

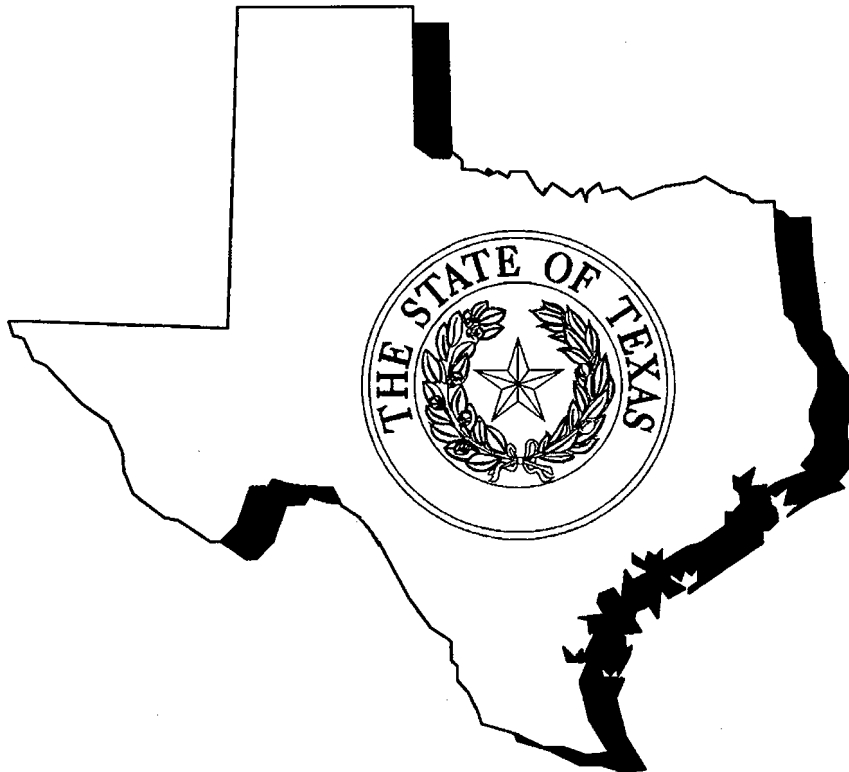


Filing Receipt

Received - 2021-09-30 01:38:36 PM
Control Number - 48819
ItemNumber - 242

**SOAH DOCKET NO. 473-20-1674.WS
PUC DOCKET NO. 48819**

APPLICATION OF NORTHTOWN	§	BEFORE THE STATE OFFICE
ACRES WATER SUPPLY FOR	§	OF
AUTHORITY TO CHANGE RATES	§	ADMINISTRATIVE HEARINGS



TESTIMONY OF KATHRYN EILAND

IN SUPPORT OF STIPULATION AND SETTLEMENT AGREEMENT

RATE REGULATION DIVISION

PUBLIC UTILITY COMMISSION OF TEXAS

SEPTEMBER 30, 2021

TABLE OF CONTENTS

1	SOAH DOCKET NO. 473-20-1674.WS	1
1	I. STATEMENT OF QUALIFICATIONS	2
1	II. PURPOSE AND SCOPE OF TESTIMONY	2
1	III. SUMMARY OF THE STIPULATION.....	3
1	IV. RECOMMENDATION.....	6

Attachments

Attachment KE 1 – Regulatory Resume
Attachment KE-2 – List of Previous Testimonies

I. STATEMENT OF QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Kathryn Eiland. My business address is 1701 N. Congress Avenue, Austin, Texas 78711-3326.

Q. By whom are you currently employed and in what capacity?

A. I am employed by the Public Utility Commission of Texas (Commission) as a Financial Analyst in the Rate Regulation Division.

Q. What are your principal responsibilities at the Commission?

A. I am responsible for reviewing formal complaints, certificate of convenience and necessity (CCN) applications for financial and managerial capability of the applicant, sale/transfer/merger applications, requests for authority to change rates, and stock transfers. I am also responsible for preparing testimony and exhibits for contested case matters involving investor-owned water and sewer utilities and assisting with settlement negotiations.

Q. Please state your educational background and professional experience.

A. I have provided a summary of my educational background and professional experience in Attachment KE-1.

Q. Have you previously filed testimony before the Commission or the State Office of Administrative Hearings?

A. Yes. I have provided a summary of my filed testimony in Attachment KE-2.

II. PURPOSE AND SCOPE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to support the Unopposed Stipulation and Settlement

Agreement (Stipulation) reached in this proceeding between Sheroll and Roger Richardson d.b.a. Northtown Acres Water Supply (Northtown Acres) and Commission Staff. Mark Parker and Frank Marx, III, the only remaining intervenors, agree to Section II, Paragraph 9 of the Stipulation and are unopposed to the remainder of the Stipulation.

Q. What is the basis for your recommendation?

A. My recommendation is based on a review of Northtown Acres' rate filing package and its responses to requests for information.

Q. What are the standards Staff used to make its determination concerning the overall reasonableness of the Stipulation?

A. Texas Water Code (TWC) Chapter 13 and Texas Administrative Code (TAC) §§ 24.41, 24.43, and 24.44 include the standards Staff used to evaluate the overall reasonableness of the Stipulation.

III. SUMMARY OF THE STIPULATION

Q. What are the primary terms of the Stipulation?

A. The Stipulation includes the following terms:

1. Base Rate Revenue Requirement. Northtown Acres' annual base rate revenue requirement will be set at \$158,534. This amount is exclusive of the cost of purchased water.

2. Purchase Water Pass-Through. Northtown Acres will recover the cost of purchased water, adjusted for line loss, via a pass-through mechanism contained in the tariff included as Exhibit A.

3. Invested Capital. Northtown Acres' invested capital will include the adjustment recommended in the testimony of Heidi Graham to capitalize tires and a cabinet. The

updated test-year-end invested capital is based on a trended original cost, less depreciation, of property used and useful in the provision of water service.

4. Rate of Return. Northtown Acres' overall rate of return is 6.51%.

5. Employee Expense and Contract Labor. Northtown Acres' salary expense for Sheroll and Roger Richardson is \$33,800. Contract labor is \$24,000 annually for operations and maintenance assistance and \$12,000 annually for accounting assistance. Northtown Acres is required to file proof of the contract labor expense in the form of executed contracts within 30 days from an Order approving the settlement. The annual contract labor expense will be reported in Northtown Acres' annual report to be filed each year.

6. Tariff Rates. Northtown Acres is allowed to implement the retail water utility rates as shown in the table below.

Meter Size	Minimum Monthly Charge (includes 0 gallons)
5/8"	\$28.30
3/4"	\$42.45
1"	\$70.75
1 1/2"	\$141.50
2"	\$226.40
Tier	Volumetric Rate (per 1,000 gallons)
0 to 10,000 gallons	\$3.00
10,001 to 25,000 gallons	\$3.45
over 25,001 gallons	\$3.60

Pass-through Rates.

Meter Size	Monthly Charge
5/8"	\$2.23
3/4"	\$3.35
1"	\$5.58
1 1/2"	\$11.16
2"	\$17.86
Volumetric Charge per 1,000 gallons	
All gallons used	\$4.48

7. Rate-Case Expenses. Northtown Acres will waive the recovery of its actual rate case expenses in this case. Northtown Acres will not seek to recover in a future proceeding any rate-case expenses incurred in this case.

8. No True-Up of Interim Rates to Final Rates. Northtown Acres will not seek recovery of any true-up of interim rates, an amount currently in excess of \$75,000, to resolve any issues raised by Intervenor in the case regarding past billings.

9. Interim Rates. The Signatories agree to support, or not oppose, a motion for approval of interim rates at the settled base rate and pass-through rates in paragraph 6, above, and the miscellaneous Service Charges in paragraph 10, below.

10. Miscellaneous Service Charges. The agreed miscellaneous service charges are included in Northtown Acres' Affidavit of Second Notice filed on March 4, 2021.

11. Meter Conversions. A 90-day grace period was agreed to, starting from the date of an order approving this settlement, for customers with meters greater than 1 inch to downsize, at the request of the customer, at the cost of materials.

12. Method of Payment. Northtown Acres will offer payment of invoices by Venmo, Cash App and Credit Card and check the envelopes for the dates mailed (postmarked) for purposes of determining late fees.

1 **Q. Are the terms of the Stipulation fair and reasonable, and in the public interest?**

2 A. Yes. In my opinion, the implementation of the terms in the Stipulation will result in a fair
3 and reasonable outcome for the parties. Based upon Staff's review, the water rates agreed
4 to in the Stipulation generate a revenue requirement that is within a reasonable range of the
5 likely litigated outcome in this docket. It is also Staff's opinion that a fully litigated docket
6 could potentially produce an outcome, including rate-case expenses, that would be less
7 favorable to the parties.

8
9 **IV. RECOMMENDATION**

10 **Q. What is your recommendation as to the Stipulation?**

11 A. I recommend that the Commission find that the terms of the Stipulation are in the public
12 interest and that the Commission adopt the Stipulation in its entirety.

13 **Q. Does this complete your testimony?**

14 A. Yes.

Attachment KE – 1
Kathryn Eiland

Public Utility Commission of Texas
1701 North Congress Avenue
Austin, TX 78711-3326

REGULATORY EXPERIENCE:

Financial Analyst, Rate Regulation Division,
Public Utility Commission of Texas

Employed: February 1, 2018, to present.

Duties: Review formal complaints, certificate of convenience and necessity (CCN) applications and amendments, sale/transfer/merger applications, requests for authority to change rates, stock transfers, and financial and managerial reviews. Prepare testimony and exhibits for contested case matters involving investor-owned water and sewer retail public utilities and assisting with settlement negotiations.

Investigator IV/Team Lead, Complaints Section

Public Utility Commission of Texas, Customer Protection Division (CPD)

Employed: March 2016 – January 2018

Duties: Investigated and responded complex complaints and communicated findings to customers and service providers, reviewed and resolved complaint appeals submitted by customers or service providers, attended meetings with service provider representatives and Commission staff, represented agency at external functions and trainings, contributed to Legislative requests and inquiries, handled walk-in complaints and inquiries, identified, researched and reviewed trends within the industry and provided status reports to management, assisted Oversight and Enforcement with possible enforcement actions by providing information on informal complaints, acted as a team lead for Investigators in the absence of management, reviewed the investigative process and made improvement recommendations as appropriate, trained and mentored CPD staff, served on backup team for agency receptionist.

Investigator I, III, Complaints Section

Public Utility Commission of Texas, Customer Protection Division

Employed: July 2002 – March 2016

Duties: reviewed and processed customer complaints, inquiries and opinions, analyzed complaint issues and service provider responses, determined proper resolution of complaints and communicated findings to customers and service providers, handled customer and utility concerns from government officials and senior agency staff, participated in agency workshops and special projects with other agency divisions, coordinated and maintained record keeping system, served on backup team for agency receptionist.

EDUCATION:

October 2019 NARUC Eastern Rate School

June 2019 Utility Finance and Accounting for Financial Professionals Seminar

May 1994 Jackson State University, Jackson, MS

Bachelor of Business Administration in Business Administration

Attachment KE-2 - List of Testimony

Docket	Case
PUC 48572	
SOAH 473-19-0420.WS	Complaint of Ashutosh Sharma Against the Palmer at Las Colinas Apartment Homes
PUC 48571	
SOAH 473-19-2460	Application of the City of San Marcos to Amend a Sewer Certificate of Convenience and Necessity in Hays, Guadalupe, and Caldwell Counties
PUC 49887	
SOAH 473-20-1116.WS	Application of Kendall West Utility, LLC for Authority to Change Rates
PUC 49261	
SOAH 473-20-1120.WS	Complaint of Michael E. Moore Against C Willow Water Company
PUC 50200	
SOAH 473-20-1120.WS	Application of Undine Texas, LLC and Undine Texas Environmental, LLC for Authority to Change Rates
PUC 50367	
SOAH 473-20-3820.WS	Complaint of Chad Swahn Against Shady Oaks Water Supply Company, LLC
PUC 48697	
SOAH 473-20-1117.WS	Application of Anderson Water Company, Inc. for Authority to Change Rates
PUC 48819	
SOAH 473-20-1674.WS	Application of Northtown Acres Water Supply for Authority to Change Rates