



Control Number: 49605



Item Number: 5

Addendum StartPage: 0

DOCKET NO. 49605

**APPLICATION OF CARROLL
WATER CO., INC. FOR A PRICE
INDEX RATE ADJUSTMENT**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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**COMMISSION STAFF’S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS AND RECOMMENDATION ON FINAL DISPOSITION**

COMES NOW the Staff of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation on Administrative Completeness and Recommendation on Final Disposition in response to Order No. 1. In support thereof, Staff shows the following:

I. BACKGROUND

On June 5, 2019, Carroll Water Co., Inc. (Carroll) filed for a price index rate adjustment for the Grande Casa Ranchitos, Spanish Grant, Emerald Forest, and Lakeview Ranchettes Estates subdivisions. Carroll holds water certificate of convenience and necessity (CCN) number 11543.

On June 11, 2019, the Administrative Law Judge (ALJ) issued Order No. 1, requiring Staff to file a recommendation on the administrative completeness of the Application and notice on or before July 8, 2019. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum of Spencer English in the Commission’s Water Utility Regulation Division, Staff has reviewed the application and recommends that it be found administratively complete and accepted for filing under TWC § 13.1872 and 16 TAC § 24.49.

III. RECOMMENDATION ON FINAL DISPOSITION

Staff conducted a technical review of the Application under TWC § 13.1872 and 16 TAC § 24.49. Under TWC § 13.1872 and 16 TAC § 24.49, the Commission may adjust the rates of a Class C utility without the need for a hearing. Based upon the attached memorandum of Spencer English of the Commission’s Water Utility Regulation Division (Attachment A), Staff recommends approval of the Application for an increase in water rates for Carroll consistent with Staff’s recommended rates. Approval of the Application would result in the approval of Carroll’s

proposed rates reflected in the attached memorandum. Staff has attached compliance tariff pages reflecting the proposed rate adjustment to this pleading (Attachment B).

IV. PROPOSED PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule for further processing of this docket:

Event	Deadline
Deadline for Carroll to provide notice to customers	July 31, 2019

V. CONCLUSION

For the reasons stated above, Staff recommends that the Application be deemed administratively complete. Staff further recommends the Application be approved consistent with Staff’s recommended rates and Carroll be ordered to provide notice of the proposed change using only the notice pages as approved by the Commission at least 30 days before the effective date of the proposed change.

Dated: July 8, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 8, 2019 in accordance with 16 TAC § 22.74.



Patrick D. Todd

Attachment A

PUC Interoffice Memorandum

To: Patrick Todd, Attorney
Legal Division

Thru: Debi Loockerman, Financial Manager
Water Utility Regulation Division

From: Spencer English, Financial Analyst
Water Utility Regulation Division

Date: June 28, 2019

Subject: **Application No. 49605;** *Application of Carroll Water Co., Inc. for a Price Index Rate Adjustment*

On June 5, 2019, Carroll Water Co., Inc. (Applicant) filed an application for a price index rate adjustment. Pursuant to Tex. Water Code Ann. (TWC) § 13.1872 and 16 Tex. Admin. Code (TAC) § 24.49(c) a utility may request an increase to its tariffed rates. In this case, the Applicant is requesting approval to adjust its water monthly meter charges and monthly gallonage rates based upon the Commission price index of 3.50%. Staff addressed the incorrect index in a ten day letter in accordance with 16 TAC § 24.49(d)(1)(A), and has adjusted the calculation using the current price index of 3.20%. The Applicant provided:

- 1) A completed Class C Water or Sewer Utility Request for a Price Index Rate Adjustment;
- 2) An approval for the amended notice for the approved price index change;
- 3) A copy of the relevant pages of the utility's currently approved tariff; and
- 4) A filing in the correct annual quarter established by 16 TAC § 24.49(f).

The Applicant filed one prior price index adjustment application. This filing is the second price index adjustment for the Applicant. Therefore, the Applicant may file two more price index adjustments in accordance with TWC § 13.187(f).

The notice as amended in Staff's ten-day letter provided for notice 30 days prior to the effective date as required by 16 TAC § 24.49(e).

The following table includes the previously approved, Applicant proposed, and Staff recommended water base rates by meter size:

Meter size	Approved tariff base rate	Proposed Rate	Staff Recommended Rate
5/8" or 3/4"	\$ 29.46	\$30.49	\$ 30.40
1"	\$ 29.46	\$30.49	\$ 30.40

The following table includes the previously approved and proposed water block gallonage rates:

Gallage Blocks	Previous Tariff Rates	Proposed Tariff Rates	Staff Recommended Rates
From 0 to 10,000 gallons	\$2.69	\$2.79	\$2.78
From 10,001 to 15,000 gallons	\$2.95	\$3.16	\$3.04
For usage over 15,001 gallons	\$4.06	\$4.20	\$4.19

Staff prepared the revised notice which includes the correct calculation of the rate adjustments using the Commission's price index of 3.20%, which was provided to the Applicant in the ten day letter and is attached to this memo.

Based upon review of the information submitted with the application, Staff recommends that the Commission:

- a) Approve the Class C Rate Adjustment and authorize the Applicant to collect water base rates and gallonage rates as proposed in the updated notice;
- b) Order the Applicant to provide the amended notice to customers in accordance with 16 TAC § 24.49(e) by July 31, 2019;
- c) Approve the effective date of August 30, 2019 to coincide with an appropriate billing cycle and to meet the 30 day notice requirement; and
- d) Provide a copy of the approved tariff pages to the Applicant.

Note: Staff inadvertently included an unrelated page in the revised notice provided to the Applicant which will not be included in the notice to customers.

Attachment B



**WATER UTILITY TARIFF
Docket No. 49605**

Walter J. Carroll Water Company, Inc.
Carroll Water Company.
(Utility Name)

513 Winding Creek
(Business Address)

Red Oak, Texas 75154
(City, State, Zip Code)

(972) 617-0817
(Area Code/Telephone)

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

11543

This tariff is effective in the following counties:

Ellis

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

City of Red Oak

Rates for the Red Oak Community Water Service subdivision (PWS #07000056) are not included in this tariff and should be obtained from the City of Red Oak. (Docket No. 43175)

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

Emerald Forest (PWS #0700058), Grande Casa Ranchitos (PWS #0700063), Lakeview Ranchettes Estates (PWS #0700057), Spanish Grant (PWS #0700064)

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):

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APPENDIX A: DROUGHT CONTINGENCY PLAN
APPENDIX B: APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Rate</u>	<u>Gallonage Charge</u>
5/8" x 3/4"	<u>\$30.40</u> (Includes -0- gallons)	<u>\$2.78</u> per 1,000 gallons 0 – 10,000 gallons
1"	<u>\$30.40</u> (Includes -0- gallons)	<u>\$3.04</u> per 1,000 gallons 10,001- 15,000 gallons <u>\$4.19</u> per 1,000 gallons 15,001 gallons thereafter

Additional Charge:

Prairielands Groundwater Conservation District (PGCD)

Water Production Fee \$0.24 per 1,000 gallons
 (Effective November 28, 2011)

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash , Check , Money Order , 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.....\$1,000.00

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.

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.....\$40.00
 or other reason listed under section 2.0 of this tariff.

TRANSFER FEE.....\$25.00

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.

SECTION 1.0 – RATE SCHEDULE (Continued)

RETURNED CHECK CHARGE \$20.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:
WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC 24.25(b)(2)(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.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:
Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$R = G / (1 - L)$, Where:

- R = proposed pass-through rate;
- G = new gallonage charge from source (per 1000 gallons);
- L = actual line loss

SECTION 2.0 -- SERVICE RULES AND POLICIES

Section 2.01 – Public Utility Commission of Texas Rules

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, available at its office for reference purposes. The rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest rules or commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02 - Application for and Provision of Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service at each separate location.

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Where service has previously been provided, the utility will reconnect the service within one working day after the applicant has met the requirements for reconnection.

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

Section 2.03 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the PUC rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that he/she may file a complaint with the Commission.

Section 2.04 - Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant will be required to pay a deposit as provided for in Section 1.02 of this tariff. The utility will keep records of the deposit and credit interest in accordance with PUC rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit. - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has paid 18 consecutive billings without being delinquent.

Section 2.05 – Meter Requirements, Readings, and Testing

All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customer. One meter is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Service meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. This test will be made during the utility's normal working hours at a time convenient to the customer if he or she desires to observe the test. The test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing laboratory. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.06 - Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. Payment is considered late if not received by 5:00 PM at the utility's office or postal address within (16) days of the billing date. The postmark on the envelope of the bill or recorded date of mailing by the utility, if there is no postmark on the envelope, will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

A late penalty of either \$2.00 or 5.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Each bill will provide all information required by PUC Rules. The utility will maintain and note on the monthly billing a telephone (or numbers) which may be reached by a local call by customers of each systems it operates. At the utility's option, a toll-free telephone number or the equivalent may be provided.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report that results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.07 - Service Disconnection

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the PUC Rules.

Utility service may also be disconnected without notice for reasons as described in the PUC Rules.

Utility personnel must be available to collect payments and to reconnect service on the day of and the day after any disconnection of service unless service is disconnected at the customer's request or because of a hazardous condition.

Section 2.08 - Reconnection of Service

Service will be reconnected within 24 hours after the past due bill and any other outstanding charges are paid or correction of the conditions which caused service to be disconnected.

Section 2.09 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Prorated Bills - If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.10 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the PUC or Texas Commission on Environmental Quality (TCEQ), the utility will maintain facilities as described in the TCEQ “Rules and Regulations for Public Water Systems.”

Section 2.11 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through either the TCEQ or PUC complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the rules previously listed under Section 2.0. It must be reviewed and approved by the Commission and in compliance with PUC Rules to be effective.

SECTION 3.0--EXTENSION POLICY (Continued)

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES. No Contribution in Aid of Construction may be required of any customer except as provided for in this approved extension policy.

The customer will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The utility will bear the full cost of any over-sizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

COST UTILITIES SHALL BEAR. Within its certificate area, the utility will pay the cost of the first 200 feet of any water main or sewer collection lines necessary to extend service to an individual residential customer within a platted subdivision. However, if the residential customer requesting service purchased the property after the developer was notified of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply TCEQ "Rules and Regulations for Public Water systems."

Section 3.20 – Specific Utility Extension Policy

This section contains the utility's specific extension policy which complies with the requirements already stated under Section 3.01. The approval stamp of the Commission indicates that is in compliance with PUC Rules and is effective after the date on the stamp.

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the full cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

SECTION 3.0--EXTENSION POLICY

Developers will be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

APPENDIX A -- DROUGHT CONTINGENCY PLAN

“This page incorporates by reference the utility’s Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.”

APPENDIX B -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)