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TARIFF CONTROL NO. 55428

APPLICATION OF CONCHO RURAL	§	PUBLIC UTILITY COMMISSION
WATER CORPORATION FOR	§	
JANUARY 2023-JUNE 2023 TRUE-UP	§	OF TEXAS
REPORT AND PASS-THROUGH	§	
GALLONAGE CHARGE FOR GROUP 2	§	
CUSTOMERS	§	

NOTICE OF APPROVAL

This Notice of Approval addresses the application of Concho Rural Water Corporation for approval of its January 2023 through June 2023 semi-annual true-up report and request for a pass-through rate change for costs imposed on Concho Rural by the Upper Colorado River Authority. This application affects Group 2 customers within Concho Rural's service area under certificate of convenience and necessity (CCN) number 11361. Group 2 customers are those within the Arden Road, Buffalo Heights, and K & A Development subdivisions.

The Commission approves Concho Rural's semi-annual true-up report for January 2023 through June 2023. Additionally, the Commission approves a pass-through rate of \$3.34 per 1,000 gallons that is collected through a pass-through fee of \$3.50 per 1,000 gallons and a true-up fee of \$(0.16) per 1,000 gallons for Group 2 customers, effective September 11, 2023, and orders Concho Rural to true-up the difference between the rate charged starting on effective September 11, 2023, and the rate approved in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Concho Rural is a Texas corporation registered with the Texas secretary of state under filing number 65831000.
2. Concho Rural holds CCN number 11361 that obligates it to provide retail water service in its certificated service area in Tom Green County.
3. Concho Rural owns and operates several public water systems that are registered with the Texas Commission on Environmental Quality (TCEQ). This application affects certain

subdivisions in the public water system registered with the TCEQ under the name Concho Rural Water Grape Creek, identification number 2260008.

Application

4. On September 1, 2023, Concho Rural filed the application at issue in this proceeding.
5. On March 28, 2024, Concho Rural supplemented the application.
6. In its application, as supplemented, Concho Rural seeks approval of a true-up adjustment and pass-through rate change to address any over or under-collection of revenues produced by the pass-through gallonage rates approved in Docket No. 54034¹ for the time period January 2023 through June 2023.
7. The proposed pass-through rate change affects Group 2 customers within the service area of Concho Rural's CCN number 11361.
8. The proposed pass-through rate changes the combined pass-through rate approved in Tariff Control No. 54034² from \$3.13 to \$3.34 per 1,000 gallons, and, based on Commission Staff's recommendations, separates the pass-through rate into two separate fees with a pass-through fee of \$3.50 per 1,000 gallons and a true-up fee of \$(0.16) per 1,000 gallons.
9. The application, as supplemented, contained the affected CCN number, the affected subdivisions, a copy of the notice to the customers, documentation supporting the stated amounts of any new or modified pass-through costs, 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 contain the rates that will change if the utility's application is approved.
10. In Order No. 7 filed on January 29, 2024, the administrative law judge (ALJ) found the application administratively complete.

¹ *Application of Concho Rural Water Corporation for Authority to Change Rates*, Docket No. 49892, Order (Nov. 18, 2021).

² *Application of Concho Rural Water Corporation for January 2022-December 2022 True-Up Report and Pass-Through Gallonage Charge for Group 2 Customers*, Tariff Control No. 54034, Notice of Approval (Oct. 20, 2023).

Notice

11. On September 11, 2023, Concho Rural mailed notice to all affected customers, detailing the proposed regional pass-through rate change, effective September 11, 2023.
12. 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 Concho Rural for water use fees, 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 Concho Rural.”
13. In Order No. 7 filed on January 29, 2024, the ALJ found the notice of the proposed pass-through rate change sufficient.

Evidentiary Record

14. In Order No. 11 filed on May 15, 2024, the ALJ admitted the following evidence into the record:
 - a. Concho Rural’s application, and all attachments, filed on September 1, 2023;
 - b. Concho Rural’s response to Order No. 3 filed on October 23, 2023;
 - c. Concho Rural’s response to Commission Staff’s first request for information filed on November 16, 2023;
 - d. Concho Rural’s supplemental response to Commission Staff’s first request for information filed on December 14, 2023;
 - e. Commission Staff’s supplemental recommendation on revised notice and proposed procedural schedule filed on January 26, 2024;
 - f. Concho Rural’s supplemental to the application filed on March 28, 2024;
 - g. Commission Staff’s final recommendation filed on April 3, 2024; and
 - h. the tariff attached to the joint motion to admit evidence and proposed notice of approval filed on April 24, 2024.

Eligibility for Pass-Through Rate Change

15. The proposed pass-through rate will pass through only the actual costs charged to Concho Rural by its suppliers and does not duplicate costs otherwise charged to customers under the current tariff.
16. Concho Rural provided a true-up report reflecting any over- or under-collection of revenues produced by the pass-through gallonage rates for the Upper Colorado River Authority fees paid for by Group 2 customers subjected to the rate change approved in Docket No. 54034.

Tariff and Corrections to the Pass-Through Formula

17. The current tariff for CCN number 11361 was approved by the Commission on October 20, 2023, in Tariff Control No. 54034.³ The current tariff contains the currently approved formula for calculating the pass-through gallonage rate for Concho Rural's Group 2 customers and requires Concho Rural to file a Group 2 true-up report bi-annually.
18. Concho Rural's current tariff prescribes the formula by which the pass-through gallonage rate is to be calculated and applied to Group 2 customers.
19. Concho Rural provided a true-up report reflecting the amounts billed between January 1, 2023 and June 30, 2023, compared with amounts paid to water districts having jurisdiction over Concho Rural.
20. On April 3, 2024, Commission Staff recommended approval of Concho Rural's Group 2 pass-through rate change and its true-up report and recommended the following:
 - a. That the 3.5% line loss figure used in the Group 2 customers tariff equation is supported by documentation for the line loss at the time the pass-through rate was approved in Docket No. 49892 so Concho Rural should not be required to show 12 months of line loss under 16 TAC § 24.25(b)(2)(F)(i)(V); and
 - b. The combined pass-through rate of \$3.34 should be separated out into a pass-through fee of \$3.50 and a true-up fee of \$(0.16).

³ *Id.*

21. A proposed tariff for Concho Rural was attached to Commission Staff's April 3, 2024 final recommendation with an effective date of September 11, 2023.
22. On April 24, 2024, Concho Rural and Commission Staff filed a joint motion to admit evidence that included a proposed tariff with the effective date of September 11, 2023.

Informal Disposition

23. More than 15 days have passed since the completion of notice provided in this docket.
24. No person filed a protest or motion to intervene.
25. Concho Rural and Commission Staff are the only parties to this proceeding.
26. No party requested a hearing, and no hearing is needed.
27. Commission Staff recommended approval of the application.
28. 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. Concho Rural is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31), and a utility as defined by TWC § 13.002(23) and 16 TAC § 24.3(39).
3. The Commission may approve this minor change to Concho Rural'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,⁴ and Commission rules.
7. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

⁴ Tex. Gov't Code §§ 2001.001–.903.

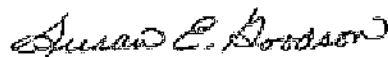
III. Ordering Paragraphs

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

1. The Commission approves Concho Rural's semi-annual true-up report for January 2023 through June 2023, to the extent provided in this Notice of Approval.
2. The Commission approves, effective September 11, 2023, a pass-through rate of \$3.34 per 1,000 gallons for Concho Rural's Group 2 customers that is collected through two separate fees shown in the tariff as a pass-through fee of \$3.50 per 1,000 gallons and a true-up fee of \$(0.16) per 1,000 gallons.
3. The Commission approves the tariff attached to the joint motion to admit evidence filed on April 24, 2024.
4. Concho Rural must true-up the difference between the pass-through rate implemented on September 11, 2023, and the \$3.50 plus \$(0.16) pass-through rate approved in this Notice of Approval in its next bi-annual true-up report.
5. Within ten days of the date this Notice of Approval is filed, Commission Staff must provide the Commission with a clean copy of the approved tariff to be stamped *Approved* and retained by Central Records.
6. If Concho Rural collects an amount as a result of this pass-through rate change that is higher than the purchased water costs incurred, Concho Rural must refund any amounts collected in excess of the purchased water costs.
7. The Commission denies all other motions and any other requests for general or specific relief that are not expressly granted.

Signed at Austin, Texas on the 15th day of May 2024.

PUBLIC UTILITY COMMISSION OF TEXAS



SUSAN E. GOODSON
ADMINISTRATIVE LAW JUDGE