



Control Number: 47051



Item Number: 3

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TARIFF CONTROL NO. 47051

**APPLICATION OF COMMUNITY
UTILITY COMPANY TO
IMPLEMENT A PASS-THROUGH
RATE CHANGE**

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PUBLIC UTILITY COMMISSION

OF TEXAS

RECEIVED
2017 MAY -1 PM 1:20
PUBLIC UTILITY COMMISSION
FILING CLERK

**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS AND RECOMMENDATION ON FINAL DISPOSITION**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation on Administrative Completeness and Recommendation on Final Disposition in response to a Notice Setting Deadline for Staff's Recommendation and would show the following:

I. BACKGROUND

On April 10, 2017, Community Utility Company (Community) requested approval of a pass-through rate change due to an increase in water use fees imposed on Community by the City of Houston for Community's mandatory participation in Houston's groundwater reduction program. The rate change affects the Forest Manor and Heathergate subdivisions. Community requested an effective date of April 1, 2017.

On April 12, 2017, a Notice was issued establishing a deadline of May 1, 2017 for Staff to file a recommendation on Consumers' application and sufficiency of notice and propose a procedural schedule. This pleading is therefore timely filed.

II. ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum from Jonathan Ramirez in the Commission's Water Utility Regulation Division, Staff has reviewed the application and recommends that it be found administratively complete and accepted for filing.

III. RECOMMENDATION

As further detailed in the attached memorandum, Staff has reviewed the application and recommends that the effective date be revised to May 1, 2017 and that the application be approved with the revised effective date. Under 16 Texas Administrative Code (TAC) § 24.21(b)(2)(E), a utility that wishes to revise an approved pass-through provision must submit written notice of the

revision to the Commission and to the utility's customers prior to the beginning of the billing period in which the revision takes effect. Since the application was filed on April 10 and notice was provided to customers on April 14, Staff recommends a May 1 effective date.

IV. CONCLUSION

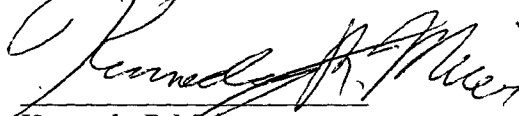
For the reasons detailed above, Staff recommends that the effective date be revised to May 1 and that the application be approved with the revised effective date.

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

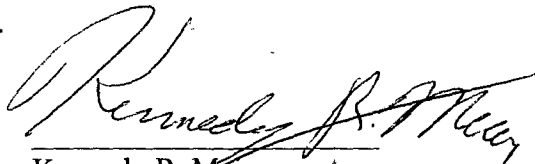


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TARIFF CONTROL NO. 47051

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 1st of May, 2017 in accordance with 16 TAC § 22.74.


Kennedy R. Meier

PUC Interoffice Memorandum

To: Kennedy Meier, Attorney
Legal Division

Thru: Debi Loockerman, Financial Manager
Water Utilities Division

From: Jonathan Ramirez, Financial Analyst
Water Utilities Division

Date: May 1, 2017

Subject: **Tariff Control No. 47051; Application of Community Utility Company to Implement a Pass-Through Rate Change**

On April 10, 2017, Community Utility Company (Applicant), Certificate of Convenience and Necessity (CCN) No. 10350, requested approval of a pass-through rate change due to an increase in water use fees imposed on the Applicant by the City of Houston (Houston) for the Applicant's mandatory participation in Houston's ground water reduction program. The rate change affects Forest Manor (public water supply (PSW) No. #1010264) and Heathergate (PWS No. #1011302) subdivisions. The notice was sent to customers on April 14, 2017, therefore, Staff recommends an effective date of May 1, 2017 instead of the requested effective date of April 1, 2017 due to notice requirements in 16 Tex. Admin. Code § 24.21(b)(2)(E) (TAC).

The Applicant proposed to increase the purchased water pass through rate fee from \$.99 to \$1.05 per 1,000 gallons of water usage. Staff confirmed that the Applicant correctly increased its rates after confirming the calculations and supporting documents provided with the application. Although the Applicant did not provide notice prior to the beginning of the billing period in which the revision takes effect, notice by the Applicant was otherwise correctly provided to the customers pursuant to 16 TAC § 24.21(b)(2)(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 with the exception of the effective date;
3. Approve an effective date of May 1, 2017; and,
4. Provide a copy of an approved tariff to the Applicant (attached).



WATER UTILITY TARIFF

Tariff Control Number: 47051

Community Utility Company
(Utility Name)

P. O. Box 58
(Business Address)

Spring, Texas 78383
(City, State, Zip Code)

(281) 444-7747
(Area Code/Telephone)

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

10350

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 or public water systems:

Adams Oaks Section 1 & 2, Pinecrest, Sweetgum Forest: PWS#1700113

Forest Manor Subdivision, Montgomery Terrace: PWS # 1010264

Heathergate Estates, Heathergate Public Utility Company, Holiday: PWS # 1011302

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The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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APPENDIX A -- SAMPLE SERVICE AGREEMENT

APPENDIX B -- APPLICATION FOR SERVICE

Community Utility Company

Water Tariff Page 2

Forest Manor Subdivision, Montgomery Terrace: PWS #1010264 & Heathergate Estates, Heathergate Public Utility Company, Holiday: PWS #1011302 only

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u> | <u>Gallage Charge</u> |
|-------------------|-------------------------------|--------------------------|
| 5/8" or 3/4" | \$34.63 (Includes 0 gallons) | \$2.09 per 1,000 gallons |
| 1" | \$86.58 | |
| 1½" | \$173.15 | |
| 2" | \$277.04 | |
| 3" | \$519.04 | |
| 4" | \$865.75 | |

Pass Through Fees:

In addition to the gallage charge, the City of Houston Groundwater Reduction Plan (GRP) Fee of **\$1.05 per 1,000 gallons** used will be charged to the customers of **Forest Manor and Heathergate Subdivisions only**. The pass through fees are adjusted for line loss.
(Tariff Control No. 47051)

Capital Improvement Surcharge:

\$40.00 per month per connection for 180 months or project completion, whichever comes first. This fee is requested to collect sufficient revenues to pay for capital improvements mandated by the Texas Commission on Environmental Quality (TCEQ) and to bring the utility's facilities into compliance with TCEQ minimum standards. This surcharge can be increased or decreased based on the amount necessary to make required PUC approved capital improvements, thirty days after notice of any change in the surcharge is sent to all affected customers and the filing of notice with the PUC as required by 30 TAC §24.21(h).

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

Cash X, Check X, Money Order 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.

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.

Section 1.02 - Miscellaneous Fees

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.

Tariff Control No. 47051

**Forest Manor Subdivision, Montgomery Terrace: PWS #1010264 &
Heathergate Estates, Heathergate Public Utility Company, Holiday: PWS
#1011302 only**

SECTION 1.0 – RATE SCHEDULE (Continued)

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) \$25.00
- b) Customer's request that service be disconnected \$50.00

TRANSFER FEE \$35.00
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 \$30.00
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.

**Forest Manor Subdivision, Montgomery Terrace: PWS #1010264 &
Heathergate Estates, Heathergate Public Utility Company, Holiday: PWS
#1011302 only**

SECTION 1.0 – RATE SCHEDULE (Continued)

PASS-THROUGH ADJUSTMENT CLAUSE:

The utility may pass on only to those customers served by a system subject to the jurisdiction of any Regional Water Authority and/or any Groundwater Reduction Plan, any increase or decrease in its Underground Water District Pumpage Fee or Purchased Water Fee, thirty days after noticing of any change to all affected customers and filing notice with the PUC as required by 30 TAC 24.21(L). The charge per customer shall be calculated as follows:

$(A \times B) / C + L [(A \times B) / C] = \text{INCREASE OR DECREASE TO EXISTING GALLONAGE RATE}$

WHERE:

A = UTILITY'S ANNUALIZED CHANGE IN COST OF WATER SUBJECTED TO DISTRICT'S FEE

B = AVERAGE NUMBER OF GALLONS

C = 1,000 GALLONS

L = PERCENTAGE SYSTEM WIDE LINE LOSS FOR THE PROCEEDING 12 MONTHS, NOT TO EXCEED 15%

**Forest Manor Subdivision, Montgomery Terrace: PWS #1010264 &
Heathergate Estates, Heathergate Public Utility Company, Holiday: PWS
#1011302 only**

SECTION 1.0 – RATE SCHEDULE (Continued)

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 to only the water system(s) affected by the increase or fee as an adjustment to the water gallonage charge according to the following 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