



Control Number: 48157



Item Number: 6

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**B & D ENVIRONMENTAL, INC.**  
200 HARBOR CIRCLE  
GEORGETOWN, TEXAS 78633  
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May 25, 2018

Public Utility Commission  
Central Records  
1701 N. Congress P.O. Box 13326  
Austin, Texas 78711-3326

RECEIVED  
2018 MAY 29 AM 9:19  
PUBLIC UTILITY COMMISSION  
FILING CLERK

Re: Tariff Control No. 48157: Application of Nerro Supply Investors, LLC (Utility) For a Pass-Through Rate Change

Enclosed please find an amended response to the commission staff's sufficiency recommendation to address the staff's alleged deficiencies:

1. An amended notice to customers including revisions to the formula, a calculation of billings prior to April 1, 2018 and a calculation of billings after April 1, 2018.
2. Revisions to the gallonage charged adjustment formula using a three year average meter equivalents and a three year average annual usage which should correct the formula.
3. Also, calculations of the three year average meter equivalents and three year average annual usage since Nerro Supply Investors has owned this utility.

The additional information in this amended response should address any deficiencies. Should you have any further questions concerning this pass thru request, please do not hesitate to contact us at (512) 264-9124.

Sincerely,



Bret W. Fenner, P.E.  
B & D Environmental, Inc.

Enclosures

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## NOTICE OF PASS THROUGH RATE PROVISION INCREASE

**Nerro Supply Investors, LLC**

**10336**

Company Name

CCN Number

is increasing the gallon rate by \$2.70 per 1000 gallons for your subdivision. This tariff change is being implemented in accordance with the utility's approved water use fee clause to recognize an increase in the North Harris County Regional Water Authority water use fee for this subdivision. This tariff change is being implemented in accordance with the minor tariff change allowed by 16 Texas Administrative Code §24.21. The cost to you as a result of this change will not exceed the cost charged to your utility.

### **Spring Creek Valley Estates PWS# 1010213**

Subdivisions /Systems Affected by Pass Through Provision

**P.O. Box 691008**

**Houston**

**TX**

**77269**

**281-355-1312**

Company Address

City

State

Zip

Phone #

**June 1, 2018**

**April 1, 2018**

Date Customer Notice Mailed

Effective Date of the Increase

#### **Calculation of billing prior to April 1, 2018:**

Current Tariff Approved NHCRWA water use fee: (Docket No. 47001) \$ 3.03 per 1,000 gallons;

$$AG = \$ 2.19 + [\$ 0.71 / (1 - 0.15)]$$

$$AG = \$ 2.19 + [\$ 0.84]$$

$$AG = \$ 3.03$$

**Revised North Harris County Regional Water Authority water use fee (April 1, 2018):** \$3.40 per 1000 gallons

**System average line loss:** (Gallons pumped - Gallons billed) / Gallons pumped

$$(17,521,000 - 10,963,000) / 17,521,000$$

$$6,558,000 / 17,521,000 = .374 \text{ or } 37.4\% > 15\%$$

#### **Calculation of Water Pass-Through Gallonage Charge Adjustment:**

$$WPC = (E + (AP - AC)) / (ME \times AU)$$

$$WPC = (\$59,571.40 + \$21,411.60) / (200 \times 83.16)$$

$$WPC = \$80,983 / 16,632$$

$$WPC = \$4.87 \text{ per 1,000 gallons}$$

#### **Calculation of Water Pass-Through Gallonage Charge After April 1, 2018:**

Adjusted Gallonage Rate  $R = G / (1 - L)$ , Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier; WPC = \$4.86

L = system average line loss for preceding 12 months not to exceed 0.15

$$R = \$ 4.87 / (1 - 0.15)$$

$$R = \$ 4.87 / 0.85$$

$$R = \$ 5.73$$

#### **Pass Through Provision Fee: (April 1, 2018 to March 31, 2019)**

**\$ 5.73** per 1000 gallon additional fee will be added as a pass through charge for the North Harris County Regional Water Authority water use fee

## **WATER PASS-THROUGH GALLONAGE CHARGE ADJUSTMENT:**

changes in fees imposed by any non-affiliated third party water supplier or underground water districts having jurisdiction over the utility shall be charged through the water pass-through gallonage charge adjusted annually according to the following true-up formula intended to balance revenue from the charge against actual payments and collections from the prior year:

$WPC = (E + (AP-AC)) / (ME \text{ AU})$  Where:

WPC = Water Pass -Through Gallonage Charge per 1,000 gallons, rounded to the nearest cent  
E= Projected sum for upcoming 12 months of Purchase Water and District costs  
AP= Actual Payments by utility for prior 12 months for Purchase Water and District costs  
AC = Actual Collections by utility in prior 12 months from the previously approved water pass-through gallonage charge  
AP-AC= Difference between actual payments and actual collections from the previously approved water pass-through gallonage charge for the prior 12 months  
ME= Three Year average Meter Equivalents  
AU= Average Annual Usage per meter equivalent, in 1,000 gallons, Per three-year average

The WPC must be trued up and adjusted every twelve months.

To implement, all notice requirements must be met. The utility may begin to charge the new filed WPC on the proposed effective date in the notice. Implementation of this WPC adjustment provision shall be governed by 16 TAC§ 24.21(h).

With each annual WPC adjustment, the utility must file a true-up report with the Commission that shows the calculation for the next 12-month WPC reflected in the notice. The report shall contain up to five years' worth of data, as available, showing the annual and accumulated difference between WPC amounts collected from customers and amounts actually paid to the entities whose charges are included in the WPC. The report shall also show how the new WPC was calculated according to the adjustment formula above.

<p style="text-align: center;"><b>Calculation of North Harris County Regional Water Authority Water Pass thru Gallonage Charge Adjustment (2018)</b></p>
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**Calculation of Water Pass-Through Gallonage Charge Adjustment:**

$$\text{WPC} = (E + (AP - AC)) / (ME \times AU)$$

E = [17,521,000 gallons pumped (2017) ÷ 1000 gallons] x \$3.40 per 1000 gallons = \$59,571.40

AP = \$51,870.93

AC = \$30,459.33

(AP - AC) = (\$51,870.93 - \$30,459.33) = \$21,411.60

ME = 200 (3-year average)

AU = [(16,631,364 gallons ÷ 1000 gallons) ÷ 200 meter equivalents] = 83.16 per 1,000 gallon unit (3-year average)

$$\text{WPC} = (E + (AP - AC)) / (ME \times AU)$$

$$\text{WPC} = (\$59,571.40 + \$21,411.60) / (200 \times 83.16)$$

$$\text{WPC} = \$80,983 / 16,632$$

$$\text{WPC} = \$ 4.87 \text{ per 1,000 gallons}$$

Month Ending	Water Pumped	Connections
12/31/2015	1,121,351	208
11/30/2015	1,261,507	
10/31/2015	1,219,314	
9/30/2015	1,370,851	
8/31/2015	1,440,003	
7/31/2015	1,355,550	
6/30/2015	2,067,748	
5/31/2015	1,472,844	
4/28/2015	1,199,093	
3/31/2015	1,259,176	
2/28/2015	1,207,666	
1/31/2015	1,210,952	
12/31/2016	1,571,900	201
11/30/2016	1,364,900	202
10/31/2016	1,549,527	203
9/30/2016	1,094,059	201
8/31/2016	1,752,212	200
7/31/2016	1,236,308	205
6/30/2016	1,143,507	210
5/31/2016	640,994	211
4/28/2016	1,199,744	209
3/31/2016	1,144,134	210
2/28/2016	1,058,759	209
1/31/2016	1,288,464	211
12/31/2017	2,236,662	189
11/30/2017	2,216,744	191
10/31/2017	1,528,875	193
9/30/2017	1,317,514	192
8/31/2017	1,428,098	189
7/31/2017	1,550,455	188
6/30/2017	1,202,933	193
5/31/2017	1,593,218	193
4/28/2017	1,082,499	196
3/31/2017	1,030,828	197
2/28/2017	1,095,335	198
1/31/2017	<u>2,380,351</u>	<u>198</u>
	49,894,075	4,997
	<u>÷ 36 months</u>	<u>÷ 25 months</u>
	1,385,947	200
	<u>X 12 months</u>	
	16,631,364	