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Item Number: 105

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

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APPLICATION OF THE CITY OF § BEFORE THE STATE OFFICE
AUSTIN DBA AUSTIN WATER FOR §
AUTHORITY TO CHANGE WATER § OF
AND WASTEWATER RATES § ADMINISTRATIVE HEARINGS

**CITY OF AUSTIN D/B/A AUSTIN WATER'S
RESPONSE TO DISTRICTS'
EIGHTH REQUEST FOR INFORMATION**

To: 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, by and through their attorneys of record, Randall B. Wilburn, Gilbert Wilburn, PLLC, 7000 North MoPac Blvd., Suite 200, Austin, Texas 78731 and John Carlton, 4301 Westbank Drive., Suite B-130, Austin, Texas 78746.

The City of Austin (City) doing business as Austin Water (Austin Water or AW) files its Responses to 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's (collectively Districts) Eighth Request for Information (RFI) to Austin Water received on September 20, 2019. This response is timely filed. Pursuant to 16 Tex. Admin. Code (TAC) § 22.144(c)(2)(F), Austin Water agrees and stipulates that all parties may treat the responses as if the answers were filed under oath.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

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Austin, Texas 78701
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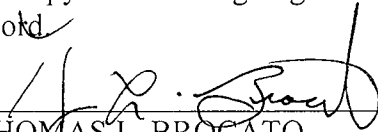
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ATTORNEYS FOR CITY OF AUSTIN

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served by email on October 10, 2019, to the parties of record.



THOMAS L. BROCATO

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-1: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of the Direct Transfer to the Reclaimed Water Fund (see Gonzales Direct at p. 29, line 22). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Public Utility Commission's (Commission) Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that reclaimed water system costs (capital and Operations and Maintenance (O&M) costs) were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."¹ The Direct Transfer to the Reclaimed Water Fund, referenced in Districts' RFI No. 8-1, covers the costs for the reclaimed capital and O&M costs referred to in the Commission's Order on Rehearing. Since the Commission stated that the City failed to prove these costs were reasonable and necessary costs for the Districts, Austin Water has provided additional evidence in this case to prove reclaimed costs are reasonable and necessary to provide water and wastewater service to the Districts.

David Anders' direct testimony in Austin Water's Application² in Docket No. 49189, Section "VI. Review of Docket No. 42857 and Relationship to This Case" (Section VI), provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.³

David Anders' direct testimony, Section "XI. Overview of Items Disallowed by Commission in Docket No. 42857 Included Within Wholesale Revenue Requirements By Austin Water" (Section XI), Subsection "B. Reclaimed Water Capital Costs and Expenses" (Subsection B), provides additional evidence describing the benefits of the reclaimed water system to all customer classes.⁴

Richard Giardina's direct testimony provides additional evidence describing the benefits of the reclaimed water system to all customer classes.⁵

Additionally, Steve Coonan's direct testimony and attachments provide evidence regarding: (1) how reclaimed water is a water supply resource; (2) how Austin Water is required

¹ *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, Finding of Fact No. 52 (Jan. 14, 2016).

² Application of the City of Austin d/b/a Austin Water for Authority to Change Water and Wastewater Rates (Apr. 15, 2019) (Application).

³ *Id.* at 27-29.

⁴ *Id.* at 39-41.

⁵ *Id.* at 241-242.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

by state law to include reclaimed water in its regional water planning process; (3) how reclaimed water can reduce the cost of purchasing raw water from the Lower Colorado River Authority (LCRA); and (4) how the wholesale customers benefit from the reclaimed water system.⁶

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

⁶ *Id.* at 346-381.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-2: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of the Direct Transfer to the Reclaimed Water Fund, please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-1.

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**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH REFI

DISTRICTS 8-3: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of the Direct Transfer to the Reclaimed Water Fund are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the reclaimed water system as a water supply for all water customers, and disagreed with the Petitioners' (the Districts in Docket No. 49189) recommendation to disallow the reclaimed water costs. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that reclaimed water system costs (capital and O&M costs) were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁷

In Docket No. 49189, Austin Water has provided additional evidence of the benefits of the reclaimed water system to all customer classes.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

⁷ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-4: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of the Direct Transfer to the Reclaimed Water Fund are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on the reclaimed water system provided in this case provides a more comprehensive argument of the benefits of the system to all customer classes. During Docket No. 42857, Austin Water raised arguments it expected to be sufficient for the Commission to find that the reclaimed costs were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove that costs associated with the reclaimed water program were reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH REFI

DISTRICTS 8-5: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of Reclaimed Water System Capital Costs and Expenses (Anders Direct at p. 26, line 13). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that reclaimed water system costs (capital and O&M costs) were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁸ Since the Commission stated that the City failed to prove these costs were reasonable and necessary costs for the Districts, Austin Water has provided additional evidence in this case to prove reclaimed costs are reasonable and necessary to provide water and wastewater service to the Districts.

David Anders' direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.⁹

David Anders' direct testimony, Section XI, Subsection B, provides the additional evidence describing the benefits of the reclaimed water system to all customer classes.¹⁰

Richard Giardina's direct testimony provides the additional evidence describing the benefits of the reclaimed water system to all customer classes.¹¹

Additionally, Steve Coonan's direct testimony and attachments provide evidence regarding: (1) how reclaimed water is a water supply resource; (2) how Austin Water is required by state law to include reclaimed water in its regional water planning process; (3) how reclaimed water can reduce the cost of purchasing raw water from the LCRA; and (4) how the wholesale customers benefit from the reclaimed system.¹²

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

⁸ *Id.*

⁹ Application at 27-29.

¹⁰ *Id.* at 39-41.

¹¹ *Id.* at 241-242.

¹² *Id.* at 346-381.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-6: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of Reclaimed Water System Capital Costs and Expenses (Anders Direct at p. 26, line 13), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-5.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-7: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Reclaimed Water System Capital Costs and Expenses (Anders Direct at p. 26, line 13) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the reclaimed water system as a water supply for all water customers and disagreed with the Petitioners' recommendation to disallow the reclaimed water costs. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that reclaimed water system costs (capital and O&M costs) were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."¹³

In Docket No. 49189, Austin Water has provided additional evidence of the benefits of the reclaimed water system to all customer classes.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

¹³ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-8: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Reclaimed Water System Capital Costs and Expenses (Anders Direct at p. 26, line 13) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on the reclaimed water system, provided by Austin Water in Docket No. 49189, provides a more comprehensive argument of the benefits of the system to all customer classes. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for the Commission to find that the reclaimed costs were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove that the reclaimed water program was reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

Prepared by: David Anders
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SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-9: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of O&M expenses allocated to Reclaimed Water System (Anders Direct at p. 35, line 6). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that O&M expenses allocated to the reclaimed water system were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."¹⁴ Since the Commission stated that the City failed to prove these costs were reasonable and necessary costs for the Districts, Austin Water has provided additional evidence in this case to prove reclaimed costs are reasonable and necessary to provide water and wastewater service to the Districts.

David Anders' direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.¹⁵

David Anders' direct testimony, Section XI, Subsection B, provides the additional evidence describing the benefits of the reclaimed water system to all customer classes.¹⁶

Richard Giardina's direct testimony provides the additional evidence describing the benefits of the reclaimed water system to all customer classes.¹⁷

Additionally, Steve Coonan's direct testimony and attachments provide evidence regarding: (1) how reclaimed water is a water supply resource; (2) how Austin Water is required by state law to include reclaimed water in its regional water planning process; (3) how reclaimed water can reduce the cost of purchasing raw water from the LCRA; and (4) how the wholesale customers benefit from the reclaimed system.¹⁸

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

¹⁴ *Id.*

¹⁵ Application at 27-29.

¹⁶ *Id.* at 39-41.

¹⁷ *Id.* at 241-242.

¹⁸ *Id.* at 346-381.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-10: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of O&M expenses allocated to Reclaimed Water System (Anders Direct at p. 35, line 6), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-9.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-11: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of O&M expenses allocated to Reclaimed Water System (Anders Direct at p. 35, line 6) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the reclaimed water system as a water supply for all water customers, and disagreed with the Petitioners' recommendation to disallow the reclaimed water costs. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that reclaimed water system costs (capital and O&M costs) were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."¹⁹

In Docket No. 49189, Austin Water has provided additional evidence of the benefits of the reclaimed water system to all customer classes.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

¹⁹ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-12: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of O&M expenses allocated to Reclaimed Water System (Anders Direct at p. 35, line 6) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on the reclaimed water system, provided by Austin Water in this case, provides a more comprehensive argument of the benefits of the system to all customer classes. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for the Commission to find that the reclaimed costs were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove that the reclaimed water program was reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

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SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-13: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of SWAP and Commercial Paper Administration Costs (Anders direct at p. 29, line 1). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the costs related to the City's reclassification of SWAP and Commercial Paper Administrative Costs from capital to operating expenses were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."²⁰ Since the Commission's finding in Docket No. 42857, Austin Water has provided additional evidence in this case to prove SWAP and Commercial Paper Administrative Costs are reasonable and necessary to provide water and wastewater service to the Districts and should be classified as operating expenses.

David Anders' direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.²¹

David Anders' direct testimony, Section XI, Subsection "C. Swap and Commercial Paper Transaction Costs" (Subsection C), provides the additional evidence describing the Governmental Accounting Standards Board (GASB) Pronouncement No. 65 requirements to: (1) include debt administrative costs to be expensed in the year they were incurred, and (2) not charge to specific projects as assets.²²

Joseph Gonzales' direct testimony provides the additional evidence describing the benefits of SWAP and Commercial Paper Administrative Costs to all customer classes.²³

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

²⁰ *Id.*

²¹ Application at 27-29.

²² *Id.* at 42-44.

²³ *Id.* at 87 and 34.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-14: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of SWAP and Commercial Paper Administration Costs (Anders direct at p. 29, line 1), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-13.

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**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-15: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of SWAP and Commercial Paper Administration Costs (Anders direct at p. 29, line 1) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified SWAP and Commercial Paper Administrative Costs as being appropriately reclassified as operating expenses. However, Austin Water did not provide specific details regarding GASB Pronouncement No. 65 requirements. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the City's reclassification of SWAP and commercial paper administrative costs were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."²⁴

In Docket No. 49189, Austin Water has provided additional evidence of the GASB requirement to (1) classify these costs as operating expenses, and (2) to not charge to capital projects.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

²⁴ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-16: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of SWAP and Commercial Paper Administration Costs (Anders direct at p. 29, line 1) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on the classification of SWAP and Commercial Paper Administrative Costs, provided by Austin Water in this case, provides a more comprehensive argument of the reasons supporting the reclassification. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for the Commission to find that SWAP and Commercial Paper Administrative Costs were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove the classification of SWAP and Commercial Paper Administrative Costs were reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

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SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER’S RESPONSE TO DISTRICTS’ EIGHTH REI

DISTRICTS 8-17: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW’s application in Docket No. 49189) that would justify a reversal of the Commission’s position to exclude the costs of Drainage Fees (Anders Direct at p. 31, line 12). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application

RESPONSE: The Commission Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the City’s inclusion of drainage fees as operating expenses were disallowed as “the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners.”²⁵ Since the Commission’s finding in Docket No. 42857, Austin Water has provided additional evidence in this case to prove drainage fees are reasonable and necessary to provide water and wastewater service to the Districts, and should be classified as operating expenses.

David Anders’ direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.²⁶

David Anders’ direct testimony, Section XI, Subsection “D. Drainage Fee Expense” (Subsection D), provides the additional evidence describing these costs as utility costs, which must be paid by any property owner within the city limits of Austin.²⁷

Joseph Gonzales’ direct testimony describes the methodology of assessing drainage fees based on impervious cover for each of the properties owned and operated by Austin Water.²⁸

Richard Giardina’s direct testimony provides the additional evidence, describing drainage utility fees as a necessary business expense incurred to provide treated water service.²⁹

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

²⁵ *Id.*

²⁶ Application at 27-29.

²⁷ *Id.* at 44-46.

²⁸ *Id.* at 87-88.

²⁹ *Id.* at 242.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-18: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of Drainage Fees (Anders Direct at p. 31, line 12), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-17.

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**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-19: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Drainage Fees (Anders Direct at p. 31, line 12) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the drainage fees as utility fees assessed to all property owners within the City. However, AW did not provide specific detail regarding the basis for the calculation. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the City's drainage fee expenses were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."³⁰

In Docket No. 49189, Austin Water has provided additional evidence of the drainage utility service and calculation methodology.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

³⁰ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-20: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Drainage Fees (Anders Direct at p. 31, line 12) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on drainage fees, provided by Austin Water in this proceeding, provides a more comprehensive argument of the reasons supporting the utility service expense. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for the Commission to find that drainage fees were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove the drainage fees were reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

Prepared by: David Anders
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-21: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of Revenue Stability Reserve Fund – Rate Surcharge (Anders Direct at p. 33, line 7). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the Revenue Stability Reserve Fund costs were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."³¹ Since the Commission stated that the City failed to prove these costs were reasonable and necessary costs for the Districts, Austin Water has provided additional evidence in this case to prove the Revenue Stability Reserve Fund costs are reasonable and necessary to provide water and wastewater service to the Districts.

David Anders' direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.³²

David Anders' direct testimony, Section XI, Subsection "E. Revenue Stability Reserve Fund" (Subsection E), provides the additional evidence describing the benefits of the Revenue Stability Reserve Fund to all customer classes.³³

Joseph Gonzales' direct testimony provides the additional evidence describing the benefits of the Revenue Stability Reserve Fund to all customer classes, as reserves assist in protecting the financial integrity of the utility.³⁴

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

³¹ *Id.*

³² Application at 27-29.

³³ *Id.* at 46-48.

³⁴ *Id.* at 88-90, 118.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-22: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of Revenue Stability Reserve Fund – Rate Surcharge (Anders Direct at p. 33, line 7), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-21.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-23: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Revenue Stability Reserve Fund – Rate Surcharge (Anders Direct at p. 33, line 7) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the Revenue Stability Reserve Fund as appropriate costs of providing water and wastewater service to its customers, and disagreed with the Petitioners' recommendation to disallow the Revenue Stability Reserve Fund costs. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the Revenue Stability Reserve Fund was disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."³⁵

In Docket No. 49189, Austin Water has provided additional evidence of the benefits of the Revenue Stability Reserve Fund to all customer classes.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

³⁵ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-24: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Revenue Stability Reserve Fund – Rate Surcharge (Anders Direct at p. 33, line 7) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857

RESPONSE: The additional evidence on the Revenue Stability Reserve Fund provides a more comprehensive argument of the benefits to all customer classes. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for the Commission to find that the Revenue Stability Reserve Fund costs were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove the Revenue Stability Reserve Fund was reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-25: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of Transfer to Revenue Stability Reserve Fund (Gonzales Direct at p. 31, line 1). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the Revenue Stability Reserve Fund was disallowed as "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."³⁶ Since the Commission stated that the City failed to prove these costs were reasonable and necessary costs for the Districts, Austin Water has provided additional evidence in this case to prove the costs of Transfer to the Revenue Stability Reserve Fund are reasonable and necessary to provide water and wastewater service to the Districts.

David Anders' direct testimony in Docket No. 49189, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.³⁷

David Anders' direct testimony in Docket No. 49189, Section XI, Subsection E, provides the additional evidence describing the benefits of the Revenue Stability Reserve Fund to all customer classes.³⁸

Joseph Gonzales' direct testimony provides the additional evidence describing the benefits of the Revenue Stability Reserve Fund to all customer classes, as reserves assist in protecting the financial integrity of the utility.³⁹

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

³⁶ *Id.*

³⁷ Application at 27-29.

³⁸ *Id.* at 46-48.

³⁹ *Id.* at 88-90, 118.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-26: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of Transfer to Revenue Stability Reserve Fund (Gonzales Direct at p. 31, line 1), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-25.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-27: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Transfer to Revenue Stability Reserve Fund (Gonzales Direct at p. 31, line 1) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the Revenue Stability Reserve Fund as an appropriate cost of providing water and wastewater service to our customers and disagreed with the petitioners' recommendation to disallow the Revenue Stability Reserve Fund costs. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52 stated that the Revenue Stability Reserve Fund was disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁴⁰

In Docket No. 49189, Austin Water has provided additional evidence of the benefits of the Revenue Stability Reserve Fund to all customer classes.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

⁴⁰ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH REFI

DISTRICTS 8-28: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Transfer to Revenue Stability Reserve Fund (Gonzales Direct at p. 31, line 1) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on the Revenue Stability Reserve Fund, provided by Austin Water in this case, provides a more comprehensive argument of the benefits of the system to all customer classes. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for the Commission to find the costs of the Transfer to Revenue Stability Reserve Fund were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove the Revenue Stability Reserve Fund was reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-29: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of Govalle WWTP O&M Costs (Gonzales Direct at p. 20, line 9). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the Govalle Wastewater Treatment Plant (WWTP) Capital (capital & O&M) Costs were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁴¹ Since the Commission stated that the City failed to prove these costs were reasonable and necessary costs for the Districts, Austin Water provides additional evidence in this case to prove Govalle WWTP Capital (capital & O&M) Costs are reasonable and necessary to provide water and wastewater service to the Districts.

David Anders' direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.⁴²

David Anders' direct testimony, Section XI, Subsection "G. Training Costs and Expenses at Former Govalle Wastewater Treatment Plant Site" (Subsection G), provides the additional evidence describing the benefits of the Govalle WWTP Capital (capital & O&M) Costs to all customer classes.⁴³

Joseph Gonzales' direct testimony provides the additional evidence describing the benefits of the Govalle WWTP Capital (capital & O&M) Costs to all customer classes.⁴⁴

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

⁴¹ *Id.*

⁴² Application at 27-29.

⁴³ *Id.* at 50-51.

⁴⁴ *Id.* at 90.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-30: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of Govalle WWTP O&M Costs (Gonzales Direct at p. 20, line 9), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-29.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-31: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Govalle WWTP O&M Costs (Gonzales Direct at p. 20, line 9) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the Govalle WWTP O&M (capital & O&M) Costs as a water supply for all water customers, and disagreed with the Petitioners' recommendation to disallow the Govalle WWTP O&M (capital & O&M) Costs. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that Govalle WWTP O&M (capital and O&M costs) were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁴⁵

In Docket No. 49189, Austin Water has provided additional evidence of the benefits of the Govalle WWTP O&M (capital & O&M) Costs to all customer classes.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

⁴⁵ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-32: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Govalle WWTP O&M Costs (Gonzales Direct at p. 20, line 9) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on the Govalle WWTP O&M (capital & O&M) costs, provided by Austin Water in this case, provides a more comprehensive argument of the benefits of the system to all customer classes. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for the Commission to find that the Govalle WWTP O&M (capital & O&M) Costs were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove Govalle WWTP O&M (capital & O&M) costs were reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-33: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of Govalle WWTP Capital Costs (Anders Direct at p. 38, line 7). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the Govalle WWTP Capital (capital & O&M) Costs were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁴⁶ Since the Commission stated that the City failed to prove these costs were reasonable and necessary costs for the Districts, Austin Water provides additional evidence in this case to prove Govalle WWTP Capital (capital & O&M) Costs are reasonable and necessary to provide water and wastewater service to the Districts.

David Anders' direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.⁴⁷

David Anders' direct testimony, Section XI, Subsection G, provides the additional evidence describing the benefits of the Govalle WWTP Capital (capital & O&M) Costs to all customer classes.⁴⁸

Joseph Gonzales' direct testimony provides the additional evidence describing the benefits of the Govalle WWTP Capital (capital & O&M) Costs to all customer classes.⁴⁹

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

⁴⁶ *Id.*

⁴⁷ Application at 27-29.

⁴⁸ *Id.* at 50-51.

⁴⁹ *Id.* at 90.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-34: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of Govalle WWTP Capital Costs (Anders Direct at p. 38, line 7), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-33.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-35: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Govalle WWTP Capital Costs (Anders Direct at p. 38, line 7) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the Govalle WWTP Capital Costs as the costs of providing service to water and wastewater customers, and disagreed with the Petitioners' recommendation to disallow the Govalle WWTP Capital Costs. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the Govalle WWTP Capital Costs were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁵⁰

In Docket No. 49189, Austin Water has provided additional evidence of the benefits of the Govalle WWTP Capital Costs to all customer classes.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

⁵⁰ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-36: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Govalle WWTP Capital Costs (Anders Direct at p. 38, line 7) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on the Govalle WWTP Capital Costs, provided by Austin Water in this case, provides a more comprehensive argument of the benefits to all customer classes. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for Commission to find that the Govalle WWTP Capital Costs were reasonable and necessary to provide water and wastewater service to the petitioners. However, after the Commission found that AW failed to prove that the Govalle WWTP Capital Costs were reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-37: Please identify and describe in detail all changed circumstances from February 26, 2015 (the end of the hearings in Docket No. 42857) to April 15, 2019 (the filing date of AW's application in Docket No. 49189) that would justify a reversal of the Commission's position to exclude the costs of Green Choice Electricity Costs (Anders Direct at p. 40, line 17). If the response includes references to the Docket No. 49189 rate application, please provide the Bates numbers (and line numbers if applicable) of the references. Provide any other responsive documents that are not included in the Application.

RESPONSE: The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the Green Choice Electricity Costs were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁵¹ Since the Commission stated that the City failed to prove these costs were reasonable and necessary costs for the Districts, Austin Water has provided additional evidence in this case to prove that the Green Choice Electricity Costs are reasonable and necessary to provide water and wastewater service to the Districts.

David Anders' direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.⁵²

David Anders' direct testimony, Section XI, Subsection "I. Green Choice Energy" (Subsection I), provides the additional evidence describing the benefits of Green Choice Energy to all customer classes.⁵³

Joseph Gonzales' direct testimony provides the additional evidence describing the benefits of the Green Choice Energy costs to all customer classes.⁵⁴

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

⁵¹ *Id.*

⁵² Application at 27-29.

⁵³ *Id.* at 53-55.

⁵⁴ *Id.* at 92.

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-38: If AW cannot identify any changed circumstances from the hearings in Docket No. 42857 to the filing of AW's application in Docket No. 49189 that would justify a reversal of the Commission's position to exclude the costs of Green Choice Electricity Costs (Anders Direct at p. 40, line 17), please identify and explain AW's arguments and theories for requesting inclusion of these costs in the current application.

RESPONSE: Please see Austin Water's response to Districts' RFI No. 8-37.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-39: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Green Choice Electricity Costs (Anders Direct at p. 40, line 17) are substantially the same arguments and/or theories presented in Docket No. 42857. If the current arguments are different, please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: In Docket No. 42857, Austin Water identified the Green Choice Electricity Costs (which reduce the City's carbon footprint) as a cost of providing water and wastewater that benefits all water customers, and disagreed with the Petitioners' recommendation to disallow the Green Choice Electricity Costs. The Commission's Order on Rehearing in Docket No. 42857, Finding of Fact No. 52, stated that the Green Choice Electricity Costs were disallowed because "the [C]ity failed to prove that these revenue requirements are reasonable and necessary costs of providing water and wastewater services to the petitioners."⁵⁵

In Docket No. 49189, Austin Water has provided additional evidence of the benefits of the Green Choice Electricity Costs to all customer classes.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

⁵⁵ Docket No. 42857, Order on Rehearing, Finding of Fact No. 52

**SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189**

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-40: Please identify which of the arguments and/or theories presented in Docket No. 49189 for inclusion of the costs of Green Choice Electricity Costs (Anders Direct at p. 40, line 17) are substantially different from the arguments and/or theories presented in Docket No. 42857. Please explain why AW did not raise these arguments in Docket No. 42857.

RESPONSE: The additional evidence on the Green Choice Electricity Costs, provided by Austin Water in this case, provides a more comprehensive argument of the benefits to all customer classes. During Docket No. 42857, Austin Water raised arguments it thought were sufficient for Commission to find that the Green Choice Electricity Costs were reasonable and necessary to provide water and wastewater service to the Petitioners. However, after the Commission found that AW failed to prove that the Green Choice Electricity Costs were reasonable and necessary for providing service, AW provided additional relevant evidence in Docket No. 49189 for the Commission to consider.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-41: Please see Exhibit A, attached file: from WP II-A-3.2 Other Physical Property (Reicher Ranch).pdf which summarizes the Reicher Ranch assets included in the Water Fixed Asset Schedule and results in an allocation of a portion of the capital costs associated with these Reicher Ranch assets to the wholesale customers. On page 15, line 1 of Mr. Gonzales' direct testimony, he states that Reicher Ranch costs are excluded, but the Application shows otherwise. Please explain how AW proposes to exclude these costs and the impact on the water revenue requirements of each of the four districts.

RESPONSE: Reicher Ranch assets are related to water quality lands. The debt service for most property related to water quality lands was not allocated to wholesale in the cost of service model.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-42: Please explain how the \$34,675,000 in net proceeds from the sale of the Green Water Treatment Plant were used for future capital projects as required by Docket No. 42857 (see Proposal for Decision at pp. 49-50).

RESPONSE: The Green Water Treatment Plant was decommissioned and deconstructed or demolished. No assets of Austin Water were sold. The land that the Green Water Treatment Plant was located on was an asset of the City, and not Austin Water. The City researched the ownership of the land and the City Attorney determined the land was City property, not Austin Water property. Therefore, when the land was sold to a private developer, all of the property sale proceeds were City funds. However, Austin Water did pay approximately \$15 million in deconstruction costs for the plant to get the land ready for sale. These costs were fully reimbursed to Austin Water in 2014. These funds were deposited in the water utility fund and have benefited all customer classes through rate reductions in following years, including the Petitioners.

David Anders' direct testimony, Section VI, provides a list of the items disallowed by the Commission and items AW has presented for consideration in this case.⁵⁶

David Anders' direct testimony, Section "XII. Overview of Items Disallowed by Commission in Docket No. 42857 Not Included Within Wholesale Revenue Requirement by Austin Water" (Section XII), provides the additional evidence describing how no costs were included within the wholesale revenue requirement for the Green Water Treatment Plant.⁵⁷

Joseph Gonzales' direct testimony provides the additional evidence describing how no costs were included within the wholesale revenue requirement for the Green Water Treatment Plant.⁵⁸

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

⁵⁶ Application at 27-29.

⁵⁷ *Id.* at 57.

⁵⁸ *Id.* at 94.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-43: On page 15, line 2 of his testimony, Mr. Gonzales states that AW agreed to exclude the cost of the Austin Youth River Watch from allocation to wholesale customer. Referring to Schedule II-D-3.2 Contribution and Donation Expense, please explain how each line item is reasonable and necessary to provide service to wholesale customers, and the rationale for voluntarily excluding the Austin Youth River Watch expense but requesting recovery of substantially similar expenses.

RESPONSE: The items listed on "Schedule II-D-3.2 Contribution and Donation Expense" are similar in nature and are a small cost of Austin Water doing business. These items provide connections with the community and are a best practice for businesses. The Austin Youth River Watch expense was the only Contribution and Donation Expense that AW agreed to exclude in Docket No. 42857.

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

DISTRICTS 8-44: In Docket No. 42857, AW agreed to exclude the cost of the Economic Incentives Reserve Fund (see PFD at p. 31). On page 30, line 10 of his direct testimony, Mr. Gonzales indicates that \$3,808,882 is included in AW's revenue requirements for the Transfer to the Economic Development Fund. Based on the descriptions of these funds from page 350 of Austin's Approved FY 19 Budget, these funds appear to serve a similar purpose. Please explain how the Transfer to the Economic Development fund is reasonable and necessary to provide service to wholesale customers, and the rationale for voluntarily excluding the Economic Incentives Reserve Fund expense in Docket No. 42857 but requesting recovery of a substantially similar expense in the current Rate Application.

RESPONSE: In Docket No. 42857, Austin Water voluntarily excluded the Economic Incentives Reserve Fund, as these costs were for specific payment of incentives. Currently in Docket No. 49189, Austin Water contributes to the Economic Development Fund, which is different than the Economic Incentives Reserve Fund. The Economic Development Fund is not for payments of incentives but serves the purposes described below.

The contributions to the Economic Development Fund provide valuable returns on investment to Austin Water. The specific benefits include increased customers and an improved local economy by adding new jobs, diversifying the base of employment in Austin, and creating a mix of new development. The Economic Development Fund efforts also attract new businesses and encourage business expansions. For example, the recent Samsung expansion brought increased revenue to Austin Water, helping offset utility costs and improve financial metrics.

Projects managed by the Economic Development Fund Department convert low-use properties to medium and high density residential, industrial and commercial customers. City-owned land redevelopment projects provide economic opportunities and resources, with a balance of jobs and housing that better enable the community to thrive. Three Economic Development Fund-facilitated redevelopments are Mueller, Seaholm and Colony Park. These developments provide access to over 140-acres of parks, and accommodate mixed-use office/retail buildings for local businesses, restaurants, hotels, cultural amenities, and multi-family developments (which will also contain up to 25% of affordable rental units). Additionally, 8,093 local jobs were supported, over \$1.0 billion of private investment was attracted, and millions of dollars will be leveraged into the City's Affordable Housing Trust Fund over the next 30 years.

All of these Economic Development Fund efforts listed above will increase the number of customers for Austin Water, which will also increase AW's water and wastewater revenue. These Economic Development Fund programs benefit all customers, either directly or indirectly, by spreading system costs over an increased number of customers. These redevelopment projects since inception have yielded 4,253,500 square feet of new commercial space and 6,618 new residential units. This results in the direct benefits of increased city customer accounts and rate-payer accounts. As of December 31, 2018, over 12,000 jobs have been created and retained from active Chapter 380 agreements. In FY 2019, developments included 937 new residential units on repositioned City-owned land and 699 residential units downtown.

SOAH DOCKET NO. 473-19-6297.WS
PUC DOCKET NO. 49189

AUSTIN WATER'S RESPONSE TO DISTRICTS' EIGHTH RFI

Prepared by: Christina Romero
Sponsored by: David Anders and Joseph Gonzales