



Control Number: 45732



Item Number: 5

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RECEIVED

APPLICATION OF QV UTILITY §  
FOR A PRICE INDEX RATE §  
ADJUSTMENT §

PUBLIC UTILITY COMMISSION  
OF TEXAS

2016 APR 15 AM 11:28  
PUBLIC UTILITY COMMISSION  
FILING CLERK

**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE  
COMPLETENESS AND RECOMMENDATION ON FINAL DISPOSITION**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation on Administrative Completeness and Recommendation on Final Disposition in response to Order No. 1. In support thereof, Staff shows the following:

**I. BACKGROUND**

On March 16, 2016, QV Utility (QV) filed an application (Application) for a price index rate adjustment pursuant to Tex. Water Code § 13.1872 (TWC) and 16 Tex. Admin Code § 24.36 (TAC).

On March 18, 2016, the Administrative Law Judge (ALJ) issued Order No. 1 requiring Staff to file a recommendation on the administrative completeness of the Application and notice on or before April 15, 2016. Therefore, this pleading is timely filed.

**II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS**

As detailed in the attached memorandum of Elisabeth English in the Commission's Water Utility Regulation Division, Staff has reviewed the Application and recommends that it be found administratively complete and accepted for filing pursuant to TWC § 13.1872 and 16 TAC § 24.36.

**III. RECOMMENDATION ON GOOD CAUSE EXCEPTION**

A utility may only obtain a price index rate adjustment once per year, and may only file in a certain month of the year unless good cause is shown for filing in a different month.<sup>1</sup> The month in which a utility may file is based on the last two digits of its Certificate of Convenience and

<sup>1</sup> See 16 TAC § 24.36(f).

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Necessity (CCN) number.<sup>2</sup> As noted in the attached memorandum from Elisabeth English in the Commission's Water Utility Regulation Division, QV's CCN ends in 30, and QV's filing month is therefore April.<sup>3</sup> The restriction on which month a utility may apply for a price index rate adjustment has only been in effect since January 1 of this year.<sup>4</sup> Given the newness of the application restriction, Staff recommends that QV be granted a good cause exception to file its application in March.

**IV. RECOMMENDATION ON FINAL DISPOSITION**

Staff conducted a technical review of the Application pursuant to TWC § 13.1872 and 16 TAC § 24.36. Pursuant to TWC § 13.1872 and 16 TAC § 24.36, the Commission may adjust the rates of a Class C utility without the need for a hearing. Based upon the attached memorandum of Elisabeth English of the Commission's Water Utility Regulation Division, Staff recommends approval of the Application for an increase in water rates for QV. Approval of the Application would result in the approval of QV's proposed rates reflected in the attached memorandum. Staff has attached compliance tariff pages reflecting the proposed rate adjustment to this pleading.

**V. PROPOSED PROCEDURAL SCHEDULE**

Staff proposes the following procedural schedule for further processing of this docket:

Event	Deadline
Deadline for QV to provide notice to customers	May 2, 2016

**VI. CONCLUSION**

For the reasons stated above, Staff recommends that the Application be deemed administratively complete. Staff further recommends the Application be approved and QV be ordered to provide notice of the proposed change using only the amended notice page as approved by the Commission at least 30 days before the effective date of the proposed change.

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<sup>2</sup> See 16 TAC § 24.36(f)(2).

<sup>3</sup> See *id.*

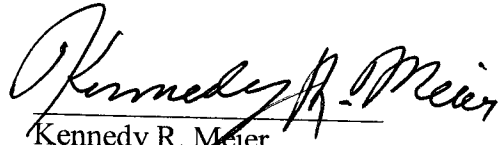
<sup>4</sup> See *id.*

Dated: April 15, 2016

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director - Legal Division

Katherine Lengieza Gross  
Managing Attorney - Legal Division

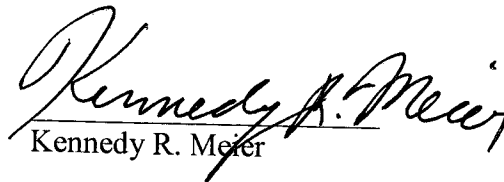


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**DOCKET NO. 45732**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on April 15, 2016 in accordance with 16 TAC § 22.74.



Kennedy R. Meier

## *PUC Interoffice Memorandum*

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**To:** Kennedy Meier  
Legal Division

**Thru:** Tammy Benter, Director  
Debi Loockerman, Manager  
Water Utilities Division

**From:** Elisabeth English, Engineering Specialist *EE*  
Water Utilities Division *KSJ*

**Date:** April 15, 2016

**Subject:** **Tariff Control No. 45732:** *Application of QV Utility for a Class C Rate Adjustment*

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On March 16, 2016, QV Utility (Applicant) filed an application for a price index rate adjustment pursuant to Tex. Water Code Ann. § 13.1872 (TWC) and 16 Tex. Admin. Code § 24.36 (TAC).

Pursuant to 16 TAC § 24.36(c) a utility may request to increase its tariffed monthly fixed customer or meter charges and monthly gallonage charges. The request must be made on the Commission approved form, including a proposed notice and a copy of the utility's approved tariff. In this case, the Applicant is requesting approval to adjust its water tariff base rate (monthly meter charge) and monthly gallonage rate based upon the current change in Commission price index of 1.57%. The Applicant provided:

- 1) A completed Class C Water or Sewer Utility Request for a Price Index Rate Adjustment;
- 2) A proposal for the provision of notice for the approved price index change; and,
- 3) A copy of the relevant pages of the utility's currently approved tariff showing its current monthly fixed meter charges and gallonage rate.

The application was not filed timely, according to the criteria set forth in § 24.36(f) for the Applicant's Certificate of Convenience and Necessity (CCN) number. The water application is due to be filed in April (CCN No. 12730). 16 TAC 24.36(f) allows a utility to request a different month for filing if good cause is shown. Staff believes a good cause exception is justified for 2016 because the rules and the application form are new as of September 2015. However, Staff recommends that all future rate adjustment applications be filed in April for this Applicant.

The Applicant has a single tier gallonage rate of \$3.65 per 1000 gallons. The Applicant proposed increasing the rate to \$3.71 per 1000 gallons, which equates to the 1.57% price index adjustment. The following includes the approved and proposed base rate based upon meter size:

Meter size	Approved tariff base rate	Proposed Rate Adjustment
5/8" or 3/4"	\$12.00	\$12.19

The adjusted base rates equate to the 1.57% price index adjustment.

Based upon review of the information submitted with the application, Staff recommends the following:

- a) Approval of the application, and adjusted rates, as proposed.
- b) The Applicant be ordered to provide by mail, or by e-mail if the ratepayer has agreed to receive communications electronically, the approved or modified notice to each ratepayer describing the proposed rate adjustment by **May 2, 2016**.

The notice must be provided at least 30 days before the effective date of the proposed change which is established in the Commission's order. Staff recommends that the effective date be **June 1, 2016**, to coincide with an appropriate billing cycle to meet the 30 day noticing requirement. Staff's amended notice is attached.

**NOTICE OF APPROVED UTILITY PRICE INDEX CHANGE  
PURSUANT TO TWC §13.1872**

Utility: QV Utility  
CCN Number(s): Water/12730

The rates listed on the next page will apply to service received after the effective date listed on the notice below. This rate was requested by the utility and approved by the Public Utility Commission based on a change in the price index. The price index is set by the Commission annually. State law allows the utility to receive an annual rate adjustment, without a hearing, based on the changes in the price index.

The following public water systems, sewer systems, and/or subdivisions will be affected by this rate adjustment:

Quiet Village II Subdivision, Quiet Village II (PWS #1080221)

Effective Date of Proposed Increase: **June 1<sup>st</sup>, 2016**

(must be at least 30 days from the date the application is approved by the Commission)

The rate adjustment will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

Address: 215 S. Valley Rd., No. 104, Donna, TX 78537  
Telephone: (956) 532-4093

Percent of Rate Adjustment: 1.57%  
Date Notice delivered: \_\_\_\_\_  
Date of last rate change: N/A  
Date meters are read: 1st of month

**Billing Comparison**

Charges based on Gallons (G) per Month (mo.)

<b>Existing 5/8</b>		<b>Proposed 5/8</b>	
5,000 G	\$30.25 /mo.	5,000 G	\$30.74 /mo.
10,000 G	\$48.50/mo.	10,000 G	\$49.29 /mo.
30,000 G	\$121.50 /mo.	30,000 G	\$123.49 /mo.

<b>CURRENT RATES</b>		<b>PROPOSED RATES</b>	
Monthly base rate including: 0 gallons		Monthly base rate including 0 gallons	
Meter Size:		Meter Size:	
5/8" or 3/4"	\$12.00	5/8" or 3/4"	\$12.19
<b>GALLONAGE CHARGE: \$3.65</b>		<b>GALLONAGE CHARGE: \$3.71</b>	
for each additional 1000 gallons		for each additional 1000 gallons	
(no tiers)		(no tiers)	



# WATER UTILITY TARIFF

Docket Number: 45732

Donald E. Wilson dba QV Utility  
(Utility Name)

215 S. Valley Rd., No. 104  
(Business Address)

Donna, Texas 78537  
(City, State, Zip Code)

(956) 532-4093  
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

12730

This tariff is effective in the following counties:  
Hidalgo

This tariff is effective in the following cities or unincorporated towns (if any):  
None

This tariff is effective in the following subdivisions or public water systems:  
Quiet Village II Subdivision, Quiet Village II (PWS #1080221)

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The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates  
For Water and Sewer

<u>Meter Size:</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons)	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$12.19</u>	<u>\$3.71 per 1,000 gallons</u>

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X    Check X    Money Order X    Credit Card         Other (specify)       
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT  
 PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN  
 FOR CASH PAYMENTS.

REGULATORY ASSESSMENT.....1.0%  
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY  
 BILL AND TO REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fee

TAP FEE.....\$275.00  
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD  
 RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED  
 IF LISTED ON THIS TARIFF.

TAP FEE (Unique Costs).....Actual Cost  
 FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL  
 AREAS.

TAP FEE (Large Meter).....Actual Cost  
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE.....Actual Relocation Cost, Not to Exceed Tap Fee  
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE  
 RELOCATED

METER TEST FEE.....\$25.00  
 THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER  
 REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT  
 THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected..... \$30.00

TRANSFER FEE.....

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED..... \$30.00

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL).....

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING. .... \$5.00

RETURNED CHECK CHARGE.....

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST. .... \$25.00

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....

\$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT.....

1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [§ 24.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.