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TARIFF CONTROL NO. 52032

**APPLICATION OF INLINE UTILITIES, § PUBLIC UTILITY COMMISSION
LLC FOR A PASS THROUGH RATE §
CHANGE § OF TEXAS**

NOTICE OF APPROVAL

This Notice of Approval addresses the application of Inline Utilities, LLC, formerly Inline Development, Inc., for approval of a pass-through rate change for water use charged by the North Harris County Regional Water Authority. The Commission approves the pass-through rate change from \$4.25 per 1,000 gallons to \$4.72 per 1,000 gallons, for customers in the Cottage Gardens subdivision, effective the date this Notice of Approval is issued.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Inline Development was a Texas corporation which was registered with the Texas secretary of state under file number 0129966500.
2. On June 26, 2013, Inline Development filed a certificate of termination with the Texas secretary of state.
3. Inline Development owned a public water system registered with the Texas Commission on Environmental Quality (TCEQ) as Cottage Gardens, under identification number 1013271.
4. Inline Utilities is a Texas limited liability company registered with the Texas secretary of state under filing number 800043693.
5. On April 3, 2024, in Docket No. 54729,¹ the Commission transferred the Cottage Gardens public water system and issued CCN number 13313 to Inline Utilities.

¹ *Application of Inline Utilities, LLC and Inline Development Corporation for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County*, Docket No. 54729, Notice of Approval (Apr. 3, 2024).

6. Inline Utilities owns and operates for compensation in Texas equipment or facilities for the transmission, storage, distribution, sale, or provision of potable water service to the public under CCN number 13313 in Harris County.
7. Inline Utilities provides water service to the Cottage Gardens subdivision through a public water system registered with the Texas Commission on Environmental Quality under identification number 1013271.

Application

8. On April 15, 2021, Inline Development filed the application at issue in this proceeding.
9. In its application, Inline Development seeks approval of a pass-through rate change from \$4.25 per 1,000 gallons to \$4.72 per 1,000 gallons, effective April 1, 2021.
10. On May 25, 2021, Inline Development filed a supplement to the application.
11. On April 10, 2024, Inline Utilities filed a clarification that confirms it is the applicant.
12. In its application, as supplemented and clarified, Inline Utilities seeks approval of a pass-through rate change from \$4.25 per 1,000 gallons to \$4.72 per 1,000 gallons, effective June 29, 2021.
13. Inline Utilities' requested pass-through rate change is the result of an increase in the fees charged by North Harris County Regional Water Authority.
14. Inline Utilities' requested rate change includes historical line loss of 2.6%.
15. The application, as supplemented and clarified, contained the affected CCN numbers, the affected public water system name and corresponding number 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 contains the rates that will change if the application is approved.
16. In Order No. 15 filed on June 3, 2024, the administrative law judge (ALJ) found Inline Utilities' application, as supplemented, administratively complete.

Abatement

17. On July 19, 2021, Commission Staff requested abatement of this proceeding to allow Inline Development the opportunity to file and complete a sale, transfer, or merger application with the Commission to transfer CCN number 12946 from the defunct Inline Development Corporation to the active entity, Inline Utilities, and to make sure that the applicable tariff, maps, and certificates are all issued under the proper legal name for the entity.
18. On July 22, 2021, the ALJ abated the proceeding.
19. From July 22, 2021 through April 11, 2024, the docket remained abated pending the completion of Docket No. 54729.²
20. On April 10, 2024, Inline Utilities filed the Notice of Approval from Docket No. 54729 as proof of completion of its sale, transfer, or merger application.
21. In Order No. 11 filed on April 11, 2024, the ALJ lifted the abatement.

Interim Rates

22. On August 20, 2021, Inline Development and Commission Staff jointly filed a motion to set the interim rates listed in the interim tariff found at exhibit A included with the joint motion, effective August 25, 2021, to remain in effect until a final determination is made on the proposed pass-through rate.
23. Inline Development and Commission Staff requested an interim pass-through rate of \$4.72 per 1,000 gallons, the same rate it requested in the application.
24. On September 17, 2021, the ALJ approved interim rates, subject to refund or credit against future bills to the extent they differ from the rates that the Commission ultimately approves in this docket.
25. On October 28, 2021, Inline Development filed the affidavit of Danisha Kozackiewicz, office manager for Inline Utilities, attesting that notice of the interim rates was mailed to customers served by the affected public water system during the regular September 2021 billings.
26. On November 1, 2021, the ALJ found the notice of interim rates sufficient.

² *Id.*

27. On May 24, 2024, Inline Utilities clarified that it began charging the approved interim rates during the September 2021 billing period.

Notice

28. 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 Inline Utilities for purchased treated water, and the following language: “This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code (TAC) § 24.25. The cost to you as a result of this change will not exceed the costs charged to your utility.”
29. In Order No. 15 filed on June 3, 2024, the ALJ found the notice sufficient.

Evidentiary Record

30. In Order No. 13 filed on May 14, 2024, the ALJ admitted the following evidence into the record of this proceeding:
- a. Inline Development’s application and all attachments filed on April 15, 2021;
 - b. Inline Development’s supplemental application and all attachments filed on May 25, 2021;
 - c. Commission Staff’s recommendation on notice of interim rates and third status update filed on October 29, 2021;
 - d. Inline Utilities’ notice of approval in Docket No. 54729 filed on April 10, 2024; and
 - e. Commission Staff’s final application recommendation and all attachments filed on April 26, 2024.
31. In Order No. 16 filed on June 6, 2024, the ALJ admitted the following additional evidence into the record of this proceeding:
- a. Inline Utilities’ clarification to Order No. 14 filed on May 24, 2024; and
 - b. Commission Staff’s recommendation on administrative completeness, notice, and effective date filed on May 31, 2024.

Eligibility for Pass-Through Rate Change

32. The proposed rate change will pass through only the actual costs charged to Inline Utilities by North Harris County Regional Water Authority and does not duplicate costs otherwise charged to customers under the current tariff.

Tariff

33. The current tariff was approved by the Commission on April 3, 2024, in Docket No. 54729.³
34. Inline Utilities' tariff prescribes a formula by which changes in pass-through rates are to be calculated.
35. On April 26, 2024, Commission Staff filed a proposed tariff as an attachment to its final recommendation that includes the requested pass-through rate.

Informal Disposition

36. More than 15 days have passed since the completion of the notice provided in this docket.
37. No person filed a protest or motion to intervene.
38. Inline Utilities and Commission Staff are the only parties to this proceeding.
39. No party requested a hearing, and no hearing is needed.
40. Commission Staff recommended approval of the application.
41. 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 Texas Water Code (TWC) § 13.041.
2. Inline Utilities is a utility as defined in TWC § 13.002(23) and 16 Texas Administrative Code (TAC) § 24.3(38).

³ *Id.*

3. The Commission may approve this minor change to Inline Utilities' 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)(ii).
6. The Commission processed the application as required by the TWC, the Administrative Procedure Act,⁴ 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 a pass-through rate increase from \$4.25 per 1,000 gallons to \$4.72 per 1,000 gallons for customers in the Cottage Gardens subdivision served by public water system identification number 1013271 under CCN number 13313, effective the date this Notice of Approval is issued.
2. The Commission approves the proposed tariff attached to Commission Staff's final recommendation on April 26, 2024.
3. Within ten days of the date this Notice of Approval is filed, Commission Staff must provide the Commission with a clean copy of the approved tariff to be stamped *Approved* and retained by Central Records.
4. If Inline Utilities collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Inline Utilities must refund any amounts collected in excess of the purchased water costs.
5. The Commission denies all other motions and any other request for general or specific relief that have not been expressly granted.

⁴ Tex. Gov't Code §§ 2001.001-.903.

Signed at Austin, Texas on the 10th day of June 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read "Christina Denmark", written over a horizontal line.

**CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE**

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