

Control Number: 47001



Item Number: 3

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RECEIVED

APPLICATION OF NERRO SUPPLY §
 INVESTORS, LLC TO IMPLEMENT A §
 PASS-THROUGH RATE CHANGE §
 §

PUBLIC UTILITY COMMISSION

APR 19 AM 10:06
 PUBLIC UTILITY COMMISSION
 OF TEXAS
 FILING CLERK

COMMISSION STAFF'S RECOMMENDATION ON SUFFICIENCY AND FINAL DISPOSITION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Recommendation on Sufficiency and Final Disposition. In support thereof, Staff would show the following:

I. Background

On March 29, 2017, Nerro Supply Investors, LLC (Nerro) requested approval of a pass-through rate increase due to an increase in water use fees imposed on the utility by the North Harris County Regional Water Authority. The rate increase affects the Spring Creek Valley Estates subdivision, public water system #1010213. The requested effective date for the pass-through rate change is April 1, 2017.

On April 3, 2017, the Administrative Law Judge (ALJ) issued the Notice Setting Deadline for Staff's Recommendation, directing Staff to file a recommendation on the application and sufficiency of notice by April 19, 2017. Therefore, this pleading is timely filed.

II. Recommendation on Sufficiency and Notice

Staff has reviewed Nerro's application, and in accordance with Tex. Water Code, Chapter 13, and 16 Tex. Admin. Code §24.21 (TAC), and as supported by the attached memorandum of Andrew Novak of the Commission's Water Utility Regulation Division, Staff recommends that the application and notice be deemed administratively complete and sufficient.

III. Recommendation on Final Disposition

Staff recommends that Nerro's application is administratively complete and complies with the requirements of 16 TAC § 24.21. Therefore, as supported by Andrew Novak's attached memorandum, Staff recommends approval of Nerro's application to increase the pass-through

charge by \$0.84 from \$2.19 to \$3.03 per 1,000 gallons of water usage. Staff recommends that an approved tariff incorporating the pass-through adjustment, of which a proposed copy is attached, be provided to Nerro.

IV. Conclusion

Staff respectfully requests that the ALJ issue an order consistent with the above recommendations.

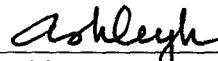
DATED: April 19, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney

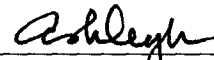


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DOCKET NO. 47001

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 19th of March, 2017, in accordance with 16 TAC § 22.74.



Ashley Nwonuma

PUC Interoffice Memorandum

To: Ashley Nwonuma, Attorney
Legal Division

Through: Debi Loockerman, Manager

From: Andrew Novak, Financial Analyst
Water Utilities Division

Date: April 19, 2017

Subject: **Tariff Control No. 47001; Application of Nerro Supply Investors, LLC to Implement a Pass-Through Rate Change**

On March 29, 2017 Nerro Supply Investors, LLC (Nerro, or Applicant) filed an application pursuant to 16 Tex. Admin. Code § 24.21(h) to implement a pass-through rate increase for fees imposed on the utility by North Harris County Regional Water Authority (NHCRWA). The rate change affects the Spring Creek Valley Estates PWS #1010213 subdivision. This change in NHCRWA pass-thru fees would increase Nerro's pass thru charge by \$.84 from \$2.19 per 1,000 gallons to \$3.03 per 1,000 gallons. Staff was required to file a recommendation of the sufficiency of the pass-thru application by April 19, 2017.

Staff conducted the review of this application and prepared a final tariff reflecting the implementation of the change in the provision. Staff reviewed and confirmed Nerro's calculations of the pass through rate adjustment for the NHCRWA fee as part of our analysis and recommendation. Adequate notice, including correct calculations, was provided by the Applicant to the customers. The notice contained the required language pursuant to 16. Tex Admin Code § 24.21(h).

Based upon review of the information submitted, Staff recommends that:

1. The application and notice are sufficient and administratively complete;
2. The pass-through rates as noticed on March 17, 2017 be approved;
3. Nerro be provided a copy of the new tariff pages.(attached)



WATER UTILITY TARIFF

Tariff Control Number: 47001

Nerro Supply, LLC
(Utility Name)

718 Westscott Street
(Business Address)

Houston, Texas 77007
(City, State, Zip Code)

(281)355-1312
(Area Code/Telephone)

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

10336

This tariff is effective in the following counties:

Harris and Montgomery

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:

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 PLAN	14

APPENDIX A --

APPENDIX B -- SAMPLE SERVICE AGREEMENT

APPENDIX C -- APPLICATION FOR SERVICE

LIST OF SUBDIVISIONS

SUBDIVISION	PWS ID NUMBER	COUNTY
Hazy Hollow East Estates	1700013	Montgomery
Shady Brook Acres	1700031	Montgomery
Spring Creek Valley Estates	1010213	Harris
White Oak Valley Estates	1700036	Montgomery

Nerro Supply Investors, LLC

Northwest Water Systems, Inc.

Water Utility Tariff Page No. 2

Hazy Hollow East Estates, White Oak Valley

Estates, Shady Brook Acres, Spring Creek Valley Estates

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Spring Creek Valley Estates (Harris County)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$37.16</u> (includes 1000 gallons)	<u>\$3.56</u> per 1,000 gallons over the minimum *Plus NHCRWA Fee for <u>ALL</u> gallons used.

*North Harris County Regional Water Authority Water Use Fee:

\$3.03 per 1,000 gallons of water usage

Tariff Control No. 47001

Hazy Hollow East Estates, White Oak Valley Estates, Shady Brook Acres (Montgomery County)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$36.71</u> (includes 1000 gallons)	<u>\$3.55</u> per 1,000 gallons over the minimum *PLUS LSGCD & SJRA fees for <u>ALL</u> gallons used.

*Lone Star Groundwater Conservation District Water Use Fee:

\$0.05 per 1,000 gallons of water usage.

*San Jacinto River Authority Fee for Hazy Hollow East Estates and White Oak Valley Estates only.

\$2.50 per 1,000 gallons of water usage

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

Tariff Control No. 47001

SECTION 1.0 – RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous FeesTAP FEE N/A

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 RELOCATED.

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.

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) \$25.00b) Customer's request that service be disconnected N/ATRANSFER FEE N/A

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.

Hazy Hollow East Estates, White Oak Valley

Estates, Shady Brook Acres, Spring Creek Valley Estates

SECTION 1.0 – RATE SCHEDULE (Continued)

RETURNED CHECK CHARGE\$25.00

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.

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

$$AG = G + B/(1-L), \text{ Where:}$$

AG = adjusted gallonage charge, rounded to nearest one cent

G = approved gallonage charge, per 1,000 gallons

B = changed in fee (per 1,000 gallons)

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

$$ABR = BR + (B \times N)/(1-L), \text{ Where:}$$

ABR = adjusted base rate, rounded to nearest one cent;

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

N = no. of 1,000 gallons included in base rate (do not use zero);

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