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TARIFF CONTROL NO. 49625

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APPLICATION OF CODY & ANITA § PUBLIC UTILITY COMMISSION  
LEWIS DBA WATER WORKS I AND II §  
FOR A PASS THROUGH RATE § OF TEXAS  
CHANGE §

NOTICE OF APPROVAL

This Notice of Approval addresses the application of Cody & Anita Lewis dba Water Works I and II to increase the monthly Corix Utilities Texas, Inc. pass-through base rate from \$18.00 to \$42.11 per connection for customers of Water Works I, Floyd Acres subdivision, and from \$10.08 to \$21.06 per connection for customers of Water Works II, Island Lodges subdivision, and to increase the monthly Corix pass-through gallonage rate from \$11.65 to \$13.82 per 1,000 gallons of usage above the 1,000 gallons included in the monthly minimum connection charge for customers in both subdivisions. The Commission approves the increase to the Corix pass-through base and gallonage charges effective July 1, 2019.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Water Works I and II provide water services under certificate of convenience number 11674 in Llano County.
2. Water Works I operates under Texas Commission on Environmental Quality (TCEQ)-approved public water system (PWS) number 1500018.
3. Water Works II operates under TCEQ-approved PWS number 1500019.

Application

4. On June 11, 2019, Water Works I and II filed its application to implement the purchased water pass-through rate change provision in their approved tariff for customers in the Floyd Acres and Island Lodges subdivisions. The rate change requested for water purchased from Corix include a pass-through base rate of \$42.11 per connection per month plus \$13.82 pass-through gallonage rate per 1,000 gallons of usage above 1,000 gallons, included in

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the monthly minimum, for customers in the Floyd Acres subdivision. The application also requests a pass-through base rate of \$21.06 per connection per month plus a \$13.82 pass-through gallonage rate per 1,000 gallons of usage above 1,000 gallons, included in the monthly minimum, for customers in the Island Lodges subdivision. The requested pass-through gallonage rate includes compensation for line loss of 15% calculated in accordance with the pass-through equation in the approved tariff. The rate change effective date is July 1, 2019.

5. In Docket No. 45418<sup>1</sup>, the Commission approved Corix's application to increase the wholesale rates it charges to utilities, including Water Works I and II. In this application, Water Works I and II seek to pass-through this increase.
6. The application contained the affected CCN number, the affected subdivisions, public water system names and corresponding numbers 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 contains the rates that will change if the application is approved.
7. On October 1, 2019, Commission Staff recommended approval of the application.

### Notice

8. On June 28, 2019, Water Works I and II mailed notice to affected customers in the Floyd Acres and Island Lodges subdivision, detailing the Corix pass-through base and gallonage charges effective July 1, 2019. Water Works I and II's application, filed June 11, 2019, included a copy of the notice to customers.
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 Water Works for water use fee, and the following language: "This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code (TAC)

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<sup>1</sup> *Application of Corix Utilities (Texas) Inc. for a Rate/Tariff Change*, Docket No. 45418, SOAH Docket No. 473-16-3886.WS, Order (Jul. 13, 2017).

§ 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. Water Works I and II is a retail public utility that purchases water.
11. Water Works I and II is under the original jurisdiction of the Commission.

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

12. The proposed charge will pass through only the actual costs charged to Water Works I and II by its supplier and does not duplicate costs otherwise charged to customers under the current tariff.

**Tariff**

13. Water Works I and II applied the approved formula in determining the new Corix pass-through base and gallonage charges.
14. Water Works I and II’s current tariff base rate for water purchase from Corix was approved by the Commission on October 3, 2017, in Tariff Control No. 47524.<sup>2</sup> The current tariff prescribes a formula by which the adjusted Corix pass-through gallonage charge is to be calculated.
15. On September 13, 2019, Commission Staff filed a final recommendation but inadvertently omitted the proposed tariff as an attachment to its recommendation.
16. On October 1, 2019, Commission Staff filed a final recommendation and a proposed tariff attached to the recommendation.
17. On November 4, 2019, Commission Staff filed a statement of clarification and a revised proposed tariff, correcting a typographical error previously-filed proposed tariff. The revised proposed tariff reflects approval the applicant’s requested Corix pass-through base and gallonage rate increases and contains a Corix pass-through gallonage rate change provision similar to the current tariff.

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<sup>2</sup> Application of Cody & Anita Lewis dba Water Works I & II for a Pass-Through Rate Change, Tariff Control No. 47524, Notice of Approval (Oct. 3, 2017).

**Informal Disposition**

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

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. The Commission has jurisdiction over the application under TWC § 13.041.
2. Water Works I and II are retail public utilities as defined in Texas Water Code (TWC) § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59).
3. The Commission may approve this minor change to Water Works I and II's water tariff 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>3</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 Water Works I and II's application.

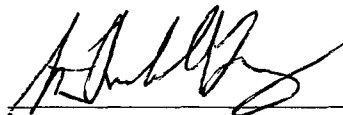
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<sup>3</sup> Tex. Gov't Code ch. 2001.

2. The Commission approves the requested pass-through base rate increase to \$42.11 per connection per month plus a \$13.82 per month pass-through gallonage charge per 1,000 gallons of usage above 1,000 gallons for customers in the Water Works I Floyd Acres subdivision, effective July 1, 2019.
3. The Commission approves the requested pass-through base rate increase to \$21.06 per connection per month plus a \$13.82 per month pass-through gallonage charge per 1,000 gallons of usage above 1,000 gallons for customers in the Water Works II Island Lodges subdivision, effective July 1, 2019.
4. The Commission approves the proposed tariff attached to Commission Staff's statement of clarification filed on November 4, 2019.
5. 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.
6. If Water Works I and II collects an amount as a result of these pass-through rate increases that is higher than the purchased water costs incurred, Water Works I and II must refund any amounts collected in excess of the purchased water costs.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 5<sup>th</sup> day of November 2019.

**PUBLIC UTILITY COMMISSION OF TEXAS**



**STEVEN LEARY**  
**ADMINISTRATIVE LAW JUDGE**