> produce appropriate revenue levels commensurate with specific economic, contractual and other risk factors. It is recognized that specific rates and prices may not be set to achieve the 1.25x coverage target in certain LCRA business activities; however, LCRA will target an overall 1.25x coverage.

It continues:

> **301.302 Rates and Prices.** LCRA will design rates and prices that, to the extent possible remain competitive, cover the cost of specific services, allow each business unit (other than Community Services) to be self-supporting, unless otherwise approved by the Board, and provide a stable and predictable flow of revenues. . . .[108]

To meet that policy, LCRA calculated debt service coverage expense for WTC Water and WTC Wastewater equal to 25 percent of the corresponding debt service expense.

Mr. Travis testified LCRA's debt service coverage policy was reasonable and provides security to bondholders. He stated that coverage was used for the benefit of the WTC systems. Fund that may be available after operating reserves and capital will be used to fund capital project spending at the WTC Regional level or for funding unforeseen operating expenses. He believed LCRA had properly calculated the amount of debt service coverage to be included in the WTC rates.[109]

Ms. Fishbeck stated that inclusion of a 1.25x coverage multiplier is typical in cost-of-service studies.[110] Along the same line, Mr. Stowe stated he could not think of any cash-basis cost-of-service study for government-owned utilities in which debt service coverage had not been recognized in the revenue requirement. He described its inclusion as not only reasonable, but necessary. He also stated that, if the targeted coverage is achieved, the additional funds are

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[108] LCRA Ex. 3, Exh. JT-7, pages 2-3.

[109] LCRA Ex. 3, pages 16-17.

[110] LCRA Ex. 5, pages 29-30.

used by the utility for funding capital outlays, operations reserves, or paying down outstanding indebtedness.[111]

Appellants objected to the debt service coverage expense calculation for several reasons. First, they pointed out that individual units or systems are not required to maintain coverage of 1.25x. LCRA's debt service coverage, as an entity, is well above that level. Second, Appellants contended LCRA had miscalculated the coverage ratio. Policy 301 defines "debt service coverage" as follows:

> Debt service coverage is the ratio of that fiscal year's ending total revenues minus total operating and maintenance expenses (net of depreciation, amortization, and other revenue and expense exclusions resulting from prior period funding), divided by scheduled debt service on all obligations as approved in the Business Plan.[112]

Both Ms. Heddin and Mr. Rauschuber pointed out that LCRA had excluded impact fees from its debt service coverage calculation. As defined by TEX. LOCAL GOV'T CODE ANN.§ 395.001(4), an impact fee is

> a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development.
>
> Although not operating revenues, impact fees are part of total revenues.[113]

In addition to Policy 301, Mr. Rauschuber quoted one of LCRA's bond covenants for 2006. That covenant states:

> For purposes of the Policies, debt service coverage is the ratio of a period's ending total revenues minus total operating and maintenance expense

[111] LCRA Ex. 7, pages 24-26.

[112] LCRA Ex, 3, Exh. JT-7, page 1.

[113] Bee Cave Ex. 1, page 79; Tr. Vol. 5, page 834.

(net of depreciation, amortization and other appropriate adjustments), divided by scheduled debt service on all obligations payable from such revenues. . . .[114]

Mr. Rauschuber testified that LCRA had collected $3,590,325 in impact fees for WTC Water and $505,925 in impact fees for WTC Wastewater, which more than offset the proposed debt service coverage expense for each.[115]

In support of Mr. Rauschuber's argument, the Districts pointed to a portion of a presentation to the LCRA Board regarding the FY 2008 Business Plan, in which impact fees were used as part of a debt service coverage calculation for the WTC Region. The Districts also cited an email to Ms. Fishbeck from LCRA employer John Paul Sanchez, included in Ms. Fishbeck's cost-of-service study workpapers, showing continuing water and wastewater impact fees for both systems for FY 2007-2010.[116] According to that email, sent in July of 2006, LCRA expected the following water and wastewater impact fees:

WTC Water Impact Fees ($1000s)

FY07	FY08	FY09	FY10
2,594	4,152	3,334	3,609

WTC Wastewater Impact Fees ($1000s)

FY07	FY08	FY09	FY10
525	642	499	482

Ms. Heddin also excluded indirect O&M and capital expenses from the debt service coverage calculation, on the theory that the utility would pay its outside vendors before paying itself and would forego capital projects if necessary to pay bond obligations. Ms. Heddin removed indirect O&M expenses from the debt service calculation and determined that, with that

[114] Districts Ex. 1, page 79.

[115] Districts Ex. 1, pages 80, 93-94, Exh. DGR-24.

[116] Districts Exs. 40 and 49; Tr. Vol. 7, page 1381; LCRA Ex. 5, Exh. MF-10, page 10. Ms. Fishbeck did not use impact fees for debt service in her cost-of-service study. Tr. vol. 7, page1402.

adjustment, WTC Water would meet its debt service coverage obligations without additional revenue from ratepayers. She did not perform a calculation including impact fees.[117]

In addition, both Ms. Heddin and Mr. Rauschuber stated that LCRA allows times-coverage monies to be used outside the system where they are generated; therefore, those monies could be —swept" away to LCRA's general fund. Ms. Heddin observed that no LCRA policy requires those monies to stay within the system from which they are collected. Mr. Rauschuber noted that the cost-of-service study did not show any coverage revenues returning to the WTC systems.[118]

Bee Cave further contended LCRA has been inconsistent in its treatment of debt service coverage. It reiterated that LCRA has defeased all the debt from the Hill Country Region and pointed out that Ms. Fishbeck did not include any amount for debt service coverage in her cost-of-service study for the Camp Swift Wastewater system. [119]

Finally, the District claimed LCRA is calculating its impact fees illegally. TEX. LOCAL GOV'T CODE ANN.§ 395.012(b) states:

> Projected interest charges and other finance cost may be included in determining the amount of impact fee only if the impact fees are used for the payment of principal and interest on bonds.

One of the exhibits attached to Mr. Payne's testimony is the WTC Regional Water System Capital Improvements Plan and Impact Fee Calculation for Development Between 2006 and 2015 (2006 Impact Fee Study). Page 26 of that study sets out the calculation for the amount

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[117] Bee Cave Ex. 1, page 80.

[118] Bee Cave Ex. 1, pages 82-83; Districts Ex. 1, pages 80-81.

[119] The defeasement of the Hill Country Region debt was discussed at Tr. Vol. 5, pages 836-37. The Camp Swift study was admitted into evidence as Bee Cave Ex. 85. Although no debt service coverage was included in the results, the study states, —Revenue requirements were tested for a times coverage of 1.25; if the coverage was not met with a combination of O&M, debt service and operations reserve requirements, an additional time coverage amount was added to revenue requirements."

of impact fee per LUE, and includes interest as part of that calculation. Mr. Travis testified that LCRA uses impact fees both to pay principal and interest on bonds and to cash fund projects.[120]

Executive Director witness Debi Loockerman did not challenge LCRA's inclusion of debt service coverage in its rate calculations. She believed, however, that coverage collections within the West Travis County Region should match disbursements within the Region. Therefore, she recommended that debt service coverage actually collected through rates, if any, should be accounted for in a restricted fund to be used for only capital improvements or reduction of debt service within the West Travis County Region, or for contributions to operating reserves as required by the LCRA Board of Directors.[121]

Messrs. Travis and Stowe offered rebuttal to Appellants' arguments regarding debt service coverage. Mr. Travis took issue with Ms. Heddin's characterization of debt service coverage as profit LCRA is making off the WTC Water system rather than a true cost of service. Mr. Travis stated coverage is a source of funds for the system's share of operating reserves, revenue-funded capital and corporate capital.

Mr. Travis stated LCRA excludes impact fees when developing rates because of the need for certainty in revenue stream. He observed that LCRA's accounting policy identifies funding of capital expenditures as the first use of any impact fees received, which reduces the amount of debt that must be issued. Mr. Travis stated he was not aware of any statutory, regulatory, or bond covenant requirement for including impact fees in the calculation of debt service coverage. He offered a copy of Standard & Poor's Rating Review for LCRA, dated April 26, 2006. Standard & Poor's review excluded non-operating income from its debt service calculations because it considered that to reflect a more accurate view of year-to-year financial performance.

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[120] LCRA Ex. 2, Exh. KP-4; Tr. Vol. 4, pages 758-765. Mr. Travis was not familiar with KP-4 and could not explain the calculations or their significance.

[121] ED Ex. 1, pages 11-12.

It also observed that the WSBU had achieved less than a 1.25x coverage ratio with revenues from operations.[122]

Mr. Travis also critiqued Ms. Heddin's elimination of indirect and other O&M expenses from the debt service calculation. He believed Mr. Rauschuber's use of impact fees received to offset debt service coverage requirements was inappropriate. If such a calculation were made, however, the revenues should reflect only the amount of revenues used, deferring any received-but-not-used fees. For WTC Water, that unused amount in FY 2007 was $518,500.[123]

Mr. Stowe began his rebuttal discussion of debt service coverage by stating that the only authoritative source on the subject is the entity's actual bond covenants and formal financial policy. After referring to those, he also provided a copy of a City of Pflugerville document stating that Pflugerville's bond covenants require operating revenues to exceed operating expenses by 1.25x and that Standard & Poor's and Moody's require that same coverage ratio. Mr. Stowe acknowledged that inclusion of the coverage ratio in the revenue requirement may generate funds in excess of actual expenses, but he stated those funds are restricted and most commonly used to fund ongoing capital requirements.

Mr. Stowe observed further that impact fee revenues can only be expended for the projected capital improvements and projected financing costs included in the calculated fee and that, under certain conditions, are subject to refund until completion of the project upon which they were calculated. Therefore, until used, those fees represent a liability rather than revenue. Mr. Stowe pointed out that impact fee revenues are not operating revenues.

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[122] LCRA Ex. 10, Exh. JT-26, page 7. S&P also stated, however, without discussing details, that the WSBU was self-supporting in FY 2005.

[123] LCRA Ex. 10, pages 19-20, 23-24. Mr. Travis did not address Mr. Rauschuber's WTC Wastewater calculation. For FY 2007, the corresponding unused impact fee balance for WTC Wastewater appears to be $779,117. Districts' Ex. 1, Exh. DHR-24.

Mr. Stowe, like Mr. Travis, criticized Ms. Heddin's recalculation of expenses for the purposes of determining debt service coverage.[124]

During cross-examination, Mr. Rauschuber agreed that Chisholm Trail, of which Mr. Rauschuber was General Manager at the time of its rate application, did not include its impact fees as revenues for ratemaking purposes. Mr. Rauschuber explained that it did not do so because Chisholm Trail had two separate funds, one for operations and maintenance and one for capital improvements, the latter of which included the impact fees.[125]

Also on cross-examination, LCRA witness Travis testified that, although coverage monies would be intended for use within the WTC systems, they could be transferred to the general fund. Mr. Kellicker agreed.[126]

Because LCRA issues debt on an entity-wide basis, bond covenants do not require the WTC systems to reach a 1.25x debt service coverage. Nevertheless, the ALJ agrees with LCRA that it is reasonable to require the systems to reach that coverage level. Debt service coverage, if kept within the system, is a legitimate cost of providing service. If the WTC systems were exempt from that cost, other LCRA systems or business units would be subsidizing them.

The ALJ does not agree with the O&M expense adjustments proposed by Ms. Heddin for Bee Cave in calculating debt service coverage. The WTC systems should cover all their expenses, not just the direct ones.

The ALJ reaches no decision or recommendation on whether LCRA is calculating impact fee illegally, as alleged by the Districts. The provisions of Chapter 395 do not address ratemaking. If LCRA is calculating those fees in a manner contrary to the law, that issue should be raised in a different forum.

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[124] LCRA Ex. 12, pages 34-37.

[125] Tr. Vol. 10, pages 1978-79; Tr. Vol. 11, pages 2150-51.

[126] Tr. Vol. 5, pages 889-90; Tr. Vol. 7, pages 1293-94.

There was a great deal of conflicting evidence on the issue of whether impact fees should be counted as revenues to offset debt service coverage requirements. LCRA's bond covenants and its Policy 301 mention total revenues. The bond rating companies use operating revenue, however, to determine debt service coverage ratios. The presentation to the Board regarding the FY 2008 Business Plan included impact fees as revenues. Chisholm Trail, on the other hand, did not include impact fees as revenues in setting debt service coverage.

Considering the actual FY 2007 financial information, the ALJ finds impact fees should not be used to offset debt service coverage expense. As discussed by the parties and as shown in Districts Exhibits WTC 46 and WTC 48, LCRA used the FY 2007 impact fee revenues to revenue-fund WTC Water and WTC Wastewater capital projects. In doing so, it reduced potential debt financing of those projects. The FY 2007 impact fee revenues were not available for debt service coverage because they were used for that purpose. The ALJ further finds LCRA properly calculated the debt service expense for setting rates.

The ALJ agrees with Appellants and the Executive Director that LCRA does not have adequate policies in place to ensure that debt service coverage remains within the system. Therefore, as recommended by Ms. Loockerman, debt service coverage actually collected through rates, if any, should be accounted for in a restricted fund to be used for only capital improvements or reduction of debt service within the West Travis County Region, or for contributions to operating reserves as required by the LCRA Board of Directors.

E. Community Development Expense

LCRA includes a Community Development Expense item in its revenue requirement for the WTC systems and other revenue-generating enterprises. That revenue is used to fund community development and other activities which LCRA is authorized to perform, but which otherwise would have no source of funding. Those activities include community and economic development, parks operations, natural resource services, resource planning and development,

public safety, environmental laboratory services, and watershed monitoring and maintenance. LCRA is authorized to provide those services and engage in those activities.[127]

LCRA Board Policy 301 states that three percent of utility budgeted gross revenues shall be charged for community development activities.[128] For ratemaking purposes, because that would be a circular calculation, the amount was estimated as three percent of: total O&M expenses, plus debt service costs, plus operation reserves included in rates, plus times coverage included in the rates, less miscellaneous revenues offsetting rate requirements, less LUE reservation charges offsetting rate requirements.[129]

Appellants objected to the imposition of the Community Development expense. They noted it was unrelated to the cost of providing services to utility customers. They observed that the activities covered by the Community Development expense were not mandated by the Legislature, but only authorized. They noted that one of LCRA's own witnesses, Mr. Stowe, stated that such an expense was not a reasonable cost of service unless it was mandated.[130] Bee Cave also argued that the community development expense is not an actual out-of-pocket expense incurred by the WTC systems and could be subsumed into debt service coverage if debt service coverage were allowed, because the debt service coverage funds can be used for purposes outside the WTC systems.[131] Appellants further objected that community development funds were used for inappropriate purposes such defeasement of the Hill Country Region's debt[132] and

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[127] TEX. WATER CODE ANN. §§ 152.151, *et seq.* and 26.0135; TEX. SPEC. DIST. LOC. Laws CODE ANN. § 8503.001(b). Ms. Zarling described the community development activities in more detail during cross-examination. Tr. Vol. 1, pages 206-208.

[128] LCRA Ex. 3, Exh. JT-7, page 5.

[129] LCRA Ex. 5 (Fishbeck Testimony), page 30.

[130] Tr. Vol. 8, pages 1515-1516.

[131] Bee Cave Response Brief, page 43; Tr. Vol. 7, page 1374.

[132] Tr. Vol. 1, pages 156-157; Vol. 6, page 1142.

contributions to Austin's First Night celebration.[133] Ms. Heddin also stated that the Community Development expense should already be covered through raw water sales.[134]

The ALJ finds that the Community Development expenses are reasonable costs for the LCRA system and should be part of the expenses assessed against the WTC systems. A complete reading of TEX. SPEC. DIST. LOC. LAWS CODE ANN. Chapter 8503 makes it clear that LCRA is both authorized and expected to engage in the non-revenue-generating types of expenses covered by the Community Development funds. Section 8503.011(b) acknowledges that LCRA may receive revenues in excess of O&M expenses, debt service costs, *et cetera*, and may apply those revenues to –any corporate purpose."

Although Mr. Stowe apparently did not believe the Community Development expenses should be included, the ALJ disagrees with that opinion based on the law, LCRA's policy, and the other witnesses' testimonies. Because the debt service coverage is to be retained within the system as recommended by the Executive Director, the Community Development expense should not be incorporated into the debt service coverage expense as suggested by Bee Cave. Section 8503.011(b) allows LCRA to use the Community Development funds for any corporate purpose; that may include defeasement of debt and community activities within the Board's discretion. Raw water reservation sales may cover raw water costs and perhaps an additional amount, but the evidence did not show how they would cover the WTC systems' share of Community Development expenses.

For ratemaking, because of the circular nature of that calculation, the Community Development expense amount should be calculated in the manner described by Ms. Fishbeck for the cost-of-service study.

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[133] The First Night expenditure (which the ALJ has recommended not be included as an expense item) apparently was for a water conservation booth or exhibit at that event. Tr. Vol. 1, pages 212-215.

[134] Bee Cave Ex. 1, page 71.

F. Non-Rate Revenues

The LCRA non-rate operating revenues for FY 2007 included: 1) Excess Capacity Reserves; 2) LUE Reservation Charges; 3) Raw Water/Effluent Revenues; and 4) Other /Miscellaneous Revenues, as well as wholesale water revenues. Those revenues are counted as credits and used to offset the revenue requirements.[135] Although the ALJ was unable to find the exact amounts for these revenues for FY 2007 in the record, the parties agree that these were the types of operating revenues used by LCRA in its cost-of-service study to set its rates.[136]

Mr. Kellicker explained that "excess capacity reserves" do not originate from ratepayers, but are funds contributed by LCRA to the WTC systems to account for capacity constructed to serve future, rather than current customers. He presented an analysis conducted by LCRA to determine the amount of that "excess" amount, which was considered to be the amount above the capacity used by current customers, plus a 15% minimum reserve. According to LCRA, the percentage of capacity not used by current customers for FY 2007 was 17% above that minimum reserve, or $763,000. Both Mr. Kellicker and Ms. Zarling testified that LCRA was not required by law or regulations to make that contribution.[137] Ms. Zarling stated that even in FY 2010, the rates would not have recovered the WTC Systems' full cost of service because of the excess capacity revenue component.[138] Thus, LCRA's presentation portrayed the excess capacity revenues both as a principled calculation based on the amount of capacity needed to serve current customers and as a contribution provided to alleviate the rate impact on the WTC Systems.

In their closing arguments, both the Executive Director and the Districts argued that the excess capacity reserve funding should be included as part of the WTC Systems' revenues in

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[135] LCRA Ex. 4, pages 27-28.

[136] See Districts Ex. 1, page 77. Those actual FY 2007 figures may be buried in the record somewhere; if not, they should be able to be determined and agreed upon.

[137] LCRA Ex. 4, pages 28-30, Exh. SK-28; Tr. Vol. 1, pages 118-120. In subsequent budget years, the excess capacity reserve revenue amounts were higher.

[138] LCRA Ex. 1, page 26.

setting rates. The Executive Director agreed that the contribution was not required by law, but observed that funding the excess capacity eliminates the need for current or future debt financing. The Districts contended that without the excess capacity contribution, LCRA would be double-charging for that capacity through both rates and impact fees.[139] LCRA did not address that issue in either its initial or reply argument.

The ALJ finds that the excess capacity revenues should not be included as part of LCRA's non-rate revenues for determining the just and reasonable rates in this proceeding. Both Ms. Zarling and Mr. Kellicker testified that neither statutes nor regulations required LCRA to provide that revenue source. As Mr. Payne testified, facilities are rarely 100 percent utilized when built.[140] Facilities are built not only to serve new customers, but to serve all customers, both current and new, as the system grows. The ALJ does not find that LCRA would be double-charging, because at least for FY 2007, impact fee revenues were already used to revenue-fund capital improvement and reduce debt financing.

The Commission may determine that, for policy reasons, LCRA should contribute for excess capacity on the system. Neither LCRA nor any other party argued with the rationale that future ratepayers should pay for the capacity used to serve them. LCRA included those contributions as an offset to the revenue requirements on its own volition, based on its own calculations. In the absence of a rule or statutory provision mandating such contributions, however, the ALJ does not recommend requiring LCRA to make them.

Appellants also contended that non-rate revenues were understated because they did not include revenues from inspection fees.[141] It is not clear to the ALJ whether that was the case for FY 2007; the record was not developed completely enough on that issue for the ALJ to recommend any revenue adjustment.

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[139] Executive Director Closing Argument, pages 23-25; Districts Closing Argument, pages 35-37.

[140] Tr. Vol. 2, pages 399-400.

[141] Bee Cave Response Brief, page 36.

Finally, the Districts appeared to argue that impact fee revenues should be directly included as an offset to the WTC revenues.[142] As was discussed above, those fees are not operating revenues but were used for revenue-funding capital projects. They should not be used as a revenue offset to the WTC expenses.

G. Rate Design

LCRA witness Angie Flores and Executive Director witness Heidi Graham testified regarding rate design. Because LCRA and the Executive Director found LCRA's three-step rate increase to be reasonable and Appellants recommended the previous rates be re-established, however, there were no rate design issues in this case. The alternatives advocated were all (LCRA and the Executive Director) or nothing (Appellants). Ms. Graham recommended adoption of LCRA's rates.

The ALJ is not sure what revenue requirement his recommendations would yield or, of course, what revenue requirement the Commission's decision would yield. Therefore, the revenue requirement in the ordering provisions of the Proposed Order has been left blank, with the appropriate amount, and ultimately the rates, to be determined. The ALJ recommends that if the rates are changed, the rate design should follow that set out in Ms. Graham's testimony.

VII. MISCELLANEOUS ISSUES

A. Refunds/Recovery of Lost Revenues

TEX. WATER CODE ANN. § 13.043(e) allows the Commission to order refunds or allow a surcharge to recover lost revenues in a rate appeal.

The rates currently in effect are interim rates set at the level of Phase 2 of LCRA's three-phase increase. LCRA witness Flores testified that, if the rates ultimately set are above that

[142] Districts Closing Argument, pages 34-35.

level, LCRA should be allowed to recover the lost revenues. Ms. Flores recommended that those revenues should be calculated from October 1, 2009 (the date on which the third step would have gone into effect) until the date of the Commission's Order. A surcharge would then be calculated by taking the amount of the lost revenues for each system (WTC Regional Water and Wastewater) divided by the number of active LUEs at the time of the Commission Order, to be collected over a period of 24 months, or until the revenue was recovered. She further recommended that the lost revenues be determined by taking actual billing data for the period beginning October 1, 2009, through the date of Commission Order. The ALJ finds Ms. Flores' approach should be adopted if the rates ultimately adopted are above the current interim level. Because all WTC Wastewater customers are also customer of WTC Water, only one surcharge would be required.

If, on the other hand, the rates ultimately adopted are below the current level, refunds should be ordered. There was less testimony on the mechanics of any possible refund, although Mr. Rauschuber recommended they be accomplished over a 24-month period. The ALJ finds, if the rates ultimately adopted are below the current interim level, refunds should be calculated in the same manner as recommended by Ms. Flores for potential lost revenues. The refunds should be accomplished over a 24-month period.

B. Apportionment of Transcript Costs

LCRA requested that transcript costs be apportioned among the parties pursuant to 30 TAC § 80.23(d). In particular, LCRA requested that transcript costs be apportioned among LCRA, Bee Cave, and the Districts based on the number of pages for each of those parties' participation. For the portion of the transcript prepared before the rate-case-expense phase, the amounts would be:

LCRA	$2,949.72
Bee Cave	6,010.47
Districts	4,560.06

Appellants opposed LCRA's request.

The Commission's rule, 30 TAC § 80.23(d), states:

80.23(d) Assessment of reporting and transcription costs.

(1) Upon the timely filed motion of a party or upon its own motion, the commission may assess reporting and transcription costs to one or more of the parties participating in the proceeding. The commission shall consider the following factors in assessing reporting and transcription costs:
(A) the party who requested the transcript;
(B) the financial ability of the party to pay the costs;
(C) the extent to which the party participated in the hearing;
(D) the relative benefits to the various parties of having a transcript;
(E) the budgetary constraints of a state or federal administrative agency participating in the proceeding;
(F) in rate proceedings, the extent to which the expense of the rate proceeding is included in the utility's allowable expenses; and
(G) any other factor which is relevant to a just and reasonable assessment of costs.

(2) The commission will not assess reporting or transcription costs to statutory parties who are precluded by law from appealing any ruling, decision, or other act of the commission.

(3) In any proceeding where the assessment of reporting or transcription costs is an issue, the judge shall provide the parties an opportunity to present evidence and argument on the issue. A judge shall include in the proposal for decision a recommendation for the assessment of costs.

As is discussed below, the ALJ recommends LCRA not be allowed to recover its requested rate case expenses. If the Commission follows that recommendation, LCRA should also pay for the transcript expenses, pursuant to 30 TAC § 80.23(d)(1)(F).

If the Commission determines that LCRA should recover some or all of its rate case expenses, the ALJ recommends that LCRA pay half the transcript costs and Appellants pay the other half, to be divided equally between them.[143] None of the factors set forth above, other than 80.23(d)(1)(F), especially favor one side over the other. The ALJ disagrees with LCRA's proposal to divide the transcript according to the number of pages each party used, because LCRA, as the party with the burden of proof using prefiled written testimony, would naturally use less hearing time in examination than would cross-examining parties.

[143] The Executive Director and OPIC (which did not participate in the hearing) are barred from assessment of transcript costs under 30 TAC § 80.23(d)(2).

C. Rate Case Expenses

TEX. WATER CODE ANN. § 13.043(e) also states that the Commission "may allow recovery of reasonable expenses incurred by the retail public utility in the appeal proceedings."[144] Neither the Water Code nor the Commission's rules set out guidelines for how that determination should be made.

In this case, LCRA seeks recovery of $959,490.97 in rate case expenses, which includes attorneys' fees, consultants' fees, transcript costs, and other miscellaneous expenses.[145] The expenses were broken into broad categories as follows:

Attorneys Fees	
Freeman & Corbett LLP (invoices dated 11/9/07-2/2/09)	$ 14,135.00
McCall, Parkhurst & Horton LLP (invoice dated 8/13/10)	760.00
Jackson Walker LLP (invoices dated 1/14/10-10/18/10)	764,607.09
Subtotal	779,502.09
Consultants	
J. Stowe & Co., Inc. (invoices date 1/19/10-9/10/10)	97,903.94
Rimrock Consulting co. (invoices dates 11/1/07-9/10/10)	63,025.63
Subtotal	160,929.57
Expenses	
Kennedy Reporting Services, Inc.	17,273.85
Texas Depo	1,767.31
Pro Courier Services	18.15
Subtotal	19,059.31
Total	$959,490.97[146]

A two-day hearing was held on the rate-case-expense issue on November 9-10, 2010.

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[144] *See also* 30 TAC § 291.41(e)(2) and (5).

[145] LCRA Ex. 1 (S-4); Tr. Vol. 12, page 2398-99; LCRA's Closing Argument on Rate Case Expenses, page 2.

[146] LCRA Closing Argument on Rate Case Expenses, page 2. Of the $17,273.85 in Kennedy Reporting expenses, $13,520.25 was related to transcript costs for the evidentiary hearing.

In support of its request, LCRA presented testimony from Ms. Zarling, Associate General Counsel James Rader and Mr. Stowe, along with associated invoices and other business records. LCRA contended a significant portion of the total expense was generated by Appellants' "novel interpretations of law" as well as "the breadth of the issues presented, the extraordinary volume of discovery conducted by Appellants; and the highly contentious manner in which Appellants have prosecuted this appeal." Ms. Flores and Ms. Zarling testified about the method of recovering those expenses, recommending they be recovered through a 24-month surcharge on all current and future active connections.[147]

The Executive Director agreed the expenses were reasonable and recommended a 36-month surcharge on only the customers in the rate districts that filed the appeals, which would divide the expenses among approximately 3,683 of the Region's 4,925 connections.[148]

Appellants argued LCRA should not recover its rate case expenses because it should not prevail on appeal. Bee Cave also cited the Commission's rule regarding utilities' (as opposed to retail public utilities') rate-case-expense recovery, 30 TAC § 291.28(8), which states:

> A utility may not recover any rate case expenses if the increase in revenue generated by the just and reasonable rate determined by the commission after a contested case hearing is less than 51% of the increase in revenue that would have been generated by a utility's proposed rate.

Although that rule does not apply to this appeal, Bee Cave argued it should be used as a guide.

Appellants challenged the reasonableness of LCRA's requested expenses for several reasons. They contended LCRA's use of the FY 2010 budget forecast caused the complexity of the case, that the Jackson Walker law firm's[149] hourly rates were too high and that they were

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[147] LCRA Closing Argument on Rate Case Expenses, pages 1-2; LCRA Ex. 9, page 4; Tr. Vol. 12, pages 2518-2519. Again, because all wastewater customers are also water customers, there would be only one surcharge.

[148] Executive Director Reply to Closing Argument, pages 13-27, especially pages 24-27.

[149] Jackson Walker is the outside law firm that handled later procedural matters and the hearing itself.

inadequately supervised, that Ms. Fishbeck's work was inadequately described, and that Mr. Stowe's fees were inadequately supported. The Districts also argued that LCRA performed duplicative work, unreasonably hired outside counsel and consultants when in-house counsel and personnel would have sufficed, and inappropriately used couriers and overnight mail and ordered multiple copies of transcripts in the manner of large Dallas-based law firms."[150]

In this Proposal, the ALJ finds in LCRA's favor on most issues. On the two most contentious issues, however—the use of the FY 2010 budget forecasts to set rates and the use of volume as an allocator for shared and indirect expenses—the ALJ finds in favor of Appellants. The use of the FY 2010 budget forecast, in particular, added an inordinate amount of complexity to the case, because the parties were discussing at least three ratemaking concepts (the FY 2010 budget forecast, the FY 2008 budget forecast, and actual FY 2007 expenses).

Because the Proposal finds against LCRA on those issues, and because the ALJ's findings would lead to at least a significant reduction from LCRA's third-phase rates, the ALJ finds that LCRA should not receive its rate case expenses in this case. Therefore, the ALJ does not analyze the specifics of the rate case expense evidence in this Proposal. If the Commission disagrees with the ALJ's determinations, or for other reason finds LCRA should receive rate case expenses, ALJ recommends that issue be remanded to the ALJ for determination of the appropriate rate-case-expense amount (including transcript costs) and surcharge methodology. That determination can and should be done without additional hearing or briefing, based on the existing record.

D. LCRA's November 17, 2010 Board Resolution

In their Reply to Closing Arguments, the Districts requested the ALJ to take official notice of an LCRA Board Resolution dated November 17, 2010, which directed the General Manager to endeavor to sell the water and wastewater utilities.[151] The ALJ declines to take

[150] Districts Reply to Closing Arguments, pages 40-41.

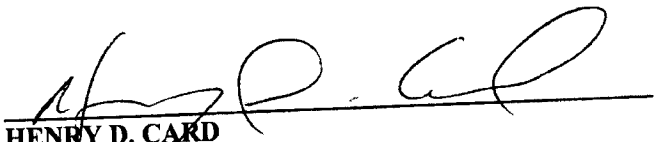
[151] Districts Reply to Closing Arguments, pages 31-32.

official notice, because that resolution was after August 22, 2007. He has not considered it in reaching his findings and conclusions in this case.

E. Matters to Be Addressed in Exceptions

As has been discussed, the ALJ is unable to determine a revenue requirement or rates based on his recommendations. The parties should, to the extent they are able, set out the dollar relationship between those recommendations, the rates before August 22, 2007, and the interim rates currently in effect.

SIGNED February 8, 2011.



HENRY D. CARD
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

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

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

§24.31. Cost of Service.

(a) **Components of cost of service.** Rates are based upon a utility's cost of rendering service. The two components of cost of service are allowable expenses and return on invested capital.

(b) **Allowable expenses.** Only those expenses that are reasonable and necessary to provide service to the ratepayers may be included in allowable expenses. In computing a utility's allowable expenses, only the utility's historical test year expenses as adjusted for known and measurable changes may be considered.

(1) Components of allowable expenses. Allowable expenses, to the extent they are reasonable and necessary, and subject to this section, may include, but are not limited to, the following general categories:

(A) operations and maintenance expense incurred in furnishing normal utility service and in maintaining utility plant used by and useful to the utility in providing such service (payments to affiliated interests for costs of service, or any property, right, or thing, or for interest expense are not allowed as an expense for cost of service except as provided in TWC, §13.185(e));

(B) depreciation expense based on original cost and computed on a straight line basis over the useful life of the asset as approved by the commission. Depreciation is allowed on all currently used depreciable utility property owned by the utility except for property provided by explicit customer agreements or funded by customer contributions in aid of construction. Depreciation on all currently used and useful developer or governmental entity contributed property is allowed in the cost of service. On all applications, the depreciation accrual for all assets must account for expected net salvage value in the calculation of the depreciation rate and actual net salvage value related to retired plant. The depreciation rate and expense must be calculated on a straight line basis over the expected or remaining life of the asset. Utilities must calculate depreciation on a straight line basis, but are not required to use the remaining life method if salvage value is zero. When submitting an application that includes salvage value in depreciation calculations, the utility must submit sufficient evidence with the application establishing that the estimated salvage value, including removal costs, is reasonable. Such evidence will be included for the asset group in deprecation studies for those utilities practicing group accounting while such evidence will relate to specific assets for those utilities practicing itemized accounting;

(C) assessments and taxes other than income taxes;

(D) federal income taxes on a normalized basis (federal income taxes must be computed according to the provisions of TWC, §13.185(f), if applicable);

(E) reasonable expenditures for ordinary advertising, contributions, and donations; and

(F) funds expended in support of membership in professional or trade associations, provided such associations contribute toward the professionalism of their membership.

(2) Expenses not allowed. The following expenses are not allowed as a component of cost of service:

(A) legislative advocacy expenses, whether made directly or indirectly, including, but not limited to, legislative advocacy expenses included in professional or trade association dues;

(B) funds expended in support of political candidates;

(C) funds expended in support of any political movement;

(D) funds expended in promotion of political or religious causes;

(E) funds expended in support of or membership in social, recreational, fraternal, or religious clubs or organizations;

(F) funds promoting increased consumption of water;

(G) additional funds expended to mail any parcel or letter containing any of the items mentioned in subparagraphs (A) - (F) of this paragraph;

(H) costs, including, but not limited to, interest expense of processing a refund or credit of sums collected in excess of the rate finally ordered by the commission;

(I) any expenditure found by the commission to be unreasonable, unnecessary, or not in the public interest, including, but not limited to, executive salaries, advertising expenses, rate case expenses, legal expenses, penalties and interest on overdue taxes, criminal penalties or fines, and civil penalties or fines; and

(J) the costs of purchasing groundwater from any source if:

(i) the source of the groundwater is located in a priority groundwater management area; and

(ii) a wholesale supply of surface water is available.

(c) **Return on invested capital.** The return on invested capital is the rate of return times invested capital.

(1) Rate of return. The commission shall allow each utility a reasonable opportunity to earn a reasonable rate of return, which is expressed as a percentage of invested capital, and shall fix the rate of return in accordance with the following principles.

(A) The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties.

(B) The commission shall consider the efforts and achievements of the utility in the conservation of resources, the quality of the utility's services, the efficiency of the utility's operations, and the quality of the utility's management, along with other relevant conditions and practices.

(C) The commission may, in addition, consider inflation, deflation, the growth rate of the service area, and the need for the utility to attract new capital. In each case, the commission shall consider the utility's cost of capital, which is the composite of the cost of the various classes of capital used by the utility.

(i) Debt capital. The cost of debt capital is the actual cost of debt.

(ii) Equity capital. The cost of equity capital must be based upon a fair return on its value. For companies with ownership expressed in terms of shares of stock, equity capital commonly consists of the following classes of stock.

(I) Common stock capital. The cost of common stock capital must be based upon a fair return on its value.

(II) Preferred stock capital. The cost of preferred stock capital is its annual dividend requirement, if any, plus an adjustment for premiums, discounts, and cost of issuance.

(2) Invested capital, also referred to as rate base. The rate of return is applied to the rate base. Components to be included in determining the rate base are as follows:

(A) original cost, less accumulated depreciation, of utility plant, property, and equipment used by and useful to the utility in providing service;

(B) original cost, less net salvage and accumulated depreciation at the date of retirement, of depreciable utility plant, property and equipment retired by the utility; and

(i) original cost under subparagraph (A) of this paragraph or this subparagraph is the actual money cost, or the actual money value of any consideration paid other than money, of the property at the time it was dedicated to public use, whether by the utility that is the present owner or by a predecessor. Assets may be booked in itemized or group accounting, but all accounting for assets and their retirements must be supported by an approved accounting system. On all assets retired from service after June 19, 2009, the original cost of an asset must be the book cost less net salvage value. If a utility calculates annual depreciation expense for an asset with allowance for salvage value, then it must account for the actual salvage amounts when the asset is actually retired. The utility must include the actual salvage calculation(s) in its net plant calculation(s) in the first full rate change application (excluding alternative rate method applications as described in §24.34 of this title (relating to Alternative Rate Methods)) it files after the date on which the asset was removed from service, even if it was not retired during the test year. Recovery of investment on assets retired from service before the estimated useful life or remaining life of the asset shall be combined with over accrual of depreciation expense for those assets retired after the estimated useful life or remaining life and the net amount shall be amortized over a reasonable period of time taking into account prudent regulatory principles. The following list shall govern the manner by which depreciation will be accounted for.

(I) Accelerated depreciation is not allowed.

(II) For those utilities that elect a group accounting approach, all mortality characteristics, both life and net salvage, must be supported by an engineering or economic based depreciation study for which the test year for the depreciation is no more than five years old in comparison to the rate case test year. The engineering or economic based depreciation study must include:

(-a-) investment by homogenous category;

(-b-) expected level of gross salvage by category;

(-c-) expected cost of removal by category;

(-d-) the accumulated provision for depreciation as appropriately reflected on the company's books by category;

(-e-) the average service life by category;

(-f-) the remaining life by category;

(-g-) the Iowa Dispersion Pattern by category; and

(-h-) a detailed narrative identifying the specific factors, data, criteria and assumptions that were employed to arrive at the specific mortality proposal for each homogenous group of property.

(ii) reserve for depreciation under subparagraph (A) of this paragraph or this subparagraph is the accumulation of recognized allocations of original cost, representing recovery of initial investment, over the estimated useful life or remaining life of the asset. If individual accounting is used, a utility must continue booking depreciation expense until the asset is actually retired, and the reserve for depreciation shall include any additional depreciation expense accrued past the estimated useful or remaining life of the asset. If

salvage value is zero, depreciation must be computed on a straight line basis over the expected useful life or remaining life of the item or facility. If salvage value is not zero, depreciation must also be computed on a straight line basis over the expected useful life or the remaining life. For an asset removed from service after June 19, 2009, accumulated depreciation will be calculated on book cost less net salvage of the asset. The retirement of a plant asset from service is accounted for by crediting the book cost to the utility plant account in which it is included. Accumulated depreciation must also be debited with the original cost and the cost of removal and credited with the salvage value and any other amounts recovered. Return is allowed for assets removed from service after June 19, 2009, that result in an increased rate base through recognition in the reserve for depreciation if the utility proves that the decision to retire the asset was financially prudent, unavoidable, necessary because of technological obsolescence, or otherwise reasonable. The utility must also provide evidence establishing the original cost of the asset, the cost of removal, salvage value, any other amounts recovered, the useful life of the asset (or remaining life as may be appropriate), the date the asset was taken out of service, and the accumulated depreciation up to the date it was taken out of service. Additionally, the utility must show that it used due diligence in recovering maximum salvage value of a retired asset. The requirements relating to the accounting for the reasonableness of retirement decisions for individual assets and the net salvage value calculations for individual assets only apply to those utilities using itemized accounting. For those utilities practicing group accounting, the depreciation study will provide similar information by category. TWC, §13.185(e) relating to dealings with affiliated interests, will apply to business dealings with any entity involved in the retirement, removal, or recovery of assets. Assets retired subsequent to June 19, 2009, will be included in a utility's application for a rate change if the application is the first application for a rate change filed by the utility after the date the asset was retired and specifically identified if the utility uses itemized accounting. Retired assets will be reported for the asset group in depreciation studies for those utilities practicing group accounting, while retired assets will be specifically identified for those utilities practicing itemized accounting;

(iii) the original cost of plant, property, and equipment acquired from an affiliated interest may not be included in invested capital except as provided in TWC, §13.185(e);

(iv) utility property funded by explicit customer agreements or customer contributions in aid of construction such as surcharges may not be included in original cost or invested capital; and

(C) working capital allowance to be composed of, but not limited to the following:

(i) reasonable inventories of materials and supplies, held specifically for purposes of permitting efficient operation of the utility in providing normal utility service;

(ii) reasonable prepayments for operating expenses (prepayments to affiliated interests) are subject to the standards set forth in TWC, §13.185(e); and

(iii) a reasonable allowance up to one-eighth of total annual operations and maintenance expense excluding amounts charged to operations and

maintenance expense for materials, supplies, and prepayments (operations and maintenance expense does not include depreciation, other taxes, or federal income taxes).

(3) Terms not included in rate base. Unless otherwise determined by the commission, for good cause shown, the following items will not be included in determining the overall rate base.

(A) Miscellaneous items. Certain items that include, but are not limited to, the following:

(i) accumulated reserve for deferred federal income taxes;

(ii) unamortized investment tax credit to the extent allowed by the Internal Revenue Code;

(iii) contingency and/or property insurance reserves;

(iv) contributions in aid of construction; and

(v) other sources of cost-free capital, as determined by the commission.

(B) Construction work in progress. Under ordinary circumstances, the rate base consists only of those items that are used and useful in providing service to the public. Under exceptional circumstances, the commission may include construction work in progress in rate base to the extent that the utility has proven that:

(i) the inclusion is necessary to the financial integrity of the utility; and

(ii) major projects under construction have been efficiently and prudently planned and managed. However, construction work in progress may not be allowed for any portion of a major project that the utility has failed to prove was efficiently and prudently planned and managed.

(d) **Recovery of positive acquisition adjustments.**

(1) For utility plant, property, and equipment acquired by a utility from another retail public utility as a sale, merger, etc. of utility service area for which an application for approval of sale has been filed with the commission on or after September 1, 1997, and that sale application closed thereafter, a positive acquisition adjustment will be allowed to the extent that the acquiring utility proves that:

(A) the property is used and useful in providing water or sewer service at the time of the acquisition or as a result of the acquisition;

(B) reasonable, prudent, and timely investments will be made if required to bring the system into compliance with all applicable rules and regulations;

(C) as a result of the sale, merger, etc.:

(i) the customers of the system being acquired will receive higher quality or more reliable water or sewer service or that the acquisition was necessary so that customers of the acquiring utility's other systems could receive higher quality or more reliable water or sewer service;

(ii) regionalization of retail public utilities (meaning a pooling of financial, managerial, or technical resources that achieve economies of scale or efficiencies of service) was achieved; or

(iii) the acquiring system will become financially stable and technically sound as a result of the acquisition, or the system being acquired that is not financially stable and technically sound will become a part of a financially stable and technically sound utility;

(D) any and all transactions between the buyer and the seller entered into as a part or condition of the sale are fully disclosed to the commission and were conducted at arm's length;

(E) the actual purchase price is reasonable in consideration of the condition of the plant, property, and equipment being acquired; the impact on customer rates if the

acquisition adjustment is granted; the benefits to the customers; and the amount of contributions in aid of construction in the system being acquired;

(F) in a single or multi-stage sale, the owner of the acquired retail public utility and the final acquiring utility are not affiliated. A multi-stage sale is where a stock transaction is followed by a transfer of assets in what is essentially a single sales transaction. A positive acquisition adjustment is allowed only in those cases where the multi-stage transaction was fully disclosed to the commission in the application for approval of the initial stock sale. Any multi-stage sale occurring between September 1, 1997 and February 4, 1999 is exempt from the requirement for commission notification at the time of the approval of the initial sale, but must provide such notification by April 5, 1999; and

(G) the rates charged by the acquiring utility to its pre-acquisition customers will not increase unreasonably because of the acquisition.

(2) The amount of the acquisition adjustment approved by the regulatory authority must be amortized using a straight line method over a period equal to the weighted average remaining useful life of the acquired plant, property, and equipment, at an interest rate equal to the rate of return determined under subsection (c) of this section. The acquisition adjustment may be treated as a surcharge and may be recovered using non-system-wide rates.

(3) The authorization for and the amount of an acquisition adjustment can only be determined as a part of a rate change application.

(4) The acquisition adjustment can only be included in rates as a part of a rate change application.

RESPONSE TO REQUEST NO. 23 (NORTHTOWN)
RESPONSE TO REQUEST NO. 37 (NAMD1)
RESPONSE TO REQUEST NO. 31 (TRAVIS WCID)
RESPONSE TO REQUEST NO. 28 (WELLS BRANCH)

Proof of accuracy of Petitioners' Water Model:

If all of the Petitioners' adjustments in Exhibit JJJ-3 - Petitioners COA WATER Cost of Service Model.xlsx are deleted, the resulting cost of service allocated to each of the Petitioners is equal to the Cost of Service claimed by COA (less than 1/100 of 1% difference) as shown on the results in Schedule G.

To eliminate all of Petitioners' adjustments in Exhibit JJJ-3 - Petitioners COA WATER Cost of Service Model.xlsx, perform the following steps:

Schedule	
C-1	delete all adjustment columns
C-2	delete all % adj columns
D-1	change T&D factor to 45.8%/54.2%
E	delete lines 13 - 45 of Columns C through H
F-1c	delete line 48
F-2a	delete cells H144 to H146

P-NT01386
P-NA02722

P-TC00993
P-WB01689

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Wholesale Water Cost of Service to Petitioners

Petitioner	AWU Requested Petitioners' Water Cost of Service (a)	Petitioners' Total Adjustments	Petitioners' Adjusted Amount (b)
North Austin MUD	$ 1,605,767	$ 242	$ 1,606,009
Northtown MUD	1,204,825	(1,234)	1,203,591
Water District 10	3,635,338	(1,834)	3,633,504
Wells Branch MUD	2,001,230	(216)	2,001,014
Total	$ 8,447,160	$ (3,042)	$ 8,444,118

Sources:
(a) Meszaros Direct - Exh 19, Table 297
(b) Schedule G

P-NT01387
P-NA02723

P-TC00994
P-WB01690

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Revenue Requirements

Line No.	(a) Description	(b) AWU Requested Water System Revenue Requirement	(c) Petitioners' Total Adjustments	(d) Petitioners' Adjusted Amount
1	Operation & Maintenance Expense			
2	Water Treatment	30,645,839	-	30,645,839
3	Pipeline Operations	26,913,831	-	26,913,831
4	Distribution System Support	11,418,840	-	11,418,840
5	One Stop Shop	213,673	-	213,673
6	Support Services	9,775,987	-	9,775,987
7	Conservation & Reuse	2,879,320	-	2,879,320
8	Billing Customer Services	14,081,684	-	14,081,684
9	Transfers & Other Requirements	12,475,333	-	12,475,333
10	Water Conservation	6,534,217	-	6,534,217
11	Other Operating Transfers	1,830,381	-	1,830,381
12	Less: Misc Non-Rate Revenues	(4,378,329)	-	(4,378,329)
13	(Decrease) Increase in Operating Reserves	(7,019,911)	-	(7,019,911)
14	Other Requirements			
15	Misc Capital Credits (transfers and interest income)	(3,393,435)	-	(3,393,435)
16	(Decrease) Increase in Capital Reserves	(10,553,708)	-	(10,553,708)
17	Debt Service Requirements (Excl Watershed Land and LCRA Water Rights)	88,241,520	-	88,241,520
18	Transfer to Water Construction Fund/Capital Outla	48,000,000	-	48,000,000
19	Other Transfers	819,366	-	819,366
20	Watershed Land Purchase	5,455,088	-	5,455,088
21	LCRA Water Rights	5,049,156	-	5,049,156
22	Revenue Stability Reserve Fund	5,516,300	-	5,516,300
23	Subtotal - Ties to Table 116	244,505,152	-	244,505,152
24	Transfer to City General Fund	17,722,306	-	17,722,306
25	Transfer to Sustainability Fund	2,695,442	-	2,695,442
26	Total	264,922,900	-	264,922,900

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Revenue Requirements - Detail

Line No.	Item	(a)	(b) AWU Requested Water System Revenue Requirement	(c) Petitioners' Adjustments	(d) Petitioners' Adjusted Amount
1	**WATER TREATMENT**				
2	Environmental & Regulatory Support		596,188	-	596,188
3	Water Treatment Laboratory		1,680,110	-	1,680,110
4	Water Treatment Engineering		-	-	-
5	Process Engineering		491,453	-	491,453
6	Facility Engineering -Treatment		596,332	-	596,332
7	WTP4 Maintenance		332,685	-	332,685
8	Davis WTP Maintenance		1,873,546	-	1,873,546
9	Ullrich WTP Maintenance		1,856,772	-	1,856,772
10	Electrical Maintenance		1,163,546	-	1,163,546
11	Instrumentation & Control Maintenance		936,232	-	936,232
12	Admin Support		918,786	-	918,786
13	Systems Support		157,141	-	157,141
14	WTP4 Operations		-	-	-
15	Electrical		-	-	-
16	Chemical		-	-	-
17	Other		624,313	-	624,313
18	Davis WTP Operations		-	-	-
19	Electrical		4,425,351	-	4,425,351
20	Chemical		2,608,800	-	2,608,800
21	Other		1,895,804	-	1,895,804
22	Ullrich WTP Operations		-	-	-
23	Electrical		4,989,972	-	4,989,972
24	Chemical		3,270,981	-	3,270,981
25	Other		2,227,827	-	2,227,827
26	**PIPELINE OPERATIONS**		-	-	-
27	Pump Station & Reservoir Maintenance (+SCADA)		-	-	-
28	Electrical		3,743,078	-	3,743,078
29	Other		1,390,532	-	1,390,532
30	Pump Station & Reservoir Operations		1,906,231	-	1,906,231
31	Pipeline Maintenance		-	-	-
32	Management Services		804,044	-	804,044
33	Distribution System Maintenance		1,502,264	-	1,502,264
34	Pipeline Operations		8,679,861	-	8,679,861
35	Service (House) Connection		346,065	-	346,065
36	Pipeline Rehabilitation & Construction		1,927,456	-	1,927,456
37	Metering Services		-	-	-
38	Meter Shop		2,978,223	-	2,978,223
39	ARV/PRV Maintenance		220,194	-	220,194
40	Valve & Hydrant		-	-	-
41	Valves		937,599	-	937,599
42	Valve Exercising		592,812	-	592,812
43	Hydrants		1,885,472	-	1,885,472
44	**DISTRIBUTION SYSTEM SUPPORT**		-	-	-
45	Asset Mgt -Distribution		-	-	-
46	Dispatch		572,853	-	572,853
47	Water Facility Engineering -Distribution		1,299,908	-	1,299,908
48	Water Pipeline Engineering		1,285,132	-	1,285,132
49	Infrastructure Records		-	-	-
50	Distribution Engineering		855,062	-	855,062
51	Engineering & Tech Support		2,312,919	-	2,312,919
52	GIS Services		635,573	-	635,573
53	Line Locators -Distribution		341,833	-	341,833
54	Water Protection / Inspection		922,205	-	922,205
55	Small Calls		1,241,765	-	1,241,765
56	Systems Planning		1,594,899	-	1,594,899
57	Utility Development Services		356,691	-	356,691

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Revenue Requirements - Detail

Line No.	(a) Item	(b) AWU Requested Water System Revenue Requirement	(c) Petitioners' Adjustments	(d) Petitioners' Adjusted Amount
58	**ONE STOP SHOP**	-	-	-
59	Building Plan Review	44,028	-	44,028
60	Research & Consult Water Cons	-	-	-
61	Land Use Review	45,618	-	45,618
62	Site Inspections	-	-	-
63	Permit and License Center	124,027	-	124,027
64	**SUPPORT SERVICES**	-	-	-
65	Administration & Management	-	-	-
66	Internal Audit	260,876	-	260,876
67	Business Support	505,014	-	505,014
68	Strategic Resources Services (Wholesale)	169,223	-	169,223
69	Business Improvement Services	118,454	-	118,454
70	Financial Mngt / Budget & Accounting	-	-	-
71	CIP Budgeting / Acct & Fin Reporting	434,047	-	434,047
72	Rates, Analysis & Asset Mngt (RAAM)	331,709	-	331,709
73	Utility Central Stores	143,179	-	143,179
74	Budget & Accounting	616,045	-	616,045
75	Information Technology	2,065,671	-	2,065,671
76	Security Management	1,053,904	-	1,053,904
77	Facility Management -Service Centers	1,269,455	-	1,269,455
78	Facility Management -WCC, NSC	424,936	-	424,936
79	Purchasing	218,853	-	218,853
80	Accounts Payable	308,817	-	308,817
81	Public Involvement	485,258	-	485,258
82	Human Resources Services	-	-	-
83	Organizational Development	196,017	-	196,017
84	Employment -Compensation	232,604	-	232,604
85	Employee Relations & Workers Comp	189,081	-	189,081
86	Safety & Training	557,425	-	557,425
87	Equipment Repairs	195,419	-	195,419
88	**CONSERVATION & REUSE**	-	-	-
89	Facility Engineering -Conservation	-	-	-
90	Environmental Affairs & Conservation	-	-	-
91	Reicher Ranch	105,770	-	105,770
92	Land Management	1,458,750	-	1,458,750
93	Balcones Canyonland Preserve	1,314,800	-	1,314,800
94	Water Reuse	-	-	-
95	**BILLING CUSTOMER SERVICES**	-	-	-
96	Tap Sales	180,329	-	180,329
97	Taps Investigation & Admin	133,060	-	133,060
98	Retail Customer Service	476,398	-	476,398
99	Utility Customer Services Office -AE	12,366,897	-	12,366,897
100	Bad Debt	925,000	-	925,000
101	**TRANSFERS & OTHER REQUIREMENTS**	-	-	-
102	Commission on Debt	30,250	-	30,250
103	Special Support	12,445,083	-	12,445,083
104	**WATER CONSERVATION**	-	-	-
105	Water Conservation	6,534,217	-	6,534,217
106	Other Operating Transfers	-	-	-
107	Operating Transfers	1,011,015	-	1,011,015
108	Other Transfers	819,366	-	819,366
109	Misc Non-Rate Revenues	(4,378,329)	-	(4,378,329)
110	(Decrease) Increase in Operating Reserves	(7,019,911)	-	(7,019,911)
111	Misc Capital Credits (transfers and interest income)	(3,393,435)	-	(3,393,435)
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113	Debt Service Requirements (Excl Watershed Land and LCRA Water Rights)	88,241,520	-	88,241,520
114	Transfer to Water Construction Fund/Capital Outla	48,000,000	-	48,000,000

P-NT01390
P-NA02726

P-TC00997
P-WB01693

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Revenue Requirements - Detail

Line No.	(a) Item	(b) AWU Requested Water System Revenue Requirement	(c) Petitioners' Adjustments	(d) Petitioners' Adjusted Amount
115	Other Transfers	819,366	-	819,366
116	Watershed Land Purchase	5,455,088	-	5,455,088
117	LCRA Water Rights	5,049,156	-	5,049,156
118	Revenue Stability Reserve Fund	5,516,300	-	5,516,300
119	Subtotal - Ties to Table 116	244,505,152	-	244,505,152
120	Transfer to City General Fund	17,722,306	-	17,722,306
121	Transfer to Sustainability Fund	2,695,442	-	2,695,442
122	Total	264,922,900	-	264,922,900
123			-	-
124	Reclassify from O&M to Capitalized Cost			

P-NT01391
P-NA02727

P-TC00998
P-WB01694

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary

Line No.	(a) Item	(b) AWU Requested Water System Revenue Requirement	(c) Petitioners' Adjustments Tier 1	(d) Petitioners' Adjustments Tier 2	(e) Petitioners' Adjustments Total	(f) Petitioners' Adjusted Amount
1	**WATER TREATMENT**					
2	Environmental & Regulatory Support	596,188	-	-	-	596,188
3	Water Treatment Laboratory	1,680,110	-	-	-	1,680,110
4	Water Treatment Engineering		-	-	-	-
5	Process Engineering	491,453	-	-	-	491,453
6	Facility Engineering -Treatment	596,332	-	-	-	596,332
7	WTP4 Maintenance	332,685	-	-	-	332,685
8	Davis WTP Maintenance	1,873,546	-	-	-	1,873,546
9	Ullrich WTP Maintenance	1,856,772	-	-	-	1,856,772
10	Electrical Maintenance	1,163,546	-	-	-	1,163,546
11	Instrumentation & Control Maintenance	936,232	-	-	-	936,232
12	Admin Support	918,786	-	-	-	918,786
13	Systems Support	157,141	-	-	-	157,141
14	WTP4 Operations		-	-	-	-
15	Electrical		-	-	-	-
16	Chemical	624,313	-	-	-	624,313
17	Other		-	-	-	-
18	Davis WTP Operations	4,425,351	-	-	-	4,425,351
19	Electrical	2,608,800	-	-	-	2,608,800
20	Chemical	1,895,804	-	-	-	1,895,804
21	Other		-	-	-	-
22	Ullrich WTP Operations	4,989,972	-	-	-	4,989,972
23	Electrical	3,270,981	-	-	-	3,270,981
24	Chemical	2,227,827	-	-	-	2,227,827
25	Other		-	-	-	-
26	**PIPELINE OPERATIONS**		-	-	-	-
27	Pump Station & Reservoir Maintenance (+SCADA)	3,743,078	-	-	-	3,743,078
28	Electrical	1,390,532	-	-	-	1,390,532
29	Other	1,906,231	-	-	-	1,906,231
30	Pump Station & Reservoir Operations		-	-	-	-
31	Pipeline Maintenance	804,044	-	-	-	804,044
32	Management Services	1,502,264	-	-	-	1,502,264
33	Distribution System Maintenance	8,679,861	-	-	-	8,679,861
34	Pipeline Operations	346,065	-	-	-	346,065
35	Service (House) Connection	1,927,456	-	-	-	1,927,456
36	Pipeline Rehabilitation & Construction		-	-	-	-
37	Metering Services	2,978,223	-	-	-	2,978,223
38	Meter Shop	220,194	-	-	-	220,194
39	ARV/PRV Maintenance		-	-	-	-
40	Valve & Hydrant	937,599	-	-	-	937,599
41	Valves	592,812	-	-	-	592,812
42	Valve Exercising	1,885,472	-	-	-	1,885,472
43	Hydrants		-	-	-	-
44	**DISTRIBUTION SYSTEM SUPPORT**		-	-	-	-
45	Asset Mgt -Distribution	572,853	-	-	-	572,853
46	Dispatch	1,299,908	-	-	-	1,299,908
47	Water Facility Engineering -Distribution	1,285,132	-	-	-	1,285,132
48	Water Pipeline Engineering		-	-	-	-
49	Infrastructure Records	855,062	-	-	-	855,062
50	Distribution Engineering	2,312,919	-	-	-	2,312,919
51	Engineering & Tech Support	635,573	-	-	-	635,573
52	GIS Services	341,833	-	-	-	341,833
53	Line Locators -Distribution	922,205	-	-	-	922,205
54	Water Protection / Inspection	1,241,765	-	-	-	1,241,765
55	Small Calls	1,594,899	-	-	-	1,594,899
56	Systems Planning	356,691	-	-	-	356,691
57	Utility Development Services		-	-	-	-
58	**ONE STOP SHOP**	44,028	-	-	-	44,028
59	Building Plan Review		-	-	-	-
60	Research & Consult Water Cons	45,618	-	-	-	45,618
61	Land Use Review		-	-	-	-
62	Site Inspections	124,027	-	-	-	124,027
63	Permit and License Center		-	-	-	-
64	**SUPPORT SERVICES**		-	-	-	-
65	Administration & Management	260,876	-	-	-	260,876
66	Internal Audit	505,014	-	-	-	505,014
67	Business Support	169,223	-	-	-	169,223
68	Strategic Resources Services (Wholesale)	118,454	-	-	-	118,454
69	Business Improvement Services		-	-	-	-
70	Financial Mngt / Budget & Accounting	434,047	-	-	-	434,047
71	CIP Budgeting / Acct & Fin Reporting	331,709	-	-	-	331,709
72	Rates, Analysis & Asset Mngt (RAAM)	143,179	-	-	-	143,179
73	Utility Central Stores					

P-NT01392
P-NA02728

P-TC00999
P-WB01695

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary

Line No.	(a) Item	(b) AWU Requested Water System Revenue Requirement	(c) Petitioners' Adjustments Tier 1	(d) Petitioners' Adjustments Tier 2	(e) Petitioners' Adjustments Total	(f) Petitioners' Adjusted Amount
74	Budget & Accounting	616,045	-	-	-	616,045
75	Information Technology	2,065,671	-	-	-	2,065,671
76	Security Management	1,053,904	-	-	-	1,053,904
77	Facility Management -Service Centers	1,269,455	-	-	-	1,269,455
78	Facility Management -WCC, NSC	424,936	-	-	-	424,936
79	Purchasing	218,853	-	-	-	218,853
80	Accounts Payable	308,817	-	-	-	308,817
81	Public Involvement	485,258	-	-	-	485,258
82	Human Resources Services		-	-	-	-
83	Organizational Development	196,017	-	-	-	196,017
84	Employment -Compensation	232,604	-	-	-	232,604
85	Employee Relations & Workers Comp	189,081	-	-	-	189,081
86	Safety & Training	557,425	-	-	-	557,425
87	Equipment Repairs	195,419	-	-	-	195,419
88	**CONSERVATION & REUSE**		-	-	-	-
89	Facility Engineering -Conservation		-	-	-	-
90	Environmental Affairs & Conservation		-	-	-	-
91	Reicher Ranch		-	-	-	-
92	Land Management	105,770	-	-	-	105,770
93	Balcones Canyonland Preserve	1,458,750	-	-	-	1,458,750
94	Water Reuse	1,314,800	-	-	-	1,314,800
95	**BILLING CUSTOMER SERVICES**		-	-	-	-
96	Tap Sales		-	-	-	-
97	Taps Investigation & Admin	180,329	-	-	-	180,329
98	Retail Customer Service	133,060	-	-	-	133,060
99	Utility Customer Services Office -AE	476,398	-	-	-	476,398
100	Bad Debt	12,366,897	-	-	-	12,366,897
101	**TRANSFERS & OTHER REQUIREMENTS**	925,000	-	-	-	925,000
102	Commission on Debt		-	-	-	-
103	Special Support	30,250	-	-	-	30,250
104	**WATER CONSERVATION**	12,445,083	-	-	-	12,445,083
105	Water Conservation		-	-	-	-
106	Other Operating Transfers	6,534,217	-	-	-	6,534,217
107	Operating Transfers		-	-	-	-
108	Other Transfers	1,011,015	-	-	-	1,011,015
109	Misc Telecom	819,366	-	-	-	819,366
110	Private Fire Hydrant Fee	(129,000)	-	-	-	(129,000)
111	Industrial Waste Permits	(97,000)	-	-	-	(97,000)
112	Permit-Liquid Waste Hauler	-	-	-	-	-
113	Backflow Prevention Compliance Fee	-	-	-	-	-
114	OSSF Reviews	(568,100)	-	-	-	(568,100)
115	Reconnection Fee	-	-	-	-	-
116	Rest Criminal Acts/Other Court Rev	(13,300)	-	-	-	(13,300)
117	Xerox Copies	-	-	-	-	-
118	BAB Interest Subsidy	(2,900)	-	-	-	(2,900)
119	Late Payment Penalties	(1,524,300)	-	-	-	(1,524,300)
120	Building Rental	(900,000)	-	-	-	(900,000)
121	Damage Charges	(120,000)	-	-	-	(120,000)
122	Process Assessment	(80,000)	-	-	-	(80,000)
123	Compost/Sludge Sales	-	-	-	-	-
124	Agri By-Prod	-	-	-	-	-
125	Special Billings	(5,000)	-	-	-	(5,000)
126	Special Billings Orgs 9050 & 9052	(200)	-	-	-	(200)
127	Land Lease Fees	-	-	-	-	-
128	Property Sales-Motorized Vehicles	(66,000)	-	-	-	(66,000)
129	After Hours Turn On	(40,000)	-	-	-	(40,000)
130	Meter Rev - Fire Meters	(230,000)	-	-	-	(230,000)
131	Septic Tank Haulers Fee	(15,300)	-	-	-	(15,300)
132	Commission Agenda Packets	-	-	-	-	-
133	Rain Barrel Sales	(100)	-	-	-	(100)
134	Seminar Fees	-	-	-	-	-
135	Creedmore Maha	(8,000)	-	-	-	(8,000)
136	A/R Adj. Leak Adjustment	7,200	-	-	-	7,200
137	A/R Adj. Conservation Rebate	785,000	-	-	-	785,000
138	Lab-Testing Fee	(100)	-	-	-	(100)
139	Reuse Water Service	(100)	-	-	-	(100)
140	Southland Oaks Surcharge	-	-	-	-	-
141	WW Meter Application Fee	(60,600)	-	-	-	(60,600)
142	Wholesale Penalties & Fees	-	-	-	-	-
143	NWA MUD 1 Surcharge Credit	(225,000)	-	-	-	(225,000)
144	Service Installation	-	-	-	-	-
145	Special Bill - Wtr Fin Mgt	(159,100)	-	-	-	(159,100)
146	A/R Adjustments	(122,400)	-	-	-	(122,400)
		(100)	-	-	-	(100)

P-NT01393
P-NA02729

P-TC01000
P-WB01696

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary

Line No.	Item	(a)	(b) AWU Requested Water System Revenue Requirement	(c) Petitioners' Adjustments Tier 1	(d) Petitioners' Adjustments Tier 2	(e) Petitioners' Adjustments Total	(f) Petitioners' Adjusted Amount
147	Miscellaneous		(100,000)	-	-	-	(100,000)
148	Returned Check Fee		(24,000)	-	-	-	(24,000)
149	Junk/Metal Sales		(47,900)	-	-	-	(47,900)
150	Cash Over/Short		(100)	-	-	-	(100)
151	Sales Tax Penalty		(100)	-	-	-	(100)
152	New Service Connections		(470,000)	-	-	-	(470,000)
153	Recls Recpt		(100)	-	-	-	(100)
154	Unused		-	-	-	-	-
155	Transfer in from CRFs		(3,000,000)	-	-	-	(3,000,000)
156	Transfer in from Public Works		(150,291)	-	-	-	(150,291)
157	Transfer in from CIP		-	-	-	-	-
158	Unused		-	-	-	-	-
159	Interest Income(Capital Portion)		(243,144)	-	-	-	(243,144)
160	(Decrease) Increase in Operating Reserves		(10,553,708)	-	-	-	(10,553,708)
161	Full Year Revenue Increase Adjustment		-	-	-	-	-
162	Interest Income(O&M Portion)		(161,729)	-	-	-	(161,729)
163	(Decrease) Increase in Capital Reserves		(7,019,911)	-	-	-	(7,019,911)
164	Unused		-	-	-	-	-
165	Debt Service Requirements		98,745,764	-	-	-	98,745,764
166	Transfer to Water Construction Fund/Capital Outla		48,000,000	-	-	-	48,000,000
167	Other Transfers		819,366	-	-	-	819,366
168	Watershed Land Purchase		(5,455,088)	-	-	-	(5,455,088)
169	LCRA Water Rights		(5,049,156)	-	-	-	(5,049,156)
170	Watershed Land Purchase		5,455,088	-	-	-	5,455,088
171	LCRA Water Rights		5,049,156	-	-	-	5,049,156
172	Revenue Stability Reserve Fund		5,516,300	-	-	-	5,516,300
173	Transfer to City General Fund		17,722,306	-	-	-	17,722,306
174	Transfer to Sustainability Fund		2,695,442	-	-	-	2,695,442
175	Total		264,922,900	-	-	-	264,922,900
176				-	-	-	-
177	Reclassify from O&M to Capitalized Cost						

P-NT01394
P-NA02730

P-TC01001
P-WB01697

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	(a) Item	(b) AWU Reruested Water System Revenue Requirement	(c) AWU Concessions Adj #1	(d) Eliminate Transfer to Reclaimed Utility Fund Adj #6	(e) "Green Choice" Electricity Adj #7	(f) Reclassify SWAP Debt Admin and CP Admin from Expense to CIP Adj #8
1	**WATER TREATMENT**					
2	Environmental & Regulatory Support	596,188				
3	Water Treatment Laboratory	1,680,110				
4	Water Treatment Engineering					
5	Process Engineering	491,453				
6	Facility Engineering -Treatment	596,332				
7	WTP4 Maintenance	332,685				
8	Davis WTP Maintenance	1,873,546				
9	Ullrich WTP Maintenance	1,856,772				
10	Electrical Maintenance	1,163,546				
11	Instrumentation & Control Maintenance	936,232				
12	Admin Support	918,786				
13	Systems Support	157,141				
14	WTP4 Operations					
15	Electrical					
16	Chemical					
17	Other	624,313				
18	Davis WTP Operations					
19	Electrical	4,425,351				
20	Chemical	2,608,800				
21	Other	1,895,804				
22	Ullrich WTP Operations					
23	Electrical	4,989,972				
24	Chemical	3,270,981				
25	Other	2,227,827				
26	**PIPELINE OPERATIONS**					
27	Pump Station & Reservoir Maintenance (+SCADA)					
28	Electrical	3,743,078				
29	Other	1,390,532				
30	Pump Station & Reservoir Operations	1,906,231				
31	Pipeline Maintenance					
32	Management Services	804,044				
33	Distribution System Maintenance	1,502,264				
34	Pipeline Operations	8,679,861				
35	Service (House) Connection	346,065				
36	Pipeline Rehabilitation & Construction	1,927,456				
37	Metering Services					
38	Meter Shop	2,978,223				
39	ARV/PRV Maintenance	220,194				
40	Valve & Hydrant					
41	Valves	937,599				
42	Valve Exercising	592,812				
43	Hydrants	1,885,472				
44	**DISTRIBUTION SYSTEM SUPPORT**					
45	Asset Mgt -Distribution					
46	Dispatch	572,853				
47	Water Facility Engineering -Distribution	1,299,908				
48	Water Pipeline Engineering	1,285,132				
49	Infrastructure Records					
50	Distribution Engineering	855,062				
51	Engineering & Tech Support	2,312,919				
52	GIS Services	635,573				
53	Line Locators -Distribution	341,833				
54	Water Protection / Inspection	922,205				
55	Small Calls	1,241,765				
56	Systems Planning	1,594,899				
57	Utility Development Services	356,691				
58	**ONE STOP SHOP**					
59	Building Plan Review	44,028				
60	Research & Consult Water Cons					
61	Land Use Review	45,618				
62	Site Inspections					
63	Permit and License Center	124,027				
64	**SUPPORT SERVICES**					
65	Administration & Management					

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

	(a)	(b)	(c)	(d)	(e)	(f)
			AWU Concessions	Eliminate Transfer to Reclaimed Utility Fund	"Green Choice" Electricity	Reclassify SWAP Debt Admin and CP Admin from Expense to CIP
Line No	Item	AWU Reruested Water System Revenue Requirement	Adj #1	Adj #6	Adj #7	Adj #8
66	Internal Audit	260,876				
67	Business Support	505,014				
68	Strategic Resources Services (Wholesale)	169,223				
69	Business Improvement Services	118,454				
70	Financial Mngt / Budget & Accounting					
71	CIP Budgeting / Acct & Fin Reporting	434,047				
72	Rates, Analysis & Asset Mngt (RAAM)	331,709				
73	Utility Central Stores	143,179				
74	Budget & Accounting	616,045				
75	Information Technology	2,065,671				
76	Security Management	1,053,904				
77	Facility Management -Service Centers	1,269,455				
78	Facility Management -WCC, NSC	424,936				
79	Purchasing	218,853				
80	Accounts Payable	308,817				
81	Public Involvement	485,258				
82	Human Resources Services					
83	Organizational Development	196,017				
84	Employment -Compensation	232,604				
85	Employee Relations & Workers Comp	189,081				
86	Safety & Training	557,425				
87	Equipment Repairs	195,419				
88	**CONSERVATION & REUSE**					
89	Facility Engineering -Conservation					
90	Environmental Affairs & Conservation					
91	Reicher Ranch	105,770				
92	Land Management	1,458,750				
93	Balcones Canyonland Preserve	1,314,800				
94	Water Reuse					
95	**BILLING CUSTOMER SERVICES**					
96	Tap Sales	180,329				
97	Taps Investigation & Admin	133,060				
98	Retail Customer Service	476,398				
99	Utility Customer Services Office -AE	12,366,897				
100	Bad Debt	925,000				
101	**TRANSFERS & OTHER REQUIREMENTS**					
102	Commission on Debt	30,250				
103	Special Support	12,445,083				
104	**WATER CONSERVATION**					
105	Water Conservation	6,534,217				
106	Other Operating Transfers					
107	Operating Transfers	1,011,015				
108	Other Transfers	819,366				
109	Misc Telecom	(129,000)				
110	Private Fire Hydrant Fee	(97,000)				
111	Industrial Waste Permits	-				
112	Permit-Liquid Waste Hauler	-				
113	Backflow Prevention Compliance Fee	(568,100)				
114	OSSF Reviews	-				
115	Reconnection Fee	(13,300)				
116	Rest Criminal Acts/Other Court Rev	-				
117	Xerox Copies	(2,900)				
118	BAB Interest Subsidy	(1,524,300)				
119	Late Payment Penalties	(900,000)				
120	Building Rental	(120,000)				
121	Damage Charges	(80,000)				
122	Process Assessment	-				
123	Compost/Sludge Sales	-				
124	Agri By-Prod	(5,000)				
125	Special Billings	(200)				
126	Special Billings Orgs 9050 & 9052	-				
127	Land Lease Fees	(66,000)				
128	Property Sales-Motorized Vehicles	(40,000)				
129	After Hours Turn On	(230,000)				
130	Meter Rev - Fire Meters	(15,300)				

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Item	AWU Reruested Water System Revenue Requirement	AWU Concessions Adj #1	Eliminate Transfer to Reclaimed Utility Fund Adj #6	"Green Choice" Electricity Adj #7	Reclassify SWAP Debt Admin and CP Admin from Expense to CIP Adj #8
131	Septic Tank Haulers Fee	-				
132	Commission Agenda Packets	(100)				
133	Rain Barrel Sales	-				
134	Seminar Fees	(8,000)				
135	Creedmore Maha	7,200				
136	A/R Adj Leak Adjustment	785,000				
137	A/R Adj Conservation Rebate	(100)				
138	Lab-Testing Fee	(100)				
139	Reuse Water Service	-				
140	Southland Oaks Surcharge	(60,600)				
141	WW Meter Application Fee	-				
142	Wholesale Penalties & Fees	(225,000)				
143	NWA MUD 1 Surcharge Credit	-				
144	Service Installation	(159,100)				
145	Special Bill - Wtr Fin Mgt	(122,400)				
146	A/R Adjustments	(100)				
147	Miscellaneous	(100,000)				
148	Returned Check Fee	(24,000)				
149	Junk/Metal Sales	(47,900)				
150	Cash Over/Short	(100)				
151	Sales Tax Penalty	(100)				
152	New Service Connections	(470,000)				
153	Recls Recpt	(100)				
154	Unused	-				
155	Transfer in from CRFs	(3,000,000)				
156	Transfer in from Public Works	(150,291)				
157	Transfer in from CIP	-				
158	Unused	-				
159	Interest Income(Capital Portion)	(243,144)				
160	(Decrease) Increase in Operating Reserves	(10,553,708)				
161	Full Year Revenue Increase Adjustment	-				
162	Interest Income(O&M Portion)	(161,729)				
163	(Decrease) Increase in Capital Reserves	(7,019,911)				
164	Unused	-				
165	Debt Service Requirements	98,745,764				
166	Transfer to Water Construction Fund/Capital Outla	48,000,000				
167	Other Transfers	819,366				
168	Watershed Land Purchase	(5,455,088)				
169	LCRA Water Rights	(5,049,156)				
170	Watershed Land Purchase	5,455,088				
171	LCRA Water Rights	5,049,156				
172	Revenue Stability Reserve Fund	5,516,300				
173	Transfer to City General Fund	17,722,306				
174	Transfer to Sustainability Fund	2,695,442				
175	Total	264,922,900	-	-	-	-
176						
177	Reclassify from O&M to Capitalized Cost					-

P-NT01397
P-NA02733

P-TC01004
P-WB01700

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	(a) Item	(g) Reclassify Contract Management from Expense to CIP Adj #9	(h) Drainage Fee Adj #10	(i) Public Improvement District Adj #11	(j) Eliminate Chief Environmental Officer Adj #12	(k) 311 System Support Adj #13	(l) Eliminate General Fund Transfer Adj #14
1	**WATER TREATMENT**						
2	Environmental & Regulatory Support						
3	Water Treatment Laboratory						
4	Water Treatment Engineering						
5	Process Engineering						
6	Facility Engineering -Treatment						
7	WTP4 Maintenance						
8	Davis WTP Maintenance						
9	Ullrich WTP Maintenance						
10	Electrical Maintenance						
11	Instrumentation & Control Maintenance						
12	Admin Support						
13	Systems Support						
14	WTP4 Operations						
15	Electrical						
16	Chemical						
17	Other						
18	Davis WTP Operations						
19	Electrical						
20	Chemical						
21	Other						
22	Ullrich WTP Operations						
23	Electrical						
24	Chemical						
25	Other						
26	**PIPELINE OPERATIONS**						
27	Pump Station & Reservoir Maintenance (+SCADA)						
28	Electrical						
29	Other						
30	Pump Station & Reservoir Operations						
31	Pipeline Maintenance						
32	Management Services						
33	Distribution System Maintenance						
34	Pipeline Operations						
35	Service (House) Connection						
36	Pipeline Rehabilitation & Construction						
37	Metering Services						
38	Meter Shop						
39	ARV/PRV Maintenance						
40	Valve & Hydrant						
41	Valves						
42	Valve Exercising						
43	Hydrants						
44	**DISTRIBUTION SYSTEM SUPPORT**						
45	Asset Mgt -Distribution						
46	Dispatch						
47	Water Facility Engineering -Distribution						
48	Water Pipeline Engineering						
49	Infrastructure Records						
50	Distribution Engineering						
51	Engineering & Tech Support						
52	GIS Services						
53	Line Locators -Distribution						
54	Water Protection / Inspection						
55	Small Calls						
56	Systems Planning						
57	Utility Development Services						
58	**ONE STOP SHOP**						
59	Building Plan Review						
60	Research & Consult Water Cons						
61	Land Use Review						
62	Site Inspections						
63	Permit and License Center						
64	**SUPPORT SERVICES**						
65	Administration & Management						

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	(a) Item	(g) Reclassify Contract Management from Expense to CIP Adj #9	(h) Drainage Fee Adj #10	(i) Public Improvement District Adj #11	(j) Eliminate Chief Environmental Officer Adj #12	(k) 311 System Support Adj #13	(l) Eliminate General Fund Transfer Adj #14
66	Internal Audit						
67	Business Support						
68	Strategic Resources Services (Wholesale)						
69	Business Improvement Services						
70	Financial Mngt / Budget & Accounting						
71	CIP Budgeting / Acct & Fin Reporting						
72	Rates, Analysis & Asset Mngt (RAAM)						
73	Utility Central Stores						
74	Budget & Accounting						
75	Information Technology						
76	Security Management						
77	Facility Management -Service Centers						
78	Facility Management -WCC, NSC						
79	Purchasing						
80	Accounts Payable						
81	Public Involvement						
82	Human Resources Services						
83	Organizational Development						
84	Employment -Compensation						
85	Employee Relations & Workers Comp						
86	Safety & Training						
87	Equipment Repairs						
88	**CONSERVATION & REUSE**						
89	Facility Engineering -Conservation						
90	Environmental Affairs & Conservation						
91	Reicher Ranch						
92	Land Management						
93	Balcones Canyonland Preserve						
94	Water Reuse						
95	**BILLING CUSTOMER SERVICES**						
96	Tap Sales						
97	Taps Investigation & Admin						
98	Retail Customer Service						
99	Utility Customer Services Office -AE						
100	Bad Debt						
101	**TRANSFERS & OTHER REQUIREMENTS**						
102	Commission on Debt						
103	Special Support						
104	**WATER CONSERVATION**						
105	Water Conservation						
106	Other Operating Transfers						
107	Operating Transfers						
108	Other Transfers						
109	Misc Telecom						
110	Private Fire Hydrant Fee						
111	Industrial Waste Permits						
112	Permit-Liquid Waste Hauler						
113	Backflow Prevention Compliance Fee						
114	OSSF Reviews						
115	Reconnection Fee						
116	Rest Criminal Acts/Other Court Rev						
117	Xerox Copies						
118	BAB Interest Subsidy						
119	Late Payment Penalties						
120	Building Rental						
121	Damage Charges						
122	Process Assessment						
123	Compost/Sludge Sales						
124	Agri By-Prod						
125	Special Billings						
126	Special Billings Orgs 9050 & 9052						
127	Land Lease Fees						
128	Property Sales-Motorized Vehicles						
129	After Hours Turn On						
130	Meter Rev - Fire Meters						

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	Item (a)	(g) Reclassify Contract Management from Expense to CIP Adj #9	(h) Drainage Fee Adj #10	(i) Public Improvement District Adj #11	(j) Eliminate Chief Environmental Officer Adj #12	(k) 311 System Support Adj #13	(l) Eliminate General Fund Transfer Adj #14
131	Septic Tank Haulers Fee						
132	Commission Agenda Packets						
133	Rain Barrel Sales						
134	Seminar Fees						
135	Creedmore Maha						
136	A/R Adj Leak Adjustment						
137	A/R Adj Conservation Rebate						
138	Lab-Testing Fee						
139	Reuse Water Service						
140	Southland Oaks Surcharge						
141	WW Meter Application Fee						
142	Wholesale Penalties & Fees						
143	NWA MUD 1 Surcharge Credit						
144	Service Installation						
145	Special Bill - Wtr Fin Mgt						
146	A/R Adjustments						
147	Miscellaneous						
148	Returned Check Fee						
149	Junk/Metal Sales						
150	Cash Over/Short						
151	Sales Tax Penalty						
152	New Service Connections						
153	Recls Recpt						
154	Unused						
155	Transfer in from CRFs						
156	Transfer in from Public Works						
157	Transfer in from CIP						
158	Unused						
159	Interest Income(Capital Portion)						
160	(Decrease) Increase in Operating Reserves						
161	Full Year Revenue Increase Adjustment						
162	Interest Income(O&M Portion)						
163	(Decrease) Increase in Capital Reserves						
164	Unused						
165	Debt Service Requirements						
166	Transfer to Water Construction Fund/Capital Outla						
167	Other Transfers						
168	Watershed Land Purchase						
169	LCRA Water Rights						
170	Watershed Land Purchase						
171	LCRA Water Rights						
172	Revenue Stability Reserve Fund						
173	Transfer to City General Fund						
174	Transfer to Sustainability Fund						
175	Total	-	-	-	-	-	-
176							
177	Reclassify from O&M to Capitalized Cost	-					

P-NT01400
P-NA02736

P-TC01007
P-WB01703

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

	(a)	(m)	(n)	(o)	(p)	(q)	(r)
		Eliminate Revenue Stability Reserve Fund	Eliminate Radio Communications Fund	Eliminate AFD Transfer	Eliminate APD Transfer	Sale of Green WTP	Rate Case Expense
Line No.	Item	Adj #15	Adj #16	Adj #17	Adj #18	Adj #19	Adj #22
1	**WATER TREATMENT**						
2	Environmental & Regulatory Support						
3	Water Treatment Laboratory						
4	Water Treatment Engineering						
5	Process Engineering						
6	Facility Engineering -Treatment						
7	WTP4 Maintenance						
8	Davis WTP Maintenance						
9	Ullrich WTP Maintenance						
10	Electrical Maintenance						
11	Instrumentation & Control Maintenance						
12	Admin Support						
13	Systems Support						
14	WTP4 Operations						
15	Electrical						
16	Chemical						
17	Other						
18	Davis WTP Operations						
19	Electrical						
20	Chemical						
21	Other						
22	Ullrich WTP Operations						
23	Electrical						
24	Chemical						
25	Other						
26	**PIPELINE OPERATIONS**						
27	Pump Station & Reservoir Maintenance (+SCADA)						
28	Electrical						
29	Other						
30	Pump Station & Reservoir Operations						
31	Pipeline Maintenance						
32	Management Services						
33	Distribution System Maintenance						
34	Pipeline Operations						
35	Service (House) Connection						
36	Pipeline Rehabilitation & Construction						
37	Metering Services						
38	Meter Shop						
39	ARV/PRV Maintenance						
40	Valve & Hydrant						
41	Valves						
42	Valve Exercising						
43	Hydrants						
44	**DISTRIBUTION SYSTEM SUPPORT**						
45	Asset Mgt -Distribution						
46	Dispatch						
47	Water Facility Engineering -Distribution						
48	Water Pipeline Engineering						
49	Infrastructure Records						
50	Distribution Engineering						
51	Engineering & Tech Support						
52	GIS Services						
53	Line Locators -Distribution						
54	Water Protection / Inspection						
55	Small Calls						
56	Systems Planning						
57	Utility Development Services						
58	**ONE STOP SHOP**						
59	Building Plan Review						
60	Research & Consult Water Cons						
61	Land Use Review						
62	Site Inspections						
63	Permit and License Center						
64	**SUPPORT SERVICES**						
65	Administration & Management						

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	Item	(m) Eliminate Revenue Stability Reserve Fund	(n) Eliminate Radio Communications Fund	(o) Eliminate AFD Transfer	(p) Eliminate APD Transfer	(q) Sale of Green WTP	(r) Rate Case Expense
	(a)	Adj #15	Adj #16	Adj #17	Adj #18	Adj #19	Adj #22
66	Internal Audit						
67	Business Support						
68	Strategic Resources Services (Wholesale)						
69	Business Improvement Services						
70	Financial Mngt / Budget & Accounting						
71	CIP Budgeting / Acct & Fin Reporting						
72	Rates, Analysis & Asset Mngt (RAAM)						
73	Utility Central Stores						
74	Budget & Accounting						
75	Information Technology						
76	Security Management						
77	Facility Management -Service Centers						
78	Facility Management -WCC, NSC						
79	Purchasing						
80	Accounts Payable						
81	Public Involvement						
82	Human Resources Services						
83	Organizational Development						
84	Employment -Compensation						
85	Employee Relations & Workers Comp						
86	Safety & Training						
87	Equipment Repairs						
88	**CONSERVATION & REUSE**						
89	Facility Engineering -Conservation						
90	Environmental Affairs & Conservation						
91	Reicher Ranch						
92	Land Management						
93	Balcones Canyonland Preserve						
94	Water Reuse						
95	**BILLING CUSTOMER SERVICES**						
96	Tap Sales						
97	Taps Investigation & Admin						
98	Retail Customer Service						
99	Utility Customer Services Office -AE						
100	Bad Debt						
101	**TRANSFERS & OTHER REQUIREMENTS**						
102	Commission on Debt						
103	Special Support						
104	**WATER CONSERVATION**						
105	Water Conservation						
106	Other Operating Transfers						
107	Operating Transfers						
108	Other Transfers						
109	Misc Telecom						
110	Private Fire Hydrant Fee						
111	Industrial Waste Permits						
112	Permit-Liquid Waste Hauler						
113	Backflow Prevention Compliance Fee						
114	OSSF Reviews						
115	Reconnection Fee						
116	Rest Criminal Acts/Other Court Rev						
117	Xerox Copies						
118	BAB Interest Subsidy						
119	Late Payment Penalties						
120	Building Rental						
121	Damage Charges						
122	Process Assessment						
123	Compost/Sludge Sales						
124	Agri By-Prod						
125	Special Billings						
126	Special Billings Orgs 9050 & 9052						
127	Land Lease Fees						
128	Property Sales-Motorized Vehicles						
129	After Hours Turn On						
130	Meter Rev - Fire Meters						

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

	(a)	(m)	(n)	(o)	(p)	(q)	(r)
		Eliminate Revenue Stability Reserve Fund	Eliminate Radio Communications Fund	Eliminate AFD Transfer	Eliminate APD Transfer	Sale of Green WTP	Rate Case Expense
Line No.	Item	Adj #15	Adj #16	Adj #17	Adj #18	Adj #19	Adj #22
131	Septic Tank Haulers Fee						
132	Commission Agenda Packets						
133	Rain Barrel Sales						
134	Seminar Fees						
135	Creedmore Maha						
136	A/R Adj Leak Adjustment						
137	A/R Adj Conservation Rebate						
138	Lab-Testing Fee						
139	Reuse Water Service						
140	Southland Oaks Surcharge						
141	WW Meter Application Fee						
142	Wholesale Penalties & Fees						
143	NWA MUD 1 Surcharge Credit						
144	Service Installation						
145	Special Bill - Wtr Fin Mgt						
146	A/R Adjustments						
147	Miscellaneous						
148	Returned Check Fee						
149	Junk/Metal Sales						
150	Cash Over/Short						
151	Sales Tax Penalty						
152	New Service Connections						
153	Recls Recpt						
154	Unused						
155	Transfer in from CRFs						
156	Transfer in from Public Works						
157	Transfer in from CIP						
158	Unused						
159	Interest Income(Capital Portion)						
160	(Decrease) Increase in Operating Reserves						
161	Full Year Revenue Increase Adjustment						
162	Interest Income(O&M Portion)						
163	(Decrease) Increase in Capital Reserves						
164	Unused						
165	Debt Service Requirements						
166	Transfer to Water Construction Fund/Capital Outla						
167	Other Transfers						
168	Watershed Land Purchase						
169	LCRA Water Rights						
170	Watershed Land Purchase						
171	LCRA Water Rights						
172	Revenue Stability Reserve Fund						
173	Transfer to City General Fund						
174	Transfer to Sustainability Fund						
175	Total						
176		-	-	-	-	-	-
177	Reclassify from O&M to Capitalized Cost						

P-NT01403
P-NA02739

P-TC01010
P-WB01706

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	Item (a)	(s) Engineering Adjustment - WTP4 O&M	(t) Adjustment to O&M Reserves	(u) Lobbyist - Legislature	(v) One-Stop Shop	(w) Barton Creek/Edwards Aquifer Fees
				Adj #36	Adj #37	Adj #38
1	**WATER TREATMENT**					
2	Environmental & Regulatory Support					
3	Water Treatment Laboratory					
4	Water Treatment Engineering					
5	Process Engineering					
6	Facility Engineering -Treatment					
7	WTP4 Maintenance					
8	Davis WTP Maintenance					
9	Ullrich WTP Maintenance					
10	Electrical Maintenance					
11	Instrumentation & Control Maintenance					
12	Admin Support					
13	Systems Support					
14	WTP4 Operations					
15	Electrical					
16	Chemical					
17	Other					
18	Davis WTP Operations					
19	Electrical					
20	Chemical					
21	Other					
22	Ullrich WTP Operations					
23	Electrical					
24	Chemical					
25	Other					
26	**PIPELINE OPERATIONS**					
27	Pump Station & Reservoir Maintenance (+SCADA)					
28	Electrical					
29	Other					
30	Pump Station & Reservoir Operations					
31	Pipeline Maintenance					
32	Management Services					
33	Distribution System Maintenance					
34	Pipeline Operations					
35	Service (House) Connection					
36	Pipeline Rehabilitation & Construction					
37	Metering Services					
38	Meter Shop					
39	ARV/PRV Maintenance					
40	Valve & Hydrant					
41	Valves					
42	Valve Exercising					
43	Hydrants					
44	**DISTRIBUTION SYSTEM SUPPORT**					
45	Asset Mgt -Distribution					
46	Dispatch					
47	Water Facility Engineering -Distribution					
48	Water Pipeline Engineering					
49	Infrastructure Records					
50	Distribution Engineering					
51	Engineering & Tech Support					
52	GIS Services					
53	Line Locators -Distribution					
54	Water Protection / Inspection					
55	Small Calls					
56	Systems Planning					
57	Utility Development Services					
58	**ONE STOP SHOP**					
59	Building Plan Review					
60	Research & Consult Water Cons					
61	Land Use Review					
62	Site Inspections					
63	Permit and License Center					
64	**SUPPORT SERVICES**					
65	Administration & Management					

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AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	(a) Item	(s) Engineering Adjustment - WTP4 O&M	(t) Adjustment to O&M Reserves	(u) Lobbyist - Legislature	(v) One-Stop Shop	(w) Barton Creek/Edwards Aquifer Fees
				Adj #36	Adj #37	Adj #38
66	Internal Audit					
67	Business Support					
68	Strategic Resources Services (Wholesale)					
69	Business Improvement Services					
70	Financial Mngt / Budget & Accounting					
71	CIP Budgeting / Acct & Fin Reporting					
72	Rates, Analysis & Asset Mngt (RAAM)					
73	Utility Central Stores					
74	Budget & Accounting					
75	Information Technology					
76	Security Management					
77	Facility Management -Service Centers					
78	Facility Management -WCC, NSC					
79	Purchasing					
80	Accounts Payable					
81	Public Involvement					
82	Human Resources Services					
83	Organizational Development					
84	Employment -Compensation					
85	Employee Relations & Workers Comp					
86	Safety & Training					
87	Equipment Repairs					
88	**CONSERVATION & REUSE**					
89	Facility Engineering -Conservation					
90	Environmental Affairs & Conservation					
91	Reicher Ranch					
92	Land Management					
93	Balcones Canyonland Preserve					
94	Water Reuse					
95	**BILLING CUSTOMER SERVICES**					
96	Tap Sales					
97	Taps Investigation & Admin					
98	Retail Customer Service					
99	Utility Customer Services Office -AE					
100	Bad Debt					
101	**TRANSFERS & OTHER REQUIREMENTS**					
102	Commission on Debt					
103	Special Support					
104	**WATER CONSERVATION**					
105	Water Conservation					
106	Other Operating Transfers					
107	Operating Transfers					
108	Other Transfers					
109	Misc Telecom					
110	Private Fire Hydrant Fee					
111	Industrial Waste Permits					
112	Permit-Liquid Waste Hauler					
113	Backflow Prevention Compliance Fee					
114	OSSF Reviews					
115	Reconnection Fee					
116	Rest Criminal Acts/Other Court Rev					
117	Xerox Copies					
118	BAB Interest Subsidy					
119	Late Payment Penalties					
120	Building Rental					
121	Damage Charges					
122	Process Assessment					
123	Compost/Sludge Sales					
124	Agri By-Prod					
125	Special Billings					
126	Special Billings Orgs 9050 & 9052					
127	Land Lease Fees					
128	Property Sales-Motorized Vehicles					
129	After Hours Turn On					
130	Meter Rev - Fire Meters					

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	Item (a)	(s) Engineering Adjustment - WTP4 O&M	(t) Adjustment to O&M Reserves	(u) Lobbyist - Legislature	(v) One-Stop Shop	(w) Barton Creek/Edwards Aquifer Fees
				Adj #36	Adj #37	Adj #38
131	Septic Tank Haulers Fee					
132	Commission Agenda Packets					
133	Rain Barrel Sales					
134	Seminar Fees					
135	Creedmore Maha					
136	A/R Adj Leak Adjustment					
137	A/R Adj Conservation Rebate					
138	Lab-Testing Fee					
139	Reuse Water Service					
140	Southland Oaks Surcharge					
141	WW Meter Application Fee					
142	Wholesale Penalties & Fees					
143	NWA MUD 1 Surcharge Credit					
144	Service Installation					
145	Special Bill - Wtr Fin Mgt					
146	A/R Adjustments					
147	Miscellaneous					
148	Returned Check Fee					
149	Junk/Metal Sales					
150	Cash Over/Short					
151	Sales Tax Penalty					
152	New Service Connections					
153	Recls Recpt					
154	Unused					
155	Transfer in from CRFs					
156	Transfer in from Public Works					
157	Transfer in from CIP					
158	Unused					
159	Interest Income(Capital Portion)					
160	(Decrease) Increase in Operating Reserves					
161	Full Year Revenue Increase Adjustment					
162	Interest Income(O&M Portion)					
163	(Decrease) Increase in Capital Reserves					
164	Unused					
165	Debt Service Requirements					
166	Transfer to Water Construction Fund/Capital Outla					
167	Other Transfers					
168	Watershed Land Purchase					
169	LCRA Water Rights					
170	Watershed Land Purchase					
171	LCRA Water Rights					
172	Revenue Stability Reserve Fund					
173	Transfer to City General Fund					
174	Transfer to Sustainability Fund					
175	Total	-	-	-	-	-
176						
177	Reclassify from O&M to Capitalized Cost					

P-NT01406
P-NA02742

P-TC01013
P-WB01709

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

	(a)	(x)	(y)
Line No.	Item	Total Adjustments on this Wkst	Petitioners' Adjusted Amount
1	**WATER TREATMENT**		
2	Environmental & Regulatory Support	-	596,188
3	Water Treatment Laboratory	-	1,680,110
4	Water Treatment Engineering	-	-
5	Process Engineering	-	491,453
6	Facility Engineering -Treatment	-	596,332
7	WTP4 Maintenance	-	332,685
8	Davis WTP Maintenance	-	1,873,546
9	Ullrich WTP Maintenance	-	1,856,772
10	Electrical Maintenance	-	1,163,546
11	Instrumentation & Control Maintenance	-	936,232
12	Admin Support	-	918,786
13	Systems Support	-	157,141
14	WTP4 Operations	-	-
15	Electrical	-	-
16	Chemical	-	-
17	Other	-	624,313
18	Davis WTP Operations	-	-
19	Electrical	-	4,425,351
20	Chemical	-	2,608,800
21	Other	-	1,895,804
22	Ullrich WTP Operations	-	-
23	Electrical	-	4,989,972
24	Chemical	-	3,270,981
25	Other	-	2,227,827
26	**PIPELINE OPERATIONS**	-	-
27	Pump Station & Reservoir Maintenance (+SCADA)	-	-
28	Electrical	-	3,743,078
29	Other	-	1,390,532
30	Pump Station & Reservoir Operations	-	1,906,231
31	Pipeline Maintenance	-	-
32	Management Services	-	804,044
33	Distribution System Maintenance	-	1,502,264
34	Pipeline Operations	-	8,679,861
35	Service (House) Connection	-	346,065
36	Pipeline Rehabilitation & Construction	-	1,927,456
37	Metering Services	-	-
38	Meter Shop	-	2,978,223
39	ARV/PRV Maintenance	-	220,194
40	Valve & Hydrant	-	-
41	Valves	-	937,599
42	Valve Exercising	-	592,812
43	Hydrants	-	1,885,472
44	**DISTRIBUTION SYSTEM SUPPORT**	-	-
45	Asset Mgt -Distribution	-	-
46	Dispatch	-	572,853
47	Water Facility Engineering -Distribution	-	1,299,908
48	Water Pipeline Engineering	-	1,285,132
49	Infrastructure Records	-	-
50	Distribution Engineering	-	855,062
51	Engineering & Tech Support	-	2,312,919
52	GIS Services	-	635,573
53	Line Locators -Distribution	-	341,833
54	Water Protection / Inspection	-	922,205
55	Small Calls	-	1,241,765
56	Systems Planning	-	1,594,899
57	Utility Development Services	-	356,691
58	**ONE STOP SHOP**	-	-
59	Building Plan Review	-	44,028
60	Research & Consult Water Cons	-	-
61	Land Use Review	-	45,618
62	Site Inspections	-	-
63	Permit and License Center	-	124,027
64	**SUPPORT SERVICES**	-	-
65	Administration & Management	-	-

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

	(a)	(x)	(y)
Line No.	Item	Total Adjustments on this Wkst	Petitioners' Adjusted Amount
66	Internal Audit	-	260,876
67	Business Support	-	505,014
68	Strategic Resources Services (Wholesale)	-	169,223
69	Business Improvement Services	-	118,454
70	Financial Mngt / Budget & Accounting	-	-
71	CIP Budgeting / Acct & Fin Reporting	-	434,047
72	Rates, Analysis & Asset Mngt (RAAM)	-	331,709
73	Utility Central Stores	-	143,179
74	Budget & Accounting	-	616,045
75	Information Technology	-	2,065,671
76	Security Management	-	1,053,904
77	Facility Management -Service Centers	-	1,269,455
78	Facility Management -WCC, NSC	-	424,936
79	Purchasing	-	218,853
80	Accounts Payable	-	308,817
81	Public Involvement	-	485,258
82	Human Resources Services	-	-
83	Organizational Development	-	196,017
84	Employment -Compensation	-	232,604
85	Employee Relations & Workers Comp	-	189,081
86	Safety & Training	-	557,425
87	Equipment Repairs	-	195,419
88	**CONSERVATION & REUSE**	-	-
89	Facility Engineering -Conservation	-	-
90	Environmental Affairs & Conservation	-	-
91	Reicher Ranch	-	105,770
92	Land Management	-	1,458,750
93	Balcones Canyonland Preserve	-	1,314,800
94	Water Reuse	-	-
95	**BILLING CUSTOMER SERVICES**	-	-
96	Tap Sales	-	180,329
97	Taps Investigation & Admin	-	133,060
98	Retail Customer Service	-	476,398
99	Utility Customer Services Office -AE	-	12,366,897
100	Bad Debt	-	925,000
101	**TRANSFERS & OTHER REQUIREMENTS**	-	-
102	Commission on Debt	-	30,250
103	Special Support	-	12,445,083
104	**WATER CONSERVATION**	-	-
105	Water Conservation	-	6,534,217
106	Other Operating Transfers	-	-
107	Operating Transfers	-	1,011,015
108	Other Transfers	-	819,366
109	Misc Telecom	-	(129,000)
110	Private Fire Hydrant Fee	-	(97,000)
111	Industrial Waste Permits	-	-
112	Permit-Liquid Waste Hauler	-	-
113	Backflow Prevention Compliance Fee	-	(568,100)
114	OSSF Reviews	-	-
115	Reconnection Fee	-	(13,300)
116	Rest Criminal Acts/Other Court Rev	-	-
117	Xerox Copies	-	(2,900)
118	BAB Interest Subsidy	-	(1,524,300)
119	Late Payment Penalties	-	(900,000)
120	Building Rental	-	(120,000)
121	Damage Charges	-	(80,000)
122	Process Assessment	-	-
123	Compost/Sludge Sales	-	-
124	Agri By-Prod	-	(5,000)
125	Special Billings	-	(200)
126	Special Billings Orgs 9050 & 9052	-	-
127	Land Lease Fees	-	(66,000)
128	Property Sales-Motorized Vehicles	-	(40,000)
129	After Hours Turn On	-	(230,000)
130	Meter Rev - Fire Meters	-	(15,300)

PUC DOCKET NO. 42857
AUSTIN WATER UTILITIES
Petitioners' Recommended
Overall Cost of Service - Adjustment Summary - Tier 1 Adjustments

Line No.	(a) Item	(x) Total Adjustments on this Wkst	(y) Petitioners' Adjusted Amount
131	Septic Tank Haulers Fee	-	-
132	Commission Agenda Packets	-	(100)
133	Rain Barrel Sales	-	-
134	Seminar Fees	-	(8,000)
135	Creedmore Maha	-	7,200
136	A/R Adj Leak Adjustment	-	785,000
137	A/R Adj Conservation Rebate	-	(100)
138	Lab-Testing Fee	-	(100)
139	Reuse Water Service	-	-
140	Southland Oaks Surcharge	-	(60,600)
141	WW Meter Application Fee	-	-
142	Wholesale Penalties & Fees	-	(225,000)
143	NWA MUD 1 Surcharge Credit	-	-
144	Service Installation	-	(159,100)
145	Special Bill - Wtr Fin Mgt	-	(122,400)
146	A/R Adjustments	-	(100)
147	Miscellaneous	-	(100,000)
148	Returned Check Fee	-	(24,000)
149	Junk/Metal Sales	-	(47,900)
150	Cash Over/Short	-	(100)
151	Sales Tax Penalty	-	(100)
152	New Service Connections	-	(470,000)
153	Recls Recpt	-	(100)
154	Unused	-	-
155	Transfer in from CRFs	-	(3,000,000)
156	Transfer in from Public Works	-	(150,291)
157	Transfer in from CIP	-	-
158	Unused	-	-
159	Interest Income(Capital Portion)	-	(243,144)
160	(Decrease) Increase in Operating Reserves	-	(10,553,708)
161	Full Year Revenue Increase Adjustment	-	-
162	Interest Income(O&M Portion)	-	(161,729)
163	(Decrease) Increase in Capital Reserves	-	(7,019,911)
164	Unused	-	-
165	Debt Service Requirements	-	98,745,764
166	Transfer to Water Construction Fund/Capital Outla	-	48,000,000
167	Other Transfers	-	819,366
168	Watershed Land Purchase	-	(5,455,088)
169	LCRA Water Rights	-	(5,049,156)
170	Watershed Land Purchase	-	5,455,088
171	LCRA Water Rights	-	5,049,156
172	Revenue Stability Reserve Fund	-	5,516,300
173	Transfer to City General Fund	-	17,722,306
174	Transfer to Sustainability Fund	-	2,695,442
175	Total	-	264,922,900
176			
177	Reclassify from O&M to Capitalized Cost	-	

P-NT01409
P-NA02745

P-TC01016
P-WB01712