

Control Number: 48190



Item Number: 3

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APPLICATION OF UNDINE §
TEXAS, LLC FOR PASS-THROUGH §
RATE CHANGE §

PUBLIC UTILITY COMMISSION
2018 APR 23 PM 2:34
PUBLIC UTILITY COMMISSION
OF TEXAS
REGISTERING CLERK

COMMISSION STAFF’S DEFICIENCY RECOMMENDATION

COMES NOW the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this response to Notice Setting Deadline for Commission Staff Recommendation, Staff’s Deficiency Recommendation. Staff recommends that the application be found deficient at this time. In support thereof, Staff shows the following:

I. BACKGROUND

On March 21, 2018, Undine Texas, LLC (Undine Texas) filed an application for a pass-through rate change pursuant to 16 Texas Administrative Code (TAC) § 24.21. Specifically, Undine Texas requests approval of a pass-through rate increase to recover an increased Groundwater Reduction Plan fee imposed by North Fort Bend Water Authority (NFBWA) on Undine Texas. NFBWA’s rate increase from \$3.05 per thousand gallons to \$3.35 applies to the 723 Utility/Riverside Ranch Subdivision of Undine Texas and took effect on January 1, 2018.¹ Undine Texas proposes an effective date of March 14, 2018 for an increase to \$3.68 per 1,000 gallons for this pass-through rate change.²

On March 27, 2018, the Commission Administrative Law Judge (ALJ) issued Notice Setting Deadline for Staff’s Recommendation requiring Staff to file a recommendation on the application and notice, as well as to propose a procedural schedule, by April 23, 2018. Therefore this pleading is timely filed.

II. DEFICIENCY RECOMMENDATION

Staff has reviewed Undine Texas’ application and as indicated in the attached memorandum of Kathryn Eiland of the Commission’s Water Utility Regulation Division, Staff recommends that the application be found deficient and therefore administratively incomplete at this time. Pursuant to 16 TAC §§ 24.21(b)(2)(F)(ii)(II) and (III), notice must include the present

¹ Application at 1 (Mar. 21, 2018).

² *Id.* at 1-2.

calculation of customer billings and the new calculation of customer billings. Here, Undine Texas included the current and proposed tariff rate schedule, but failed to include present and new calculations of customer billings.³ Staff recommends that Undine Texas revise its notice to include such present and new calculations.⁴

III. PROPOSED PROCEDURAL SCHEDULE

Due to the deficiencies in the application, Staff does not recommend a procedural schedule for evaluation of the merits at this time. Staff recommends that Undine Texas be given a deadline of May 16, 2018 to file a supplement addressing the identified deficiencies and that Staff be given a deadline of June 13, 2018 to file a supplemental recommendation.

Dated: April 23, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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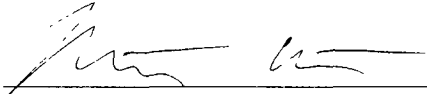
³ *Id.* at 6.

⁴ See e.g. *Application of Woodmark Water, L.C. for a Pass-through Rate Change*, Tariff Control No. 48153, Application at 4 (Mar. 12, 2018) (example of present and new calculations of customer billings).

TARIFF CONTROL NO. 48190

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 23, 2018, in accordance with the requirements of 16 TAC § 22.74.



Matthew A. Arth

PUC Interoffice Memorandum

To: Matthew Arth, Attorney
Legal

Thru: Debi Loockerman, Financial Manager
Water Utility Regulation

From: Kathryn Eiland, Financial Analyst
Water Utility Regulation

Date: April 23, 2018

Subject: **Tariff Control No. 48190; Application of Undine Texas, LLC for a Pass-Through Rate Change**

On March 21, 2018, Undine Texas, LLC (Applicant), Certificate of Convenience and Necessity No. 13260, filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code § 24.21. The pass-through adjustment is for an increase in the Groundwater Reduction Plan fee billed by North Fort Bend Water Authority (NFBWA) from \$3.05 per 1,000 gallons to \$3.35 per 1,000 gallons effective January 1, 2018.

The Applicant requests a NFBWA pass-through rate change to \$3.68 per 1,000 gallons for 723 Utility/Riverside Ranch Subdivision (PWS #0790425).

Staff calculated the proposed pass-through rate change as follows:

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 purchased water/district gallonage charge (per 1,000 gallons);

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

$$AG = \$3.05 + \$0.30 / (1 - .09)$$

$$AG = \$3.35 / .91$$

$$AG = \$3.68$$

Based on Staff's review of the application, Staff recommends that it be deemed insufficient for filing at this time. Staff identified that the notice included inserts of the rate schedule from the Applicant's current approved tariff and proposed tariff instead of including present and new calculation of billings. Staff recommends that Undine do the following to resolve the deficiencies:

1. Issue new notice to customers that contains:
 - A. Present calculation of billings; and
 - B. New calculation of billings.
2. File a copy of the new notice.