

Control Number: 48434



Item Number: 5

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TARIFF CONTROL NO. 48434

**APPLICATION OF MOORES WATER
SYSTEM FOR APPROVAL OF A PASS-
THROUGH RATE CHANGE**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

FILED
2018 JUL -5 AM 10:30
PUBLIC UTILITY COMMISSION
FILING CLERK

**COMMISSION STAFF'S SUFFICIENCY AND
FINAL DISPOSITION RECOMMENDATIONS**

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 Sufficiency and Final Disposition Recommendations. Staff recommends that the application and notice be found sufficient and that the application be approved using rates calculated by Staff. In support thereof, Staff shows the following:

I. BACKGROUND

On June 5, 2018, Moores Water System (Moores) filed an application for a pass-through rate change pursuant to 16 Texas Administrative Code (TAC) § 24.21(b)(2)(A)(vii). Specifically, Moores requests approval of a pass-through rate increase as a minor tariff change in order to recover the fee it paid Elk Oak Lake Water Supply Corporation for groundwater purchase after its production well failed. Moores proposed increase applies to the Beaver Lake Subdivision.

On June 11, 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 propose a procedural schedule, by July 5, 2018. Therefore, this pleading is timely filed.

II. APPLICATION AND NOTICE SUFFICIENCY RECOMMENDATION

Consistent with the attached memorandum of Kathryn Eiland, Water Utility Regulation Division, Staff recommends that the application and notice is sufficient for filing. Therefore, Staff recommends that the application be found administratively complete and that no further notice be required.

III. FINAL DISPOSITION RECOMMENDATION

As indicated by the attached memorandum of Kathryn Eiland of the Commission's Water Utility Regulation Division

, Staff has reviewed Moores' application for a pass-through rate change and recommends that the application be approved as specified in Ms. Eiland's memo.

IV. CONCLUSION

For the reasons stated herein, Staff respectfully recommends that the ALJ find the application and notice sufficient and recommends approval of Moores' pass-through rate change as detailed in Ms. Eiland's memo.


Date: July 5, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

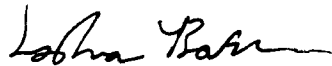


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 5, 2018,
in accordance with 16 TAC § 22.74.



Joshua Adam Barron

PUC Interoffice Memorandum

To: Joshua Barron, Attorney
Legal Division

Thru: Debi Loopckerman, Financial Manager
Water Utility Regulation

From: Kathryn Eiland, Financial Analyst
Water Utility Regulation

Date: June 26, 2018

Subject: **Tariff Control No. 48434; Application of Moores Water System for Approval of a Pass-Through Rate Change**

On June 5, 2018, Moores Water System (Applicant), Certificate of Convenience and Necessity No. 11878 filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code § 24.21 (TAC). According to the application, the Applicant entered into an agreement with Elk Oak Lake Water Supply Corporation (EOL) to purchase water on an emergency/temporary basis for six months due to the failure of its production well. The Applicant provided a copy of the six-month agreement with EOL, which confirmed the meter and gallonage charges. The proposed effective date of the “pass through” is July 1, 2018.

EOL is charging the Applicant \$4.50 per 1,000 gallons. The Applicant currently charges customers \$4.00 per 1000 gallons of use. Therefore, the Applicant is requesting to “pass through” to each customer an additional \$.50 charge per 1000 gallons of metered use.

EOL is also charging the Applicant a monthly charge of \$216.50 for a 2” meter. The Applicant currently charges customers a Monthly Minimum Charge of \$28.11 and has 85 customers. The Applicant is requesting to “pass through” a \$2.55 Monthly Minimum Charge to each customers ($\$216.50/85=\2.55).

Additionally, the Applicant’s current \$28.11 Minimum Charge per customer includes 2,000 gallons. Because the Applicant will now have to compensate EOL \$4.50 per 1,000 gallons, the Applicant requested to “pass through” the 2,000 gallons it was including with the Monthly Minimum Charge. $\$4.50 * 2 \text{ (gallons)} = \9.00 per customer. Staff reviewed the application and believes that the \$28.11 approved on the Applicant’s tariff contains \$8.00 in gallonage fees to pay for the 2,000 gallons included in the minimum bill, but needs additional information from the Applicant to make that determination and allow recovery.

Staff therefore recommends that the increase in the total Monthly Minimum Charge per customer be \$1.00, in addition to the \$2.55 calculated above. For a total Monthly Minimum Charge “pass through” per customer of \$3.55 ($\$2.55 + \1.00).

Staff found that the Notice to the customers did not comply with all the requirements of 16 TAC § 24.21(b)(2)(F)(ii)(VI). Specifically, the Applicant did not provide “public water system name(s) and corresponding number(s) issued by the TCEQ, and the water quality system name(s) and corresponding number(s) issued by the TCEQ.” Staff was able to confirm the Applicant’s

public water system (PWS) name and number issued by Texas Commission on Environmental Quality (TCEQ), on the TCEQ Drinking Water Watch as PWS No. 1550127 in McLennan County. Additionally, the Applicant did not provide a "copy of the pages of the utility's tariff that contain the rates that will change if the utility's application is approved." However, Staff recommends that the Administrative Law Judge find good cause to find the Notice sufficient because the Notice clearly communicates to the customers the proposed pass through charges and their derivation.

Staff recommends that the Commission do the following:

1. Deem the application sufficient for filing;
2. Approve interim pass through rates of \$2.55 for each of the eight-five connections, \$1.00 for each of the 2,000 gallons included in the existing monthly minimum charge, and \$.50 per 1,000 gallons from July 1, 2018 until December 1, 2018;
3. Order the Applicant to file a request with the Commission requesting to revert to the previously approved tariff rates within a month of the time that the emergency service from EOL ceases;
4. Order the Applicant to provide a copy of its current Annual Report, including detailed expense information and any changes to that information caused by taking the inoperable well out of service so Staff can determine the necessity of the \$9.00 in the minimum bill, and;
5. Provide the Applicant a copy of the attached tariff.



WATER UTILITY TARIFF
Tariff Control No. 48434

Moore's Water System of Beaver Lake, Inc. dba

Moore's Water System
(Utility Name)

849 Beaver Lake Road
(Business Address)

Waco, Texas 76705
(City, State, Zip Code)

254-863-5900
(Area Code/Telephone)

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

11878

This tariff is effective in the following counties:

McLennan

This tariff is effective in the following cities or unincorporated towns (if any):

N/A

This tariff is effective in the following subdivisions or public water systems:

Beaver Lake Subdivision: PWS 1550127

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
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APPENDIX A – DROUGHT CONTINGENCY PLAN	
APPENDIX B – SERVICE AGREEMENT	
APPENDIX C – APPLICATION FOR SERVICE	

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallorage Charge</u>
5/8" or 3/4"	<u>\$28.11</u> (Includes 2,000 gallons)	<u>\$4.00</u> per 1,000 gallons

*Pass-Through Fee for Purchased Water until December 1, 2018

Elk Oak Lake Water Supply Corporation.....	<u>\$0.50</u> per 1,000 gallons
Pass through minimum charge including 2,000 gallons	<u>\$3.55</u> per customer

(Tariff Control No. 48434)

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 THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fee

TAP FEE.....\$300.00
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)Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large Meter)Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEEActual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE\$25.00
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.

Moore's Water System
(Utility Name)

SECTION 1.0 – RATE SCHEDULE (Continued)

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) Nonpayment of bill (Maximum \$25.00).....\$25.00
b) Customer's request that service be disconnected.....\$25.00

TRANSFER FEE.....\$25.00

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).....\$5.00

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

RETURNED CHECK CHARGE.....\$15.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....N/ACOMMERCIAL & 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. [16 TAC 24.21(B)(2)(F)]

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.