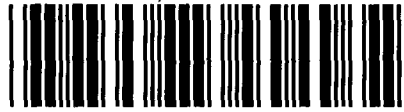


Control Number: 46922



Item Number: 6

Addendum StartPage: 0

TARIFF CONTROL NO. 46922

**APPLICATION OF OAK HILL
ESTATES, INC. TO IMPLEMENT A
PASS-THROUGH RATE CHANGE** §
§
§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

RECEIVED

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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, Oak Hill Estates Water Operations Office, Oak Hill Utility & Construction Services, Inc. (Oak Hill) filed an application to implement a pass-through rate change in its tariff under Water Certificate of Convenience and Necessity (CCN) No. 12861. Oak Hill 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 was April 1, 2017.

On March 29, 2017, Staff recommended that Oak Hill's application be found deficient. On April 10, 2017, Oak Hill filed a supplemental notice addressing the deficiencies noted in Staff's Recommendation. On April 11, 2017, the Administrative Law Judge (ALJ) issued a notice finding the application deficient, suspending the effective date of the rate change, and restyling the docket. The notice directed Staff to file a supplemental recommendation on the sufficiency of the application on or before April 25, 2017. This pleading is therefore timely filed.

II. Staff's Recommendation

Staff has reviewed Oak Hill's application and supplemental notice, and as supported by the attached memorandum of Jonathan Ramirez of the Water Utilities Division, Staff recommends the application be found sufficient and that the pass-through application be approved as filed. Oak Hill corrected its customer notice to reflect the current language of 16 Texas Administrative Code § 24.21 (TAC) and used the corrected formula to calculate its new pass-through rate. Further, because the missing payment for Regulatory Assessment Fee to the Texas Commission on Environmental Quality dates back to 2003, Staff recommends that the

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requirement be waived for this application. Staff also recommends that Oak Hill be provided a copy of the approved tariff, which has been attached to this pleading.

III. Conclusion

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

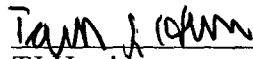
Dated: April 25, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney



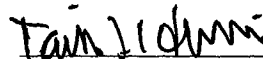
TJ Harris

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1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7216
(512) 936-7268 (facsimile)
TJ.Harris@puc.texas.gov

TARIFF CONTROL NO. 46922

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 25, 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: April 24, 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 May 1, 2017.

The applicant was previously notified that their notice included language in an old version of 16 TAC §24.21, their approved tariff pass-through provision formula was improperly used, and that the applicant was delinquent in paying a Regulatory Assessment Fee to the Texas Commission on Environmental Quality (TCEQ) from 2003.

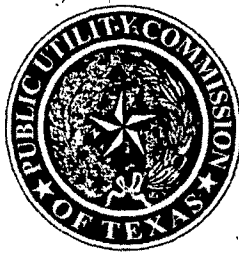
The applicant filed a copy of their corrected notice that was sent out on April 3, 2017 with the correct language required by TAC §24.21 and the correct use of their approved tariff pass-through provision formula. Regarding the Regulatory Assessment Fees, Staff determined that due to the fact that the missing payment dates back to 2003, the requirement would be waived for this pass-through application.

The applicant proposed to increase the purchased water pass-through rate from \$2.76 to \$3.33 per 1,000 gallons billed. Staff confirmed that the Applicant has correctly calculated the pass-through rate increased using the documents provided with the application. Notice by the Applicant was correctly provided to the customers pursuant to 16 Tex. Admin. Code § 24.21(E).

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 as filed; and,

3. Provide a copy of an approved tariff to the Applicant (attached).



WATER UTILITY TARIFF

Tariff Control No. 46922

Castle Country Homes, Inc. dba
Oak Hill Estates Water Company
(Utility Name)

27351 Blueberry Hill #36
(Business Address)

Conroe, Texas 77385
(City, State, Zip Code)

(281) 367-9419
(Area Code/Telephone)

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

12861

This tariff is effective in the following county:

Harris

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:

Oak Hill Estates: PWS # 1013045

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	3
SECTION 3.0 -- EXTENSION POLICY	8
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	10
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	\$30.85 (Includes 0 gallons)	\$3.17 per 1000 gallons
1"	\$77.13	
1 1/2"	\$154.25	

North Harris County Regional Water Authority Water Use Fee:.....\$3.33
per 1,000 gallons of water usage
Tariff Control No. 46922

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 SHALL REQUIRE EXACT CHANGE FOR PAYMENTS AND SHALL REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT THOSE FEES TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE\$1,000.00
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 FEEActual Relocation Cost, Not to Exceed Tap Fee
THIS FEE SHALL BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE.....\$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST SHALL 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 SHALL NOT EXCEED \$25.

RETURNED CHECK CHARGE.....\$30.00
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

SECTION 1.0 -- RATE SCHEDULE (Continued)

TRANSFER FEE \$20.00
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 SHALL NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

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 PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY SHALL 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.

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 though as an adjustment to the gallonage charge according to the formula:

- 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 purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15