



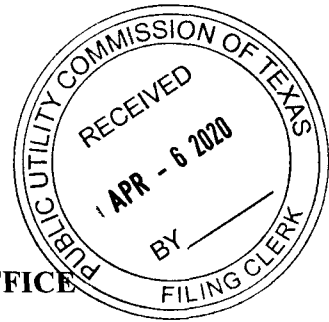
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SOAH DOCKET NO. 473-20-1674.WS
PUC DOCKET NO. 48819



APPLICATION OF NORTHTOWN § BEFORE THE STATE OFFICE
ACRES WATER SUPPLY FOR § OF
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

**SOAH ORDER NO. 5
ADOPTING REVISED INTERIM RATES**

On March 31, 2020, Northtown Acres Water Supply (Northtown Acres) and staff (Staff) of the Public Utility Commission of Texas (Commission) proposed revised interim rates in accordance with SOAH Order No. 4.¹ On April 3, 2020, ratepayers Mark Parker and Frank Marx, III filed responses.

Mr. Marx does not dispute that the rates proposed by Northtown Acres and Staff generate the revenues authorized in SOAH Order No. 4, but he instead proposes to reduce the pass-through rate for purchased water per 1,000 gallons from \$1.96 to \$0.96. The Administrative Law Judges (ALJs) rejected this proposal in SOAH Order No. 4 and do not revisit that decision.

Mr. Parker contends the proposed interim rates result in an approximately 33% operating reserve margin over the cost of the City of Corsicana's rates, but that Northtown Acres has not operated at that high of a margin and its 2009 rate increase resulted in an approximately 23% margin. He requests that the revised interim rates not exceed a 23% margin over the cost of the City's water rates. However, SOAH Order No. 4 established the revenues that the interim rates should be designed to recover. Further, Northtown Acres' rates must be set to recover its costs, which will differ from the City's.

Northtown Acres and Staff proposed revised interim rates to recover the revenues that would have been generated by Northtown Acres' February 19, 2020 alternative proposal for interim rates, but that address the structural problems in the existing rate design. The ALJs conclude that the revised interim rates proposed by Northtown Acres and Staff comply with SOAH Order No. 4. Accordingly, the interim rates set out below are **ADOPTED**.

¹ Northtown Acres and Staff noted that updating the rate design required manually recreating the monthly gallonage usage by tier from the monthly billing registers for the test year and that, in an effort to conserve resources, Northtown Acres and Staff have agreed to use the attached monthly gallonage usage for the test year in setting rates in this case and as a proxy for determining any over- or under-collection balance.

Interim Rates	
Minimum monthly charge (including zero gallons of usage)	
5/8 inch meter	\$18.75
3/4 inch meter	\$28.05
1 inch meter	\$46.75
1 1/2 inch meter	\$93.50
2 inch meter	\$149.60
1,000 - 10,000 gallons	\$3.00
10,001 - 25,000 gallons	\$3.25
25,001+ gallons	\$3.75
Pass-through rate for purchased water	\$1.96

The interim rates will become effective on the first billing cycle following the date of this order and will remain in effect until a final rate determination is made or another interim rate is established. The interim rates are subject to refund or surcharge to the extent they differ from the rates ultimately established.²

Northtown Acres **SHALL** provide notice to its customers of the interim rates in compliance with 16 Texas Administrative Code § 24.37(j).

Within ten days of the date of this order, Staff shall provide a clean copy of the approved interim rates to Central Records to be marked *Approved* and filed in the Commission's tariff books.

SIGNED April 6, 2020.



CHRISTIAAN SIANO
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS



CASSANDRA QUINN
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

² 16 Tex. Admin. Code § 22.125(e).