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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

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

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

On August 25, 2022, the administrative law judge (ALJ) filed Order No. 2 finding the application administratively complete and notice sufficient and requiring the Staff (Staff) of the Public Utility Commission of Texas (Commission) and Nerro (collectively, the parties) to file joint proposed findings of fact and conclusions of law by September 20, 2022.

I. MOTION TO ADMIT EVIDENCE

The parties move to admit the following items into the record of this proceeding:

- 1) Nerro's application and all attachments filed on July 20, 2022 (Interchange Item No. 1); and
- 2) Commission Staff's recommendation on the application and notice and all attachments filed on August 22, 2022 (Interchange Item No. 3).

II. PROPOSED NOTICE OF APPROVAL

The parties 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: September 12, 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 September 12, 2022, in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Margaux Fox
Margaux Fox

TARIFF CONTROL NO. 53845

**APPLICATION OF NERRO SUPPLY
INVESTORS LLC FOR A PASS
THROUGH RATE CHANGE**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

JOINT PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application of Nerro Supply Investors LLC (Nerro) for approval of a pass-through rate change for fees billed to it by the San Jacinto River Authority (SJRA). The Commission approves the requested pass-through rates to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Nerro is a Texas limited liability company registered with the Texas secretary of state under filing number 802143247.
2. Nerro holds certificate of convenience and necessity (CCN) number 10336 that obligates Nerro to provide retail water service in its certificated service area in Harris and Montgomery Counties.
3. Nerro owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1700036 that serves the White Oak Valley Estates (White Oak) subdivision.

Application

4. On July 20, 2022, Nerro filed the application at issue in this proceeding.
5. In its application, Nerro seeks an adjustment to the pass-through fee for customers in its approved tariff for the White Oak subdivision. subdivision in its tariff. Specifically, Nerro seeks to increase the SJRA pass-through fee for customers in the White Oak subdivision from \$3.39 per 1,000 gallons to \$3.52 per 1,000 gallons.
6. Nerro's requested increase is the result of an increase to the water use fee charged by SJRA to Nerro from \$2.88 per 1,000 gallons to \$2.99 per 1,000 gallons, effective September 1, 2022.
7. Nerro requested a pass-through fee of \$3.52, which includes compensation for line loss of 15%, calculated in accordance with the pass-through equation in its approved tariff.

8. The proposed pass-through rate change will adjust Nerro's pass-through rates for customers of the White Oak subdivision receiving water from SJRA, as effective September 1, 2022, as follows:

Subdivision	District Name	Current Pass Through Fee per 1,000 gallons	Proposed Pass Through Fee per 1,000 gallons	Requested Effective Date
White Oak	SJRA	\$3.39	\$3.52	9/1/2022

9. The application contained the affected CCN number, the affected subdivision, the affected public water system name and corresponding number issued by the TCEQ, a copy of the notice to affected 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 Nerro's tariff that contain the rates that will change if Nerro's application is approved..
10. On August 22, 2022, Commission Staff recommended that the application and notice be found sufficient and approved.
11. On August 25, 2022, the administrative law judge (ALJ) found the application administratively complete.

Notice

12. On or about July 20, 2022, Nerro provided notice of the pass-through rate change to affected customers.
13. The 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 Nerro for fees imposed by the SJRA, 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. On August 25, 2022, the ALJ found the notice sufficient.

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

15. Nerro is a retail public utility that purchases water.

16. Nerro is under the original jurisdiction of the Commission.

Eligibility for Pass-Through Rate Change – 16 TAC § 24.25

17. The proposed charge will pass-through only the actual costs charged to Nerro by SJRA and does not duplicate costs otherwise charged to customers under the current tariff.

Tariff

18. Nerro's current pass-through fee for SJRA was approved by the Commission on May 24, 2022, in Tariff Control No. 53386.¹

19. On August 22, 2022, Commission Staff filed a proposed tariff for this case as an attachment to its recommendation on the application and notice.

Informal Disposition

20. More than 15 days have passed since the completion of notice provided in this docket.

21. No person filed a protest or motion to intervene.

22. Nerro and Commission Staff are the only parties to this proceeding.

23. No party requested a hearing, and no hearing is needed.

24. Commission Staff recommended approval of the application.

25. 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 TWC § 13.041.

2. Nerro is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31).

3. The Commission may approve this minor change to Nerro'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).

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.

¹ *Application of Nerro Supply Investors, LLC for a Pass Through Rate Change*, Tariff Control No. 53386, Notice of Approval (May 24, 2022).

² Tex. Gov't Code Ann. §§ 2001.001–2001.903.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves, effective September 1, 2022, the following pass-through rates for customers in the White Oaks subdivision:

Subdivision	District Name	Current Pass Through Fee per 1,000 gallons	Proposed Pass Through Fee per 1,000 gallons	Requested Effective Date
White Oak	SJRA	\$3.39	\$3.52	9/1/2022

2. The Commission approves the water utility tariff attached to Commission Staff's recommendation on the application and notice filed on August 22, 2022.
3. 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.
4. If Nerro collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Nerro must refund any amounts collected in excess of the purchased water costs.
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.

ADMINISTRATIVE LAW JUDGE