



Control Number: 46268



Item Number: 2

Addendum StartPage: 0

APPLICATION OF NERRO SUPPLY  
INVESTORS, LLC FOR PASS-  
THROUGH RATE CHANGE

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FILING CLERK  
OF TEXAS

## COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff ("Staff") of the Public Utility Commission of Texas ("Commission"), representing the public interest, and files this Recommendation.

### I. BACKGROUND

On August 8, 2016, Nerro Supply Investors, LLC ("Nerro") filed an application for approval of an increase in a pass-through rate due to an increase in the Pumpage and Import Fee and Surface Water Fee imposed on Nerro by the San Jacinto River Authority ("SJRA").<sup>1</sup> The increased fee will be effective as of September 1, 2016.<sup>2</sup>

The Commission's rules require a determination regarding the administrative completeness of the application within 30 days of filing.<sup>3</sup> Consistent with this deadline, Staff timely files this recommendation regarding the application.

### II. RECOMMENDATION

Staff has reviewed Nerro's application and, consistent with the attached memorandum of Patricia Garcia, Water Utilities Division, Staff recommends that the application is administratively complete, contains the required notice to ratepayers,<sup>4</sup> and meets the requirements of 16 TAC § 24.21(h)(4) for amending a pass-through rate. As a result, Staff respectfully requests the entry of an order approving the proposed pass-through rate change.

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<sup>1</sup> Application (Aug. 3, 2016) ("Application").

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

<sup>3</sup> 16 Tex. Admin. Code § 24.8(a) ("TAC").

<sup>4</sup> Application at 3.

### **III. CONCLUSION**

Staff respectfully requests the entry of an order consistent with the above discussion.

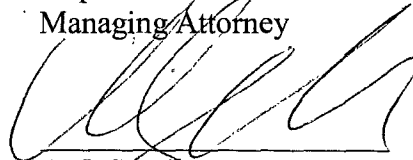
Date: September 1, 2016

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director


Stephen Mack  
Managing Attorney



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**DOCKET NO. 46258  
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on September 1, 2016 in accordance with 16 TAC § 22.74.

  
A. J. Smullen

## PUC Interoffice Memorandum

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**To:** AJ Smullen, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Debi Loockerman, Rates Team Lead  
Water Utility Regulation

**From:** Patricia Garcia, Staff Engineer  
Water Utility Regulation

**Date:** August 26, 2016

**Subject:** **Tariff Control No. 46268**, *Application of Nerro Supply Investors, LLC to Implement a Pass-Through Rate Change*

On August 8, 2016, Nerro Supply Investors, LLC (Nerro), Certificate of Convenience and Necessity (CCN) No. 10336, filed an application pursuant to 16 Tex. Admin. Code §24.21(h) to implement a pass-through rate increase for the pumpage fee imposed on the utility by the San Jacinto River Authority (SJRA) for mandatory participation in the Groundwater Reduction Plan (GRP). Nerro listed Hazy Hollow East Estates and White Oak Valley Estates as the water systems affected by the pass through adjustment. Nerro states that the pass-through rate increase will become effective on September 1, 2016. SJRA is increasing the Pumpage Fee and Import Fee from \$2.32/1,000 gallons to \$2.50/1,000 gallons. Nerro requested a pass-through rate of \$2.94.

Staff conducted the technical review of this application and prepared a final tariff reflecting the implementation of the change in the provision. Staff reviewed and confirmed Nerro's calculations of the pass through rate adjustment for the SJRA GRP fee as part of our analysis and recommendation. Adequate notice, including correct calculations, was provided by the Applicant to the customers. The notice contained required language pursuant to 16 Tex. Admin. Code § 24.21(h).

Based upon review of the information submitted, Staff finds that the application is sufficient and recommends:

1. Approval of the pass-through change and issuance of an order to the Applicant; and
2. Provision of a copy of an approved tariff to the Applicant (attached).



## **WATER UTILITY TARIFF**

### **Tariff Control Number: 46268**

Nerro Supply Investors, LLC  
(Utility Name)

718 Westscott Street  
(Business Address)

Houston, Texas 77007  
(City, State, Zip Code)

(281)355-1312  
(Area Code/Telephone)

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

10336

This tariff is effective in the following counties:

Harris and Montgomery

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions and public water systems:

See attached list.

#### **TABLE OF CONTENTS**

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES .....	4
SECTION 3.0 -- EXTENSION POLICY .....	11

APPENDIX A-- DROUGHT CONTINGENCY PLAN  
APPENDIX B -- SAMPLE SERVICE AGREEMENT  
APPENDIX C -- APPLICATION FOR SERVICE

LIST OF SUBDIVISIONS

SUBDIVISION	PWS ID NUMBER	COUNTY
Hazy Hollow East Estates	1700013	Montgomery
Shady Brook Acres	1700031	Montgomery
Spring Creek Valley Estates	1010213	Harris
White Oak Valley Estates	1700036	Montgomery

**Hazy Hollow East Estates, White Oak Valley  
Estates, Shady Brook Acres, Spring Creek Valley Estates**

## SECTION 1.0 -- RATE SCHEDULE

### Section 1.01 - Rates

#### **Spring Creek Valley Estates (Harris County)**

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$37.16</u> (includes 1000 gallons)	<u>\$3.56</u> per 1,000 gallons over the minimum *Plus NHCRA Fee for <u>ALL</u> gallons used

\*North Harris County Regional Water Authority Water Use Fee: .....\$2.19  
per 1,000 gallons of water usage

#### **Hazy Hollow East Estates, White Oak Valley Estates, Shady Brook Acres (Montgomery County)**

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$36.71</u> (includes 1000 gallons)	<u>\$3.55</u> per 1,000 gallons over the minimum *PLUS LSGCD & SJRA fees for <u>ALL</u> gallons used

\*Lone Star Groundwater Conservation District Water Use Fee: .....\$0.05  
per 1,000 gallons of water usage

\*San Jacinto River Authority Fee for Hazy Hollow East Estates and White Oak Valley Estates  
only: .....\$2.94  
per 1,000 gallons of water usage  
(Tariff Control No. 46268)

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 REMIT TO THE TCEQ.



**Hazy Hollow East Estates, White Oak Valley  
Estates, Shady Brook Acres, Spring Creek Valley Estates**

**SECTION 1.0 – RATE SCHEDULE (Continued)**

**Section 1.02 - Miscellaneous Fees**

TAP FEE.....	<u>N/A</u>
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) .....	<u>Actual Cost</u>
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.	
TAP FEE (Large meter).....	<u>Actual Cost</u>
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.	
METER RELOCATION FEE .....	<u>Actual Relocation Cost, Not to Exceed Tap Fee</u>
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.	
METER TEST FEE .....	<u>\$25.00</u>
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.	
<b>RECONNECTION FEE</b>	
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).....	<u>\$25.00</u>
b) Customer's request that service be disconnected.....	<u>N/A</u>
TRANSFER FEE.....	<u>N/A</u>
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.	
LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) .....	<u>10%</u>
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.	

**Hazy Hollow East Estates, White Oak Valley  
Estates, Shady Brook Acres, Spring Creek Valley Estates**

### SECTION 1.0 – RATE SCHEDULE (Continued)

RETURNED CHECK CHARGE .....\$25.00

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

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 TCEQ 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.

#### **Pass Through Provision:**

For Utilities subject to changes in costs imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

$AG = G + B/(1-L)$ , Where:

AG = adjusted gallonage charge, rounded to nearest one cent

G = approved gallonage charge, per 1,000 gallons

B = changed in fee (per 1,000 gallons)

L = water or sewer line loss for preceding 12 months, not to exceed 0.15 (15%);

$ABR = BR + (B \times N)/(1-L)$ , Where:

ABR = adjusted base rate, rounded to nearest one cent;

B = approved gallonage charge, per 1,000 gallons;

N = no. of 1,000 gallons included in base rate (do not use zero);

L = water or sewer line loss for preceding 12 months, not to exceed 0.15 (15%)