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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' NINTH
REQUEST FOR INFORMATION, QUESTIONS 9-9 THROUGH 9-20**

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.

COMES NOW the City of Austin (City) doing business as Austin Water (Austin Water or AW) and files this Response 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) Ninth Request for Information (RFI) to Austin Water, Questions 9-9 through 9-20. By responding to these questions, Austin Water is withdrawing its objections filed on October 3, 2019.

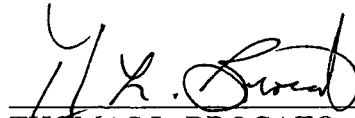
If responsive documents exceed 99 pages, the response will indicate that the attachment is voluminous, and pursuant to 16 TAC § 22.144(h)(2), the document will be made available for inspection at the offices of Austin Water's attorneys, Lloyd Gosselink Rochelle & Townsend, P.C., located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701. Please call Sam Weaver at 512-322-5883 during regular business hours, to make an appointment to review the documents.

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Respectfully submitted,

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

816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)



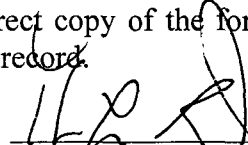
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ATTORNEYS FOR CITY OF AUSTIN

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served by email on October 14, 2019, to the parties of record.



THOMAS L. BROCATO

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-9: Produce the Raftelis Cost of Service Models for water and wastewater identified in Mr. Giardina's letter to AWU dated November 13, 2017 attached as Attachment 1.

RESPONSE: Please see AW Districts 9-9, Attachment Nos. 1 and 2, which are the water and wastewater cost of service (COS) models identified in the November 13, 2017 letter. The responsive documents are voluminous.

Prepared by: Richard Giardina
Sponsored by: Richard Giardina

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-10: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that water usage is annualized and describe the annualization process.

RESPONSE: Annualization is the process of taking partial year data to develop an estimate of full year results. An annualization process was not used to estimate water usage in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed forecasts of budgeted water usage by using estimates of the annual average consumption per account for each customer class, based on several years of actual usage.

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-11: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that water customer numbers are annualized and describe the annualization process.

RESPONSE: Annualization is the process of taking partial year data to develop an estimate of full year results. An annualization process was not used to estimate water customer numbers in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed forecasts of budgeted water customer accounts by using estimates of the annual average growth in customer accounts for each customer class based on several years of actual growth. The customer class meter counts by month are identified in Tab 3.

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-12: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that water usage is normalized and describe the normalization process.

RESPONSE: Normalization is a process that adjusts actual results (water usage, expenses, etc.) to what would have happened under normal conditions. By running a regression to remove one or more variables impacting actual results (weather conditions, inflation, etc.), one can assess normal results between two or more time periods. A normalization process was not used to estimate annual water usage in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed forecasts of budgeted water usage using estimates of the annual average consumption per account for each customer class based on several years of actual usage.

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-13: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that water revenue requirements are annualized and describe the annualization process.

RESPONSE: Annualization is the process of taking partial year data to develop an estimate of full year results. An annualization process was not used to estimate the annual revenue requirement in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed the forecasts of budgeted water expenses based on actual historical annual expenses or numbers specifically provided for line items, such as contracted or allocated line item amounts.

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFL QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-14: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that water revenue requirements are normalized and describe the normalization process.

RESPONSE: Normalization is a process that adjusts actual results (water usage, expenses, etc.) to what would have happened under normal conditions. By running a regression to remove one or more variables impacting actual results (weather conditions, inflation, etc.), one can assess normal results between two or more time periods. A normalization process was not used to estimate annual water usage in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed the forecasts of budgeted water expenses based on actual historical annual expenses or numbers specifically provided for line items, such as contracted or allocated line item amounts.

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-15: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that wastewater usage is annualized and describe the annualization process.

RESPONSE: Annualization is the process of taking partial year data to develop an estimate of full year results. An annualization process was not used to estimate wastewater usage in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed forecasts of budgeted wastewater usage using estimates of the annual average flow per account for each customer class, based on several years of actual flow.

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-16: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that wastewater customer numbers are annualized and describe the annualization process.

RESPONSE: Annualization is the process of taking partial year data to develop an estimate of full year results. An annualization process was not used to estimate water customer numbers in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed forecasts of budgeted wastewater customer accounts using estimates of the annual average growth in customer accounts for each customer class based on several years of actual growth. The customer class meter counts by month are identified in Tab 3.

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-17: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that wastewater usage is normalized and describe the normalization process.

RESPONSE: Normalization is a process that adjusts actual results (water usage, expenses, etc.) to what would have happened under normal conditions. By running a regression to remove one or more variables impacting actual results (weather conditions, inflation, etc.), one can assess normal results between two or more time periods. A normalization process was not used to estimate annual water usage in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed forecasts of budgeted wastewater usage using estimates of the annual average flow per account for each customer class, based on several years of actual flow.

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**AUSTIN WATER'S RESPONSE TO
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DISTRICTS 9-18: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that wastewater revenue requirements are annualized and describe the annualization process.

RESPONSE: Annualization is the process of taking partial year data to develop an estimate of full year results. An annualization process was not used to estimate the annual revenue requirement in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed the forecasts of budgeted wastewater expenses based on actual historical annual expenses or numbers specifically provided for line items, such as contracted or allocated line item amounts.

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**AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20**

DISTRICTS 9-19: This request is for Mr. Giardina: Please identify where in the Raftelis Cost of Service Model referenced in Request 9-6 used in the Rate Application that wastewater revenue requirements are normalized and describe the normalization process.

RESPONSE: Normalization is a process that adjusts actual results (water usage, expenses, etc.) to what would have happened under normal conditions. By running a regression to remove one or more variables impacting actual results (weather conditions, inflation, etc.), one can assess normal results between two or more time periods. A normalization process was not used to estimate annual water usage in the 2017 COS models.

The 2017 COS models used budget data. Austin Water developed the forecasts of budgeted wastewater expenses based on actual historical annual expenses or numbers specifically provided for line items, such as contracted or allocated line item amounts.

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AUSTIN WATER'S RESPONSE TO
DISTRICTS' NINTH RFI, QUESTIONS 9-9 THROUGH 9-20

DISTRICTS 9-20: Please describe in detail the differences between the Raftelis Cost of Service Models referenced in Request 9-6 and the AW Water COS Model Docket 49189.xlsx or AW Wastewater COS Model Docket 49189.xlsm.

RESPONSE: Major changes between the 2017 COS models and the 2018 COS models include the following:

1. Costs in the 2017 COS models were 2017 budget. The COS models in Austin Water's Errata were updated to the 2018 test year actual costs plus known and measurables;
2. Non-rate revenues were updated from the 2017 budget to the 2018 test year;
3. Peaking factors – extra 2 years of actuals included in the 2018 models;
4. Existing rate updates from 2017 to 2018;
5. Austin Water's Errata filing that included the 2018 water model updates transmission and distribution allocation using an inch-feet based method. This update identifies transmission as 24" or larger, and identifies distribution as below 24";
6. 2017 models included general fund transfers and capital improvement program (CIP) transfers. The 2018 models eliminated these transfers and included the debt service coverage calculation;
7. Austin Water's Errata filing that included the 2018 COS models (Tab 94 in the water model and Tab 83 in the wastewater model) includes a debt service coverage calculation to adjust revenue requirements; and
8. New units or cost centers added since 2017 were included in the 2018 COS models.

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