



Control Number: 47372



Item Number: 4

Addendum StartPage: 0

APPLICATION OF JOHNSTON WATER §
UTILITY, LLC FOR PASS-THROUGH §
CHANGE §

PUBLIC UTILITY COMMISSION

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PUBLIC UTILITY COMMISSION
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**COMMISSION STAFF'S RESPONSE TO NOTICE SETTING DEADLINE FOR
STAFF'S RECOMMENDATION**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files Commission Staff's Response to Notice Setting Deadline for Staff's Recommendation. In support thereof, Staff shows the following:

I. BACKGROUND

On July 3, 2017, Johnston Water Utility, LLC (Johnston) requested approval of a pass-through rate increase due to an increase in pumpage fees imposed on the utility by the North Harris County Regional Water Authority. The rate increase will affect the Powder Mill Estates, High Meadow Ranch, and Oaks of Rosehill subdivisions. The requested effective date for the pass-through rate change is August 1, 2017.

On July 6, 2017, a Notice Setting Deadline for Staff's recommendation was issued, establishing a deadline of July 17, 2017 for Staff to file a recommendation on Johnston's application and sufficiency of notice. Therefore, this pleading is timely filed.

II. STAFF'S RECOMMENDATION

Staff recommends that Johnston's application is administratively complete and complies with the requirements of 16 Tex. Admin. Code § 24.21. Upon review, Johnston's notices do not contain the specific language required by 16 TAC § 24.21(b)(2)(E)(ii)(VI). However, Staff considers this omission to be minor, and recommends that it can be cured through revised notice to affected customers provided in the July 2017 bills. Therefore, as supported by the attached memorandum of Fred Bednarski of the Water Utilities Division, Staff recommends approval of Johnson's application to increase the North Harris County Regional Water Authority (NHCRWA) pumpage fee for the Oaks of Rosehill and Powder Mill Estates subdivisions, and the San Jacinto River Authority (SJRA) pumpage fee for the High Meadow subdivision. Staff

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further recommends that Johnston be required to provide revised notice of the pass-through increase, as detailed in Mr. Bednarski's attached memorandum, to affected customers with the July 2017 bills.

III. CONCLUSION

Staff respectfully requests that the ALJ issue an order consistent with this recommendation.

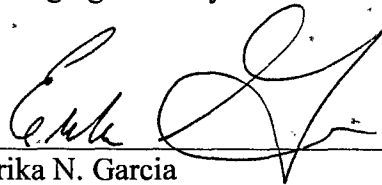
Date: July 17, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

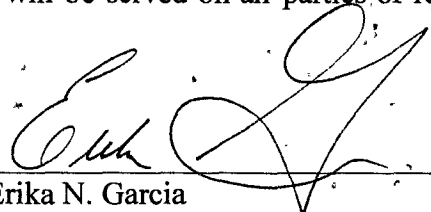
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Managing Attorney



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**DOCKET NO. 47372
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on July 17, 2017, in accordance with 16 TAC § 22.74.



Erika N. Garcia

Public Utility Commission of Texas

Memorandum

To: Erika Garcia, Attorney
Legal Division

Thru: Tammy Benter, Director
Debi Loockerman, Manager
Water Utilities Division

From: Fred Bednarski, Financial Examiner
Water Utility Regulation Division

Date: July 17, 2017

Subject: **Tariff Control No. 47372;** *Application of Johnston Water Utility, LLC. to Implement a Pass-Through Rate Change in Harris and Montgomery Counties*

On July 06, 2017, Johnston Water Utility, L.L.C. (JWUL or Applicant), certificate of convenience and necessity (CCN) No. 12788, filed an application with the Public Utility Commission of Texas (PUC) to implement an adjustment of its pass-through gallonage charges pursuant to 16 Tex. Admin. Code § 24.21(b)(2) (TAC). The pass-through adjustments reflect the increases in the well pumpage fees charged by North Harris County Regional Water Authority (NHCRWA) and San Jacinto River Authority (SJRA) JWUL is required to pay. The following subdivisions/public water systems (PWSs) are affected by the NHCRWA pumpage fee increase: Oak of Rosehill public (PWS) No. 1013066 and Powder Mill Estates, PWS No. 1012986. High Meadows, PWS No. 1700603 is the only subdivision effected by SJRA's well pumpage fee increase.

The pass-through rate increase for NHCRWA was effective on April 1, 2017. Based on the calculations, the new pass-through gallonage fee is \$3.06, replacing the previous tariff gallonage fee of \$2.54 per 1,000 gallons for the Powder Mill Estates subdivision, and \$3.36 per 1,000 gallons replacing the previous tariff gallonage fee of \$2.79 for the Oaks of Rosehill subdivision.

The pass-through rate increase for SJRA is effective on September 1, 2017. Based on the calculations, the new pass-through gallonage fee is \$2.91, replacing the previous tariff fee of \$2.58 per 1,000 gallons for the High Meadow Subdivision.

Staff has reviewed all the calculations and determined that the application meet the requirements of 16 TAC § 24.21, and proposed increases are calculated correctly according to the currently approved tariff equation.

Staff has additionally reviewed the notices, and identified that the following language is missing from the notices pursuant to 16 TAC § 24.21 (b)(2)(E)(ii)(VI): "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." However, the notices do contain similar language, stating that "the cost of these charges to customers will not exceed Johnston Water Utility's increased cost of the pumpage fee." Staff considers the omission of the language from 16 TAC § 24.21(b)(2)(E)(ii)(VI) to be a minor omission that may be corrected through a future notice as recommended below.

Staff recommends that:

1. The application is sufficient for filing;
2. the Applicant be required to provide notice of the pass-through increase to affected customers with the July 2017 bills including the language pursuant to 16 TAC 24.21 (b)(2)(E)(ii)(VI). Consistent with the previous notices, these notices should contain an effective date of the rate increase of 8/1/2017 for subdivisions Powder Mill Estates and Oak of Rosehill and an effective date of 9/1/2017 for High Meadows subdivision;
3. the pass-through gallonage rate increases requested in the application should be approved; and,
4. a copy of the approved tariff (attached) be provided to the Applicant.



WATER UTILITY TARIFF

Tariff Control Number: 47372

Johnston Water Utility, LLC

(Utility Name)

14750 Medical Complex Dr.

(Business Address)

Tomball, Texas 77377

(City, State, Zip Code)

(281) 351-5643

(Area Code/Telephone)

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

12788

This tariff is effective in the following county:

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/or public water systems:

High Meadow Subdivision: PWS #1700603

Oaks of Rosehill: PWS #1013066

Powder Mill Estates: PWS #1012986

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	10

APPENDIX A -- DROUGHT CONTINGENCY PLAN

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$30.00</u> (including 3,000 gallons)	<u>\$2.25</u> (per 1000 gallons)

North Harris County Regional Water Authority
(NHCRWA) Pumpage Fee \$3.06 (per 1000 gallons)
(\$2.90 plus line loss of \$0.16) (Tariff Control No. 47372)

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 TO REMIT FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$350.00
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 FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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..... \$25.00

TRANSFER FEE \$15.00

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%

TCEQ 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..... \$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)..... \$0.00

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 MAY 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.

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"	<u>\$30.00</u> (including 3,000 gallons)	<u>\$1.75</u> (per 1000 gallons)

North Harris County Regional Water Authority
(NHCRWA) Pumpage Fee \$3.36 (per 1,000 gallons)
(\$2.90 plus line loss of \$0.46). (Tariff Control No. 47372)

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
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SECTION 1.0 -- RATE SCHEDULE (Continued)

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SECTION 1.0 -- RATE SCHEDULE **Error! Bookmark not defined.**

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$30.00</u> (Includes <u>3,000</u> gallons)	<u>\$1.75</u> per 1000 gallons

Lone Star Groundwater Conservation Regional District
(LSGCD) Water Use Fee \$0.07 (per 1,000 gallons)
(\$0.06 plus line loss of \$0.01).

San Jacinto River Authority
(SJRA) Pumpage Fee \$2.91 (per 1,000 gallons)
(\$2.64 plus line loss of \$0.27). (Tariff Control No: 47372)

FORM OF PAYMENT: The utility will accept the following form(s) 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
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Tariff Control No. 47372

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Johnston Water Utility, LLC
Powder Mill Estates
Oaks of Rosehill
High Meadows Subdivision

Water Utility Tariff Page No. 2f

SECTION 1.0 -- RATE SCHEDULE (Continued)

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:

$AG = G + B/(1-L)$, 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%)

Tariff Control No. 47372