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Addendum StartPage: 0

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

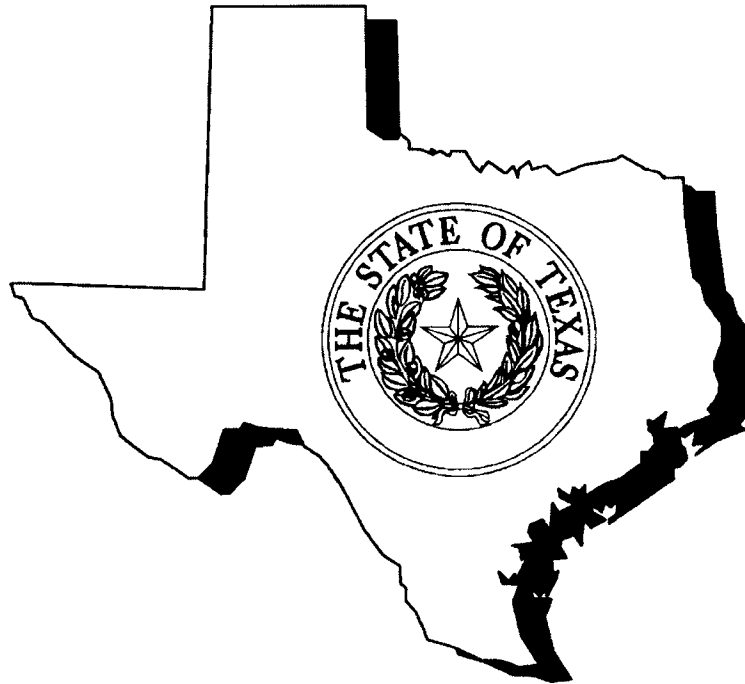
**APPLICATION OF THE CITY OF
AUSTIN DBA AUSTIN WATER FOR
AUTHORITY TO CHANGE WATER
AND WASTEWATER RATES**

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**BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS**



**DIRECT TESTIMONY AND WORKPAPERS OF

WILLIAM B. ABBOTT

RATE REGULATION DIVISION

PUBLIC UTILITY COMMISSION OF TEXAS

NOVEMBER 15, 2019**

TABLE OF CONTENTS

I. PROFESSIONAL QUALIFICATIONS	3
II. PURPOSE AND SCOPE OF TESTIMONY	4
III. SUMMARY OF RECOMMENDATIONS	6
IV. RECLAIMED WATER SYSTEM	6
V. CONCLUSION	11

LIST OF ATTACHMENTS

Attachment WBA-1 Curriculum Vitae

WORKPAPERS

I. PROFESSIONAL QUALIFICATIONS

Q. Please state your name and business address.

A. William B. Abbott, 1701 N. Congress Avenue, Austin, Texas 78711.

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

A. I am employed by the Public Utility Commission of Texas ("Commission") as the Director of the Tariff and Rate Analysis Section of the Rate Regulation Division.

Q. What are your principal responsibilities at the Commission?

A. In addition to the supervision and management of the rate analysts and financial analysts in the Tariff and Rate Analysis Section, my principal area of responsibility involves performing analyses of issues such as utility cost allocation, rate design, and tariff filings. My specific responsibilities include: analyzing cost allocation studies, as well as revenue distribution and rate design issues, for regulated electric, water, and wastewater utilities; analyzing policy issues associated with the regulation of regulated utilities; reviewing tariffs of regulated utilities to determine compliance with Commission requirements; preparing and presenting testimony as an expert witness on rate and related issues in docketed proceedings before the Commission and the State Office of Administrative Hearings (SOAH); and working on or leading teams in contested cases, rulemaking projects, reports, and research concerning rates, pricing, and other Commission-related issues.

Q. Please state your educational background and professional experience.

A. I earned Bachelor of Science degrees in Chemistry, Psychology, and Economics with a minor in Mathematics from the University of Houston. I earned a Master of Arts degree in Economics from George Mason University while successfully completing all non-

1 dissertation requirements for a Ph.D., with field concentrations in Law & Economics as
2 well as Public Choice Economics. My field concentrations involved the study of the
3 dynamics and social welfare implications of behavior in non-commercial domains such as
4 the legal, political, legislative, and regulatory arenas. For several years as an undergraduate
5 and post-baccalaureate student, I was employed teaching introductory and organic
6 chemistry laboratory courses. As a graduate student, I taught several undergraduate lecture
7 courses including Introductory Microeconomics, Introductory Macroeconomics, Money &
8 Banking, as well as Law & Economics. Subsequent to my graduate studies and prior to
9 my employment at the Commission, I was engaged as a freelance consultant to perform
10 econometric analyses. In 2010, I was hired as a Rate Analyst at the Commission. In 2012,
11 I was promoted to my current position of Director, Tariff and Rate Analysis. I have
12 provided a summary of my educational background and professional regulatory experience
13 in Attachment WBA-1.

14 **Q. Have you previously testified before the Commission or SOAH?**

15 A. Yes. Attachment WBA-1 includes a listing of my previously filed written testimony.
16

17 **II. PURPOSE AND SCOPE OF TESTIMONY**

18 **Q. What is the purpose of your testimony in this case, Commission Docket No. 49189 and**
19 **SOAH Docket No. 473-19-6297.WS, *Application of the City of Austin DBA Austin***
20 ***Water for Authority to Change Water and Wastewater Rates?***

21 A. My direct testimony regarding the application of the City of Austin (Austin Water) will
22 address the applicant's proposal to include costs related to its reclaimed water system in
23 the calculation of the wholesale rates applicable to North Austin Municipal Utility District

No. 1, Northtown Municipal Utility District, Travis County Water Control & Improvement District No. 10, and Wells Branch Municipal Utility District (collectively, Districts). This issue relates to the following items from the Preliminary Order in this proceeding:

8. What is the reasonable and necessary cost of providing water and sewer service to the districts?

19. What is the appropriate allocation of the revenue requirement:

b. Between the City's wholesale customers and its retail customers.

20. Are the City's proposed wholesale water and wastewater rates based upon the actual cost of providing the water and wastewater services to each petitioner?¹

The fact that I remain silent on certain issues associated with Austin Water's request does not imply any agreement on those issues.

Q. What items did you review to arrive at your recommendations?

A. In preparing my testimony on these issues, I reviewed portions of Austin Water's application and direct testimony, certain responses to requests for information, and certain Commission rules and orders.

Q. What is the basis for your review?

A. Texas Water Code (TWC) § 13.044(b) states that "the municipality shall have the burden of proof to establish that the rates are just and reasonable." In the previous appeal of the wholesale rates Austin Water charges to the Districts, the Commission found:

The revenue requirement for a cash-basis utility includes operating and maintenance (O&M) expenses, debt service, payment in lieu of taxes, and plant extension, replacement and improvements, but only to the extent that all such costs relate to the actual cost of providing service.²

¹ Preliminary Order at 4 and 5 (Aug. 8, 2019).

² *Petition of the 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, Order on Rehearing at Finding of Fact 38 (Jan. 14, 2016).

1 In that proceeding, the Commission concluded:

2 It is a fundamental principle of ratemaking that regulated public utilities are
3 entitled to rates which will allow them to collect total revenues equal to their
4 cost of service. *Suburban Util. Corp. v. Public Util. Comm'n*, 652 S.W.2d
5 358, 362 (Tex. 1983).

6 The revenue requirement for a utility that uses the cash basis of accounting
7 may include O&M expenses, debt service, payment in lieu of taxes, and
8 plant extension, replacement and improvements, if all such costs are related
9 to its actual cost of providing service. *Black v. City of Killeen*, 78 S.W.3d
10 686, 694 (Tex. App.—Austin 2002, pet. denied).³
11

12 **III. SUMMARY OF RECOMMENDATIONS**

13 **Q. What is your recommendation?**

14 A. Austin Water has included costs associated with its reclaimed water system in its proposed
15 rates to the Districts. The costs associated with the reclaimed water system do not relate
16 to the actual cost of providing water or wastewater service to the Districts. I recommend
17 that all costs associated with the reclaimed water system be removed from the calculation
18 of rates applicable to the Districts.
19

20 **IV. RECLAIMED WATER SYSTEM**

21 **Q. What costs are associated with the reclaimed water system?**

22 A. Austin Water indicates that both its Walnut Creek and its South Austin Regional
23 wastewater treatment plants provide water to be used in the reclaimed water system.⁴ As
24 explained by Staff witness Greg Charles, Austin Water cannot produce reclaimed water
25 without these wastewater treatment facilities. A portion of Austin Water's debt service
26 costs were incurred to fund these plants and are allocated to the Districts in Austin Water's

³ *Id.* at Conclusion of Law 15-16.

⁴ Direct Testimony of David A. Anders at bates 22:18-22 (Apr. 15, 2019).

proposal in this proceeding; therefore, a portion of the costs of these plants are included in the proposed rates applicable to the Districts. There are also the capital costs and operations & maintenance (O&M) expenses of the reclaimed water system itself, which Austin Water has allocated to all customers, including the Districts.⁵ Additionally, there are “indirect” O&M expenses associated with the reclaimed water service, which Austin Water has included in its costs to serve the Districts.⁶

Q. Do the Districts receive reclaimed water service?

A. No. The Districts did not receive reclaimed water from Austin Water in the test year.⁷ In fact, none of Austin Water’s wholesale water or wholesale wastewater customers received any reclaimed water from Austin Water’s reclaimed water system during the test year,⁸ or ever.⁹

Q. How does Austin Water justify including the costs of the reclaimed water system in rates applicable to the Districts?

A. Austin Water claims that the reclaimed water system “is a cost-effective water source which extends AW’s current water supply portfolio” and that it “enhances the total amount of water available to all customers” while being “a key component of AW’s recently completed Water Forward 100-year integrated water supply plan.”¹⁰ Despite this claim that the reclaimed water system is cost-effective, Austin Water maintains that “the water

⁵ *Id.* at bates 39:16-18.

⁶ *Id.* at bates 48:9-16.

⁷ Austin Water’s Response to Commission Staff’s Fifth Request for Information at Response No. 5-6 (Oct. 2, 2019).

⁸ Austin Water’s Response to Commission Staff’s Fifth Request for Information at Response No. 5-7 (Oct. 2, 2019).

⁹ Austin Water’s Response to Commission Staff’s Fifth Request for Information at Response No. 5-8 (Oct. 2, 2019).

¹⁰ Direct Testimony of David A. Anders at bates 40:7-12 (Apr. 15, 2019).

1 and wastewater utilities must transfer funds to the reclaimed water utility to offset costs
2 not covered by the reclaimed water revenue.”¹¹

3 Austin Water further claims that the reclaimed water system benefits wholesale
4 customers by extending the water supply, saving or deferring the need for additional water
5 supplies or for the expansion of treatment and distribution facilities, and providing drought
6 resistant supply.¹² Additionally, Austin Water claims that the reclaimed water system helps
7 to prevent future rate increases under a trigger included in its water supply contract with
8 the Lower Colorado River Authority.¹³ These alleged benefits to the Districts form the
9 basis for Austin Water including reclaimed water system-related costs in the rates
10 applicable to the Districts. In sum, the Austin Water’s argument is:

11 it is appropriate for water wholesale customers to bear some cost
12 responsibility for the reclaimed water system in that they derive benefits
13 from this system in terms of the added available water resources “created”
14 by the reclaimed water system; resources available and benefitting all retail
15 and wholesale water customers.¹⁴

16 Austin Water witness Stephen J. Coonan discusses details of how hypothetical
17 benefits might have accrued to wholesale customers as a result of hypothetical water supply
18 curtailments, though he provides no supporting evidence for his narrative.¹⁵ The summary
19 conclusion of Mr. Coonan’s hypothetical curtailment scenario is that “the wholesale
20 customers would have had to reduce their consumption by 6 percent as opposed to 20
21 percent because Austin had been proactive in their efforts to reduce water consumption

¹¹ Austin Water’s Response to Commission Staff’s Sixth Request for Information at Response No. 6-13, Attachment 1 (Oct. 4, 2019).

¹² Direct Testimony of David A. Anders at bates 40:15-19.

¹³ *Id.* at bates 40:19-23.

¹⁴ Direct Testimony of Richard D. Giardina at bates 241:17-21(Apr. 15, 2019).

¹⁵ Direct Testimony of Stephen J. Coonan at bates 354-360 (Apr. 15, 2019).

1 through conservation and reuse.”¹⁶ Mr. Coonan does however acknowledge that “[t]he law
2 does not require that the Regional Water Planning Groups adopt water reuse as one of their
3 water supply alternatives.”¹⁷ He further characterizes the alleged benefit that the wholesale
4 customers receive as a result of the reclaimed water system as an indirect benefit.¹⁸

5 **Q. Do the alleged indirect benefits of the reclaimed water system for wholesale customers**
6 **justify inclusion of the associated costs in the rates applicable to the Districts in this**
7 **proceeding?**

8 A. No. Longstanding Commission practice involves establishing rates based on *cost*, not
9 rates based on *benefit*. In establishing electric utility rates, the Commission’s obligation
10 under Public Utility Regulatory Act¹⁹ (PURA) § 36.003(a) that each rate approved be “just
11 and reasonable” is codified in 16 Texas Administrative Code (TAC) § 25.234(a), which
12 requires that rates “shall not be unreasonably preferential, prejudicial, or discriminatory,
13 but shall be sufficient, equitable, and consistent in application to each class of customers,
14 and shall be based on cost.” Additionally, the Commission’s order in Docket No. 42857,
15 quoted previously, supports the notion that the revenue requirements, and hence rates,
16 applicable to the Districts should be based on the actual *costs* of providing service to the
17 Districts, and not based on alleged indirect *benefits* that might occur under certain
18 hypothetical scenarios.

19 Even if one were to accept, for the purpose of argument, that in a drought or supply
20 restriction scenario the reclaimed water system might provide some value to the Districts,

¹⁶ *Id.* at bates 355:11-13.

¹⁷ *Id.* at bates 357:7-8.

¹⁸ *Id.* at bates 360:14-16.

¹⁹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.302 (West 2016 & Supp. 2019),
§§ 59.001-66.016 (West 2007 & Supp. 2019).

1 it is uncontroverted that in the test year in this proceeding the existence of the reclaimed
2 water system was of no benefit to the Districts or the other customers that do not receive
3 reclaimed water service. Furthermore, Austin Water has failed to show that in a
4 curtailment scenario, it could not reflect the costs and benefits of the reclaimed water
5 system in a more cost-based and equitable manner than it proposes in this proceeding. For
6 example, if supply curtailment were imposed, Austin Water might be able to curtail non-
7 reclaimed water service before curtailing reclaimed water service. Such a curtailment
8 would then allow the benefits of the reclaimed water system to accrue to the reclaimed
9 water system customers that should have been funding the system, while non-reclaimed
10 water customers would not get the benefit of the system. Austin Water has not
11 demonstrated that the cross-subsidization that it proposes in this proceeding is the most
12 equitable way to align the costs and benefits of the reclaimed water system.

13 **Q. What is your recommendation?**

14 A. As discussed above, the costs associated with the reclaimed water system do not relate to
15 the actual cost of providing water or wastewater service to the Districts. It would not be
16 just and reasonable to charge these costs to the Districts, and therefore the costs of the
17 reclaimed water system should be removed from the calculation of rates applicable to the
18 Districts in this proceeding. Staff witnesses Debi Loockerman and Brian Murphy
19 implement this recommendation by removing costs related to the reclaimed water system
20 from the revenue requirements and rates at issue in this proceeding.

1 **V. CONCLUSION**

2 **Q. Please summarize your recommendation.**

3 A. The costs of the reclaimed water system should be excluded from the rates established in
4 this proceeding.

5 **Q. Does this complete your direct testimony?**

6 A. Yes.

William B. Abbott
Public Utility Commission of Texas
1701 North Congress Avenue
Austin, TX 78711-3326

REGULATORY EXPERIENCE:

Public Utility Commission of Texas, Rate Regulation Division

June 2010 to present

Director, Tariff and Rate Analysis Section as of May 1, 2012

Responsible for activities related to utility cost allocation, cost unbundling, rate design, and incentive regulation in areas subject to rate regulation. Key activities include managing staff engaged in rulemaking projects, contested cases, and tariff reviews. Perform in a technical capacity similar to that of a senior economic analyst including: analysis of economic issues and cost studies; review of rate requests and specific tariffs; and participation as an expert witness in major regulatory proceedings. Maintain contact with representatives of industry and consumers, other state agencies, and other Commission staff members, and advise the Division Director regarding the status of current projects and economic perspectives on utility regulatory issues.

EDUCATION:

- | | |
|------|---|
| 2008 | George Mason University
<i>Master of Arts: Economics</i>
(All requirements for Ph.D. completed, except for dissertation) |
| 2004 | University of Houston
<i>Bachelor of Science: Economics</i>
<i>Minor in Mathematics</i> |
| 2003 | University of Houston
<i>Bachelor of Science: Psychology</i> |
| 2002 | University of Houston
<i>Bachelor of Science: Chemistry</i> |

List of Testimony Filed at the Public Utility Commission of Texas:

Docket No. 49421 - *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates* – June 12 and 19, 2019.

Docket No. 48181 - *Application of El Paso Electric Company to Expand Solar Generation Capacity and Change Rates for the Community Solar Pilot Program* – October 24, 2018

Docket No. 48401 – *Application of Texas-New Mexico Power Company for Authority to Change Rates* – August 20 and 28, 2018

Docket No. 48371 – *Entergy Texas, Inc.'s Statement of Intent and Application for Authority to Change Rates* - August 16, 2018

Docket No. 48233 – *Application of Southwestern Electric Power Company to Implement a Base Rate Decrease in Compliance With Docket No. 46449* – July 19 and October 16, 2018

Docket No. 45979 – *Review of the Rate Case Expenses Incurred by Sharyland Utilities, L.P. in Docket No. 45414* – June 27, 2018

Docket No. 47527 – *Application of Southwestern Public Service Company for Authority to Change Rates* – May 2 and 22, 2018

Docket No. 46602 – *Appeal of AEP Texas Central Company From an Order of the City of McAllen Regarding Complaint of L&F Distributors* – October 10, 2017

Docket No. 46936 – *Application of Southwestern Public Service Company for Approval of Transactions with ESI Energy, LLC and Invenergy Wind Development North America, LLC, to Amend a Certificate of Convenience and Necessity for Wind Generation Projects and Associated Facilities in Hale County, Texas and Roosevelt County, New Mexico, and for Related Approvals* – October 9, 2017

Docket No. 46831 – *Application of El Paso Electric Company to Change Rates* – June 30, July 21, and November 2, 2017

Docket No. 46449 – *Application of Southwestern Electric Power Company for Authority to Change Rates* – May 2 and 19, 2017

Docket No. 45414 – *Review of the Rates of Sharyland Utilities, L.P., Establishment of Rates for Sharyland Distribution & Transmission Services, L.L.C., and Request for Grant of a Certificate of Convenience and Necessity and Transfer of Certificate Rights* – March 7 and 16, 2017

Docket No. 44941 – *Application El Paso Electric Company to Change Rates* – January 15 and April 22, 2016

Docket No. 45084 – *Application of Entergy Texas, Inc. for Approval of a Transmission Cost Recovery Factor* – November 24, 2015

Docket No. 44620 – *Application of Sharyland Utilities, L.P. to Revise its TCRF Class Allocation Factors and Request for Good Cause Exception From P.U.C. Subst. R. 25.193(c)* – August 21 and September 8, 2015

Docket No. 44677 – *Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Cost Cap* – July 31 and August 7, 2015

Docket No. 44060 – *Application of Brazos Electric Power Cooperative, Inc. to Amend a Certificate of Convenience and Necessity for a 138-kV Transmission Line in Denton County* – June 15, 2015

Docket No. 43695 – *Application of Southwestern Public Service Company for Authority to Change Rates* – June 8, 2015

Docket No. 42370 – *Application of Southwestern Electric Power Company for Rate Case Expenses Severed From PUC Docket No. 40443* – December 12, 2014

Docket No. 43111 – *Application of Entergy Texas, Inc. for Approval of a Distribution Cost Recovery Factor* – November 5, 2014

Docket No. 42448 – *Application of Southwestern Electric Power Company for Approval of a Transmission Cost Recovery Factor* – July 31, 2014

Docket No. 42449 – *Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Cost Caps* – July 10, 2014

Docket No. 42042 – *Application of Southwestern Public Service Company for Approval of a Transmission Cost Recovery Factor* – May 1, 2014

Docket No. 41791 – *Application of Entergy Texas, Inc. for Authority to Change Rates and to Reconcile Fuel Costs* – January 17 and April 4, 2014

Docket No. 41474 – *Application of Sharyland Utilities, L.P. to Establish Retail Delivery Rates, Approve Tariff for Retail Delivery Service, and Adjust Wholesale Transmission Rate* – October 28, 2013

Docket No. 41430 – *Joint Report and Application of Sharyland Utilities, LP, Sharyland Distribution & Transmission Services, LLC, and Southwestern Public Service Company for Approval of Purchase and Sale of Facilities, for Regulatory Accounting Treatment of Gain on Sale, and for Transfer of Certification Rights* – August 9, 2013

Docket No. 40627 – *Petition by Homeowners United for Rate Fairness to Review Austin Rate Ordinance No. 20120607-055* – February 14, 2013

Docket No. 40443 – *Application of Southwestern Electric Power Company for Authority to Change Rates and Reconcile Fuel Costs* – December 17, 2012

Docket No. 39896 – *Application of Entergy Texas, Inc. for Authority to Change Rates and Reconcile Fuel Costs* – April 3, 2012

Docket No. 39375 – *Oncor Electric Delivery Company LLC's Application for 2012 Energy Efficiency Cost Recovery Factor* – August 9, 2011

Docket No. 39366 – *Application of Entergy Texas, Inc. for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor Tariff and Request to Establish a Revised Energy Efficiency Goal and Cost Caps* – July 26, 2011

Docket No. 39363 – *Application of CenterPoint Energy Houston Electric, LLC for Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor* – July 22, 2011

WORKPAPERS

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

**AUSTIN WATER'S RESPONSE TO
COMMISSION STAFF'S FIFTH RFI**

Staff 5-6 Did any of the petitioners receive reclaimed water from Austin Water during the Test Year? Please explain.

RESPONSE: None of the petitioners received reclaimed water from Austin Water during the test year. The reclaimed water system is a component within Austin Water's water supply portfolio. The reclaimed water system enhances the total amount of potable water available to all customers, both retail and wholesale. The reclaimed water system is a key component of AW's recently completed 100-year Water Forward Integrated Water Resource Plan (Water Forward Plan). The reclaimed water system will be a critical component for providing and meeting future water supply needs for all of Austin Water's customers.

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

**SOAH DOCKET NO. 473-19-6297.WS
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**AUSTIN WATER'S RESPONSE TO
COMMISSION STAFF'S FIFTH RFI**

Staff 5-7 Did any of AW's 16 wholesale water or 10 wholesale wastewater customers receive reclaimed water from Austin Water during the Test Year?

RESPONSE: None of AW's other wholesale water or wastewater customers received reclaimed water from Austin Water during the test year. The reclaimed water system is a component within Austin Water's water supply portfolio. The reclaimed water system enhances the total amount of potable water available to all customers, both retail and wholesale. The reclaimed water system is a key component of AW's recently completed 100-year Water Forward Plan. The reclaimed water system will be a critical component for providing and meeting future water supply needs for all of Austin Water's customers.

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
COMMISSION STAFF'S FIFTH RFI**

Staff 5-8 Have any of AW's wholesale customers ever received any reclaimed water from Austin Water's reclamation system? Please explain.

RESPONSE: None of AW's other wholesale water or wastewater customers have ever received reclaimed water from Austin Water during the test year. The reclaimed water system is a component within Austin Water's water supply portfolio. The reclaimed water system enhances the total amount of potable water available to all customers, both retail and wholesale. The reclaimed water system is a key component of AW's recently completed 100-year Water Forward Plan. The reclaimed water system will be a critical component for providing and meeting future water supply needs for all of Austin Water's customers.

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
COMMISSION STAFF'S SIXTH RFI**

Staff 6-13 Please refer to worksheet "29" in the water COS study. For each of the following "Other Operating Transfers," please explain what this line item is, whether it is included in the proposed revenue requirement for the Districts, and if so why AW believes it represents a cost of providing water service to the Districts: Accrued Payroll, Interdepartal Charges, Public Improvement District, Administrative Support, CTECC Support, CTM Support, Regional Radio System, Liability Reserve, Trf to Economic Development, Trf to Reclaimed Water Fund, Workers' Compensation.

RESPONSE: Please see AW Staff 6-13, Attachment 1 for (1) the description of each line item, (2) whether it is included in the proposed revenue requirement for the Districts, and if so, (3) why AW believes it represents a cost of providing water service to the Districts.

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

Other Operating Transfers	Definition	Is it included in the proposed revenue requirements for the Districts?	Why AW believes it represents a cost of providing water service to the Districts
Accrued Payroll	This requirement is to allocate funds every year for the City's 27th pay period which occurs every six years. The next occurrence of a 27th payday in the calendar year is 2023022	Yes	This is a shared cost allocated to all customers and is a cost of providing service to all of our customers. This cost is related to salary/wages for our employees which support our water and wastewater system.
Interdepartmental Charges	This requirement is AW's allocation to fund the 311 System Support which provides a single point of contact for Austin's citizens and visitors offering information to callers regarding all City departments including Austin Police Department nonemergency requests.	No	It is only allocated to retail customers.
Services PID Contract Expense	On April 15, 1993, Austin City Council created a Public Improvement District (PID) to provide constant and permanent funding to implement downtown initiatives. The PID is a means for the Downtown Austin community to provide adequate and constant funds for quality of life improvements and planning and marketing of Downtown Austin. On October 11, 2012, the Austin City Council reauthorized the Austin Downtown Public Improvement District for ten years. Austin Water transfers \$75,000 per year to the PID due to the Waller Creek Center being within the PID.	No	It is only allocated to retail customers.
Administrative Support	This requirement is AW's allocation to fund the General Fund Administrative Support Departments and Offices (City Clerk, Mayor & Council, Management Services, Communication & Public Information, Law, Human Resources, City Auditor, Financial Services, Building Services, Small & Minority Business, Contract Management, Office of Real Estate, and Government Relations) for the various support services they provide the Utility.	Yes	These are shared costs allocated to all customers and is a cost of providing service to all of our customers. The services in the allocation provide direct services to AW which assists the utility with services to our customers.
Transfer to CTECC Fund	This requirement is AW's allocation to fund the Combined Transportation and Emergency Communications (CTECC) Emergency Operation Center.	Yes	This is a shared cost allocated to all customers and is a cost of providing service to all of our customers. CTECC is an emergency system that supports the region, not just the City of Austin.
CTM Support	This requirement is AW's allocation to fund the Communications Technology Management Department for the various support services they provide the Utility.	Yes	These are shared costs allocated to all customers and is a cost of providing service to all of our customers. CTM provides technology support to AW which is critical to providing service to all customers.
Regional Radio System	The purpose of the Regional Radio System program is to provide cost effective maintenance services in support of AW's two-way radio communication and other vehicular equipment needs. This line item represents AW's allocation of these citywide costs.	No	It is only allocated to retail customers.
Liability Reserve	Accounts for coverage of the AW's major claims liabilities.	Yes	This requirement is AW's allocation to fund the Liability Reserve Fund which is responsible for paying claims and losses related to third party liability for bodily injury and property damage, including contractual and professional liability. These are shared costs allocated to all customers and is a cost of providing service to all customers.
Transfer to Economic Development	This requirement is AW's allocation to fund the Economic Development Department for cultural arts contracts, Economic Incentive payments, small business loans, and business retention and music venue assistance.	Yes	This is a shared cost allocated to all customers and is a cost of providing service to all of our customers. Economic Development benefits all customers as it supports the economic development of the Austin region, providing new customer base for AW.
Transfer to Reclaimed Water Fund	The water and wastewater utilities must transfer funds to the reclaimed water utility to offset costs not covered by the reclaimed water revenue. This line item is shown in the transfer in section of the reclaimed water utility and the combined summary only. A corresponding transfer out is shown in the water and wastewater utilities.	Yes	This is a shared cost allocated to all customers and is a cost of providing service to all of our customers. Reclaimed water is included as a water supply source which benefits all customers.
Workers' Compensation	This requirement is AW's allocation to fund the Worker's Compensation Fund which provides payments mandated by State law for City employees' medical expenses associated with job related injuries and illnesses.	Yes	This is a shared cost allocated to all customers and is a cost of providing service to all of our customers.