

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

Subchapter B. RATES, RATE-MAKING, AND RATES/TARIFF CHANGES.

§24.36. Application for a Rate Adjustment by a Class C Utility Pursuant to 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 pursuant to TWC §13.1872.
- (b) **Definitions.** The following words and terms when used in this section shall have the following meaning unless the context clearly indicates otherwise:
- (1) **Application** -- An application for a rate adjustment filed pursuant to 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 tariffed 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 shall be on the commission's form and shall 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 shall 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 pursuant to §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, Staff shall file a recommendation stating whether the application should be deemed administratively complete pursuant to §24.8 of this title. If Staff recommends that the application should be deemed to be administratively complete, Staff shall also file a recommendation on final disposition, including, if necessary, proposed tariff sheets 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 shall 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;
 - (2) the existing rate;
 - (3) the approved rate; and

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- (4) a statement that the rate adjustment was requested pursuant to 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 pursuant to this section not more than once each calendar year and not more than four times between rate proceedings described by TWC §13.1781.
 - (2) Effective January 1, 2016, the filing of applications pursuant to this section is limited to a specific month 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 month. For a utility holding multiple CCNs, the utility may file an application in any month for which any of its CCN numbers is eligible.
 - (A) January: CCNs ending in 00 through 09;
 - (B) February: CCNs ending in 10 through 18;
 - (C) March: CCNs ending in 19 through 27;
 - (D) April: CCNs ending in 28 through 36;
 - (E) May: CCNs ending in 37 through 45.
 - (F) June: CCNs ending in 46 through 54;
 - (G) July: CCNs ending in 55 through 63;
 - (H) August: CCNs ending in 64 through 72;
 - (I) September: CCNs ending in 73 through 81;
 - (J) October: CCNs ending in 82 through 90; and
 - (K) November: CCNs ending in 91 through 99.
- (g) **Establishing the price index.** The commission shall, 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.
- (1) The price index shall be equal to Gross Domestic Product Implicit Price Deflator index published by the Bureau of Economic Analysis of the United States Department of Commerce 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.
 - (2) For calendar year 2015, until the commission adopts its first order establishing a price index pursuant to this subsection, applications for an annual rate adjustment will use a price index percentage difference of 1.57%. The percentage difference of 1.57% is calculated using indices set in paragraph (3) of this subsection.
 - (3) For the purpose of implementing this section, the initial indices are equal to:
 - (A) 106.923 for 2014; and
 - (B) 108.603 for 2015.