

**North Austin MUD**

Existing Rates					
Avg Monthly Cons/Flows (1,000 gallons)	Fixed Charge	Volume Charges	Reserve Fund Surcharge	Monthly Bill Total	Annual Bill Total
Water Bill	27,209	\$ 16,652.00	\$ 74,824.48	\$0.00	\$91,476.48
Wastewater Bill *	21,680	\$ 847.55	\$ 91,704.49	\$0.00	\$92,552.04
Total Bill				\$184,028.52	\$2,208,342.24

Proposed Rates				
Avg Monthly Cons/Flows (1,000 gallons)	Fixed Charge	Volume Charges	Reserve Fund Surcharge	Monthly Bill Total
27,209	\$ 15,428.90	\$ 125,620.49	\$ 1,360.45	\$142,409.84
19,620	\$ 806.85	\$ 102,196.09	\$0.00	\$103,002.94
Total Bill				\$245,412.78
Proposed Increase \$				\$61,384.26
Proposed Increase %				33.4%

**Northtown MUD**

Existing Rates					
Avg Monthly Cons/Flows (1,000 gallons)	Fixed Charge	Volume Charges	Reserve Fund Surcharge	Monthly Bill Total	Annual Bill Total
Water Bill	24,315	\$ 12,304.00	\$ 62,975.59	\$0.00	\$75,279.59
Wastewater Bill *	22,660	\$ 495.12	\$ 94,038.14	\$0.00	\$94,533.26
Total Bill				\$169,812.85	\$2,037,754.20

Proposed Rates				
Avg Monthly Cons/Flows (1,000 gallons)	Fixed Charge	Volume Charges	Reserve Fund Surcharge	Monthly Bill Total
24,315	\$ 12,627.60	\$ 102,621.33	\$ 1,215.75	\$116,464.68
20,507	\$ 445.42	\$ 106,817.17	\$0.00	\$107,262.59
Total Bill				\$223,727.27
Proposed Increase \$				\$53,914.42
Proposed Increase %				31.7%

**Travis County WCID #10**

Existing Rates					
Avg Monthly Cons/Flows (1,000 gallons)	Fixed Charge	Volume Charges	Reserve Fund Surcharge	Monthly Bill Total	Annual Bill Total
Water Bill	68,946	\$ 38,611.00	\$ 189,601.78	\$0.00	\$228,212.78
					\$2,738,553.36

Proposed Rates				
Avg Monthly Cons/Flows (1,000 gallons)	Fixed Charge	Volume Charges	Reserve Fund Surcharge	Monthly Bill Total
68,946	\$ 42,084.90	\$ 335,223.42	\$ 3,447.31	\$380,755.63
Proposed Increase \$				\$152,542.85
Proposed Increase %				66.8%

**Wells Branch MUD**

Existing Rates					
Avg Monthly Cons/Flows (1,000 gallons)	Fixed Charge	Volume Charges	Reserve Fund Surcharge	Total Monthly Bill	Annual Bill Total
Water Bill	40,107	\$ 21,140.80	\$ 104,278.46	\$0.00	\$125,419.26
Wastewater Bill *	35,491	\$ 1,873.79	\$ 146,934.79	\$0.00	\$148,808.58
Total Bill				\$274,227.84	\$3,290,734.08

Proposed Rates				
Avg Monthly Cons/Flows (1,000 gallons)	Fixed Charge	Volume Charges	Reserve Fund Surcharge	Total Monthly Bill
40,107	\$ 21,341.70	\$ 172,931.07	\$ 2,005.36	\$196,278.13
32,119	\$ 1,833.09	\$ 167,308.45	\$0.00	\$169,141.54
Total Bill				\$365,419.67
Proposed Increase \$				\$91,191.83

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule I- Sample Bills Current vs Proposed

Witness: David Anders

**Wholesale Rates Analysis - North Austin MUD**

Account Number 8526400000

**WATER**

	<u>Current Rates</u>	
Volumetric Rate	\$	2.75
Reserve Fund Surcharge	\$	-
Minimum Monthly Charge	\$	16,652.00
1 - 6" Meter at	\$	- each
6 - 10" Meters at		- each
Customer Charge	\$	-
Consumption		
Total Gallons		27,208,900
Volumetric Revenue	\$	74,824.48
Reserve Fund Surcharge	\$	-
Customer Charge	\$	-
Minimum Monthly Charge	\$	16,652.00
<b>Current Rates Total Water</b>	\$	91,476.48

	<u>Proposed Rates</u>	
Volumetric Rate		\$4.62
Reserve Fund Surcharge		\$0.05
Minimum Monthly Charge		\$11,000
1 - 6" Meter at	\$233.70	each
6 - 10" Meters at	\$699.20	each
Customer Charge	\$	4,428.90
Consumption		
Total Gallons		27,208,900
Volumetric Revenue	\$	125,620.49
Reserve Fund Surcharge	\$	1,360.45
Customer Charge	\$	4,428.90
Minimum Monthly Charge	\$	11,000.00
<b>Proposed Rates Total Water</b>	\$	142,409.84

**WASTEWATER**

	<u>Current Rates</u>	
Volumetric Rate	\$	4.23
Customer Charge	\$	-
Minimum Monthly Charge	\$	51.00
Total Flow		19,619,500
Inflow & Infiltration Adjustment		2,060,048
Adjusted Flow		21,679,548
Volumetric Revenue	\$	91,704.49
Industrial Waste Surcharge	\$	796.55
Customer Charge	\$	-
Minimum Monthly Charge	\$	51.00
<b>Current Rates Total Wastewater</b>	\$	92,552.04

	<u>Proposed Rates</u>	
Volumetric Rate		\$5.21
Customer Charge		\$10.30
Minimum Monthly Charge	\$	-
Total Flow		19,619,500
Inflow & Infiltration Adjustment		N/A
Adjusted Flow		19,619,500
Volumetric Revenue	\$	102,196.09
Industrial Waste Surcharge	\$	796.55
Customer Charge	\$	10.30
Minimum Monthly Charge	\$	-
<b>Proposed Rates Total Wastewater</b>	\$	103,002.94

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule I- Sample Bills Current vs Proposed

Witness: David Anders

**Wholesale Rates Analysis - Northtown MUD**

Account Number 650460000

**WATER**

	<u>Current Rates</u>	
Volumetric Rate	\$ 2.59	
Reserve Fund Surcharge	\$ -	
Minimum Monthly Charge	\$ 12,304.00	
3 - 8" Meters at	\$ -	each
4 - 10" Meters at	\$ -	each
Customer Charge	\$ -	
Consumption		
Total Gallons	24,314,900	
Volumetric Revenue	\$ 62,975.59	
Reserve Fund Surcharge	\$ -	
Customer Charge	\$ -	
Minimum Monthly Charge	\$ 12,304.00	
<b>Current Rates Total Water</b>	<b>\$ 75,279.59</b>	

	<u>Proposed Rates</u>	
Volumetric Rate	\$4.22	
Reserve Fund Surcharge	\$0.05	
Minimum Monthly Charge	\$8,500	
3 - 8" Meters at	\$443.60	each
4 - 10" Meters at	\$699.20	each
Customer Charge	\$ 4,127.60	
Consumption		
Total Gallons	24,314,900	
Volumetric Revenue	\$ 102,621.33	
Reserve Fund Surcharge	\$ 1,215.75	
Customer Charge	\$ 4,127.60	
Minimum Monthly Charge	\$ 8,500.00	
<b>Proposed Rates Total Water</b>	<b>\$ 116,464.68</b>	

**WASTEWATER**

	<u>Current Rates</u>	
Volumetric Rate	\$ 4.15	
Customer Charge	\$ -	
Minimum Monthly Charge	\$ 60.00	
Total Flow	20,506,600	
Inflow & Infiltration Adjustment	2,153,193	
Adjusted Flow	22,659,793	
Volumetric Revenue	\$ 94,038.14	
Industrial Waste Surcharge	\$ 435.12	
Customer Charge	\$ -	
Minimum Monthly Charge	\$ 60.00	
<b>Current Rates Total Amount</b>	<b>\$ 94,533.26</b>	

	<u>Proposed Rates</u>	
Volumetric Rate	\$5.21	
Customer Charge	\$10.30	
Minimum Monthly Charge	\$ -	
Total Flow	20,506,600	
Inflow & Infiltration Adjustment	N/A	
Adjusted Flow	20,506,600	
Volumetric Revenue	\$ 106,817.17	
Industrial Waste Surcharge	\$ 435.12	
Customer Charge	\$ 10.30	
Minimum Monthly Charge	\$ -	
<b>Proposed Rates Total Amount</b>	<b>\$ 107,262.59</b>	

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule I- Sample Bills Current vs Proposed

Witness: David Anders

**Wholesale Rates Analysis - Water District 10 (Water Only)**

Account Number 4284000000

**WATER**

	<u>Current Rates</u>	
Volumetric Rate	\$	2.75
Reserve Fund Surcharge	\$	-
Minimum Monthly Charge	\$	38,611.00
2 - 6" Meters at		each
1 - 10" Meter at		each
1 - 12" Meter at		each
Customer Charge	\$	-
Consumption		
Total Gallons	68,946,100	
Volumetric Revenue	\$	189,601.78
Reserve Fund Surcharge	\$	-
Customer Charge	\$	-
Minimum Monthly Charge	\$	38,611.00
<b>Current Rates Total Water</b>	<b>\$</b>	<b>228,212.78</b>

	<u>Proposed Rates</u>	
Volumetric Rate		\$4.86
Reserve Fund Surcharge		\$0.05
Minimum Monthly Charge		\$40,000
2 - 6" Meters at	\$233.70	each
1 - 10" Meter at	\$699.20	each
1 - 12" Meter at	\$918.30	each
Customer Charge	\$	2,084.90
Consumption		
Total Gallons	68,946,100	
Volumetric Revenue	\$	335,223.42
Reserve Fund Surcharge	\$	3,447.31
Customer Charge	\$	2,084.90
Minimum Monthly Charge	\$	40,000.00
<b>Proposed Rates Total Water</b>	<b>\$</b>	<b>380,755.63</b>

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule I- Sample Bills Current vs Proposed

Witness: David Anders

**Wholesale Rates Analysis - Wells Branch MUD**

Account Number 0450400000

**WATER**

	<u>Current Rates</u>	
Volumetric Rate	\$ 2.60	
Reserve Fund Surcharge	\$ -	
Backflow Prevention Fee	\$ 2.60	
Minimum Monthly Charge	\$ 21,133.00	
1 - 3/4" Meter at		each
1 - 1.5" Meter at		each
1 - 2" Meter at		each
2 - 8" Meters at		each
2 - 10" Meters at		each
Customer Charge	\$ -	
Consumption		
Total Gallons	40,107,100	
Volumetric Revenue	\$ 104,278.46	
Reserve Fund Surcharge	\$ -	
Backflow Prevention Fee	\$ 7.80	
Customer Charge	\$ -	
Minimum Monthly Charge	\$ 21,133.00	
<b>Current Rates Total Amount</b>	<b>\$ 125,419.26</b>	

	<u>Proposed Rates</u>	
Volumetric Rate	\$4.31	
Reserve Fund Surcharge	\$0.05	
Backflow Prevention Fee	\$ 2.60	
Minimum Monthly Charge	\$19,000	
1 - 3/4" Meter at	\$10.00	each
1 - 1.5" Meter at	\$14.60	each
1 - 2" Meter at	\$23.70	each
2 - 8" Meters at	\$443.60	each
2 - 10" Meters at	\$699.20	each
Customer Charge	\$ 2,333.90	
Consumption		
Total Gallons	40,107,100	
Volumetric Revenue	\$ 172,931.07	
Reserve Fund Surcharge	\$ 2,005.36	
Backflow Prevention Fee	\$ 7.80	
Customer Charge	\$ 2,333.90	
Minimum Monthly Charge	\$ 19,000.00	
<b>Proposed Rates Total Amount</b>	<b>\$ 196,278.13</b>	

**WASTEWATER**

	<u>Current Rates</u>	
Volumetric Rate	\$ 4.14	
Customer Charge	\$ -	
Minimum Monthly Charge	\$ 51.00	
Total Flow	32,119,000	
I&I Adjustment	3,372,495	
Adjusted Flow	35,491,495	
Volumetric Revenue	\$ 146,934.79	
Industrial Waste Surcharge	\$ 1,822.79	
Customer Charge	\$ -	
Minimum Monthly Charge	\$ 51.00	
<b>Current Rates Total Amount</b>	<b>\$ 148,808.58</b>	

	<u>Proposed Rates</u>	
Volumetric Rate	\$5.21	
Customer Charge	\$10.30	
Minimum Monthly Charge	\$ -	
Total Flow	32,119,000	
I&I Adjustment	N/A	
Adjusted Flow	32,119,000	
Volumetric Revenue	\$ 167,308.45	
Industrial Waste Surcharge	\$ 1,822.79	
Customer Charge	\$ 10.30	
Minimum Monthly Charge	\$ -	
<b>PUC Rates Total Amount</b>	<b>\$ 169,141.54</b>	

## Austin Water Meter Costs and Impact Fee Schedule – Effective 10/01/2018 through 09/30/2019

Use the tables below to estimate meter costs and impact fees for water and wastewater tap permit applications. This information should be used for estimating invoices only. Actual invoices will be provided by the Austin Water Taps Permitting Office upon processing of the tap permit application.

Meter Costs and Inspection Fees				
Meter Size	Meter Cost	AW Inspection Fee	Drop-in Base Fee	Service Units
5/8"	\$ 52.39	\$ 68.50	\$ 172.00	1
3/4"	\$ 73.47	\$ 68.50	\$ 172.00	1.5
1"	\$ 127.10	\$ 68.50	\$ 172.00	2.5
1 1/2" PD	\$ 309.82	n/a	\$ 172.00	5
1 1/2" T	\$ 674.00	n/a	\$ 172.00	9
2" PD	\$ 433.16	n/a	\$ 172.00	8
2" T	\$ 737.00	n/a	\$ 172.00	16
3 x 5/8" C	\$ 1,328.70	n/a	\$ 548.00	17.5
3" T	\$ 838.16	n/a	\$ 548.00	35
4 x 3/4" C	\$ 1,843.70	n/a	\$ 548.00	30
4" T	\$ 1,207.31	n/a	\$ 548.00	65
6" x 1" C	\$ 2,770.70	n/a	\$ 822.00	67.5
6" T	\$ 2,855.52	n/a	\$ 822.00	140
6 x 2" FD	\$ 6,956.60	n/a	\$ 822.00	
8" T	\$ 3,414.29	n/a	\$ 822.00	240
8 x 2" FD	\$ 9,062.40	n/a	\$ 822.00	
10" T	\$ 5,194.80	n/a	\$ 822.00	350
10 x 2" FD	\$ 16,316.60	n/a	\$ 822.00	
12" T	Special Order	n/a	\$ 822.00	440
3/4" REC	\$ 86.00	\$ 68.50	\$ 172.00	
1" REC	\$ 162.00	\$ 68.50	\$ 172.00	
1 1/2" T REC	\$ 325.00	n/a	\$ 172.00	
2" T REC	\$ 798.00	n/a	\$ 172.00	
3" T REC	\$ 1,043.00	n/a	\$ 548.00	
4" T REC	\$ 1,495.00	n/a	\$ 548.00	
6" T REC	\$ 2,745.00	n/a	\$ 822.00	
8" T REC	\$ 3,648.80	n/a	\$ 822.00	

Impact Fees per Service Unit				
Zone	Plat Date Categories			
	Before 1/1/2007	Between 1/1/07 and 12/31/13	Between 1/1/14 and 9/30/18	On or After 10/1/18
<b>Water</b>				
CURE	\$ 500.00	\$ 700.00		
Urban	\$ 600.00	\$ 800.00		
Desired Development (inside city)	\$ 700.00	\$ 1,000.00		
Desired Development (outside city)	\$ 1,300.00	\$ 1,800.00		
Drinking Water Protection (inside city)	\$ 1,500.00	\$ 2,200.00		
Drinking Water Protection (outside city)	\$ 1,700.00	\$ 2,500.00		
All Zones (platted on/after 1/1/2014)			\$ 5,400.00	\$ 4,700.00
<b>Wastewater</b>				
CURE	\$ 300.00	\$ 400.00		
Urban	\$ 400.00	\$ 500.00		
Desired Development (inside city)	\$ 400.00	\$ 600.00		
Desired Development (outside city)	\$ 800.00	\$ 1,000.00		
Drinking Water Protection (inside city)	\$ 1,200.00	\$ 1,200.00		
Drinking Water Protection (outside city)	\$ 1,300.00	\$ 1,400.00		
All Zones (platted on/after 1/1/2014)			\$ 2,200.00	\$ 2,500.00

### How to estimate invoices

Sum together Meter Cost, Austin Water Inspection and Drop-in Base Fees, add to the product of Service Units times the Impact Fee for the Plat Date and Zone

#### Example

How to estimate an invoice for a 3/4" meter for a lot platted between 1/1/14—9/30/18

<b>Water fees</b>	
Meter Cost	\$ 52.39
Austin Water Inspection Fee	+ 68.50
Drop-in Base Fee	+ 172.00
Service Units times Impact fee (1.5 x 5,400)	+ 8,100.00
<b>Total water fees:</b>	<b>\$ 8,392.89</b>
<b>Wastewater fees</b>	
Service Units times Impact fee (1.5 x 2,200)	+ 3,300.00
<b>Total Water and Wastewater permit fees</b>	<b>\$11,692.89</b>



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A Cost of Service Summary

Witness: Joseph Gonzales

Line No	(a)	(b)	(c)	(d)	(e)
	Description	Reference Schedule	Austin Water Total	Functionalization	
				Water	Wastewater
1	Operations & Maintenance Requirements	II-D-1	\$ 247,469,476	\$ 132,706,200	\$ 114,763,276
2					
3	Debt Service	WP II-C-6.1W-WP II-C-6.40W WP II-C-6.1WW to WP II-C-6.43WW	180,362,227	98,261,313	82,100,914
4	Debt Service Coverage Requirement	W COS Model Table 94-1 WW COS Model Table 83-1	153,307,893	83,522,116	69,785,777
5	Gross Revenue Requirement		581,139,596	314,489,629	266,649,967
6					
7	Non-Rate Revenue Offsets	W COS Model Table 40-1 WW COS Model Table 29-1	(20,528,524)	(10,713,588)	(9,814,936)
8					
9	Transfers/Reserve Fund Surcharge				
10	Transfers In		(34,200,000)	(24,800,000)	(9,400,000)
11	Reserve Fund Surcharge		(2,069,559)	(2,069,559)	
12	Transfers Out		36,269,559	26,869,559	9,400,000
13	Net Transfers/Reserve Fund Surcharge		-	-	
14					
15	Net Cost of Service		\$ 560,611,072	\$ 303,776,041	\$ 256,835,031
16					

Schedule II-A is supported by:

WP/II-C-6 (W)

WP/II-C-6 (WW)



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-1 Cost of by Water / Wastewater

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No	Account No	Description	Reference Schedule	Austin Water Total	Func. Factor	Functionalization	
						Water	Wastewater
1	5001	Regular wages - full-time	WP/II-D-1.1	\$ 58,251,457		\$ 30,083,559	\$ 28,167,898
2	5004	Shift differential	WP/II-D-1.1	152,050		84,977	67,073
3	5005	Overtime	WP/II-D-1.1	4,260,398		2,043,518	2,216,880
4	5006	Temporary employees	WP/II-D-1.1	1,093,964		617,611	476,353
5	5018	Holidays worked	WP/II-D-1.1	189,128		82,117	107,011
6	5020	Vacation pay	WP/II-D-1.1	4,342,596		2,226,480	2,116,116
7	5021	Holiday pay	WP/II-D-1.1	2,862,664		1,480,065	1,382,599
8	5022	Accident pay	WP/II-D-1.1	125,842		42,257	83,585
9	5023	Sick pay	WP/II-D-1.1	2,587,515		1,330,436	1,257,079
10	5024	Parental Leave	WP/II-D-1.1	143,517		70,438	73,079
11	5025	Other paid leave	WP/II-D-1.1	151,122		101,882	49,240
12	5026	Stability pay	WP/II-D-1.1	756,437		396,516	359,921
13	5028	Terminal pay	WP/II-D-1.1	466,802		198,534	268,268
14	5030	On call hours	WP/II-D-1.1	575,364		281,572	293,792
15	5031	Military leave	WP/II-D-1.1	9,574		3,674	5,900
16	5032	Personal holiday pay	WP/II-D-1.1	545,272		283,780	261,492
17	5033	Jury leave	WP/II-D-1.1	20,083		7,668	12,415
18	5034	Bad weather pay	WP/II-D-1.1	173,013		79,446	93,567
19	5035	Administrative leave	WP/II-D-1.1	798,680		402,078	396,602
20	5036	Emergency leave	WP/II-D-1.1	112,325		61,367	50,958
21	5037	Call back time	WP/II-D-1.1	916,105		621,221	294,884
22	5039	Comp time used	WP/II-D-1.1	1,438		776	662
23	5040	Exception vacation	WP/II-D-1.1	15,120		9,316	5,804
24	5113	Educational incentive pay	WP/II-D-1.1	117,190		52,033	65,157
25	5125	Bilingual Pay	WP/II-D-1.1	59,635		35,705	23,930
26	5133	Phone allowance	WP/II-D-1.1	261,597		139,916	121,681
27	5140	Allowances/other pay	WP/II-D-1.1	36,123		25,762	10,361
28	5150	Accrued Payroll	WP/II-D-1.1	220,912		149,647	71,265
29	5185	Insurance-health/life/dental	WP/II-D-1.1	17,667,720		9,238,704	8,429,016
30	5186	Insurance-temporary employees	WP/II-D-1.1	14,278		7,139	7,139
31	5190	FICA tax	WP/II-D-1.1	4,673,766		2,410,834	2,262,932

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-1 Cost of by Water / Wastewater

Witness: Joseph Gonzales

Line No	(a) Account No	(b) Description	(c) Reference Schedule	(d) Austin Water Total	(e) Func. Factor	(f) Functionalization	
						Water	Wastewater
32	5191	Medicare tax	WP/II-D-1.1	1,096,684		565,686	530,998
33	5196	Contribution to employees ret	WP/II-D-1.1	12,825,311		6,619,247	6,206,064
34	5260	Consulting-information technology	WP/II-D-1.1	185,200		92,600	92,600
35	5280	Consultant-others	WP/II-D-1.1	149,189		133,687	15,502
36	5560	Services-construction contr	WP/II-D-1.1	33,159		7,784	25,375
37	5565	Services-Credit Card Fees	WP/II-D-1.1	197,026		110,123	86,903
38	5570	Services-court costs	WP/II-D-1.1	9,901		3	9,898
39	5588	Services-environment assessment	WP/II-D-1.1	20,931		15,014	5,917
40	5595	Services-garbage/recycling clt	WP/II-D-1.1	200,330		219	200,111
41	5600	Services-hazardous mat disp	WP/II-D-1.1	59,360		36,682	22,678
42	5605	Services-inspection	WP/II-D-1.1	631		317	314
43	5610	Services-janitorial	WP/II-D-1.1	686,630		343,315	343,315
44	5620	Services-legal fees	WP/II-D-1.1	5,900		-	5,900
45	5630	Services-medical/surgical	WP/II-D-1.1	31,844		15,922	15,922
46	5650	Services-Bio Solid Reuse	WP/II-D-1.1	- 1,930,000			1,930,000
47	5675	Services-security	WP/II-D-1.1	1,988,828		1,000,745	988,083
48	5725	Services-IT staffing	WP/II-D-1.1	444,134		222,067	222,067
49	5730	Services-testing	WP/II-D-1.1	321,826		37,775	284,051
50	5760	Services-internet/cable	WP/II-D-1.1	86,844		46,627	40,217
51	5860	Services-other	WP/II-D-1.1	4,766,448		2,271,903	2,494,545
52	5864	Services-Prepared Food and Catering	WP/II-D-1.1	9,961		-	9,961
53	5867	Services-armored courier	WP/II-D-1.1	5,008		2,504	2,504
54	6121	Rental-real estate-office	WP/II-D-1.1	135,829		-	135,829
55	6122	Rental-real estate-warehouse	WP/II-D-1.1	707		-	707
56	6123	Rental-real estate-other	WP/II-D-1.1	2,070		1,035	1,035
57	6124	Rental-copy machines	WP/II-D-1.1	295,524		148,360	147,164
58	6125	Rental-vehicles/buses	WP/II-D-1.1	31,952		19,479	12,473
59	6126	Rental-other equipment	WP/II-D-1.1	204,709		22,026	182,683
60	6132	Rental-heavy equipment	WP/II-D-1.1	28,184		660	27,524
61	6160	Electric services	WP/II-D-1.1	16,951,502		10,510,048	6,441,454
62	6162	Gas/heating fuels	WP/II-D-1.1	28,997		17,985	11,012

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-1 Cost of by Water / Wastewater

Witness: Joseph Gonzales

Line No	(a) Account No	(b) Description	(c) Reference Schedule	(d) Austin Water Total	(e) Func. Factor	(f) Functionalization		(g)
						Water		Wastewater
63	6165	Water service	WP/II-D-1.1	70,634		- 70,634		
64	6174	Drainage fee expense	WP/II-D-1.1	313,440		150,324		163,116
65	6175	Garbage/refuse collection	WP/II-D-1.1	176,324		32,840		143,484
66	6179	Water Services Interlocal	WP/II-D-1.1	958,889		- 958,889		
67	6180	Wastewater svcs-interlocal	WP/II-D-1.1	- 309,125				309,125
68	6190	Toll Road - Tx Tag	WP/II-D-1.1	867		289		578
69	6202	Intradeptl charges	WP/II-D-1.1	21,208		467		20,741
70	6203	Interdepartmental Charges	WP/II-D-1.1	471,208		214,183		257,025
71	6207	Intradeptl chgs-street cut rpr	WP/II-D-1.1	14,013,888		9,809,723		4,204,165
72	6226	Interdept-Services Carpentry	WP/II-D-1.1	5,257		2,629		2,628
73	6228	Interdept-Services Electrical	WP/II-D-1.1	17,602		8,752		8,850
74	6234	CTECC Support	WP/II-D-1.1	12,590		6,295		6,295
75	6236	Interdeptl-PW CPM charges	WP/II-D-1.1	20,298		5,000		15,298
76	6238	Interdeptl-PW CSD charges	WP/II-D-1.1	4,079		- 4,079		
77	6240	CTM Support	WP/II-D-1.1	4,809,588		2,415,274		2,394,314
78	6241	Utility Billing System Support	WP/II-D-1.1	20,562,342		12,473,371		8,088,971
79	6242	Administrative Support	WP/II-D-1.1	13,199,719		7,277,235		5,922,484
80	6243	Workers' Compensation	WP/II-D-1.1	1,135,888		567,944		567,944
81	6245	Wireless Communications-maint	WP/II-D-1.1	111,180		58,689		52,491
82	6247	Wireless Communication-towers	WP/II-D-1.1	3,298		1,649		1,649
83	6248	Wireless Communication-install	WP/II-D-1.1	67,954		34,708		33,246
84	6249	Regional Radio System	WP/II-D-1.1	454,320		227,160		227,160
85	6250	Fleet-equip.preventative maint	WP/II-D-1.1	4,040,244		1,795,715		2,244,529
86	6255	Transportation-city veh fuel	WP/II-D-1.1	1,362,466		749,874		612,592
87	6256	Fleet-equip. vehicle/equipment modifica	WP/II-D-1.1	11,726		- 11,726		
88	6325	Bond/Theft/Prof Liab Insurance	WP/II-D-1.1	1,836		- 1,836		
89	6327	Fire/Extend Coverage Insurance	WP/II-D-1.1	1,095,237		397,169		698,068
90	6355	Legal claims/damages	WP/II-D-1.1	137,333		132,333		5,000
91	6361	Awards and Recognition	WP/II-D-1.1	70,209		35,937		34,272
92	6363	Structured settlements	WP/II-D-1.1	- 24,544				24,544
93	6364	Claims-auto liability	WP/II-D-1.1	55,344		39,749		15,595

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-1 Cost of by Water / Wastewater

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No	Account No	Description	Reference Schedule	Austin Water Total	Func. Factor	Functionalization	
						Water	Wastewater
94	6365	Claims-general liability	WP/II-D-1.1	32,329		32,151	178
95	6372	Services - Contractual General Trades	WP/II-D-1.1	18,790		9,395	9,395
96	6381	Maintenance-electric motors	WP/II-D-1.1	69,711		32,310	37,401
97	6382	Maintenance-grounds	WP/II-D-1.1	461,454		245,166	216,288
98	6383	Maintenance-buildings	WP/II-D-1.1	236,883		78,161	158,722
99	6387	Maintenance-computer hardware	WP/II-D-1.1	145,309		72,542	72,767
100	6388	Maintenance-computer software	WP/II-D-1.1	2,091,402		1,182,749	908,653
101	6389	Maintenance-other equipment	WP/II-D-1.1	477,317		122,292	355,025
102	6390	Maintenance-boilers	WP/II-D-1.1	- 1,615			1,615
103	6391	Maintenance-turbine/generator	WP/II-D-1.1	- 326,244			326,244
104	6392	Maintenance-aux gen equipment	WP/II-D-1.1	- 22,196			22,196
105	6393	Maintenance-hydraulic equipment	WP/II-D-1.1	9 9		-	
106	6395	Maintenance-vehicles	WP/II-D-1.1	907		890	17
107	6396	Maintenance-pipelines	WP/II-D-1.1	2,655,502		1,149,422	1,506,080
108	6398	Maintenance-chillers	WP/II-D-1.1	13,505		3,580	9,925
109	6404	Telephone-base cost	WP/II-D-1.1	296,308		176,282	120,026
110	6405	Telephone-long distance	WP/II-D-1.1	3,174		1,587	1,587
111	6406	Telephone equipment	WP/II-D-1.1	7,440		3,720	3,720
112	6407	Telephone-cellular phones	WP/II-D-1.1	550,844		259,709	291,135
113	6415	Postage	WP/II-D-1.1	46,026		21,769	24,257
114	6416	Priority mail/parcel services	WP/II-D-1.1	2,682		1,944	738
115	6450	Advertising/publication	WP/II-D-1.1	682,785		671,223	11,562
116	6452	Printing/binding/photo/repr	WP/II-D-1.1	52,990		22,922	30,068
117	6520	Employee recruiting	WP/II-D-1.1	1,573		961	612
118	6530	Training-city wide	WP/II-D-1.1	10,882		4,888	5,994
119	6531	Seminar/training fees	WP/II-D-1.1	296,390		140,771	155,619
120	6532	Educational travel	WP/II-D-1.1	146,311		71,079	75,232
121	6551	Mileage reimbursements	WP/II-D-1.1	58,752		26,750	32,002
122	6558	Professional registration	WP/II-D-1.1	46,436		28,400	18,036
123	6561	Parking costs	WP/II-D-1.1	1,040		560	480
124	6632	Memberships	WP/II-D-1.1	197,255		98,348	98,907

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-1 Cost of by Water / Wastewater

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No	Account No	Description	Reference Schedule	Austin Water Total	Func. Factor	Functionalization	
						Water	Wastewater
125	6633	Subscriptions	WP/II-D-1.1	52,639		26,424	26,215
126	6811	Commercial Incentives-AWU	WP/II-D-1.1	157,642		- 157,642	
127	6812	Help Program-AWU	WP/II-D-1.1	25,000		- 25,000	
128	6813	Household Efficiency-AWU	WP/II-D-1.1	6,071		- 6,071	
129	6814	Irrigation Efficiency-AWU	WP/II-D-1.1	9,229		- 9,229	
130	6815	Landscape Conversion Rebate-AWU	WP/II-D-1.1	17,863		- 17,863	
131	6816	Pressure Reduction Valve Rebate-AWU	WP/II-D-1.1	2,000		- 2,000	
132	6817	Rainwater Harvesting Rebate-AWU	WP/II-D-1.1	84,276		- 84,276	
133	6825	Grants to others/subrecipients	WP/II-D-1.1	- 207,236			207,236
134	6843	Government permits and fees	WP/II-D-1.1	889,136		615,858	273,278
135	6852	Laundry expense	WP/II-D-1.1	- 13,707			13,707
136	6854	Miscellaneous expense	WP/II-D-1.1	515		367	148
137	6871	Federal unemployment tax co	WP/II-D-1.1	20,536		2,952	17,584
138	6898	Bad Debt Expense	WP/II-D-1.1	1,090,558		666,957	423,601
139	7102	Agricultural/horticultural	WP/II-D-1.1	27,255		16,321	10,934
140	7114	Const/repair material-other	WP/II-D-1.1	341,267		5,095	336,172
141	7116	Asphalt	WP/II-D-1.1	198,254		146,301	51,953
142	7117	Cement/concrete	WP/II-D-1.1	13,068		4,277	8,791
143	7119	Sand/gravel/stone	WP/II-D-1.1	625,113		447,985	177,128
144	7121	Street/traff signs/mrkr/pos	WP/II-D-1.1	4,495		3,607	888
145	7122	Hardware/wire/steel	WP/II-D-1.1	111,344		70,794	40,550
146	7123	Building material	WP/II-D-1.1	77,681		32,111	45,570
147	7124	Paint/painting supplies	WP/II-D-1.1	30,216		20,946	9,270
148	7127	Electrical/lighting	WP/II-D-1.1	820,601		348,105	472,496
149	7128	Welding supplies	WP/II-D-1.1	30,260		9,127	21,133
150	7129	Refrigerant components-HVAC	WP/II-D-1.1	240,873		97,873	143,000
151	7132	Pipes and fittings	WP/II-D-1.1	1,497,719		877,216	620,503
152	7133	Valves	WP/II-D-1.1	311,031		251,664	59,367
153	7134	Chemicals	WP/II-D-1.1	13,489,513		5,513,739	7,975,774
154	7135	Household/cleaning supplies	WP/II-D-1.1	140,462		70,387	70,075
155	7141	Boiler equipment	WP/II-D-1.1	576		510	66

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-1 Cost of by Water / Wastewater

Witness: Joseph Gonzales

Line No	(a) Account No	(b) Description	(c) Reference Schedule	(d) Austin Water Total	(e) Func. Factor	(f) Functionalization	
						Water	Wastewater
156	7145	Electrical conductors-wire&cable	WP/II-D-1.1	6,780		1,099	5,681
157	7146	Electrical conductors-hardware	WP/II-D-1.1	1,412		385	1,027
158	7150	Fuses and fusing apparatus	WP/II-D-1.1	1,541		534	1,007
159	7151	Relays and relaying equipment	WP/II-D-1.1	19,221		101	19,120
160	7154	Capacitors	WP/II-D-1.1	26	-	26	
161	7155	Pull boxes,svc boxes,manholes	WP/II-D-1.1	2,388		2,095	293
162	7156	Electrical switchgear	WP/II-D-1.1	81	-	81	
163	7245	Radio equipment	WP/II-D-1.1	88,849		86,828	2,021
164	7269	Raw water - purchased	WP/II-D-1.1	625,492	-	625,492	
165	7310	Gasoline/oil/grease	WP/II-D-1.1	160,200		82,489	77,711
166	7320	Parts for equipment	WP/II-D-1.1	1,067,902		487,257	580,645
167	7330	Parts for vehicles	WP/II-D-1.1	7,956		4,768	3,188
168	7425	Medical/dental supplies	WP/II-D-1.1	13,317		7,161	6,156
169	7450	Photographic	WP/II-D-1.1	2,311	-	2,311	
170	7454	Educational/promotional	WP/II-D-1.1	124,148		63,197	60,951
171	7456	Identification	WP/II-D-1.1	973		910	63
172	7460	Meters	WP/II-D-1.1	981,679		829,726	151,953
173	7461	Meter parts	WP/II-D-1.1	19,684	-	19,684	
174	7478	Clothing/clothing material	WP/II-D-1.1	295,023		150,100	144,923
175	7480	Dietary hardware	WP/II-D-1.1	645		125	520
176	7482	Food/ice	WP/II-D-1.1	48,459		27,816	20,643
177	7484	Food/storage for animals	WP/II-D-1.1	1,379	-	1,379	
178	7486	Books-library	WP/II-D-1.1	37,451		19,430	18,021
179	7500	Office supplies	WP/II-D-1.1	228,519		110,165	118,354
180	7510	Computer supplies	WP/II-D-1.1	51,139		50,337	802
181	7580	Software	WP/II-D-1.1	52,121		22,780	29,341
182	7600	Small tools/minor equipment	WP/II-D-1.1	1,271,025		604,478	666,547
183	7601	Safety equipment	WP/II-D-1.1	832,979		365,154	467,825
184	7603	Security equipment	WP/II-D-1.1	18,726		17,811	915
185	7605	Small electric motors-water ut	WP/II-D-1.1	31,115		15,210	15,905
186	7610	Minor computer hardware	WP/II-D-1.1	371,384		261,956	109,428

II-A-1

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-1 Cost of by Water / Wastewater

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No	Account No	Description	Reference Schedule	Austin Water Total	Func. Factor	Functionalization	
						Water	Wastewater
187	7611	Minor communications equipment	WP/II-D-1.1	2,329		- 2,329	
188	7615	Office furnishings	WP/II-D-1.1	66,789		51,833	14,956
189	7811	Freight	WP/II-D-1.1	11,445		6,285	5,160
190	8000	Indirect costs-FMC 74-4	WP/II-D-1.1	958,495		629,669	328,826
191	8142	Commercial paper admin exp	WP/II-D-1.1	729,451		367,001	362,450
192	8312	Util rev bnd commission exp	WP/II-D-1.1	2,313		655	1,658
193	8316	Arbitrage rebate-admin exp	WP/II-D-1.1	6,692		3,710	2,982
194	8502	Interdepartmental reimbursements	WP/II-D-1.1	(141,124)		(53,661)	(87,463)
195	8505	Expense refunds	WP/II-D-1.1	(5,327,936)		(4,041,744)	(1,286,192)
196	8507	Reimbursement of CIP charge	WP/II-D-1.1	(174,232)		(89,321)	(84,911)
197	8589	Dept OH distribtd to indire	WP/II-D-1.1	(958,495)		(629,669)	(328,826)
198	9040	Medical/lab equipment	WP/II-D-1.1	- 30,130			30,130
199	9045	Computer Hardware	WP/II-D-1.1	- 21,570			21,570
200	9051	Other Equipment	WP/II-D-1.1	598,558		66,471	532,087
201	9074	Electric Transformers	WP/II-D-1.1	- 30,544			30,544
202	9712	Trf to PID Fund	WP/II-D-1.1	75,000		37,500	37,500
203	9739	Trf to Reclaimed Water Fund	WP/II-D-1.1	4,000,000		- 4,000,000	
204	9845	Trf to Economic Development	WP/II-D-1.1	3,808,882		2,046,374	1,762,508
205		Total Operations and Maintenance		247,469,476		132,706,200	114,763,276
206		Debt Service	WP II-C-6.1W-WP II-C-6.40W	180,362,227		98,261,313	82,100,914
207			WP II-C-6.1WW to WP II-C-6.43WW				
		Debt Service Coverage Requirement	W COS Model Table 94-1	153,307,893		83,522,116	69,785,777
208			WW COS Model Table 83-1				
209		Gross Revenue Requirement		581,139,596		314,489,629	266,649,967
210		Non-Rate Revenue Offsets	W COS Model Table 40-1	(20,528,524)		(10,713,588)	(9,814,936)
211			WW COS Model Table 29-1				
212		Transfers/Reserve Fund Surcharge					
213							

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-1 Cost of by Water / Wastewater

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No	Account No	Description	Reference Schedule	Austin Water Total	Func. Factor	Functionalization	
						Water	Wastewater
214		Transfers In		(34,200,000)		(24,800,000)	(9,400,000)
215		Reserve Fund Surcharge		(2,069,559)		- (2,069,559)	
216		Transfers Out		36,269,559		26,869,559	9,400,000
217		Net Transfers/Reserve Fund Surcharge		- -		-	
218							
219		Net Cost of Service		\$ 560,611,072		\$ 303,776,041	\$ 256,835,031
220							



Schedule II-A-1 is supported by:

WP/II-C-6 (W)

WP/II-C-6 (WW)

WP/II-D-1.1

Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-2 Statement of Income  
Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No.	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018	Audited 10/01/2016 - 09/30/2017	\$ Variance between Test Year & Prior Year	% Variance between Test Year & Prior Year	Variance Explanations over 15%
1	OPERATING REVENUES	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	573,127,332	597,564,693	(24,437,361)	-4%	
2							
3	OPERATING EXPENSES						
4	Operating expenses before depreciation	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	272,532,473	259,203,623	13,328,850	5%	
5	Depreciation and amortization	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	122,181,442	119,546,740	2,634,702	2%	
6	Total operating expenses	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	394,713,915	378,750,363	15,963,552		
7	Operating income	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	178,413,417	218,814,330	(40,400,913)		
8	NONOPERATING REVENUES (EXPENSES)	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)					
9	Interest and other revenues	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	4,945,565	2,137,838	2,807,727	57%	Higher interest rates and cash balances
10	Interest on revenue bonds and other debt	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(93,218,151)	(102,791,237)	9,573,086	-10%	
11	Passenger facility charges	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	-	-	-	0%	
12	Loss on in-substance defeasance	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(1,132,885)	(27,980,281)	26,847,396	-2370%	Defeasance in 2018
13	Cost (recovered) to be recovered in future years	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(107,371,263)	4,935,762	(112,307,025)	105%	Fixed Assets Deferred Depreciation, Asset Contribution Depreciation,
14	Other nonoperating revenues (expenses)	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(1,785,581)	5,393,161	(7,178,742)	402%	FASB 71 Deferred Asset Contributions
15	Total nonoperating revenues (expenses)	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(198,562,315)	(118,304,757)	(80,257,558)		Interfund transfers
16							
17	Income (loss) before contributions and transfers	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(20,148,898)	100,509,573	(120,658,471)		
18							
19	Capital contributions	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	73,532,785	74,330,693	(797,908)	-1%	
20	Transfers in	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	65,678	12,572	53,106	81%	CBC Admin Expense
21	Transfers out	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	-	-	-	0%	
22	General fund	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(45,810,080)	(42,779,685)	(3,030,395)	7%	
23	Other funds	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(5,931,149)	(8,326,962)	2,395,813	-40%	Decrease in Transfers
24	Total operating transfers out	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	(51,741,229)	(51,106,647)	(634,582)		
25							
26	Income before extraordinary gain	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	1,708,336	123,746,191	(122,037,855)		
27	Extraordinary gain (loss) revenue bond extinguishments	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	-	-	-		
28	Change in net position	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	1,708,336	123,746,191	(122,037,855)		
29	Total net position - beginning	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	892,246,603	768,501,069	123,745,534		
30	Adjustment to Beginning Balance	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	-	-	-		
31	Adjusted Beginning Balance	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	892,246,603	768,501,069	123,745,534		
32	Total net position - ending	Schedule II-A-2.1 (Water); Schedule II-A-2.1 (WW)	893,954,939	892,247,260	1,707,679		
33							
34							
35	No adjustments to book recorded income statement for annualize and normalize under present rates.						
36	Austin Water schedule shown here only include Water and Wastewater funds, while, the City of Austin's Comprehensive Annual Financial Report (CAFR) reports the combined funds of Water, Wastewater, and Reclaimed Water.						
37	No Workpaper						

Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-2.1 Statement of Income -Water  
Witness Joseph Gonzales

Line No	(a) Description	(b) Reference Schedule	(c)	(d)	(e)	(f)	(g)
			Unaudited Test Year 10/01/2017 - 09/30/2018 (Water)	Audited 10/01/2016 - 09/30/2017 (Water)	\$ Variance between Test Year & Prior Year (Water)	% Variance between Test Year & Prior Year (Water)	Variance Explanations over 15% (Water)
1	OPERATING REVENUES	Schedule II-A-2	302,243,015	323,046,813	(20,803,798)	-7%	
2							
3	OPERATING EXPENSES						
4	Operating expenses before depreciation	Schedule II-A-2	141,693,112	136,248,996	5,444,116	4%	
5	Depreciation and amortization	Schedule II-A-2	57,534,092	57,461,734	72,358	0%	
6	Total operating expenses	Schedule II-A-2	199,227,204	193,710,730	5,516,474		
7	Operating income	Schedule II-A-2	103,015,811	129,336,083	(26,320,272)		
8	NONOPERATING REVENUES (EXPENSES)	Schedule II-A-2					
9	Interest and other revenues	Schedule II-A-2	2,682,125	1,103,367	1,578,758	59%	Higher interest rates and cash balances
10	Interest on revenue bonds and other debt	Schedule II-A-2	(54,467,139)	(59,849,074)	5,381,935	-10%	
11	Passenger facility charges	Schedule II-A-2	-	-	-	0%	
12	Loss on in-substance defeasance	Schedule II-A-2	(1,230,596)	(27,980,281)	26,749,685	-2174%	Defeasance in 2018
13	Cost (recovered) to be recovered in future years	Schedule II-A-2	-	(55,541,221)	(55,541,221)	100%	Fixed Assets Deferred Depreciation; FASB 71
14	Other nonoperating revenue (expense)	Schedule II-A-2	(1,019,683)	1,955,198	(2,974,881)	292%	Deferred Asset Contributions
15	Total nonoperating revenues (expenses)	Schedule II-A-2	(109,576,514)	(84,770,790)	(24,805,724)		Interfund transfers
16							
17	Income (loss) before contributions and transfers	Schedule II-A-2	(6,560,703)	44,565,293	(51,125,996)		
18							
19	Capital contributions	Schedule II-A-2	46,548,430	44,589,424	1,959,006	4%	
20	Transfers in	Schedule II-A-2	12,344	1,305	11,039	89%	CBC Admin Expense
21	Transfers out	Schedule II-A-2	-	-	-	0%	
22	General fund	Schedule II-A-2	(24,538,645)	(22,587,681)	(1,950,964)	8%	
23	Other funds	Schedule II-A-2	(4,329,295)	(5,222,278)	892,983	-21%	Decrease in Transfers
24	Total operating transfers out	Schedule II-A-2	(28,867,940)	(27,809,959)	(1,057,981)		
25							
26	Income before extraordinary gain	Schedule II-A-2	11,132,131	61,346,063	(50,213,932)		
27	Extraordinary gain (loss) revenue bond extinguishments	Schedule II-A-2	-	-	-		
28	Change in net position	Schedule II-A-2	11,132,131	61,346,063	(50,213,932)		
29	Total net position - beginning	Schedule II-A-2	438,975,975	377,630,912	61,346,063		
30	Adjustment to Beginning Balance	Schedule II-A-2	-	-	-		
31	Adjusted Beginning Balance	Schedule II-A-2	438,975,975	377,630,912	61,346,063		
32	Total net position - ending	Schedule II-A-2	450,109,106	438,976,975	11,132,131		
33							
34	No adjustments to book recorded income statement for annualize and normalize under present rates.						
35	Austin Water schedule shown here only include Water and Wastewater funds; while, the City of Austin's Comprehensive Annual Financial Report (CAFR) reports the combined funds of Water, Wastewater, and Reclaimed Water						
36	No Workpaper						

Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-2.1 Statement of Income -Wastewater  
Witness: Joseph Gonzales

	(a)	(b)	(h)	(i)	(j)	(k)	(l)
Line No.	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018 (Wastewater)	Audited 10/01/2016 - 09/30/2017 (Wastewater)	\$ Variance between Test Year & Prior Year (Wastewater)	% Variance between Test Year & Prior Year (Wastewater)	Variance Explanations over 15% (Wastewater)
1	OPERATING REVENUES	Schedule II-A-2	270,884,317	274,517,880	(3,633,563)	-1%	
2							
3	OPERATING EXPENSES						
4	Operating expenses before depreciation	Schedule II-A-2	130,839,361	122,954,627	7,884,734	6%	
5	Depreciation and amortization	Schedule II-A-2	64,647,350	62,085,006	2,562,344	4%	
6	Total operating expenses	Schedule II-A-2	195,486,711	185,039,633	10,447,078		
7	Operating income	Schedule II-A-2	75,397,606	89,478,247	(14,080,641)		
8	NONOPERATING REVENUES (EXPENSES)	Schedule II-A-2					
9	Interest and other revenues	Schedule II-A-2	2,263,440	1,034,471	1,228,969	54%	Higher interest rates and cash balances
10	Interest on revenue bonds and other debt	Schedule II-A-2	(38,751,012)	(42,942,163)	4,191,151	-11%	
11	Passenger facility charges	Schedule II-A-2	-	-	-	0%	
12	Loss on in-substance defeasance	Schedule II-A-2	97,711		97,711	100%	Defeasance in 2018
13	Cost (recovered) to be recovered in future years	Schedule II-A-2	(51,830,042)	4,935,762	(56,765,804)	110%	Fixed Assets Deferred Depreciation, Asset Contribution Depreciation, FASB 71 Deferred Asset Contributions
14	Other nonoperating revenue (expense)	Schedule II-A-2	(765,898)	3,437,963	(4,203,861)	549%	Interfund transfer to Reclaimed Water and other funds
15	Total nonoperating revenues (expenses)	Schedule II-A-2	(88,985,801)	(33,533,967)	(55,451,834)		
16							
17	Income (loss) before contributions and transfers	Schedule II-A-2	(13,588,195)	55,944,280	(69,532,475)		
18							
19	Capital contributions	Schedule II-A-2	26,984,355	29,741,269	(2,756,914)	-10%	
20	Transfers in	Schedule II-A-2	53,334	11,267	42,067	79%	CBC Admin Expense
21	Transfers out	Schedule II-A-2	-	-	-	0%	
22	General fund	Schedule II-A-2	(21,271,435)	(20,192,004)	(1,079,431)	5%	
23	Other funds	Schedule II-A-2	(1,601,854)	(3,104,684)	1,502,830	-94%	Decrease in Transfers
24	Total operating transfers out	Schedule II-A-2	(22,873,289)	(23,296,688)	423,399		
25							
26	Income before extraordinary gain	Schedule II-A-2	(9,423,795)	62,400,128	(71,823,923)		
27	Extraordinary gain (loss) revenue bond extinguishments	Schedule II-A-2	-	-	-		
28	Change in net position	Schedule II-A-2	(9,423,795)	62,400,128	(71,823,923)		
29	Total net position - beginning	Schedule II-A-2	453,269,628	390,870,157	62,399,471		
30	Adjustment to Beginning Balance	Schedule II-A-2	-	-	-		
31	Adjusted Beginning Balance	Schedule II-A-2	453,269,628	390,870,157	62,399,471		
32	Total net position - ending	Schedule II-A-2	443,845,833	453,270,285	(9,424,452)		
33							
34	No adjustments to book recorded income statement for annualize and normalize under present rates.						
35	Austin Water schedule shown here only include Water and Wastewater funds, while, the City of Austin's Comprehensive Annual Financial Report (CAFR) reports the combined funds of Water, Wastewater, and Reclaimed Water.						
36	No Workpaper						

Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-2.2 Statement of Income Test Year Adjusted  
Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018	Revenue Increase Requested	Income Statement Under Proposed Rates Adjustments Unaudited Test Year 10/01/2017- 09/30/2018	Audited 10/01/2016 - 09/30/2017
1	<b>OPERATING REVENUES</b>	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	573,127,332	4,308,400	577,435,732	597,564,693
2						
3	<b>OPERATING EXPENSES</b>					
4	Operating expenses before depreciation	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- 272,532,473		272,532,473	259,203,623
5	Depreciation and amortization	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- 122,181,442		122,181,442	119,546,740
6	Total operating expenses	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- 394,713,915		394,713,915	378,750,363
7	Operating income	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	178,413,417	4,308,400	182,721,817	218,814,330
8	<b>NONOPERATING REVENUES (EXPENSES)</b>	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)				
9	Interest and other revenues	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- 4,945,565		4,945,565	2,137,838
10	Interest on revenue bonds and other debt	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- (93,218,151)		(93,218,151)	(102,791,237)
11	Passenger facility charges	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- -	-	-	
12	Loss on in-substance defeasance	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- (1,132,885)		(1,132,885)	(27,980,281)
13	Cost (recovered) to be recovered in future years	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- (107,371,263)		(107,371,263)	4,935,762
14	Other nonoperating revenue (expense)	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- (1,785,581)		(1,785,581)	5,393,161
15	Total nonoperating revenues (expenses)	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- (198,562,315)		(198,562,315)	(118,304,757)
16						
17	Income (loss) before contributions and transfers	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	(20,148,898)	4,308,400	(15,840,498)	100,509,573
18						
19	Capital contributions	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- 73,532,785		73,532,785	74,330,693
20	Transfers in	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- 65,678		65,678	12,572
21	Transfers out	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- -	-	-	
22	General fund	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- (45,810,080)		(45,810,080)	(42,779,685)
23	Other funds	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- (5,931,149)		(5,931,149)	(8,326,962)
24	Total operating transfers out	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- (51,741,229)		(51,741,229)	(51,106,647)
25						
26	Income before extraordinary gain	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	1,708,336	4,308,400	6,016,736	123,746,191
27	Extraordinary gain (loss) revenue bond extinguishments	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- -	-	-	
28	Change in net position	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	1,708,336	4,308,400	6,016,736	123,746,191
29	Total net position - beginning	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- 892,246,603		892,246,603	768,501,069
30	Adjustment to Beginning Balance	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- -	-	-	
31	Adjusted Beginning Balance	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	- 892,246,603		892,246,603	768,501,069
32	Total net position - ending	Schedule II-A-2.2 (Water); Schedule II-A-2.2 (WW)	893,954,939	4,308,400	898,263,339	892,247,260
33						
34	No adjustments to book recorded income statement for annualize and normalize under present rates.					
35	Austin Water schedule shown here only include Water and Wastewater funds; while, the City of Austin's Comprehensive Annual Financial Report (CAFR) reports the combined funds of Water, Wastewater, and Reclaimed Water.					
36	No Workpaper					

Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-2.2 Statement of Income Test Year Adjusted -Water  
Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018 (Water)	Revenue Increase Requested (Water)	Income Statement Under Proposed Rates Adjustments Unaudited Test Year 10/01/2017 - 09/30/2018 (Water)	Audited 10/01/2016 - 09/30/2017 (Water)
1	OPERATING REVENUES	Schedule II-A-2.2	302,243,015	3,786,241	306,029,256	323,046,813
2						
3	OPERATING EXPENSES					
4	Operating expenses before depreciation	Schedule II-A-2.2	- 141,693,112		141,693,112	136,248,996
5	Depreciation and amortization	Schedule II-A-2.2	- 57,534,092		57,534,092	57,461,734
6	Total operating expenses	Schedule II-A-2.2	- 199,227,204		199,227,204	193,710,730
7	Operating income	Schedule II-A-2.2	103,015,811	3,786,241	106,802,052	129,336,083
8	NONOPERATING REVENUES (EXPENSES)	Schedule II-A-2.2				
9	Interest and other revenues	Schedule II-A-2.2	- 2,682,125		2,682,125	1,103,367
10	Interest on revenue bonds and other debt	Schedule II-A-2.2	- (54,467,139)		(54,467,139)	(59,849,074)
11	Passenger facility charges	Schedule II-A-2.2	- -	-	-	-
12	Loss on in-substance defeasance	Schedule II-A-2.2	- (1,230,596)		(1,230,596)	(27,980,281)
13	Cost (recovered) to be recovered in future years	Schedule II-A-2.2	- (55,541,221)		(55,541,221)	-
14	Other nonoperating revenue (expense)	Schedule II-A-2.2	- (1,019,683)		(1,019,683)	1,955,198
15	Total nonoperating revenues (expenses)	Schedule II-A-2.2	- (109,576,514)		(109,576,514)	(84,770,790)
16						
17	Income (loss) before contributions and transfers	Schedule II-A-2.2	(6,560,703)	3,786,241	(2,774,462)	44,565,293
18						
19	Capital contributions	Schedule II-A-2.2	- 46,548,430		46,548,430	44,589,424
20	Transfers in	Schedule II-A-2.2	- 12,344		12,344	1,305
21	Transfers out	Schedule II-A-2.2	- -	-	-	-
22	General fund	Schedule II-A-2.2	- (24,538,645)		(24,538,645)	(22,587,681)
23	Other funds	Schedule II-A-2.2	- (4,329,295)		(4,329,295)	(5,222,278)
24	Total operating transfers out	Schedule II-A-2.2	- (28,867,940)		(28,867,940)	(27,809,959)
25						
26	Income before extraordinary gain	Schedule II-A-2.2	11,132,131	3,786,241	14,918,372	61,346,063
27	Extraordinary gain (loss) revenue bond extinguishments	Schedule II-A-2.2	- -	-	-	-
28	Change in net position	Schedule II-A-2.2	11,132,131	3,786,241	14,918,372	61,346,063
29	Total net position - beginning	Schedule II-A-2.2	- 438,976,975		438,976,975	377,630,912
30	Adjustment to Beginning Balance	Schedule II-A-2.2	- -	-	-	-
31	Adjusted Beginning Balance	Schedule II-A-2.2	- 438,976,975		438,976,975	377,630,912
32	Total net position - ending	Schedule II-A-2.2	450,109,106	3,786,241	453,895,347	438,976,975
33						
34	No adjustments to book recorded income statement for annualize and normalize under present rates.					
35	Austin Water schedule shown here only include Water and Wastewater funds; while, the City of Austin's Comprehensive Annual Financial Report (CAFR) reports the combined funds of Water, Wastewater, and Reclaimed Water.					
36	No Workpaper					

II-A-2.2 (W)

Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-2.2 Statement of Income Test Year Adjusted -Wastewater  
Witness: Joseph Gonzales

Line No.	(a) Description	(b) Reference Schedule	(g) (h) (i) (j)			
			Unaudited Test Year 10/01/2017 - 09/30/2018 (Wastewater)	Revenue Increase Requested (Wastewater)	Income Statement Under Proposed Rates Adjustments Unaudited Test Year 10/01/2017-09/30/2018 (Wastewater)	Audited 10/01/2016 - 09/30/2017 (Wastewater)
1	OPERATING REVENUES	Schedule II-A-2.2	270,884,317	522,159	271,406,476	274,517,880
2						
3	OPERATING EXPENSES					
4	Operating expenses before depreciation	Schedule II-A-2.2	- 130,839,361		130,839,361	122,954,627
5	Depreciation and amortization	Schedule II-A-2.2	- 64,647,350		64,647,350	62,085,006
6	Total operating expenses	Schedule II-A-2.2	- 195,486,711		195,486,711	185,039,633
7	Operating income	Schedule II-A-2.2	75,397,606	522,159	75,919,765	89,478,247
8	NONOPERATING REVENUES (EXPENSES)	Schedule II-A-2.2				
9	Interest and other revenues	Schedule II-A-2.2	- 2,263,440		2,263,440	1,034,471
10	Interest on revenue bonds and other debt	Schedule II-A-2.2	- (38,751,012)		(38,751,012)	(42,942,163)
11	Passenger facility charges	Schedule II-A-2.2	- -		-	
12	Loss on in-substance defeasance	Schedule II-A-2.2	- 97,711		97,711	
13	Cost (recovered) to be recovered in future years	Schedule II-A-2.2	- (51,830,042)		(51,830,042)	4,935,762
14	Other nonoperating revenue (expense)	Schedule II-A-2.2	- (765,898)		(765,898)	3,437,963
15	Total nonoperating revenues (expenses)	Schedule II-A-2.2	- (88,985,801)		(88,985,801)	(33,533,967)
16						
17	Income (loss) before contributions and transfers	Schedule II-A-2.2	(13,588,195)	522,159	(13,066,036)	55,944,280
18						
19	Capital contributions	Schedule II-A-2.2	- 26,984,355		26,984,355	29,741,269
20	Transfers in	Schedule II-A-2.2	- 53,334		53,334	11,267
21	Transfers out	Schedule II-A-2.2	- -		-	
22	General fund	Schedule II-A-2.2	- (21,271,435)		(21,271,435)	(20,192,004)
23	Other funds	Schedule II-A-2.2	- (1,601,854)		(1,601,854)	(3,104,684)
24	Total operating transfers out	Schedule II-A-2.2	- (22,873,289)		(22,873,289)	(23,296,688)
25						
26	Income before extraordinary gain	Schedule II-A-2.2	(9,423,795)	522,159	(8,901,636)	62,400,128
27	Extraordinary gain (loss) revenue bond extinguishments	Schedule II-A-2.2	- -		-	
28	Change in net position	Schedule II-A-2.2	(9,423,795)	522,159	(8,901,636)	62,400,128
29	Total net position - beginning	Schedule II-A-2.2	- 453,269,628		453,269,628	390,870,157
30	Adjustment to Beginning Balance	Schedule II-A-2.2	- -		-	
31	Adjusted Beginning Balance	Schedule II-A-2.2	453,269,628		453,269,628	390,870,157
32	Total net position - ending	Schedule II-A-2.2	443,845,833	522,159	444,367,992	453,270,285
33						
34	No adjustments to book recorded income statement for annualize and normalize under prescnt rates					
35	Austin Water schedules and workpapers shown here only include Water and Wastewater funds, while, the City of Austin's Comprehensive Annual Financial Report (CAFR) reports the combined funds of Water, Wastewater, and Reclaimed Water.					
36	No Workpaper					

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-2.3 Test Year Affiliate Income

Witness: Joseph Gonzales

Austin Water had no affiliates and therefore no affiliate income during the test year.



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-2.4 Rate of Return on Net Invested Capital

Witness: Joseph Gonzales

No depreciation expenses or rate of return is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3 Balance Sheet

Witness: Joseph Gonzales

	(a)	(b)	(c)
Line No	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018
1	<b>ASSETS</b>		
2	Current assets:		
3	Cash	WP/II-A-3	5,100
4	Pooled investments and cash	WP/II-A-3	189,225,296
5	Pooled investments and cash - restricted	WP/II-A-3	57,321,063
6	Total pooled investments and cash	WP/II-A-3	246,546,359
7			
8	Investments, at fair value - restricted	WP/II-A-3	45,341,365
9	Investments held by trustee	WP/II-A-3	-
10	Cash held by trustee	WP/II-A-3	1,600,937
11	Cash held by trustee - restricted	WP/II-A-3	1,143,672
12	Accounts receivable	WP/II-A-3	64,566,874
13	Less allowance for doubtful accounts	WP/II-A-3	(2,338,283)
14	Net accounts receivable	WP/II-A-3	62,228,591
15			
16	Receivables from other governments	WP/II-A-3	61,588
17	Due from other funds	WP/II-A-3	300,582
18	Due from other funds - restricted	WP/II-A-3	-
19	Inventories, at cost	WP/II-A-3	2,215,264
20	Prepaid expenses	WP/II-A-3	568,249
21	Other assets	WP/II-A-3	-
22	Regulatory assets, net of accumulated amortization	WP/II-A-3	26,229,200

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3 Balance Sheet

Witness: Joseph Gonzales

	(a)	(b)	(c)
Line No	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018
23	Total current assets	WP/II-A-3	386,240,907
24			
25	Noncurrent assets:		
26	Pooled investments and cash - restricted	WP/II-A-3	86,409,731
27	Advances to other funds	WP/II-A-3	1,803,494
28	Investments, at fair value - restricted	WP/II-A-3	52,214,495
29	Investments held by trustee, restricted	WP/II-A-3	4,932,703
30	Cash held by trustee - restricted	WP/II-A-3	-
31	Other receivables - restricted	WP/II-A-3	-
32	Depreciable capital assets	WP/II-A-3	3,123,321,129
33	Nondepreciable capital assets	WP/II-A-3	463,539,016
34	Regulatory assets, net of accumulated amortization	WP/II-A-3	324,337,785
35	Total noncurrent assets	WP/II-A-3	4,056,558,353
36			
37	Total assets	WP/II-A-3	4,442,799,260
38	Deferred Outflow of Resources	WP/II-A-3	113,448,555
39	Total assets and deferred outflows	WP/II-A-3	4,556,247,815
40			
41	LIABILITIES		
42	Current liabilities:		
43	Accounts payable	WP/II-A-3	3,774,119
44	Accounts and retainage payable from restricted assets	WP/II-A-3	14,988,393

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3 Balance Sheet

Witness: Joseph Gonzales

	(a)	(b)	(c)
Line No	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018
45	Accrued payroll	WP/II-A-3	4,014,090
46	Accrued compensated absences	WP/II-A-3	5,560,193
47	Claims payable	WP/II-A-3	141,133
48	Due to other funds - restricted	WP/II-A-3	-
49	Accrued interest payable from restricted assets	WP/II-A-3	61,619,489
50	Interest payable on other debt	WP/II-A-3	133,421
51	Commercial paper notes payable ST	WP/II-A-3	-
52	Bonds payable	WP/II-A-3	-
53	Bonds payable from restricted assets	WP/II-A-3	35,501,595
54	Capital lease obligations payable	WP/II-A-3	-
55	Customer and escrow deposits payable from restricted assets	WP/II-A-3	12,238,512
56	Other liabilities	WP/II-A-3	2,228,743
57	Other Post Employment Benefits ST	WP/II-A-3	4,484,908
58	Total current liabilities	WP/II-A-3	144,684,596
59	Noncurrent liabilities, net of current portion:		
60	Accrued compensated absences		-
61	Claims payable	WP/II-A-3	212,063
62	Advances from other funds	WP/II-A-3	556,188
63	Advances from other funds - Restricted	WP/II-A-3	10,820,634
64	Capital appreciation bond interest payable	WP/II-A-3	2,721,782
65	Commercial paper notes payable, net of discount	WP/II-A-3	39,690,000
66	Bonds payable	WP/II-A-3	2,359,662,530

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3 Balance Sheet

Witness: Joseph Gonzales

	(a)	(b)	(c)
Line No	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018
67	Capital lease obligations payable	WP/II-A-3	-
68	Pension Obligation Payable	WP/II-A-3	127,015,540
69	Other Post Employment Benefits	WP/II-A-3	208,868,913
70	Derivative instruments - interest rate swaps	WP/II-A-3	9,652,814
71	Deferred credits and other liabilities	WP/II-A-3	-
72	Other liabilities	WP/II-A-3	-
73	Total noncurrent liabilities	WP/II-A-3	2,759,200,464
74	<b>Total liabilities</b>	WP/II-A-3	2,903,885,060
75	Deferred inflows of resources	WP/II-A-3	758,407,813
76	<b>Total liabilities &amp; deferred inflows</b>	WP/II-A-3	3,662,292,873
77			
78			
79	<b>NET POSITION</b>	WP/II-A-3	893,954,942
80	<b>Total net assets</b>	WP/II-A-3	893,954,942
81			
82			
83	Austin Water schedule and workpaper shown here only include Water and Wastewater funds; while, the City of Austin's Comprehensive Annual Financial Report (CAFR) reports the combined funds of Water, Wastewater, and Reclaimed Water.		

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.1 Comparative Balance Sheet

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Description	Reference Schedule	Unaudited Test Year as of 9/30/2018	As of 9/30/2017- Audited
1	<b>ASSETS</b>			
2	Current assets:			
3	Cash	WP/II-A-3.1	5,100	5,100
4	Pooled investments and cash	WP/II-A-3.1	189,225,296	186,931,890
5	Pooled investments and cash - restricted	WP/II-A-3.1	57,321,063	52,101,079
6	Total pooled investments and cash	WP/II-A-3.1	246,546,359	239,032,969
7				
8	Investments, at fair value - restricted	WP/II-A-3.1	45,341,365	66,949,306
9	Investments held by trustee	WP/II-A-3.1	-	-
10	Cash held by trustee	WP/II-A-3.1	1,600,937	668,439
11	Cash held by trustee - restricted	WP/II-A-3.1	1,143,672	475,309
12	Accounts receivable	WP/II-A-3.1	64,566,874	72,808,463
13	Less allowance for doubtful accounts	WP/II-A-3.1	(2,338,283)	(2,438,320)
14	Net accounts receivable	WP/II-A-3.1	62,228,591	70,370,143
15				
16	Receivables from other governments	WP/II-A-3.1	61,588	68,410
17	Due from other funds	WP/II-A-3.1	300,582	300,582
18	Due from other funds - restricted	WP/II-A-3.1	-	-
19	Inventories, at cost	WP/II-A-3.1	2,215,264	1,936,912
20	Prepaid expenses	WP/II-A-3.1	568,249	42,159
21	Other assets	WP/II-A-3.1	-	-
22	Regulatory assets, net of accumulated amortization	WP/II-A-3.1	26,229,200	48,064,375
23	Total current assets	WP/II-A-3.1	386,240,907	427,913,704
24				

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.1 Comparative Balance Sheet

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Description	Reference Schedule	Unaudited Test Year as of 9/30/2018	As of 9/30/2017- Audited
25	Noncurrent assets:			
26	Pooled investments and cash - restricted	WP/II-A-3.1	86,409,731	89,080,276
27	Advances to other funds	WP/II-A-3.1	1,803,494	2,104,076
28	Investments, at fair value - restricted	WP/II-A-3.1	52,214,495	58,421,434
29	Investments held by trustee, restricted	WP/II-A-3.1	4,932,703	1,600,031
30	Cash held by trustee - restricted	WP/II-A-3.1	-	-
31	Other receivables - restricted	WP/II-A-3.1	-	451,607
32	Depreciable capital assets	WP/II-A-3.1	3,123,321,129	3,109,143,653
33	Nondepreciable capital assets	WP/II-A-3.1	463,539,016	435,407,412
34	Regulatory assets, net of accumulated amortization	WP/II-A-3.1	324,337,785	247,306,595
35	Total noncurrent assets	WP/II-A-3.1	4,056,558,353	3,943,515,084
36				
37	<b>Total assets</b>	WP/II-A-3.1	4,442,799,260	4,371,428,788
38	Deferred Outflow of Resources	WP/II-A-3.1	113,448,555	116,302,410
39	<b>Total assets and deferred outflows</b>	WP/II-A-3.1	4,556,247,815	4,487,731,198
40				
41	<b>LIABILITIES</b>			
42	Current liabilities:			
43	Accounts payable	WP/II-A-3.1	3,774,119	3,674,240
44	Accounts and retainage payable from restricted assets	WP/II-A-3.1	14,988,393	17,572,823
45	Accrued payroll	WP/II-A-3.1	4,014,090	3,793,178
46	Accrued compensated absences	WP/II-A-3.1	5,560,193	5,618,006
47	Claims payable	WP/II-A-3.1	141,133	350,662
48	Due to other funds - restricted	WP/II-A-3.1	-	3,101,786

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.1 Comparative Balance Sheet

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Description	Reference Schedule	Unaudited Test Year as of 9/30/2018	As of 9/30/2017- Audited
49	Accrued interest payable from restricted assets	WP/II-A-3.1	61,619,489	82,263,411
50	Interest payable on other debt	WP/II-A-3.1	133,421	105,612
51	Commercial paper notes payable ST	WP/II-A-3.1	-	-
52	Bonds payable	WP/II-A-3.1	-	-
53	Bonds payable from restricted assets	WP/II-A-3.1	35,501,595	60,152,772
54	Capital lease obligations payable	WP/II-A-3.1	-	-
55	Customer and escrow deposits payable from restricted assets	WP/II-A-3.1	12,238,512	14,483,469
56	Other liabilities	WP/II-A-3.1	2,228,743	2,630,341
57	Other Post Employment Benefits ST	WP/II-A-3.1	4,484,908	-
58	Total current liabilities	WP/II-A-3.1	144,684,596	193,746,300
59	Noncurrent liabilities, net of current portion:			
60	Accrued compensated absences	WP/II-A-3.1	-	-
61	Claims payable	WP/II-A-3.1	212,063	211,484
62	Advances from other funds	WP/II-A-3.1	556,188	679,708
63	Advances from other funds - Restricted	WP/II-A-3.1	10,820,634	13,925,786
64	Capital appreciation bond interest payable	WP/II-A-3.1	2,721,782	25,970,074
65	Commercial paper notes payable, net of discount	WP/II-A-3.1	39,690,000	-
66	Bonds payable	WP/II-A-3.1	2,359,662,530	2,441,042,555
67	Capital lease obligations payable	WP/II-A-3.1	-	-
68	Pension Obligation Payable	WP/II-A-3.1	127,015,540	146,089,904
69	Other Post Employment Benefits	WP/II-A-3.1	208,868,913	95,975,918
70	Derivative instruments - interest rate swaps	WP/II-A-3.1	9,652,814	15,509,159
71	Deferred credits and other liabilities	WP/II-A-3.1	-	1,067,433
72	Other liabilities	WP/II-A-3.1	-	-



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.1 Comparative Balance Sheet

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Description	Reference Schedule	Unaudited Test Year as of 9/30/2018	As of 9/30/2017- Audited
73	Total noncurrent liabilities	WP/II-A-3.1	2,759,200,464	2,740,472,021
74	<b>Total liabilities</b>	WP/II-A-3.1	2,903,885,060	2,934,218,321
75	Deferred inflows of resources	WP/II-A-3.1	758,407,813	661,265,617
76	<b>Total liabilities &amp; deferred inflows</b>	WP/II-A-3.1	3,662,292,873	3,595,483,938
77				
78				
79	<b>NET POSITION</b>	WP/II-A-3.1	893,954,942	892,247,260
80	<b>Total net assets</b>	WP/II-A-3.1	893,954,942	892,247,260
81				
82				
83	Austin Water schedule and workpaper shown here only include Water and Wastewater funds; while, the City of Austin's Comprehensive Annual Financial Report (CAFR) reports the combined funds of Water, Wastewater, and Reclaimed Water.			

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.2 Other Physical Property

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)
Line No	Description	Reference Schedule	Total Value	Depreciation	Book Value
1	Water - Physical Property	WP/II-A-3.2	2,634,148,658	848,589,512	1,785,559,146
2	Wastewater - Physical Property	WP/II-A-3.2	2,188,373,996	904,213,852	1,284,160,144
3					

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.3 Special Cash Accounts

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Fund Type	Description	Unaudited Test Year 10/01/2017 - 09/30/2018	Purpose
1	Water	AWU Revenue Stability Reserve (9825)	45,088,715	The Austin Water Revenue Stability Reserve Fund (Water Reserve Fund) was created for the purpose of offsetting current year water service revenue shortfalls below budgeted revenue levels.
2	Water	Reserve Debt Service Fund (9820)	22,123,146	Austin Water must maintain a fully funded debt service reserve fund for its existing revenue bond issues and future issues.
3	Wastewater	Reserve Debt Service Fund (9820)	21,608,655	Austin Water must maintain a fully funded debt service reserve fund for its existing revenue bond issues and future issues.
4	Water	Combined Utility Revenue Bond Reserve Fund (9850)	5,390,780	Austin Water must maintain a fully funded debt service reserve fund for its existing revenue bond issues and future issues, in accordance with the Combined Utility Systems Revenue Bond Covenant.
5	Wastewater	Combined Utility Revenue Bond Reserve Fund (9850)	5,429,854	Austin Water must maintain a fully funded debt service reserve fund for its existing revenue bond issues and future issues, in accordance with the Combined Utility Systems Revenue Bond Covenant.
6				

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.4 Receivables

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Fund Type	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018
1	Water	Accounts Receivable-Billed (non-customer accounts)	Schedule II-A-3	1,342,695
2	Wastewater	Accounts Receivable-Billed (non-customer accounts)	Schedule II-A-3	448,434
3				
4		No Receivables greater than 15% of total		
5				

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.5 Uncollectable Accounts

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Description			
1	Method of Accrual			
2	Austin Water reserves according to these percentages of Accounts Receivable that are past due:			
3				
4	50% of Accounts Receivable Balances For Active Customer Accounts Between 181 and 365 Days			
5	100% Of Accounts Receivable Balances For Active Customer Accounts Over 365 Days			
6	100% Of Accounts Receivable Balances For Inactive Customer Accounts			
7				
9	Each month the balance in the reserve account is compared to the amount expected to be uncollectible using the above percentages.			
10	The balance is then adjusted to the expected amount and offset the difference to Bad Debt Expense.			
11				
12	Balance in reserve for allowance for doubtful accounts:	September 30, 2018	\$ 2,338,283	
13		September 30, 2017	\$ 2,438,320	
14		September 30, 2016	\$ 3,262,220	
15				
16		Unaudited Test Year	Audited	Audited
17	Allowance for Doubtful Accounts	09/30/2018	09/30/2017	09/30/2016
18	Water	\$ 1,458,156	\$ 1,512,776	\$ 2,182,218
19	Wastewater	\$ 880,127	\$ 925,544	\$ 1,080,002
20	Allowance for Doubtful Accounts - Total	\$ 2,338,283	\$ 2,438,320	\$ 3,262,220
21				
22		Unaudited Test Year		
23	Amounts written off during 12 months ending:	10/01/2017 -	2017	2016
24	Water	\$ 666,957	\$ 296,794	\$ 518,350
25	Wastewater	\$ 423,601	\$ 1,345,772	\$ 854,226
26	Amounts written off during 12 months ending - Total:	\$ 1,090,558	\$ 1,642,566	\$ 1,372,576
27				

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.6 Prepayments

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Fund Type	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018
1	Water	Prepaid Rent	WP/II-A-3.6	12,364
2	Water	Other Prepayments	WP/II-A-3.6	422,488
3	Wastewater	Prepaid Rent	WP/II-A-3.6	1,035
4	Wastewater	Other Prepayments	WP/II-A-3.6	132,361
5				

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.7 Significant Assets

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)
Line No	Description	Reference Schedule	Unaudited Test Year 10/01/2017 - 09/30/2018	% of current assets	Explanations (greater than 15% of total and greater than \$10,000)
1	ASSETS				
2	Current assets:		386,240,907	100.00%	
3					
4	Pooled investments and cash	WP/II-A-3.7	189,225,296	49.0%	Cash balances are pooled and invested. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that carry a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.
5	Pooled investments and cash - restricted	WP/II-A-3.7	57,321,063	14.8%	
6			246,546,359	63.8%	
7					
8	Accounts receivable	WP/II-A-3.7	64,566,874	16.7%	Balances of accounts receivable are primarily comprised of charges for services.
9	Less allowance for doubtful accounts	WP/II-A-3.7	(2,338,283)	-0.6%	
10	Net accounts receivable	WP/II-A-3.7	62,228,591	16.1%	

Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-3.8 Deferred Asset Accounts  
Witness: Joseph Gonzales

Line No.	(a) Description	(b) Unaudited Test Year as of 9/30/2018 (Water)	(c) Unaudited Test Year as of 9/30/2018 (Wastewater)	(d) Unaudited Test Year as of 9/30/2018 (Combined)	(e) Origin of Account	(f) Probable changes to this account in the near future	(g) Amortization of these accounts currently charges to operations or to be charged in the near future
					Origin of Account		
1	Deferred Expense (long term only)	411,504	1,143,299	1,554,803	Accounting Policies-Deferred outflows of resources represent the consumption of net position that are applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
2	Surety bond long term (long term only)	81,686	86,951	168,637	Accounting Policies-Deferred outflows of resources represent the consumption of net position that are applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
3	CAB Deferred Int. exp	1,045,745	423,187	1,468,932	Accounting Policies-Deferred outflows of resources represent the consumption of net position that are applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
4	Deferred Expense GASB 31 (long term only)	686,913	-	686,913	Accounting Policies-Deferred outflows of resources represent the consumption of net position that are applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
5	Bond refunding def int exp	409,299	628,855	1,038,155	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
6	Deferred Assets (long term only)	155,670,533	146,058,370	301,728,903	Accounting Policies-Deferred outflows of resources represent the consumption of net position that are applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
7	Deferred Bond Issue Costs	12,527,198	10,298,468	22,825,666	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
8	Accumulated Amortization BIC	(2,778,763)	(2,355,459)	(5,134,223)	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
9	Def Loss on Ref - Rev PL/SL Bonds	4,627,260	9,990,495	14,617,755	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
10	Def Loss on Ref - Sep Lien Bonds	9,961,857	4,299,067	14,260,924	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items



Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-3.8 Deferred Asset Accounts  
Witness: Joseph Gonzales

Line No.	(a) Description	(b)	(c)	(d)	(e)	(f)	(g)
		Unaudited Test Year as of 9/30/2018 (Water)	Unaudited Test Year as of 9/30/2018 (Wastewater)	Unaudited Test Year as of 9/30/2018 (Combined)	Origin of Account	Probable changes to this account in the near future	Amortization of these accounts currently charges to operations or to be charged in the near future
11	Acc Amrt of Loss on Ref -Rev PL/Sl Bds	(4,461,639)	(9,466,880)	(13,928,519)	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
12	Acc Amrt of Loss on Ref -Sep Lien Bds	(4,210,891)	(1,725,757)	(5,936,648)	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
13	Acc Amort of Loss on Ref-PIB Bonds	(748,895)	(513,068)	(1,261,963)	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
14	Acc Amort of Loss on Ref-Rev Bonds	(9,688,398)	(8,710,589)	(18,398,987)	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
15	Deferred Loss on Refunding - PIB Bonds	1,043,474	778,474	1,821,948	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
16	Deferred Loss on Refunding - Rev Bonds	36,491,237	27,800,291	64,291,528	Accounting Policies-When debt is refunded, the associated gain (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
17	Deferred Outflow OPEB Assump Change	10,781,965	9,971,476	20,753,441	Accounting Policies-Changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds) may be treated as either deferred outflows or inflows. City benefit payments made between the measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
18	Deferred Outflow OPEB Actuarial Exp	2,446,112	2,262,235	4,708,347	Accounting Policies-Changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds) may be treated as either deferred outflows or inflows. City benefit payments made between the measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
19	Deferred Outflow OPEB Contributions	1,572,954	1,454,714	3,027,668	Accounting Policies-Changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds) may be treated as either deferred outflows or inflows. City benefit payments made between the measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items

Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-A-3.8 Deferred Asset Accounts  
Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No.	Description	Unaudited Test Year as of 9/30/2018 (Water)	Unaudited Test Year as of 9/30/2018 (Wastewater)	Unaudited Test Year as of 9/30/2018 (Combined)	Origin of Account	Probable changes to this account in the near future	Amortization of these accounts currently charges to operations or to be charged in the near future
20	Deferred Outflow Pension Contributions	4,793,333	4,440,149	9,233,482	Accounting Policies-Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
21	Deferred Outflow Pension Assump Change	2,958,840	-	2,958,840	Accounting Policies-Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
22	Deferred Outflow Pension Actuarial Experience	2,454,730	2,354,803	4,809,533	Accounting Policies-Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
23	Deferred Outflow	6,530,080	3,122,734	9,652,814	Accounting Policies-Deferred outflows of resources represent the consumption of net position that are applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
24	Deferred Outflow Pension Invest Experience	-	2,838,392	2,838,392	Accounting Policies-Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	Balances change annually	Austin Water uses cash basis and does not seek recovery of deferred items
25	Totals	232,606,134	205,180,207	437,786,341			
26	No Workpaper						

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.9 Accounts Payable to Associated Companies

Witness: Joseph Gonzales

Austin Water had no affiliates and therefore no accounts payable to associated companies during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.10 Deferred Credits

Witness: Joseph Gonzales

Austin Water had no deferred credits during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.11 Funding of Reserves

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Fund Type	Description	Unaudited Test Year 10/01/2017 - 09/30/2018	Explanation and Method of Funding
1	Water	AW Revenue Stability Reserve Fund	45,088,715	The Austin Water Revenue Stability Reserve Fund (Water Reserve Fund) was created for the purpose of offsetting current year water service revenue shortfalls below budgeted revenue levels. This reserve is funded with reserve fund surcharge collections. Austin Water must maintain a fully funded debt service reserve fund for its existing revenue bond issues and future issues, in accordance with the Combined Utility Systems Revenue Bond Covenant. The reserve was funded with proceeds from the issuance of bonds. Austin Water must maintain a fully funded debt service reserve fund for its existing revenue bond issues and future issues. The reserve was funded with proceeds from the issuance of bonds. Austin Water must maintain a fully funded debt service reserve fund for its existing revenue bond issues and future issues, in accordance with the Combined Utility Systems Revenue Bond Covenant. The reserve was funded with proceeds from the issuance of bonds. Austin Water must maintain a fully funded debt service reserve fund for its existing revenue bond issues and future issues. The reserve was funded with proceeds from the issuance of bonds.
2	Water	Combined Utility Revenue Bond Reserve Fund (9850)	5,390,780	
3	Water	Reserve Debt Service Fund (9820)	22,123,146	
4	Wastewater	Combined Utility Revenue Bond Reserve Fund (9850)	5,429,854	
5	Wastewater	Reserve Debt Service Fund (9820)	21,608,655	
6				

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.12 Unappropriated Retained Earnings

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Description	As of 9/30/2018 - Unaudited	As of 9/30/2017 - Audited	As of 9/30/2016 - Audited
1	<b>ASSETS</b>			
2	Net Investment in capital assets	\$621,677	\$544,113	\$474,876
3	Restricted for:			
4	Bond Reserve	15,573	21,832	20,584
5	Capital projects	20,976	37,269	35,065
6	Operating reserve	45,089	37,651	28,018
7	Unrestricted	190,639	251,395	191,773
8	<b>Total net position</b>	<b>\$893,954</b>	<b>\$892,260</b>	<b>\$750,316</b>
9				

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-A-3.13 Advances to/from Parent Corporation

Witness: Joseph Gonzales

Austin Water had no advanced to/from Parent Corporation during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B Rate Base Summary

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B (W) Rate Base Summary - Water

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B (WW) Rate Base Summary - Wastewater

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-1 Original Cost of Utility Plant

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-1 (W) Original Cost of Utility Plant - Water

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-1 (WW) Original Cost of Utility Plant - Wastewater

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-1.1 Plant Addition to Cost in Adjusted Test Year

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-1.2 Adjusted Test Year Plant

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-1.3 Assets Used for Purposes Other Than Utility

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-1.4 Assets Not Currently In Use

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-1.5 Engineer's Affidavit

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-2 Construction Work in Progress for Water/Wastewater

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-2.1 Cancelled Construction Projects

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-3 Accumulated Depreciation Summary

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-3 (W) Accumulated Depreciation Summary - Water

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-3 (WW) Accumulated Depreciation Summary - Wastewater

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-3.1 Accumulated Depreciation - Surplus/Deficiency Between Book and Theoretical

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-3.2 Accumulated Depreciation - Description of Methods and Procedures

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-3.3 Accumulated Depreciation - Affidavit

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-4 Plant Held for Future

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-5 Accumulated Provision Balances

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-6 Materials and Supplies - 13 month Average

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-6.a Materials and Supplies - Inventory Evaluation Method

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-6.b Materials and Supplies - Model Used to Calculate Needed Level

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-7.a-g Working Capital

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-7.h (W) Working Capital - Water

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-7.h (WW) Working Capital -Wastewater

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-7.i Working Capital - Removal of Amortized Expense

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-7.j Working Capital- Funds Availability Arrangement

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-8 Prepayments

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-9 Storm Damage and Extraordinary Property Loss

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-10 Other Rate Base Items

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-B-11 Regulatory Assets

Witness: Joseph Gonzales

No rate base determination is included in the revenue requirements during the test year.



**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-C-1 Rate of Return Calculation

Witness: Joseph Gonzales

No rate of return is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-C-2 Weighted Average Cost of Capital

Witness: Joseph Gonzales

No rate of return is included in the revenue requirements during the test year.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-C-3 Preferred Stock

Witness: Joseph Gonzales

Austin Water had no preferred stock.

Austin Water  
Docket No 49189  
Test Year Ending 9/30/2018  
Schedule II-C-4 Long Term Debt  
Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Line No	Description	Date of Issuance	Maturity Date	All In Interest Rate	Principal Amount at Issuance	Premium or (Discount) at Issuance	Underwriting Fees & Issuance Expenses	Net Proceeds at Issuance	Adjusted Net Proceeds at Issuance	Adjusted Net Proceeds as a % of Par Value	Principal currently Outstanding as of 9/30/2018	Principal Currently Outstanding for Austin Water ONLY as of 9/30/2018	Adjusted Net Proceeds (Based on AW Only)	Issue as % of Total Net Proceeds	Cost of Debt	Weighted Cost of Long-Term Debt
1	Combined Utility System Revenue Refunding Bonds, Series 1994	09/01/94	05/15/19	6.60%	142,558,632	(5,045,832)	2,840,290	134,672,509	132,466,968	0.93	5,685,000	5,685,000	5,282,561	0.19%	6.60%	0.012%
2	Combined Utility System Subordinate Lien Revenue Refunding Bonds, Series 1998	10/01/98	05/15/25	5.25%	139,965,000	7,790,207	2,261,510	145,493,697	155,545,413	1.11	96,035,000	24,753,701	27,509,196	0.98%	5.25%	0.052%
3	Combined Utility System Subordinate Lien Revenue Refunding Bonds, Series 1998A	10/01/98	05/15/20	4.25%	105,349,512	3,349,789	2,042,470	106,656,831	112,049,090	1.06	4,504,000	4,503,544	4,789,942	0.17%	4.25%	0.007%
4	Northwest Austin Municipal District No. 1 Unlimited Tax Refunding Bonds, Series 2004	12/01/04	09/01/20	4.40%	2,629,999	221,794	118,947	2,732,845	3,073,586	1.17	405,000	259,281	303,012	0.01%	4.40%	0.000%
5	Northwest Austin Municipal Utility District No. 1 Unlimited Tax Refunding and Improvement Bonds, Series 2006	06/01/06	09/01/26	4.50%	7,994,994	271,116	356,960	7,909,150	8,537,227	1.07	6,165,000	3,946,872	4,214,555	0.15%	4.50%	0.007%
6	Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008	05/15/18	05/15/31	4.10%	170,605,000	-	1,161,815	169,443,185	170,605,000	1.00	105,690,000	105,690,000	105,690,000	3.77%	4.10%	0.155%
7	Public Improvement Refunding Bonds, Series 2008	01/15/08	09/01/21	5.00%	172,505,000	16,682,390	1,100,227	188,087,163	205,869,780	1.19	19,725,000	8,605	10,269	0.00%	5.00%	0.000%
8	Water and Wastewater System Revenue Refunding Bonds, Series 2009	01/15/09	11/15/29	4.59%	175,000,000	6,006,330	1,470,765	179,535,565	187,012,660	1.07	1,700,000	1,700,000	1,816,694	0.06%	4.59%	0.003%
9	River Place Municipal Utility District Unlimited Tax Refunding, Series 2009	10/01/09	09/01/19	3.30%	7,010,000	404,747	323,676	7,091,071	7,819,493	1.12	335,000	303,678	338,745	0.01%	3.30%	0.000%
10	Water and Wastewater System Revenue Refunding Bonds, Series 2010 (ARRA)	01/15/10	11/15/41	0.00%	31,815,000	-	-	31,815,000	31,815,000	1.00	25,445,000	25,445,000	25,445,000	0.91%	0.00%	0.000%
11	Water and Wastewater System Revenue Refunding Bonds, Series 2010A	11/01/10	11/15/40	4.27%	76,855,000	1,415,843	716,489	77,554,354	79,686,686	1.04	64,215,000	64,215,000	66,580,971	2.37%	4.27%	0.101%
12	Water and Wastewater System Revenue Bonds, Taxable Series 2010B (Direct Subsidy-Build America Bonds)	11/01/10	11/15/40	4.27%	100,970,000	-	970,000	100,000,000	100,970,000	1.00	93,145,000	93,145,000	93,145,000	3.32%	4.27%	0.142%
13	Water and Wastewater System Revenue Refunding Bonds, Series 2011	11/01/11	11/15/41	3.55%	237,530,000	19,548,187	1,715,802	255,362,385	276,626,375	1.16	208,100,000	208,100,000	242,352,328	8.64%	3.55%	0.306%
14	Public Property Finance Contractual Obligations, Series 2011	09/01/11	11/01/18	1.63%	26,725,000	246,641	233,806	26,737,835	27,218,282	1.02	2,160,000	158,818	161,749	0.01%	1.63%	0.000%
15	Certificates of Obligation, Series 2011	09/01/11	09/01/41	4.03%	51,150,000	1,143,007	1,251,009	51,041,997	53,436,013	1.04	43,875,000	1,155,168	1,206,795	0.04%	4.03%	0.002%
16	Public Improvement Refunding Bonds, Series 2011A	10/01/11	09/01/23	4.50%	68,285,000	6,901,149	555,654	74,630,495	82,087,298	1.20	15,920,000	866,627	1,041,797	0.04%	4.50%	0.002%
17	Water and Wastewater System Revenue Refunding Bonds, Series 2012	07/01/12	11/15/42	3.59%	336,820,000	59,190,185	18,239,997	377,770,187	455,200,369	1.35	255,590,000	255,590,000	345,420,885	12.32%	3.59%	0.443%
18	Public Property Finance Contractual Obligations, Series 2012	09/01/12	11/01/19	1.13%	27,135,000	2,578,525	196,887	29,516,638	32,292,050	1.19	6,320,000	481,789	573,354	0.02%	1.13%	0.000%
19	Certificates of Obligation, Series 2012	09/01/12	09/01/37	2.81%	25,890,000	1,546,100	300,643	27,135,457	28,982,201	1.12	19,500,000	378,278	423,458	0.02%	2.81%	0.000%
20	Certificates of Obligation, Series 2013	09/01/13	09/01/38	4.24%	25,355,000	551,723	549,068	25,357,655	26,458,446	1.04	22,940,000	34,800	36,314	0.00%	4.24%	0.000%

Austin Water  
 Order No 491A9  
 Test Year Ending 9/30/2018  
 Schedule II-C-4 Long Term Debt  
 Witness: Joseph Gonzales

Line No	(a) Description	(b) Date of Issuance	(c) Maturity Date	(d) All In Interest Rate	(e) Principal Amount at Issuance	(f) Premium or (Discount) at Issuance	(g) Underwriting Fees & Issuance Expenses	(h) Net Proceeds at Issuance	(i) Adjusted Net Proceeds at Issuance	(j) Adjusted Net Proceeds as a % of Par Value	(k) Principal currently Outstanding as of 9/30/2018	(l) Principal Currently Outstanding for Austin Water ONLY as of 9/30/2018	(m) Adjusted Net Proceeds (Based on AW Only)	(n) Issue as % of Total Net Proceeds	(o) Cost of Debt	(p) Weighted Cost of Long-Term Debt
21	Public Property Finance Contractual Obligations, Series 2013	09/01/13	11/01/20	1.69%	50,150,000	1,331,928	240,028	51,241,900	52,813,855	1.05	17,865,000	1,047,703	1,103,355	0.04%	1.69%	0.001%
22	Water and Wastewater System Revenue Refunding Bonds, Series 2013A	07/25/13	11/15/43	3.58%	282,460,000	20,446,645	2,115,553	300,791,092	323,353,289	1.14	263,125,000	263,125,000	301,219,055	10.74%	3.58%	0.384%
23	Public Improvement Refunding Bonds, Taxable Series 2013B	10/01/13	09/01/20	2.11%	71,455,000	-	542,016	70,912,984	71,455,000	1.00	21,340,000	98,382	98,382	0.00%	2.11%	0.000%
24	Public Improvement Refunding Bonds, Series 2013A	10/01/13	09/01/24	2.36%	43,250,000	6,534,484	358,086	49,426,398	56,318,969	1.30	23,825,000	187,824	244,580	0.01%	2.36%	0.000%
25	Water and Wastewater System Revenue Refunding Bonds, Series 2014	06/25/14	11/15/43	3.56%	282,205,000	39,811,302	2,035,338	319,980,964	361,827,603	1.28	279,785,000	279,785,000	358,724,813	12.80%	3.56%	0.455%
26	Public Property Finance Contractual Obligations, Series 2014	09/01/14	09/01/34	3.46%	14,100,000	1,843,470	141,389	15,802,081	17,786,940	1.26	9,680,000	551,392	695,573	0.02%	3.46%	0.001%
27	Public Property Finance Contractual Obligations, Series 2015	10/01/15	11/01/22	1.77%	14,450,000	1,743,073	127,222	16,065,851	17,936,146	1.24	9,775,000	1,429,894	1,774,864	0.06%	1.77%	0.001%
28	Water and Wastewater System Revenue Refunding Bonds, Series 2015A	08/18/15	11/15/36	3.03%	249,145,000	35,224,031	1,961,325	282,407,706	319,593,062	1.28	245,535,000	245,535,000	314,962,301	11.23%	3.03%	0.341%
29	Water and Wastewater System Revenue Refunding Bonds, Taxable Series 2015B	08/18/15	05/15/21	3.03%	40,000,000	-	378,604	39,621,396	40,000,000	1.00	32,625,000	32,625,000	32,625,000	1.16%	3.03%	0.035%
30	Water and Wastewater System Revenue Refunding Bonds, Series 2016	06/01/16	11/15/45	3.32%	247,770,000	58,670,939	1,939,773	304,501,166	365,111,878	1.47	247,770,000	247,770,000	365,111,878	13.02%	3.32%	0.433%
31	Texas Water Development Board Water and Wastewater System Revenue Bonds, Series 2016A	09/28/16	11/15/36	1.70%	20,430,000	-	102,498	20,327,503	20,430,000	1.00	19,510,000	19,510,000	19,510,000	0.70%	1.70%	0.012%
32	Water and Wastewater System Revenue Refunding Bonds, Series 2017	08/22/17	11/15/46	3.18%	311,100,000	62,394,186	2,201,801	371,292,385	435,888,372	1.40	311,100,000	311,100,000	435,888,372	15.55%	3.18%	0.494%
33	Texas Water Development Board Water and Wastewater System Revenue Bonds, Series 2017A	09/28/17	11/15/37	1.85%	45,175,000	-	94,881	45,080,119	45,175,000	1.00	45,175,000	45,175,000	45,175,000	1.61%	1.85%	0.030%
34					3,603,838,137	350,801,956	48,644,529	3,905,995,565	4,305,442,050		2,524,564,000	2,244,361,357	2,803,475,800	1		
35																

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-C-5 Weighted Average Cost of Short-Term Debt

Witness: Joseph Gonzales

Line No.	(a) Original PAR Amount for Commercial Paper Issued for Water	(b) Original Commercial Paper Issued for Wastewater	(c) Original Date of Issuance	(d) Portion that matures	(e) Date of Issuance	(f) Maturity Date	(g) Interest Rate	(h) Days	(i) Interest Expense Water	(j) Interest Expense Wastewater
1	4,570,000.00	7,300,000.00	12/22/2017	11,870,000.00	12/22/2017	1/4/2018	Various	13	2,723.70	4,349.86
2				456,000.00	1/5/2018	1/16/2018	Various	11	179.80	288.70
3				456,000.00	1/17/2018	1/23/2018	Various	6	41.95	67.36
4				11,414,000.00	1/24/2018	3/5/2018	Various	40	10,042.27	16,037.94
5				456,000.00	3/6/2018	3/6/2018	Various	0	261.78	420.35
6				11,414,000.00	3/7/2018	4/4/2018	Various	28	4,407.04	7,038.23
7				456,000.00	4/5/2018	4/5/2018	Various	0	175.48	281.77
8				11,414,000.00	4/6/2018	6/4/2018	Various	59	11,752.11	18,768.62
9				456,000.00	6/5/2018	6/5/2018	Various	0	491.34	788.96
10				11,414,000.00	6/6/2018	7/3/2018	Various	27	4,190.30	6,692.09
11				456,000.00	7/4/2018	8/2/2018	Various	29	61.44	52.18
12				11,414,000.00	8/3/2018	8/7/2018	Various	4	5,857.99	9,355.46
13				456,000.00	8/8/2018	9/5/2018	Various	28	39.39	33.46
14	6,690,000.00	5,550,000.00	2/27/2018	12,240,000.00	2/27/2018	3/6/2018	Various	7	1,462.63	1,213.40
15				12,240,000.00	3/7/2018	4/5/2018	Various	29	6,708.33	5,565.20
16				12,240,000.00	4/6/2018	6/5/2018	Various	60	18,784.15	15,582.92
17				12,240,000.00	6/6/2018	8/2/2018	Various	57	13,902.38	11,808.17
18				12,240,000.00	8/3/2018	9/5/2018	Various	33	8,913.71	7,570.97
19	3,100,000.00	2,050,000.00	3/29/2018	5,150,000.00	3/29/2018	4/4/2018	Various	6	840.82	556.03
20				5,150,000.00	4/5/2018	5/7/2018	Various	32	4,456.36	2,946.94
21				5,150,000.00	5/8/2018	5/14/2018	Various	6	951.23	629.03
22				4,849,800.00	5/15/2018	6/4/2018	Various	20	2,636.97	1,743.79
23				4,849,800.00	6/5/2018	7/3/2018	Various	28	2,783.33	1,840.59
24				300,200.00	7/4/2018	7/5/2018	Various	1	406.75	268.99
25				4,849,800.00	7/6/2018	8/7/2018	Various	32	3,891.07	2,573.12
26				300,200.00	8/8/2018	9/5/2018	Various	28	438.93	290.27
27	3,230,000.00	-	7/31/2018	3,810,000.00	7/31/2018	8/7/2018	Various	7	969.88	-
28	3,520,000.00	-	8/31/2018	4,840,000.00	8/31/2018	10/3/2018	Various	33	-	-
29	3,680,000.00	-	9/26/2018	4,260,000.00	9/26/2018	10/3/2018	Various	7	-	-
30	24,790,000.00	14,900,000.00	Totals					Totals	107,371.13	116,764.40
31									3,702.45	4,026.36
Weighted Average of Interest Expense for FY18 ST debt										
Commercial paper notes outstanding have interest ranging from 1.57% to 2.75%, which are adjusted daily. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.										

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-C-6 Amortization Schedules for all Short and Long-Term Debt

Witness: Joseph Gonzales

Long-term debt schedules consist of Austin Water Revenue Refunding Bonds, General Obligations Bonds, and Other Bonds.

General Obligation bond debt is collateralized by the full faith and credit of the City of Austin. Austin Water has just a small portion of this debt. Other bonds are debt the City and Austin Water assumed from annexation.

Please see WP II-C-6 Amortization Schedules for all Short and Long-Term Debt (Water) and tabs WP II-C-6.1W to WP II-C-6.40W for Water Long-Term Debt Schedules.

Please see WP II-C-6 Amortization Schedules for all Short and Long-Term Debt (Wastewater) and tabs WP II-C-6.1WW to WP II-C-6.43WW for Wastewater Long-Term Debt Schedules.

There are no short-term amortization schedules for short-term commercial paper debt notes outstanding, as the interest rates are adjusted daily.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-C-7 Capital Requirements

Witness: Joseph Gonzales

	(a)	(b)	(c)	(d)
Line No	Year	Estimated Water Capital Expenditures	Estimated Wastewater Capital Expenditures	Reference Schedule
1	Test Year 2018	64,171,070	82,023,762	WP II-C-7; WP II-C-7.1 (Water) ;WP II-C-7.2 (Wastewater)
2	2019	82,512,462	102,816,943	WP II-C-7; WP II-C-7.1 (Water) ;WP II-C-7.2 (Wastewater)
3	2020	114,096,391	125,313,557	WP II-C-7; WP II-C-7.1 (Water) ;WP II-C-7.2 (Wastewater)
4	2021	95,133,324	98,103,001	WP II-C-7; WP II-C-7.1 (Water) ;WP II-C-7.2 (Wastewater)
5	<b>Total</b>	<b>355,913,247</b>	<b>408,257,263</b>	



Austin Water  
Docket No. 49189  
Test Year Ending 9/30/2018  
Schedule II-C-8 Financial Tests and Ratios  
Witness: Joseph Gonzales

Financial Tests Pertaining to Issuance of Revenue Bonds:

Debt Service Coverage Ratio:

The debt service coverage ratio is a key financial benchmark reviewed by rating agencies to indicate strength of financial margin to meet current debt service payments from current revenues after paying for operating costs. Debt service coverage ratio is calculated by total current revenues less operating expenses divided by total debt service.

Days Cash on Hand:

The days cash on hand, or liquidity, is a key financial benchmark reviewed by rating agencies to indicate financial flexibility to pay near-term obligations. Days cash on hand is calculated by unrestricted cash divided by operating expenses divided by 365.

Line No	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Total Revenue	Operating Costs	Less Reserve Fund Surcharge Transfer	(b - c + d) Net Revenue For Debt Service	Total Debt Service	(e / f) Debt Service Coverage Ratio
1	Debt Service Coverage Ratio						
2	FY 2018 Test Year						
3	Water Debt Service Coverage Ratio	\$ 309,508,673.00	\$ 129,885,228.00	\$ (6,850,265.00)	\$ 172,773,180.00	\$ 101,104,879.00	1.71
4	Wastewater Debt Service Coverage Ratio	\$ 274,830,338.00	\$ 113,787,316.00	\$ -	\$ 161,043,022.00	\$ 86,111,293.00	1.87
6	Debt Service Coverage Ratio						
7	FY 2017 Historical Year						
8	Water Debt Service Coverage Ratio	\$ 325,672,953.52	\$ 121,492,684.00	\$ (6,850,265.00)	\$ 197,330,004.52	\$ 108,243,618.00	1.82
9	Wastewater Debt Service Coverage Ratio	\$ 276,425,758.00	\$ 109,923,827.00	\$ -	\$ 166,501,931.00	\$ 94,246,132.00	1.77
11	Projected Years <u>Including</u> Proposed Rates						
13	Water Debt Service Coverage Ratio						
14	FY 2020	\$ 316,559,190	\$ 132,706,201	\$ (2,069,559)	\$ 181,783,430	\$ 98,261,313	1.85
15	FY 2021	\$ 316,559,190	\$ 132,706,201	\$ (2,069,559)	\$ 181,783,430	\$ 98,261,313	1.85
16	FY 2022	\$ 316,559,190	\$ 132,706,201	\$ (2,069,559)	\$ 181,783,430	\$ 98,261,313	1.85
17	Wastewater Debt Service Coverage Ratio						
18	FY 2020	\$ 266,649,968	\$ 114,763,277	\$ -	\$ 151,886,691	\$ 82,100,914	1.85
19	FY 2021	\$ 266,649,968	\$ 114,763,277	\$ -	\$ 151,886,691	\$ 82,100,914	1.85
20	FY 2022	\$ 266,649,968	\$ 114,763,277	\$ -	\$ 151,886,691	\$ 82,100,914	1.85
22	Projected Years <u>NOT Including</u> Proposed Rates						
24	Water Debt Service Coverage Ratio						
25	FY 2020	\$ 312,772,949	\$ 132,706,201	\$ (2,069,559)	\$ 177,997,189	\$ 98,261,313	1.81
26	FY 2021	\$ 312,772,949	\$ 132,706,201	\$ (2,069,559)	\$ 177,997,189	\$ 98,261,313	1.81
27	FY 2022	\$ 312,772,949	\$ 132,706,201	\$ (2,069,559)	\$ 177,997,189	\$ 98,261,313	1.81
28	Wastewater Debt Service Coverage Ratio						
29	FY 2020	\$ 266,127,810	\$ 114,763,277	\$ -	\$ 151,364,533	\$ 82,100,914	1.84
30	FY 2021	\$ 266,127,810	\$ 114,763,277	\$ -	\$ 151,364,533	\$ 82,100,914	1.84
31	FY 2022	\$ 266,127,810	\$ 114,763,277	\$ -	\$ 151,364,533	\$ 82,100,914	1.84
33		Unrestricted		(b/c/365)			
34	Days Cash on Hand	Cash On Hand	Operating Costs	Days Cash			
35	FY 2018 Test Year	\$ 190,831,333	\$ 243,672,544	286			
36	FY 2017 Historical Year	\$ 187,605,429	\$ 231,416,511	296			
38	Projected Years <u>Including</u> Proposed Rates						
39	FY 2020 With Proposed Rates	\$ 195,139,733	\$ 247,469,478	288			
40	FY 2021 With Proposed Rates	\$ 195,139,733	\$ 247,469,478	288			
41	FY 2022 With Proposed Rates	\$ 195,139,733	\$ 247,469,478	288			
43	Projected Years <u>NOT Including</u> Proposed Rates						
44	FY 2020 Without Proposed Rates	\$ 190,831,333	\$ 247,469,478	281			
45	FY 2021 Without Proposed Rates	\$ 190,831,333	\$ 247,469,478	281			
46	FY 2022 Without Proposed Rates	\$ 190,831,333	\$ 247,469,478	281			

**Austin Water**

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Test Year Ending 9/30/2018

Schedule II-C-9 Historical Growth in Earnings, Dividends, and Book Value

Witness: Joseph Gonzales

Austin Water is a municipally owned utility with no stockholders. Historical growth in earnings, dividends, and book value is not applicable for Austin Water.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-C-9.1 Financial Tests and Ratios

Witness: Joseph Gonzales

Austin Water is a municipally owned utility with no stockholders. Financial tests and ratios other than those provided in II-C-8 are not applicable for Austin Water.

**Austin Water**

Docket No. 49189

Test Year Ending 9/30/2018

Schedule II-C-9.2 Earnings Per Share Calculations

Witness: Joseph Gonzales

Austin Water had no stock shares.

**Austin Water**

Docket No 49189

Test Year Ending 9/30/2018

Schedule II-C-10 Rating Agency Report/Prospectus

Witness: David Anders

AW issues bonds to finance capital projects or to refund or refinance outstanding bonds to reduce interest costs. As part of the bond issuance process, AW works with the three major credit rating agencies, Fitch Ratings; Moody's Investors Service; and Standard and Poor's (S&P), to obtain a credit rating for each bond issue.

The credit rating provides investors with a measure of AW's perceived ability to repay its debt. In assigning a rating to the AW's bond issues, ratings agencies consider the performance of the local economy, strength of the utility's financial and operational management, and various financial metrics. Debt issues are generally rated by the rating agencies on a scale from "AAA", which is the highest investment rating, to "C" (Moody's) or "D" (S&P and Fitch) for issuers that are in default or where default is considered imminent. Issuer bonds rated below BBB- (Fitch and S&P) or Baa3 (Moody's) are considered speculative or non-investment grade.

AW's most recent bond issue in August 2017 was rated AA- by Fitch, Aa2 by Moody's and AA by S&P. In 2018, Moody's was the only one to publish an update to credit analysis, in which AW was rated as Aa2 for separate lien. The AA credit rating implies that AW has a very strong capacity to meet its financial commitments and is just below AAA and AA+ in terms of the highest possible credit ratings assigned by rating agencies.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No	Rating Agency	2013 Separate Lien	2014 Separate Lien	2015 Separate Lien	2016 Separate Lien	2017 Separate Lien	2018 Separate Lien
1	Fitch	AA- Stable Outlook	AA- Negative Outlook	AA- Negative Outlook	AA- Stable Outlook	AA- Stable Outlook	N/A
2	Moody's	Aa2 Stable Outlook	Aa2 Negative Outlook	Aa2 Negative Outlook	Aa2 Stable Outlook	Aa2 Stable Outlook	Aa2 Stable Outlook
3	S&P	AA Positive Outlook	AA Positive Outlook	AA Stable Outlook	AA Stable Outlook	AA Stable Outlook	N/A
4							

## Austin, Texas

### Water Revenue Bonds

### New Issue Report

#### Ratings

##### New Issues

Water and Wastewater System  
Revenue Refunding Bonds,  
Series 2017 AA-

##### Outstanding Debt

Combined Utility Systems  
Revenue Bonds (Prior First-Lien  
Obligations) AA  
Combined Utility Systems  
Revenue Bonds (Prior  
Subordinate Obligations) AA-  
Combined Utility Systems  
Revenue CP Bank Bond AA-  
Water and Wastewater System  
Revenue Bonds AA-

#### Rating Outlooks

Water and Wastewater  
System Revenue Bonds Stable  
Combined Utility Systems  
Revenue Bonds Stable

#### Related Criteria

Rating Criteria for Public Sector  
Revenue-Supported Debt (June 2017)  
U.S. Water and Sewer Revenue Bond  
Rating Criteria (November 2016)

#### Related Research

Fitch Rates Austin's (TX) Water and  
Wastewater Rev Rfdg Bonds 'AA-';  
Outlook Stable (July 2017)  
2017 Water and Sewer Medians  
(December 2016)  
2017 Outlook: Water and Sewer Sector  
(December 2016)

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#### New Issue Details

**Sale Information:** Approximately \$350 million Water and Wastewater System Revenue Refunding Bonds, Series 2017, via negotiation on Aug. 1, 2017.

**Security:** Net revenue of Austin Water Utility (AWU) after provision for the prior first-lien obligations of the combined utility systems.

**Purpose:** To retire outstanding CP obligations and refund portions of outstanding parity bonds for interest cost savings.

**Final Maturity:** Nov. 15, 2033.

#### Key Rating Drivers

**Strong Service Area:** AWU provides water and wastewater treatment services to a growing customer base in a sizable service territory including the city of Austin, Texas (AAA/Stable) and neighboring areas beyond the city limits. Austin has a broad and diverse economy, as reflected by exceptionally low unemployment, above-average wealth levels and a highly diversified, expanding customer base.

**Rate Increases and Restructuring:** AWU enacted multiple rate increases, rate restructuring to increase fixed charges and substantial increases of capital recovery fees on new development. These actions taken over the past five years resulted in improved financial margins. Additional improvement is unlikely given the expectation of limited or no rate increases over the next five years.

**Healthy Financial Margins:** Financial margins improved during the past two years to a level commensurate with the rating due to rate adjustments and water sales volumes stabilizing following a statewide drought. Fitch Ratings' calculated debt service coverage improved to 1.84x, or 1.62x, after the general fund transfer in fiscal year (FY) 2016 and days cash on hand increased to 181 days. AWU's financial forecast indicates coverage levels in the same range or slightly below the FY16 level and continued modest improvements in liquidity levels.

**Sufficient Supply and Treatment:** Water supply and treatment capacity of the overall system are anticipated to be sufficient for the foreseeable future. Expanded wastewater treatment may be the next large capital need but is beyond the current five-year capital improvement plan (CIP). Capital needs are manageable and AWU moved into a period of lower capital spending.

**High Debt to Stabilize:** Debt levels are high for the rating category, reflecting strong levels of capital investment over the past decade, primarily debt financed. Debt levels should stabilize at current levels or exhibit modest decline with planned capital spending levels and AWU's plan to increase its cash funding portion of capital to nearly 50% by the end of the five year forecast period.

#### Rating Sensitivities

**Sustained Financial Metrics:** Financial metrics for the city of Austin's combined water and wastewater system strengthened to levels in FY16 in line with the rating category. Continued rating stability in the next two years will be determined largely by the ability to achieve and sustain financial margins and liquidity levels in line with FY16 performance.

## Rating History

Rating	Action	Outlook/ Watch	Date
AA-	Affirmed	Stable	7/20/17
AA-	Affirmed	Stable	5/3/16
AA-	Affirmed	Negative	5/19/14
AA-	Affirmed	Stable	6/13/13
AA-	Affirmed	Stable	6/15/12
AA-	Affirmed	Stable	10/26/11
AA-	Affirmed	Stable	11/8/10
AA-	Affirmed	Stable	5/21/10
AA-	Affirmed	Stable	10/27/09
AA-	Affirmed	Stable	2/3/09
AA-	Affirmed	Stable	11/25/08
AA-	Affirmed	Stable	7/16/08
AA-	Affirmed	Stable	4/28/08
AA-	Affirmed	Stable	11/2/07
AA-	Affirmed	Stable	10/23/07
AA-	Affirmed	Stable	4/4/07
AA-	Affirmed	Stable	3/19/07
AA-	Affirmed	Stable	11/8/06
AA-	Affirmed	Stable	10/10/06
AA-	Upgraded	Stable	5/5/06
A+	Affirmed	Stable	11/2/05
A+	Affirmed	Stable	10/6/05

Source: Fitch

## Credit Profile

AWU operates as an enterprise fund of the city of Austin, TX providing water treatment and distribution, primarily on a retail basis, to approximately 225,000 customers. Wastewater collection and treatment is also provided to a slightly smaller number of customer accounts. AWU benefits from a strong and stable service area that includes the city of Austin and neighboring portions of Travis and Williamson counties.

The system's customer base continues to experience steady growth, due in large part to the city's role as the state capital and the service area's exceptionally strong economy. Water supply and overall treatment capacity are ample and the region's recent drought conditions have abated.

## Governance and Management

AWU is owned and operated by the city of Austin and governed by a mayor, elected at-large, and 10 council members elected to represent each of the 10 districts for staggered three-year terms. The council approves AWU's budget, capital plans, rates and bond transactions. The council also appoints the city manager, who, in turn, oversees the city-owned utility systems.

Among the primary goals of the utility's management team in recent years is the improvement of the water and sewer system's financial metrics, principally liquidity, through rate adjustments and changes in the rate structure, including the significant increase in capital recovery fees implemented in FY14. Positive results were slow to materialize as several years of declining water sales largely offset the imposition of annual rate hikes. Management's adherence to achieving financial targets ultimately outpaced declining sales in FY15, resulting in healthier cash flow, liquidity metrics and notable improvement by FY16.

## Financial Profile

### Charges and Rate Affordability

Austin's water and sewer rates, despite continued escalation, remain generally affordable relative to income levels for the service area. The establishment of AWU's rates and fees requires only the approval of the city council. The Public Utilities Commission of Texas maintains oversight of rates charged to customers residing outside the city's boundaries.

The system's rate structure is composed of a fixed monthly account charge, a volumetric rate, a monthly-tiered minimum charge and a volumetric surcharge to build the water revenue stability reserve fund. The monthly-tiered minimum charge was implemented in recent years in an effort to decouple a portion of the overall rate structure from volumetric pricing given the current trend of declining consumption. Additional recent adjustments include a sizable shift in the volumetric block rates applied to lower consumption threshold levels versus higher blocks of usage. The higher rates being applied to lower consumption levels is expected to generate better cost recovery. The changes in rate design are viewed positively by Fitch, although fixed charges still only account for a modest 25% of total revenue.

In FY14 the city significantly increased capital recovery fees charged for new development. The fees previously provided economic incentive for development within the city but rates were revised to the maximum allowable level by state law. The increased capital recovery fees are expected to provide approximately \$25 million annually through FY25 to defease debt related to previously funded development-related projects.

## Combined Annual Rate Increases

(Audited FY Ended June 30)

Year	% Increase
2009	7.0
2010	4.5
2011	4.5
2012	5.1
2013	6.2
2014	5.0
2015	8.1
2016	4.9
2017	3.0
2018	0.0

FY – Fiscal year.

Source: Austin Water Utility.

The size of AWU's combined water and wastewater rate increases were sizable in several years over the past decade, as shown in the table *Combined Annual Rate Increases* to the left, in an effort to outpace declining consumption levels driven by the drought. As a result, rates are higher than other areas of the state. The average monthly residential bill calculated at Fitch's standard usage level of 7,500 gallons of water monthly and 6,000 gallons of wastewater flows monthly was 2.4% of median household income (MHI). Based on AWU's lower actual usage levels, rates remain in compliance with the city's goal of a combined bill less than 1.5% of MHI.

From FY09 through FY16, the annual combined rate increase averaged nearly 6.0%, which may have resulted in some rate sensitivity. In 2017, with the stronger revenue performance, AWU proposed foregoing any rate increase in FY18. AWU's financial forecast anticipates modest rate adjustments of 2.0% in only two of the next five years, including FY19 and FY21. The ability to implement 0% increases in future years will rely on cost saving measures implemented previously, planned debt defeasances funded from anticipated capital recovery fees, and rate increases producing higher revenue in light of consumption levels stabilizing following the drought.

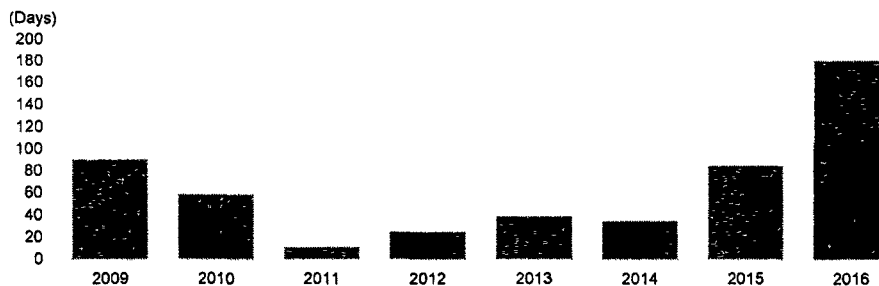
## Financial Performance

AWU's financial margins improved during the past two fiscal years. Following a multi-year period of weakened financial performance in FY12 through FY14, driven principally by weather conditions, the cumulative effects of annual rate increases and rate restructuring efforts resulted in improved debt service coverage levels and improved liquidity. Fitch-calculated all-in debt service coverage improved to 1.84x in FY16 from 1.45x in FY15, following a low-point of 1.25x in FY14. The coverage levels include capital recovery fee revenue that nearly doubled to \$22 million in FY17 from \$14 million in FY14. The revenue is being used by AWU to defease outstanding debt in future years.

Debt service coverage, after incorporating the utility's annual transfer to the city's general fund, was slightly weaker at 1.62x in FY16 from 1.27x in FY15. The annual transfer subordinate to all other obligations is limited to 8.2% of total revenue averaged over the prior three fiscal years.

Liquidity metrics exhibited strong improvement, with unrestricted cash and investments increasing substantially to \$117 million, or 181 days, in FY16 from \$21.8 million or 35 days in FY14. Cash balances are not expected to continue to increase at this pace in the future but should enjoy modest growth. Unrestricted cash balances do not include AWU's additional revenue stability fund, which can be used if water revenue shortfalls of 10% or more occur with a maximum use of 50% of the balance permitted in any one year. Use of the restricted reserve requires city council approval. As of FY16 end, the fund had \$28 million, or 85 days cash on hand for water operations. AWU anticipates reaching the 120 day goal by FY18 end.

## Days Cash on Hand



Source: Fitch.



## Capital Improvement Plan

Fitch expects capital needs through 2021 will remain manageable. The current five-year program is very similar to recent years with much of AWU's large spending projects completed. The five-year CIP has a projected cost of \$890.4 million, around 60% of which will be debt financed. AWU has set a goal of reaching 50% of cash funding of capital by the end of the five-year forecast. The goal is in excess of the formal financial policy to fund a minimum of 20% of capital from cash flow. Significant capital projects include installation of automated meters in much of the service area over the next seven years, improvements at the South Austin Regional wastewater plant and improvements at the Davis water plant.

## Debt Profile

AWU's debt levels and related leverage metrics are relatively high but should remain at an acceptable level for the current rating category through the forecast period. Total debt outstanding, including prior first- and subordinate-lien obligations allocated to the water and wastewater system, escalated by nearly 40% between FY09–FY15, principally due to growth-related needs. Consequently, debt/net plant assets and debt/funds available for debt service now stand at 75% and 7.3x, respectively, compared with the median ratios of 47% and 6.2x for the rating category. Fitch does not expect the utility's aggregate debt levels will increase significantly through the forecast period. Scheduled payout of existing bond principal will be replaced by a near like amount of additional debt expected to fund AWU's capital program.

Annual debt service costs remain elevated, consuming 35% of gross revenue in FY16, well over the 20% median for similarly rated systems. After peaking in FY15, scheduled debt service payments related to current debt outstanding declined, providing adequate capacity to absorb the additional financing programmed into the current financial forecast. Annual debt service is projected to account for an average of about 33% of gross revenue through the forecast period.

The prior first- and subordinate-lien bonds outstanding totaled \$146.8 million at FY16 end. Outstanding debt allocated to the water and wastewater system accounts for slightly less than one-half of the total amounts borrowed under both liens combined.

AWU had just \$113.9 million of variable-rate bonds outstanding at FY16 end, equal to a modest 10% of total debt obligations when combined with outstanding CP. The variable-rate bonds are backed by a LOC agreement provided by Citigroup Inc. (A/Stable) extending to October 2018 and synthetically swapped to a fixed rate through an interest rate swap with The Goldman Sachs Group, Inc. (A/Stable). All additional debt is fixed rate.

The city is authorized by ordinance to issue, and hold outstanding at any one time, a maximum of \$400 million in CP notes for interim financing for capital projects of the electric, water and wastewater systems. AWU had approximately \$42 million in CP outstanding at the close of FY16, while Austin Energy had approximately \$75 million. The balance of AWU's CP notes will be refunded by the series 2017 bond proceeds. Outstanding notes are backed by LOC agreements with two different providers extending through October 2017.

## Outstanding Debt

(\$ Mil.)	Rating	Par Outstanding	Final Maturity	Lien Status
Prior-Lien Obligations	AA	27.8	2018	Closed
Prior Subordinate-Lien Obligations	AA-	119.0	2025	Closed
Separate-Lien Obligations	AA-	2,259.9	2045	—
<b>Total</b>		<b>2,406.7</b>		

Source: Fitch.

## Legal Provisions

The series 2017 bonds are secured by net revenue of AWU, after provision for the prior first-lien obligations of the combined utility systems. The bonds are on parity with the prior subordinate-lien obligations of the combined utility systems and all outstanding water and wastewater revenue bonds. The newly-issued bonds will not carry a debt service reserve.

The prior first- and subordinate-lien obligations are secured by a joint and several pledge of net revenue of the combined utility systems, consisting of AWU and Austin Energy (AE). The issuance of additional bonds secured by a joint and several pledge of net revenue of AWU and AE is no longer permitted by the master bond ordinance, making both liens effectively closed. A default on the prior subordinate-lien obligations and water and wastewater bonds would not trigger a default on the prior first-lien bonds. CP notes are secured by a joint and several pledge of AWU and AE net revenue. Unlike the prior first- and subordinate-lien obligations, the city may continue to issue CP notes with a joint and several pledge of both systems' net revenue. CP is payable after provision for all outstanding long-term debt.

## Rate Covenant

Pursuant to the prior-lien ordinance, gross revenue of the respective systems must be sufficient to fund operations, maintenance costs and amounts owed to all reserve funds and produce net revenue equal to 1.25x annual debt service (ADS) for the prior first-lien obligations and separate-lien obligations, plus 1.10x ADS for the prior subordinate-lien obligations.

Pursuant to the master lien ordinance, AWU gross revenue must be sufficient to fund operations, maintenance and produce net revenue after provision for prior first- and subordinate-lien obligations, equal to the greater of ADS on all outstanding parity bonds or 1.25x ADS on all outstanding parity bonds, including available water and wastewater revenue.

## Additional Bonds Test

Additional bonds can be issued if net revenue in any 12 consecutive months of the 15 months immediately preceding the issuance of additional parity water and wastewater obligations, after deductions for the prior first- and subordinate-lien bonds, and together with other available revenue, equal at least 125% average ADS of the parity water and wastewater obligations then outstanding and proposed.

## Operating Profile

### Customer Growth and Concentration

The strength and diversity in both AWU's customer base and the city's economy underpin the utility's sound overall credit profile. Austin's economy continues to outperform many other large metropolitan areas in the U.S. The city's role as the state capital and home to seven colleges and universities, including the University of Texas (University of Texas System; AAA/Stable), anchors the region's economy and provides a solid buffer from economic downturns.

High-technology manufacturing, attracted to the area by a well-educated work force, and the availability of major research facilities serve as economic drivers. Numerous large technology firms, including Samsung Group and NXP Semiconductors N.V. (formerly Freescale Semiconductors Inc.) rank among AWU's largest customers. The city's population, around 926,000 in 2016 continues to grow at around 3.0% annually. Wealth indicators for the area are comparatively high, and the city's May 2017 unemployment rate of 3.0% was exceptionally low relative to state and national averages. Accordingly, customer delinquencies are negligible and revenue collection is consistently strong.

## Customer Profile

AWU provides water and wastewater service on a retail basis to a strong service territory, including the city of Austin, TX, and neighboring portions of Travis and Williamson counties. The system's 10 largest water customers accounted for just 5% of total water and wastewater revenue in FY16, showcasing the utility's highly diverse customer base and related revenue. The two largest customers are Samsung and the University of Texas.

The number of customers served steadily grew during the past 10 years, increasing by a healthy annual average of about 1.5%, even during the most recent economic recession. However, water sales fell in eight out of the last 10 years, outpacing the service territory growth and resulting in a gradually declining trend of per capita consumption.

## Annual Water Customers and Consumption

(FY Ended June 30)

Year	Customers	Consumption (mgd)	% Change
2007	198,883	112	(17.1)
2008	202,057	131	17.0
2009	208,424	130	(0.8)
2010	210,225	109	(16.2)
2011	211,760	136	24.8
2012	212,964	117	(14.0)
2013	215,882	116	(0.9)
2014	216,897	106	(8.6)
2015	221,506	103	(2.8)
2016	225,566	103	(0.0)

FY – Fiscal year. Mgd – Millions of gallons per day.  
Source: Austin Water Utility.

## AWU Assets

### Water System

#### Water Supply

AWU has an ample long-term water supply from a single river system, pursuant to an agreement with the Lower Colorado River Authority (LCRA) running through 2050 and can be extended through 2100 at AWU's option. The agreement gives AWU independent rights to impound, divert and use water from the Colorado River and tributaries. These rights are adjudicated before the Texas Commission on Environmental Quality.

The agreement, for which AWU made a \$100 million up-front payment, provides the utility with up to 325,000 firm acre-feet of water per year, or 290 million gallons per day (mgd). The supply is limited by the available treatment capacity of 335 mgd, still well in excess of AWU's average daily production level of around 122 mgd in FY16. Even at the high production level of 144 mgd in FY11 during extreme drought, supplies are ample.

#### Treatment

AWU's existing water treatment plants provide capacity estimated to be sufficient until 2030. The system's three existing facilities, the Davis Plant, Ullrich Plant and Water Treatment Plant No. 4 (WTP No. 4), have a combined treatment capacity of 335 mgd, comfortably above the system's five-year peak demand average of about 200 mgd. The WTP No. 4, recently constructed and on line in 2014, has an initial capacity of 50 mgd but is expandable to 300 mgd.

## Wastewater System

AWU's two wastewater treatment plants provide 150 mgd of capacity, which was sufficient to meet average daily flows of 109 mgd in FY16. Existing treatment capacity is reportedly sufficient for the foreseeable future, and discharge permits are current through 2019 and 2020. Additional treatment capacity may be needed within the next 10 years. The system is not currently operating under any environmental judgments or consent orders.

## Financial Summary — Austin Water Utility

(\$000, Audited Years Ended September 30)	2012	2013	2014	2015	2016
<b>Balance Sheet</b>					
Unrestricted Cash and Investments	13,168	23,296	21,832	51,834	117,113
Net Working Capital	76,385	85,864	83,278	115,624	201,042
Net Fixed Assets	3,230,035	3,389,536	3,493,744	3,517,169	3,548,823
Net Long-Term Debt Outstanding	2,487,186	2,613,218	2,733,830	2,727,206	2,653,475
<b>Operating Statement</b>					
Operating Revenue	442,707	476,781	472,593	516,991	561,834
Non-Operating Revenue Available for Debt Service	313	88	82	434	1,212
Connection Fees	9,133	11,675	14,216	24,188	35,056
Total Revenue Available for Debt Service	452,153	488,544	486,891	541,613	598,102
Operating Expenditure (Excluding Depreciation)	190,987	216,369	226,349	221,724	236,320
Depreciation	95,392	97,186	103,443	115,271	118,070
Fitch-Calculated Operating Income	165,774	174,989	157,099	204,618	245,712
Funds Available for Debt Service	261,166	272,175	260,542	319,889	361,782
Senior-Lien ADS	44,386	30,718	8,473	22,366	14,125
All-In ADS	178,167	192,614	208,697	221,073	196,511
<b>Financial Statistics (x)</b>					
All-In ADS	1.47	1.41	1.25	1.45	1.84
All-In ADS (Excluding Connection Fees)	1.41	1.35	1.18	1.34	1.66
All-In ADS (Net of General Fund Transfers)	1.29	1.20	1.12	1.27	1.62
Cash on Hand (Days)	25	39	35	85	181
Working Capital (Days)	146	145	134	190	311
Debt/Net Plant (%)	77	77	78	78	75
Debt/FADS (Funds Available for Debt Service)	9.5	9.6	10.5	8.5	7.3
Outstanding Long-Term Debt Per Customer	5,987	6,243	6,489	6,280	6,031
Outstanding Long-Term Debt Per Capita	3,029	3,105	3,114	3,033	2,867
Free Cash/Depreciation (%)	48	39	7	51	105

ADS — Annual debt service. N.A. — Not available. Note: Fitch may have reclassified certain financial statement items for analytical purposes.  
Source: City of Austin, Texas; Fitch