



Control Number: 49189



Item Number: 59

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

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

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

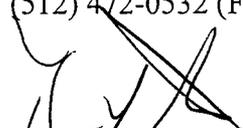
To: North Austin Municipal Utility District No. 1, Northtown Municipal Utility District, Travis County Water Control and Improvement District No. 10, and Wells Branch Municipal Utility District, by and through their attorneys of record, Randall B. Wilburn, Gilbert Wilburn, PLLC, 7000 North MoPac Blvd., Suite 200, Austin, Texas 78731 and John Carlton, 4301 Westbank Drive., Suite B-130, Austin, Texas 78746.

The City of Austin (City) doing business as Austin Water (Austin Water or AW) files its Responses to North Austin Municipal Utility District No. 1, Northtown Municipal Utility District, Travis County Water Control and Improvement District No. 10, and Wells Branch Municipal Utility District's (collectively Districts) Corrected Third Request for Information (RFI) to Austin Water received on August 30, 2019. This response is timely filed. Pursuant to 16 Tex. Admin. Code (TAC) § 22.144(c)(2)(F), Austin Water agrees and stipulates that all parties may treat the responses as if the answers were filed under oath.

Respectfully submitted,

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

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



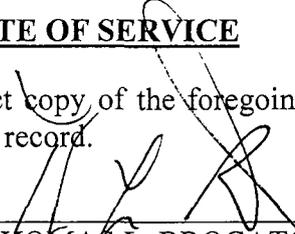
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ATTORNEYS FOR CITY OF AUSTIN

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served by email on September 19, 2019, to the parties of record.



THOMAS L. BROCATO

SOAH DOCKET NO. 473-19-6297.WS
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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-1: Please identify and produce all documents that demonstrate, justify, provide the basis for, explain, or in any way document the cost of planning, developing, and constructing Water Treatment Plant No. 4 to completion.

RESPONSE: Austin Water filed an objection to this request on September 9, 2019.

Prepared by: W. Patrick Dinnin
Sponsored by: David Anders

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-2: Please identify and produce all documents that demonstrate, justify, provide the basis for, explain, or in any way document the yearly operations and maintenance cost Water Treatment Plant No. 4 from its completion through August 1, 2019.

RESPONSE: Water Treatment Plant No. 4 (WTP4), which is now named Handcox Water Treatment Plant, was completed in November 2014. The table below shows the summary of yearly operations and maintenance (O&M) cost for WTP4 from November 2014 (completion date) to July 31, 2019 (the latest month-end data in the City of Austin financial system). The attached file, AW Districts 3-2, Attachment 1, details WTP4 O&M cost by General Ledger (GL) Account and Account Number.

		FY2015 Nov. 2014-Sep. 2015	FY2016 Oct. 2015-Sep. 2016	FY2017 Oct. 2016-Sep. 2017	FY2018 Oct. 2017-Sep. 2018	FY2019 Oct. 2018-July 31 2019
6061-6160	WTP 4 OPERATIONS - Electrical	985,822	1,735,446	1,855,960	1,897,375	1,422,425
6061-7134	WTP 4 OPERATIONS - Chemical	681,264	926,965	989,766	1,021,897	913,641
6061-Other	WTP 4 OPERATIONS - Other	1,293,450	1,266,916	1,308,088	1,520,381	1,148,987
6061 Total	WTP 4 OPERATIONS	2,960,535	3,929,327	4,153,814	4,439,653	3,485,053

		FY2015 Nov. 2014-Sep. 2015	FY2016 Oct. 2015-Sep. 2016	FY2017 Oct. 2016-Sep. 2017	FY2018 Oct. 2017-Sep. 2018	FY2019 Oct. 2018-July 31 2019
6062 Total	WTP 4 MAINTENANCE	545,945	1,088,213	1,189,150	1,362,977	1,411,792

Prepared by: Songli Floyd
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-3: Please identify and produce all documents that relate to, evidence, memorialize, or concern any communications, meetings, or reports, or relays of data or information, whether written, video, or telephonic, informal or formal, regarding the City's existing water or wastewater service contracts with the Districts, that occurred within the City, or between the City and any other party, including Districts, at any time from January 1, 2016, to the present.

RESPONSE: Austin Water filed an objection to this request on September 9, 2019.

Prepared by: W. Patrick Dinnin
Sponsored by: David Anders

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-4: Please identify and produce all documents that evidence, memorialize, or concern any communications, meetings, reports, or relays of data or information, whether written, video, or telephonic, informal or formal, regarding the renewal of the City's water or wastewater service contracts with the Districts, that occurred within the City, or between the City and any other party, including Districts, at any time from January 1, 2016, to the present.

RESPONSE: Austin Water filed an objection to this request on September 9, 2019.

Prepared by: W. Patrick Dinnin
Sponsored by: David Anders

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

**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-5: For Schedule II-A-1, please provide all necessary reconciliations, with explanations, to the historical test year income statement shown on Schedule II-A-2 as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities.

RESPONSE: Please see AW Districts 3-5, Attachment 1 for reconciliation of Schedule II-A-1 provided in AW's Application¹ with Schedule II-A-2 Statement of Income_REVISED.xlsx provided as AW Districts 3-5, Attachment 2.

Schedule II-A-1 is reported using the cash basis method of determining revenue requirements. Schedule II-A-2 Statement of Income_REVISED.xlsx is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP).

The Cost of Service (COS) model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. Financial Reporting for municipalities requires GAAP accounting, and is significantly different from the cash basis method. The Public Utility Commission of Texas (Commission) procedures for schedules and workpapers described in the Class A Investor-Owned Utilities Water and/or Sewer Rate Filing Package for Cost of Service Determination (Class A RFP) is not designed for Municipally Owned Utilities (MOU) that require financial statements to be presented on a GAAP basis.

The following are source documents referenced in AW's Application and AW's response to Districts' RFI No. 2-1:

- Schedule II-A-1 COS reconciliation
- Total Operations and Maintenance
 - Line 10-217 "FS0918 Statements as of 1.31.19" Worksheet TXDXR
- Line 223 Non-Rate Revenue Offsets:
 - Cell G232 Workbook: "AW Water COS Model Docket 49189" Worksheet 40. NRR Budget
 - Cell H232 Workbook: "AW Wastewater COS Model Docket 49189" Worksheet 20. NRR Budget Cell I232 Workbook: "FS0918 Statements as of 1.31.19" Worksheet TXDXR C699:E703 and C1607:E1613
- Debt Service Transfer
 - Line 220 Cell I229: "FS0918 Statements as of 1.31.19" Worksheet F1. 5020ADJIS Cells F255, F266, F268, F271, F272, F273
 - Line 220 Cell I229: "FS0918 Statements as of 1.31.19" Worksheet F2. 5030ADJIS Cells F229, F232, F234, F236, F238, F240

¹ *Application of the City of Austin d/b/a Austin Water for Authority to Change Water and Wastewater Rates, Docket No. 49189 (pending).*

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

- Transfers Out
 - Line 228 Cell I237: "FS0918 Statements as of 1.31.19" Worksheet F1. 5020ADJIS Cells N239, N246, N254, N258, N265
 - Line 228 Cell I237: "FS0918 Statements as of 1.31.19" Worksheet F2. 5030ADJIS Cells O208, O214, O220, O226, O228

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-6: For Schedule II-A-2, please provide the following information for the same detailed account numbers used on Schedule II-A-1:

- a. Provide the utility's comparative operating statements for the historic test year and the immediately preceding calendar year showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major (greater than 15%) variances between the historic test year and preceding year by detailed account number. Limit the explanation to differences of \$5,000 or greater.

RESPONSE: Please see AW Districts 3-6, Attachment 1 for the variance analysis for Water and Wastewater, between the historic test year and preceding year that meet the required threshold amount as indicated above.

Schedule II-A-1 is reported using the cash basis method of determining revenue requirements.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-7: For Schedule II-A-2.1 (W), please provide the following information for the same detailed account numbers used on Schedule II-A-1:

- a. Provide the utility's comparative operating statements for the historic test year and the immediately preceding calendar year showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major (greater than 15%) variances between the historic test year and preceding year by detailed account number. Limit the explanation to differences of \$5,000 or greater.

RESPONSE: See AW Districts 3-7, Attachment 1 for the variance analysis for Water, between the historic test year and preceding year that meet the required threshold amount as indicated above.

Schedule II-A-1 is reported using the cash basis method of determining revenue requirements.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-8: For Schedule II-A-2.1 (WW), please provide the following information for the same detailed account numbers used on Schedule II-A-1:

- a. Provide the utility's comparative operating statements for the historic test year and the immediately preceding calendar year showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major (greater than 15%) variances between the historic test year and preceding year by detailed account number. Limit the explanation to differences of \$5,000 or greater.

RESPONSE: Please see AW Districts 3-8, Attachment 1 for the variance analysis for Wastewater, between the historic test year and preceding year that meet the required threshold amount as indicated above.

Schedule II-A-1 is reported using the cash basis method of determining revenue requirements.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-9: For Schedule II-A-2, please provide the adjustments to the book income statement necessary to annualize revenues and expenses as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities.

RESPONSE: Schedule II-A-1 is reported using the cash basis method to determine revenue requirements. The COS adjusted test year annualization and normalization of costs were recognized as components within the identified known and measurables.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-10: Identify and produce all relevant portions from every ratemaking treatise, authority, or any other data, document, or source of information that Austin Water relied upon or used to justify, support, or form the basis for Austin Water's proposal to establish rates without annualizing revenue and expense data.

RESPONSE: Schedule II-A-1 is reported using the cash basis method to determine revenue requirements. The COS adjusted test year annualization and normalization of costs were recognized as components within the identified known and measurables.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

**SOAH DOCKET NO. 473-19-6297.WS
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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-11: Identify all Commission precedent, PUC Rule, Texas Code, Texas law, or Texas case law that Austin Water relied upon or used to justify, support, or form the basis for Austin Water's proposal to establish rates without annualizing revenue and expense data.

RESPONSE: Schedule II-A-1 is reported using the cash basis method to determine revenue requirements. The COS adjusted test year annualization and normalization of costs were recognized as components within the identified known and measurables.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-12: For Schedule II-A-2, please provide the adjustments to the book income statement necessary to normalize revenues and expenses as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities.

RESPONSE: Schedule II-A-1 is reported using the cash basis method to determine revenue requirements. The COS adjusted test year annualization and normalization of costs were recognized as components within the identified known and measurables.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-13: Identify and produce all relevant portions from every ratemaking treatise, authority, or any other data, document, or source of information that Austin Water relied upon or used to justify, support, or form the basis for Austin Water's proposal to establish rates without normalizing revenue and expense data.

RESPONSE: Schedule II-A-1 is reported using the cash basis method to determine revenue requirements. The COS adjusted test year annualization and normalization of costs were recognized as components within the identified known and measurables.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-14: Identify all Commission precedent, PUC Rule, Texas Code, Texas law, or Texas case law that Austin Water relied upon or used to justify, support, or form the basis for Austin Water's proposal to establish rates without normalizing revenue and expense data.

RESPONSE: Schedule II-A-1 is reported using the cash basis method to determine revenue requirements. The COS adjusted test year annualization and normalization of costs were recognized as components within the identified known and measurables.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-15: For Schedule II-A-2, please provide the Income Statement under present rates after incorporating the annualization and normalization adjustments as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities.

RESPONSE: Schedule II-A-1 is reported using the cash basis method to determine revenue requirements. The COS adjusted test year annualization and normalization of costs were recognized as components within the identified known and measurables.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-16: For Schedule II-A-2, please provide the Income Statement under proposed rates (incorporating the required annualization and normalization requirements) as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities.

RESPONSE: Schedule II-A-1 is reported using the cash basis method to determine revenue requirements. The COS adjusted test year annualization and normalization of costs were recognized as components within the identified known and measurables.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

The COS model consists of financial data that originates from Schedule II-A-2; however, it excludes adjustments to GAAP. The basis of GAAP accounting is required financial reporting for municipalities and is significantly different from the cash basis method. The Commission procedures for schedules and workpapers described in the Class A RFP are not designed for MOUs that require financial statements to be presented on a GAAP basis.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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**AUSTIN WATER’S RESPONSE TO DISTRICTS’
CORRECTED THIRD RFI**

DISTRICTS 3-17: For Schedule II-A-2, please describe in detail how “Defeasance in 2018” explains the decrease in Loss on in-substance defeasance of \$26,847,396 from 2017 to 2018.

RESPONSE: Reporting of in-substance defeasance is required per Governmental Accounting Standards Board (GASB) Statement No. 86:

[I]n financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance.²

The City has analyzed the 2017 defeasances and deemed the related calculated losses to be immaterial, thus it will forego any current period financial statement restatement in association with GASB 86. This explains the variance between FY2017 and FY2018. The difference between the reacquisition price and the net carrying value of the debt, including any related deferred inflows and outflows of resources, should be recognized as a separately identified gain or loss line item in the income statement in the period that the in-substance defeasance occurred. Prior to GASB 86, the City did not record a gain or loss associated with a cash defeasance, but merely recorded the impact of such transactions on related liabilities.

Schedule II-A-2 has been revised to show the actual amount of the loss on the in-substance defeasance, which is \$1,132,885 from 2017 to 2018 and not \$26,847,396. The \$26,847,396 amount was a formula error in FY2017 which occurred when creating Schedule II-A-2 between the Loss on in-substance defeasance, Cost (recovered) to be recovered in future years, and Other nonoperating revenue (expense).

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Please see AW Districts 3-5, Attachment 2 for the updated variance of \$1,132,885 from 2017 to 2018.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

² Governmental Accounting Standards Board, Summary to Statement 86, Certain Debt Extinguishment Issues (2017). See AW Districts 3-17, Attachment 1.

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-18: For Schedule II-A-2, please describe in detail how “Fixed Assets Deferred Depreciation, Asset Contribution Depreciation, FASB 71 Deferred Asset Contributions” explains the reduction of Cost (recovered) to be recovered in future years of \$112,307,025 from 2017 to 2018.

RESPONSE: Below is an excerpt the City’s Comprehensive Annual Financial Report (CAFR) 2018 provided in Schedule V-1:

[I]n accordance with accounting for regulated operations, certain utility expenses that do not currently require funding are recorded as assets and amortized over future periods if they are intended to be recovered through future rates. These expenses include unrealized gain/loss on investments, debt issuance costs, pension, other postemployment benefits, interest, decommissioning, and pass-through rates, such as the Power Supply Adjustment charge, Community Benefit charge, and Regulatory charge. Regulatory Assets will be recovered in these future periods by setting rates sufficient to provide funds for the requirements. If regulatory assets are not recoverable in future rates, the regulatory asset will be subject to write off.

Schedule II-A-2 has been revised to show the actual amount of the Cost (recovered) to be recovered in future years, which is \$84,326,744 from 2017 to 2018 and not \$112,307,025. The \$112,307,025 amount was a formula error in FY2017 that occurred when creating Schedule II-A-2 between the Loss on in-substance defeasance, Cost (recovered) to be recovered in future years and Other nonoperating revenue (expense).

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Please see AW Districts 3-5, Attachment 2 for the updated variance of \$84,326,744 from 2017 to 2018.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-19: For Schedule II-A-2, please describe in detail how “Interfund Transfers” explains the reduction of Other nonoperating revenue (expenses) of \$7,178,742 from 2017 to 2018.

RESPONSE: Transactions between funds are reported as Interfund Transfers. The reduction of \$7,178,742 is related to fixed assets deferred depreciation adjustments recorded to comply with GAAP accounting standards that were offset in the “Cost (recovered) to be recovered in future years” line item. See response to Districts RFI No. 3-18 for further details on Cost (recovered) to be recovered in future years.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Please see AW Districts 3-5, Attachment 2.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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**AUSTIN WATER’S RESPONSE TO DISTRICTS’
CORRECTED THIRD RFI**

DISTRICTS 3-20: For Schedule II-A-2, please describe in detail how “Decrease in Transfers” explains the reduction of Transfers out-other funds of \$2,395,813 from 2017 to 2018.

RESPONSE: The City has a budgetary control process in which the City Council must approve the annual operating budget including transfers, as mentioned in Joseph Gonzales’ Direct Testimony.³ Austin Water receives shared services for various City support functions. These shared services reduce overall costs to AW customers by sharing both the costs and the benefits of these services provided by the City. The City uses internal Cost Allocation Plans to equitably allocate costs to user departments for these functions.

These costs, listed as “transfers out – other funds,” change year to year. The reduction of transfers out from other funds from 2017 to 2018 was mainly due to a one-time entry to reallocate a portion of the environmental remediation debt in 2017.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

³ Direct Testimony of Joseph Gonzales at 29-32 (Bates 99-102).

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-21: Please provide audited data for the period 10/01/2017 to 9/30/2018 in the format shown on Schedule II-A-2 and explain any line-item variance from unaudited data greater than 15%.

RESPONSE: Please see AW Districts 3-21, Attachment 1 for audited data and source documents for FY18.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-22: Please provide audited data for the period 10/01/2017 to 9/30/2018 in the format shown on Schedule II-A-2.1 (W) and explain any line-item variance from unaudited data greater than 15%.

RESPONSE: Please see AW Districts 3-22, Attachment 1 for audited data and source documents for FY18.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-23: Please provide audited data for the period 10/01/2017 to 9/30/2018 in the format shown on Schedule II-A-2.1 (WW) and explain any line-item variance from unaudited data greater than 15%.

RESPONSE: Please see AW Districts 3-23, Attachment 1 for audited data and source documents for FY18.

Schedule II-A-2 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-24: Please provide audited data for the period 10/01/2017 to 9/30/2018 in the format shown on Schedule II-A-3 and explain any line-item variance from unaudited data greater than 15%.

RESPONSE: Please see AW Districts 3-24, Attachment 1 for audited data and source documents for FY18.

Schedule II-A-3 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-25: For Schedule II-A-3, please provide a detail of other investments as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities.

RESPONSE: Please see AW Districts 3-25, Attachment 1 for detail of other investments.

Schedule II-A-3 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-26: Please reconcile the amounts used in the cost of service analysis for Special Cash Accounts shown on Schedule II-A-3.3 with the balance sheet amounts shown on Schedule II-A-3.

RESPONSE: Please see AW Districts 3-26, Attachment 1 for Special Cash Accounts.

Schedule II-A-3 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-27: Please reconcile the amounts used in the cost of service analysis for Physical Assets shown on Schedule II-A-3.2 with the balance sheet amounts shown on Schedule II-A-3.

RESPONSE: Please see AW Districts 3-27, Attachment 1 for the reconciliation of Schedule II-A-3 and Schedule II-A-3.2 that ties back to the COS Model.

Schedule II-A-3 is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

SOAH DOCKET NO. 473-19-6297.WS
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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-28: Regarding the statement on line 2 of Schedule II-A-3.3 that, "Austin Water must maintain a fully funded debt service reserve fund for its existing bond issues and future issues."

- a. How much of the fund is related to existing bond issues?
- b. How much of the fund is related to future issues?
- c. Provide all documentation supporting these requirements.
- d. What is the minimum balance required in this fund to comply with test year requirements?

RESPONSE: There are three master ordinances (940915-A, 981008-D, and 0006008-56A) that require the establishment and maintenance of the "Reserve Debt Service Fund." The "Required Reserve Amount" is defined as an amount equal to 50% of the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations outstanding, to the extent such Parity Water/Wastewater Obligations are to be secured by the Reserve Fund, in accordance with the terms and provisions of Section 8 of the Master Ordinance (0006008-56A) and the provisions of any supplement.

The reserve amount is calculated at the end of every fiscal year, in conjunction with the City's financial advisor (PFM), to determine whether the City is overfunded or underfunded. If a reserve is required when a new bond is issued, at the time of issuance, the "Required Reserve Amount" is calculated based on the average annual debt service for that particular issue. This amount is typically funded with bond proceeds, but can be supplemented with cash or a surety policy that meets our requirements. However, all supplemental ordinances from 2013 to present state that the City has determined that a reserve is not required. This decision was supported by bond counsel due to the improved financial position of the City.

Please see the following source documents provided in Supplemental Information Pursuant to Commission Order No. 2:

- Page 38 of "Executed Ordinance 940915-A.pdf", provided as Districts 3-28, Attachment 1;
- Page 32 of "Executed Ordinance 981008-D.pdf", provided as Districts 3-28, Attachment 2; and
- Page 9 of "Executed Ordinance 0006008-56A.pdf", provided as Districts 3-28, Attachment 3.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-29: Regarding the statement on line 3 of Schedule II-A-3.3 that, "Austin Water must maintain a fully funded debt service reserve fund for its existing bond issues and future issues."

- a. How much of the fund is related to existing bond issues?
- b. How much of the fund is related to future issues?
- c. Provide all documentation supporting these requirements.
- d. What is the minimum balance required in this fund to comply with test year requirements?

RESPONSE: There are three master ordinances (940915-A, 981008-D, and 0006008-56A) that require the establishment and maintenance of the "Reserve Debt Service Fund." The "Required Reserve Amount" is defined as an amount equal to 50% of the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations outstanding, to the extent such Parity Water/Wastewater Obligations are to be secured by the Reserve Fund, in accordance with the terms and provisions of Section 8 of the Master Ordinance (0006008-56A) and the provisions of any supplement.

The reserve amount is calculated at the end of every fiscal year, in conjunction with PFM, to determine whether the City is overfunded or underfunded. If a reserve is required when a new bond is issued, at the time of issuance, the "Required Reserve Amount" is calculated based on the average annual debt service for that particular issue. This amount is typically funded with bond proceeds but can be supplemented with cash or a surety policy that meets our requirements. However, all supplemental ordinances from 2013 to present state that the City has determined that a reserve is not required. This decision was supported by bond counsel due to the improved financial position of the City.

Please see the following source documents provided in Supplemental Information Pursuant to Commission Order No. 2:

- Page 38 of "Executed Ordinance 940915-A.pdf", provided as Districts 3-28, Attachment 1;
- Page 32 of "Executed Ordinance 981008-D.pdf", provided as Districts 3-28, Attachment 2; and
- Page 9 of "Executed Ordinance 0006008-56A.pdf", provided as Districts 3-28, Attachment 3.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-30: Regarding the statement on line 4 of Schedule II-A-3.3 that, "Austin Water must maintain a fully funded debt service reserve fund for its existing bond issues and future issues, in accordance with the Combined Utility Systems Revenue Bond Covenant."

- a. How much of the fund is related to existing bond issues?
- b. How much of the fund is related to future issues?
- c. Provide all documentation supporting these requirements.
- d. What is the minimum balance required in this fund to comply with test year requirements?

RESPONSE: There are three master ordinances (940915-A, 981008-D, and 0006008-56A) that require the establishment and maintenance of the "Reserve Debt Service Fund." The "Required Reserve Amount" is defined as an amount equal to 50% of the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations outstanding, to the extent such Parity Water/Wastewater Obligations are to be secured by the Reserve Fund in accordance with the terms and provisions of Section 8 of the Master Ordinance (0006008-56A) and the provisions of any supplement.

The reserve amount is calculated at the end of every fiscal year, in conjunction with PFM, to determine whether the City is overfunded or underfunded. If a reserve is required when a new bond is issued, at the time of issuance, the "Required Reserve Amount" is calculated based on the average annual debt service for that particular issue. This amount is typically funded with bond proceeds but can be supplemented with cash or a surety policy that meets our requirements. However, all supplemental ordinances from 2013 to present state that the City has determined that a reserve is not required. This decision was supported by bond counsel due to the improved financial position of the City.

Please see the following source documents provided in Supplemental Information Pursuant to Commission Order No. 2:

- Uage 38 of "Executed Ordinance 940915-A.pdf", provided as Districts 3-28, Attachment 1;
- Page 32 of "Executed Ordinance 981008-D.pdf", provided as Districts 3-28, Attachment 2; and
- Page 9 of "Executed Ordinance 0006008-56A.pdf", provided as Districts 3-28, Attachment 3.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-31: Regarding the statement on line 5 of Schedule II-A-3.3 that, "Austin Water must maintain a fully funded debt service reserve fund for its existing bond issues and future issues, in accordance with the Combined Utility Systems Revenue Bond Covenant."

- a. How much of the fund is related to existing bond issues?
- b. How much of the fund is related to future issues?
- c. Provide all documentation supporting these requirements.
- d. What is the minimum balance required in this fund to comply with test year requirements?

RESPONSE: There are three master ordinances (940915-A, 981008-D, and 0006008-56A) that require the establishment and maintenance of the "Reserve Debt Service Fund." The "Required Reserve Amount" is defined as an amount equal to 50% of the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations outstanding, to the extent such Parity Water/Wastewater Obligations are to be secured by the Reserve Fund in accordance with the terms and provisions of Section 8 of the Master Ordinance (0006008-56A) and the provisions of any supplement.

The reserve amount is calculated at the end of every fiscal year, in conjunction with PFM, to determine whether the City is overfunded or underfunded. If a reserve is required when a new bond is issued, at the time of issuance, the "Required Reserve Amount" is calculated based on the average annual debt service for that particular issue. This amount is typically funded with bond proceeds but can be supplemented with cash or a surety policy that meets our requirements. However, all supplemental ordinances from 2013 to present state that the City has determined that a reserve is not required. This decision was supported by bond counsel due to the improved financial position of the City.

Please see the following source documents provided in Supplemental Information Pursuant to Commission Order No. 2:

- Page 38 of "Executed Ordinance 940915-A.pdf", provided as Districts 3-28, Attachment 1;
- Page 32 of "Executed Ordinance 981008-D.pdf", provided as Districts 3-28, Attachment 2; and
- Page 9 of "Executed Ordinance 0006008-56A.pdf", provided as Districts 3-28, Attachment 3.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-32: Please explain and reconcile the reference on Schedule II-A-3.4 to Schedule II-A-3 since all of the numbers on both schedules are hard-coded.

RESPONSE: The City does not have accounts receivables from associated companies. A majority of the receivables presented in Schedule II-A-3 are the billed customer accounts, and the amounts provided on Schedule II-A-3.4 were the non-customer accounts. Below is a summary with both components, which reconciles back to Schedule II-A-3.

Fund Type	Description	Unaudited Test Year 10/01/2017 - 09/30/2018
Water	Accounts Receivable-Billed (non-customer accounts)	1,342,695
Wastewater	Accounts Receivable-Billed (non-customer accounts)	448,434
Water	Accounts Receivable-Billed (customer accounts)	34,033,747
Wastewater	Accounts Receivable-Billed (customer accounts)	28,741,998
	TOTAL	64,566,874

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-33: Please provide audited data for 9/30/2018 in the format shown on Schedule II-A-3.12 and explain any line-item variance from unaudited data greater than 15%.

RESPONSE: Please see AW Districts 3-33, Attachment 1 for audited data and AW Districts 3-33, Attachment 2 for source document for FY18.

Schedule II-A-3.12 provides the net position components, which includes net investment in capital assets, restricted, and unrestricted assets. This schedule is reported using the flow of economic resources measurement focus and the full accrual basis of accounting, in accordance with GAAP.

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

DISTRICTS 3-34: Please provide the mapping of AW's chart of accounts into the NARUC chart of accounts.

RESPONSE: Austin Water filed an objection to this request on September 9, 2019.

Prepared by: W. Patrick Dinnin
Sponsored by: David Anders

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-35: Please provide AW's chart of accounts, including subaccounts to the lowest level of detail, as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities at page 4.

RESPONSE: Austin Water's lowest level of detail chart of accounts was included in AW's Application. Please see the Direct Testimony of Joseph H. Gonzales, Attachment JHG-3 Austin Chart of Accounts.⁴

Prepared by: Songli Floyd
Sponsored by: Joseph Gonzales

⁴ Application at 134–173.

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-36: For each schedule in the Schedule II-A series, please provide "...all calculations and workpapers in a form that is readily understandable and replicable by all parties in order for them to be able to replicate and determine the appropriateness and accuracy of the calculations" as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities:

- a. Every number on every schedule should either have an Excel formula or an Excel link to another Excel spreadsheet, or it should have a hard-coded number.
- b. Every hard-coded number should have a reference to a workpaper supporting that number. The workpaper should be easy to locate and numbered according the PUCT instructions.
- c. Every workpaper should be clearly marked so the number(s) referenced from the schedules are clearly identifiable.

RESPONSE: Please see the table below, which indicates the schedule and corresponding source document.

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

Schedule	Source Documents: SEE Original Filing and Districts' RFI 2-1
II-A	AW Water COS Model Docket 49189; AW Wastewater COS Model Docket 49189
II-A-1	AW Water COS Model Docket 49189; AW Wastewater COS Model Docket 49189
II-A-2	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final
II-A-2.1 (W)	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final
II-A-2.1 (WW)	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final
II-A-2.2)	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final; AW Water COS Model Docket 49189; AW Wastewater COS Model Docket 49189
II-A-2.2 (W)	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final; AW Water COS Model Docket 49189; AW Wastewater COS Model Docket 49189
II-A-2.2 (WW)	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final; AW Water COS Model Docket 49189; AW Wastewater COS Model Docket 49189
II-A-2.3	Not Applicable
II-A-2.4	Not Applicable
II-A-3	FS0918 Statements as of 1.31.19 from Controllers
II-A-3.1	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final
II-A-3.2	RE FY18 MPL for Rate Filing
II-A-3.3	FS0918 Statements as of 1.31.19 from Controllers
II-A-3.4	FS0918 Statements as of 1.31.19 from Controllers
II-A-3.5	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final; FS0916FINAL
II-A-3.6	FS0918 Statements as of 1.31.19 from Controllers; AW Prepaid Data Download 2018
II-A-3.7	FS0918 Statements as of 1.31.19 from Controllers
II-A-3.8	FS0918 Statements as of 1.31.19 from Controllers;
II-A-3.9	Not Applicable
II-A-3.10	Not Applicable
II-A-3.11	FS0918 Statements as of 1.31.19 from Controllers
II-A-3.12	FS0918 Statements as of 1.31.19 from Controllers; FS0917_Final; FS0916FINAL
II-A-3.13	Not Applicable

Prepared by: Christina Romero
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-37: For each schedule in the Schedule II-D-1 series, please provide "...all calculations and workpapers in a form that is readily understandable and replicable by all parties in order for them to be able to replicate and determine the appropriateness and accuracy of the calculations" as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities:

- a. Every number on every schedule should either have an Excel formula or an Excel link to another Excel spreadsheet, or it should have a hard-coded number.
- b. Every hard-coded number should have a reference to a workpaper supporting that number. The workpaper should be easy to locate and numbered according the PUCT instructions.
- c. Every workpaper should be clearly marked so the number(s) referenced from the schedules are clearly identifiable.

RESPONSE: Please see AW Districts 3-37, Attachment 1. It contains the following tabs, which document the data and the process flow of the data from the schedules to the source data, as well as the original schedules and workpapers with the source references provided.

- Tab 1, Process Steps:
This tab is a mapping of the data flow process from the top level of Schedule II-D-1 to the source data. It includes a brief description of each step and a screen shot showing the flow of the Schedules to the source data.
- Tabs 2 to 9:
These tabs are the original II-D-1 Schedules and workpapers submitted with the Workpaper and column reference provided.
 - Tab 2, II-D-1
 - Tab 3, II-D-1.1
 - Tab 4, II-D-1.2 (W)
 - Tab 5, II-D-1.2 (WW)
 - Tab 6, WP II-D-1.1
 - Tab 7, WP II-D-1.1a
 - Tab 8, WP II-D-1.1b
 - Tab 9, WP II-D-1.1c
- Tab 10, Pivot_sourcedata_hardcopied:
This tab is the hardcopied result of the live pivot table on Tab 11 of the source data. This data was hard copied from this tab into the II-D-1 series schedules and workpapers.
- Tab 11, Pivot_sourcedata:
This tab is the live pivot table of the source data.
- Tab 12, Sourcedata:
This tab contains the lowest level source data used for II-D-1 schedules and workpapers.

Prepared by: Songli Floyd
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-38: For each line item on Schedule II-D-3.3, please provide the dollar amount attributable to lobbying or the statement from the organization stating the percentage of its member payments are used for lobbying as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities.

RESPONSE: Please see AW Districts 3-38, Attachment 1 which includes a column for Amount Attributable to Lobbying. Austin Water has also included all correspondences from the organizations relating to this matter as AW Districts 3-38, Attachments 2-28. Four organizations did not respond to our request for information. We will provide an update if more information is received from these organizations in the future.

Prepared by: Songli Floyd
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-39: *See Attachment A.* The Test Year O&M amounts shown on WP II-D-1.1c do not agree with the Test Year O&M amounts for the same accounts on Schedule II-D-4. Please reconcile and explain every discrepancy identified on **Attachment A**.

RESPONSE: Schedule II-D-4 is the Test Year summary of outside services employed. This schedule only includes the outside services that Austin Water used, and does not include the inside/inter-departmental services and adjustments. WP II-D-1.1c includes Test Year outside services, inside/inter-departmental services, and adjustments.

Please see AW Districts 3-39, Attachment 1 for the detail reconciliation between Schedule II-D-4 to WP II-D-1.1c.

Prepared by: Songli Floyd
Sponsored by: Joseph Gonzales

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AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-40: Identify the location of the information in AW's Rate Filing Package or provide the following information for Schedule II-D-9.1 as required by the Commission's Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities:

- a. Total annual payroll increases in the historic and adjusted test years
- b. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data by categories of expenses

RESPONSE: Please see AW Districts 3-40, Attachment 1, which contains a Revised Schedule D-9.1.c. The Test Year, 10/1/2017 - 9/30/2018 (column d, line 1), General Payroll Annual Amount was updated on Schedule D-9.1.c provided as AW Districts 3-40, Attachment 2. It was discovered that the annual basis (FY17 Actual Expense) did not capture all charges, and the number of pay periods used for the calculation should have been one pay period less. These revisions resulted in a decrease of \$36,129 reported as the General Payroll Increase for Test Year 10/1/2017 – 9/30/2018.

- a. Please see AW Districts 3-40, Attachment 1. It contains the following information to support the annual payroll increases in the historic and adjusted test year.
 - Tab RFI #3-40: This workpaper reconciles the general payroll changes between the FY2017 Historical Year (10/1/2016 – 9/30/2017) and the Test Year (10/01/2017 – 9/30/2018), as well as the known and measurable general payroll increases resulting in the Adjusted Test Year.
 - Tab II-D-9.1.c_Revised_support: This provides the support calculation for the Test Year Annual General payroll increase.
 - Tab pivot_support revised: This is a pivot table of the support data from the original source data file.
 - Tab II-D-9.1c_data support_revised: This is the original source data.
 - Tab payroll calendar: This documents the number of payperiods for the payroll calculation.
- b. The following address the data detailed on Tab RFI #3-40, provided in AW Districts 3-40, Attachment 1. These are the major components or contributing factors resulting in the change between the Historic Year (FY2017) and the Adjusted Test Year.
 - There was a 2.5% General Wage increase from the Historic Year to the Test Year.
 - There were more filled positions in the Test Year than the Historic Year.
 - There were impacts for reclassifications and promotions in the Test Year.
 - More Overtime was paid in the Test Year than the Historic Year.
 - More bad weather days were paid in the Test Year than the Historic Year.
 - There was additional Administrative Leave paid in the Test Year than the Historic Year.
 - A 2.5% General Wage increase was included in the known and measurable adjustments to the Adjusted Test Year.

Prepared by: Songli Floyd
Sponsored by: Joseph Gonzales

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**AUSTIN WATER’S RESPONSE TO DISTRICTS’
CORRECTED THIRD RFI**

DISTRICTS 3-41: For Schedule II-D-9.3e, please provide “...all calculations and workpapers in a form that is readily understandable and replicable by all parties in order for them to be able to replicate and determine the appropriateness and accuracy of the calculations” as required by the Commission’s Minimum Rate Filing Application Requirements for Class A Water and Sewer Utilities:

- a. Provide the calculation for every self-insurance “premium” shown on this schedule including support for every component of the self-insurance premiums
- b. Provide the required evidence that the cost of self-insurance is the least-cost option for providing insurance coverage to employees.

RESPONSE:

a. The City of Austin is self-insured for Medical and Dental for Employees and self-insured for Medical for Retirees. Austin Water does not pay premiums to an insurance company for these self-insured programs except for stop-loss and administrative fees. The amount charged to each City Department is based on projected fiscal year requirements to fund all expenses paid through the Employee Benefits Fund less Employee and Retiree Contributions.

Each City Department is charged the same Benefit Fund Contribution (BFC) based on the number of budgeted full-time employees. For Fiscal Year 2017-18 the Budgeted City Contributions were estimated to be \$202,427,683 and the budgeted number of full-time equivalents (FTEs) was estimated at 13,714.91. The BFC was calculated at \$14,760 (\$202,427,683 divided by 13,714.91). The BFC was adjusted for Pay Period 17 of the fiscal year to \$12,600 for the remaining pay periods for an average BFC of \$13,860 for Fiscal Year 2017-2018.

The amount charged to each City Department for insurance for temporary employees is calculated using the estimated enrollment for each department multiplied by the benefit fund temporary rates (BFT rates), based on the medical per pay period for the City. Please see the table below for the BFT rates for calendar years 2017 and 2018.

Plan Year 2017 - Medical Per Pay Period for the City

							BFT RATES
BFT	Hours	Category	Plan Code	PPO	HMO	CDHP	AVERAGE
Bene Cat 10	30 + Hours	Employee Only	1E	\$ 319.76	\$ 316.61	\$ 254.12	\$ 296.83
		Employee Spouse	1S	546.20	558.33	481.56	528.70
		Employee Children	1C	487.90	497.39	442.46	475.92
		Employee Family	1F	696.52	714.96	580.90	664.13
Bene Cat 11	20+ Hours	Employee Only	2E	\$ 209.20	\$ 206.05	\$ 127.06	\$ 180.77
		Employee Spouse	2S	339.34	351.47	240.78	310.53
		Employee Children	2C	303.05	312.54	221.23	278.94
		Employee Family	2F	427.72	446.16	290.45	388.11

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**AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI**

For Workers' Compensation, each City Department is charged based on the number of budgeted full-time employees and the projected fiscal year requirements for the Workers' Compensation Fund, similar to the calculation for the Employee Benefits Fund.

b. According to the City's current actuary, Segal Consulting, plan sponsors the size of the City are largely self-insured. Being self-insured allows the City to retain the profit margin an insurance company would add to a fully insured plan. In addition, the City has control over the plan design.

The last time the City had a fully insured health insurance plan was the HMO product with Blue Cross Blue Shield in 2008. At the time, the City's actuary, Towers Perrin, recommended, based on an analysis of premiums paid versus claims paid, that the City could save an estimated \$4.0 million if the City self-insured the HMO plan. The City elected to self-insure all medical plans beginning in 2009.

Providing evidence to support self-insurance as the least cost option on an annual basis would require a full Request for Proposal process to obtain a quote from an insurance company for a fully insured product.

Prepared by: Songli Floyd
Sponsored by: Joseph Gonzales

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

AUSTIN WATER'S RESPONSE TO DISTRICTS'
CORRECTED THIRD RFI

DISTRICTS 3-42: Regarding Schedule II-D-6.xlsx:

- a. Please explain the purpose of each of the tabs.
- b. Please provide support for the hardcoded subtraction in Tab II-D-6, line 2, column H
- c. Provide the spreadsheet "AWU FY 2019 Unit_Object_other Table_10-19-2018.xlsx" which is linked to Schedule II-D-6.xlsx but not provided in the rate filing package
- d. Please correct the bad links (#ERR) in cells K64, K65 and K67 of tab "Rents and Leases."

RESPONSE:

- a. Please see AW Districts 3-42, Attachment 1. See below for the purpose of each of the tabs.
 - Tab "II-D-6" is the final, prepared schedule. The remaining tabs are source documents and working files used to prepare the final schedule.
 - Tab "OC 6126" is a download of the test year Water and Wastewater Fund transactions for account number 6126 Rental-other equipment with accounting line descriptions and vendor names.
 - Tab "OC 6125" is a download of the test year Water and Wastewater Fund transactions for account number 6125 Rental-vehicles/buses with accounting line descriptions and vendor names.
 - Tab "PT with Vendors" is a pivot table of the tab "Rents and Leases with Vendors" sorted by account number and vendor name for the Water and Wastewater Funds.
 - Tab "Rents and Leases with Vendors" is a download of the test year Water and Wastewater Fund transactions with various account numbers for rentals with accounting line descriptions and vendor names.
 - Tab "With Vendors" is a download of the test year Water and Wastewater Fund transactions with various account numbers for contractals and commodities with accounting line descriptions and vendor names.
 - Tab "PT" is a pivot table of the tab "Rents and Leases" sorted by account number and budget fiscal year for the Water and Wastewater Funds.
 - Tab "Rents and Leases" is a worksheet of the test year, adjusted test year, and two years prior actuals Water and Wastewater Fund expenses with various account numbers for rentals with comments for the test year.
- b. The hardcoded subtraction in Tab "II-D-6", line 2, column H includes two transactions for prepaid rent. Please see Tab "Rents and Leases with Vendors", cells G3 and G65.
- c. Please see AW Districts 3-42, Attachment 2.
- d. Please see AW Districts 3-42, Attachment 1, which includes the corrected bad links in cells K64, K65, and K67 of the tab "Rents and Leases."

Prepared by: Songli Floyd
Sponsored by: Joseph Gonzales

VOLUMINOUS ATTACHMENTS PROVIDED ON CD

SOAH Docket No. 473-19-6297.WS
PUC Docket No. 49189

September 19, 2019

CITY OF AUSTIN'S
Response to Districts'
Corrected Third RFI

- AW Districts 3-2, Attachment 1- WTP4 Yearly Operations and Maintenance Cost.xlsx
- AW Districts 3-5, Attachment 1-Schedule II-A-1_Reconciliation.xlsx
- AW Districts 3-5, Attachment 2-Schedule II-A-2 Statement of Income REVISED.xlsx
- AW Districts 3-6, Attachment 1-Schedule II-A 2 Reconciliation.xlsx
- AW Districts 3-7, Attachment 1-Schedule II-A-2.1(W)_Reconciliation.xlsx
- AW Districts 3-8, Attachment 1-Schedule II-A-2.1(WW)_Reconciliation.xlsx
- AW Districts 3-17, Attachment 1- GSAB Statement 26.pdf
- AW Districts 3-21, Attachment 1-Schedule II-A-2_Audited_Reconciliation.xlsx
- AW Districts 3-22, Attachment 1-Schedule II-A-2.1(W)_Audited_Reconciliation.xlsx
- AW Districts 3-23, Attachment 1-Schedule II-A-2.1(WW)_Audited_Reconciliation.xlsx
- AW Districts 3-24, Attachment 1-Schedule II-A-2_Audited_Reconciliation.xlsx
- AW Districts 3-25, Attachment 1-Schedule II-A-3_Other_Investments.xlsx
- AW Districts 3-26, Attachment 1-Schedule II-A-3 3_Special_Cash_Account.xlsx
- AW Districts 3-27, Attachment 1-Schedule II-A-3.2_Physical_Assets.xlsx
- AW Districts 3-28, Attachment 1-Executed Ordinance 940915-A.pdf
- AW Districts 3-28, Attachment 2-Executed Ordinance 981038-D.pdf
- AW Districts 3-28, Attachment 3-Executed Ordinance 006603-56A.pdf
- AW Districts 3-33, Attachment 1-Schedule II-A-3.12_Unappropriated_Retained_Earnings.xlsx
- AW Districts 3-33, Attachment 2-FSOS18_Final_FY18.xlsx
- AW Districts 3-37, Attachment 1.xlsx
- AW Districts 3-38, Attachment 1-Schedule II-D-3.3 REVISED.xlsx
- AW Districts 3-38, Attachment 2-Membership Information.pdf
- AW Districts 3-38, Attachment 3 Membership Information.pdf
- AW Districts 3-38, Attachment 4 FW_AGS Membership Information.pdf
- AW Districts 3-38, Attachment 5-(ASIS International) Re_Membership Information.pdf
- AW Districts 3-38, Attachment 6-ASSE - Contact us email from Deborah Ockletree at City of Austin, Austin Water.pdf
- AW Districts 3-38, Attachment 7-American Waterworks Association lobbying costs.pdf
- AW Districts 3-38, Attachment 8-Lobbying Cost.pdf
- AW Districts 3-38 Attachment 9-Association of Metropolitan Water Agencies lobbying costs.pdf
- AW Districts 3-38, Attachment 10-Membership & Lobbying Costs - Compressed Gas Association .pdf
- AW Districts 3-38, Attachment 11-Membership & Lobbying Costs.pdf
- AW Districts 3-38, Attachment 12-Lobbying.pdf
- AW Districts 3-38, Attachment 13- dues used for lobbying - Membership Cost for Austin Water.pdf
- AW Districts 3-38, Attachment 14-Lobbying.pdf
- AW Districts 3-38, Attachment 15-Lobbying.pdf
- AW Districts 3-38, Attachment 16-Austin Water Membership Dues Information.pdf
- AW Districts 3-38, Attachment 17-Membership Questions from Austin Water.pdf
- AW Districts 3-38, Attachment 18-Membership Questions from Austin Water.pdf
- AW Districts 3-38, Attachment 19-Lobbying.pdf
- AW Districts 3-38, Attachment 20-Membership Questions from Austin Water.pdf
- AW Districts 3-38, Attachment 21-Membership Questions from Austin Water.pdf
- AW Districts 3-38, Attachment 22-Membership Question - Metropolitan Water District.pdf
- AW Districts 3-38, Attachment 23-Membership Questions from Austin Water.pdf
- AW Districts 3-38, Attachment 24-Lobbying.pdf
- AW Districts 3-38, Attachment 25-PUC Docket 49189 City of Austin Application to change rates.pdf
- AW Districts 3-38, Attachment 26-Lobbying.pdf
- AW Districts 3-38, Attachment 27-Water Research Foundation lobbying costs.pdf
- AW Districts 3-38, Attachment 28-Lobbying.pdf
- AW Districts 3-39, Attachment 1-Reconciliation from Schedule II-D-4 to WP II-D-1 1c.xlsx
- AW Districts 3-40, Attachment 1.xlsx
- AW Districts 3-40 Attachment 2-Schedule D-9.1.c REVISED.xlsx
- AW Districts 3-42, Attachment 1-Schedule II-D-b REVISED.xlsx
- AW Districts 3-42, Attachment 2-AWU FY 2019 Unit_Object_Other Table_10-19-2018.xls