



Control Number: 48584



Item Number: 6

Addendum StartPage: 0

TARIFF NO. 48584

APPLICATION OF COMMUNITY § PUBLIC UTILITY COMMISSION
WATER COMPANY FOR APPROVAL §
OF A PASS-THROUGH RATE CHANGE § OF TEXAS

RECEIVED OCT 19 AM 11:00
PUBLIC UTILITY COMMISSION

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 Finding the Application Incomplete and Deficient and Establishing an Opportunity to Cure and shows the following:

I. BACKGROUND

On August 9, 2018, Community Water Company (Community) filed for approval of a pass-through rate change to implement its approved purchased water pass-through clause pursuant to 16 Texas Administrative Code (TAC) §24.21 (renumbered to §24.25 in Project No. 48526, effective October 17, 2018). The purchased water pass-through clause will only pass through costs associated with water purchases from the City of Corsicana. The current pass-through rate is increased from \$6.93 to \$7.22 for customers in the Beaton Lake Estates Subdivision, from \$7.21 to \$7.62 for customers in the Purdon Subdivision and from \$6.70 to \$7.11 for customers in the Retreat Subdivision for water used after November 20, 2018.

On September 12, 2018, a Notice was issued, finding the application to be incomplete and deficient, establishing a deadline of October 5, 2018 for Community to cure the deficiencies, and establishing a deadline of October 19, 2018 for Staff to file a supplemental recommendation on the application and sufficiency of notice, and if the application is sufficient, Commission Staff would provide approved tariff pages to Community by November 2, 2018. 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 and notice and

recommends that both be deemed sufficient. Staff's review also indicates that the application and notice meet the requirements of 16 Texas Administrative Code (TAC) § 24.21 (now §24.25). Staff therefore recommends that the application be approved and that the attached tariff pages be provided to Applicant.

III. CONCLUSION

For the reasons detailed above, Staff respectfully recommends that the application and notice be deemed sufficient, that the application be approved, and that Applicant be provided a copy of the attached tariff sheets.

Date: October 19, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Katherine Lengieza Gross




Patrick D. Todd
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Austin, Texas 78711-3326
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TARIFF NO. 48584

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 19, 2018, in accordance with 16 TAC § 22.74.



Patrick D. Todd

PUC Interoffice Memorandum

To: Patrick Todd, Attorney
Legal Division

Through: Debi Loockerman, Financial Manager
Water Utility Regulation

From: Kathryn Eiland, Financial Analyst
Water Utility Regulation

Date: October 19, 2018

Subject: **Tariff Control No. 48584;** *Application of Community Water Company for Approval of a Pass-Through Rate Change*

On August 9, 2018, Community Water Company (Community or Applicant), Certificate of Convenience and Necessity No. 10534, filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code § 24.25, [formerly § 24.21] for an increase in purchased water fees from the City of Corsicana (City) effective October 1, 2018. The Applicant proposes to increase their current pass-through rate from \$6.93 to \$7.22 for customers in the Beaton Lake Estates Subdivision, from \$7.21 to \$7.62 for customers in the Purdon Subdivision and from \$6.70 to \$7.11 for customers in the Retreat Subdivision for water used after November 20, 2018.

Staff reviewed the application and confirmed that Community is correctly reconciling the cost of purchased water using the City's new volume rates compared to cost incurred for purchased water using the City's previous volume rates as ordered in Tariff Control No. 43594 based on total water purchased from July 2014 through June 2018. Staff confirmed that the proposed pass-through rates for the three subdivisions were calculated correctly. Additionally, proper notice has been provided to customers prior to the billing periods in which the new rates take effect.

Based upon review of the information submitted, Staff finds that the application is sufficient and recommends that the Commission:

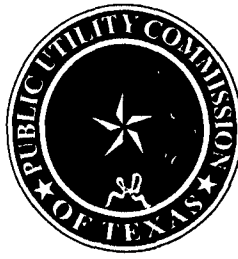
1. Find that the application is sufficient for filing;
2. Include the following language in the order, which is carried forward from the order in Tariff Control Number 43594:

"If Community collects an amount as a result of the proposed rate increase or previously approved pass-through increases^a that is higher than the purchased water costs incurred, then Community must refund any amounts collected in excess of the purchased water costs incurred. Refunds shall be made for the same length of time as the proposed rates were collected. Community shall separate the pass-through charges allowed by the pass-through provision from the gallonage charge allowed for general rates in future tariffs

^a Language including all prior pass-through increases were added.

when a general rate increase is requested such that reconciliation of the pass-through revenues with the actual expenses is possible. Community shall also include a true-up provision in a future proposed tariff."

3. Approve the pass-through application as filed; and,
4. Provide a copy of an approved tariff to the Applicant (attached).



WATER UTILITY TARIFF

Tariff Control Number 48584

Community Water Company
(Utility Name)

1720 South Highway 287
(Business Address)

Corsicana, Texas 75110
(City, State, Zip Code)

903/874-8244
(Area Code/Telephone)

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

10534

This tariff is effective in the following counties:

Ellis, Henderson, Navarro, and Smith

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

Garrett, Purdon and Retreat

The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the Commission and will have to be obtained from the city or utility.

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

See attached list.

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
SECTION 2.0 - SERVICE RULES AND POLICIES.....	8
SECTION 3.0 - EXTENSION POLICY	13
APPENDIX A – DROUGHT CONTINGENCY PLAN	
APPENDIX B – APPLICATION FOR SERVICE	

COMMUNITY WATER COMPANY

PWS Name/Subdivision	PWS ID No.	County
Garrett (partially inside the city)	0700026	Ellis
Montgomery Gardens	2120008	Smith
Retreat (partially inside city)	1750031	Navarro
Purdon	1750018	Navarro
Beaton Lakes Estates	1750035	Navarro
Lakewood	1070052	Henderson
Oaks Acres, Tom's Acres (Lakewood Water East)	1070009	Henderson
Lakewood North, Arrowwood (Lakewood Water West)	1070052	Henderson

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$48.58</u> (Includes 0 gallons)	<u>*\$6.51</u> per 1 000 gallons
1"	<u>\$121.45</u>	
1½"	<u>\$242.90</u>	
2"	<u>\$388.64</u>	
3"	<u>\$728.70</u>	

*City of Ennis purchased water rate included. *(Tariff Control No. 46850)*

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 TO REMIT FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$795.00
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.

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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

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.....\$45.00

TRANSFER FEE.....\$35.00

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\$25.00

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

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....\$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

PLUMBING INSPECTION FEE\$50.00

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(G)]

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.

PASS THROUGH PROVISION:

For utilities subject to changes in cost imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

Adjusted Gallonage Rate:

$AG = G+B/(1-L)$, Where:

AG = adjusted gallonage charge, rounded to the nearest one cent

G = approved gallonage charge per 1,000 gallons

B = change in fee (per 1,000 gallons)

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$30.58</u> (Includes <u>0</u> gallons)	<u>\$7.22*</u> per 1000 gallons
1"	<u>\$76.45</u>	
1½ "	<u>\$152.90</u>	
2"	<u>\$244.64</u>	
3"	<u>\$458.70</u>	

*City of Corsicana purchased water rate included. (*Tariff Control No. 48584*)

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 TO REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$795.00
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 FEE Actual Relocation Cost Not to Exceed Tap Fee
THIS FEE WHICH 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.

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.....\$45.00

TRANSFER FEE.....\$35.00

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LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)\$5.00

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PASS THROUGH PROVISION:

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5/8" or 3/4"	<u>\$30.58</u> (Includes 0 gallons)	<u>\$3.00</u> per 1 000 gallons
1"	<u>\$76.45</u>	
1½"	<u>\$152.90</u>	
2"	<u>\$244.64</u>	
3"	<u>\$458.70</u>	

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- b) Customer's request that service be disconnected.....\$45.00

SEASONAL RECONNECTION:

THE SEASONAL RECONNECT FEE SHALL BE THE NUMBER OF MONTHS WITHOUT SERVICE TIMES THE MINIMUM MONTHLY BILL, NOT TO EXCEED SIX (6) MONTHS

TRANSFER FEE.....\$35.00

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LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)\$5.00

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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.....\$45.00

TRANSFER FEE.....\$35.00

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.....\$25.00

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

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)\$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT..... 1/6TH OF ESTIMATED ANNUAL BILL

PLUMBING INSPECTION FEE.....\$50.00

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(G)]

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.

PASS THROUGH PROVISION:

For utilities subject to changes in cost imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

Adjusted Gallonage Rate:

$AG = G + B / (1 - L)$, Where:

AG = adjusted gallonage charge, rounded to the nearest one cent

G = approved gallonage charge per 1,000 gallons

B = change in fee (per 1,000 gallons)

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

5/8" or 3/4"	<u>\$30.58</u> (Includes <u>0</u> gallons)	* <u>\$3.71</u> per 1 000 gallons
1"	<u>\$76.45</u>	
1½"	<u>\$152.90</u>	
2"	<u>\$244.64</u>	
3"	<u>\$458.70</u>	

*City of Tyler purchased water rate included. (*Tariff Control No. 47784*)

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.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$795.00
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 FEE Actual Relocation Cost Not to Exceed Tap Fee
THIS FEE WHICH 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.

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.....\$45.00

SECTION 1.0 -- RATE SCHEDULE (Continued)

TRANSFER FEE\$35.00

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

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RETURNED CHECK CHARGE\$25.00

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

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....\$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

PLUMBING INSPECTION FEE\$50.00

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(G)]

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Adjusted Gallonage Rate:

$AG = G+B/(1-L)$, Where:

AG = adjusted gallonage charge, rounded to the nearest one cent

G = approved gallonage charge per 1,000 gallons

B = change in fee (per 1,000 gallons)

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

*Annual under recovery amount resulting from take or pay contract will only consider any water not taken by the utility, but required to pay for in the take or pay contract. This amount will be divided by 12 months. This annual true-up will be required at March 1 of each year to be filed as a new application with the Commission. [16 TAC 24 21(b)(2)(F)]