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DOCKET NO. 54679

APPLICATION OF AQUA TEXAS, INC.	§	PUBLIC UTILITY COMMISSION
FOR 2022 TRUE-UP REPORT AND	§	
PASS-THROUGH GALLONAGE	§	OF TEXAS
CHARGE FOR ITS NORTH REGION	§	

NOTICE OF APPROVAL

This Notice of Approval addresses the application of Aqua Texas, Inc. providing its 2022 true-up report in compliance with its North Region tariff and requesting approval for a regional pass-through rate change affecting its North Region. The Commission approves Aqua Texas's annual true-up report for calendar year 2022. Additionally, the Commission approves a regional pass-through rate of \$0.6224 per 1,000 gallons for its North Region, effective March 1, 2023.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Aqua Texas is a Texas corporation registered with the Texas secretary of state under file number 800304878.
2. Aqua Texas owns and operates for compensation in Texas equipment or facilities for the transmission, storage, distribution, sale, or provision of potable water to the public under certificate of convenience and necessity (CCN) number 13201 in its geographic north operating region (North Region), which includes certificated service areas in Anderson, Bosque, Camp, Cherokee, Collin, Cooke, Denton, Erath, Grayson, Gregg, Henderson, Hood, Hunt, Johnson, Kaufman, McLennan, Marion, Parker, Smith, Somervell, Tarrant, Wise, and Wood counties.
3. Aqua Texas provides water service to subdivisions through public water systems registered with the Texas Commission on Environmental Quality (TCEQ) under the following identification numbers: 0010038, 0010039, 0180072, 0180082, 0320015, 0370052, 0430077, 0490042, 0610009, 0610084, 0610099, 0610163, 0610164, 0610165, 0610166, 0610201, 0610203, 0610209, 0610210, 0610212, 0610214, 0610218, 0610220, 0610224,

0610229, 0610233, 0610234, 0610236, 0610237, 0610238, 0720037, 0910139, 0920026, 1070059, 1070198, 1070211, 1070233, 1070247, 1110024, 1110026, 1110027, 1110028, 1110035, 1110045, 1110052, 1110059, 1110074, 1110076, 1110077, 1110079, 1110080, 1110082, 1110083, 1110087, 1110088, 1110089, 1110094, 1110112, 1110115, 1110116, 1160011, 1160028, 1160063, 1160064, 1160066, 1160067, 1160079, 1160093, 1260010, 1260067, 1260071, 1260072, 1260092, 1260101, 1550021, 1550049, 1550072, 1550085, 1550089, 1550091, 1550113, 1550125, 1550126, 1550129, 1550130, 1580016, 1840011, 1840012, 1840013, 1840015, 1840016, 1840017, 1840018, 1840021, 1840035, 1840037, 1840038, 1840047, 1840076, 1840094, 1840098, 1840108, 1840130, 1840133, 1840138, 2120077, 2130021, 2130036, 2200045, 2200061, 2200072, 2200100, 2200108, 2200184, 2200185, 2200208, 2200277, 2200291, 2200326, 2200329, 2200337, 2200338, 2200341, 2200343, 2200344, 2200348, 2490013, 2490030, 2490031, 2490032, 2490036, 2490037, 2490040, 2490042, 2490045, 2490047, 2490052, 2490056, 2490057, 2490060, 2490077, and 2500017.¹

Application

4. On February 23, 2023, Aqua Texas filed an application providing its 2022 true-up report in compliance with its North Region tariff and requesting approval of a regional pass-through rate change affecting its North Region.
5. In its application, Aqua Texas seeks approval of a regional pass-through rate change based on the overall fees it pays to the 18 entities listed in its application.² Specifically, Aqua Texas requested to increase the pass-through rates for customers subject to its North Region regional pass-through gallonage charge from \$0.4231 per 1,000 gallons to \$0.6224 per 1,000 gallons, effective March 1, 2023.
6. The application contained the affected CCN numbers, the affected subdivisions, the affected public water systems' names and corresponding numbers issued by the TCEQ, a copy of the notice to the customers, documentation supporting the stated amounts of any

¹ See Application at 18–22 (listing the names of the public water systems, their corresponding TCEQ identification number, and list of subdivisions served by each public water system).

² See Application at 3 (listing the names of the entities and their respective purchase water or groundwater conservation district charges Aqua Texas seeks to pass through to customers).

new or modified pass-through costs, all calculations and assumptions for any true-up of pass-through costs, and the calculations and assumptions used to determine the new rates, and a copy of the pages of the utility's tariff that contain the rates that will change if the utility's application is approved.

7. On March 21, 2023, Aqua Texas filed a supplement to the application.
8. In Order No. 2 filed March 29, 2023, the administrative law judge (ALJ) found the application, as supplemented, administratively complete.

Notice

9. On February 27, 2023, Aqua Texas mailed notice to all affected customers, detailing the proposed regional pass-through gallonage rate increase, effective March 1, 2023.
10. 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, 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 cost charged to your utility."
11. In Order No. 2 filed March 29, 2023, the ALJ found notice sufficient.

Evidence

12. In Order No. 3 filed on July 13, 2023, the ALJ admitted the following evidence into the record of this proceeding:
 - (a) Aqua Texas's application for a true-up report and pass-through gallonage charge and all attachments filed on February 23, 2023;
 - (b) Aqua Texas's supplement to the application filed on March 21, 2023;
 - (c) Commission Staff's recommendation on the administrative completeness of the application and notice filed on March 27, 2023; and
 - (d) Commission Staff's final recommendation filed on May 30, 2023.

Eligibility for Pass-Through Rate Change

13. The proposed charge will pass through only the actual costs charged to Aqua Texas by its suppliers and does not duplicate costs otherwise charged to customers under the current tariff.
14. Aqua Texas provided a true-up report reflecting the amounts billed to Aqua Texas's customers in 2022 compared with amounts paid to suppliers, as required under the current tariff. The true-up report was filed within one month of the end of the true-up period.

Tariff

15. Aqua Texas's North Region tariff in effect when the application was filed was approved by the Commission on October 24, 2022, in Tariff Control No. 53264.³ A new North Region water utility tariff with this same pass-through formula was subsequently approved to reflect interim system improvement charge rates in Docket No. 53428.⁴ Aqua Texas applied the approved pass-through formula from Docket No. 53428 in determining the new regional pass-through rate for its North Region.
16. Aqua Texas provided a true-up report reflecting the amounts billed in the previous year compared with amounts paid to water districts having jurisdiction over Aqua Texas.
17. Aqua Texas's North Region tariff prescribes the formula by which changes to the regional pass-through gallonage charge are to be calculated.
18. On May 30, 2023, Commission Staff filed a proposed tariff for Aqua Texas's North Region as an attachment to its final recommendation. The proposed tariff reflects the approval of the proposed regional pass-through gallonage charge increase.

Informal Disposition

19. More than 15 days have passed since the completion of the notice provided in this docket.
20. No person filed a protest or motion to intervene.
21. Aqua Texas and Commission Staff are the only parties to this proceeding.

³ *Application of Aqua Texas, Inc. for 2021 True-Up Report and Pass-Through Gallonage Charge for its North Region*, Tariff Control No. 53264, Notice of Approval (Oct. 24, 2022).

⁴ *Application of Aqua Texas, Inc. for System Improvement Charges*, SOAH Docket No. 473-23-04521; Docket No. 53428, SOAH Order No. 8 Setting Interim Rates (Mar. 28, 2023), Joint Notice of Stipulation and Agreed Motion to Set Interim Rates (Mar. 28, 2023), and Unanimous Stipulation and Settlement Agreement (Mar. 28, 2023).

22. No party requested a hearing and no hearing is needed.
23. Commission Staff recommended approval of the application.
24. 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. Aqua Texas is a utility as defined in TWC § 13.002(23) and 16 Texas Administrative Code (TAC) § 24.3(38).
3. The Commission may approve this minor change to Aqua Texas'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,⁵ 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 Aqua Texas's annual true-up report for calendar year 2022.
2. The Commission approves a regional pass-through rate of \$0.6224 per 1,000 gallons for Aqua Texas's North Region water systems, effective March 1, 2023.
3. The Commission approves the tariff attached to Commission Staff's recommendation filed on May 30, 2023.

⁵ Tex. Gov't Code §§ 2001.001–.903.

4. Within ten days of the date this Notice of Approval is filed, Commission Staff must provide the Commission with a clean copy of Aqua Texas's water utility tariff to be stamped *Approved* and retained by Central Records.
5. If Aqua Texas collects an amount as a result of this pass-through rate change that is higher than the purchased water costs incurred, Aqua Texas 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, if not expressly granted.

Signed at Austin, Texas the 14th day of July 2023.

PUBLIC UTILITY COMMISSION OF TEXAS



KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE