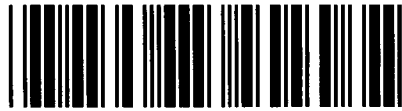


Control Number: 50327



Item Number: 5

Addendum StartPage: 0

TARIFF CONTROL NO. 50327

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

§
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§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

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PUBLIC UTILITY COMMISSION
FILING CLERK

**COMMISSION STAFF'S RECOMMENDATION ON
THE APPLICATION AND NOTICE**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation on the Application and Notice. Staff recommends that the application be found sufficient, but that notice attached to the application be found insufficient and that the applicant be given the opportunity to cure. In support thereof, Staff shows the following:

I. BACKGROUND

On December 9, 2019, T&W Water Service (T&W) (Applicant), operating under Certificate of Convenience and Necessity No. 12892, filed an application for approval of a pass-through rate change related to fees imposed by the Lone Star Groundwater Conservation District (LSGWD) pursuant to 16 Texas Administrative Code (TAC) § 24.25. The proposed pass-through rate change will adjust T&W's pass-through rate to \$0.03 per 1,000 gallons. The requested effective date for the rate change is January 1, 2020.

On January 6, 2020, the Commission Administrative Law Judge (ALJ) issued a notice granting Staff's Request for Extension, setting January 17, 2020 as the deadline for Staff to file a recommendation on the application, to address notice requirements, and to propose a procedural schedule, if necessary. Therefore, this pleading is timely filed.

II. STAFF'S RECOMMENDATION

Staff has reviewed T&W's application and notice. As supported by the attached memorandum of Spencer English of the Commission's Rate Regulation Division, Staff recommends that the application be found administratively complete and in compliance with 16 Texas Administrative Code (TAC) § 24.25(b)(2)(F)(i). Accordingly, Staff recommends that the requested changes to T&W's pass-through rates be approved.

Further, notice in this proceeding is governed by 16 TAC § 24.25(b)(2)(F)(ii). Staff has reviewed the notice attached to the application and determined that it is insufficient. Specifically,

the rule requires notice to contain 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.” 16 TAC § 24.25(b)(2)(F)(ii)(VI). T&W’s notice contains the required language, but mistakenly cites 16 Texas Administrative Code § 24.21 instead of 16 Texas Administrative Code § 24.25. Therefore, Staff recommends that the application not be approved at this time, and that T&W be required to provide new notice.

III. PROPOSED PROCEDURAL SCHEDULE

Due to the deficiency in the application’s notice, Staff does not recommend a procedural schedule for evaluation of the merits at this time. Instead, Staff recommends that T&W be given until February 7, 2020, to cure the identified deficiency and provide proof of notice to its customers, and that Staff be required to provide a supplemental recommendation by March 6, 2020.

IV. CONCLUSION

Staff respectfully requests the issuance of an order consistent with this recommendation.

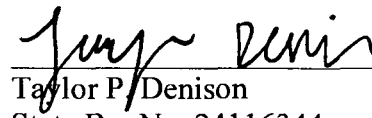
Dated: January 17, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Thomas S. Hunter
Division Director

Heath D. Armstrong
Managing Attorney

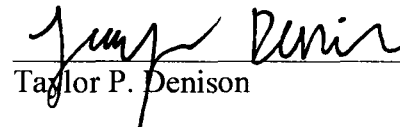


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TARIFF CONTROL NO. 50327

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on January 17, 2020, in accordance with 16 TAC § 22.74.



Taylor P. Denison

Public Utility Commission of Texas

Memorandum

To: Taylor Denison, Attorney
Legal Division

From: Spencer English, Financial Analyst
Rate Regulation Division

Subject: **Tariff Control No. 50327;** *Application of T&W Water Service for Pass-Through Rate Change*

Date: January 17, 2020

On December 9, 2019, T&W Water Service (Applicant), Certificate of Convenience and Necessity No. 12892, filed an application to implement a pass-through rate change pursuant to Texas Administrative Code (TAC) § 24.25(b) for fees billed by Lone Star Groundwater Conservation District (LSGWD). LSGWD decreased usage fees from \$0.105 to \$0.085 per thousand gallons, effective January 1, 2020.

The Applicant's previously approved pass-through rate was set lower than LSGWD's gallonage rate because \$0.06 of the usage fee was included in the cost of service in a previous base rate case; the current pass-through rate is an additional \$0.05 per 1,000 gallons of usage. The proposed pass-through rate is \$0.03 per 1,000 gallons of usage. This includes 10.2% of line loss calculated in accordance with the pass-through equation listed on the tariff.

Staff has determined that the application meets the requirements of TAC § 24.25(b). Staff recommends that the application be accepted for filing, approved as requested, and that the Commission provide the Applicant a copy of the attached tariff.