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**SOAH DOCKET NO. 473-18-3008.WS  
PUC DOCKET NO. 47897**

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**APPLICATION OF FOREST GLEN  
UTILITY COMPANY FOR AUTHORITY  
TO CHANGE RATES**

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§

**BEFORE THE STATE OFFICE  
OF PUBLIC UTILITY COMMISSION  
ADMINISTRATIVE HEARINGS**

**COMMISSION STAFF'S AFFIDAVIT IN SUPPORT OF THE SETTLEMENT**

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files the attached affidavit of Fred Bednarski, III of the Commission's Water Utility Regulation Division in support of the Unopposed Stipulation and Settlement Agreement filed on November 12, 2018.

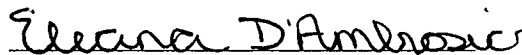
Dated: November 12, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Karen S. Hubbard  
Managing Attorney

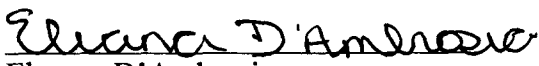


Eleanor D'Ambrosio  
State Bar No. 24097559  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7295  
(512) 936-7268 (facsimile)  
[Eleanor.Dambrosio@puc.texas.gov](mailto:Eleanor.Dambrosio@puc.texas.gov)

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**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on November 12, 2018, in accordance with 16 Texas Administrative Code § 22.74.

  
Eleanor D'Ambrosio

**SOAH DOCKET NO. 473-18-3008.WS  
PUC DOCKET NO. 47897**

***Application of Forest Glen Utility Company for Authority to Change Rates***

**AFFIDAVIT OF FRED BEDNARSKI, III**

**THE STATE OF TEXAS   §  
                                  §  
COUNTY OF TRAVIS   §**

ON THIS DAY, before me, the undersigned authority, personally appeared Fred Bednarski, III who on his oath stated as follows:

1. My name is Fred Bednarski, III. I am employed by the Public Utility Commission of Texas (Commission) in the Water Utility Regulation Division as a Financial Analyst.
2. I am at least 21 years of age, fully competent and authorized to make the statements herein. Additionally, I have personal knowledge of the facts stated herein, and they are true and correct to the best of my knowledge.
3. On December 21, 2017, Forest Glen Utility Company (Forest Glen) filed an application for authority to change sewer rates pursuant to Texas Water Code (TWC) §§ 13.041, 13.042(e), 13.181-13.185, 13.1871 and 16 Texas Administrative Code (TAC) §§ 24.27 to 24.44.
4. On February 23, 2018, Forest Glen filed an amended application, which requested a revenue requirement of \$309,571 and showed 149 active connections at the end of the test year. Using this connection count, the \$65 rate requested by Forest Glen generates revenues that are lower than the amount requested in the application and the revenue requirement recommended by Staff after making adjustments to the cost of service requested in the application. However, Forest Glen is limited to the rate increase shown in the notice mailed to customers on June 1, 2018.
5. By unopposed stipulation (Agreement) filed on November 7, 2018, Forest Glen, Commission Staff (Staff), Dennis Brown, Van Johnson, Fleming Mitchell, and Cecil Perkins have resolved and settled the outstanding issues related to the rates Forest Glen is authorized to charge for sewer service.

6. The Agreement includes the following major provisions:
  - Forest Glen will charge a flat rate of \$65 per month. The new rate will be effective July 6, 2018, which is the effective date of the interim rate approved in SOAH Order No. 4.
  - Forest Glen will recover \$46,080 in rate-case expenses over a period not to exceed 24 months as follows:
    - \$5 surcharge per connection per month beginning on July 6, 2019; and \$10 surcharge per connection per month beginning on July 6, 2020. Beginning with the 257<sup>th</sup> lot sold in Potranco Ranch, Forest Glen will record the \$2,950 connection fee charged to the builder at closing as a contribution in aid of construction and continue this accounting practice through the sale of the 366<sup>th</sup> lot;
  - Forest Glen will provide customers with a minimum of 60 days' notice of any future proposed rate change;
  - Forest Glen will request a fixed (base) charge and a variable rate in the next application for a rate/tariff change it files with the Commission;
  - Forest Glen will not seek to recover any revenue shortfall it may incur at the approved rate of \$65 in a future base rate proceeding;
  - Forest Glen will send a representative to all regular meetings of the Potranco Ranch Home Owners' Association (the HOA) to brief residents on future plans; and
  - Forest Glen will provide customers with a quarterly newsletter.
7. The Agreement contains some provisions that differ from the positions that Staff would take in a fully-litigated proceeding, but I believe that implementation of the Agreement will result in a fair and reasonable outcome for all parties. It is also my opinion that a full contested case proceeding would potentially produce an outcome on some issues, including the recovery of rate-case expenses, which is less favorable than the outcome determined by the Agreement. Furthermore, the terms of the Agreement are within the range of likely outcomes that could result from a fully-litigated case, and a negotiated compromise will provide certainty on the resolution of the contested issues in this case. Finally, the Agreement addresses issues that would not be addressed in an evidentiary hearing, such as Forest Glen's participation in the regular meetings of the HOA.
8. I believe the Agreement results in a resolution to this proceeding that is in the public interest and meets the requirements of TWC §§ 13.183-13.185 and 16 TAC § 24.41. The agreed rate balances the increasing cost of providing sewer service with the fact that Forest Glen is a growing utility with a connection count that has increased 80.5% from the end of the test year to the present, and is expected to continue to grow.

Fred Bednarski, III

Fred Bednarski, III  
Financial Analyst  
Water Utility Regulation Division  
Public Utility Commission of Texas

**SUBSCRIBED AND SWORN TO** before me, on this the 12 day of November 2018.

Bernice Cervantes-Cox

NOTARY PUBLIC in and for the State of Texas.

