



Control Number: 51980



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PUBLIC UTILITY COMMISSION
FILING CLERK

TARIFF CONTROL NO. 51980

APPLICATION OF NERRO SUPPLY, LLC FOR A PASS THROUGH RATE CHANGE	§ § §	PUBLIC UTILITY COMMISSION OF TEXAS
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NOTICE OF APPROVAL

This Notice of Approval addresses the application of Nerro Supply, LLC for approval of a pass-through rate change for water usage fees charged by North Harris County Regional Water Authority (NHCRWA) for customers in the Maple Leaf Gardens and Oakland Village subdivisions. The Commission approves the pass-through rate increase from \$5.00 per 1,000 gallons to \$5.31 per 1,000 gallons, effective May 1, 2021.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Nerro is a Texas limited liability company registered with the Texas secretary of state under filing number 801380548.
2. Nerro holds certificate of convenience and necessity (CCN) number 12252 that obligates Nerro to provide retail water service in its certificated service area, including Chambers, Harris, and Montgomery counties.
3. Nerro serves the Maple Leaf Gardens subdivision through a public water system that is registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1011493.
4. Nerro serves the Oakland Village subdivision through a public water system that is registered with the TCEQ under identification number 1011049.

Application

5. On April 5, 2021, Nerro filed the application at issue in this proceeding.
6. In its application, Nerro requested an adjustment to the pass-through clause in its approved tariff for certain subdivisions. Specifically, Nerro requested to increase the NHCRWA

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.

7. Nerro's requested increase is the result of an increase to the water use fee charged by NHCRWA to Nerro from \$4.25 per 1,000 gallons to \$4.60 per 1,000 gallons, effective April 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 its 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 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 Nerro's application is approved.
10. In Order No. 3 filed on May 20, 2021, the administrative law judge (ALJ) found the application administratively complete.
11. On May 19, 2021, Commission Staff recommended, based on its calculations, approval of a pass-through rate increase to \$5.31 per 1,000 gallons, effective May 1, 2021. Commission Staff further recommended Nerro credit affected customers at a rate of \$0.32 per 1,000 gallons for all gallons billed in the month of April 2021.
12. Commission Staff represents that Nerro agrees with Commission Staff's recommendation.

Notice

13. On or about April 16, 2021, Nerro provided notice of its requested pass-through rate change to affected 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. In Order No. 3 filed on May 20, 2021, the ALJ found the notice sufficient.
16. On May 19, 2021, Commission Staff recommended an effective date of May 1, 2021, because Nerro’s requested effective date preceded the date notice was provided to affected customers. Commission Staff did not recommend providing revised notice reflecting the recommended \$5.31 per 1,000 gallons pass-through rate increase to affected customers.
17. Revised notice is not needed.

Jurisdiction

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

Eligibility for Pass-Through Rate Change

20. The proposed charge is not included in the cost of service used to calculate the rates in the currently-approved tariff.
21. The proposed charge will pass through only the actual increase in costs charged to Nerro by NHCRWA and does not duplicate costs otherwise charged to customers under the current tariff.

Tariff

22. Nerro’s current NHCRWA pass-through fees for the subdivisions affected by this application were approved by the Commission on May 14, 2020, in Tariff Control No. 50635.¹
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.

Evidentiary Record

24. On June 8, 2021, the parties filed a joint motion to admit evidence and proposed notice of approval.

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

25. In Order No. 4 filed on June 24, 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

26. More than 15 days have passed since the completion of notice provided 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 application under TWC § 13.041.
2. Nerro is a retail public utility as defined in TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31), and a utility as defined in TWC § 13.002(23) and 16 TAC § 24.3(39).
3. The Commission may approve this minor change to Nerro's water tariff and may approve the true-up report 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)(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.

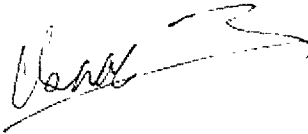
III. Ordering Paragraphs

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

1. The Commission approves the pass-through rate increase 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.
4. Nerro must credit customers in the Maple Leaf Gardens and Oakland Village subdivisions at a rate of \$0.32 per 1,000 gallons for all gallons billed in the month of April 2021.
5. If Nerro collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Nerro 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 24th day of June 2021.

PUBLIC UTILITY COMMISSION OF TEXAS



**ISAAC TA
ADMINISTRATIVE LAW JUDGE**