



Control Number: 46497



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APPLICATION OF DEER CREEK §
RANCH WATER COMPANY FOR A §
PASS-THROUGH RATE CHANGE §

PUBLIC UTILITY COMMISSION

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OF TEXAS
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COMMISSION STAFF'S CLARIFICATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Clarification in response to a Notice Requiring Clarification and would show the following:

I. BACKGROUND

On October 31, 2016, Deer Creek Ranch Water Company filed an application for approval of a pass-through rate change for fees imposed on the utility for purchased water.

Deer Creek's request is governed by 16 Texas Administrative Code § 24.21 (TAC). 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.¹ Only Staff, or the utility, may request a hearing on the proposed revision.² On April 6, 2017, Staff filed a recommendation that the application as supplemented be approved.

On April 11, 2017, a Notice was issued establishing a deadline of April 25, 2017 for Staff to file a clarification regarding the Lower Colorado River Authority (LCRA) pass-through fees that Deer Creek passes through to its customers. This pleading is therefore timely filed.

II. CLARIFICATION

Staff confirms that LCRA imposes pass-through fees on Deer Creek that will continue to be included in Deer Creek's pass-through gallonage rate. Deer Creek passes two LCRA fees through to its customers: a Diversion and Use fee, and a Reservation fee. The Diversion and Use fee is based on the amount of water used, and therefore remains in Deer Creek's pass-through

¹ 16 TAC § 24.21(b)(2)(B). The Commission has amended § 24.21 since Deer Creek filed this application. A provision analogous to the provision cited may be found at § 24.21(h)(3) of the version of the rule in effect when Deer Creek filed its application.

² *Id.*

gallongage rate. The Reservation Fee is a fixed monthly fee, and is therefore passed through as part of a monthly fee separate from Deer Creek's pass-through gallongage rate.

The LCRA Reservation fee was moved from Deer Creek's pass-through gallongage rate to a pass-through monthly fee in Docket No. 45550.³ Because the present application was filed before a final order was issued in Docket No. 45550, the \$2.76 pass-through gallongage rate that Deer Creek used as the starting point for the present application still included the LCRA Reservation fee along with the Diversion and Use fee. Consistent with the Commission's order in Docket No. 45550, the \$2.19 pass-through gallongage rate that Deer Creek seeks approval for and that Staff recommends be approved includes the LCRA Diversion and Use fee but does not include the LCRA Reservation fee, which is passed through as part of a monthly fee separate from the pass-through gallongage rate.

III. CONCLUSION

For the reasons stated above, Staff respectfully reiterates its recommendation that Deer Creek's application be approved.

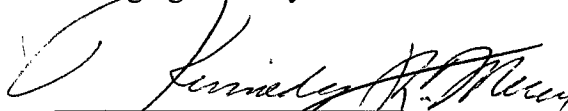
³ See *Application of Deer Creek Ranch Water Company for a Pass-Through Rate Change*, Docket No. 45550 (Mar. 30, 2017).

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

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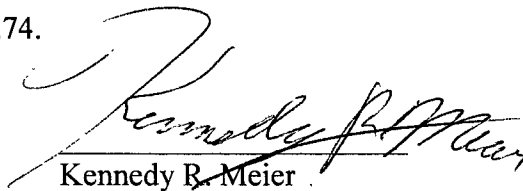


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 25th of April, 2017 in accordance with 16 TAC § 22.74.



Kennedy R. Meier