



Control Number: 48220



Item Number: 4

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TARIFF CONTROL NO. 48220

APPLICATION OF J & S WATER §
COMPANY LLC FOR A PASS- §
THROUGH RATE CHANGE §

PUBLIC UTILITY COMMISSION
OF TEXAS
2018 APR 30 AM 10:21
PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation in response to a Notice Setting Deadline for Commission Staff Recommendation and would show the following:

I. BACKGROUND

On April 3, 2018, J & S Water Company, LLC (J & S) filed an application to implement a pass-through rate change due to an increase in water use fees imposed on J & S by the North Harris County Regional Water Authority. J & S seeks to increase its pass-through rate to \$4.00 per 1,000 gallons effective April 1, 2018. The rate change affects the Five Oaks, Maple Leaf Gardens, and Oakland Village subdivisions. On April 9, 2018, J & S filed supplemental information regarding its application.

On April 9, 2018, a Notice Setting Deadline for Commission Staff Recommendation was issued, establishing a deadline of April 30, 2018, for Staff to file a recommendation on the application and sufficiency of notice and propose a procedural schedule. This pleading is therefore timely filed.

II. RECOMMENDATION

As detailed in the attached memorandum from Kathryn Eiland in the Commission's Water Utility Regulation Division, Staff has reviewed the application, notice, and supplemental information and recommends that the application be found sufficient. Staff has verified that the new pass-through rate was correctly calculated. However, the customer notice provided by J & S indicates that the current pass-through rate is \$2.76 per 1,000 gallons as approved in Tariff Control No. 46761. Staff's review indicates that the current pass-through rate is \$3.41 per 1,000 gallons, as approved in Tariff Control No. 47067. Staff therefore recommends that J & S be directed to re-notice its customers as further detailed in the attached memorandum and file a copy of the new

notice in this proceeding. Staff also recommends that an interim pass-through rate of \$4.00 per 1,000 gallons be approved effective April 1, 2018, while J & S re-notices its customers.

III. PROCEDURAL SCHEDULE

Staff recommends that the following procedural schedule be adopted:

<i>Event</i>	<i>Deadline</i>
Deadline for J & S to file a copy of the new notice provided to customers	May 30, 2018
Deadline for Staff to file a supplemental recommendation on the application	June 13, 2018

IV. CONCLUSION

For the reasons detailed above, Staff recommends that J & S be directed to issue a corrected notice to its customers, that an interim pass-through rate be approved, and that the procedural schedule proposed above be adopted.

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

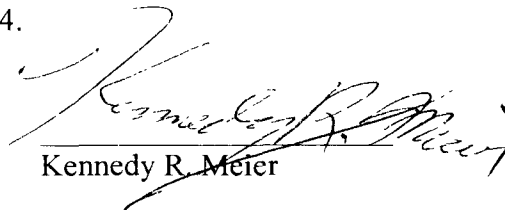


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 30th of April, 2018 in accordance with 16 TAC § 22.74.



Kennedy R. Meier

PUC Interoffice Memorandum

To: Kennedy Meier, Attorney
Legal Division

Thru: Debi Loockerman, Financial Manager
Water Utility Regulation

From: Kathryn Eiland, Financial Analyst
Water Utility Regulation

Date: April 27, 2018

Subject: **Tariff Control No. 48220; Application of J & S Water Company LLC for a Pass-Through Rate Change**

On April 2, 2018, J & S Water Company (Applicant), Certificate of Convenience and Necessity (CCN) No. 12085 filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code §24.21 (TAC). The pass-through adjustment is for an increase in the water pumpage fee billed by North Harris County Regional Water Authority (NHCRWA) to \$3.40 per 1,000 gallons effective April 1, 2018.

The Applicant requests a NHCRWA pass-through rate change from \$2.76 to \$4.00 per 1,000 gallons for Five Oaks subdivision (PWS #1011832), Maple Leaf Gardens subdivision (PWS #1011493), and Oakland Village subdivision (PWS #1011049). The Applicant provided the following:

1. Documentation showing an increase in the water pumpage fee by NHCRWA;
2. Historical documentation of line loss for one year;
3. Calculations and assumptions used to determine the new rate;
4. A copy of the notice to customers; and
5. A copy of the rate pages of its tariff

Staff confirmed that NHCRWA fees increased effective April 1, 2018. The Applicant requested a change to the pass-through equation below in Tariff Control No. 47067 and the pass-through was approved using the proposed, correct, equation, however, the change was omitted from the tariff issued in that application.

$AG = G / 1 - L$, where

AG = adjusted gallonage charge, rounded to nearest one cent

G = new gallonage charge (per 1,000 gallons)

L = line loss expressed in decimal format, not to exceed 15%

Staff reviewed the application and confirmed that the Applicant correctly calculated the pass-through rate change according to the formula previously requested as follows:

$$AG = \$3.40 / (1 - 0.15)$$

$$AG = \$3.40 / .85$$

$$AG = \$4.00$$

Staff reviewed the notice for conformity with 16 TAC §24.21 (b)(2)(F)(ii). Staff identified that the notice contains a “Current Tariff Approved North Harris County Regional Water Authority water use fee from Docket No. 46761 of \$2.76 per 1,000 gallons” which is incorrect. The current NHCRWA pass-through rate is \$3.41 as reflected in the tariff, which was approved in Tariff Control No. 47067.

Based upon review of the information submitted, Staff recommends that the application is sufficient and the issue with the current pass-through rate and its calculation can be corrected by the Applicant re-noticing customers. Staff recommends that the Commission do the following.

- A. Approve an interim pass-through rate of \$4.00 per thousand gallons effective April 1, 2018;
- B. Order the applicant to re-notice customers using \$3.41 as the current approved NHCRWA pass-through rate and provide the calculation;
- C. Order the applicant to file a copy of the new notice provided to customers within 30 days of the interim rate order.