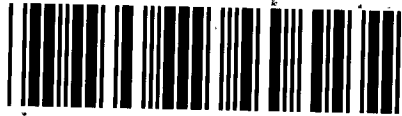




Control Number: 46600



Item Number: 4

Addendum StartPage: 0

RECEIVED

APPLICATION OF CREST WATER §
COMPANY FOR A PASS-THROUGH §
RATE CHANGE §
§

PUBLIC UTILITY COMMISSION
2016 DEC 12 PM 2:10
PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

COMMISSION STAFF'S RECOMMENDATION ON APPLICATION

Comes now the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files its Recommendation on Application.

I. Background

On November 21, 2016, Crest Water Company (Crest), holder of Certificate of Convenience and Necessity (CCN) No. 12037, filed an application to implement a pass-through rate increase due to an increase in the water use fees imposed on the utility by the Prairielands Groundwater Conservation District in Ellis, Hill, Johnson, and Somervell counties. All of Crest's customers would be affected by the rate increase.

On November 22, 2016, the Administrative Law Judge (ALJ) issued a notice directing Staff to file a recommendation on Crest's application and sufficiency of notice and propose a procedural schedule by December 12, 2016. Therefore, this pleading is timely filed.

II. Staff's Recommendation on Sufficiency

Staff has reviewed the application, and as detailed by the attached memorandum of Ricky Herrera of the Water Utilities Division, Staff recommends that the application be deemed sufficient for filing and administratively complete. The notice sent by Crest to customers, as shown in Crest's December 12, 2016 filing, includes the mandatory language and satisfies the requirements of 16 Tex. Admin. Code § 24.21(h) (TAC).

III. Staff's Final Recommendation

Staff believes that Crest's application is administratively complete and complies with the requirements of 16 TAC § 24.21. Therefore, as supported by Ricky Herrera's attached memorandum, Staff recommends approval of Crest's application to pass-through to its customers

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an increase in the gallonage rate of \$0.23 per 1,000 gallons billed, effective January 1, 2017. Staff recommends that an approved tariff incorporating the pass-through adjustment, a proposed copy of which is attached, be provided to Crest with any Notice of Approval.

IV. Conclusion

Staff respectfully requests the ALJ enter an order consistent with the above recommendation.

Dated: December 12, 2016

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney



Michael Crnich
State Bar No. 24059626
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7255
(512) 936-7268 (facsimile)

TARIFF CONTROL NO. 46600

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on December 12, 2016, in accordance with 16 TAC § 22.74.



Michael Crnich

PUC Interoffice Memorandum

To: Michael Crnich
Legal Division

Thru: Tammy Benter, Director
Debi Loockerman, Financial Manager
Heidi Graham, Engineering Manager
Water Utilities Division

From: Ricky Herrera, Staff Engineer
Water Utilities Division

Date: December 12, 2016

Subject: **Tariff Control No. 46600**, *Application of Crest Water Company for a Pass-Through Rate Change*

On November 21, 2016, Crest Water Company (Applicant), Certificate of Convenience and Necessity (CCN) No. 12037, filed an application pursuant to 16 Tex. Admin. Code § 24.21(h) (TAC) to implement a pass-through rate for changes in the water use pumping fees charged by Prairielands Ground Conservation District (Prairielands GCD). The Applicant listed the Public Water Systems (PWS) listed below as the water systems affected by the pass through rate:

- Buffalo Hills PWS No. 0700070
- Granda Vista PWS No. 1260120
- Sunset Canyon
- Thomas Acres PWS No. 1260068
- Chisholm PWS No. 1090042
- Mansfield South PWS No. 1260066
- Oak River Ranch PWS No. 2130031
- Westover Hills PWS No. 1260128
- Cahill County PWS No. 1260073
- Northcrest Addition PWS No. 1260034
- Rolling Oaks Subdivision PWS No. 1260064
- Woodland Oaks Estates PWS No. 1260070
- Fisherman's Paradise PWS No. 1260056
- Oak Leaf Trail PWS No. 1260104
- Sunshine County Acres PWS No. 1260069
- Oakridge Mobile Home Subdivision PWS No. 1260124

The pass-through rate increase will become effective January 1, 2017.

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 the Applicant's calculations of the pass through rate adjustment for the Prairielands GCD fee as part of our analysis and recommendation. Adequate notice, including correct calculations, were provided by the Applicant to the customers. The notice contained required language pursuant to 16 TAC § 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 46600

James A. Dyche dba Crest Water Company
(Utility Name)

PO Box 460, 840 Betsy Road
(Business Address)

Keene, Texas 76049
(City, State, Zip Code)

(817) 645-5493
(Area Code/Telephone)

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

12037

This tariff is effective in the following counties:

Ellis, Hill, Johnson, Somervell

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

None

This tariff is effective in the following subdivisions or 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.....	3
SECTION 2.0 – SERVICE RULES AND POLICIES.....	5
SECTION 2.20 – SPECIFIC EXTENSION POLICY	10

APPENDIX A – DROUGHT CONTINGENCY PLAN

List of Subdivisions/Systems

SUBDIVISION	PWS ID NUMBER	COUNTY
Buffalo Hills Water System	0700070	Ellis
Chisholm Trail Retreat	1090042	Hill
Cahill Country Water System	1260073	Johnson
Fisherman's Paradise	1260056	Johnson
Granda Vista	1260120	Johnson
Mansfield South	1260066	Johnson
Northcrest Addition	1260034	Johnson
Oak Leaf Trail	1260104	Johnson
Oakridge Mobile Home Subdivision	1260124	Johnson
Oak River Ranch	2130031	Somervell
Rolling Oaks Subdivision	1260064	Johnson
Sunset Canyon	NA	Johnson
Sunshine Country Acres	1260069	Johnson
Thomas Acres	1260068	Johnson
Westover Hills	1260128	Johnson
Woodland Oaks Estates	1260070	Johnson

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$39.00</u>	<u>\$4.60</u> per 1,000 gallons for 0 – 10,000 gallons
1"	<u>\$97.50</u>	<u>\$4.85</u> per 1,000 gallons for 10,001 – 20,000 gallons
2"	<u>\$195.00</u>	<u>\$5.10</u> per 1,000 gallons for 20,001 – 30,000 gallons
3"	<u>\$312.00</u>	<u>\$5.35</u> per 1,000 gallons for 30,001 – 40,000 gallons
		<u>\$5.60</u> per 1,000 gallons for 40,001–50,000 gallons
		<u>\$5.85</u> per 1,000 gallons for 50,001 – 60,000 gallons
		<u>\$6.10</u> per 1,000 gallons for 60,001 – 70,000 gallons
		<u>\$6.35</u> per 1,000 gallons for 70,001 + gallons

Purchased Water Fee: (Tariff Control No. 46600)

Prairielands Groundwater Conservation District Fee: \$0.23 per each 1,000 gallons

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

Cash X, Check X, Money Order X, MasterCard X, Visa X, Electronic Fund Transfer X
 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. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

Section 1.02 – Miscellaneous Fees

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

TAP FEE \$550.00
 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

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.

Tariff Control No. 46600

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (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..... \$40.00

TRANSFER FEE\$40.00

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)10%

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.

RETURNED CHECK CHARGE\$35.00

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. [30 TAC 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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

The utility's cost attributed to the water use pumping fees charged by Prairielands Groundwater Conservation District in Ellis County shall be passed through to all customers affected by such fees using the following calculations.

Fixed Charge:

Monthly Minimum Charge + (Annual Fee ÷ Numbers of Customers Affected ÷ 12 months)

Volume Charge:

Monthly Gallonage Charge per 1000 gallons + (Increase or Decrease in Pumpage Fee x 1.15)

To implement or modify the Pass through Adjustment Clause, the utility must comply with all notice requirements of 30 TAC §24.21(1).

Adjusted Gallonage Rate (AG) = $G + [B / (1-L)]$, where:

AG = adjusted gallonage charge, rounded to the nearest one cent;

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

B = change in fee per 1,000 gallons;

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

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or commission rules relating to Water and Wastewater Utility regulations, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 — Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 — Water installation

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and cut-off valve and/or take all necessary actions to initiate service. The utility shall serve each qualified applicant for service within its certified area as rapidly as is practical after accepting a completed application. The utility shall provide service in a timely manner on a non-discriminatory basis.

Service requests not involving line extensions, construction or new facilities shall be filled no later than fourteen (14) working days after a completed application has been accepted. If construction is required which cannot be completed within thirty (30) days, the utility shall provide a written explanation of the construction required and an expected date of service. Service shall be provided within thirty (30) days of the expected date, but no later than 180 days after a completed application was accepted. Failure to provide service within this time frame shall constitute refusal to serve.

2.03 — Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with both state and municipal regulations, the rules and regulations of the utility on file with the Commission and for the following reasons:

1. The applicant's installation or equipment is known to be inadequate or of such character that satisfactory service cannot be given;
2. The applicant is indebted to any utility for the same kind of service as that applied for, provided, however, that in the event the indebtedness of the applicant is in dispute, the applicant shall be served upon complying with the deposit requirement of the utility; or,
3. Refusal to make a deposit, if the applicant is required to make a deposit by the utility.

In the event that the utility shall refuse to serve an applicant, the utility must inform the applicant of the basis of its refusal. The utility is also required to inform the applicant that it may file a complaint with the Commission.

SECTION 2.0 -- SERVICE RULES AND POLICIES (continued)

Section 2.04 — Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 – Miscellaneous Fees of this tariff.

The utility must keep records of the deposit, issue a receipt for it, and credit interest in accordance with PUC Rules. The utility shall maintain all funds received as customer deposits in a separate, federally insured, interest bearing account and shall use such funds only for the purpose of payment of unpaid bills guaranteed by such deposits, payment of interest to depositors, and refund of deposits to depositors.

The utility must automatically refund the deposit plus accrued interest:

1. If service is not connected;
2. After disconnection of service if the deposit or portion of the deposit exceeds any unpaid bills; or,
3. To any residential customer who has paid service bills for 12 consecutive months without being disconnected for non-payment and without more than two occasions in which a bill was delinquent. The refund need not be made if payment on the current bill is delinquent.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Section 2.05 — Meter Requirements, Readings, and Testing

All water sold by the utility will be billed based on meter measurements. The utility shall provide, install, own and maintain meters to measure amounts of water consumed by its customers. No meter shall be placed in service unless its accuracy has been established.

One meter is required for each residential, commercial, or industrial connection. An apartment building or a trailer or mobile home park may be considered to be a single commercial facility.

Service meters shall be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period. If the circumstances warrant, meters may be read at other than monthly intervals.

Upon request, a customer may have his meter tested, without charge, in his presence or in that of his authorized representative, at a convenient time to the customer, but during the utility's normal working hours. A charge not to exceed that specified in Section 1 of this tariff may be assessed for an additional test.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.06 — Billing

Bills from the utility shall be rendered monthly unless otherwise authorized by the Commission. Payment is considered late if not received at the utility's office or postal address within sixteen (16) days of the billing date. The postmark on the envelope of the bill or the recorded date of mailing by the utility, if there is no postmark on the envelope, shall constitute proof of the date of issuance.

A one-time penalty may be made on delinquent bills as specified in Section 1 of this tariff. However, no such penalty may be collected unless a record of the date of mailing is made at the time of the mailing and maintained at the principal office of the utility.

Each bill shall show the following information (if applicable):

1. The date and reading of the meter at the beginning and at the end of the period for which the bill is rendered;
2. The number and kind of units metered;
3. The applicable rate schedule, title, or code;
4. The total amount due for water service;
5. The due date of the bill;
6. The date by which customers must pay the bill in order to avoid addition of a penalty;
7. The total amount due as penalty for nonpayment within a designated period;
8. A distinct marking to identify an estimated bill; and,
9. Any conversions from meter reading units to billing units from recording or other devices, or any other factors used in determining the bill.

The information required in items 1-9 above shall be arranged to allow the customer to readily compute his bill with a copy of the utility's rate schedule which shall be provided by the utility at the request of the customer.

In the event of a dispute between the customer and a utility regarding any bill for utility service, the utility shall conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility shall inform the customer that a complaint may be filed with the Commission.

Section 2.07—Service Disconnection

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice has been given.

Proper notice shall consist of a separate mailing or hand delivery at least ten (10) days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. The notice must also list the past due balance.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.07—Service Disconnection (continued)

Utility service may be disconnected after proper notice for any of the following reasons:

1. Failure to pay a delinquent account or to comply with a deferred payment agreement;
2. Willful violation of a utility usage rule when that violation interferes with another customer's service; or,
3. Failure to comply with valid deposit or guarantee arrangements.

Service may only be disconnected without notice as follows:

1. When a known dangerous condition exists, for as long as the condition exists;
2. When service is established through meter bypassing, an unauthorized connection or unauthorized reconnection; or,
3. In instances of tampering with the utility company's meter or equipment.

A utility may not disconnect any customer for failure to pay for merchandise or service unrelated to utility service, even if the utility provides that merchandise or those services. A utility may not disconnect any customer for a previous occupant's failure to pay.

Utility personnel must be available to make collections and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or because of a hazardous condition.

Section 2.08—Service Interruptions

The utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, each utility shall keep a complete record of all interruptions, both emergency and scheduled.

The Commission shall be notified in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice shall also state the cause of such interruptions.

Section 2.09—Termination of Utility Service

No utility may abandon any customer or any portion of its service area without prior written notice to affected customers and neighboring utilities and prior Commission approval.

Section 2.10 —Quality of Service

Each utility must plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Minimum residual pressure at the consumer's meter shall be at least 20 psi during periods of peak usage and 35 psi during normal operating conditions.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.10 —Quality of Service (continued)

The water system quantity requirements of the Texas Department of Health shall be the minimum standards for determining the sufficiency of production, treatment, storage, transmission and distribution facilities of water utilities for household usage. Additional capacity shall be provided to meet the reasonable local demand characteristics of the service area.

Each utility shall furnish water which has been approved by the Texas Department of Health. The application of Commission rules shall not relieve the utility from complying with the requirements of the laws and regulations of the state, local department of health, local ordinances and all other regulatory agencies having jurisdiction over such matters.

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the standard rules previously listed under Section 2.0 It must be reviewed and approved by the Commission to be effective.

NONE.

APPENDIX A – DROUGHT CONTINGENCY PLAN

(This page incorporates by reference the utility's Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.)