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TARIFF CONTROL NO. 51647

APPLICATION OF COMMUNITY §
WATER COMPANY FOR A PASS §
THROUGH RATE CHANGE §

BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

JOINT PROPOSED NOTICE OF APPROVAL

Community Water Company (Community Water) and the Public Utility Commission of Texas (Commission) Staff file this Joint Proposed Notice of Approval. The Joint Proposed Notice of Approval, attached as Exhibit A, sets out the parties' proposed findings of fact, conclusions of law, and ordering paragraphs, which in accordance with Order No. 2,¹ are required to be filed by March 1, 2021. This pleading is timely filed.

I. PROPOSED NOTICE OF APPROVAL

Community Water and Commission Staff move for adoption of the attached Joint Proposed Notice of Approval, which would approve the Application to implement a pass-through rate increase.

II. CONCLUSION

Community Water and Commission Staff respectfully request that the Commission adopt the findings of fact, conclusions of law, and ordering paragraphs in the attached Joint Proposed Notice of Approval.

¹ Order No. 2 Notice Finding Application Administratively Complete and Notice Sufficient (Jan. 21, 2021).

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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**ATTORNEYS FOR COMMUNITY WATER
COMPANY**

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on March 1, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Reid Barnes

REID BARNES

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EXHIBIT A
JOINT PROPOSED NOTICE OF APPROVAL

TARIFF CONTROL NO. 51647

APPLICATION OF COMMUNITY	§	PUBLIC UTILITY COMMISSION
WATER COMPANY FOR A PASS	§	
THROUGH RATE CHANGE	§	OF TEXAS

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. Community Water requests 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. The Commission approves the requested increase to the pass-through fee, effective January 20, 2021.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicant

1. Community Water is a domestic for-profit corporation registered with the Texas secretary of state under filing number 121785400.
2. Community Water provides water services under certificate of convenience and necessity (CCN) number 10534 in Smith County, Texas.
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 1, 2021, for customers in the Montgomery Gardens subdivision.

5. On October 6, 2020, the City of Tyler notified Community Water that the rates it charges Community Water would increase from \$2.31 to \$2.46 per 1,000 gallons, 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 pass-through gallonage fee, effective January 20, 2021.
10. Community Water's application, filed December 22, 2020, 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. On December 22, 2020, Community Water filed the affidavit of Annie Bates, records clerk for Community Water, attesting that notice was mailed to customers.

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.

Tariff

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. 50264.¹ 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 1, 2021, Community Water and Commission Staff filed an agreed motion to admit evidence and proposed notice of approval.

22. On _____, 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.

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

Informal Disposition

23. More than 15 days have passed since completion of the notice provided in this docket.
24. No person filed a protest or motion to intervene.
25. Commission Staff and Community Water are the only parties to this proceeding.
26. No party requested a hearing and no hearing is necessary.
27. Commission Staff recommended approval of the application.
28. The 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. Community Water 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 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,² 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:

² Tex. Gov't Code §§ 2001.001–.903.

1. The Commission approves an increase in 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 on the application and notice filed on January 19, 2021.
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 on the _____ day of March, 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE