



Control Number: 49189



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**DOCKET NO. 49189**

**APPLICATION OF THE CITY OF  
AUSTIN FOR AUTHORITY TO  
CHANGE THE WATER AND  
WASTEWATER RATES FOR 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 IN  
WILLIAMSON AND TRAVIS  
COUNTIES**

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**PUBLIC UTILITY COMMISSION**

**OF TEXAS**

**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE  
COMPLETENESS AND PROCEDURAL SCHEDULE**

**COMES NOW** the Commission Staff of the Public Utility Commission of Texas (Commission), representing the public interest, and this Recommendation on Administrative Completeness and Procedural Schedule. Staff recommends that the application be deemed administratively incomplete and that the applicant be ordered to address the identified deficiencies. In support thereof, Staff shows the following:

**I. BACKGROUND**

On April 15, 2019, the City of Austin dba Austin Water file an application for authority to change wholesale water and wastewater rates. This application is filed in accordance with Texas Water Code (TWC) § 13.044(b), which states that once the Commission fixes the rates to be charged by a municipality under TWC § 13.044, those rates may not increase without the approval of the Commission.

On May 2, 2019, Order No. 1 was issued establishing a deadline of May 16, 2019 for Staff to file comments and recommendations regarding how this application should be processed. Therefore, this pleading is timely filed.

## **II. ADMINISTRATIVE COMPLETENESS**

As supported in the attached memorandum from Emily Sears in the Commission's Water Utility Regulation Division, Staff has reviewed the application and recommends that it be found administratively incomplete. Specifically, Staff has identified deficiencies in the application content, financial and technical information. Staff recommends that Applicants submit additional information, as further detailed in the attached memorandum.

## **III. PROCEDURAL SCHEDULE**

Staff recommends that the application be found administratively incomplete. Therefore, and with agreement from the City of Austin, Staff recommends that a deadline of May 29, 2019 be established for Applicants to supplement the application. Staff further recommends that a deadline of June 10, 2019 be established for Staff to review applicant's supplemental information and make a supplemental recommendation on the administrative completeness of the application.

## **IV. CONCLUSION**

For the reasons discussed above, Staff respectfully recommends that the application be found administratively incomplete. Staff further recommends that the procedural schedule proposed above be adopted for further processing of this docket.

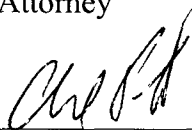
Dated: May 16, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Karen S. Hubbard  
Managing Attorney

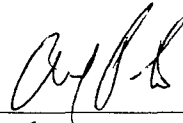


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**DOCKET NO. 49189**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on May 16, 2019, in accordance with 16 TAC § 22.74.



Alexander Petak

## PUC Interoffice Memorandum

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**To:** Alexander Petak, Attorney  
Legal Division

**Through:** Debi Loockerman, Manager  
Heidi Graham, Manager  
Water Utility Regulation

**From:** Emily Sears, Financial Analyst  
Water Utility Regulation

**Date:** May 10, 2019

**Subject:** **Docket No. 49189:** *Application of the City of Austin DBA Austin Water for Authority to Change Water and Wastewater Rates*

On April 15, 2019, the City of Austin dba Austin Water (Applicant) filed an application with the Public Utility Commission of Texas (Commission) for a rate/tariff change under Texas Water Code (TWC) § 13.044(b) and in compliance with the Commission's Order on rehearing in Docket No. 42857. An administrative review of the application and notice has been made pursuant to Texas Water Code (TWC) §§ 13.1871 and 16 Texas Administrative Code (TAC) §§ 24.25 through 24.33.

Based on a review of the information in the application, Staff recommends that the application be deemed insufficient for filing and found administratively incomplete due to the deficiencies detailed below:

1. The schedules provided do not include a unit of measurement (e.g. thousands, millions). Each schedule in the application must have an association unit of measurement.
2. Schedule II-A-1 does not reconcile the historical income with the data in this schedule.
3. Schedule II-A-2, "column 4" only provided the change in income, and not changes related to any other item. All differences in expenses and all other changes between columns 3 and 5 must be provided.
4. Schedule II-C-4(d) provides "all in" interest rates. The actual, or nominal, interest rate for each issuance must be provided.
5. Schedule II-C-7 did not include the assumptions used to determine the estimates.
6. This application uses a cash flow type method to determine rates, including a debt service coverage ratio. Any and all debt service covenants passed by the Applicant related to the debt for the water/sewer systems must be provided.
7. Schedule II-A-3.5 and Schedule II-D-2, related to write-offs/bad debts, provide different amounts for the same information. This information must be reconciled.
8. Schedule II-D-3.3 did not provide a dollar amount of lobbying, or, if no dollar amount is available or identifiable, did not provide a statement from the organization paid that states what percentage of its member payments are used for lobbying.
9. Schedule II-D-6 did not indicate how the leases are necessary to provide water and sewer service.
10. Schedule II-D-9.2-i did not include information for the two previous fiscal years.

11. The Notice of Intent, and Schedule II-G's requested revenue increase do not match. The Notice of Intent of requested revenue of \$4,308,399 must be reconciled with the requested revenue in Schedule II-G of \$4,302,927.
12. Schedule II-G-2.5 did not provide data for the post-test year-to-date.
13. Schedule II-G-5 was not broken down by customer class.
14. Schedule VI-4 stated there will be a new water conservation policy upcoming. Provide updated water conservation policy.
15. The cost of service study used to determine the allocations in this case was not filed with the application.