



Control Number: 47784



Item Number: 6

Addendum StartPage: 0

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TARIFF NO. 47784

2018 FEB -6 AM 10:35

**APPLICATION OF COMMUNITY
WATER COMPANY FOR A PASS-
THROUGH RATE CHANGE**

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§

**PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS**

COMMISSION STAFF'S SUFFICIENCY RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this response to Order No. 1, Commission Staff's Sufficiency Recommendation. Staff recommends that the application be deemed sufficient. In support thereof, Staff shows the following:

I. BACKGROUND

On November 20, 2017, Community Water Company (CWC or Applicant), Certificate of Convenience and Necessity (CCN) No. 10534 filed an application with the Public Utility Commission of Texas (Commission) to implement an adjustment of its pass-through gallonage charge pursuant to 16 Texas Administrative Code (TAC) § 24.21. On January 8, 2018, CWC filed supplemental documentation.

On December 27, 2017, the Administrative Law Judge (ALJ) issued notice finding the application deficient and providing CWC an opportunity to cure. The ALJ directed Staff to file a supplemental recommendation on the deficiency or completeness of the application by February 6, 2018. Therefore, this pleading is timely filed.

II. STAFF'S RECOMMENDATION ON SUFFICIENCY AND NOTICE

Staff has reviewed CWC's application and supplemental documentation and, in accordance with Tex. Water Code, Chapter 13, and 16 TAC § 24.21 and, as supported by the attached memorandum of Fred Bednarski of the Water Utility Regulation Division, Staff recommends that the application be deemed administratively complete and sufficient. Staff also notes that the notice did not contain the present and new calculations of customer billings pursuant to 16 TAC § 24.21(b)(2)(F)(ii). However, Staff considers this a minor omission that may be corrected in a future notice as detailed in the attached memorandum.

6

III. STAFF'S FINAL RECOMMENDATION

Staff recommends that CWC's application is administratively complete and complies with the requirements of 16 TAC § 24.21. Therefore, as supported by the attached memorandum of Fred Bednarski of the Water Utility Regulation Division, Staff recommends approval of CWC's application. Staff recommends that an approved tariff incorporating the pass-through adjustment, of which a proposed copy is attached, be provided to CWC with any Notice of Approval.

IV. CONCLUSION

For the reasons discussed above, Staff respectfully requests that the application be deemed sufficient, that CWC's application be approved, and that applicant be ordered to provide a billing insert in the next billing cycle explaining the present calculation of the customer billings and the new calculation of customer billings.

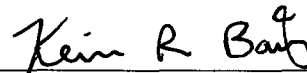
Dated: February 6, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney




Kevin R. Bartz
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(512) 936-7275
(512) 936-7268 (facsimile)
Kevin.Bartz@puc.texas.gov

TARIFF NO. 47784

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on February 6, 2018, in accordance with 16 TAC § 22.74.



Kevin R. Bartz

PUC Interoffice Memorandum

To: Kevin Bartz
Legal Division

Thru: Tammy Benter, Director
Heidi Graham, Engineer Manager
Water Utility Regulation Division

From: Fred Bednarski, Financial Examiner
Water Utility Regulation Division

Date: February 06, 2018

Subject: **Tariff Control No. 47784**, *Application of Community Water Company for a Pass-Through Rate Change*

On November 20, 2017, Community Water Company (CWC or Applicant), Certificate of Convenience and Necessity (CCN) No. 10534 filed an application with the Public Utility Commission of Texas (Commission) to implement an adjustment of its pass-through gallonage charge pursuant to 16 Texas Administrative Code (TAC) §24.21. The proposed increase is necessary to recover the increase of the purchase water use fee by the City of Tyler, effective for water used after November 20, 2017.

The pass-through gallonage fee increased from \$3.54 to \$3.71 per 1,000 gallons for the Montgomery Gardens Subdivision.

On January 08, 2018, CWC filed supplemental documentation. Staff reviewed the supplemental documentation and the application and determined that the requirements of 16 TAC § 24.21 have been met, and the proposed increase is calculated correctly according to the currently approved tariff equation. The true up report and supporting documentation provided by CWC was also reviewed and Staff did not identify any over collections pursuant to 16 TAC §§ 24.21 (b)(2)(D) and 24.21 (b)(2)(F)(i)(VI). Staff has additionally reviewed the information provided in the notices, and identified that the notice didn't contain the present and new calculation of customer billings pursuant to 16 TAC § 24.21 (b)(2)(F)(ii). Staff considers this a minor omission that may be corrected in a future notice included with customers' water bills as recommended below.

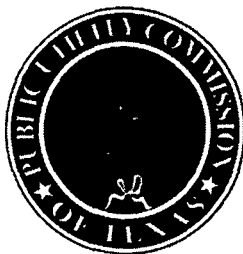
Based upon review of the information submitted, Staff finds that the application is sufficient and recommends that the Commission:

1. Find that the application is sufficient for filing;
2. Include the following language in the order, which is carried forward from the order in Tariff Control Number 46430 and 43594:

“If Community collects an amount as a result of the proposed rate increase that is higher than the purchased water cost incurred, then Community must refund any amounts collected in excess of the purchased water costs incurred, then Community must refund any amounts collected in excess of the purchased water incurred. Refunds shall be made

for the same length of time as the proposed rates were collected. Community shall separate the pass-through charges allowed by the pass-through provision from the gallonage charge allowed for general rates in future tariffs when a general rate increase is requested such that reconciliation of the pass-through revenues with the actual expenses is possible. Community shall also include a true-up provision in a future proposed tariff.”

3. Order the applicant to provide a billing insert in the next billing cycle explaining the present calculation of the customer billings and the new calculation of customer billings such as provided on page 6 of the application in item #1;
4. Approve the pass-through application as filed; and
5. Provide a copy of the approved tariff to the Applicant (attached).



WATER UTILITY TARIFF

Tariff Control Number 47784

Community Water Company
(Utility Name)

1720 South Highway 287
(Business Address)

Corsicana, Texas 75110
(City, State, Zip Code)

903/874-8244
(Area Code/Telephone)

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

10534

This tariff is effective in the following counties:

Ellis, Henderson, Navarro, and Smith

This tariff is effective in the following cities or unincorporated towns (if any):

Garrett, Purdon and Retreat

The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the Commission and will have to be obtained from the city or utility.

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
SECTION 2.0 - SERVICE RULES AND POLICIES	8
SECTION 3.0 - EXTENSION POLICY	13
APPENDIX A – DROUGHT CONTINGENCY PLAN	
APPENDIX B – APPLICATION FOR SERVICE	

COMMUNITY WATER COMPANY

PWS Name/Subdivision	PWS ID No.	County
Garrett (partially inside the city)	0700026	Ellis
Montgomery Gardens	2120008	Smith
Retreat (partially inside city)	1750031	Navarro
Purdon	1750018	Navarro
Beaton Lakes Estates	1750035	Navarro
Lakewood	1070052	Henderson
Oaks Acres, Tom's Acres (Lakewood Water East)	1070009	Henderson
Lakewood North, Arrowwood (Lakewood Water West)	1070052	Henderson

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"	\$48.58 (Includes 0 gallons)	*\$6.51 per 1000 gallons
1"	\$121.45	
1½"	\$242.90	
2"	\$388.64	
3"	\$728.70	

*City of Ennis purchased water rate included. (*Tariff Control No. 46850*)

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 \$795.00
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
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TAP FEE (Unique costs) Actual Cost
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RELOCATED

METER TEST FEE \$25.00
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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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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) Nonpayment of bill (Maximum \$25.00).....\$25.00
b) Customer's request that service be disconnected.....\$45.00

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)\$5.00

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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

PLUMBING INSPECTION FEE\$50.00

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(b)(2)(F)]

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 cost 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:

Adjusted Gallonage Rate:

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

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<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$30.58</u> (Includes <u>0</u> gallons)	<u>\$6.93</u> * per 1000 gallons
1"	<u>\$76.45</u>	
1½ "	<u>\$152.90</u>	
2"	<u>\$244.64</u>	
3"	<u>\$458.70</u>	

*City of Corsicana purchased water rate included. (*Tariff Control No. 43594*)

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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TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

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1"	<u>\$76.45</u>	
1½"	<u>\$152.90</u>	
2"	<u>\$244.64</u>	
3"	<u>\$458.70</u>	

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SEASONAL RECONNECTION:

THE SEASONAL RECONNECT FEE SHALL BE THE NUMBER OF MONTHS WITHOUT SERVICE TIMES THE MINIMUM MONTHLY BILL, NOT TO EXCEED SIX (6) MONTHS.

TRANSFER FEE\$35.00

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LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)\$5.00

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*City of Corsicana purchased water rate included. (*Tariff Control No. 43594*)

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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 WHICH 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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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) Nonpayment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected.....\$45.00

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)\$5.00

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\$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

PLUMBING INSPECTION FEE\$50.00

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. [16 TAC 24.21(b)(2)(F)]

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 cost 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:

Adjusted Gallonage Rate:

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

AG = adjusted gallonage charge, rounded to the nearest one cent

G = approved gallonage charge per 1,000 gallons

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

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

5/8" or 3/4"	<u>\$30.58</u> (Includes <u>0</u> gallons)	* <u>\$3.71</u> per 1000 gallons
1"	<u>\$76.45</u>	
1½"	<u>\$152.90</u>	
2"	<u>\$244.64</u>	
3"	<u>\$458.70</u>	

*City of Tyler purchased water rate included. (*Tariff Control No. 47784*)

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.

Section 1.02 - Miscellaneous Fees

TAP FEE \$795.00
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

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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.

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BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION
2.0 OF THIS TARIFF):

- a) Nonpayment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected \$45.00

SECTION 1.0 -- RATE SCHEDULE (Continued)

TRANSFER FEE\$35.00

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LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)\$5.00

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

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

*Annual under recovery amount resulting from take or pay contract will only consider any water not taken by the utility, but required to pay for in the take or pay contract. This amount will be divided by 12 months. This annual true-up will be required at March 1 of each year to be filed as a new application with the Commission. [16 TAC 24.21(b)(2)(F)]