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TARIFF CONTROL NO. 53845

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

COMMISSION STAFF'S RECOMMENDATION ON THE APPLICATION AND NOTICE

On July 20, 2022, Nerro Supply Investors LLC (Nerro) filed an application under 16 Texas Administrative Code (TAC) § 24.25(b)(2) for approval of a pass-through rate change for an increase in the fees billed by the San Jacinto River Authority.

On July 21, 2022, the administrative law judge (ALJ) filed Order No. 1, establishing a deadline of August 22, 2022 for the Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation on the administrative completeness of the application and notice, and propose a procedural schedule, if appropriate. Therefore, this pleading is timely filed.

I. RECOMMENDATION ON THE APPLICATION AND NOTICE

Staff has reviewed the application and, as detailed in the attached memorandum of Frederick Quijano of the Commission's Rate Regulation Division, Staff recommends that the application be found administratively complete. As explained in Mr. Quijano's memorandum, Nerro has requested a pass-through rate change from \$3.39 to \$3.52 per thousand gallons, and Staff recommends approval of the application.

Staff has also reviewed the notice filed with Nerro's application and recommends that it contains all of the information required by 16 TAC §24.25(b)(2)(F)(ii). Therefore, Staff recommends that the notice provision is sufficient, that the application be approved as filed, and that the pass-through rate change take effect September 1, 2022. The tariff reflecting the pass-through rate change is attached.

II. CONCLUSION

For the reasons detailed above, Staff respectfully requests the entry of an order consistent with the foregoing recommendations.

Dated: August 22, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

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/s/ Margaux Fox
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DOCKET NO. 53845

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 August 22, 2022, in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Margaux Fox
Margaux Fox

Public Utility Commission of Texas

Memorandum

TO: Margaux Fox, Attorney
Legal Division

FROM: Frederick Quijano, Regulatory Accountant
Rate Regulation Division

DATE: August 22, 2022

RE: Tariff Control No. 53845 – *Application of Nerro Water Supply Investors, LLC for a Pass Through Rate Change*

On July 20, 2022, Nerro Water Supply Investors, LLC (Nerro) filed an application to implement a pass-through rate change under 16 Texas Administrative Code (TAC) § 24.25(b)(2) for an increase in the fees billed by San Jacinto River Authority (Authority). The increase by the Authority will affect the White Oak Valley Estates Subdivision and raises the fee charged to the Applicant from \$3.39 to \$3.52 per thousand gallons effective September 1, 2022.

Nerro is providing service under certificate of convenience and necessity number (CCN) 10336,¹ and the application included a copy of the tariff pages for CCN number 10336 that contain the rates that will change if the application is approved.² A copy of the notice provided to customers was also filed with the application.³

Nerro has requested a pass-through rate change from \$3.39 to \$3.52 per thousand gallons for the White Oaks Valley Estates Subdivision.⁴ The application was supported by documentation from the Authority, which confirms the increase in the fees charged to Nerro.⁵ The requested pass-through rate includes line loss in accordance with the pass-through equation listed on the tariff for line loss of 15%, supported by twelve months of documentation provided by Nerro.⁶

I have reviewed the calculations and assumptions used to determine the requested pass-through rate. Based upon my review of the underlying calculations and assumptions used to determine its request, I confirm that Nerro's pass-through rate is correct.⁷

The application meets the requirements of 16 TAC § 24.25(b)(2). I recommend that the application be approved as filed and that Nerro be provided with a copy of the attached tariff.

¹ 16 TAC § 24.25(b)(2)(F)(i)(I).

² 16 TAC § 24.25(b)(2)(F)(i)(VIII).

³ 16 TAC § 24.25(b)(2)(F)(i)(III).

⁴ 16 TAC § 24.25(b)(2)(F)(i)(II).

⁵ 16 TAC § 24.25(b)(2)(F)(i)(IV).

⁶ 16 TAC § 24.25(b)(2)(F)(i)(VI).

⁷ 16 TAC § 24.25(b)(2)(F)(i)(VIII).



WATER UTILITY TARIFF

Tariff Control No. 53845

Nerro Supply Investors, LLC
(Utility Name)

P.O. Box 691008
(Business Address)

Houston, Texas 77269
(City, State, Zip Code)

(281) 355-1312
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

10336

This tariff is effective in the following counties:

Montgomery

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions and public water systems:

White Oak Valley Estates Subdivision PWS ID# 1700036.

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	5
SECTION 3.0 -- EXTENSION POLICY	11

APPENDIX A -- DROUGHT CONTINGENCY PLAN

APPENDIX B -- SAMPLE SERVICE AGREEMENT

APPENDIX C -- APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$36.71</u> (includes 1000 gallons)	<u>\$3.55</u> per 1,000 gallons over the minimum *Plus LSGCD & SJRA fees for <u>ALL</u> gallons used.

*Lone Star Groundwater Conservation District Water Use Fee: \$0.12 per 1,000 for all gallons used
Tariff Control No. 48069

*San Jacinto River Authority Fee: \$3.52 per 1,000 for all gallons used
Tariff Control No. 53845

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, Check X, Money Order X, Credit Card_____, Other (specify)_____
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS
MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH
PAYMENTS.

REGULATORY ASSESSMENT..... 1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL
AND REMIT TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE..... N/A
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED
ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter)..... Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

SECTION 1.0 – RATE SCHEDULE (Continued)

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00
 THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Nonpayment of bill (Maximum \$25.00)..... \$25.00
 b) Customer's request that service be disconnected N/A

TRANSFER FEE N/A
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) 10%
 PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$25.00
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(G)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

SECTION 1.0 – RATE SCHEDULE (Continued)

Pass Through Provision:

For Utilities subject to changes in costs imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

$$R = G / (1 - L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15