



Control Number: 51647



Item Number: 10

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**TARIFF CONTROL NO. 51647**

**APPLICATION OF COMMUNITY  
WATER COMPANY FOR PASS  
THROUGH RATE CHANGE**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

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**NOTICE OF APPROVAL**

This Notice of Approval addresses the application of Community Water Company for a pass-through rate change related to the rates charged by the City of Tyler for purchased water. The Commission approves Community Water's increase of the City of Tyler purchased water pass-through rate from \$1.09 to \$1.38 per 1,000 gallons for customers in the Montgomery Gardens subdivision, effective January 20, 2021.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. Community Water is a Texas corporation registered with the Texas secretary of state under filing number 121785400.
2. Community Water provides water service under certificate of convenience and necessity (CCN) number 10534 in Smith County.
3. Community Water serves the Montgomery Gardens subdivision through a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 2120008.

**Application**

4. On December 22, 2020, Community Water filed its application to increase the City of Tyler pass-through fee from \$1.09 to \$1.38 per 1,000 gallons, effective January 20, 2021, for customers in the Montgomery Gardens subdivision.
5. On October 6, 2020, the City of Tyler notified Community Water that the volumetric usage fee it charges Community Water would increase from \$2.31 to \$2.46 per 1,000 gallons and the demand rate would increase from \$3,381.58 to \$3,604.77 per month, effective November 1, 2020. In its application, Community Water seeks to recover this increase

from customers in the Montgomery Gardens subdivision by increasing the City of Tyler pass-through fee.

6. Community Water's requested pass-through fee of \$1.38 includes compensation for line loss of 14.69%, calculated in accordance with the pass-through equation in the approved tariff.
7. The application contained the affected CCN number, affected subdivision, public water system name and corresponding number issued by the TCEQ, a copy of the notice to the customers, documentation that the purchased water rate had changed, line loss percentage calculations and supporting documents, and a copy of the pages of the utility's tariff that contain the rates that will change if the utility's application is approved.
8. In Order No. 2 filed on January 21, 2021, the administrative law judge (ALJ) found the application administratively complete.

**Notice**

9. On December 11, 2020, Community Water mailed notice to affected customers in the Montgomery Gardens subdivision, detailing the requested increase to the City of Tyler pass-through fee.
10. Community Water's application included a copy of the notice to customers.
11. 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 Community Water for water purchased from the City of Tyler, 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."
12. Community Water's application contained the affidavit of Annie Bates, records clerk for Community Water, attesting that notice was mailed to customers on December 11, 2020.
13. In Order No. 2 filed on January 21, 2021, the ALJ found the notice sufficient.

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

14. Community Water is a retail public utility that purchases water.

15. Community Water is under the original jurisdiction of the Commission.

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

16. The purchased water cost to be recovered by the proposed pass-through fee is not included in the cost of service used to calculate the rates in the currently approved tariff.

17. The proposed fee will pass through only the actual increase in costs charged to Community Water by its supplier, the City of Tyler.

**Tariffs**

18. Community Water's current tariff, which includes a pass-through fee for water purchased from the City of Tyler, was approved by the Commission on September 1, 2020, in Tariff Control No. 50264.<sup>1</sup> The current tariff prescribes a formula by which the City of Tyler pass-through fee is to be calculated.

19. Community Water applied the approved formula to determine the increased City of Tyler pass-through gallonage charge.

20. On January 19, 2021, Commission Staff filed a proposed tariff as an attachment to its recommendation on the application and notice. The proposed tariff reflects the requested pass-through fee increase.

**Evidence**

21. On March 12, 2021, the parties filed a joint motion to admit evidence.

22. On March 15, 2021 the ALJ admitted the following evidence into the record of this proceeding: (a) Community Water's application and all attachments filed on December 22, 2020; and (b) Commission Staff's recommendation on the application and notice filed on January 19, 2021.

**Informal Disposition**

23. More than 15 days have passed since the completion of notice provided in this docket.

24. No person filed a protest or motion to intervene.

25. Community Water and Commission Staff are the only parties to this proceeding.

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<sup>1</sup> *Application of Community Water Company for a Pass-Through Rate Change*, Tariff Control No. 50264, Notice of Approval (Sept. 1, 2020).

26. No party requested a hearing and no hearing is needed.
27. Commission Staff recommended approval of the application.
28. This decision is not adverse to any party.

## **II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. Community Water is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31).
2. The Commission has authority over the application under TWC § 13.041.
3. The Commission may approve these minor changes to Community Water'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>2</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 Community Water's increase of the City of Tyler pass-through fee from \$1.09 to \$1.38 per 1,000 gallons, effective January 20, 2021, for customers in the Montgomery Gardens subdivision.
2. The Commission approves the proposed tariff attached to Commission Staff's recommendation filed on January 19, 2021.

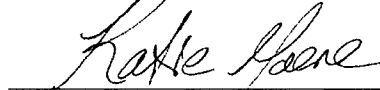
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<sup>2</sup> Tex. Gov't Code §§ 2001.001–.903.

3. 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.
4. If Community Water collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Community Water must refund any amounts collected in excess of the purchased water costs.
5. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

**Signed at Austin, Texas the 19 day of March 2021.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

A handwritten signature in cursive script, appearing to read "Katie Moore", is written over a horizontal line.

**KATIE MOORE**

**ADMINISTRATIVE LAW JUDGE**