



Control Number: 48157



Item Number: 9

Addendum StartPage: 0

DeAnn T. Walker
Chairman

Arthur C. D'Andrea
Commissioner

Shelly Botkin
Commissioner

John Paul Urban
Executive Director



Greg Abbott
Governor

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2018 JUN 21 AM 11:38

Public Utility Commission of Texas

To: Bret W. Fenner, P.E.
B & D Environmental, Inc.
200 Harbor Circle
Georgetown, TX 78633

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

Re: Tariff Control No. 48157 – *Application of Nerro Supply Investors, LLC for a Pass-Through Rate Change*

NOTICE OF APPROVAL

This Notice addresses Nerro Supply Investors, LLC's (Nerro) application for a pass-through rate change due to an increased water use fee imposed on the utility by the North Harris County Regional Water Authority (NHCRWA). NHCRWA's rate increase from \$2.90 per thousand gallons to \$3.40 applies to the Spring Creek Valley Estates subdivision in Harris County and took effect on April 1, 2018. Nerro proposed an increase to \$5.73 per thousand gallons which includes recovery for line loss.

On June 14, 2018, Commission Staff recommended that the administrative law judge deem the application and notice sufficient. The administrative law judge deems the application and notice sufficient.

Commission Staff recommends the Commission approve a pass-through gallonage rate of \$4.00 per thousand gallons. Nerro's proposed rate increase request included line loss of 37.4% which exceeds Commission Staff's recommended maximum line loss of 15%. Nerro did not include justification for a line loss recovery greater than 15% in its application. Additionally, Commission Staff recommends that the Commission order Nerro to refund any overcharges charged to its ratepayers if they are already charging the \$5.73 per 1,000 gallon rate and to file a notarized affidavit attesting to the calculation, issuance, and amount of any such refunds within 30 days of the date of this Notice.



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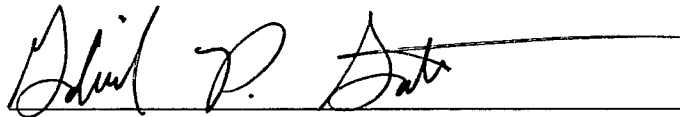
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The Commission approves the application and a pass-through a rate of \$4.00 per thousand gallons to Nerro's customers, as recommended by Commission Staff. The approved amended tariff pages provided by Commission Staff are attached to this Notice.

If Nerro has implemented the \$5.73 rate, Nerro shall immediately refund any overcharges charged to its ratepayers. Nerro shall file a notarized affidavit attesting to the calculation, issuance, and amount of any such refunds within 30 days of the date of this Notice.

Signed at Austin, Texas the 21st day of June 2018.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read "Gabriel P. Soto", is written over a horizontal line.

GABRIEL P. SOTO
ADMINISTRATIVE LAW JUDGE



WATER UTILITY TARIFF

Tariff Control Number: 48157

Nerro Supply Investors, LLC
(Utility Name)

718 Westscott Street
(Business Address)

Houston, Texas 77007
(City, State, Zip Code)

(281)355-1312
(Area Code/Telephone)

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

10336

This tariff is effective in the following counties:

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 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	3
SECTION 3.0 -- EXTENSION POLICY	10
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	14

APPENDIX A --

APPENDIX B -- SAMPLE SERVICE AGREEMENT

APPENDIX C -- APPLICATION FOR SERVICE

LIST OF SUBDIVISIONS

Hazy Hollow East Estates	1700013	Montgomery
Shady Brook Acres	1700031	Montgomery
Spring Creek Valley Estates	1010213	Harris
White Oak Valley Estates	1700036	Montgomery

Tariff Control No. 48157

Nerro Supply Investors, LLC
Northwest Water Systems, Inc.
Hazy Hollow East Estates, White Oak Valley
Estates, Shady Brook Acres, Spring Creek Valley Estates

Water Utility Tariff Page No. 2

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Spring Creek Valley Estates (Harris County)		
<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$37.16</u> (includes 1000 gallons)	<u>\$3.56</u> per 1,000 gallons over the minimum *Plus NHCRWA Fee for <u>ALL</u> gallons used.

*North Harris County Regional Water Authority Water Use Fee:
\$4.00 per 1,000 gallons of water usage
Tariff Control No. 48157

Hazy Hollow East Estates, White Oak Valley Estates, Shady Brook Acres (Montgomery County)		
<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$36.71</u> (includes 1000 gallons)	<u>\$3.55</u> per 1,000 gallons over the minimum *PLUS LSGCD & SJRA fees for <u>ALL</u> gallons used.

*Lone Star Groundwater Conservation District Water Use Fee:
\$0.05 per 1,000 gallons of water usage.

*San Jacinto River Authority Fee for Hazy Hollow East Estates and White Oak Valley Estates only.
\$2.50 per 1,000 gallons of water usage

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 REMIT TO THE TCEQ.

Tariff Control No. 48157

SECTION 1.0 – RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE	<u>N/A</u>
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)	<u>Actual Cost</u>
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.	
TAP FEE (Large meter)	<u>Actual Cost</u>
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.	
METER RELOCATION FEE	<u>Actual Relocation Cost, Not to Exceed Tap Fee</u>
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.	
METER TEST FEE	<u>\$25.00</u>
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)	<u>\$25.00</u>
b) Customer's request that service be disconnected	<u>N/A</u>
TRANSFER FEE	<u>N/A</u>
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)	<u>10%</u>
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.	

SECTION 1.0 – RATE SCHEDULE (Continued)

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

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. [30 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.

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:

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

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

$$ABR = BR + (B \times N) / (1 - L), \text{ Where:}$$

ABR = adjusted base rate, rounded to nearest one cent;

B = approved gallonage charge, per 1,000 gallons;

N = no. of 1,000 gallons included in base rate (do not use zero);

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