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September 11, 2023

Chairman Herbert Hilliard
c/o Ectory Lawless
Tennessee Public Utility Commission
502 Deaderick Street, Suite 4
Nashville, TN 37243

Electronically Filed in TPUC Docket Room
on September 11, 2023 at 4:08 p.m.

Re: *Petition of Superior Wastewater Systems, LLC to Adopt an Alternative Regulatory Mechanism*


Dear Chairman Hilliard:

Please file the enclosed Petition to Adopt an Alternative Regulatory Mechanism.

As required, an original and four copies of this filing has been sent via the US Mail along with a check for the filing fee in the amount of \$25.00. Please contact me if you have any questions concerning this filing or require additional information.

Sincerely,

FARRIS BOBANGO PLC



By: Charles B. Welch, Jr.

Cc: John Powell

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

**PETITION OF SUPERIOR WASTEWATER
SYSTEMS, LLC TO ADOPT AN
ALTERNATIVE REGULATORY
MECHANISM PURSUANT TO TENN.
CODE ANN. § 65-5-103(D)(7)**

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DOCKET NO. 23--00069

**PETITION OF SUPERIOR WASTEWATER SYSTEMS, LLC
TO ADOPT AN ALTERNATIVE REGULATORY MECHANISM PURSUANT TO
TENN. CODE ANN. § 65-5-103 (D)(7)**

Superior Wastewater Systems, LLC (“SWS” or “the Company”) petitions the Tennessee Public Utility Commission (“the Commission”) pursuant to Tenn. Code Ann. § 65-5-103(d)(7) for approval of an Alternative Regulatory Mechanism (“ARM”). In support of this Petition, SWS respectfully shows unto the Commission as follows:

Background

1. SWS is engaged in the business of providing wastewater service to approximately 350 customers in Williamson County, Tennessee.
2. SWS’s wastewater business in Tennessee is subject to regulation and supervision by the Commission pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated. SWS is a “Public Utility” within the meaning of such term utilized in Section 65-5-103(d)(7) of the Tennessee Code Annotated.
3. All correspondence and communications with respect to this Petition should be sent to the following representatives of SWS:

Charles B. Welch, Jr.
Farris Bobango, PLC
414 Union Street, Suite 1105
Nashville, TN 37219
Phone: 615-726-1200
Email: cwelch@farris-law.com

Mr. John Powell, President
Superior Wastewater Systems, LLC
PO Box 40
Arrington, TN 37014
Phone: 615-496-8681
Email: john-powell@comcast.net

Nature of Relief Requested

4. SWS is seeking Commission approval herein of an ARM authorized by Tenn. Code Ann. § 65-5-103(d)(1)(a), specifically an annual adjustment of rates authorized by Tenn. Code Ann. § 65-5-103(d)(7).
5. Tenn. Code Ann. § 65-5-103(d)(7) authorizes the commission to adopt policies or procedures that would permit a more timely review and revision of rates and that would further streamline the regulatory process and reduce the cost and time associated with the ratemaking process in Tenn. Code Ann. § 65-5-101(a).

Description of the Annual Rates Review Mechanism Requested

6. SWS proposes to implement the annual rate adjustment set forth on Exhibit JP-1 to the concurrently filed testimony of John Powell in this proceeding. That mechanism anticipates an annual filing on or before November 30th of each year based upon changes in the Gross Domestic Product Implicit Price Deflator (“GDP-IPD”) index for the 12 months ended September 30th.
7. The proposed annual rate adjustment procedures will not, in any way, serve to impair or diminish the Commission’s regulatory or ratemaking authority but will make the exercise of that authority more streamlined and efficient and will minimize the burdens, including the cost burdens on SWS’s customers, of periodic general rate case filings.

8. If approved by the Commission, SWS would make its initial annual ARM filing on or before November 30, 2023, utilizing the twelve months ended September 30, 2023, as the base period. New base rates would then be effective for wastewater service rendered on and after January 1, 2024.
9. If approved by the Commission, SWS intends to only apply any rate adjustment from the ARM to its approved service territory as of September 1, 2023. SWS is not asking to apply the ARM to any future service territory at this time.
10. SWS respectfully submits that for the reasons identified above, as further discussed in the concurrently filed testimony of John Powell, SWS's proposed ARM is in the public interest and should be approved by the Commission.

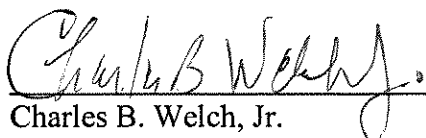
Supporting Materials

11. In support of its Petition, SWS respectfully submits concurrent herewith the pre-filed testimony and exhibits of John Powell, which include SWS's proposed ARM tariff.

WHEREFORE, Superior Wastewater Systems, LLC, respectfully requests that the Commission review and approve SWS's ARM as described herein and in the supporting testimony of John Powell within the period specified for such approval by statute.

Respectfully submitted this 11th day of September 2023.

Superior Wastewater Systems, LLC

By: 
Charles B. Welch, Jr.
Farris Bobango, PLC
414 Union Street, Suite 1105
Nashville, TN 37219
Phone: 615-726-1200
Email: cwelch@farris-law.com

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

PETITION OF SUPERIOR)	
WASTEWATER SYSTEMS, LLC TO)	
ADOPT AN ALTERNATIVE)	DOCKET NO. 23- _____
REGULATORY MECHANISM)	
PURSUANT TO TENN. CODE ANN. §)	
65-5-103(D)(7))	
)	

DIRECT TESTIMONY
of
JOHN POWELL

ON BEHALF OF SUPERIOR WASTEWATER SYSTEMS, LLC

1 ***Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE***
2 ***RECORD.***

3 ***A1.*** My name is John Powell and my business address is PO Box 40, Arrington, TN
4 37014.

5

6 ***Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?***

7 ***A2.*** I am the owner and president of Superior Wastewater Systems, LLC (“SWS”) a
8 provider of wastewater utility service, regulated by this Commission.

9

10 ***Q3. WHAT ARE YOUR RESPONSIBILITIES FOR SWS?***

11 ***A3.*** I am responsible for the day-to-day operation, permitting, and long-term planning.
12 Among other things, this includes supervision of the system; review and approval
13 of expenditures; reviewing and resolving customer issues; scoping and obtaining
14 proposals for maintenance work; establishment of contracts; contact with
15 regulatory personnel on existing and future permit requirements and issues;
16 preparation of portions of and review of tariff documents; investigation of
17 physical and operational conditions of the distribution systems; and evaluation of
18 proposals for plant upgrades and replacement.

19

20 ***Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
21 ***PROCEEDING?***

22 ***A4.*** The purpose of my testimony is to present information to the Tennessee Public
23 Utility Commission (“TPUC” or “the Commission”) to support SWS’s Petition

for the adoption of an Alternative Regulatory Mechanism (“ARM”) as permitted by Tennessee Code Annotated (“TCA”) Section 65-5-103(d).

Q5. MR. POWELL, ARE YOU FAMILIAR WITH THE DIFFERENT COMPONENTS OF TCA SECTION 65-5-103(D)?

A5. Yes. This statute authorizes the Commission to implement alternative regulatory methods to allow for public utility rate reviews and cost recovery in lieu of a general rate case proceeding. Briefly, the components of TCA Section 65-5-103(d) authorize the Commission to establish alternative regulatory methods in the following categories:

Table 1 – TCA § 65-5-103 (d) Categories	
TCA SECTION 65-5-103(d) SUBPART	CATEGORY
2	Safety, Reliability, Plant Upgrades & Weather-Related Disasters
3	Infrastructure Expansion for Economic Development
4	Promotion of Economic Development
5	Programs in the Public Interest
6	Updates to calculations adopted in the Utility’s most recent rate case
7	Other Methodologies

Q6. WHICH OF THE CATEGORIES LISTED ABOVE ARE YOU ASKING THE COMMISSION TO ADOPT FOR SWS?

A6. I am requesting that the Commission adopt Subpart 7 – Other Methodologies of TCA Section 65-5-103(d) to allow SWS to annually update our rates for changes in the Gross Domestic Product Implicit Price Deflator (“GDP-IPD”) Index.

1 ***Q7. WHY IS SWS SEEKING THIS RELIEF?***

2 ***A7.*** The initial tariff rates for SWS were approved by the Commission in October
3 2005 in Docket No. 04-00335. These initial rates provided for a monthly base
4 charge of \$24.98 and an escrow charge of \$10.13 for a total of \$35.11. These
5 initial rates remained in effect for the next 17 years. In Docket No. 22-00087, the
6 Commission approved an increase in the monthly base charge from \$24.98 to
7 \$44.21. Even though the monthly base charge had remained stable for 17 years,
8 SWS's customers were understandably upset to learn that the base rate was
9 increasing by such a sizable amount — all at one time.

10
11 SWS had previously deferred filing a timely rate case because of the economies
12 and difficulties involved for a small utility to undertake such an endeavor. This
13 rate case deferral eventually resulted in SWS using its escrow collections just to
14 pay its monthly bills. To remedy this cash-flow shortfall, SWS approached the
15 Commission Staff in 2020 to gain an understanding of the process for completing
16 a Staff-assisted rate case. Because of the pandemic, interventions, and other
17 delays, we were unable to present our Staff-assisted rate case before the
18 Commission until February 2023 even though SWS was then losing money every
19 month.

20
21 SWS is now seeking approval for an ARM in order to adjust its rates on a more
22 timely basis, to reduce the rate case and intervention costs that are eventually

1 charged to all of our customers, and to generally increase the efficiency of the
2 process used to adjust our base rates.

3
4 ***Q8. HAVE YOU REVIEWED THE ALTERNATIVE REGULATORY***
5 ***MECHANISMS APPROVED BY THE COMMISSION FOR OTHER***
6 ***UTILITIES?***

7 ***A8.*** Yes, albeit at a very high level. To my knowledge, the Commission has either
8 approved or is considering alternative regulatory mechanisms for the following
9 utilities.

Table 2 – TPUC Approved Alternative Regulatory Mechanism		
Utility	Docket	TCA Subpart
Atmos Energy Corporation	14-00146	§ 65-5-103(d)(6)
Chattanooga Gas Company	19-00047	§ 65-5-103(d)(6)
Kingsport Power Company	17-00032	§ 65-5-103(d)(2)
Piedmont Natural Gas Company	21-00135	§ 65-5-103(d)(6)
Tennessee-American Water Company	13-00130	§ 65-5-103(d)(2) § 65-5-103(d)(3) § 65-5-103(d)(5)
Tennessee Water Service, Inc – Pending	23-00046	§ 65-5-103(d)(6)

10
11 All the utilities listed above are substantially larger and have more complex
12 operations than SWS. For this reason, I am proposing an alternative regulatory
13 mechanism that conforms with Subpart 7 – Other Methodologies of TCA Section
14 65-5-103(d) to allow SWS to annually update our rates for changes in the GDP-
15 IPD Index.

1 ***Q9. PLEASE EXPLAIN YOUR UNDERSTANDING OF SUBPART 7 OF TCA***
2 ***SECTION 65-5-103(D) AND HOW SWS PROPOSES TO IMPLEMENT AN***
3 ***ALTERNATIVE REGULATORY MECHANISM.***

4 ***A9.*** Subpart 7 of TCA Section 65-5-103(d) reads as follows:

5 *7. In addition to the alternative regulatory methods described in*
6 *this subsection (d), a public utility may opt to file for other*
7 *alternative regulatory methods. Upon a filing by a public utility for*
8 *an alternative method not prescribed, the commission is empowered*
9 *to adopt policies or procedures, that would permit a more timely*
10 *review and revisions of the rates, tolls, fares, charges, schedules,*
11 *classifications or rate structures of public utilities, and that would*
12 *further streamline the regulatory process and reduce the cost and*
13 *time associated with the ratemaking processes in § 65-5-101 and*
14 *subsection (a).*
15

16 As can be seen from this language, TCA Section 65-5-103(d)(7) allows the
17 Commission to approve an alternative regulatory method not specifically listed in
18 the statute. SWS believes that its proposed use of the GDP-IPD Index to calculate
19 annual rate adjustments qualifies as such an appropriate alternative regulatory
20 method.

21
22 Under this alternative regulatory mechanism, SWS would make a filing by
23 November 30th of each calendar year. This filing will calculate the percentage
24 increase in the GDP-IPD Index from the 3rd quarter of the current year to the 3rd
25 quarter of the previous year. This percentage increase in GDP-IPD Index will
26 then be applied to SWS's existing base charge to determine the new base rates to
27 be effective on January 1st of the following year. Attached as Exhibit JP-1 to my

testimony is SWS's proposed ARM Tariff that explains these calculation components in more detail.

Q10. MR. POWELL, CAN YOU PROVIDE AN EXAMPLE CALCULATION OF YOUR PROPOSED USE OF THE GDP-IPD INDEX AS AN ALTERNATIVE REGULATORY MECHANISM?

A10. Yes. For this example, I'll use the actual GDP-IPD Index factors to calculate the percentage increase for 2022 and then apply this increase to SWS's current monthly base charge. As shown in the calculation below on Table 3, the GDP-IPD Index factors for the 3rd Quarter for the previous two years are gathered. These GDP-IPD factors are captured from Table 1.1.9 Implicit Price Deflators for Gross Domestic Product published by the Bureau of Economic Analysis of the United States Department of Commerce at www.bea.gov/iTable/. Next the GDP-IPD Index percentage increase factor is calculated and then applied to the existing base charge to produce the new adjusted base charge.

Table 3 – Pro Forma GDP-IPD Rate Adjustment Calculation		
Line	Item	Amount
1	GDP-IPD Index Factor at 3 rd Quarter 2021	119.71
2	GDP-IPD Index Factor at 3 rd Quarter 2022	128.27
3	GDP-IPD Percentage Increase Factor (L2 / L1)	1.0715
4	Existing Base Charge	\$44.21
5	New Adjusted Base Charge (L3 * L4)	\$47.37

In this pro forma calculation, the existing base charge is increased from \$44.21 to \$47.37. The other charges (escrow, bonding, rate case) are not impacted by the GDP-IPD Index adjustment. SWS would then make a tariff filing with the

Commission by November 30th of each year for this rate change with the new rate becoming effective on January 1st of the following year.

The total pro forma revenue adjustment from the rate change in this example would be \$13,272 as shown below on Table 4. SWS is proposing to include this calculation in its annual ARM filing.

Table 4 – Total Pro Forma Revenue Adjustment		
Line	Item	Amount
1	Pro Forma New Adjusted Base Charge	\$47.37
2	Existing Base Charge	44.21
3	Base Charge Adjustment (L1 – L2)	\$3.16
4	Customers at December 31, 2022	350
5	Typical Annual Bills per Customer	12
6	Total Revenue Adjustment (L3 * L4 * L5)	\$13,272

The Pro Forma Revenue Adjustment in Table 4 can also be used to calculate the Pro Forma Net Operating Income which can then be compared with the amounts approved by the Commission in the Company's last rate case. These calculations are shown below in Table 5. SWS is also proposing to include this calculation in its annual ARM filing.

Table 5 – Pro Forma Net Operating Income Comparison¹		
Line	Item	Amount
1	Total Operating Expenses	\$151,177
2	Fair Operating Margin	10.00%
3	Required Net Operating Income	\$15,118
4	Net Operating Income at Current Rates	\$2,000
5	Pro Forma Revenue Adjustment	13,272
6	Total Pro Forma Net Operating Income	\$15,272
7	Net Operating Income Difference (L3 – L6)	\$-154

¹ Total Operating Expenses on Line 1 are obtained from Page F-3 of the 2022 TPUC Annual Report for SWS. Fair Operating Margin on Line 2 represents the rate adopted by TPUC in Docket 22-00087 as shown on TPUC Party Staff Exhibit, Schedule 1. Net Operating Income at Current Rates on Line 4 represents an estimate by SWS for this pro forma calculation but would come from Page F-3 of the Commission's annual report in future filings.

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***Q11. DO ANY OTHER JURISDICTIONS HAVE AN ALTERNATIVE
REGULATORY ADJUSTMENT PLAN SIMILAR TO THE ONE THAT
YOU ARE PROPOSING HERE FOR SWS?***

A11. Yes. The Texas Public Service Commission (“Texas PSC”) has adopted a similar provision for an annual rate adjustment for all Class C water and wastewater utilities under its jurisdiction. I have included as Exhibit JP-2 to my testimony, a copy of the Texas PSC Rule for annual price changes for small water and wastewater utilities.

***Q12. MR. POWELL, HOW DO YOU KNOW THAT AN ANNUAL GDP-IPD
INDEX ADJUSTMENT WOULD BE AN APPROPRIATE SUBSTITUTE
TO USE AS AN ALTERNATIVE REGULATORY MECHANISM?***

A12. As mentioned earlier, in Docket No. 22-00087, the Commission approved an increase in the monthly base charge from \$24.98 to \$44.21. As shown below in Table 6, adjusting the base rate of \$24.98 for historical GDP-IPD Index changes would have produced a pro forma adjusted base charge of \$37.09 at April 1, 2023 which is approximately when the new Commission approved the rates were put in place.² The \$37.09 rate produced by retroactively applying the GDP-IPD to our initial rates represents approximately 84% of the \$44.21 rate that was actually approved by the Commission. Admittedly, this pro forma rate of \$37.09 would not have completely covered the entire cost of service for SWS. However, I

² The GDP-IPD Index factors are only published on a quarterly basis. As a result, there is no official GDP-IPD Index factor published for March 1, 2023, which is the actual date of the Company’s change in rates.

believe that it would provide a conservative adjustment to rates that would be adequate for an ARM.

Table 6 – SWS Initial Rates Adjusted for GDP-IPD Index				
Month/ Year	Base Rate	GDP-IPD Base	GDP-IPD Actual	Adjusted Rate
Oct 1, 2005	\$24.98	88.59	88.59	\$24.98
Apr 1, 2023	24.98	88.59	131.52	37.09

Q13. WHAT WOULD HAPPEN IF SWS OR THE COMMISSION DETERMINES THAT THE RATES PRODUCED BY THE ARM ARE NO LONGER APPROPRIATE OR ADEQUATE?

A13. The proposed ARM in no way limits the Commission’s authority over ratemaking. If the Commission should decide that the ARM is no longer producing results that are appropriate, then it can order a suspension of the ARM along with a review of rates in a traditional rate case setting. Likewise, if the Company determines that the rates produced by the ARM are no longer substantially recovering the cost of service, then SWS can file a new petition with the Commission for a traditional rate case.

Q14. ARE YOU RECOMMENDING THAT THE PROPOSED ARM BE APPLIED TO ALL SERVICE TERRITORY OF SWS?

A14. No. At this time, I am only proposing to apply the ARM to SWS’s existing service territory that is described in our current approved tariff as of September 1, 2023.³

³ This existing service territory is described Sheet #1 of the Company’s tariff and includes Ashby Communities, Hill & Roberts Parcels, Fox Parcel, and Taliaferro Road Parcel.

1

2 ***Q15. MR. POWELL, PLEASE SUMMARIZE SWS'S REQUEST TO***
3 ***IMPLEMENT AN ARM.***

4 ***A15.*** SWS is requesting to implement an ARM to expedite the review of rates in an
5 efficient and timely manner. I believe that adopting an ARM for SWS is a
6 prudent course of action that allows the Company to substantially recover its
7 future projected cost of providing service on a continuing basis.

8

9 ***Q16. DOES THIS COMPLETE YOUR TESTIMONY?***

10 ***A16.*** Yes, it does.

**PETITION OF SUPERIOR
WASTEWATER SYSTEMS, LLC TO
ADOPT AN ANNUAL REVIEW OF
RATES MECHANISM PURSUANT TO
TENN. CODE ANN. § 65-5-103(D)(7)**

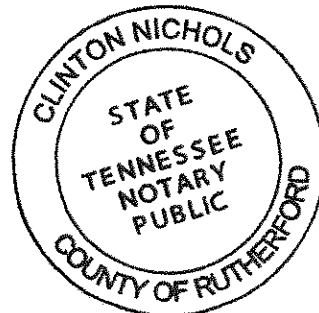


EXHIBIT JP-1
Proposed ARM Tariff

**Superior Wastewater Systems
Alternative Regulatory Mechanism (ARM)**

Applicable

To service provided to customers in Ashby Communities, Hill & Roberts Parcel, Fox Parcel and Taliaferro Road Parcel.

Purpose

This Alternative Regulatory Mechanism (“ARM”) is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(7), which authorizes the Company to elect operation under an annual adjustment of the Company’s rates. Pursuant to this ARM and the annual filings described herein, the Company’s rates shall be annually reset to reflect the impact of changes in the Gross Domestic Product Implicit Price Deflator (“GDP-IPD”) Index from the 3rd quarter of the current year to the 3rd quarter of the preceding year.

Implementation

By November 30th of each year beginning in 2023, SWS shall make a filing with the Tennessee Public Utility Commission calculating the increase in the GDP-IPD Index from the 3rd quarter of the current year to the 3rd quarter of the preceding year. The GDP-IPD Index factors shall be gathered from Table 1.1.9 Implicit Price Deflators for Gross Domestic Product published by the Bureau of Economic Analysis of the United States Department of Commerce at www.bea.gov/iTable/. The increase in the GDP-IPD Index Factor for the preceding year shall be based on the GDP-IPD Index value for 3rd quarter of the current year divided by the GDP-IPD Index factor for the 3rd quarter of the previous year.

The percentage change in the GDP-IPD will be applied to the current base rate of SWS to produce the new base rate. The ARM will only be applied to the base rates of SWS and will NOT be applied to escrow rates, bond rates or temporary surcharges or refunds. The new base rate will be implemented for wastewater service on and after January 1 of the following year. In addition, the Company will also provide a pro forma revenue adjustment calculation as well as a Pro Forma Net Operating Income calculation in its annual filing.

EXHIBIT JP-2
Texas Public Service Commission
ARM Rule for Class C Utilities

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

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

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

- (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.