



Control Number: 48199



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TARIFF CONTROL NO. 48199

APPLICATION OF OAK HILL ESTATES § PUBLIC UTILITY COMMISSION
WATER COMPANY FOR A PASS §
THROUGH RATE CHANGE § OF TEXAS

COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this response to Order No. 1, Commission Staff's Recommendation. Staff recommends that the application be deemed deficient. In support thereof, Staff shows the following:

I. BACKGROUND

On March 23, 2018, Oak Hill Estates Water Company (Oak Hill) filed an application for a minor change to its tariff under water Certificate of Convenience and Necessity No. 12861. Oak Hill seeks to increase its pass-through rate from \$3.33 to \$3.90 per 1,000 gallons as a result of an increase to the well pumpage fees charged by North Harris County Regional Water Authority. The rate increase will apply to the Oak Hill Estates subdivision and will take effect on May 1, 2018.

On March 27, 2018, the Administrative Law Judge (ALJ) issued the Notice Setting Deadline for Staff's Recommendation, requiring Staff to file a recommendation on Oak Hill's application and notice, as well as to propose a procedural schedule by April 20, 2018. Therefore, this pleading is timely filed.

II. STAFF'S RECOMMENDATION

Staff has reviewed Oak Hill's application and, as supported by the attached memorandum of Kathryn Eiland of the Commission's Water Utility Regulation Division, Staff recommends that the application be deemed administratively incomplete and deficient. The memorandum sets forth the information required from Oak Hill to supplement and cure the noted deficiencies.

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. Instead, Staff recommends that Oak Hill be given until May 11, 2018, to remedy the identified deficiencies and that Staff be required to provide a supplemental recommendation by June 11, 2018.

IV. CONCLUSION

Staff respectfully requests the issuance of an order consistent with the above recommendation.

Dated: April 20, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

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**TARIFF CONTROL NO. 48199
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on April 20, 2018, in accordance with 16 TAC § 22.74.


Eleanor D'Ambrosio

PUC Interoffice Memorandum

To: Eleanor D'Ambrosio, Attorney
Legal Division

Thru: Debi Loockerman, Financial Manager
Water Utility Regulation

From: Kathryn Eiland, Financial Analyst
Water Utility Regulation

Date: April 20, 2018

Subject: **Tariff Control No. 48199; *Application of Oak Hill Estates Water for a Pass Through Rate Change***

On March 23, 2018, Oak Hill Estates Water (Applicant), Certificate of Convenience and Necessity No. 12861, filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code (TAC) § 24.21. The pass-through adjustment is for an increase in the well pumpage fee billed by North Harris County Regional Water Authority (NHCRWA) from \$2.90 per 1,000 gallons to \$3.40 per 1,000 gallons effective April 1, 2018.

The Applicant requests a NHCRWA pass-through rate change from \$3.33 per 1,000 gallons to \$3.90 per 1,000 gallons for Oak Hill Estates subdivision. The Applicant's notice included the equation for calculating the pass-through rate contained in its approved tariff; however, the notice uses the equation in 16 TAC § 24.21(b)(2)(E) to calculate the increase in the pass-through rate to \$3.90. If the Applicant wants to use the equation from 16 TAC § 24.21(b)(2)(E), the notice should indicate the change in equation, include the present calculation of the customer billings, and show the new calculation of customer billings as follows:

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

R = Proposed new pass through rate (per 1,000 gallons);

G = New gallonage charge by NHCRWA;

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

$AG = \$3.40 / (1 - 0.13)$

$AG = \$3.40 / 0.87$

$AG = \$3.90$

Based on Staff's review of the application, Staff recommends that it be deemed insufficient for filing at this time. Staff recommends that the Applicant do the following to resolve the deficiencies.

1. Provide the affected public water system (PWS) name and corresponding number issued by the TCEQ, and the water quality system name and corresponding number issued by the TCEQ, if applicable; and

2. Issue a new notice to customers that includes:
 - A. The change in charges to the Applicant from NHCRWA for well pumpage fees
 - B. A corrected effective date (the original notice listed May 1, 2017, as the effective date for the pass-through increase)
 - C. Present calculation of billings of customer billings
 - D. New calculation of customer billings
 - E. A statement that the utility intends to change the pass-through formula to more accurately collect the amounts passed through as suggested by 16 TAC § 24.21(b)(2)(E).