



Control Number: 47147



Item Number: 3

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APPLICATION OF CC WATER §  
WORKS, INC. FOR CLASS C §  
WATER UTILITY REQUEST FOR §  
A PRICE RATE ADJUSTMENT §

PUBLIC UTILITY COMMISSION

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

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation on Administrative Completeness and Recommendation on Final Disposition in response to Order No. 1. In support thereof, Staff shows the following:

**I. BACKGROUND**

On May 5, 2017, CC Water Works, Inc. (CCWW) filed an application (Application) for a price rate adjustment under Tex. Water Code § 13.1872 (TWC) and 16 Tex. Admin Code § 24.36 (TAC).

On May 8, 2017, the Administrative Law Judge (ALJ) issued Order No. 1 requiring Staff to file a recommendation on the administrative completeness of the Application and notice on or before June 5, 2017. Therefore, this pleading is timely filed.

**II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS**

As detailed in the attached memorandum of Janie Kohl 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 under TWC § 13.1872 and 16 TAC § 24.36.

**III. RECOMMENDATION ON FINAL DISPOSITION**

Staff conducted a technical review of the Application pursuant to TWC § 13.1872 and 16 TAC § 24.36. Pursuant to TWC § 13.1872 and 16 TAC § 24.36, the Commission may adjust the rates of a Class C utility without the need for a hearing. Based upon the attached memorandum of Janie Kohl of the Commission's Water Utility Regulation Division, Staff recommends approval of the Application for an increase in water rates for CCWW. Approval of the Application would

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result in the approval of CCWW's proposed rates reflected in the attached memorandum. Within 30 days, Staff will file compliance tariff pages reflecting the proposed rate adjustment to this pleading.

Staff notes that the proposed notice CCWW filed as part of its Application lists an effective date of July 9, 2017 for the proposed rate increase. Staff also notes that Staff's Recommendation on Administrative Completeness and Recommendation on Final Disposition is filed on June 5, 2017. Pursuant to 16 TAC § 24.36(e), CCWW must provide notice of the proposed change to customers after it receives written order by the Commission approving its application and at least 30 days before the effective date of the rate change. Therefore, Staff recommends the effective date be changed to August 9, 2017 to coincide with an appropriate billing cycle to meet the 30 day notice requirement.

#### **IV. PROPOSED PROCEDURAL SCHEDULE**

Staff proposes the following procedural schedule for further processing of this docket:

<b>Event</b>	<b>Deadline</b>
Deadline for CCWW to provide revised notice to customers	August 9, 2017

#### **V. CONCLUSION**

For the reasons stated above, Staff recommends that the Application be deemed administratively complete. Staff further recommends the Application be approved and CCWW be ordered to provide notice of the proposed change using only the amended notice page as approved by the Commission at least 30 days before the effective date of the proposed change.

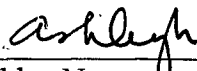
Dated: June 5, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Karen S. Hubbard  
Managing Attorney

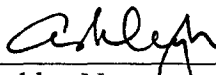


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**DOCKET NO. 47147**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on June 5, 2017,  
in accordance with 16 TAC § 22.74.



Ashley Nwonuma

## PUC Interoffice Memorandum

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**To:** Ashley Nwonuma, Attorney  
Legal Division

**Thru:** Debi Loockerman, Finance Manager  
Water Utility Regulation Division

**From:** Janie Kohl, Financial Analyst  
Water Utility Regulation Division

**Date:** June 5, 2017

**Subject:** *Docket No. 47147, Application of CC Water Works, Inc. for a Water Rate/Tariff Change*

On May 5, 2017, CC Water Works, Inc. (Applicant) filed an application with the Public Utility Commission of Texas (PUC) for a rate/tariff change affecting certificate of convenience and necessity (CCN) No. 13038 in Chambers County. An administrative review of the application and notice has been made pursuant to Texas Water Code § 13.13872 (TWC) and 16 Tex. Admin. Code (TAC) § 24.36.

No. 1 required that Staff review the proposed rate change application and proposed notice for completeness by June 5, 2017. Staff has completed the administrative review and recommends the application and notice be found administratively complete, and be accepted for filing with one exception noted below.

Pursuant to 16 TAC § 24.36(c) a utility may request to increase its tariffed monthly fixed customer or meter charges and monthly gallonage charges. The request must be made on the Commission approved form, including a proposed notice, and a copy of the utility's approved tariff. In this case, the Applicant is requesting approval to adjust its water tariff base rates (monthly meter charge) and monthly gallonage rates based upon the current change in Commission price index of 1.57%. The Applicant provided:

- 1) A completed Class C Water or Sewer Utility Request for a Price Index Rate Adjustment;
- 2) A proposal for the provision of notice for the approved price index change; and
- 3) A copy of the relevant pages of the utility's currently approved tariff showing its current monthly fixed meter charges and gallonage rates.

The Applicant has a multi-tier inclining block gallonage rate structure and is proposing an increase to these rates which equates to a 1.57% price index adjustment as follows:

Gallonage Blocks	Previous Tariff Rates	New Tariff Rates
From 0 – 8,000 gallons	\$1.75	\$1.78
From 8,001 – 13,000 gallons	\$2.00	\$2.03
For usage over 13,001 gallons	\$2.50	\$2.54

The Applicant has also proposed an increase to its base rate which varies based on meter size. The proposed increase equates to a 1.57% price index adjustment as follows:

<b>Meter Size</b>	<b>Approved Tariff Base Rate</b>	<b>Proposed Rate Adjustment</b>
5/8" or 3/4"	\$38.79	\$39.40
1"	\$43.79	\$44.48
1 1/2"	\$48.79	\$49.56
2"	\$58.79	\$59.71
3"	\$68.79	\$69.87
4"	\$88.79	\$90.18

Based upon review of the information submitted with the application, Staff recommends:

- 1) The application and adjusted rates, as proposed, be approved except for the effective date.
- 2) The Applicant provide by mail, or by email if the ratepayer has agreed to receive communications electronically, the modified notice to each ratepayer describing the proposed rate adjustment by August 9, 2017.
- 3) Staff file a compliance tariff within 30 days of the order approving the application.

The Applicant proposed July 9, 2017 as the effective date of the rate increase. However, the notice must be provided at least 30 days before the effective date of the proposed change which is established in the Commission's order. Staff recommends that the effective date be changed to August 9, 2017, to coincide with an appropriate billing cycle to meet the 30 day noticing requirement. Staff's amended notice is attached.

# NOTICE OF APPROVED UTILITY PRICE RATE ADJUSTMENT

Utility Name: CC Water Works, Inc.  
CCN Number: Water CNN No. 13038

The rates listed on this page will apply to service received after the effective date listed on the notice below. This rate was requested by the utility and approved by the Public Utility Commission based on a change in the price index. The price index is set by the Commission annually. State law allows the utility to receive an annual rate adjustment, without a hearing, based on the changes in the price index.

The following public water systems, and/or subdivisions will be affected by this rate adjustment:  
Coles Crossing, Falcon Point, Eagle Heights, Katie's Creek, Sellers Station, and Winfree Oaks.

Effective Date of Proposed Increase: August 9, 2017  
(must be at least 30 days from the date the application is approved by the Commission.)

The rate adjustment will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 – 45 days after the effective date.

Address: P.O. Box 650, Mont Belvieu, Texas  
Telephone: (281) 573-9333

Percent of Rate Adjustment: 1.57%<sup>1</sup>  
Date Notice Delivered: August 8, 2017  
Date Meters Are Read: August 8, 2017

## Billing Comparison<sup>2</sup> Charges based on Gallons (G) per month (mo.)

Previous	New
5,000 G \$47.54/mo.	5,000 G \$48.30/mo.
10,000 G \$56.79/mo.	10,000 G \$57.70/mo.
30,000 G \$105.29/mo.	30,000 G \$106.97/mo.

Gallage Blocks	Previous Tariff Rates	New Tariff Rates
From 0 – 8,000 gallons	\$1.75	\$1.78
From 8 – 13,000 gallons	\$2.00	\$2.03
For usage over 13,001 gallons	\$2.50	\$2.54

Meter Size	Approved Tariff Base Rate	Proposed Rate Adjustment
5/8" or 3/4"	\$38.79	\$39.40
1"	\$43.79	\$44.48
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4"	\$88.79	\$90.18

<sup>1</sup>The Texas Water Code limits the increase to the lesser of either 5% or the change in annual price index. The current annual price index change is published at: <http://www.puc.texas.gov/industry/water/reports/Default.aspx>

<sup>2</sup>The billing comparison only includes base rate, block gallage rate and gallage rate charges.