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DOCKET NO. 53686

**APPLICATION OF SP UTILITY
COMPANY, INC. FOR A CLASS D
RATE ADJUSTMENT**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

NOTICE OF APPROVAL

This Notice of Approval addresses the application of SP Utility Company, Inc., a class D utility, for an annual rate adjustment under Texas Water Code (TWC) § 13.1872. The Commission increases SP Utility's water and sewer monthly minimum charges and gallonage rates by 5%, effective October 6, 2022, for customers in the Blue Heron Estates, Cypresswood Creek Estates, Savannah Plantation, and Tejas Trails subdivisions and for customers in the Johnson Water Service/Oleander Road Mobile Home Park Development.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. SP Utility is a Texas corporation registered with the Texas secretary of state under filing number 800200690.
2. SP Utility owns and operates for compensation in Texas equipment or facilities for the transmission, storage, distribution, sale, or provision of potable water to the public in Brazoria, Fort Bend, and Montgomery counties under certificate of convenience and necessity (CCN) number 12978.
3. SP Utility owns and operates for compensation in Texas equipment or facilities for the collection, transportation, treatment, or disposal of sewage or other operation of a sewage disposal service for the public in Brazoria, Fort Bend, and Montgomery counties under CCN number 20817.
4. SP Utility serves 186 active water connections and 162 active sewer connections.
5. SP Utility operates several public water systems registered with the Texas Commission on Environmental Quality (TCEQ) under the following identification numbers: Cypresswood Estates, 1700918; Savannah Plantation, 0200599; Tejas Trails, 0790593; Johnson Water

Service/Oleander Mobile Home Development, 0200158; and Blue Heron Estates, 0790615.

6. SP Utility operates a sewer system, Savannah Plantation, which is permitted with the TCEQ under permit number WQ0014149001.

Application

7. On June 6, 2022, SP Utility filed two separate applications for a class D annual rate adjustment of 5%.
8. This first application was filed in Docket No. 53686¹ and concerned SP Utility's request for a 5% rate increase for the 155 active water and 131 active sewer connections the company serves in the Savannah Plantation, Tejas Trails, Blue Heron Estates, and Cypresswood Estates subdivisions under CCN numbers 12978 and 20817.
9. On June 30 and July 1, 21, 22, and 29, 2022, SP Utility filed supplements or confidential supplements to the application in Docket No. 53686.
10. The second application was filed in Docket No. 53687² and concerned SP Utility's request for a 5% rate increase for the and 31 active sewer connections the company serves in the Johnson Water Service/Oleander Mobile Home Development under CCN number 20817.
11. On July 1, 21, and 22, 2022, SP Utility filed supplements to the application in Docket No. 53687.
12. In Order No. 3 filed on August 8, 2022, the administrative law judge (ALJ) consolidated the two applications into one docket, Docket No. 53686, and closed Docket No. 53687. Further, the ALJ found the consolidated application administratively complete and accepted for filing.
13. The consolidated application is SP Utility's second request for a class D rate adjustment between base rate proceedings.

¹ *Application of SP Utility for a Class D Rate Adjustment*, Docket No. 53686 (pending).

² *Application of SP Utility for a Class D Rate Adjustment*, Docket No. 53687, Order No. 3, Consolidating Dockets, Restyling the Case, Finding Applications Administratively Complete, Addressing Notice, and Granting Waiver for Good Cause (Aug. 8, 2022).

Good Cause Exception

14. On July 13, 2022, SP Utility filed a request for a good cause exception to the requirements of 16 Texas Administrative Code (TAC) § 24.49(f)(2).
15. According to SP Utilities, the factors that contributed to its request for a good cause exception include high fuel prices, inflation, and the large investments made as part of its temporary management of the Reed Estates Water System.
16. In Order No. 3 filed on August 8, 2022, the ALJ found good cause existed, under 16 TAC § 22.5(b), to permit SP Utility to file its application for a Class D rate adjustment earlier than as provided by 16 TAC § 24.49(f)(2).

Rate Adjustment

17. SP Utility requests a 5% increase to its current water and sewer base and gallonage rates.
18. SP Utility's current and proposed water minimum monthly charges, by meter size, and current and proposed water gallonage rates for the Blue Heron Estates, Cypresswood Estates, Savannah Plantation, and Tejas Trails subdivisions are:

Meter Size (includes 1,000 gallons)	Current Minimum Monthly Charge	Proposed Minimum Monthly Charge
5/8" or 3/4"	\$43.05	\$45.20
1"	\$67.73	\$71.12
1 1/2"	\$93.98	\$98.68
2"	\$152.25	\$159.86
3"	\$278.25	\$292.16

Tier	Current Gallonage Rate (per 1,000 gallons)	Proposed Gallonage Rate (per 1,000 gallons)
1,001 – 10,000 gallons	\$6.30	\$6.62
10,001 – 13,000 gallons	\$8.40	\$8.82
Above 13,000 gallons	\$10.50	\$11.03

19. SP Utility's current and proposed water minimum monthly charges, by meter size, and current and proposed water gallonage rates for the Johnson Water Service/Oleander Road Mobile Home Development are:

Meter Size (includes 1,000 gallons)	Current Minimum Monthly Charge	Proposed Minimum Monthly Charge
5/8" or 3/4"	\$27.00	\$28.35

Gallage Rate	Current Gallage Rate (per 1,000 gallons)	Proposed Gallage Rate (per 1,000 gallons)
	\$3.00	\$3.15

20. SP Utility's current and proposed sewer minimum monthly charges, by meter size, and current and proposed sewer gallonage rate for the Savannah Plantation subdivision are:

Meter Size (includes 1,000 gallons)	Current Minimum Monthly Charge	Proposed Minimum Monthly Charge
5/8" or 3/4"	\$35.18	\$36.94

Gallage Rate (for each additional 1,000 gallons over the minimum)	Current Gallage Rate (per 1,000 gallons)	Proposed Gallage Rate (per 1,000 gallons)
	\$3.68	\$3.86

Tariff

21. On August 4, 2022, Commission Staff filed the proposed water and sewer tariffs as attachments to its recommendation on administrative completeness and final disposition.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over the consolidated application under TWC § 13.1872.
2. SP Utility is a public utility as defined in TWC § 13.002(23) and a class D utility under TWC § 13.002(4-d).
3. Under TWC § 13.1872(f), SP Utility may adjust its rates not more than once each year and not more than four times between rate proceedings under TWC § 13.1871.
4. Under 16 TAC § 24.49(f)(2), SP Utility may file an application for a Class D rate adjustment only between the months of January through March or July through September.
5. Good cause exists, under 16 TAC § 22.5(b), to permit SP Utility to file its application for a Class D rate adjustment earlier than as provided by 16 TAC § 24.49(f)(2).
6. A 5% increase in SP Utility's water and sewer minimum monthly charges and gallonage rates complies with TWC § 13.1872(e)(2).

7. The Commission processed the consolidated application in accordance with the requirements of the TWC, the Administrative Procedure Act,³ and Commission rules.
8. SP Utility demonstrated that it has met the requirements of TWC § 13.1872 for approval of the rate adjustments.
9. Under TWC § 13.1872(c)(1), SP Utility must provide notice 30 days before the effective date of the approved change.
10. Under 16 TAC § 24.49(e), SP Utility must provide notice after it receives a written order by the Commission approving or modifying the application.

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 increases in SP Utility's water and sewer monthly minimum charges and gallonage rates by 5%, effective October 6, 2022, for customers served in the Blue Heron Estates, Cypresswood Estates, Savannah Plantation, and Tejas Trails subdivisions and Johnson Water Service/Oleander Road Mobile Home Development.
2. Effective October 6, 2022, SP Utility's water monthly minimum charges, by meter size, and gallonage rates for the Blue Heron Estates, Cypresswood Estates, Savannah Plantation, and Tejas Trails subdivisions are:

Meter Size (includes 1,000 gallons)	Minimum Monthly Charge
5/8" or 3/4"	\$45.20
1"	\$71.12
1 1/2"	\$98.68
2"	\$159.86
3"	\$292.16

Tier	Gallonage Rate (per 1,000 gallons)
1,001 – 10,000 gallons	\$6.62
10,001 – 13,000 gallons	\$8.82
Above 13,000 gallons	\$11.03

³ Tex. Gov't Code §§ 2001.001–903.

3. Effective October 6, 2022, SP Utility's water minimum monthly charge, by meter size, and gallonage rate for the Johnson Water Service/Oleander Road Mobile Home Development are:

Meter Size (includes 1,000 gallons)	Minimum Monthly Charge
5/8" or 3/4"	\$28.35

Gallonage Rate (per 1,000 gallons)
\$3.15

4. Effective October 6, 2022, SP Utility's sewer minimum monthly charge, by meter size, and gallonage rate for the Savannah Plantation subdivision are:

Meter Size (includes 1,000 gallons)	Proposed Minimum Monthly Charge
5/8" or 3/4"	\$36.94

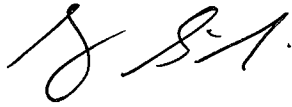
Gallonage Rate (for each additional 1,000 gallons over the minimum)	Gallonage Rate (per 1,000 gallons)
	\$3.86

5. The Commission approves the water and sewer tariffs filed as attachments to Commission Staff's August 4, 2022 recommendation on administrative completeness and final disposition.
6. Within ten days of the date of this Notice of Approval, Commission Staff must file clean copies of the tariffs approved by this Notice of Approval, with the approved effective date, with Central Records to be marked *Approved* and kept in the Commission tariff book.
7. SP Utility must, by September 5, 2022, provide to each ratepayer by mail, or by electronic mail if the ratepayer has agreed to receive communications electronically, notice of the rate adjustments with the effective date of October 6, 2022, using the form attached to its supplement to the application filed on June 30, 2022.
8. By September 23 2022, SP Utility must file proof that it has provided notice as specified above.

9. 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 11th day of August 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



**GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE**