



Control Number: 48031



Item Number: 8

Addendum StartPage: 0

DOCKET NO. 48031

APPLICATION OF CHUCK BELL
WATER SYSTEMS LLC FOR A PASS
THROUGH RATE CHANGE

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§

2018 APR -6 PM 2:11
PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
STATE OF TEXAS

COMMISSION STAFF'S FINAL RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Final recommendation recommending that the Application be approved. In support thereof, Staff shows the following:

I. BACKGROUND

On February 7, 2018, Chuck Bell Water Systems L.L.C.'s (Chuck Bell) filed a notice with the Public Utility Commission (Commission) regarding its pass-through rate change to recover the fees paid to Northern Trinity Groundwater Conservation District. The rate increase from \$3.60 to \$3.75 per 1,000 gallons starting with the April 2018 billing cycle, will affect the Bear Creek subdivision only. On March 14, 2018 Chuck Bell filed a revised notice to customers, and on March 20, 2018, Chuck Bell supplemented his application.

On March 26, 2018, the Administrative Law Judge (ALJ) issued a Notice Setting Deadline for Staff's Recommendation, requiring Staff to file a recommendation on Chuck Bell's application and notice, as well as to propose a procedural schedule by April 6, 2018. Therefore, this pleading is timely filed.

II. RECOMMENDATION

Staff has reviewed Chuck Bell's application and supplemental filings, and as supported by the attached memorandum of Kathryn Eiland of the Commission's Water Utility Regulation Division, Staff recommends that the Commission allow Chuck Bell to change the gallonage charge for the Bear Creek Subdivision from \$3.60 to \$3.75 per 1,000 gallons starting with the May 1, 2018 billing cycle.

III. CONCLUSION

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

Dated: April 6, 2018

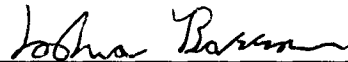
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Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

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



Joshua Adam Barron

PUC Interoffice Memorandum

To: Joshua Barron, Attorney
Legal Division

Through: Debi Loockerman, Manager
Water Utility Regulation

From: Kathryn Eiland, Financial Analyst
Water Utility Regulation

Date: March 27, 2018

Subject: **Tariff Control No. 48031;** *Application of Chuck Bell Water Systems L.L.C. for a Pass-Through Rate Change*

On February 7, 2018, Chuck Bell Water Systems L.L.C. (Applicant), Certificate of Convenience and Necessity (CCN) No. 12190, filed an application to implement a pass-through charge to recover increased fees paid to Northern Trinity Groundwater Conservation District. The Applicant proposed to change the gallonage charge for the Bear Creek Subdivision from \$3.60 to \$3.75 per 1,000 gallons starting with the April 2018 billing cycle. In the administrative review process, Staff recommended that the Applicant revise the pass-through calculation and equation to exclude the gallonage rate used to recover the cost of service, resulting in the pass-through item being reflected as a separate charge on the customer's bill.

The Applicant provided supplemental information on March 20, 2018 and requested to change the formula in the tariff for its pass-through to the following:

$$R = G / (1 - L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier

L = the actual line loss for the preceding 12 months, not to exceed 0.15

This supplemental information to the application requested a pass-through rate of **\$0.16** per 1,000 gallons.

The Applicant also provided invoices from the district supporting the pass-through costs, and a copy of the notice to customers. The notice initially provided by the Applicant was not in accordance with 16 Tex. Admin. Code (TAC) §24.21, so the Applicant provided a revised notice on March 14, 2018 for the proposed pass-through rate that satisfied TAC § 24.21. The revised notice showed the line loss was reduced to show the maximum amount allowed of 15% and a pass-through rate of **\$0.15** per 1,000 gallons. The Applicant is requesting that the pass-through rate become effective May 1, 2018.

Based upon review of the information submitted, and considering that Staff is only willing to approve the noticed amount of **\$0.15** per 1,000 gallons, Staff recommends that the Commission:

1. Allow the applicant to change the gallonage charge for the Bear Creek Subdivision from \$3.60 to \$3.75 per 1,000 gallons starting with the May 1, 2018 billing cycle; and
2. Approve the attached tariff and provide a copy to the Applicant.



WATER UTILITY TARIFF

Tariff Control No. 48031

Chuck Bell dba Chuck Bell Water Systems, LLC
(Utility Name)

P.O. Box 731
(Business Address)

Crowley, Texas 76036
(City, State, Zip Code)

(817) 980-6394
(Area Code/Telephone)

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

12190

This tariff is effective in the following counties:

Johnson and Tarrant

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

None

This tariff is effective in the following subdivisions and public water systems:

See attached list.

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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 - DROUGHT CONTINGENCY PLAN
APPENDIX B - SAMPLE SERVICE AGREEMENT
APPENDIX C - APPLICATION FOR SERVICE

Tariff Control No. 48031

This tariff is effective in the following Subdivisions or Systems:

SUBDIVISION	PWS ID NUMBER	COUNTY
Bear Creek Estates	2200336	Tarrant
Bell Manor Subdivision	1260080	Johnson
Buffalo Creek	1260084	Johnson
Crowley II Acre Subdivision, Stonefield Subdivision	1260012	Johnson
John Dame	1260090	Johnson
Martin Creek Estates	1260122	Johnson
Rock Creek Estates	1260082	Johnson
Sanders View Subdivision	1260086	Johnson

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (including 0 gallons)	<u>Gallage Charge</u>
5/8" x 3/4"	<u>\$41.27</u>	<u>\$3.60</u> per 1,000 gallons, over the minimum
3/4"	<u>\$61.90</u>	
1"	<u>\$103.16</u>	
1 1/2"	<u>\$206.33</u>	
2"	<u>\$330.12</u>	

Additional Gallage Charges:

Purchased Water Fees for Johnson County Special Utility District
(Bell Manor Subdivision customers only) \$2.51/1000 gallons

Water Production Fee for Northern Trinity Groundwater
Conservation District \$0.15/1,000 gallons
(Bear Creek Estates Subdivision customers only) *(Tariff Control No. 48031)*

Water Production Fee for Prairielands Groundwater Conservation District
(For all subdivisions except Bear Creek Estates in Tarrant County) \$0.24/1,000 gallons

Capital Improvement Surcharge for 72 months, Effective March 5, 2012
\$5.65 per connection

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 TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,000
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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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 \$25.00.

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.

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 \$60.00
- c) After Hours Reconnect Fee..... \$35.00

If after a customer has been notified that an after-hours charge will be assessed and the customer still chooses to have service connected after 5:00 p.m. instead of waiting until the next business day, the utility can charge an after-hours charge in addition to the normal fee; however, the total charge cannot exceed \$60.00. If service is required to be restored within 36 hours pursuant to 16 TAC 24.88(h)(1) the utility cannot charge the additional fee after the expiration of the first 24 hours following the payment of a disconnected delinquent account. If the customer requests to have the service reconnected after normal business hours within the first 24 hours following payment, the additional fee may be charged.

RECONNECT FEE. The Utility shall charge a reconnect fee of \$25.00 for reconnecting service during normal weekday business hours. A surcharge of \$35.00 may be charged when the customer requests service to be reconnected after 5:00pm on business days, weekends and holidays, subject to 16 TAC 24.88(h). The customer must be advised that this additional fee will be charged and given an opportunity to decline the service at the time the "after hours" reconnect request is originally made.

TRANSFER FEE \$65.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

SECTION 1.0 -- RATE SCHEDULE (Continued)

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.

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 as an adjustment to the water gallonage charge according to the following formula:

$R = G / (1 - L)$, where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier

L = the actual line loss for the preceding 12 months, not to exceed 0.15

FRANCHISE FEE ASSESSMENT. Franchise fees levied by a municipality may be passed through to those customers inside the city generating the revenues upon which the franchise fee is calculated. Implementation of this pass through clause shall be subject to the notice and approval process of the city having original jurisdiction over these fees. Franchise fees may not be passed through or allocated to utility customers outside the municipality.

EASEMENTS. Pursuant to 16 TAC § 24.85(d), easements from customers may be required as a precondition of service when:

- (1) Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the property of a service applicant, the public utility may require the service applicant or land owner to grant a permanent recorded public easement dedicated to the public utility to construct, install, maintain, inspect and test water and/or sewer facilities necessary to serve the applicant.
- (2) As a condition of service to a new subdivision, public utilities may require developers to provide permanent recorded public utility easements to and throughout the subdivision sufficient to construct, install, maintain, inspect, and test water and/or sewer facilities necessary to serve the subdivision's anticipated service demands upon full occupancy.