

DeAnn T. Walker
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Commissioner

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Commissioner

John Paul Urban
Executive Director



Greg Abbott
Governor

Public Utility Commission of Texas

February 4, 2019

Dear Subscriber:

Enclosed is one water rule as recently adopted:

Chapter 24 — Substantive Rules Applicable to Water and Sewer Service Providers.

<u>Project</u>	<u>Section</u>	<u>Title</u>	<u>Action</u>	<u>Effective Date</u>
		Table of Contents	Amended pages V to VI	2/6/19
47309	§24.49	Application for a Rate Adjustment by a Class C Utility Under Texas Water Code § 13.1872	Amendment	2/6/19

Please place the amended rule in your rulebooks in the appropriate order. The order adopting the rule can be found on the Commission's Interchange System and on the project webpage at <http://www.puc.texas.gov/industry/projects/water/WaterProjectIndex.aspx>

If you have any questions, please call. Thank you.

A handwritten signature in cursive script that reads "Andrea Gonzalez".

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CHAPTER 24: SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS.

§24.37. Interim Rates.

- (a)
- (b)
- (c)
- (d)
- (e)
- (f)
- (g)
- (h)
- (i)
- (j)

§24.39. Escrow of Proceeds Received under Rate Increase.

- (a)
- (b)

§24.41. Cost of Service.

- (a) Components of cost of service.
- (b) Allowable expenses.
- (c) Return on invested capital.
- (d) Recovery of positive acquisition adjustments.
- (e) Negative acquisition adjustment.
- (f)

§24.43. Rate Design.

- (a) General.
- (b) Conservation.
- (c) Volume charges.

CHAPTER 24: SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS.

§24.44. Rate-case Expenses Pursuant to Texas Water Code §13.187 and §13.1871.

- (a)
- (b)
- (c)
- (d)

§24.45. Rates Charged by a Municipality to a District.

- (a)
- (b)
- (c)

§24.46. Fees Charged by a Municipality to a Public School District.

- (a)
- (b)
- (c)

§24.47. Jurisdiction of Commission over Certain Water or Sewer Supply Corporations.

- (a)
- (b)

§24.49. Application for a Rate Adjustment by a Class C Utility Under Texas Water Code §13.1872.

- (a) Purpose.
- (b) Definitions.
- (c) Requirements for filing of the application.
- (d) Processing of the application.
- (e) Notice of Approved Rates.
- (f) Time between filings.
- (g) Establishing the price index.

CHAPTER 24. SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS.

Subchapter B. RATES AND TARIFFS.

§24.49. Application for a Rate Adjustment by a Class C Utility Under Texas Water Code §13.1872.

- (a) **Purpose.** This section establishes procedures for a Class C utility to apply for an adjustment to its water or wastewater rates as allowed by TWC §13.1872.
- (b) **Definitions.** The following words and terms when used in this section have the following meaning unless the context clearly indicates otherwise:
- (1) **Application** -- an application for a rate adjustment filed under this section and TWC §13.1872.
 - (2) **Price index** -- a price index established annually by the commission for the purposes of this section.
- (c) **Requirements for filing of the application.** Subject to the limitations set out in subsection (f) of this section, a Class C utility may file an application with the commission.
- (1) The utility may request to increase its tarified monthly fixed customer or meter charges and monthly gallonage charges by the lesser of:
 - (A) five percent; or
 - (B) the percentage increase in the price index between the year preceding the year in which the utility requests the adjustment and the year in which the utility requests the adjustment.
 - (2) The application must be on the commission's form and must include:
 - (A) a proposal for the provision of notice that is consistent with subsection (e) of this section; and
 - (B) a copy of the relevant pages of the utility's currently approved tariff showing its current monthly fixed customer or meter charges and monthly gallonage charges.
- (d) **Processing of the application.** The following criteria apply to the processing of an application.
- (1) **Determining whether the application is administratively complete.**
 - (A) If commission staff requires additional information in order to process the application, commission staff must file a notification to the utility within 10 days of the filing of the application requesting any necessary information.
 - (B) An application may not be deemed administratively complete as required by §24.8 of this title (relating to Administrative Completeness) until after the utility has responded to commission staff's request under subparagraph (A) of this paragraph.
 - (2) Within 30 days of the filing of the application, commission staff must file a recommendation stating whether the application should be deemed administratively complete as required by §24.8 of this title. If commission staff recommends that the application be deemed administratively complete, commission staff must also file a recommendation on final disposition, including, if necessary, a proposed tariff sheet reflecting the requested rate change.
- (e) **Notice of Approved Rates.** After the utility receives a written order by the commission approving or modifying the utility's application, including the proposed notice of approved rates, and at least 30 days before the effective date of the proposed change established in the commission's order, the utility must send by mail, or by e-mail if the ratepayer has agreed to receive communications electronically, the approved or modified notice to each ratepayer describing the proposed rate adjustment. The notice must include:
- (1) a statement that the utility requested a rate adjustment based on the commission's approved price index and must state the percentage change in the price index during the previous year; and
 - (2) the existing rate;
 - (3) the approved rate; and

CHAPTER 24. SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS.

Subchapter B. RATES AND TARIFFS.

- (4) a statement that the rate adjustment was requested under TWC §13.1872 and that a hearing will not be held for the request.
- (f) **Time between filings.** The following criteria apply to the timing of the filing of an application.
- (1) A Class C utility may adjust its rates under this section not more than once each calendar year and not more than four times between rate proceedings described by TWC §13.1871.
 - (2) The filing of applications as allowed by this section is limited to a specific quarter of the calendar year, and is based on the last two digits of a utility's certificate of convenience and necessity (CCN) number as outlined below, unless good cause is shown for filing in a different quarter. For a utility holding multiple CCNs, the utility may file an application in any quarter for which any of its CCN numbers is eligible.
 - (A) Quarter 1 (January-March): CCNs ending in 00 through 27;
 - (B) Quarter 2 (April-June): CCNs ending in 28 through 54;
 - (C) Quarter 3 (July-September): CCNs ending in 55 through 81; and
 - (D) Quarter 4 (October-December): CCNs ending in 82 through 99.
- (g) **Establishing the price index.** The commission must, on or before December 1 of each year, establish a price index as required by TWC §13.1872(b) based on the following criteria. The price index will be established in an informal project to be initiated by commission staff. The price index must be equal to the water and sewerage maintenance expenditure category of the *Consumer Price Index for All Urban Consumers* for the prior 12 months ending on September 30, unless the commission finds that good cause exists to establish a different price index for that year.