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TARIFF CONTROL NO. 49414

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**APPLICATION OF NERRO SUPPLY
INVESTORS, LLC FOR A PASS
THROUGH RATE CHANGE**

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PUBLIC UTILITY COMMISSION

2019 MAY 30 PM 4:33
PUBLIC UTILITY COMMISSION
OF TEXAS

NOTICE OF APPROVAL

This Notice of Approval addresses Nerro Supply Investors, LLC's application for a pass-through rate change for purchased water fees assessed by the North Harris County Regional Water Authority (NHCRWA). The Commission approves the increase from \$4.00 to \$4.53 per 1,000 gallons for customers of the Spring Creek Valley Estates subdivision, effective April 1, 2019.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Nerro Supply Investors is a domestic limited liability company, registered with the Texas secretary of state on January 26, 2015, under filing number 802143247.
2. Nerro Supply Investors provides water services under certificate of convenience and necessity (CCN) number 10336 in Harris and Montgomery counties.

Application

3. On April 4, 2019, Nerro Supply Investors filed an application seeking to implement a pass-through rate change provision in its approved tariff for customers in the Spring Creek Valley Estates subdivision. Nerro Supply Investors seeks to pass-through an increase from \$3.40 to \$3.85 per 1,000 gallons in the well-pumpage fee billed to the utility by its supplier, NHCRWA.
4. The requested pass-through rate includes \$0.68 per 1,000 as compensation for line loss of 15%, calculated in accordance with the pass-through equation stated in the current tariff.
5. Only Nerro Supply Investors' customers within the Spring Creek Valley Estates subdivision are subject to the increased purchased water costs.

6. 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. The copies of bills from NHCRWA for the fees at issue in this application were issued to Northwest Water Systems, Inc., which was transferred to Nerro Supply Investors in Docket No. 44387.

Notice

7. On April 12, 2019, Nerro Supply Investors mailed notice to all affected customers, detailing the proposed rate increase, and reflecting that the increase rate will be effective April 1, 2019. Nerro Supply Investors' application included a copy of the notice to customers.
8. 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 Nerro Supply Investors 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 § 24.25. 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

9. Nerro Supply Investors is a retail public utility that purchases water.
10. Nerro Supply Investors is under the original jurisdiction of the Commission.

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

11. The proposed charge is not included in the cost of service used to calculate the rates in the currently-approved tariff.
12. The proposed charge will pass through only the actual increase in costs charged to Nerro Supply Investors by NHCRWA.

Tariff

13. The current tariff for the Spring Creek Valley Estates subdivision was approved by the Commission on July 11, 2018 in Tariff Control No. 48157, upon the approval of a previous pass-through rate change application.
14. 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.
15. On May 6, 2019, Commission Staff filed a proposed 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

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

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Nerro Supply Investors 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 Nerro Supply Investors' 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,¹ 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 Nerro Supply Investors' application for a pass-through rate increase from \$4.00 to \$4.53 per 1,000 gallons effective April 1, 2019 for customers in the Spring Creek Valley Estates subdivision.
2. The Commission approves the tariff filed by Commission Staff on May 6, 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 Nerro Supply Investors collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Nerro Supply Investors 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 30th day of May 2019.

PUBLIC UTILITY COMMISSION OF TEXAS



STEVEN LEARY
ADMINISTRATIVE LAW JUDGE

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¹ Tex. Gov't Code §§ 2001.001-.902.