



Control Number: 51915



Item Number: 1

Addendum StartPage: 0

Oak Hill Estates Water Operations Office  
A-1 Utility & Construction Services, Inc.  
27351 Blueberry Hill Drive, Suite 36  
Conroe, Texas 77385-8969

51915

RECEIVED

2021 MAR 19 AM 11:55

PAID TO THE ORDER OF  
FIDELITY

Phone (281) 367-0935

March 19, 2021

Public Utility Commission  
PO Box 13326  
Austin, TX 78711-3326

RE: Increase in pass through rate  
Oak Hill Estates Water System - CCN #12861

To whom it may concern,

The above referenced water system is part of the North Harris County Regional Water Authority which currently charges the water system a pumping fee of \$4.25 per 1,000 gallons. Our current pass through approval allowed us to charge our customers \$4.83 per 1,000 gallons. The NHCRWA has notified us that the rate will be increasing from \$4.25 to \$4.60 per 1,000 gallons effective April 1, 2021. This letter is to serve as a request to increase the current pass through charge of \$4.83 to \$5.17 effective April 1, 2021.

I have included a copy of the NHCRWA rate increase notification (February 2, 2021) and a copy of the notice of proposed increase in pass through rate that was mailed to all customers receiving water service from the system on March 18, 2021.

Based on 16 TAC 24.25 I believe I have included all of the information required in the notice to the Commission. In the event additional information, is required please contact me as soon as possible to complete our request.

Sincerely,

*Darcy D. Tramm*

Darcy Tramm, Office Manager  
District Operations Company

Enclosures: 02/02/2021 letter from NHCRWA explaining rate increase  
Copy of notice of proposed increase pass through rate sent to customers 03/18/2021  
Usage and Loss Report (previous 12 months)  
Notice of Approval – Tariff Control #50487  
Water Tariff Pages 1, 2 & 3 approved by the P.U.C. 04/01/2020



Jun Chang, P.E., D.WRE  
General Manager

**BOARD OF DIRECTORS**

Alan J. Rendl, *President*  
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February 2, 2021

**Oak Hill Estates Water Company**  
**Owner's Representative**  
**27351 Blueberry Hill Dr., #36**  
**Conroe, TX 77385**

**Re: North Harris County Regional Water Authority**  
**Amended Rate Order and Updated Pricing Policy**

Dear Owner's Representative:

The North Harris County Regional Water Authority (the "Authority") Board of Directors (the "Board") at its regular monthly Board meeting held on February 1, 2021 adopted the Amended Rate Order. The Authority's Amended Rate Order document is posted on the website at [www.nhcrwa.org](http://www.nhcrwa.org).

Please consider this letter as a reminder of actions that were taken by the Authority Board at its regular monthly Board meeting held on December 7, 2020. The Authority Board conducted a Budget Workshop on November 23, 2020, and a Public Hearing on December 7, 2020 to review and discuss the possibility of increasing the Authority's well pumpage fee and the cost of surface water. At its regular meeting on December 7<sup>th</sup>, the Board adopted an increase of the current well pumpage fee from \$4.25 per 1,000 gallons to \$4.60 per 1,000 gallons and an increase in the cost of surface water from \$4.70 per 1,000 gallons to \$5.05 per 1,000 gallons. These new rates will become effective as of April 1, 2021 with the payment due date of June 18, 2021.

Factors that impacted this decision include:

- The Harris-Galveston Subsidence District completed an update of the 1999 Regulatory Plan and adopted a 2013 Regulatory Plan. A major requirement of that plan is that the Authority achieve a 60% use of surface water by 2025 as compared to the current 30% requirement. In order to reach that 60% mandate, the Authority will have to deliver surface water to a significant number of additional utility districts which will require construction of a greatly expanded water transmission and distribution system.

- In addition, the Authority will be required to participate in the cost of the City's expansion of the Northeast Water Purification Plant as well as construction of a second transmission line from the plant and will also have to pay the Authority's prorata share of the cost of constructing the Luce Bayou Interbasin Transfer Project.

Enclosed for your information and reference is a copy of the Updated Pricing Policy. We will soon post a revision of the Authority's brochure, "The Rising Cost of Water", on the Authority website. The brochure will also be available in bulk quantities – at no charge – for utility districts to distribute to their customers. We encourage you to pre-order the brochures at [www.nhcrwa.com/docs/billing-insert-order-form](http://www.nhcrwa.com/docs/billing-insert-order-form). Please notify Lisa Sagstetter (281) 440-3924 should you have questions.

We certainly appreciate your support and cooperation. Please call Cyndi Plunkett, Authority Finance Director, at (281) 440-3924 if you have any questions or need any additional information relative to the Authority fees.

Sincerely,



Jun Chang, P.E.  
General Manager

JAS/cp

Attachment

xc: Authority Board of Directors  
Robin S. Bobbitt, Radcliffe Bobbitt Adams Polley PLLC  
Jon Polley, Radcliffe Bobbitt Adams Polley PLLC  
Cyndi Plunkett, Authority Finance Director



## **UPDATED PRICING POLICY OF THE NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (Effective April 1, 2021)**

This Updated Pricing Policy of the North Harris County Regional Water Authority (this "Updated Pricing Policy") is intended to define the Cost of Water paid to the Authority for Water used within the Authority and is an integral part of the Authority's Rate Order (the "Rate Order"), originally adopted on October 5, 2009 and as may be amended from time to time. Unless specifically defined otherwise, capitalized terms in this Updated Pricing Policy shall have the meanings defined in the Rate Order.

Effective April 1, 2021, the following Cost of Water will apply to and be due by users of Water within the Authority and/or members of the Authority's GRP:

Authority Water	\$5.05 per 1,000 gallons
Water pumped from a Non-Exempt Well	\$4.60 per 1,000 gallons
Imported Water	\$4.60 per 1,000 gallons
Contract GRP Fee	\$5.52 per 1,000 gallons

In addition to the above Fees, the Authority shall continue to provide a credit to each Converted Entity that constructed a Chloramine System prior to December 1, 2015 in accordance with the Authority's prior policy and procedures. Such credits shall be calculated as outlined below. Furthermore, any credits for capital contributions paid to the Authority by a Payor shall continue as provided in the applicable written agreement executed between the Payor and the Authority.

The Authority may revise the above Fees and modify, delete or add any credit(s), subject to the provisions of any applicable written agreements, if and when necessary. Payors will be notified of any such changes.

### Chloramination Credits

The annual Chloramination Credit shall be calculated by amortizing the cost of the Chloramine System at 6% interest over a 30-year period, which shall begin the year the facilities are placed in service. The annual Chloramination Credit amount will be divided by 12 and the resultant amount will be credited monthly toward the fees payable to the Authority for the Water used by the Converted Entity.

### New/Replacement Facilities

In order to help facilitate the effective implementation of the GRP, any Payor who anticipates the construction of new or replacement Water production, storage and/or treatment facilities and/or related appurtenances shall advise the Authority of those plans as early in the process as possible. The Authority will review such proposed improvements for conformity with the goals of the GRP and the possibility of the Authority being able to address those needs (i.e., by providing water in lieu of the Payor having to construct or replace facilities). Within the limits of its jurisdiction, the Authority will regulate construction of such facilities to accomplish the goals of the GRP.

### Policy Implementation

The General Manager is authorized to take any actions on behalf of the Authority necessary and convenient to accomplish the purposes of this Updated Pricing Policy. The General Manager is also authorized to take actions necessary to comply with any special credit provisions provided under any agreements that may exist between a Payor and the Authority.

## NOTICE TO CUSTOMERS OF PROPOSED INCREASE IN PASS THROUGH RATE

Oak Hill Estates Water Company	12861	-----	TX 1013045
Water System Name	CCN Number		TCEQ Public Water System ID #

Your water provider has a pass through rate provision as part of water utility tariff on file with the Texas Public Utility Commission (Commission). **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.** Please read all information carefully.

Oak Hill Estates		77338			
Subdivision Affected by Pass Through Provision		Zip Code Affected by Pass Through Provision			
27351 Blueberry Hill Drive, Suite 36		Conroe	Texas	77385-8969	(281) 367-9419
Company Address		City	State	Zip	Phone #
March 18, 2021		April 1, 2021			
Date Customer Notice Mailed		Effective Date of the Increase			

**PASS THROUGH RATE PROVISION:** For utilities subject to changes in cost imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases shall be passed through as an adjustment to the base rate and gallonage charge according to the formula:

**Current rate is based on the equation outlined in Title 16, Texas Administrative Code 24.25 (E)**

$R = G / (1 - L)$ , Where:

R = current pass through rate (\$4.83 per 1,000 gallons)

G = current gallonage charge by NHCRWA, (\$4.25 per 1,000 gallons)

L = water line loss for preceding 12 months (12% water loss)

$$\text{Current Gallon Rate} = [4.25 / 1 - 0.12] = [4.25 / 0.88] = \$4.83$$

*\* Gallonage charge per Water Tariff dated April 1, 2020 (tariff control #50487)*

**The new rate is based on the equation outlined in Title 16, Texas Administrative Code 24.25 (E)**

$R = G / (1 - L)$ , Where:

R = new proposed pass through rate (\$5.17 per 1,000 gallons)

G = new gallonage charge by NHCRWA, (\$4.60 per 1,000 gallons)

L = water line loss for preceding 12 months (11% water loss)

$$\text{New Proposed Pass Through Rate} = [4.60 / 1 - 0.11] = [4.60 / 0.89] = \$5.17$$

The Oak Hill Estates Water Company, LLC is charged a groundwater well pumping fee by the North Harris County Regional Water Authority. Effective April 1, 2021, the North Harris County Regional Water Authority is increasing the rate charged to Oak Hill Estates Water Company from \$4.25 per 1,000 gallons to \$4.60 per 1,000 gallons.

**This notice is to make you aware that the rate charged to you on your monthly water bill (NHCRWA Fee) is increasing from \$4.83 per 1,000 gallons billed to \$5.17 per 1,000 gallons billed effective with bill due 06/16/2021 (water usage from 04/21/2021 to 05/21/2021).**

**Please call Darcy Tramm at the water system operations office if you have any questions regarding this change at (281) 367-9419 or email: [billing@a1utility.com](mailto:billing@a1utility.com).**

# USAGE AND LOSS REPORT

Oak Hill Estates Water LLC

Month	Water Pumped	Water Sold	Water Loss Prct	Average Use	Active Meters	Zero Use Meters	Over 50000	40001 50000	30001 40000	20001 30000	10001 20000	8001 10000	6001 8000	4001 6000	2001 4000	1 2000
03-20	662,000	532,000	19.64	3,941	135	21	0	0	0	0	3	10	13	26	35	27
04-20	727,000	666,000	8.39	4,933	135	21	0	0	0	1	7	13	19	29	30	15
05-20	779,000	659,000	15.40	4,881	135	19	0	0	0	1	8	12	25	20	26	25
06-20	957,000	837,000	12.54	6,200	135	14	0	0	1	2	15	18	18	24	23	20
07-20	815,000	741,000	9.08	5,489	135	16	0	0	0	0	16	12	19	27	23	22
08-20	784,000	678,000	13.52	5,022	135	14	0	0	0	1	14	7	16	23	32	28
09-20	767,000	699,000	8.87	5,178	135	16	0	0	0	1	12	9	13	37	30	17
10-20	645,000	576,000	10.05	4,267	135	13	0	0	0	1	6	5	18	21	36	35
11-20	690,000	615,000	10.87	4,556	135	14	0	0	0	0	5	12	16	28	37	23
12-20	630,000	548,000	13.02	4,059	135	15	0	0	0	0	3	9	13	29	39	27
01-21	622,000	558,000	10.29	4,133	135	14	0	0	0	1	2	6	16	32	30	34
02-21	741,000	649,000	12.42	4,807	135	9	0	1	0	0	6	6	16	28	43	27

## 12 Month Totals

## Monthly Averages

Total Water Pumped	8,819,000
Total Water Sold	7,758,000
Total Used for Fire/Flush	4,200
Total Water Loss	1,056,800
Total Water Loss Percent	11.98 %

Average Water Pumped	734,917
Average Water Sold	646,500
Average Used for Fire/Flush	350
Average Water Loss	88,067
Average Water Loss Percent	11.98 %
Average Customer Use	4,789

Qualified By: System Totals 03-20 to 02-21

A-1 Utility &amp; Construction

Water loss over past 12 months

$$11.98\% = 0.11$$



TARIFF CONTROL NO. 50487

APPLICATION OF OAK HILL  
ESTATES WATER FOR A PASS  
THROUGH RATE CHANGE

§  
§  
§

PUBLIC UTILITY COMMISSION  
OF TEXAS

### NOTICE OF APPROVAL

This Notice of Approval addresses the application of Oak Hill Estates Water Company, LLC for a pass-through rate change related to the well pumpage fee charged by North Harris County Regional Water Authority (NHCRWA). Oak Hill requests approval to increase the NHCRWA pass-through fee from \$4.42 to \$4.83 per 1,000 gallons, effective April 1, 2020, for customers in the Oak Hill Estates subdivision. The Commission approves the requested 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. Oak Hill is a domestic limited liability company registered with the Texas secretary of state under filing number 801149623.
2. Oak Hill provides water services under certificate of convenience and necessity (CCN) number 12861 in Harris county, Texas.
3. Oak Hill owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1013045.

##### Application

4. On January 27, 2020, Oak Hill filed an application to increase the NHCRWA pass-through fee from \$4.42 to \$4.83 per 1,000 gallons, effective April 1, 2020, for customers in the Oak Hill Estates subdivision.
5. NHCRWA notified Oak Hill that, effective April 1, 2020, NHCRWA would increase the well pumpage fee it charges Oak Hill from \$3.85 to \$4.25 per 1,000 gallons pumped. In its application, Oak Hill seeks to recover this increase from customers in the Oak Hill Estates subdivision by increasing the NHCRWA pass-through fee. The requested fee of



\$4.83 per 1,000 gallons includes \$0.58 as compensation for line loss of 12%, calculated in accordance with the approved tariff.

6. The application contained the affected CCN number, the affected subdivisions, the public water system names and corresponding number issued by the Texas Commission on Environmental Quality, a copy of the notice to customers, proof that the water use fee had changed, the line loss percentage calculations, the rate change calculations, 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.
7. On February 26, 2020, Commission Staff recommended approval of Oak Hill's application.

**Notice**

8. On January 22, 2020, Oak Hill mailed notice to customers in the affected subdivisions, detailing the requested pass-through rate increase. Oak Hill's application included a copy of the notice sent to affected customers.
9. The notice included the proposed effective date, the present calculation of customer billings, the new calculation of customer billings, the change in charges from the NHCRWA, 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."
10. The administrative law judge finds the notice sufficient.

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

11. Oak Hill is a retail public utility that purchases water.
12. Oak Hill 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 increase in costs charged to Oak Hill by its supplier and does not duplicate costs otherwise charged to customers under the current tariff.

**Tariff**

14. Oak Hill's current NHCRWA pass-through fee was approved by the Commission on August 2, 2019, in Tariff Control No. 49170.<sup>1</sup> The current tariff prescribes a formula by which adjustments to pass-through fees are to be calculated.
15. On February 26, 2020, Commission Staff filed a proposed tariff as an attachment to its recommendation. The proposed tariff reflects the requested pass-through fee increase.

**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 Oak Hill 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 jurisdiction over the application under TWC § 13.041.
2. Oak Hill 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 Oak Hill'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.

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<sup>1</sup> *Application of Oak Hill Estates Water Company, LLC for a Pass-Through Rate Change*, Tariff Control No. 49170, Notice of Approval (Aug. 2, 2019).

<sup>2</sup> Tex. Gov't Code §§ 2001.001–.902.

7. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

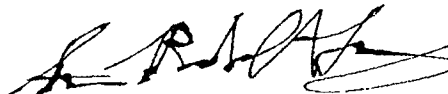
### III. Ordering Paragraphs

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

1. The Commission approves an increase in the NHCRWA pass-through fee from \$4.42 to \$4.83 per 1,000 gallons for customers in the Oak Hill Estates subdivision, effective April 1, 2020.
2. The Commission approves the proposed tariff filed by Commission Staff on February 26, 2020.
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. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

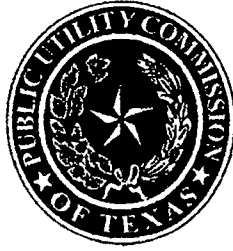
Signed at Austin, Texas the 15<sup>th</sup> day of July 2020.

PUBLIC UTILITY COMMISSION OF TEXAS



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STEVEN LEARY  
ADMINISTRATIVE LAW JUDGE



# WATER UTILITY TARIFF

## Tariff Control No. 50487

Oak Hill Estates Water Company, LLC  
(Utility Name)

27351 Blueberry Hill #36  
(Business Address)

Conroe, Texas 77385  
(City, State, Zip Code)

(281) 367-9419  
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

12861

This tariff is effective in the following county:

Harris

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions and public water systems:

Oak Hill Estates: PWS # 1013045

### TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION 1.0 -- RATE SCHEDULE .....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES .....	4
SECTION 3.0 -- EXTENSION POLICY .....	12

APPENDIX A -- DROUGHT CONTINGENCY PLAN  
APPENDIX B -- SAMPLE SERVICE AGREEMENT  
APPENDIX C -- APPLICATION FOR SERVICE

PUBLIC UTILITY COMMISSION OF TEXAS  
APPROVED

APR - 1 2020 50487

## SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$30.85</u> (Includes 0 gallons)	<u>\$3.17</u> per 1000 gallons
1"	<u>\$77.13</u>	
1½"	<u>\$154.25</u>	

**North Harris County Regional Water**

**Authority Water Use Fee:** ..... \$4.83 per 1,000 gallons of water usage  
**Tariff Control No. 50487**

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, Check X, Money Order X, Credit Card    , Other (specify)      
 THE UTILITY SHALL REQUIRE EXACT CHANGE FOR PAYMENTS AND SHALL REFUSE TO ACCEPT  
 PAYMENTS MADE USING MORE THAN \$1 00 IN SMALL COINS A WRITTEN RECEIPT WILL BE GIVEN  
 FOR CASH PAYMENTS.

REGULATORY ASSESSMENT..... 1.0%  
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY  
 BILL AND TO REMIT THOSE FEES TO THE TCEQ

Section 1.02 - Miscellaneous Fees

TAP FEE..... \$1,000.00  
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD  
 RESIDENTIAL 5/8" or 3/4" METER AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF  
 LISTED ON THIS TARIFF

TAP FEE (Unique costs) ..... Actual Cost  
 FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter)..... Actual Cost  
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED

METER RELOCATION FEE ..... Actual Relocation Cost, Not to Exceed Tap Fee  
 THIS FEE SHALL BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED

METER TEST FEE ..... \$25.00  
 THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST SHALL BE CHARGED IF A CUSTOMER  
 REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT  
 THE METER IS RECORDING ACCURATELY THE FEE SHALL NOT EXCEED \$25

RETURNED CHECK CHARGE ..... \$30.00  
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

PUBLIC UTILITY COMMISSION OF TEXAS  
 APPROVED

APR - 1 2020 50487

**Tariff Control No. 50487**

## SECTION 1.0 -- RATE SCHEDULE (Continued)

## RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non-payment of bill (Maximum \$25.00) ..... \$25.00  
 b) Customer's request that service be disconnected..... \$40.00

TRANSFER FEE..... \$20.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ..... 10%

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE SHALL NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)..... \$50.00COMMERCIAL & NON-RESIDENTIAL DEPOSIT..... 1/6TH OF ESTIMATED ANNUAL BILL

## GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY SHALL INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING  
 [16 TAC 24.25(b)(2)]

## LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE

**PASS THROUGH PROVISION:**

For Utilities subject to changes in costs imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

$R = G / (1-L)$ , where:

R = new proposed pass through rate;

G = new gallonage charge by source supplier (per 1,000 gallons);

L = water line loss for preceding 12 months, not to exceed 0.15