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APPLICATION OF AQUA UTILITIES, §  
INC., AQUA DEVELOPMENT, INC., §  
KERRVILLE SOUTH WATER §  
COMPANY, INC., AND HARPER §  
WATER COMPANY, INC. DBA AQUA §  
TEXAS 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 the annual true-up report filed by Aqua Utilities, Inc., Aqua Development, Inc., Kerrville South Water Company, Inc., and Harper Water Company, Inc. dba Aqua Texas and request for approval to decrease its regional pass-through gallonage charge from \$1.5413 to \$1.3703 per 1,000 gallons within its Southwest Region. The Commission approves the revised regional pass-through gallonage charge, effective March 1, 2019, and approves the annual true-up report.

#### I. Findings of Fact

The Commission makes the following findings of fact.

##### Applicant

1. Aqua Utilities, Inc. is a domestic for-profit corporation registered with the Texas secretary of state under filing number 147005600 and has an assumed name certificate for the name Aqua Texas. Aqua Utilities, Inc. provides water service under certificate of convenience and necessity number (CCN) 11157, which is included in an area referred to as Aqua Texas Southwest Region.
2. Aqua Development, Inc. is a domestic for-profit corporation registered with the Texas secretary of state under filing number 149548100 and has an assumed name certificate for the name Aqua Texas. Aqua Development, Inc. provides water service under CCN 12902, which is included in an area referred to as Aqua Texas Southwest Region.
3. Harper Water Company, Inc. is a domestic for-profit corporation registered with the Texas secretary of state under filing number 120489100 and has an assumed name certificate for



the name Aqua Texas. Harper Water Company, Inc. provides water service under CCN 11421, which is included in an area referred to as Aqua Texas Southwest Region.

4. Kerrville South Water Company, Inc. is a domestic for-profit corporation registered with the Texas secretary of state under filing number 25372100 and has an assumed name certificate for the name Aqua Texas. Kerrville South Water Company, Inc. provides water service under CCN 11484, which is included in an area referred to as Aqua Texas Southwest Region.

**Application**

5. On February 27, 2019, Aqua Texas filed its annual true-up report for the calendar year of 2018 in compliance with its Southwest Region tariff and requested approval of a regional pass-through gallonage charge decrease from \$1.5413 to \$1.3703 per 1,000 gallons, effective March 1, 2019.
6. Aqua Texas' report reconciles the total regional pass-through gallonage charge revenues billed during the previous completed calendar year within the Southwest Region to the total amount of all regional passed-through costs incurred during that year as reflected in the general ledger.
7. The report includes the amount paid to each entity for allowed passed through costs, the names of the entities paid by Aqua Texas, and the total of costs incurred requested for the purpose of an adjusted regional pass-through gallonage charge.
8. The proposed regional pass-through gallonage charge decrease affects the customers within the service areas under CCN numbers 11157, 12902, 11484, and 11421, which comprises the Southwest Region.
9. The application contained the affected CCN numbers, the affected subdivisions, public water system names 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 utility's application is approved.

10. The application contained documentation, including true-up report, which includes the Southwest Region true-up calculation for 2018; summary of Aqua Texas' 2018 Southwest Region pass-through costs used in the true-up calculation and detail for those costs pulled from Aqua Texas' accounting system; Aqua Texas' 2018 Southwest Region customer billing; Aqua Texas' 2018 billed consumption used in the true-up calculation; Aqua Texas' 2018 production; a five year cost history; and a revised Southwest Region tariff that includes the new regional pass-through gallonage charge and updates to the approved entities list for pass-through costs.
11. On April 29, 2019, Aqua Texas filed a supplemental application.
12. On May 22, 2019, Commission Staff approved the application.

**Notice**

13. On February 22, 2019, Aqua Texas mailed notice to all affected customers, detailing the proposed regional pass-through gallonage charge decrease effective March 1, 2019. Aqua Texas' supplemental application filed on April 29, 2019, included a copy of the notice to customers.
14. The administrative law judge finds the notice sufficient.

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

15. Aqua Texas is a retail public utility that purchases water.
16. Aqua Texas is under the original jurisdiction of the Commission.

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

17. The proposed charge will pass through only the actual costs charged to Aqua Texas by its suppliers and does not duplicate costs otherwise charged to customers under the current tariff.
18. Aqua Texas provided a true-up report reflecting the amounts billed to customers in 2018 compared with amounts paid to suppliers, as required under the current tariff. The true-up report was filed within one month of the end of the true-up period.

**Tariff**

19. Aqua Texas applied the approved formula in determining the new regional pass-through gallonage charge.
20. Aqua Texas provided a true-up report reflecting the amounts billed in the previous year compared with amounts paid to water districts having jurisdiction over Aqua Texas.
21. The current tariff prescribes the formula by which the adjusted regional pass-through gallonage charge is to be calculated. The formula takes into account the projected sum for upcoming twelve months for purchased water and district costs, the actual payments by the utility for the prior twelve months for purchased water and district costs, the actual collections by the utility in the prior twelve months from the previously approved WPC, the year-end meter equivalents, and the average annual usage per meter equivalent, in 1,000 gallon units, from the most recent rate case.
22. On May 22, 2019, Commission Staff filed a proposed replacement tariff as an attachment to its approval. The proposed tariff reflects the proposed regional pass-through gallonage charge decrease and contains a regional pass-through gallonage charge change provision similar to the current tariff.

**Informal Disposition**

23. More than 15 days have passed since the completion of notice provided in this docket.
24. No person filed a protest or motion to intervene.
25. Commission Staff and the applicants are the only parties to this proceeding.
26. No party requested a hearing and no hearing is needed.
27. Commission Staff recommended approval of the application.
28. This decision is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. Aqua Texas 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 Aqua Texas' tariff and may approve the true-up report under 16 TAC §24.25.
4. The application meets the requirements set forth in 16 TAC § 24.25.
5. Notice of the application was provided in compliance with 16 TAC § 24.25(b)(2)(F).
6. The Commission processed the application as required by the TWC, the Administrative Procedure Act,<sup>1</sup> and Commission rules.
7. 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 Aqua Texas' annual true-up report for the calendar year 2018.
2. The Commission approves Aqua Texas' application to decrease its regional pass-through gallonage charge from \$1.5413 to \$1.3703 per 1,000 gallons, effective March 1, 2019.
3. The Commission approves the tariff filed by Commission Staff on May 22, 2019.
4. 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.
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 21<sup>st</sup> day of August 2019.

PUBLIC UTILITY COMMISSION OF TEXAS



THOMAS C. GRAHAM  
ADMINISTRATIVE LAW JUDGE

<sup>1</sup> Tex. Gov't Code § 2001.