



Control Number: 50635



Item Number: 9

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**TARIFF CONTROL NO. 50635**



**APPLICATION OF NERRO SUPPLY,  
LLC 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 March 10, 2020, by Nerro Supply, LLC's for approval of a pass-through rate change for water fees assessed by the North Harris County Regional Water Authority (NHCRWA). Nerro Supply requests approval to increase the current NHCRWA pass-through fee from \$4.00 to \$5.00 per 1,000 gallons for customers in the Maple Leaf Gardens and Oakland Village subdivisions. The Commission approves the increase to the NHCRWA pass-through fee effective April 1, 2020.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. Nerro Supply, LLC is a domestic limited liability company registered with the Texas secretary of state under filing number 801380548.
2. Nerro Supply provides water services under water certificate of convenience and necessity (CCN) number 12252 in Brazos, Burleson, Chambers, Harris, Liberty, Montgomery, Robertson, and Walker counties.
3. Nerro Supply operates Texas Commission on Environmental Quality (TCEQ)-registered public water systems (PWSs), identification numbers 1011493 (serving Maple Leaf Gardens subdivision) and 1011049 (serving Oakland Village subdivision), in Harris County.

**Application**

4. On March 10, 2020, Nerro Supply filed an application for a pass-through rate change.
5. NHCRWA increased its water usage fee from \$3.85 to \$4.25 effective April 1, 2020. In its application, Nerro Supply seeks to recover these increases and line loss by increasing the NHCRWA pass-through fee it charges to customers in the affected subdivisions.

6. Nerro Supply requests approval to increase the current NHCRWA pass-through fee from \$4.00 to \$5.00 per 1,000 gallons, effective April 1, 2020, for customers of the Maple Leaf Gardens and Oakland Village subdivisions. The requested increase includes compensation for line loss of 15%.
7. The application contained the affected CCN number, the affected subdivisions, PWS 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 contain the rates that will change if the application is approved.
8. On May 8, 2020, Commission Staff recommended approval of the application.

**Notice**

9. Nerro Supply's application included a copy of the notice of the pass-through rate change that was provided to customers in the Maple Leaf Gardens and Oakland Village subdivisions.
10. 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 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—Texas Water Code (TWC) §§ 13.002(19) and 13.041**

11. Nerro Supply is a retail public utility that purchases water.
12. Nerro Supply is under the original jurisdiction of the Commission.

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

13. The proposed charge will pass through only the actual costs charged to Nerro Supply by its supplier and does not duplicate costs otherwise charged to customers under the current tariff.

**Tariff**

14. The current tariff was approved by the Commission on May 30, 2019, in Tariff Control No. 48532.<sup>1</sup> The current tariff prescribes a formula by which the adjusted NHCRWA pass-through gallonage charge is to be calculated. Under this formula, line loss is capped at a maximum of 15%.
15. On May 8, 2020, Commission Staff filed a proposed tariff as an attachment to its recommendation.

**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 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. The Commission has authority over the application under TWC § 13.041.
2. Nerro Supply 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 Nerro Supply'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).

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<sup>1</sup> *Application of J&S Water Company, LLC and Nerro Supply LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris, Chambers, and Liberty Counties*, Docket No. 48532, Notice of Approval (July 18, 2019).

5. The Commission processed the application as required by the TWC, the Administrative Procedure Act,<sup>2</sup> 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's application.
2. The Commission approves the requested increases in the NHCRWA pass-through fee from \$4.00 to \$5.00 per 1,000 gallons, effective April 1, 2020, for customers in the Maple Leaf Gardens and Oakland Village subdivisions.
3. The Commission approves the proposed tariff attached to Commission Staff's recommendation filed on May 8, 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 Nerro Supply collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Nerro Supply 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.

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<sup>2</sup> 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 'Isaac TA', written over a horizontal line.

**ISAAC TA  
ADMINISTRATIVE LAW JUDGE**