



Control Number: 48579



Item Number: 3

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TARIFF CONTROL NO. 48579

**APPLICATION OF SWWC UTILITIES,
INC. D/B/A HORNSBY BEND UTILITY
COMPANY, INC. FOR APPROVAL OF A
PASS-THROUGH RATE CHANGE**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation. In support thereof, Staff shows the following:

I. BACKGROUND

On August 8, 2018, SWWC Utilities, Inc. d/b/a Hornsby Bend Utility Company, Inc. (Hornsby Bend) filed for approval of a pass-through rate change to implement its approved purchased water pass-through clause pursuant to 16 Texas Administrative Code (TAC) §24.21. The purchased water pass-through clause will only pass through costs associated with water purchases from the Epcor 130 Project Inc.

On August 13, 2018, the Administrative Law Judge issued a Notice requiring Staff to file a recommendation on Hornsby Bend's application and sufficiency of notice and to propose a procedural schedule by September 10, 2018. This pleading is therefore timely filed.

II. STAFF'S RECOMMENDATION

Consistent with the attached memorandum of Kathryn Eiland, Financial Analyst with the Water Utility Regulation Division, Staff recommends that Hornsby Bend's application is found insufficient for filing at this time. In addition, Staff recommends that Hornsby Bend submit the information detailed in the attached memorandum.

III. CONCLUSION

Staff respectfully requests the issuance of an order consistent with the above recommendations.

Dated: September 6, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney



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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on September 6, 2018, in accordance with 16 TAC § 22.74.



Patrick D. Todd

PUC Interoffice Memorandum

To: Patrick Todd, Attorney
Legal Division

Thru: Debi Loockerman, Financial Manager
Water Utility Regulation Division

From: Kathryn Eiland, Financial Analyst
Water Utility Regulation Division

Date: August 28, 2017

Subject: **Tariff Control No. 48579**, *Application of SWWC Utilities, Inc. d/b/a Hornsby Bend Utility Company, Inc. for Approval of a Pass-Through Rate Change*

On August 8, 2018, SWWC Utilities, Inc. dba Hornsby Bend Utility Company (Applicant or Hornsby Bend), Certificate of Convenience and Necessity (CCN) No. 11978, filed a notice with the Public Utility Commission of Texas (Commission) to implement an adjustment of its purchased water pass-through clause pursuant to 16 Texas Administrative Code (TAC) §24.21. This application will reduce the purchased water pass-through charge to customers from \$0.39 to \$0.37 per 1,000 gallons effective September 1, 2018.

Based on review of the application, Staff recommends that it be deemed insufficient for filing and administratively incomplete. Staff recommends that the Applicant be required to file the following information:

1. The amount of water purchased versus the total amount of water produced for the Hornsby Bend system.
2. Detailed explanation for the use of gallons per minute to determine the allocation factor.
3. How the Projected Total Supplier Take or Pay Cost was calculated?
4. The total dollar amount of the purchased water that is already included in the gallonage rate, or included in revenues from the last base rate case.
5. A detailed calculation for the Billed Revenues.

Staff does not recommend suspending the decrease pass-through charge from \$0.39 to \$0.37 per 1,000 gallons effective September 1, 2018.