

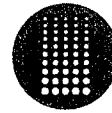


Control Number: 48579



Item Number: 5

Addendum StartPage: 0



**Hornsby Bend
Utility Company**

A SouthWest Water Company

September 25, 2018

RECEIVED

Public Utility Commission of Texas
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1701 N. Congress Avenue
P. O. Box 13326
Austin, TX 78711--3326

2018 SEP 27 AM 9:28

Customer Service
866.654.SWWC (7992)

PUBLIC UTILITY COMMISSION
FILING CLERK

RE: Tariff Control No. 48579, Application of SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. for Approval of a Pass-Through Rate Change

To the Staff of the Public Utility Commission:

SWWC Utilities, Inc. dba Hornsby Bend Utility Company (Hornsby Bend) is responding to the Commission Staff's Recommendation issued September 6, 2018 in the above referenced matter. The Staff has requested additional information in order to approve the filing and Hornsby Bend's responses are summarized below.

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.

Hornsby Bend utilizes water from three sources to supply water to the customers in its service area: its own groundwater wells, groundwater purchased from Municipal Groundwater Solutions (MGS), and groundwater purchased from Epcor 130 Project, L.P. (Epcor). Epcor was formerly BlueWater Project 130, L.P.

See Attachment Q1 for the monthly amounts supplied to the Hornsby Bend service area which corresponds to the recent twelve months used in the application.

2. Detailed explanation for the use of gallons per minute to determine the allocation factor.

The water purchased from Epcor is delivered to facilities located near Manor where the water is divided between Hornsby Bend and several Municipal Utility Districts (MUDs). Since the amount of water taken under the contract is a take or pay amount, SWWC splits the monthly cost between Hornsby Bend and the MUDs on the basis of GPD LUE Ratios. The GPD LUE amounts are based on the contractual maximum daily demand of Hornsby Bend and the MUDs. The contractual maximum daily demand of Hornsby Bend in the Epcor water purchase agreement is 650 gpd. The MUDs contractual delivery rate must meet the TCEQ supply factor of 0.6 gpm, or 865 gpd. The difference in gallons per day per connection results in a higher ratio for the MUDs than Hornsby Bend. The calculation of the ratios for 2018 uses the current number of active LUEs and is shown on Attachment B of the original application documents.

3. How the Projected Total Supplier Take or Pay Cost was calculated?

Please also refer to Attachment B of the original application documents.

Per Section 4.2 of the Wholesale Agreement (previously provided in Docket 44839), the Monthly Take or Pay Payment is calculated as:

$$(\text{Take-or-Pay Rate} \times \text{Contract Base Quantity}) \div 12$$

Per Section 4.2 (a) the Contract Base Quantity is 325,000,000 gallons per year

The new Take-or-Pay Rate is \$4.61. This reflects the annual 3% increase referenced in 4.2(b).

The new Monthly Take or Pay Payment = $(\$4.61 \times 325,000) \div 12 = \$124,854.17$

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.

The last base rate case for Hornsby Bend used a test year ending 12/30/2012 (Docket No. 42839). The projected total cost of purchased water was \$1,075,154 which included costs for water purchased from MGS and BlueWater (now Epcor). See pages from that rate application in Attachment Q4. The MGS rates were not projected to change and the projected BlueWater costs were based on the anticipated rates that would be in effect when the rate case was approved.

MGS for 2012 = \$325,021.80

Rate Case Purchased Water costs = \$1,075,154.00 (includes MGS and BlueWater)

Annual BlueWater for rate case = \$750,132.20

Monthly = \$62,511.02 (use as baseline)

5. A detailed calculation for the Billed Revenues.

Each month the customer bill for service to Hornsby Bend includes a separate line amount for the "Hornsby Bend Purchased Water Pass-Through." That charge is calculated by multiplying the water usage in thousand gallon units by the approved purchased water pass-through rate. See Attachment Q5 sample bill. The total monthly amount for "Billed Revenues" is simply the total of all customers' billed revenues collected during the billing month under that separate charge.

I hope this information is adequate to resolve all the administrative insufficiencies in this pass-through rate change application. Please let me know if you need any additional information.

Sincerely,



George Freitag, P. E.
Texas Rate/Regulatory Manager
SouthWest Water Company
1620 Grand Avenue Parkway, Suite 140
Pflugerville, TX 78660
512 219 2288
gfreitag@swwc.com

Attachments:

TOTAL WATER SUPPLIED TO HORNSBY BEND

	PURCHASED FROM EPCOR	FROM HBUC's WELLS 1,2,&3	PURCHASED FROM MGS	TOTAL SUPPLY TO HBUC
Aug 2017	12,515	8	7,280	19,803
Sept	12,489	9	7,950	20,448
Oct	9,575	9	8,280	17,864
Nov.	8,830	9	15,150	23,989
Dec	1,110	4	16,050	17,164
Jan 2018	7,840	16	8,370	16,226
Feb	9,801	15	3,640	13,456
Mar	11,665	8	4,220	15,893
Apr	12,910	7	2,800	15,717
May	14,792	12	3,390	18,194
June	11,623	35	7,540	19,198
July	16,575	35	2,740	19,350
August	16,637	33	4,110	20,780

SWWC Utilities, Inc.

**d/b/a Water Services, Inc.
d/b/a Hornsby Bend Utility Company**

Application for a
Water & Sewer
Rate / Tariff Change

For the Test Year ended 12/31/2012



September 3, 2013

Application for a Rate/Tariff Change - Hornsby Bend Utility Company Water

Section VI - Utility Income and Expense Information

A. Revenue Requirement

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve-month "test-year".

Table VI. A.

Test Year 12/30/2012		12 Month "Test Year" per books	K&M Changes	Revenue Requirement for Next Yr		Fixed Expenses	Variable Expenses
Item	Line	a	b	c	d	d	e
Salaries and Wages	[A]	\$ 73,787	\$ 8,594	\$ 82,381	50	\$ 41,191	\$ 41,191
Contract Labor	[B]	\$ 9,670	\$ -	\$ 9,670	90	\$ 8,703	\$ 967
Purchased Water	[C]	\$ 1,059,634	\$ 15,520	\$ 1,075,154	0	\$ -	\$ 1,075,154
Chemicals and Treatment	[D]	\$ 3,184	\$ -	\$ 3,184	0	\$ -	\$ 3,184
Utilities	[E]	\$ 30,854	\$ -	\$ 30,854	0	\$ -	\$ 30,854
Repairs/Maintenance/Supplies	[F]	\$ 35,186	\$ -	\$ 35,186	50	\$ 17,593	\$ 17,593
Office Expenses	[G]	\$ 8	\$ -	\$ 8	50	\$ 4	\$ 4
Accounting and Legal Fees	[H]	\$ 70,974	\$ (70,374)	\$ 600	100	\$ 600	\$ -
Insurance	[I]	\$ 642	\$ -	\$ 642	100	\$ 642	\$ -
Rate Case Expense	[J]	\$ -	\$ 31,629	\$ 31,629	100	\$ 31,629	\$ -
Miscellaneous	[K]	\$ 599,121	\$ (189,927)	\$ 409,193	50	\$ 204,597	\$ 204,597
Subtotal - [A] thru [K]	[L]	\$ 1,883,059	\$ (204,558)	\$ 1,678,501		\$ 304,958	\$ 1,373,542
Payroll Taxes	[M]	\$ -	\$ 5,572	\$ 5,572	50	\$ 2,786.10	\$ 2,786
Property and Other Taxes	[N]	\$ 60,728	\$ 31,917	\$ 92,644	100	\$ 92,644	\$ -
Annual Dep & Amort from Table III	[O]	\$ 453,375	\$ 181,256	\$ 634,631	100	\$ 634,631	\$ -
Income Taxes from Table V	[P]		\$ 1,113,916	\$ 1,113,916	100	\$ 1,113,916	\$ -
Return from Table IV.E	[Q]		\$ 2,068,701	\$ 2,068,701	100	\$ 2,068,701	\$ -
Subtotal - [L] thru [Q]	[R]	\$ 2,397,162	\$ 3,196,803	\$ 5,593,965		\$ 4,217,636	\$ 1,376,328
Other Revenues	[S]	\$ 78,713	\$ -	\$ 78,713	100	\$ 78,713	\$ -
Revenue Held In Abeyance	[T]			\$ 3,493,275			
Total Cost = [R] - [S] - [T]	[U]	\$ 2,318,449	\$ (296,472)	\$ 2,021,977		\$ 1,517,393	\$ 504,583

See Appendix 10 for Calculation of Revenue Requirement
and
Known and Measurable Changes

Attachment Q5



Hornsby Bend Utility Company

A SouthWest Water Company

Customer Service. 866-654-7992
 Emergencies: 866-654-7992
 Visit us online. www.swwc.com/texas

Account Number: [REDACTED]
 Invoice Number: [REDACTED]
 Billing Date: 03/15/2018
 Total Amount Due By: 03/31/2018



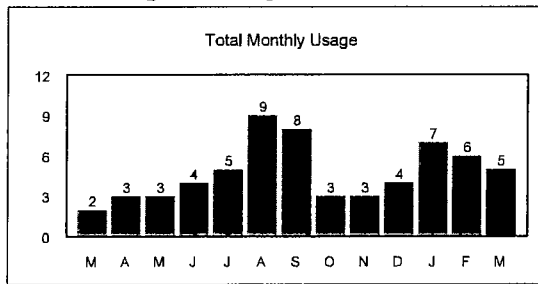
Service Address:
 [REDACTED]
 [REDACTED]

Current Reading Based on Actual

Rate Type	Meter Read Dates		Number Of Days	Meter Reading		Usage KGAL	Meter Number
	From	To		Previous	Current		
5/8" - R	02/07/18	03/06/18	28	92.0	97.0	5.0	7861803

*KGal (1000 Gallons) Average Consumption = 5.0

Water Usage History - 13 Month Usage in KGal*



Previous Month's Usage Current Month's Usage

Account Summary

Previous Bill Amount	\$172.70
Payment Received 02/22/18 - Thank You	-\$172.70
(Payments after 5.00pm will NOT reflect on this invoice.)	
Balance	\$0.00
Current Billing and Other Basic Charges	
Water Base	\$47.03
Sewer Base	\$45.42
Water Usage	\$35.90
Sewer Usage (Based on Winter Average 4.6)	\$33.12
TX. Comm Environ Quality	\$1.63
Hornsby Bend Purchased Water Pass-through	\$1.95
Total Current Charges	\$165.05
Total Amount Due By 03/31/18	\$165.05
Total Amount Due After 03/31/18	\$181.56

Message Center

Important maintenance notice: We will be upgrading your meters. Please see the reverse side for more information.

Stay informed of outages and provide us with your email address today!

Please detach and return the bottom portion with your payment, or pay online at www.swwc.com/myaccount.

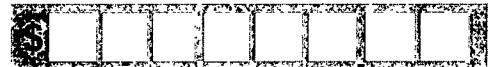
HORNSBY BEND UTILITY
 SOUTHWEST WATER COMPANY
 P.O. Box 4657
 Houston, TX 77210-4657

Account Number: [REDACTED]
Total Amount Due By 03/31/18: \$165.05
Total Amount Due After 03/31/18: \$181.56

Please make check payable to:
 HORNSBY BEND UTILITY

Please check here and see reverse for address and phone corrections.

Amount Enclosed



[REDACTED]
 AUSTIN TX 78724

HORNSBY BEND UTILITY
 P.O. Box 4657
 Houston, TX 77210-4657

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