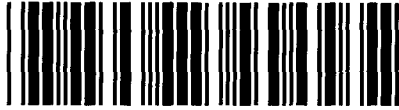


Control Number: 46880



Item Number: 9

Addendum StartPage: 0

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PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF CHAMP'S
WATER COMPANY FOR A PASS-
THROUGH RATE CHANGE

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PUBLIC UTILITY COMMISSION
OF TEXAS

**COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION ON
ADMINISTRATIVE COMPLETENESS**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this recommendation and would show the following:

I. BACKGROUND

On February 22, 2017, Champ's Water Company (Champ's) filed an application to implement a pass-through rate change in its tariff under Water Certificate of Convenience and Necessity (CCN) No. 10972. Champ's seeks to implement the pass-through provision as a result of an increase in rates charged by the City of Houston for treated water service. The rate increase will affect customers located inside and outside the city. The requested effective date for the pass-through rate change was February 22, 2017.

On May 5, 2017, the Administrative Law Judge (ALJ) issued a notice extending Staff's deadline to file its supplemental recommendation on the sufficiency of Champ's application, and propose a procedural schedule to May 12, 2017. This pleading is therefore timely filed.

II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

On May 4, 2017, Champ's filed a supplement containing a copy of invoices it received from the City of Houston for water use fees affected by this application. As supported by the attached memorandum of Johnathan Ramirez of the Water Utilities Division, Staff has reviewed Champ's application and supplement and recommends that it be found sufficient and approved with an adjusted rate. Champ's requested an increase of \$0.81 from \$1.24 per 1,000 gallons to \$2.05 per 1,000 gallons. After reviewing the invoices, Staff has concluded that Champ's rate should be decreased by \$0.22, from \$1.24 per 1,000 gallons to \$1.02 per 1,000 gallons. Because the pass-through rate will be decreasing, Staff does not recommend that Champ's re-notify its customers. However, Staff does recommend that Champ's provide a refund to all affected

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customers since the effective date of February 22, 2017. Staff also recommends that the Commission provide Champ's with a copy of the approved tariff, which has been attached to this pleading.

Staff has contacted representatives from Champ's and is authorized to represent that Champ's does not oppose the rate decrease.

III. CONCLUSION

Staff respectfully requests the issuance of order finding Champ's application sufficient, approving the application with a pass-through rate of \$1.02 per 1000 gallons and the requested effective date, and requiring Champ's to refund affected customers.

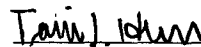
Dated: May 12, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

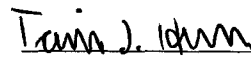


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TARIFF CONTROL NO. 46880

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on May 12, 2017 in accordance with 16 TAC § 22.74.


TJ Harris

PUC Interoffice Memorandum

To: TJ Harris, Attorney
Legal Division

Thru: Tammy Benter, Director
Water Utilities Division

From: Jonathan Ramirez, Financial Analyst
Water Utilities Division

Date: May 12, 2017

Subject: **Tariff Control No. 46880; *Application of Champ's Water Company for a Pass-Through Rate Change***

On February 22, 2017, Champ's Water Company (Applicant) Certificate of Convenience and Necessity (CCN) No. 10972, filed an application pursuant to 16 Tex. Admin. Code §24.21 (b)(2)(vii) (TAC) to implement a pass-through rate increase due to increases in water use fees imposed on the utility by the City of Houston. The requested effective date for the pass-through rate change is February 22, 2017.

The Applicant submitted supplemental information which included a copy of the Applicant's bill from the City of Houston. The Applicant is requesting a pass-through increase of \$.81 from \$1.24 per 1,000 gallons to \$2.05 per 1,000 gallons. After reviewing the bill and the Applicant's formula for the new pass-through rate, Staff came to the conclusion that the Applicant's new pass-through rate should be less than what the Applicant is seeking. The new rate that Staff came up with is \$1.02 per 1,000 gallons which is a \$.22 decrease from the current rate. The calculation is: City of Houston rate of \$2.882 times the applicable percentage of 30% divided by (1 minus line loss of 15%), or $(\$2.882 \times .30) / (1-.15) = \1.02

Staff recommends the Applicant issued a refund to all affected customers for all months which the proposed rate was implemented after the effective date of February 22, 2017. Due to the new pass-through rate being less than the current rate, new notice is not required to be sent out to customers.

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

1. Find that the application is sufficient for filing;
2. Approve the pass-through application with the Staff's recommended rate of \$1.02 with the proposed effective date;

3. Order the applicant to refund to all affected customers for all months which the proposed rate was implemented after the effective date of February 22, 2017; and,
4. Provide a copy of an approved tariff to the Applicant (attached).



WATER UTILITY TARIFF

Tariff Control No. 46880

Champ's Water Company, Inc.
(Utility Name)

13217-A Chrisman
(Business Address)

Houston, Texas 77039
(City, State, Zip Code)

(281)590-7317
(Area Code/Telephone)

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

10972

This tariff is effective in the following county:

Harris and Montgomery

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

Houston

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
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SECTION 4.0 -- DROUGHT CONTINGENCY PLAN22
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

LIST OF SUBDIVISIONS

SUBDIVISION	TW SID NUMBER	COUNTY
Aldine Forest	1010410	Harris
Garden City Apartments	1010670	Harris
Garden City Park	1010670	Harris
Mading Lane	1010517	Harris
North Belt Forest	1011999	Harris
Parkland Estates	1010192	Harris
Rolling Forest	1700684	Montgomery
West Montgomery	1010670	Harris
Western Homes	1010028	Harris
Whisper Meadows	1011708	Harris

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Rate</u> (includes -0- gallons all meters)	<u>Gallonage Charge</u>
5/8 or 3/4"	<u>\$14.44</u>	<u>\$2.25*</u> per 1000 gallons for the first 10,000 gallons plus <u>\$2.00*</u> per 1000 gallons thereafter
3/4"	<u>\$21.65</u>	
1"	<u>\$36.09</u>	
1½"	<u>\$72.18</u>	
2"	<u>\$115.49</u>	
3"	<u>\$216.55</u>	
4"	<u>\$360.91</u>	
6"	<u>\$721.83</u>	

*Plus City of Houston Groundwater Reduction Plan fees beginning June 22, 2010, of \$1.02 per 1,000 gallons for affected customers in Harris County (**Tariff Control No. 46880**).

CONSERVATION GALLONAGE SURCHARGE:

THERE WILL BE A SURCHARGE OF \$2.00 PER 1,000 GALLONS FOR EVERY 1,000 GALLON BILLING UNIT METERED AFTER THE FIRST 10,000 GALLONS EACH BILLING CYCLE. THE REVENUES COLLECTED FROM CONSERVATION BLOCK SURCHARGE SHALL BE ESCROWED INTO AN INTEREST BEARING ACCOUNT AND ONLY SPENT ON WATER CAPACITY-RELATED PROJECTS BENEFITTING THE CUSTOMERS OF CHAMP=S WATER COMPANY OR ON CONSERVATION PROJECTS THAT WILL DEFER THE NEED TO ADD ADDITIONAL WATER SERVICE CAPACITIES ON THE SYSTEM TO SERVE THOSE SAME CUSTOMERS. FOR COMMERCIAL CUSTOMERS HAVING MORE THAN ONE CONSUMING FACILITY BEHIND A MASTER METER, THE SURCHARGE WILL NOT GO INTO EFFECT UNTIL THEIR CONSUMPTION HAS REACHED THE NUMBER OF CONSUMING FACILITIES TIMES 10,000 GALLONS. EACH POINT OF WATER USAGE IS DEEMED TO BE A POINT OF WATER CONSUMPTION THAT WOULD NORMALLY HAVE ITS OWN INDIVIDUAL WATER METER UNDER RULES 290.44(D)(4) AND 291.89(A)(4). THIS COULD BE A BUILDING, AN IRRIGATION WATER METER, OR A SWIMMING POOL METER. THE AVERAGE ANNUALIZED CONSUMPTION OF THE CUSTOMERS OF CHAMP=S WATER COMPANY IS BELOW 10,000 GALLONS PER MONTH. THIS SURCHARGE IS TO ENCOURAGE THAT AVERAGE TO REMAIN AT A LEVEL CONSIDERED SUFFICIENT FOR ORDINARY DOMESTIC POTABLE WATER NEEDS AND A REASONABLE AMOUNTS FOR NECESSARY OUTSIDE WATER USAGE.

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

Cash___, 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%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....\$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT..... 1/6TH OF ESTIMATED ANNUAL BILL

TAP FEE.....\$600.00

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 INSTALLATION FEE.....\$90.00

TO BE CHARGED WHEN UNMETERED SERVICE EXISTS ON THE SYSTEM THAT SHOULD BE METERED TO BE IN COMPLIANCE WITH THE UTILITY'S TARIFF BUT THE CONVERSION OF THE SERVICE WOULD NOT REQUIRE A FULL TAP AND ALL OF ITS COSTS. THIS FEE WILL BE A SHARING OF COSTS BETWEEN THE CUSTOMER AND THE UTILITY. THE CUSTOMER MAY HAVE THE OPTION OF PAYING THE FEE OVER NO MORE THAN THREE (3) MONTHS.

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 CONVERSION FEE Actual cost to convert that meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMER'S SERVICE DEMAND.

AMR METER CONVERSION FEE Actual cost to convert that meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REFUSES TO MAKE ACCESS TO THE METER AVAILABLE AND THE MOST COST EFFECTIVE SOLUTION FOR THE CUSTOMER AND THE UTILITY IS TO CONVERT THE SERVICE TO A REMOTE READ RADIO METER TO AVOID THE CONSTRUCTION AND RELOCATION OF THE UTILITY'S MAIN AND FACILITIES AND THE CUSTOMER'S METER TO ANOTHER LOCATION.

DAMAGED METER AND APPURTENANCES FEEActual cost plus \$10.00

THIS FEE SHALL BE ACCESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN TERMINATED FOR NON-PAYMENT BY LOCKING THE METER AND METER OR APPURTENANCES SUCH AS THE CURB STOP HAVE BEEN DAMAGED REQUIRING REPAIR AND/OR REPLACEMENT IN AN ATTEMPT TO RESTORE WATER SERVICE TO THE POINT OF SERVE THAT WAS DISCONNECTED. THE ACCOUNT HOLDER SHALL BE CHARGED THE FULL COST OF REPAIRING AND/OR REPLACING ALL DAMAGED PARTS, INCLUDING LABOR AND VEHICLES. THIS WILL INCLUDE REPLACEMENT OF METERS THAT HAVE HAD THEIR LOCKING EYES BROKEN OFF THE FLANGES. IN ADDITION, A \$10.00 PENALTY WILL BE LEVIED TO DETER FUTURE TAMPERING.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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.

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\$20.00

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

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.

SEASONAL RECONNECTION FEE

BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

LOCK REMOVAL OR DAMAGE FEE.....\$10.00

THIS FEE SHALL BE ACCESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN TERMINATED FOR NON-PAYMENT BY LOCKING THE METER AND THE LOCK HAS SUBSEQUENTLY BEEN REMOVED OR DAMAGED WITHOUT AUTHORIZATION BY THE UTILITY IN ORDER TO RESTORE WATER SERVICE TO THE ACCOUNT HOLDER=S ORIGINAL PLACE OF SERVICE. THIS FEE SHALL NOT BE CHARGED IF THE DAMAGED METER FEE IS CHARGED.

CUSTOMER SERVICE INSPECTION FEES\$75.00

SERVICE APPLICANTS ARE FREE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 290.46(j) BY ANY STATE-LICENSED INSPECTOR OF THEIR CHOICE. THEY ARE ENCOURAGED TO USE A THIRD PARTY INSPECTOR AND NOT AN EMPLOYEE OF THE UTILITY. HOWEVER, IF THEY REQUEST THE UTILITY TO PERFORM THE INSPECTION, IT WILL BE DONE AT A MARKET PRICE. SINCE THIS IS NOT A FUNCTION OF PUBLIC WATER UTILITY SERVICE, PERFORMING CUSTOMER SERVICE INSPECTIONS MUST TAKE LOWER PRIORITY TO FULFILLING UTILITY SERVICE RESPONSIBILITIES UNDER THE TCEQ=S CHAPTER 290 AND 291 RULES.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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. 16 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.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula. These changes shall be passed on to only those customers located in system(s) receiving service from the wholesale supplier or subject to the jurisdiction of the district in question:

- AG = G/ (1-L), where
- AG = adjusted gallonage charge, rounded to the nearest one cent:
- G = approved gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15

TEMPORARY WATER RATE:

Unless otherwise superseded by TCEQ order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$TGC = \frac{cgc + (pr)(cgc)(r)}{(1.0-r)}$$

Where:

- TGC = temporary gallonage charge
- cgc = current gallonage charge
- r = water use reduction expressed as a decimal fraction (the pumping restriction)
- pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff prr shall equal 0.5.

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 T.A.C. 291.21(I).