22.74.

  
Christina R. Switzer

# Attachment A

# **Public Utility Commission of Texas**

## **Memorandum**

**To:** Christina Switzer, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Debi Loockerman, Rates Team Lead  
Water Utilities Division

**From:** Emily Sears, Financial Analyst  
Water Utilities Division

**Date:** October 16, 2015

**Subject:** **Tariff No. 45049;** *Application of Lakeland Section Four Civic Club Water System to Implement a Pass Through Rate Change for Lakeland Section Four Subdivision in Montgomery County.*

On August 18, 2015, Lakeland Section Four Civic Water Club Water System (Lakeland or Applicant), Certificate of Convenience and Necessity (CCN) No. 12270, filed an application with the Public Utility Commission of Texas (PUC) to implement an adjustment of its pass-through gallonage charge pursuant to 16 Tex. Admin. Code § 24.21(h) (TAC). This application will increase the Groundwater Reduction Plan fee to the Lakeland customers from \$2.64 per 1,000 gallons to \$2.72 per 1,000 gallons. The fee increase became effective September 1, 2015.

On September 11, 2015, the PUC found the application administratively incomplete. The following information was received to cure the deficiencies:

1. Include the language required by 16 TAC § 24.21(h)(4)(B); "This tariff change is being implemented in accordance with the utility's approved water use fee adjustment clause to recognize increases in the water use fee. The cost of these charges to customers will not exceed the increased cost of water use fee."

APPLICANT RESPONSE: Required language added to the notice.

2. Remove the Adjusted Base Rate calculation, as it is not being changed in this filing, and should not be included in the notice.

APPLICANT RESPONSE: Calculation was removed.

3. Correct the Adjusted Gallonage Rate calculation to “AG =  $2.65 + (0.07 / (1 - 0.15)) = 2.72$ .”

APPLICANT RESPONSE: Calculation was correctly revised.

4. Correct the Water Loss % on the second page of the notice from 19.04 to 18.97.

APPLICANT RESPONSE: Line loss was corrected.

The applicant was also delinquent with regards to its regulatory assessment fee. The information was filed showing that the Applicant is current with regards to its regulatory assessment fee payment.

Staff recommends the application be deemed sufficient for filing.