



Control Number: 49092



Item Number: 5

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DOCKET NO. 49092 RECEIVED

APPLICATION OF COMMUNITY  
WATER COMPANY FOR A PASS  
THROUGH RATE CHANGE

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PUBLIC UTILITY COMMISSION  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS

**NOTICE OF APPROVAL**

This Notice of Approval addresses Community Water Company’s application for a pass-through rate change for purchased water fees assessed by the City of Tyler. The Commission approves the increase of \$3.71 to \$3.86 per 1,000 gallons for customers within Montgomery Gardens subdivision, effective January 20, 2019.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. Community Water is a domestic for-profit corporation registered with the Texas secretary of state on January 8, 1992, under filing number 121785400.
2. Community Water provides water services under certificate of convenience and necessity (CCN) number 10534.

**Application**

3. On January 10, 2019, Community Water filed an application seeking to implement a pass-through rate change provision in its approved tariff for customers in the Montgomery Gardens subdivision. Community Water seeks to pass-through a \$0.15 per 1,000 gallon rate increase to recover an increase in the purchased water cost billed to the utility by its supplier, the City of Tyler.
4. Based on Community Water’s purchases of water from the City of Tyler for the twelve-month period ending August 31, 2018, the increased rates charged by the City of Tyler will increase Community Water’s purchased water cost by \$3,889.52 per year.
5. Only Community Water’s customers within the Montgomery Gardens subdivision are subject to the increased purchased water costs.

6. The proposed pass-through increase of \$3.71 to \$3.86 per 1,000 gallons for customers within the Montgomery Gardens subdivision will be effective January 20, 2019.
7. The application contained the affected CCN number, the affected subdivision, public water system name and corresponding number issued by the TCEQ, a copy of the notice to the customers, documentation supporting the stated amounts of any new or modified pass-through costs, historical documentation of line loss for one year, all calculations and assumptions for any true-up of pass-through costs, the calculations and assumptions used to determine the new rates, and a copy of the pages of the utility's tariff that contain the rates that will change if the application is approved.

**Notice**

8. On January 23, 2019, Community Water filed the affidavit of its records clerk, Annie Bates, attesting that notice of the pass-through rate change was provided to current customers in the Montgomery Gardens subdivision on January 10, 2019.
9. The notice contained the effective date of the change, the present calculation of customer billings, the new calculation of customer billings, the change in charges to Community Water for purchased water, and the following language: "This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code § 24.21 [now §24.25]. The cost to you as a result of this change will not exceed the costs charged to your utility."

**Jurisdiction –TWC §§ 13.002(19) and 13.041**

10. Community Water is a retail public utility that purchases water.
11. Community Water is under the original jurisdiction of the Commission.

**Eligibility for Pass-Through Rate Change – 16 TAC § 24.25**

12. The proposed charge is not included in the cost of service used to calculate the rates in the currently-approved tariff.
13. The proposed charge will pass through only the actual increase in costs charged to Community Water by its supplier, the City of Tyler.

**Tariff**

14. The current tariff for the Montgomery Gardens subdivision was approved by the Commission on March 1, 2018 in Tariff Control No. 47784 upon the approval of a previous pass-through rate change application.
15. The current tariff includes a pass-through rate change provision stating that changes in costs imposed by non-affiliated providers of purchased water will be passed through as an adjustment to the gallonage rate under a specified formula.
16. On February 8, 2019, Commission Staff filed a proposed replacement tariff as an attachment to its recommendation. The proposed tariff reflects the proposed rate increase and contains a pass-through rate change provision similar to the current tariff.

**Informal Disposition**

17. More than 15 days have passed since the completion of notice provided in this docket.
18. No person filed a protest or motion to intervene.
19. Commission Staff and Community Water are the only parties to this proceeding.
20. No party requested a hearing and no hearing is needed.
21. Commission Staff recommended approval of the application.
22. This decision is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. Community Water is a retail public utility as defined in Texas Water Code (TWC) § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59).
2. The Commission has jurisdiction over the application under TWC § 13.041.
3. The Commission may approve this minor change to Community Water's tariff under 16 TAC § 24.25(b)(2)(A)(vii).
4. Notice of the application was provided in compliance with 16 TAC § 24.25(b)(2)(F).

5. The Commission processed the application as required by the TWC, the Administrative Procedure Act,<sup>1</sup> and Commission rules.
6. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

### III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves Community Water's application for a pass-through rate increase from \$3.71 to \$3.86 per 1,000 gallons effective January 20, 2019 for customers in the Montgomery Gardens subdivision.
2. The Commission approves the tariff filed by Commission Staff on February 8, 2019.
3. Within ten days after the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved in this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff book.
4. If Community Water collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Community Water must refund any amounts collected in excess of the purchased water costs.
5. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 26<sup>th</sup> day of March 2019.

PUBLIC UTILITY COMMISSION OF TEXAS



STEVEN LEARY  
ADMINISTRATIVE LAW JUDGE

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<sup>1</sup> Tex. Gov't Code §§ 2001.001-.902.