

Control Number: 47784



Item Number: 7

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DeAnn T. Walker Chairman

Brandy Marty Marquez Commissioner

Arthur C. D'Andrea Commissioner

Brian H. Lloyd Executive Director



Greg Abbott Governor

2018 MAR -1 PH 2: 14 2018 MAR -1 PH 2: 14

Public Utility Commission of Texas

To: Bill Flickinger Willatt & Flickinger, PLLC 12912 Hill Country Blvd., Ste. F-232 Austin, TX 78738

> Commission Staff – Water Utility Regulation Commission Staff – Legal Division

Re: Tariff Control No. 47784 – Application of Community Water Company for a Pass-Through Rate Change

NOTICE OF APPROVAL

This Notice addresses Community Water Company's application for approval of a passthrough rate change to recover the increase of the water use fee imposed on the utility by the City of Tyler, effective for water used after November 20, 2017. The rate increase will affect customers in the Montgomery Gardens subdivision.

On February 6, 2018, Commission Staff recommended that the application be deemed administratively complete and approved consistent with the pleading and recommendation of Fred Bednarski in the Commission's Water Utility Regulation Division. Commission Staff recommended approval of a \$0.17 pass-through rate increase, from \$3.54 to \$3.71 per 1,000 gallons of water. Commission Staff recommended additional language for this Notice, which is carried forward from tariff control numbers 46430¹ and 43594,² prior pass-through rate increases for Community. Commission Staff provided revised tariff pages for Community.

Consistent with Commission Staff's recommendation, the application is administratively complete and approved. A new pass through rate of \$3.71 per 1,000 gallons for ratepayers in the

An Equal Opportunity Employer

¹ Application of Community Water Company for a Pass Through Rate Change, Tariff Control No. 46430, Notice of Approval (Nov. 8, 2016).

² Application of Community Water Company for Pass Through Rate Change, Tariff Control No. 43594, Notice of approval (Dec. 19, 2014).

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Montgomery Gardens subdivision is approved. The approved tariff pages are attached to this Notice.

After issuance of this Notice, the first bill issued by Community with the pass through adjustment shall include a short statement that this rate change is being implemented in accordance with the utility's approved pass through provision for fees imposed by the City of Tyler. If Community collects an amount as a result of the proposed rate increase that is higher than the purchased water costs incurred, then Community must refund any amounts collected in excess of the purchased water costs 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.

The applicant shall provide a billing insert in the next billing cycle explaining the present calculation of the customer billings and the new calculation of customer billings.

Signed at Austin, Texas the <u>1</u>st day of March 2018.

PUBLIC UTILITY COMMISSION OF TEXAS

GABRIEL P. SOTÓ ADMINISTRATIVE LAW JUDGE

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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)

<u>903/874-8244</u> (Area Code/Telephone)

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

<u>10534</u>

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

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Section 1.01 – Rates

Meter Size	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	\$ <u>48.58</u> (Includes <u>0</u> gallons)	* <u>\$6.51</u> per 1000 gallons
1"	\$ <u>121.45</u>	
11/2"	\$ <u>242.90</u>	
2"	\$ <u>388.64</u>	
3"	\$ <u>728.70</u>	

*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.

Section 1.02 - Miscellaneous Fees

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

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)
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)
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
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)\$50.00
COMMERCIAL & NON-RESIDENTIAL DEPOSIT <u>1/6TH OF ESTIMATED ANNUAL BILL</u>
PLUMBING INSPECTION FEE

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 1.01 – Rates

<u>Meter Size</u>	Monthly Minimum Charge	Gallonage Charge
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>	
11/2 "	<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<u>X</u>, Check<u>X</u>, Money Order<u>X</u>, Credit Card<u></u>, 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.

Section 1.02 - Miscellaneous Fees

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)
TRANSFER FEE
LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)
RETURNED CHECK CHARGE
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)
COMMERCIAL & NON-RESIDENTIAL DEPOSIT <u>1/6TH OF ESTIMATED ANNUAL BILL</u>
PLUMBING INSPECTION FEE
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%)

Community Water Company Lakewood, Lakewood North, Arrowwood Oak Acres, Tom's Acres

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	<u>\$30.58</u> (Includes 0 gallons)	\$3.00 per 1000 gallons
1"	<u>\$76.45</u>	
11/2"	<u>\$152.90</u>	
2"	<u>\$244.64</u>	
3"	\$458.70	

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.

Section 1.02 - Miscellaneous Fees

<u>Community Water Company</u> Lakewood, Lakewood North, Arrowwood Oak Acres, Tom's Acres

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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) b) Customer's request that service be disconnected
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
LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)
RETURNED CHECK CHARGE
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)
COMMERCIAL & NON-RESIDENTIAL DEPOSIT <u>1/6TH OF ESTIMATED ANNUAL BILL</u>
PLUMBING INSPECTION FEE
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 1.01 - Rates

<u>Meter Size</u>	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	<u>\$30.58</u> (Includes <u>0</u> gallons)	<u>\$7.21</u> * per 1000 gallons
1"	<u>\$76.45</u>	
1 1/2"	<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 PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

Section 1.02 - Miscellaneous Fees

Community Water Company Purdon

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) b) Customer's request that service be disconnected
TRANSFER FEE
LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)
RETURNED CHECK CHARGE
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)
COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL
PLUMBING INSPECTION FEE
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%)

<u>Community Water Company</u> Retreat (outside city customers only)

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	$\underline{\$30.58}$ (Includes <u>0</u> gallons)	\$6.70* per 1000 gallons
1"	<u>\$76.45</u>	
11/2"	<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<u>X</u>, Check<u>X</u>, Money Order<u>X</u>, Credit Card<u></u>, 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.

Section 1.02 - Miscellaneous Fees

- TAP FEE (Unique costs)<u>Actual Cost</u> FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS

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) b) Customer's request that service be disconnected
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)
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
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)
COMMERCIAL & NON-RESIDENTIAL DEPOSIT <u>1/6TH OF ESTIMATED ANNUAL BILL</u>
PLUMBING INSPECTION FEE
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 1.01 - 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>	
11/2"	<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.

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.

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)	<u>\$25.00</u>
b) Customer's request that service be disconnected	<u>\$45. 00</u>

TRANSFER FEE
LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)
RETURNED CHECK CHARGE
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)\$50.00
COMMERCIAL & NON-RESIDENTIAL DEPOSIT <u>1/6TH OF ESTIMATED ANNUAL BILL</u>
PLUMBING INSPECTION FEE
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 3.0EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW

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%)

*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)]