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TARIFF CONTROL NO. 51788

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2021 MAY -4 PM 2:45

APPLICATION OF UNDINE TEXAS, §
LLC FOR A PASS THROUGH RATE §
CHANGE §

PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application of Undine Texas, LLC for a pass-through rate change due to increases in the well pumpage fees imposed on the utility by the North Harris County Regional Water Authority (NHCRWA), the Groundwater Reduction Plan (GRP) fee imposed on the utility by the City of Houston, the Groundwater Reduction Plan (GRP) fee imposed on the utility by the San Jacinto River Authority (SJRA), and requested changes in line loss computations. The Commission approves the requested pass-through rates, effective April 1, 2021, to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Undine is a foreign limited liability company registered with the Texas secretary of state under filing number 802339329.
2. Undine provides water service under CCN number 13260 in Brazoria, Fort Bend, Harris, Johnson, Matagorda, Montgomery, and Tarrant counties.
3. Undine serves the subdivisions subject to the pass-through rate change through the following public water systems registered with the Texas Commission on Environmental Quality:

Subdivision	PWS Identification Number
Greengate Acres	1010132
Huffman Heights	1010700
Meadowlake Estates	1010287
Pioneer Trails	1700114
Porter Terrace	1700161
Spring Forest	1700033
Springmont	1010255
Urban Acres	1010252

Application

4. On February 3, 2021, Undine filed the application at issue in this proceeding.
5. In its application, Undine seeks an adjustment to the pass-through clauses in its approved tariff for certain subdivisions. Specifically, Undine seeks to increase the pass-through fee charged to customers in its Greengate Acres, Huffman Heights, Pioneer Trails, Spring Forest, and Urban Acres subdivisions and to decrease the pass-through fee charged to customers its Meadowlake Estates, Porter Terrace, and Springmont subdivisions. The requested changes are the result of changes in line loss, or a combination of a change in line loss and an increase in the following: the well pumpage fee charged by the NHCRWA, the GRP fee charged by the San Jacinto River Authority (SJRA), the GRP mandatory fee charged by the City of Houston, Crystal Springs Water Company, Inc. (Crystal Springs Water) minimum fees, meter charges, gallonage charge, or the Lone Star Groundwater Conservation District (LSGCD) meter fee.
6. Effective July 2020, the NHCRWA increased the well pumpage fee charged to Undine from \$3.85 per 1,000 gallons to \$4.25 per 1,000 gallons.
7. Effective April 1, 2020, the Houston GRP fee charged to Undine increased from \$3.15 per 1,000 gallons to \$3.26 per 1,000 gallons
8. The application seeks to adjust Undine's pass through rates, effective April 1, 2021, as follows:

Subdivision	Current Rate (per 1,000 gallons)	Requested Rate	Line Loss Percentage Used to Calculate Pass Through Rate	Fee Passed Through
Greengate Acres	\$5.86	\$6.66	.3094 (actual)	NHCRWA
Springmont	\$6.20	\$5.98	.2308 (actual)	NHCRWA
Porter Terrace	\$4.25	\$3.48	.2155 (actual)	SJRA GRP
Spring Forest	\$3.82	\$3.83	.2864 (actual)	SJRA GRP
Urban Acres	\$1.47	\$2.07	.3137 (average)	Houston GRP
Huffman Heights	\$1.23	\$1.40	.3016 (actual)	Houston GRP
Meadowlake Estates	\$4.06*	\$3.94	.3137 (average)	Houston GRP
Pioneer Trails	\$8.38	\$8.59	.3013 (actual)	Crystal Springs Water LSGCD

* The Commission approved a pass through rate of \$4.06 in Ordering Paragraph No. 1 of the Notice of Approval in Tariff Control No. 49570. Due to a clerical error, the Application reflected \$4.52.

6. The application contained the affected CCN number, the affected subdivisions, the affected public water system names and corresponding numbers issued by the TCEQ, a copy of the notices to the affected 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 utility’s tariff that contains the rates that will change if this application is approved .
7. On March 29, 2021, Commission Staff recommended approval of Undine’s application with revised pass through rates calculated using an average line loss amount of 31.37% for those subdivisions above the average line loss amount stated by Undine, as follows:

Subdivision	Current Rate (per 1,000 gallons)	Line Loss Percentage Used to Calculate Pass Through Rate	Undine Texas’ Requested Rate	Commission Staff’s Recommended Pass Through
Greengate Acres	\$5.86	.3094 (actual)	\$6.66	\$6.66
Springmont	\$6.20	.2308 (actual)	\$5.98	\$5.98
Porter Terrace	\$4.25	.2155 (actual)	\$3.48	\$3.48
Spring Forest	\$3.82	.2864 (actual)	\$3.83	\$3.83
Urban Acres	\$1.47	.3137 (average)	\$2.07	\$1.43
Huffman Heights	\$1.23	.3016 (actual)	\$1.40	\$1.40
Meadowlake Estates	\$4.06*	.3137 (average)	\$3.94	\$3.80
Pioneer Trails	\$8.38	.3013 (actual)	\$8.59	\$8.59

* The Commission approved a pass through rate of \$4.06 in Ordering Paragraph No. 1 of the Notice of Approval in Tariff Control No. 49570. Due to a clerical error, the Application reflected \$4.52.

8. Undine did not object to Commission Staff’s recommendation.
9. In Order No. 5 filed on March 29, 2021, the administrative law judge (ALJ) found the application administratively complete.

Notice

9. On March 26, 2021, Undine filed the affidavit of Carey Thomas, Senior Vice President, attesting that a revised notice was mailed to customers on March 19 and March 24, 2021.
10. The revised 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 Undine

for the applicable pass-through fees, 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. . . .”

11. In Order No. 5 filed on March 29, 2021, the ALJ found the notice sufficient.

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

12. Undine is a retail public utility that purchases water and serves customers in areas subject to groundwater reduction plans.
13. Undine is under the original jurisdiction of the Commission.

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

14. The well pumpage fees, GRP fees, purchased water costs, and meter fee to be recovered by the proposed pass-through rates are not included in the cost of service used to calculate the rates in Undine’s currently approved tariff.
15. The proposed charge will pass-through only the actual costs charged to Undine by NHCRWA, SJRA, Houston, Crystal Springs Water, and LSGCD

Tariff

16. Undine’s current pass-through fees for the subdivisions affected by this application were approved by the Commission on February 3, 2020, in Tariff Control No. 49570.¹
17. On March 29, 2021, Commission Staff filed a proposed tariff for this case as an attachment to its recommendation on the application and notice. The proposed tariff reflects the pass-through fee increase approved in this Notice.

Informal Disposition

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

¹ Application of Undine Texas, LLC for a Pass Through Rate Change, Tariff Control No. 49570, Notice of Approval (Feb. 3, 2020).

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. Undine 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 Undine’s water tariff under 16 TAC § 24.25(b)(2).
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.

1. The Commission approves, effective April 1, 2021, the following pass through rates:

Subdivision	Pass Through Rate (per 1,000 gallons) Rate	Fee Passed Through
Greengate Acres	\$6.66	NHCRWA
Springmont	\$5.98	NHCRWA
Porter Terrace	\$3.48	SJRA GRP
Spring Forest	\$3.83	SJRA GRP
Urban Acres	\$1.43	Houston GRP
Huffman Heights	\$1.40	Houston GRP
Meadowlake Estates	\$3.80	Houston GRP
Pioneer Trails	\$8.59	Crystal Springs Water LSGCD

² Tex. Gov’t Code §§ 2001.001–.903.

2. The Commission approves the proposed tariff filed by Commission Staff on March 29, 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 Undine collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Undine must refund any amounts collected in excess of the purchased water costs.
5. Undine is required to file an application for a pass-through rate change within one year of the date of this Notice of Approval so that the pass-through rates can be adjusted to incorporate any reductions in line loss Undine is able to achieve during that time.
6. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the ____th day of May 2021.

ADMINISTRATIVE LAW JUDGE

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