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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

NOTICE OF APPROVAL

This Notice of Approval addresses the application of Nerro Supply Investors, LLC for approval of a pass-through rate change related to an increase in water use fees imposed by the San Jacinto River Authority (SJRA) for customers in the White Oak Valley Estates subdivision. The Commission approves the pass-through rate change, effective September 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. Nerro Supply Investors is a Texas limited liability company registered with the Texas secretary of state under filing number 802143247.
2. Nerro Supply Investors holds certificate of convenience and necessity (CCN) number 10336 that obligates it to provide retail water service in Montgomery county.
3. Nerro Supply Investors 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 subdivision.

Application

4. On July 20, 2022, Nerro Supply Investors filed the application at issue in this proceeding.
5. In its application, Nerro Supply Investors seeks approval of pass-through fee changes, effective September 1, 2022. Specifically, Nerro Supply Investors requested to increase the SJRA pass-through fee for customers of the White Oak Valley Estates subdivision from \$3.39 per 1,000 gallons to \$3.52 per 1,000 gallons.

6. Nerro Supply Investors' requested increase is the result of an increase to the water use fees charged by SJRA to Nerro Supply Investors. SJRA increased the pumpage fee and import fee from \$2.88 per 1,000 gallons to \$2.99 per 1,000 gallons, and the surface water fee from \$3.30 per 1,000 gallons to \$3.41 per 1,000 gallons, effective September 1, 2022.
7. Nerro Supply Investors 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 application contained the affected CCN number, the affected subdivision, public water system name and corresponding number 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.
9. In Order No. 2 filed on August 25, 2022, the administrative law judge (ALJ) found the application administratively complete.

Notice

10. On or about July 29, 2022, Nerro Supply Investors provided notice of its requested pass-through rate change to affected customers.
11. 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 Supply Investors for purchased water, 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."
12. In Order No. 2 filed August 25, 2022, the ALJ found the notice sufficient.

Jurisdiction

13. Nerro Supply Investors is a utility that purchases water.
14. Nerro Supply Investors is under the original jurisdiction of the Commission.

Eligibility for Pass-Through Rate Change

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

Tariff

16. Nerro Supply Investors' current SJRA pass-through fees for the White Oak Valley Estates subdivision were approved by the Commission on May 24, 2022 in Tariff Control No. 53386.¹
17. Nerro Supply Investors' current tariff prescribes a formula by which changes in pass-through fees are to be calculated.
18. On August 22, 2022, Commission Staff filed a proposed tariff as an attachment to its recommendation. The proposed tariff reflects the approval of the proposed SJRA pass-through gallonage charge increases.

Evidence

19. In Order No. 3 filed on September 13, 2022, the ALJ admitted the following evidence into the record: (a) Nerro Supply Investors' application for a pass-through rate change, and all attachments, filed on July 20, 2022; and (b) Commission Staff's recommendation on the application, and all attachments, filed on August 22, 2022.

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 Supply Investors 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.

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

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. Nerro Supply Investors is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31), and a utility as defined under TWC § 13.002(23) and 16 TAC § 24.3(39).
3. The Commission may approve this minor change to Nerro Supply Investors' 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,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 the pass-through rate change from \$3.39 per 1,000 gallons to \$3.52 per 1,000 gallons, effective September 1, 2022, for customers in the White Oak Valley Estates subdivision.
2. The Commission approves the proposed tariff attached to Commission Staff's recommendation filed on August 22, 2022.
3. Within ten days of the date this Notice of Approval is filed, Commission Staff must provide the Commission with a clean copy of the Nerro Supply Investors tariff to be stamped *Approved* and retained by Central Records.

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

4. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 21st day of September 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read 'J. Huhn', is written above a horizontal line.

JEFFREY J. HUHN
ADMINISTRATIVE LAW JUDGE