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ARIFF CONTROL NO. 50327

APPLICATION OF T & W WATER
SERVICE FOR A PASS THROUGH
RATE CHANGE

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PUBLIC UTILITY COMMISSION
OF TEXAS



NOTICE OF APPROVAL

This Notice of Approval addresses the application filed on December 9, 2019, by T & W Water Service for approval of a pass-through rate change for water fees assessed by the Lone Star Groundwater Conservation District (LSGCD). The proposed pass-through rate change will adjust T & W's pass-through rate to \$0.03 per 1,000 gallons effective January 1, 2020. The Commission approves the application to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. T & W Water is a domestic for-profit corporation registered with the Texas secretary of state on January 18, 1979, under filing number 46041000.
2. T & W Water provides water services under water certificate of convenience and necessity (CCN) number 12892 in Montgomery, Harris, and Liberty counties.

Application

3. On December 9, 2019, T & W Water filed an application to decrease the pass-through fee it charges customers. The pass-through fee is charged to recover fees charged to T & W Water by LSGCD.
4. T & W Water received notice that LSGCD reduced its regulatory water use fee from \$0.105 to \$0.085 per 1,000 gallons, effective January 1, 2020, as part of the Montgomery county-wide water use fees.
5. The current pass-through fee is \$0.05 per 1,000 gallons of usage. In its application, T & W

Water requests that the pass-through fee be reduced to \$0.03 per 1,000 gallons.¹ This includes compensation for line loss of 10.2% calculated in accordance with the pass-through equation listed on the tariff.

6. The application contained the affected CCN number, the affected subdivisions, the names of the affected public water systems and their corresponding number issued by the Texas Commission on Environmental Quality (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 rate, and a copy of the pages of the utility's tariff that contains the rate that will change if the application is approved.
7. On January 17, 2020, Commission Staff recommended approval of the application.

Notice

8. On or about December 3, 2019, T & W Water provided notice of the pass-through rate change to affected customers.
9. On January 24, 2020, the administrative law judge (ALJ) found notice insufficient.
10. On February 7, 2019, T & W Water provided notice of the pass-through rate change to affected customers.
11. On March 9, 2020, the ALJ found notice insufficient.
12. On March 13, 2020, T & W Water filed the affidavit of Ronald L. Payne, General Manager of T & W Water, attesting that T & W Water mailed notice to affected customers on March 12, 2020 detailing the proposed pass-through rate change.
13. 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 T & W Water 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

¹ T & W Water only seeks to pass-through \$0.03 (\$0.025, rounded to the nearest one cent) of the total \$0.085 from LSGCD because the first \$0.06 of the fee was included in cost of service calculations previously approved in TCEQ Docket No. 2008-1402-UCR, effective February 1, 2009.

§ 24.25. The cost to you as a result of this change will not exceed the costs charged to your utility.”

14. On April 21, 2020, the ALJ found notice sufficient.

Jurisdiction – Texas Water Code (TWC) §§ 13.002(19) and 13.041

15. T & W Water is a retail public utility that purchases water.
16. T & W Water is under the original jurisdiction of the Commission.

Eligibility for Pass-Through Rate Change – 16 Texas Administrative Code (TAC) § 24.25

17. The proposed charge will pass through only the actual costs charged by LSGCD and does not duplicate costs otherwise charged to customers under the current tariff.

Tariff

18. T & W’s current tariff was approved by the Commission on October 14, 2019, in Tariff Control No. 49100.² The current tariff prescribes a formula by which adjustments to purchased water fees are to be calculated.
19. On April 17, 2020, Commission Staff filed a proposed tariff as an attachment to its supplemental recommendation.

Informal Disposition

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

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over the application under TWC § 13.041.

² Application of T & W Water Service Company for a Minor Tariff Change (Federal Tax Cut Credit Rider), Docket No. 49100, Order (Oct. 14, 2019).

2. T & W is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31).
3. The Commission may approve this minor change to T & W Water's water tariff under 16 TAC § 24.25(b)(2)(A)(vii).
4. The application meets the requirements set forth in 16 TAC § 24.25(b)(2).
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,³ 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 T & W Water's application.
2. The Commission approves the change in the LSGCD pass-through rate fee to \$0.03 per 1,000 gallons of usage effective January 1, 2020
3. The Commission approves the proposed tariff attached to Commission Staff's recommendation filed on April 17, 2020.
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. If T & W Water collects an amount as a result of these pass-through rate increases that is higher than the purchased water costs incurred, T & W Water must refund any amounts collected in excess of the purchased water costs.
6. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

³ Tex. Gov't Code §§ 2001.001-.902.

Signed at Austin, Texas the 14th day of May 2020.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read 'G. R. Siemankowski', written over a horizontal line.

GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE