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TARIFF CONTROL NO. 51832

APPLICATION OF AQUA TEXAS, INC. § PUBLIC UTILITY COMMISSION
FOR 2020 TRUE-UP REPORT AND §
PASS-THROUGH GALLONAGE § OF TEXAS
CHARGE FOR ITS NORTH REGION §

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NOTICE OF APPROVAL

This Notice of Approval addresses the 2020 annual true-up report filed by Aqua Texas, Inc. for approval to increase its regional pass-through gallonage charge from \$0.3751 to \$0.4224 per 1,000 gallons within its North Region and for the City of Stockton Bend (formerly, Brazos Bend) for in-city water service under the same provision. The Commission approves the revised regional pass-through gallonage charge, effective March 1, 2021, and approves the 2020 annual true-up report.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Aqua Texas is a Texas corporation registered with the Texas secretary of state under filing number 800304878.
2. Aqua Texas provides water service under certificate of convenience and necessity (CCN) number 13201 in its North Region which comprises of Anderson, Bosque, Camp, Cherokee, Cooke, Denton, Erath, Grayson, Gregg, Henderson, Hood, Hunt, Johnson, McLennan, Marion, Parker, Smith, Somervell, Tarrant, Wise, and Wood counties.

Application

3. On February 23, 2021, Aqua Texas filed an annual true-up report for the 2020 calendar year in compliance with Aqua Texas's North Region tariff and requested approval of a regional pass-through gallonage charge increase from \$0.3751 to \$0.4224 per 1,000 gallons, effective March 1, 2021.
4. Aqua Texas's report reconciles the total regional pass-through gallonage charge revenues billed during the previous completed calendar year within the North Region to the total

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amount of all regional passed-through costs incurred during that year as reflected in the general ledger.

5. The report includes the amount paid to each entity for allowed passed through costs, the names of the entities paid by Aqua Texas, and the total of costs incurred requested for the purpose of an adjusted regional pass-through gallonage charge.
6. The proposed regional pass-through gallonage charge increase affects the customers within the North Region and City of Stockton Bend service areas under water CCN number 13201.
7. The application contained the affected CCN number, the affected subdivisions, public water system names and corresponding number issued by the Texas Commission on Environmental Quality, 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 utility's application is approved.
8. The application contained documentation, including the true-up report, which includes the North Region true-up calculation for 2020, a summary of Aqua Texas's 2020 North Region pass-through costs used in the true-up calculation and details for those costs pulled from Aqua Texas's accounting system, Aqua Texas's 2020 North Region customer billing data, Aqua Texas's 2020 billed gallon consumption used in the true-up calculation, Aqua Texas's 2020 gallon production, the North Region's five-year cost history, and a revised North Region tariff that includes the new regional pass-through gallonage charge and updates to the approved entities list for pass-through costs.
9. On May 6, 2021, Aqua Texas filed an amendment to the application.
10. On June 1, 2021, Commission Staff recommended approval of the application.
11. On June 4, 2021, the administrative law judge (ALJ) found the application sufficient.

Notice

12. On February 26, 2021, Aqua Texas mailed notice to all affected customers, detailing the proposed regional pass-through gallonage charge increase effective March 1, 2021.

13. On June 4, 2021, the ALJ found the notice sufficient.

Jurisdiction

14. Aqua Texas is a utility that purchases water.
15. Aqua Texas is under the original jurisdiction of the Commission.

Eligibility for Pass-Through Rate Change

16. The proposed charge will pass through only the actual costs charged to Aqua Texas by its suppliers and does not duplicate costs otherwise charged to customers under the current tariff.
17. Aqua Texas provided a true-up report reflecting the amounts billed to Aqua Texas's customers in 2020 compared with amounts paid to suppliers, as required under the current tariff. The true-up report was filed within one month of the end of the true-up period.

Tariff

18. The current tariff was approved by the Commission on June 10, 2020, in Tariff Control No. 50574.¹ Aqua Texas applied the approved formula in determining the new regional pass-through gallonage charge for Aqua Texas.
19. Aqua Texas provided a true-up report reflecting the amounts billed in the previous year compared with amounts paid to water districts having jurisdiction over Aqua Texas, Inc.
20. The current tariff prescribes the formula by which the regional pass-through gallonage charge is to be calculated. The formula takes into account the projected sum for upcoming twelve months for purchased water and district costs, the actual payments by the utility for the prior twelve months for purchased water and district costs, the actual collections by the utility in the prior twelve months from the previously approved regional pass-through gallonage charge, the year-end meter equivalents, and the average annual usage per meter equivalent, in 1,000 gallon units, from the most recent rate case.
21. On June 1, 2021, Commission Staff filed a proposed tariff as an attachment to its approval. The proposed tariff reflects the proposed regional pass-through gallonage charge increase

¹ *Application of Aqua Texas, Inc., Aqua Utilities, Inc., Aqua Development, Inc. dba Aqua Texas for 2019 True-Up Report and Pass-Through Gallonage Charge for its North Region*, Docket No. 50574, Notice of Approval (Jun. 10, 2020) and Commission Staff's Replacement Tariff (Sep. 25, 2020).

and contains a regional pass-through gallonage charge change provision similar to the current tariff.

Informal Disposition

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

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Aqua Texas is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31), and a utility as defined in TWC § 13.002(23) and 16 TAC § 24.3(39).
2. The Commission has authority over the application under TWC § 13.041.
3. The Commission may approve this minor change to Aqua Texas's tariff and may approve the true-up report 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)(ii).
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.

² Tex. Gov't Code §§ 2001.001-.903.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves Aqua Texas's annual true-up report for the calendar year 2020.
2. The Commission approves Aqua Texas's application to increase its regional pass-through gallonage charge from \$0.3751 to \$0.4224 per 1,000 gallons, effective March 1, 2021.
3. The Commission approves the tariff filed by Commission Staff on June 1, 2021.
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 Aqua Texas collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Aqua Texas 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.

Signed at Austin, Texas the 7 day of June 2021.

PUBLIC UTILITY COMMISSION OF TEXAS



KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE