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Received - 2022-04-14 02:37:28 PM
Control Number - 52770
ItemNumber - 17

TARIFF CONTROL NO. 52770

**APPLICATION OF ROYAL VALLEY
UTILITIES, INC. FOR A PASS
THROUGH RATE CHANGE**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

On October 28, 2021, Royal Valley Utilities, Inc. (Royal Valley) filed an application with the Public Utility Commission of Texas (Commission) under 16 Texas Administrative Code (TAC) § 24.25 for approval of a pass-through rate change related to an increase in the fees billed by North Fort Bend Water Authority (NFBWA). On November 5, 2021, Royal Valley submitted an additional pass-through rate change request to include an increase in the fees billed by the City of Sugar Land Groundwater Reduction Plan (SLGRP).

On April 4, 2022, the administrative law judge (ALJ) filed Order No. 7, granting an extension and requiring Royal Valley and Commission Staff (collectively, the parties) to file joint proposed findings of fact and conclusions of law by April 14, 2022. Therefore, this pleading is timely filed.

I. MOTION TO ADMIT EVIDENCE

Royal Valley and Commission Staff move to admit the following items into the record of this proceeding:

- a) Royal Valley's application for a pass-through rate change, and all attachments filed on October 28, 2021 (Interchange Item No. 1);
- b) Royal Valley's Additional Pass Through Increase Request filed on November 5, 2021 (Interchange Item No. 3);
- c) Commission Staff's Recommendation on the Sufficiency of the Application and Notice filed on December 17, 2021 (Interchange Item No. 8);
- d) Royal Valley's Supplemental Information filed on December 21, 2021 (Interchange Item No. 10); and
- e) Commission Staff's Recommendation on Application and Notice, and all attachments

Filed on March 11, 2022 (Interchange Item No. 13).

II. PROPOSED NOTICE OF APPROVAL

Royal Valley and Commission Staff respectfully request that the attached Proposed Notice of Approval be adopted.

III. CONCLUSION

The parties respectfully request that an order be issued granting the above Motion to Admit Evidence and adopting the attached Proposed Notice of Approval.

Dated: April 14, 2022

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

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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 via electronic mail on April 14, 2022 in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Andy Aus
Andy Aus

TARIFF CONTROL NO. 52770

APPLICATION OF ROYAL VALLEY	§	PUBLIC UTILITY COMMISSION
UTILITIES, INC. FOR A PASS	§	
THROUGH RATE CHANGE	§	OF TEXAS

PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application of Royal Valley Utilities, Inc. (Royal Valley) for approval of a pass-through rate change related to pumpage fees imposed on the utility by North Ford Bend Water Authority (NFBWA) and the City of Sugar Land Groundwater Reduction Plan (SLGRP). Royal Valley requests approval to increase the NFBWA pass-through fee from \$4.25(\$4.44 with line loss added in) to \$4.55 per thousand gallons for customers in the Kingdom Heights Subdivision and to increase the SLGRP pass-through fee from \$3.00 to \$3.61 per thousand gallons for customers in the Royal Lakes Estates and Royal Lakes Manor Subdivisions. The Commission approves the requested increase to the NFBWA and SLGRP pass-through fees to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Royal Valley is a domestic for-profit corporation registered with the Texas secretary of state under file number 0151195500.
2. Royal Valley provides water service under certificate of convenience number 12922 in Fort Bend County.

Application

3. On October 28, 2021, Royal Valley filed its application to implement the purchased water pass-through clause in its currently-approved tariff to recover an increase in the fees imposed on the utility by NFBWA, effective January 1, 2022.
4. On November 5, 2021, Royal Valley supplemented its application to implement the

purchased water pass-through clause in its currently-approved tariff to recover an increase in the fees imposed on the utility by SLGRP, effective January 1, 2022.

5. On August 25, 2021, NFBWA notified Royal Valley that it would increase the groundwater reduction plan fee it charges to Royal Valley from \$4.55 per 1,000 gallons to \$4.90 per 1,000 gallons, effective January 1, 2022. In its application, Royal Valley seeks to recover the cost of this increase from customers in the Kingdom Heights subdivision.
6. On December 21, 2021, Royal Valley Filed Supplemental information updating and correcting their line loss calculations for both NFBWA and SLGRP pass-through rates. Royal Valley also included corrected notices to NFBWA and SLGRP customers.
7. Royal Valley seeks to increase the NFBWA pass-through fee it charges customers in the Kingdom Heights subdivision from \$4.44 to \$4.88 per 1,000 gallons. The requested NFBWA pass-through fee includes compensation for line loss of 6.71%, calculated in accordance with the pass-through equation in the approved tariff. Royal Valley requests to charge the new rate effective January 1, 2022.
8. On October 20, 2021, SLGRP notified Royal Valley that it would increase the groundwater reduction plan fee it charges to Royal Valley from \$3.00 per 1,000 gallons to \$3.61 per 1,000 gallons, effective January 1, 2022. In its application, Royal Valley seeks to recover the cost of this increase from customers in the Royal Lakes Estates and Royal Lakes Manor Subdivisions.
9. Royal Valley seeks to increase the SLGRP pass-through fee it charges customers in the Royal Lakes Estates and Royal Lakes Manor Subdivisions from \$3.22 to \$4.00 per 1,000 gallons. The requested SLGRP pass-through fee includes compensation for line loss of 9.85%, calculated in accordance with the pass-through equation in the approved tariff. Royal Valley requests to charge the new rate effective January 1, 2022.
10. The supplemented application contained the affected CCN number, the affected subdivision, public water system name 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 contains the rates that will change if the application is approved.

11. Commission Staff did not recommend a true-up for the tariff pass-through provision because Royal Valley used the suggested equation in 16 Texas Administrative Code (TAC) § 24.25(b)(2)(E) and the application did not contain a combined pass-through provision.
12. On March 14, 2022, the administrative law judge (ALJ) found the application administratively complete.

Notice

13. Royal Valley's supplemented application included a copy of revised notice mailed to affected customers on January 3, 2022, detailing the requested NFBWA and SLGRP pass-through fee increases.
14. 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 Royal Valley for water use fee, 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.'
15. On March 14, 2022, the ALJ found the notice sufficient.

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

16. Royal Valley is a retail public utility that purchases water.
17. Royal Valley is under the original jurisdiction of the Commission.

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

18. The proposed charges will pass through only the actual costs charged to Royal Valley by NFBWA and SLGRP and do not duplicate costs otherwise charged to customers under the current tariff.

Tariff

19. Royal Valley's current NFBWA pass-through fee and current SLGRP pass through fee were approved by the Commission on March 9, 2021, in Tariff Control No. 51533.¹
20. Royal Valley's current tariff prescribes a formula by which changes in pass-through fees are to be calculated.
21. On March 11, 2022, Commission Staff filed a proposed tariff as an attachment to its recommendation. The proposed tariff reflects the approval of the proposed NFBWA and SLGRP pass-through gallonage charge increases.

Evidence

22. On April 14, 2022, Royal Valley and Commission Staff filed an agreed motion to admit evidence.
23. On _____, 2022, the ALJ admitted the following evidence into the record of this proceeding: (a) Royal Valley's application for a pass-through rate change, and all attachments filed on October 28, 2021 (Interchange Item No. 1); (b) Royal Valley's Additional Pass Through Increase Request filed on November 5, 2021 (Interchange Item No. 3); (c) Commission Staff's Recommendation on the Sufficiency of the Application and Notice filed on December 17, 2021 (Interchange Item No. 8); (d) Royal Valley's Supplemental Information filed on December 21, 2021 (Interchange Item No. 10); and (e) Commission Staff's Recommendation on Application and Notice, and all attachments Filed on March 11, 2022 (Interchange Item No. 13).

Informal Disposition

24. More than 15 days have passed since the completion of notice provided in this docket.
25. No person filed a protest or motion to intervene.
26. Royal Valley and Commission Staff are the only parties to this proceeding.
27. No party requested a hearing, and no hearing is needed.
28. Commission Staff recommended approval of the application.

¹ *Application of Royal Valley Utilities, Inc. for a Pass-Through Rate Change*, Tariff Control No. 51533, Notice of Approval (Mar. 9, 2021).

29. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Royal Valley is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31).
2. The Commission has authority over the application under TWC § 13.041.
3. The Commission may approve this minor change to Royal Valley'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,² 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 NFBWA pass-through fee from \$4.44 per 1,000 gallons to \$4.88 per 1,000 gallons for customers in the Kingdom Heights Subdivision, effective January 1, 2022.
2. The Commission approves an increase in the SLGRP pass-through fee from \$3.22 to \$4.00 per 1,000 gallons for customers in the Royal Lakes Estates and Royal Lakes Manor Subdivisions, effective January 1, 2022.

² Tex. Gov't Code §§ 2001.001-.903.

3. The Commission approves the proposed tariff attached to Commission Staff's recommendation filed on March 11, 2022.
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. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the ____ day of _____ 2022

PUBLIC UTILITY COMMISSION OF TEXAS

**CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE**