



Control Number: 51980



Item Number: 7

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**APPLICATION OF NERRO SUPPLY,  
LLC FOR A PASS THROUGH RATE  
CHANGE**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

**AGREED MOTION TO ADMIT EVIDENCE  
AND PROPOSED NOTICE OF APPROVAL**

On April 5, 2021, Nerro Supply, LLC (Nerro) filed an application under 16 Texas Administrative Code (TAC) § 24.25(b)(2) for approval of a pass-through rate change related to the water use fee imposed by North Harris County Regional Water Authority.

On May 20, 2021, the administrative law judge filed Order No. 3, establishing a deadline of June 9, 2021 for the Staff of the Public Utility Commission of Texas (Staff) and Nerro (collectively, Parties) to file joint proposed findings of fact and conclusions of law. Therefore, this pleading is timely filed.

**I. MOTION TO ADMIT EVIDENCE**

The Parties move to admit the following evidence into the record of this proceeding:

1. Nerro's application and all attachments filed on April 5, 2021 (Interchange Item No. 1); and
2. Commission Staff's recommendation on the application and notice filed on May 19, 2021 (Interchange Item No. 5).

**II. PROPOSED NOTICE OF APPROVAL**

The Parties move for adoption of the attached Joint Proposed Notice of Approval, which would grant approval of Nerro's application for pass-through rate change related to the water use fee imposed by North Harris County Regional Water Authority. The Parties request that the Commission adopt the findings of fact, conclusions of law, and ordering paragraphs proposed in the Notice of Approval.

**III. CONCLUSION**

The Parties respectfully request that the Commission grant the Motion to Admit Evidence and adopt the attached Proposed Notice of Approval.

Dated: June 8, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

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**TARIFF CONTROL NO. 51980**

**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 on June 8, 2021 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Merritt Lander  
Merritt Lander

**TARIFF CONTROL NO. 51980**

<b>APPLICATION OF NERRO SUPPLY, LLC FOR A PASS THROUGH RATE CHANGE</b>	§ § §	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**PROPOSED NOTICE OF APPROVAL**

This Notice of Approval addresses the application of Nerro Supply, LLC for a pass-through rate change due to increases in the water use fee charged by the North Harris County Regional Water Authority (NHCRWA). The Commission approves the requested pass-through rates, effective May 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. Nerro is a domestic limited liability company registered with the Texas secretary of state under file number 0801380548.
2. Nerro provides water service in Chambers, Harris, and Montgomery counties under water certificate of convenience and necessity (CCN) number 12252.
3. Nerro 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
Maple Leaf Gardens	1011493
Oakland Village	1011049

**Application**

4. On April 5, 2021, Nerro filed the application at issue in this proceeding.
5. In its application, Nerro seeks an adjustment to the pass-through clause in its approved tariff for certain subdivisions. Specifically, Nerro seeks to increase the pass-through fee charged to customers in the Maple Leaf Gardens and Oakland Village subdivisions from \$5.00 per 1,000 gallons to \$5.32 per 1,000 gallons. The requested increase is the result of an increase to the water use fee charged by NHCRWA.

6. Effective April 1, 2021, NHCRWA increased the fee charged to Nerro from \$4.25 per 1,000 gallons to \$4.60 per 1,000 gallons.
7. The application seeks to adjust the pass-through rates for Maple Leaf Gardens and Oakland Village, effective May 1, 2021.
8. Nerro's requested pass-through fee of \$5.32 includes compensation for line loss of 13.4%, calculated in accordance with the pass-through equation in the approved tariff.
9. The application contained the affected CCN number, affected subdivisions, public water system names and corresponding numbers 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 Nerro's application is approved.
10. Commission Staff recommended approval of the application on May 19, 2021.
11. In Order No. 3 filed on May 20, 2021, the administrative law judge (ALJ) found the application administratively complete.

### **Notice**

12. On April 16, 2021, Nerro mailed notice to affected customers in the Maple Leaf Gardens and Oakland Village subdivisions, detailing the requested increase to the pass-through fee, effective April 1, 2021.
13. Nerro's application, filed April 5, 2021, included a copy of the notice to customers.
14. 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 Nerro for fees imposed by 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."
15. Because the April 1, 2021 effective date included in the notice to customers preceded April 16, 2021, the date that notice was mailed, Commission Staff recommended an effective date of May 1, 2021.

16. The notice issued included a proposed pass-through rate of \$5.32 per 1,000 gallons. Commission Staff recommended that the correct amount is \$5.31 per 1,000 gallons but that notice should not be reissued, as the content of the notice was sufficient.
17. In Order No. 3 filed on May 20, 2021, the ALJ found the notice sufficient.

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

18. Nerro is a retail public utility that purchases water.
19. Nerro is under the original jurisdiction of the Commission.

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

20. The water use fee to be recovered by the proposed pass-through rate is not included in the cost of service used to calculate the rates in Nerro's currently approved tariff.
21. The proposed change will pass-through only the actual costs charged to Nerro by NHCRWA.

**Tariff**

22. Nerro's current pass-through fees for the subdivisions affected by this application were approved by the Commission on May 14, 2020, in Tariff Control No. 50635.<sup>1</sup>
23. On May 19, 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.

**Evidentiary Record**

24. On June 9, 2021, the parties filed a joint motion to admit evidence and proposed notice of approval.
25. In Order No. 4 filed on \_\_\_\_\_, 2021, the ALJ admitted the following evidence into the record of this proceeding: (a) Nerro's application and all attachments filed on April 5, 2021; and (b) Commission Staff's recommendation on the application and notice filed on May 19, 2021.

**Informal Disposition**

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<sup>1</sup> Application of Nerro Supply, LLC for a Pass-Through Rate Change, Tariff Control No. 50635, Notice of Approval (May 14, 2020).

26. More than 15 days have passed since the completion of notice in this docket.
27. No person filed a protest or motion to intervene.
28. Nerro and Commission Staff are the only parties to this proceeding.
29. No party requested a hearing and no hearing is needed
30. Commission Staff recommended approval of the application.
31. This decision is not adverse to any party.

## II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over the petition under TWC § 13.041.
2. Nerro 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 Nerro's water tariff under 16 TAC § 24.25(b)(2)(A)(vii).
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 in accordance with the Administrative Procedure Act,<sup>2</sup> the TWC, 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 an increase in the NHCRWA pass-through fee from \$5.00 per 1,000 gallons to \$5.31 per 1,000 gallons, effective May 1, 2021, for customers in the Maple Leaf Gardens and Oakland Village subdivisions.
2. The Commission approves the proposed tariff attached to Commission Staff's recommendation on the application and notice filed on May 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.

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

4. 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 \_\_\_\_\_, 2021.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**ADMINISTRATIVE LAW JUDGE**