

Control Number: 46922



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TARIFF CONTROL NO. 46922

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APPLICATION OF A-1 UTILITY & CONSTRUCTION SERVICES, INC. TO IMPLEMENT A PASS-THROUGH RATE CHANGE

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PUBLIC UTILITY COMMISSION OF TEXAS

PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Recommendation. In Support thereof, Staff shows the following:

I. Background

On March 8, 2017, A-1 Utility & Construction Services, Inc. (A-1) filed an application to implement a pass-through rate change in its tariff under Water Certificate of Convenience and Necessity (CCN) No. 12861. A-1 seeks to implement the pass-through provision as a result of an increase in pumping fees charged by the North Harris County Regional Water Authority. The rate increase will affect the Oak Hill Estates Subdivision. The requested effective date for the pass-through rate change is April 1, 2017.

On March 9, 2017, the Administrative Law Judge (ALJ) issued the Notice Setting Deadline for Staff's Recommendation, requiring Staff to file a recommendation on A-1 application, including sufficiency of notice, and a propose a procedural schedule by March 29, 2017. This pleading is therefore timely filed.

II. Staff's Recommendation and Proposed Procedural Schedule

Staff has reviewed A-1's application and, as supported by the attached memorandum of Jonathan Ramirez of the Water Utilities Division, Staff recommends the application be found administratively incomplete. A-1's application contains several deficiencies. First, A-1 improperly used the pass-through provision formula from its approved tariff. Second, in its notices, A-1 included language from a version of 16 TAC § 24.21 that was changed after its amendment on December 4, 2016. Lastly, A-1 is delinquent in paying its Regulatory Assessment Fees to the Texas Commission on Environmental Quality (TCEQ) and should submit payment receipts or evidence of a payment plan.

Staff recommends that A-1 re-notice its customers and that the effective date for the pass-through rate change be postponed until the deficiencies have been cured. Staff further

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recommends that A-1 be required to cure the deficiencies by April 28, 2017 and that Staff submit a supplemental recommendation by May 19, 2017.

III. Conclusion

Staff respectfully requests the issuance of an order consistent with the above recommendation.

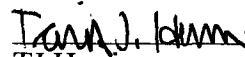
Dated: March 29, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

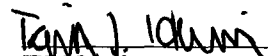


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on March 29, 2017 in accordance with 16 TAC § 22.74.



TJ Harris

PUC Interoffice Memorandum

To: TJ Harris, Attorney
Legal Division

Thru: Debi Loockerman, Financial Manager
Water Utilities Division

From: Jonathan Ramirez, Financial Analyst
Water Utilities Division

Date: March 29, 2017

Subject: **Tariff Control No. 46922; Application of A-1 Utility & Construction Services, Inc. to Implement a Pass-Through Rate Change**

On March 8, 2017, Oak Hill Estates Water Operations Office, A-1 Utility & Construction Services, Inc. (Applicant), Certificate of Convenience and Necessity (CCN) No. 12861, filed an application pursuant to 16 Texas Admin. Code §24.21 (b)(2)(vii) (TAC) to implement pass-through rate increase due to water pumping fees imposed on the utility by the North Harris County Regional Water Authority (NHCRWA). The rate increase will affect the Oak Hill Estates subdivision. The requested effective date for the pass-through rate change is April 1, 2017.

Staff reviewed the application and documentation filed on March 8, 2017 and found there were deficiencies regarding the application.

The Applicant notice included language in an old version of 16 TAC §24.21, which was revised and effective as of December 4, 2016. The Applicant filed their application on March 8, 2017, and its notice must include language from the revised §24.21(b)(2)(E)(ii)(VI) as follows:

- “This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code §24.21. The cost to you as a result of this change will not exceed the costs charged to your utility.”

Staff conducted a review of the Applicant’s proposed rates and found that their approved tariff pass-through provision formula was improperly used. According to the approved tariff, the formula includes the change in purchased water/district gallonage fee of \$.50 rather than the total increased fee of \$2.90. The Applicant can either recalculate their adjusted gallonage charge (AG) or propose a new formula. Once the calculations are revised, Staff recommends the Applicant be required to re-notice their customers with the new billing calculations as well as current calculations of billings and the amended notice language discussed above.

Also, Staff determined that the Applicant is delinquent in paying its Regulatory Assessment Fees to the Texas Commission on Environmental Quality (TCEQ). Staff recommends that the Applicant

submit any receipts showing that those fees have been paid in full or that they have entered into a payment plan with the TCEQ to address the delinquent fees. Furthermore, Staff recommends that the effective date for the pass-through rate change be postponed until the above deficiencies have been resolved.