



## Filing Receipt

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**DOCKET NO. 52770**

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

**NOTICE OF APPROVAL**

This Notice of Approval addresses the application of Royal Valley Utilities, Inc. for approval of pass-through rate changes related to pumpage fees imposed by North Fort Bend Water Authority and the City of Sugar Land. The Commission approves the requested pass-through rates, effective January 1, 2022, 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 Texas corporation registered with the Texas secretary of state under filing number 151195500.
2. Royal Valley holds certificate of convenience and necessity (CCN) number 12922 that obligates Royal Valley to provide retail water service in its certificated service area in Fort Bend County.
3. Royal Valley owns and operates public water systems registered with the Texas Commission on Environmental Quality (TCEQ): the Royal Lakes Estates public water system, identification number 0790364, which serves customers in the Royal Lakes Estates and Royal Lakes Manor subdivisions; and the Kingdom Heights Water System, identification number 0790462, which serves customers in the Kingdom Heights subdivision.

**Application**

4. On October 28, 2021, Royal Valley filed the application at issue in this proceeding.
5. On November 5 and December 21, 2021, Royal Valley supplemented its application.

6. In its supplemented application, Royal Valley requests approval of proposed pass-through rate changes, effective January 1, 2022. Specifically, Royal Valley seeks to increase the pass-through rate charged from \$3.22 to \$4.00 per 1,000 gallons for customers served in the Royal Lake Estates and Royal Lakes Manor subdivisions. Royal Valley also seeks to increase the pass-through rate charged from \$4.44 to \$4.88 per 1,000 gallons for customers served in the Kingdom Heights subdivision.
7. Royal Valley's requested increases are a result of an increase to the pumpage fees billed by: (1) Sugar Land from \$3.00 to \$3.61 per 1,000 gallons, effective January 1, 2022, impacting the Royal Lake Estates and Royal Lakes Manor subdivisions; and (2) North Fort Bend from \$4.25 to \$4.55 per 1,000 gallons, effective January 1, 2022, impacting the Kingdom Heights subdivision.
8. Royal Valley's requested pass-through rate of \$4.00 per 1,000 gallons for the Royal Lake Estates and Royal Lakes Manor subdivisions includes compensation for line loss of 9.85%, calculated in accordance with the pass-through equation in the approved tariff.
9. Royal Valley's requested pass-through rate of \$4.88 per 1,000 gallons for the Kingdom Heights subdivision includes compensation for line loss of 6.71%, calculated in accordance with the pass-through equation in the approved tariff.
10. The supplemented application contained the affected CCN number, the affected subdivisions, the affected 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 contains the rates that will change if the application is approved.
11. In Order No. 6 filed on March 14, 2022, the administrative law judge (ALJ) found the application administratively complete.

**Notice**

12. On or about January 3, 2022, Royal Valley provided revised notice of the pass-through rate changes to affected customers.

13. 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 pumpage fees, 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.”
14. In Order No. 6 filed on March 14, 2022 the ALJ found notice sufficient.

**Jurisdiction**

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

**Eligibility for Pass-Through Rate Change**

17. The proposed charges will pass through only the actual costs charged to Royal Valley by North Fort Bend and Sugar Land and does not duplicate costs otherwise charged to customers under the current tariff.

**Tariff**

18. Royal Valley’s current pass-through rates and tariff provisions were approved by the Commission on March 9, 2021, in Tariff Control No. 51533.<sup>1</sup>
19. Royal Valley’s current tariff prescribes a formula by which changes in pass-through rates are calculated.
20. On March 11, 2022, Commission Staff filed a proposed tariff as an attachment to its recommendation.

**Evidence**

21. In Order No. 8 filed on April 20, 2022, the ALJ admitted the following evidence into the record of this proceeding: (a) Royal Valley’s application and all attachments filed on October 28, 2021; (b) Royal Valley’s additional pass-through increase request filed on November 5, 2021; (c) Commission Staff’s recommendation on the sufficiency of the

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

application and notice filed on December 17, 2021; (d) Royal Valley's supplemental information filed on December 21, 2021; and (e) Commission Staff's recommendation on application and notice and attachments filed on March 11, 2022.

**Informal Disposition**

22. More than 15 days have passed since the completion of notice provided in this docket.
23. No person filed a protest or motion to intervene.
24. Royal Valley and Commission Staff are the only parties to this proceeding.
25. No party requested a hearing and no hearing is needed.
26. Commission Staff recommended approval of the application.
27. 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. Royal Valley 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 Royal Valley'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)(ii).
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>2</sup> Tex. Gov't Code § 2001.001-.903.

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 Royal Valley's increase in the North Fort Bend pass-through rate from \$4.44 to \$4.88 per 1,000 gallons, effective January 1, 2022, for the Kingdom Heights public water system, identification number 0790462, which serves customers in the Kingdom Heights subdivision.
2. The Commission approves Royal Valley's increase in the Sugar Land pass-through rate from \$3.22 to \$4.00 per 1,000 gallons, effective January 1, 2022, for customers served by the Royal Lakes Estates public water system, identification number 0790364, which serves customers in the Royal Lakes Estates and Royal Lakes Manor subdivisions.
3. The Commission approves the proposed tariff filed by Commission Staff on March 11, 2022 as an attachment to its recommendation.
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. If Royal Valley collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Royal Valley 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 that have not been expressly granted.

Signed at Austin, Texas the 22nd day of April 2022.

**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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