



Control Number: 48307



Item Number: 1

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2018 APR 23 PM 2:35

PUBLIC UTILITY COMMISSION  
FILING CLERK

**NOTICE OF PASS-THROUGH RATE CHANGE**

**DATE:** April 23, 2018

**TO:** Public Utility Commission of Texas  
Central Records  
1701 N. Congress Ave, Suite 8-100  
Austin, TX 78701

**FROM:** Undine Texas, LLC (Undine)  
10913 Metronome Dr.  
Houston, Texas 77043  
**Temporary Manager of:**  
Suburban Utility Company (Suburban)  
P.O. Box 455  
Spring, Texas 77383  
CCN # 10835

**BY:** Georgia N. Crump  
Attorney for Undine Texas, LLC  
816 Congress Avenue, Suite 1900  
Austin, Texas 78701  
(512) 322-5800 (phone)  
(512) 472-0532 (facsimile)  
Email: gcrump@lglawfirm.com

**RE:** Notice of Pass-Through Rate Change pursuant to 16 Tex. Admin. Code  
§ 24.21(b)(2)(E)

Undine, acting as Temporary Manager of Suburban, files this Notice of Pass-Through Rate Increase pursuant to 16 Tex. Admin. Code (TAC) § 24.21(b)(2)(E) for the Cypress Bend Subdivision only.

Undine was appointed Temporary Manager of Suburban on September 23, 2017 and again on March 21, 2018. The water utility services for the Cypress Bend Subdivision in Harris County, Texas (PWS # 1010119) are provided through groundwater. This subdivision is within the boundaries of the North Harris County Regional Water Authority (Authority) and is subject to the Authority's rules and regulations.

At the meeting of the Authority's Board of Directors on December 4, 2017, the Authority took formal action to increase its well pumpage fee from \$2.90 per 1,000 gallons to \$3.40 per 1,000 gallons pumped from each non-exempt well subject to the Authority's jurisdiction, effective April 1, 2018, with a payment due date of June 18, 2018.

Undine therefore requests to amend its tariff to allow for recovery of the increased well pumpage fee and to recover water losses at the level of 35.6%, for a total pass-through amount of \$5.28 per 1,000 gallons used by its customers in the Cypress Bend Subdivision, or an increase of \$1.87/1,000 when taking into account its water line loss factor. Undine will mail a Customer Notice of this Pass-Through Rate Change to all of its customers as required by 16 TAC § 24.21(b)(2)(E)(ii) on or about April 20, 2018, such change to take effect on April 1, 2018, to be reflected at the start of the next billing period, on or about April 21, 2018.

Undine is in the process of acquiring Suburban. If the acquisition occurs, Undine intends to execute a Capital Expenditure Improvement plan and implement operational efficiencies. Some of the water loss is due to leaks within the system. When these improvements are completed, the water loss experienced to-date may decrease over time. As the water loss decreases, so should the adjusted rate for water loss.

Attachments as per 16 TAC § 24.21(b)(2)(F)(i):

1. A list of the affected subdivision(s), public water system name(s) and corresponding number(s) issued by the TCEQ, attached as **Exhibit A**.
2. A copy of the Customer Notice of Pass-Through Rate Change to be sent to customers in the Cypress Bend Subdivision on or about April 20, 2018, in advance of the billing statement in which the revisions are to be implemented, attached as **Exhibit B**.
3. Proof of the increase in the well pumpage fee as stated herein in the form of a copy of the notice provided by the Authority on or about February 19, 2018, regarding the proposed increase of the well pumpage fee from \$2.90 to \$3.40 per 1,000 gallons, attached as **Exhibit C-1**, and also a copy of the Authority's Updated Pricing Policy, indicating the approved increase of the well pumpage fee from \$2.90 to \$3.40 per 1,000 gallons attached as **Exhibit C-2**.
4. Calculations and Assumptions used to determine the new rates as set forth in the Customer Notice including water line loss calculations attached as **Exhibit D**.
5. Copy of the pages of the tariff that contain the rates that will change if the utility's application is approved attached as **Exhibit E**.

Please process this application in accordance with all applicable substantive rules of the Commission. Thank you for your time and attention to Undine's request.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE  
& TOWNSEND, P.C.**

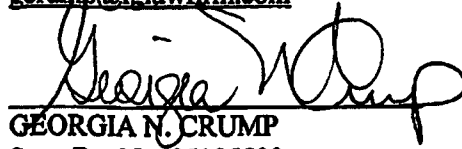
816 Congress Avenue, Suite 1900

Austin, Texas 78701

(512) 322-5800 (phone)

(512) 472-0532 (facsimile)

[gcrump@lglawfirm.com](mailto:gcrump@lglawfirm.com)

A handwritten signature in black ink, appearing to read "Georgia N. Crump", written over a horizontal line.

**GEORGIA N. CRUMP**

State Bar No. 05185500

**ATTORNEYS FOR UNDINE TEXAS LLC**

**Exhibit A**

**This pass-through fee is applicable to the Cypress Bend Subdivision only.**

**PWS # 1010119**

**Exhibit B**

**Customer Notice of Pass-Through Rate Change April 20, 2018**

**CUSTOMER NOTICE OF CHANGE IN WATER RATE**  
**Effective Date of Change: April 1, 2018**

Date: April 20, 2018  
To: Customers of Suburban Utility Company in the Cypress Bend Subdivision  
From: Undine Texas, LLC, 10913 Metronome Drive, Houston, TX 77043  
(Acting as Temporary Manager)

**Be advised that North Harris County Regional Water Authority's (Authority) water pumpage fee has changed.**

On December 4, 2017, the Authority's Board of Directors adopted an increase of the well pumpage fee to become effective April 1, 2018. The previous well pumpage fee was \$2.90/1,000 gallons.

**The North Harris County Regional Water Authority Well Pumpage Fee to be charged to the Utility going forward is \$3.40/1,000 gallons. The Utility is allowed to adjust this fee for water losses. When this fee is adjusted it results in a charge of \$5.28/1,000 gallons.**

Undine is in the process of acquiring Suburban Utility Company. If the acquisition occurs, Undine intends to execute a Capital Expenditure Improvement plan and implement Operational efficiencies. Some of the water loss is due to leaks within the system. When these improvements are completed, the water loss may decrease over time. As the water loss decreases, so should the adjusted rate for water loss.

This change by the Authority requires Undine to provide you NOTICE under Chapter 16 Texas Administrative Code § 24.21(b)(2)(E)(ii) of a TARIFF RATE REVISION as follows:

**North Harris County Regional Water Authority Well Pumpage Fee**  
**(Cypress Bend Subdivision only).....\$5.28 (Adjusted for water loss)**

**This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code § 24.21. The cost to you as a result of this change will not exceed the costs charged to your utility and will be paid directly to the North Harris County Regional Water Authority.**

For more information regarding the North Harris County Regional Water Authority, please go to their website [www.nhcrwa.org](http://www.nhcrwa.org).

**Calculation for customer billing prior to April 1, 2018:**

**SECTION 1.0 -- RATE SCHEDULE**

**Section 1.01 -- Rates**

<b>Meter Size</b>	<b>Monthly Minimum Charge</b>	<b>Gallage Charge</b>
5/8" x 3/4"	\$23.00 (includes 0 gallons)	\$2.15 per 1000 gallons up to 20,000 gallons
3/4"	\$23.00	\$2.40 per 1000 gallons from 20,001 to 35,000 gallons
1"	\$57.50	\$2.65 per 1000 gallons from 35,001 to 50,000 gallons
1 1/2"	\$115.00	\$3.00 per 1000 gallons from 50,001 gallons and up
2"	\$184.00	*Plus Pass Through fees below
3"	\$345.00	

**\*Pass Through for Cypress Bend Subdivision:**

**\$3.41** per 1000 gallons additional fee will be added as a Pass Through charge by North Harris County Regional Water Authority (NHCRWA) for the customers in Cypress Bend Subdivision only, Effective April 1, 2017.  $\{ \$2.90 / (1-0.15) \} = \{ 2.90 / 0.85 \} = \$3.41$   
*Tariff Control No. 47005*

**New calculation of customer billing EFFECTIVE APRIL 1, 2018:**

**SECTION 1.0 -- RATE SCHEDULE**

**Section 1.01 -- Rates**

<b>Meter Size</b>	<b>Monthly Minimum Charge</b>	<b>Gallage Charge</b>
5/8" x 3/4"	\$23.00 (includes 0 gallons)	\$2.15 per 1000 gallons up to 20,000 gallons
3/4"	\$23.00	\$2.40 per 1000 gallons from 20,001 to 35,000 gallons
1"	\$57.50	\$2.65 per 1000 gallons from 35,001 to 50,000 gallons
1 1/2"	\$115.00	\$3.00 per 1000 gallons from 50,001 gallons and up
2"	\$184.00	*Plus Pass Through fees below
3"	\$345.00	

**\*Pass Through for Cypress Bend Subdivision:**

**\$5.28** per 1000 gallons additional fee will be added as a Pass Through charge by North Harris County Regional Water Authority (NHCRWA) for the customers in Cypress Bend Subdivision only, Effective April 1, 2017.  $\{ \$3.40 / (1-0.365) \} = \{ \$3.40 / 0.644 \} = \$5.28$ .  
*Tariff Control No. \_\_\_\_\_*



**Exhibit C-1**

**Notice of Proposed Increase in North Harris County Regional Water Authority  
(February 19, 2018)**



Jimms Schindewolf, PE.  
General Manager

**BOARD OF DIRECTORS:**  
Alan J. Rendt, President  
Kelly P. Fessler, Vice President  
Lentz A. Sigler, Secretary  
Ron Graham, Asst. Secretary  
James D. Pulliam, Treasurer

February 19, 2018

Suburban Utility Company  
Owner's Representative  
P.O. Box 455  
Spring, TX 77383

**Re: North Harris County Regional Water Authority  
Rate Order and Updated Pricing Policy**

Dear Owner's Representative:

Please consider this letter as a reminder of actions that were taken by the North Harris County Regional Water Authority (the "Authority") Board of Directors (the "Board") at its regular monthly Board meeting held on December 4, 2017. The Authority Board conducted a Budget Workshop on November 20, 2017, and a Public Hearing on December 4, 2017 to review and discuss the possibility of increasing the Authority's well pumpage fee and the cost of surface water. At its regular meeting on December 4<sup>th</sup>, the Board adopted an increase of the current well pumpage fee from \$2.90 per 1,000 gallons to \$3.40 per 1,000 gallons and an increase in the cost of surface water from \$3.35 per 1,000 gallons to \$3.85 per 1,000 gallons. These new rates will become effective as of April 1, 2018 with the payment due date of June 18, 2018.

Factors that impacted this decision include:

- The Harris-Galveston Subsidence District completed an update of the 1999 Regulatory Plan and adopted a 2013 Regulatory Plan. A major requirement of that plan is that the Authority achieve a 60% use of surface water by 2025 as compared to the current 30% requirement. In order to reach that 60% mandate, the Authority will have to deliver surface water to a significant number of additional utility districts which will require construction of a greatly expanded water transmission and distribution system.
- In addition, the Authority will be required to participate in the cost of the City's expansion of the Northeast Water Purification Plant as well as construction of a second transmission line from the plant and will also have to pay the Authority's pro rata share of the cost of constructing the Luce Bayou Interbasin Transfer Project.

Suburban Utility Company  
February 19, 2018  
Page 2

Enclosed for your information and reference is a copy of the Updated Pricing Policy. We will soon post a revision of the Authority's brochure, "The Rising Cost of Water", on the Authority website. The brochure will also be available in bulk quantities -- at no charge -- for utility districts to distribute to their customers. Please notify Lisa Sagstetter (281) 440-3924 if you would like to place an order for the brochure.

We certainly appreciate your support and cooperation. Please call Cyndi Plunkett, Authority Financial Assistant, at (281) 440-3924 if you have any questions or need any additional information relative to the Authority fees.

Sincerely,



Jimmie Schindewolf, P.E.  
General Manager

JAS/r

Attachment

cc: Authority Board of Directors  
Robin S. Bobbitt, Radcliffe Bobbitt Adams Polley PLLC  
Jon Polley, Radcliffe Bobbitt Adams Polley PLLC  
Steve Berckenhoff, P.E., ABCOM Technical Services, Inc.  
Cyndi Plunkett, Authority Financial Assistant

**Exhibit C-2**

**Updated Pricing Policy of the North Harris County Regional Water Authority  
(December 4, 2017)**



UPDATED 12/4/17

**UPDATED PRICING POLICY  
OF THE NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
(Effective April 1, 2018)**

This Updated Pricing Policy of the North Harris County Regional Water Authority (this "Updated Pricing Policy") is intended to define the Cost of Water paid to the Authority for Water used within the Authority and is an integral part of the Authority's Rate Order (the "Rate Order"), adopted on October 5, 2009. Unless specifically defined otherwise, capitalized terms in this Updated Pricing Policy shall have the meanings defined in the Rate Order.

Effective April 1, 2018, the following Cost of Water will apply to and be due by users of Water within the Authority:

Authority Water	\$3.85 per 1,000 gallons
Water pumped from a Non-Exempt Well	\$3.40 per 1,000 gallons
Imported Water	\$3.40 per 1,000 gallons

In addition to the above Fees, the Authority shall continue to provide a credit to each Converted Entity that constructed a Chloramine System prior to December 1, 2015 in accordance with the Authority's prior policy and procedures. Such credits shall be calculated as outlined below. Furthermore, any credits for capital contributions paid to the Authority by a Payor shall continue as provided in the applicable written agreement executed between the Payor and the Authority.

The Authority may revise the above Fees and modify, delete or add any credit(s), subject to the provisions of any applicable written agreements, if and when necessary. Payors will be notified of any such changes.

**Chloramination Credits**

The annual Chloramination Credit shall be calculated by amortizing the cost of the Chloramine System at 6% interest over a 30-year period, which shall begin the year the facilities are placed in service. The annual Chloramination Credit amount will be divided by 12 and the resultant amount will be credited monthly toward the fees payable to the Authority for the Water used by the Converted Entity.

**New/Replacement Facilities**

In order to help facilitate the effective implementation of the GRP, any Payor who anticipates the construction of new or replacement Water production, storage and/or treatment facilities and/or related appurtenances shall advise the Authority of those plans as early in the process as possible. The Authority will review such proposed improvements for conformity with the goals of the GRP and the possibility of the Authority being able to address those needs (i.e., by providing water in lieu of the Payor having to construct or replace facilities). Within the limits of its jurisdiction, the Authority will regulate construction of such facilities to accomplish the goals of the GRP.

**Policy Implementation**

The General Manager is authorized to take any actions on behalf of the Authority necessary and convenient to accomplish the purposes of this Updated Pricing Policy. The General Manager is also authorized to take actions necessary to comply with any special credit provisions provided under any agreements that may exist between a Payor and the Authority.

00242611

**Exhibit D**

**Assumptions and Calculations Used to Determine New Rates**

**Cypress Bend (Suburban)**

**2017**

<u>Month</u>	<u>Pumpage</u>	<u>Sales</u>	<u>Losses</u>	<u>% Losses</u>
January	1,617,000	1,215,000	402,000	
February	1,377,000	1,116,000	261,000	
March	1,434,000	1,147,000	287,000	
April	1,668,000	1,127,000	541,000	
May	2,284,000	1,088,000	1,196,000	
June	1,805,000	1,504,000	301,000	
July	2,302,400	1,461,000	841,400	
August	1,694,600	1,182,000	512,600	
September	1,687,900	1,029,000	658,900	
October	1,760,700	815,000	945,700	
November	1,785,000	784,000	1,001,000	
December	1,417,700	958,000	459,700	
<b>Total</b>	<b>20,833,300</b>	<b>13,426,000</b>	<b>7,407,300</b>	<b>35.6%</b>

**Using 35.6% Water Losses**

Cypress Bend had actual water losses of 35.6% for 2017.

The formula for grossing-up the pass-through to recover water losses no longer has an upper limit.

Therefore, the formula for grossing-up the North Harris County Regional Water Authority pumpage charge of \$3.40 for the actual water losses is as follows:  $\$3.40 / (1 - 0.356) = \$5.28 / 1,000$  gallons.

Undine Texas became the Temporary Manager of Suburban on September 23, 2017. However, pumpage and sales data for all of 2017 is used in this calculation.

**Exhibit E**

**Current Tariff with Requested Change**



**SECTION 1.0 – RATE SCHEDULE**

**Section 1.01 – Rates**

<b><u>Meter Size</u></b>	<b><u>Monthly Minimum Charge</u></b>	<b><u>Gallage Charge</u></b>
5/8" x 3/4"	\$23.00 (includes 0 gallons)	\$2.15 per 1000 gallons up to 20,000 gallons
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1"	\$57.50	\$2.65 per 1000 gallons from 35,001 to 50,000 gallons
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**\*Pass Through for Cypress Bend Subdivision:**

\$5.28 per 1000 gallons additional fee will be added as a Pass Through charge by North Harris County Regional Water Authority (NHCRWA) for the customers in Cypress Bend Subdivision only, Effective April 1, 2017.  $\{ \$3.40 / (1 - 0.356) \} = \{ \$3.40 / 0.644 \} = \$5.28$ .

**Tariff Control No. \_\_\_\_\_**

\$1.04 per 1000 gallons (which is \$0.894 plus line loss of 15 percent) will be added as Pass Through charge by the City of Houston for customers in Castlewood Subdivision.

**Tariff Control No. 47169**

**\*Pass Through for Beaumont Place Subdivision:**

\$4.75 per 1000 gallons will be added as a Pass Through charge by Harris County MUD No. 421 for all gallons used by customers. During the time of the emergency interconnect with Harris County MUD No. 21, Suburban's current gallage charge will not apply.

**Tariff Control No. 47883**

**FORM OF PAYMENT:** The utility will accept the following forms of payment:

Check X, Money Order X, Other (specify) Online Payment or Automatic Bank Draft

**THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE 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 TO REMIT FEE TO THE TCEQ.**