



Control Number: 45240



Item Number: 5

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PUBLIC UTILITY COMMISSION
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**CITY OF AUSTIN’S PROOF OF
REFUNDS IN COMPLIANCE WITH
DOCKET NO. 42857 (PETITION OF
NORTH AUSTIN MUNICIPAL
UTILITY DISTRICT NO. 1,
NORTHTOWN MUNICIPAL UTILITY
DISTRICT, TRAVIS COUNTY WATER
CONTROL AND IMPROVEMENT
DISTRICT NO. 10, AND WELLS
BRANCH MUNICIPAL UTILITY
DISTRICT, FROM THE RATEMAKING
ACTIONS OF THE CITY OF AUSTIN
AND REQUEST FOR INTERIM RATES
IN WILLIAMSON AND TRAVIS
COUNTIES)**

§

**BEFORE THE PUBLIC UTILITY
COMMISSION OF TEXAS**

5

I. Procedural History

The Commission issued its final order in the wholesale rate appeal in Docket No. 42857 on January 14, 2016 (“January 2016 Order”).¹ The January 2016 Order required the City to charge Petitioners Commission-Approved Rates² going forward³ and to refund Petitioners the difference between the appealed rate and the Commission-Approved Rates.⁴ The City filed its Proof of Refunds in Compliance with the order Docket No. 42857 with the Commission on March 29, 2016 (“City’s Proof of Refunds”).

II. City’s Refund Complies with January 2016 Order

A. Ordered Rate and Wastewater Refund

The City’s Proof of Refunds complies with the January 2016 Order. The Commission-Approved Rates are the result of the Commission’s adoption of the Rate Calculations provided by Commission Staff (“Staff Calculations”)⁵ attached hereto as **Exhibit A**. The Commission-Approved Rates include Inflow and Infiltration flows (“I & I”) with billable flows. I & I flows are not billed to wastewater customers in that manner. To comply with the January 2016 Order and recover its revenue requirements established by the Commission-Approved Rates, the City had to separate the charge for I & I. Although the separation of I & I on the Petitioners’ bills beginning in March 2016 in compliance with the January 2016 Order (and the corresponding separation of I & I in the City’s Proof of Refund) is unfamiliar to Petitioners, its separation was necessary for the City to comply with the January 2016 Order. The rates and related flow

¹ Order on Rehearing, issued in Petition of North Austin Municipal Utility District No. 1, Northtown Municipal Utility District, Travis County Water Control and Improvement District No. 10, and Wells Branch Municipal Utility District (collectively “Petitioners”).

² January 2016 Order, Revised Attachment 1.

³ January 2016 Order, Ordering Paragraph 2.

⁴ January 2016 Order, Ordering Paragraph 3.

⁵ January 6, 2016, Letter to Stephen Journeay from Sam Chang in Docket No. 42857, Commission Staff’s re-calculated wholesale and wastewater rates and accompanying re-calculated revenue figures.

adjustments were implemented consistent with the Commission-Approved Rates and billing basis established in the Staff Calculations.

The following table provides a summary of the Commission-Approved Rates as adopted from the Staff Calculations. The total revenue requirement in the Commission-Approved Rates for each of the three Petitioners is restated in line 1 in the following table. The annual minimum charge in the Commission-Approved Rates for each of the three Petitioners is restated in line 2 in the following table. The total revenue requirement minus annual minimum charge represents the volume related revenue requirement to be collected based on billable wastewater flows at the variable volumetric rate as stated in line 3 in the following table. However, the Staff Calculations used total projected flows⁶ (restated in line 6 of following table) from the total flow column of Table 27 from Austin Water's 2013 Cost of Service Model ("2013 COS Table 27") attached hereto as **Exhibit B**. The Total Projected Flows from 2013 COS Table 27 include both Contributed Flows (restated in line 4 of following table), which is normally the billing basis for sewer charges, and I & I Flows (restated in line 5 of following table), which is typically not directly billed to customers. The variable charge in the Commission-Approved Rates (restated in line 7 in following table) is derived by dividing the volume related revenue requirement (restated in line 3 in following table) by the total projected flow or billing basis (restated in line 6 in following table).

⁶ Staff's Calculations, Page 4, Column H.

		North Austin MUD	Northtown MUD	Wells Branch MUD
Line 1	Revenue Requirements (Exhibit A, Page 4, Column B)	\$1,329,582	\$1,071,604	\$1,805,851
Line 2	Annual Minimum Charge (Exhibit A, Page 4, Column F)	\$616	\$719	\$614
Line 3	Volume Related Revenue Requirement (Line 1 - Line 2)	\$1,328,966	\$1,070,885	\$1,805,237
Line 4	Contributed Flows (Billable Flows) (Exhibit B, Table 27-Contributed Flow)	281,000	231,000	390,300
Line 5	I & I Flows (Exhibit B, Table 27-I & I Flow)	32,966	27,101	45,789
Line 6	Total Projected Flows (Line 4 + Line 5) (Exhibit A, Page 4 Column H)	313,966	258,101	436,089
Line 7	Variable Charge Volume Related Revenue Requirement (Line 3) / Total Projected Flows (Line 6)	\$4.23	\$4.15	\$4.14

The I & I flow adjustment of 11.7%, representing the I & I Flows (line 5 above) divided by Contributed Flows (line 4 above), is required by the January 2016 Order and for the City to fully recover the Revenue Requirement established by the Commission-Approved Rates. Petitioners' Response asks the Commission to require the City to re-calculate refunds ordered by the January 2016 Order in a way that would deny the City recovery of the ordered Revenue Requirements inconsistent with the January 2016 Order.

B. Water Refunds

The water rate increase subject to the January 2016 Order went into effect on February 2013. As stated in the January 2016 Order: "the Rate Ordinance, as defined in the proposal for decision, set water rates that went into effect in October 2012 and February 2013, *but only the February 2013 rate involved a rate increase.*"⁷ As required by the January 2016 Order, the City calculated the refund amount and the time period of repayment of the water rate refund to correspond to the increased rate effective as of February 2013.

III. Conclusion

This docket is a separate Commission docket established by the January 2016 Order to receive proof that the City timely met its obligation under an administrative order in a separate

⁷ See January 2016 Order, Page 6, 3rd paragraph.

contested case docket. Petitioners, however, by filing their response to the City's Proof are attempting to use this docket as a short-cut without following the Texas Administrative Procedure Act's ("APA") established process.⁸

The City is in full compliance with the January 2016 Order. It is billing and refunding Petitioners in accordance with the January 2016 Order. Through their Response, Petitioners are making a new claim that the City is violating the January 2016 Order, an administrative order that is final, not subject to Commission modification, and subject to judicial review. Without waiving any rights, claims or defenses, this Reply by the City is filed to assist Commission Staff in understanding the issues that Petitioners confuse by their Response.

The City respectfully requests that the Commission deny any relief requested by Petitioners in Petitioners' Response to City's Proof of Refund.

Respectfully submitted,



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City Attorney

Meghan Riley,

Litigation Division Chief

Andrea D. Rose,

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City of Austin Law Department

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**ATTORNEYS FOR THE CITY OF
AUSTIN**

⁸ Tex. Gov't Code, § 2001.202(a).

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served via hand delivery, facsimile, electronic mail, overnight mail, US mail and/or Certified Mail Return Receipt Requested on all parties whose names appear on the mailing list below on this nd day of May, 2016.

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EXHIBIT A

Austin's Reply to Petitioners' Response to Austin's Proof of Refund

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January 6, 2015

Stephen Journeay
Commission Advising and Docket Management
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

RE: *Petition of North Austin Municipal Utility District No. 1, Northtown Municipal Utility District, Travis County Water Control and Improvement District No. 10, and Wells Branch Municipal Utility District from the Ratemaking Actions of the City of Austin and Request for Interim Rates in Williamson and Travis Counties, Docket No. 42857*

Petition of North Austin Municipal Utility District No. 1, Northtown Municipal Utility District, and Wells Branch Municipal Utility District from the Ratemaking Actions of the City of Austin and Request for Interim Rates in Williamson and Travis Counties, Docket No. 42856

Stephen Journeay:

Enclosed with this letter are Commission Staff's re-calculated wholesale and wastewater rates and accompanying re-calculated revenue figures.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Chang", written over a horizontal line.

Sam Chang
Attorney, Legal Division

cc: Parties of record



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WATER

Staff's Calculations Using City of Austin's Minimum Charge % of Total Revenue Requirement

Customer	Total Revenue Requirement	City Adopted Minimum Charge	Minimum Charge Basis % of Total Revenue Requirement	City's Volume Revenue Requirement	Projected Consumption by Class & Month for 2012-2013 (Oct - Sept or 12 months))	City Adopted Variable Charge
	Table 332 Adjusted COS by Charge Type	Table 326 Fixed Charge Revenue by Class and Month	(D) = [(C) + 12] ÷ (B)	(E) = (F) × (G) ÷ (B)	from Table 48 Consumption	Water COS Model FY 2013 Table 342
North Austin MUD	\$1,605,767	\$20,836.00	15.57%	88.41%	394494	\$3.60
Northtown MUD	\$1,204,825	\$15,659.00	15.60%	88.04%	308865	\$3.43
Water District 10	\$3,635,338	\$48,699.00	16.08%	85.84%	879607	\$3.55
Wells Branch MUD	\$2,001,230	\$26,450.00	15.86%	89.16%	517755	\$3.45
						103.98%
						103.64%
						101.91%
						105.02%

Staff's Rate Calculations Adjusted for Green Choice Expense & Cost of Service Revision

Customer	Staff's Adjusted Total Revenue Requirement	Minimum Charge Basis % of Total Revenue Requirement	Staff's Recommended Minimum Charge (Calculation)	City's Volume Revenue Requirement	Volume Revenue Calculation	Projected Consumption by Class & Month for 2012-2013 (Oct - Sept or 12 months))	Staff's Recommended Variable Charge Calculation
		Based on % Allocation by City for Fixed and Variable Revenues	(D) = (B) × (C)	Based on % Allocation by City for Fixed and Variable Revenues Adjusted to 100%	(F) = (B) × (E)	from Table 48 Consumption	(H) = (F) ÷ (G)
North Austin MUD	\$1,283,336	15.6%	\$16,652	84.43%	\$1,083,509	394494	\$2.75
Northtown MUD	\$946,723	15.6%	\$12,304	84.40%	\$799,069	308865	\$2.59
Water District 10	\$2,882,245	16.1%	\$38,611	83.92%	\$2,418,918	879607	\$2.75
Wells Branch MUD	\$1,598,910	15.9%	\$21,133	84.14%	\$1,345,319	517755	\$2.60

Staff's Calculations Included in Testimony

Customer	Total Revenue Requirement	Volume Charge Revenue (Oct - Sep or 12 months)	Volume Charge Revenue % of Total Revenue Requirement	Minimum Charge Basis % of Total Revenue Requirement	Minimum Charge Basis (Oct - Sep or 12 months)	COA Adopted Minimum Charge	Volume Charge Revenue used for Variable Charge Calculation (Oct - September or 11 months)	Volume Charge Revenue used for Variable Charge Calculation % of Total Revenue Requirement	Projected Consumption by Class & Month for 2012-2013 (Oct - Sep or 12 months)	COA Adopted Variable Charge	Projected Consumption by Class & Month for 2012-2013 (Oct - Sep or 12 months)	Variable Charge	COA Previous Variable Charge
	from Adjusted COS by Charge Type Table 332	from Table 306 New Rate Implementation Summary Volume Total	Calculated by: Volume Charge Revenue % of Total Revenue Requirement	Calculated by: subtracting Volume Charge % of Total Revenue from 100%	Calculated by: multiplying Total Revenue by Minimum Charge Basis % of Total Revenue Requirement	from Table 306 New Rate Implementation Summary	from Table 320	Calculated by: Volume Charge Revenue used for Variable Charge Calculation by Total Revenue Requirement	from Table 319 Consumption by Class	Calculated using Table 319 Consumption	from Table 27 Consumption by Class	Calculated using Table 48 Consumption	from Table 46
North Austin MUD	\$1,343,918	\$1,543,203	99.95%	0.046%	715	716	\$1,433,694	92.86%	259900	\$5.52	313966	\$4.37	\$5.19
Northtown MUD	\$1,243,777	\$1,242,942	99.93%	0.067%	835	835	\$1,143,297	91.92%	211500	\$5.41	258101	\$4.43	\$5.11
Wells Branch MUD	\$2,106,357	\$2,102,641	99.97%	0.034%	716	716	\$1,927,485	91.98%	357900	\$5.41	436089	\$4.44	\$5.19

Staff's Rate Calculations Adjusted for Green Choice Expense

Customer	Staff's Adjusted Total Revenue Requirement	Volume Charge Revenue % of Total Revenue Requirement	Volume Charge Revenue	Minimum Charge Revenue % of Total Revenue Requirement	Minimum Charge Revenue Calculation	Staff's Recommended Minimum Charge per Month (Calculation)	Projected Consumption by Class & Month for 2012-2013 (12 months)	Staff's Recommended Variable Charge (Calculation)	City's Adopted Minimum Charge	City's Adopted Variable Charge	City's Previous Variable Charge
		Based on % Allocation by City for Fixed and Variable Revenue	(D) = (B) x (C)	(E) = 100% - (C)	(F) = (E) x (B)	(G) = (F) x 12	Wastewater COS Model FY 2013 Table 27 Consumption by Class	(I) = (D) x (E)	Wastewater COS Model FY 2013 New Rate Implementation Summary	Wastewater COS Model FY 2013 Option 1	Wastewater COS Model FY 2013 Option 1
North Austin MUD	\$1,329,382	99.95%	\$1,328,966	0.046%	\$616	\$631	313966	\$4.23	716	\$5.52	\$5.19
Northtown MUD	\$1,071,604	99.93%	\$1,070,885	0.067%	\$719	\$601	258101	\$4.15	835	\$5.41	\$5.11
Wells Branch MUD	\$1,805,851	99.97%	\$1,805,237	0.034%	\$614	\$531	436089	\$4.14	716	\$5.41	\$5.19

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	\$ (513,703)	\$ 1,092,064
Northtown MUD	1,204,825	(379,662)	825,163
Water District 10	3,635,338	(1,138,048)	2,497,290
Wells Branch MUD	<u>2,001,230</u>	<u>(629,696)</u>	<u>1,371,534</u>
Total	<u>\$ 8,447,160</u>	<u>\$ (2,661,108)</u>	<u>\$ 5,786,052</u>

Sources:

(a) Meszaros Direct - Exh 19, Table 297

(b) Schedule G

EXHIBIT B

Austin's Reply to Petitioners' Response to Austin's Proof of Refund

Exhibit B – Table 27 - Wastewater Flows by Customer Class

Table 27

Austin Water Utility

Wastewater Cost of Service Model - Hybrid Method

Wastewater Flows by Customer Class for FY2013

Customer Class	Inflow & Infiltration				
	Contributed Flow	Customer	Flow	Total	Total Flow
Residential	10,242,025	0	1,201,578	1,201,578	11,443,603
Multi-Family	6,831,510	0	801,462	801,462	7,632,972
Commercial	6,405,140	0	751,441	751,441	7,156,581
Comanche Canyon (WCID#17)	5,400	0	634	634	6,034
Manor, City of	64,000	0	7,508	7,508	71,508
North Austin MUD #1	281,000	0	32,966	32,966	313,966
Northtown MUD	231,000	0	27,101	27,101	258,101
Rollingwood, City of	34,500	0	4,047	4,047	38,547
Shady Hollow MUD	83,800	0	9,831	9,831	93,631
Sunset Valley, City of	73,200	0	8,588	8,588	81,788
Steiner Ranch (WCID #17)	6,000	0	704	704	6,704
Wells Branch MUD	390,300	0	45,789	45,789	436,089
Westlake Hills, City of	40,200	0	4,716	4,716	44,916
Hospira	125,000	0	14,665	14,665	139,665
Spansion	310,000	0	36,369	36,369	346,369
Unused	0	0	0	0	0
Freescall	400,000	0	46,927	46,927	446,927
Samsung	1,300,000	0	152,514	152,514	1,452,514
Sematech	50,000	0	5,866	5,866	55,866
University of Texas	250,000	0	29,330	29,330	279,330
Surcharge	0	0	0	0	0
Total	27,123,075	0	3,182,037	3,182,037	30,305,111