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**APPLICATION OF TIMBERCREST  
PARTNERS, LLC FOR AUTHORITY  
TO CHAGE RATES**

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§  
§

**BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS**



**DIRECT TESTIMONY OF  
ADRIAN NARVAEZ  
RATE REGULATION DIVISION  
PUBLIC UTILITY COMMISSION OF TEXAS**

**October 14, 2022**

## Table of Contents

I.	PROFESSIONAL QUALIFICATIONS .....	3
II.	PURPOSE AND SCOPE OF TESTIMONY .....	4
III.	SUMMARY OF RECOMMENDATIONS .....	6
IV.	COST ALLOCATION AND RATE DESIGN FOR BASE RATES .....	7
V.	RATE CASE EXPENSES .....	12
VI.	CONCLUSION.....	12

### ATTACHMENTS:

Attachment AN-1	Regulatory Résumé of Adrian Narvaez
Attachment AN-2	Staff's Proposed Water and Sewer Base Rates and Proposed Water and Sewer Rate Case Expenses

**I. PROFESSIONAL QUALIFICATIONS**

**Q. Please state your name and business address.**

A. Adrian Narvaez, Public Utility Commission of Texas (Commission), 1701 N. Congress Avenue, Austin, TX 78701.

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

A. I am employed by the Commission as a Senior Rate Analyst in the Tariff and Rate Analysis Section of the Rate Regulation Division.

**Q. What are your responsibilities as a Rate Analyst for the Commission?**

A. My principal responsibility involves analyzing utility filings on matters relating to rate design and cost allocation. My responsibilities include analyzing utility industry regulatory policy, reviewing tariffs to determine compliance with Commission requirements, and preparing and presenting testimony as an expert witness on cost allocation and rate design issues in contested proceedings before the Commission and the State Office of Administrative Hearings (SOAH).

**Q. Please state your educational background and professional experience.**

A. Attachment AN-1 contains a summary of my regulatory experience and educational background.

**Q. Have you previously filed testimony before the Commission?**

A. Yes. Attachment AN-1 contains a listing of direct testimony I have filed at the Commission.

**II. PURPOSE AND SCOPE OF TESTIMONY**

**Q. What is the purpose of your cross-rebuttal testimony in this proceeding?**

A. My testimony regarding Timbercrest Partners, LLC (Timbercrest) application will address cost allocation and rate design issues. My testimony will address, in whole or in part, the following issues from the Commission's Preliminary Order issued on June 14, 2021:

12. Do the proposed rates properly reflect the utility's fixed and variable costs and allocate responsibilities appropriately?

13. Did the utility use the appropriate number of connections and meter sizes in designing rates?

14. Do the proposed rates recover the utility's revenue requirement?

15. Are the proposed rates just and reasonable, and do they meet all other legal requirements? TWC § 13.182(a), (b).

19. What are the utility's rate-case expenses incurred in this rate proceeding that are just, reasonable, necessary, and in the public interest? Does that amount include any prospective rate-case expenses to be incurred after the Commission's final order? Should the utility be able to recover its reasonable and necessary rate-case expenses from ratepayers? If so, how should such expenses, if any, be recovered by the utility? 16 TAC § 24.44.

27. For the trailer park, please address the following:

a. Is the trailer park considered one water connection via a master meter?

i. If so, does the trailer park take service as a residential or commercial customer?

- 1                           ii.    If so, does the trailer park allocate the master meter bill for water  
2                                   service among the trailer park residents?
- 3                   b.    Is the trailer park considered one sewer connection via a master meter?
- 4                           i.    If so, would the trailer park take service as a residential or commercial  
5                                   customer?
- 6                           ii.   If so, does the trailer park allocate the master meter bill for sewer  
7                                   service among the trailer park residents?
- 8           28.   Are the trailer park tenants charged a flat water rate or a flat sewer rate for each of  
9                   the 335 units?
- 10                   a.   If so, does each tenant receive its own bill or is the flat rate part of the tenant's  
11                           rent?
- 12                   b.   If so, what is the purpose of the master meter and what charges are included in  
13                           the master meter billings?
- 14           29.   For the apartment complex, please address the following:
- 15                   a.   Is the apartment complex considered one water connection via the master  
16                           meter? If so, does the apartment complex take service as a residential or  
17                           commercial customer?
- 18                   b.   Is the apartment complex considered one sewer connection via a master meter?  
19                           If so, does the apartment complex take service as a residential customer or a  
20                           commercial customer?
- 21           30.   For the residential and commercial classes, please address the following:
- 22                   a.   Is there a sufficient difference between the residential and commercial classes  
23                           to justify a separate rate design for the two separate classes?

b. What studies or analyses were performed to develop the separate classes?

c. Does the utility define commercial class and residential class?

d. If not, how does the utility determine what customers fall within each of the classes?

e. What is the justification for commercial rates for meter sizes above 5/8" x 3/4" that are significantly higher than the residential rates for the same meter sizes above 5/8" x 3/4"?

31. What is the justification for moving residential customers from fixed and variable rates to a flat rate? In answering this question, please address how a flat rate for residential customers is appropriate when the proposed pass-through rate includes a volumetric fee from the North Harris County Regional Water Authority.

**Q. Please describe your role in this proceeding.**

A. I reviewed Timbercrest's application for issues associated with allocation of costs and the calculation of rates.

### **III. SUMMARY OF RECOMMENDATIONS**

**Q. What is your recommendation?**

A. I recommend that:

- The Commission reject Timbercrest's request to separate its customers into two separate "residential" and "commercial" class for the purpose of cost allocation and rate design.

- 1           •       The Commission approve the standard Commission-approved water rate design for
- 2                   class D utilities, with a variable charge that applies to all customers and a fixed
- 3                   charge based on the size of the customer's meter connection.
- 4           •       The Commission approve the standard Commission-approved rate design for
- 5                   sewer, with a fixed charge based on the size of the customer's meter connection.
- 6           •       The trailer park be treated as one customer for the purpose of rate design in this rate
- 7                   case, and that fixed rates be charged according to the trailer park's master meter
- 8                   connection size.
- 9           •       Consistent with the recommendation of Staff witness Heidi Graham, I recommend
- 10                  that the tenants of the apartment complex and the trailer park be individually
- 11                  metered and that each tenant be treated as a separate customer connection in
- 12                  Timbercrest's next rate case.
- 13           •       The Commission approve Staff's recommended rate case expense rates.

14   **Q.    What material did you use to prepare your testimony?**

15   A.    In preparation for my testimony, I reviewed the application submitted by Timbercrest on

16           January 17, 2020, The Direct Testimony of Chuck E. Loy, testimony filed by other Staff

17           witnesses in this case, and several discovery responses.

18   **IV.   STAFF'S PROPOSED RATES**

19   **Q.    Please describe Timbercrest's proposed cost allocation and rate design in this case.**

20   A.    First, costs were functionalized into the water and sewer functions. Then, various allocators

21           were used to allocate costs in each function into Timbercrest's two proposed rate classes.

22           The "Commercial" class consists of a 245-unit residential apartment complex, two



1 convenience stores and an automotive service establishment.<sup>1</sup> The “Residential” rate class  
2 consists of separate trailer units that are not individually metered. However, the trailer park  
3 does share a master meter.<sup>2</sup> For the “Commercial” class, ninety percent of costs are  
4 assigned as fixed costs and are recovered through a fixed monthly charge, while the  
5 remainder are recovered through a volumetric rate. For the “Residential” class, Timbercrest  
6 proposes that all costs are recovered through a fixed monthly charge. Timbercrest’s  
7 rationale for the proposed fixed monthly charge is that the trailer park customers are not  
8 individually metered. Mr. Loy states that the proposed “Residential” flat rate will “serve  
9 as a proxy that will be “carved out” of monthly rents [of trailer park customers] and booked  
10 to utility revenues.”<sup>3</sup>

11 **Q. Do you support Timbercrest’s proposed cost allocation and rate design proposal?**

12 A. No. Timbercrest’s proposal should be rejected because Timbercrest’s proposal does not  
13 treat its customers in an equitable manner; and because Timbercrest’s proposal is not  
14 consistent with the Commission-approved ratemaking methodology for class D utilities.

15 **Q. Does the Texas Water Code require that customers be treated in an equitable**  
16 **manner?**

17 A. Yes. Texas Water Code § 13.182(b) states that “rates may not be unreasonably preferential,  
18 prejudicial, or discriminatory but shall be sufficient, equitable, and consistent in application  
19 to each class of consumers.”

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<sup>1</sup> Direct Testimony of Chuck E. Loy at 2 (Sep. 27, 2022).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* at 18.

**Q. Does Timbercrest’s proposal to separate its customers into two separate rate classes with different rates reasonable and equitable?**

A. No. Timbercrest does not provide any reasonable explanation that justifies treating its’ customers as two separate rate classes. Furthermore, Timbercrest does not provide any evidence to suggest that the type of service they provide to the trailer park customers is sufficiently different to justify a different ratemaking treatment for these customers. Furthermore, the class labels of “Commercial” and “Residential” are misleading because the “Commercial” class includes an apartment complex whose end use customers are also residential, while the trailer park is also a commercial operation whose end use customers are residential.

**Q. How is the apartment complex treated in Timbercrest’s proposed rate design?**

A. The apartment tenants are also not individually metered. Instead, the apartment complex is treated as one customer and the apartment complex’s master meter is used as the customer’s connection. It is not evident from Timbercrest’s filing, but it appears that the water and sewer charges are then allocated to the apartment complex tenants.<sup>4</sup>

**Q. How should the trailer park be treated for rate design purposes?**

A. As with the apartment complex, I recommend that the trailer park should be treated as one customer, and the master meter should be used as the customer’s connection point for this case.<sup>5</sup> The water and sewer charges should then be allocated among the trailer park tenants.

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<sup>4</sup> This Information was obtained from the Water Utility Database in the public website of the Public Utility Commission of Texas (<https://www.puc.texas.gov/watersearch>).

<sup>5</sup> Attachment AN-2 contains Staff’s proposed rates. These rates will be supplemented once Staff receives Timbercrest’s response to Staff’s ninth request for information.

1 The trailer park should also be charged volumetric rates based on the usage recorded on its  
2 master meter, as is the case for the apartment complex.

3 As explained further below, I also recommend that Timbercrest's customers should  
4 not be divided into two separate rate classes. Instead, the Commission-approved  
5 ratemaking methodology for class D utilities should be used to set rates.

6 **Q. What is the standard Commission-approved ratemaking methodology for class D**  
7 **utilities?**

8 A. After costs are functionalized into the water and sewer functions, a percentage of water  
9 costs are assigned as fixed costs, while the remainder are assigned as variable costs. This  
10 sometimes applies to sewer rates as well, although sewer rates often only consist of a fixed  
11 monthly charge when volumetric data is not metered. A volumetric rate (or rates) that apply  
12 to all customers is set to recover all variable costs, while fixed monthly rates that are  
13 determined for all meter connection sizes are set to recover fixed costs, based on standard  
14 ratios of rates between the connection sizes. This methodology does not require a class cost  
15 of service study since the customers are not divided into separate rate classes with different  
16 rates. Instead, volumetric rates apply to all customers and the fixed charges that customers  
17 must pay depends on the customer's meter connection size, since the standard ratio of rates  
18 between connection sizes properly accounts for the differences in fixed cost causation  
19 caused by larger or smaller customers.

20 **Q. Is a cost-of-service study necessary to establish cost-based rates in this case?**

21 A. No. The standard Commission-approved ratemaking methodology for class D utilities  
22 results in fixed monthly charge base rates that are based on meter equivalents associated  
23 with each meter connection size. This methodology results in fixed rates that reasonably

1 reflect the demand placed on the water or sewer system by each customer based on the  
2 customer's connection size, and therefore reasonably reflect the costs each customer causes  
3 the utility to incur. Furthermore, Mr. Loy admits in his direct testimony that the cost of  
4 service study that Timbercrest filed in this case contains errors and that some allocation  
5 factors are "prone to creating subsidies rather than a reasonable assignment of costs."<sup>6</sup> He  
6 states he corrected this error in his direct testimony by replacing an allocation factor based  
7 on customer connections with average customer demand.<sup>7</sup> However, he did not provide  
8 any workpaper supporting the updated cost of service study, and therefore I cannot review  
9 his calculations.

10 **Q. What ratemaking methodology should be used to set rates in this case?**

11 A. I recommend that the standard Commission-approved ratemaking methodology for class  
12 D utilities described above should be used to set rates in this case.

13 **Q. Have you calculated rates consistent with your rate design recommendations?**

14 A. Yes. Staff's recommended water and sewer base rates can be found in Attachment AN-2.

15 **Q. How should the apartment complex and trailer park be treated in future rate cases?**

16 A. Notwithstanding my recommendation for the rate design that should be approved in this  
17 rate case, I recommend, in accordance with the recommendation of Staff witness Heidi  
18 Graham, that the tenants of the apartment complex and the trailer park be individually  
19 metered and that each tenant be considered a separate customer connection in  
20 Timbercrest's next rate case.

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<sup>6</sup> *Id.* at 16.

<sup>7</sup> *Id.*

**V. Rate Case Expenses**

**Q. Did you calculate rate case expense rates consistent with the recommendation of Staff witness Kathryn Eiland?**

A. Yes. Staff's recommended rate case expense rates can be found in Attachment AN-2.

**VI. CONCLUSION**

**Q. Are there any additional adjustments to Timbercrest's filed case that may be reasonable?**

A. Yes. The recommendations above are based on my review of Timbercrest's application and the recommended adjustments of other Staff witnesses provided to me as of this date. I do not imply that additional adjustments to Timbercrest's filed case are not appropriate and should not be made.

**Q. If you do not address an issue or position in your testimony, should that be interpreted as Staff supporting Timbercrest's position on that issue?**

A. No. The fact that I do not address an issue in my testimony should not be construed as agreeing, endorsing, or consenting to any position taken by Timbercrest.

**Q. Does this conclude your direct testimony?**

A. Yes.

## **Adrian Narvaez Canto**

Public Utility Commission of Texas  
1701 North Congress Avenue  
Austin, TX 78711-3326

### **REGULATORY EXPERIENCE**

Senior Rate Analyst, Tariff and Rate Analysis Section

Public Utility Commission of Texas Rate Regulation Division

Employed: June 2015 to present.

Duties: Perform analysis of tariff filings, cost allocation, and rate design. Review tariffs of regulated utilities to determine compliance with Commission requirements. Analyze cost allocation studies and rate design issues for regulated electric and water utilities. Analyze policy issues associated with the regulation of the utility industry. Work on or lead teams in contested cases, reports, the development of market rules, and research concerning pricing and related issues. Prepare and present testimony as an expert witness on rate and related issues in docketed proceedings before the Commission and the State Office of Administrative Hearings.

### **EDUCATION:**

2014            The University of Texas at Austin, Austin, TX  
Bachelor of Arts in Economics and French

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

**Docket No. 45712** - *Application of Southwestern Electric Power Company for Approval of a Distribution Cost Recovery Factor*, May 4, 2016.

**Docket No. 45787** – *Application of AEP Texas Central Company for Approval of a Distribution Cost Recovery Factor*, May 23, 2016.

**Docket No. 45788** - *Application of AEP Texas North Company for Approval of a Distribution Cost Recovery Factor*, May 23, 2016.

**Docket No. 46357** - *Application of Entergy Texas for Approval to Amend its Transmission Cost Recovery Factor*, December 6, 2016.

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

**Docket No. 47235** - *Oncor Electric Delivery Company LLC's Application for 2018 Energy Efficiency Cost Recovery Factor*, July 20, 2017

**Docket No. 47527** - *Application of Southwestern Public Service Company for Authority to Change Rates*, Revenue Requirement Direct Testimony, May 2, 2018.

**Docket No. 47527** - *Application of Southwestern Public Service Company for Authority to Change Rates*, Cost Allocation and Rate Design Direct Testimony, May 2, 2018.

**Docket No. 47527** - *Application of Southwestern Public Service Company for Authority to Change Rates*, Cost Allocation and Rate Design Cross-Rebuttal testimony, May 22, 2018.

**Docket No. 48231** – *Application of Oncor Electric Delivery Company for a Distribution Cost Recovery Factor*, May 24, 2018.

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

**Docket No. 48401**- *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Cross-Rebuttal testimony, August 28, 2018.

**Docket No. 48325** - *Application of Oncor Electric Delivery Company LLC for Authority to Decrease Rates Based on the Tax Cuts and Jobs Act of 2017*, September 11, 2018.

**Docket No. 48325** - *Review of Rate Case Expenses Incurred by Southwestern Electric Power Company and Municipalities in Docket No. 46449*, December 14, 2018.

**Docket No. 49057** - *Application of Entergy Texas for Approval of Transmission Cost Recovery Factor*, March 25, 2019.

**Docket No. 49427** – *Application of Oncor Electric Delivery Company to Amend its Distribution Cost Recovery Factor*, May 30, 2019.

**Docket No. 49494** - *Application of AEP Texas Inc. for Authority to Change Rates*, Direct Testimony, August 1, 2019.

**Docket No. 49494** - *Application of AEP Texas Inc. for Authority to Change Rates*, Cross-Rebuttal Testimony, August 13, 2019.

**Docket No. 50200** - *Application of Undine Texas, LLC and Undine Environmental, LLC for Authority to Change Rates*, June 10, 2020.

**Docket No. 49923** - *Application of Corix Utilities (Texas) Inc. to Implement Federal Tax Reduction Credit Riders*, July 31, 2020.

**Docket No. 50944** - *Application of Monarch Utilities I, L.P. for Authority to Change Rates*, October 27, 2020.

**Docket No. 51100** - *Application of the City of Lubbock, by and Through Lubbock Power & Light, for Authority to Establish Initial Wholesale Transmission Rates and Tariffs*, November 12, 2020.

**Docket No. 51611** - *Application of Sharyland Utilities, L.L.C. for Authority to Change Rates, Direct Testimony*, March 12, 2021.

**Docket No. 51611** - *Application of Sharyland Utilities, L.L.C. for Authority to Change Rates, Supplemental Testimony*, March 24, 2021.

**Docket No. 51415** - *Application of Southwestern Electric Power Company for Authority to Change Rates, Direct Testimony*, April 7, 2021.

**Docket No. 51415** - *Application of Southwestern Electric Power Company for Authority to Change Rates, Cross-Rebuttal Testimony*, April 23, 2021.

**Docket No. 52195** - *Application of El Paso Electric Company for Authority to Change Rates, Direct Testimony*, October 29, 2021.

**Docket No. 53601** - *Application of Oncor Electric Delivery Company for Authority to Change Rates, Direct Testimony*, September 2, 2022.

**Docket No. 53601** - *Application of Oncor Electric Delivery Company for Authority to Change Rates, Cross-Rebuttal Testimony*, September 16, 2022.



**PUBLIC UTILITY COMMISSION OF TEXAS  
APPLICATION OF TIMBERCREST PARTNERS, LIC  
FOR AUTHORITY TO CHANGE RATES  
PUC DOCKET NO. 50197  
STAFF PROPOSED WATER BASE RATES**

Revenues to Recover from Base Rates	<u>Water</u>	<u>Sewer</u>
	\$150,790	\$178,098
% of Revenues to be Recovered from Service Charge	90.00%	100.00%
Amount of Revenues to be Recovered from Service Charge	\$135,711	\$178,098
% of Revenues to be Recovered from Gallonage Charge	10.00%	0.00%
Amount of Revenues to be Recovered from gallonage Charge	\$15,079	\$0

**Water Base Charge**

Line No.	Description		Amount
1	Fixed Revenue		\$135,711
2	Test Year Meter Equivalencies		454.00
3	Billing Cycles per Year		12
4	Base Rate		24.91

Customer Meters	No.:	Multiplier:	Conn. Equiv.	Base Rate	Base Rate Revenue
Number of 5/8x3/4" connections:	335	1.00	335.00	\$ 24.91	\$ 8,344.85
Number of 3/4" connections:	0	1.50	0.00	\$ 37.37	\$ -
Number of 1" connections:	0	2.50	0.00	\$ 62.28	\$ -
Number of 1-1/2" connections:	3	5.00	15.00	\$ 124.55	\$ 373.65
Number of 2" connections:	3	8.00	24.00	\$ 199.28	\$ 597.84
Number of 3" connections:	0	15.00	0.00	\$ 373.65	\$ -
Number of 4" connections:	0	25.00	0.00	\$ 622.75	\$ -
Number of 6" connections:	0	50.00	0.00	\$ 1,245.50	\$ -
Number of 8" connections:	1	80.00	80.00	\$ 1,992.80	\$ 1,992.80
Number of 10" connections:	0	115.00	0.00	\$ 2,864.65	\$ -
Number of 12" connections:	0	215.00	0.00	\$ 5,355.65	\$ -
					\$ 135,709.68

**Water Gallonage Charge**

Gallonage Rates	Gallons billed by Tier	Volumetric Revenue
\$ 0.33	46,212,800	\$15,250

Total Water Revenue to be Collected	
\$	150,960

PUBLIC UTILITY COMMISSION OF TEXAS  
APPLICATION OF TIMBERCREST PARTNERS, LIC  
FOR AUTHORITY TO CHANGE RATES  
PUC DOCKET NO. 50197  
STAFF PROPOSED SEWER BASE RATES

Revenues to Recover from Base Rates	<u>Water</u>	<u>Sewer</u>
	\$150,790	\$178,098
% of Revenues to be Recovered from Service Charge	90.00%	100.00%
Amount of Revenues to be Recovered from Service Charge	\$135,711	\$178,098
% of Revenues to be Recovered from Gallonage Charge	10.00%	0.00%
Amount of Revenues to be Recovered from gallonage Charge	\$15,079	\$0

Sewer Base Charge			
Line No.	Description		Amount
1	Fixed Revenue		\$178,098
2	Test Year Meter		
	Equivalencies		454.00
3	Billing Cycles per Year		12
4	Base Rate		32.69

Customer Meters	No.:	Multiplier:	Conn. Equiv.	Base Rate	Base Rate Revenue
Number of 5/8x3/4" connections:	335	1.00	335.00	\$ 32.69	\$ 10,951.15
Number of 3/4" connections:	0	1.50	0.00	\$ 49.04	\$ -
Number of 1" connections:	0	2.50	0.00	\$ 81.73	\$ -
Number of 1-1/2" connections:	3	5.00	15.00	\$ 163.45	\$ 490.35
Number of 2" connections:	3	8.00	24.00	\$ 261.52	\$ 784.56
Number of 3" connections:	0	15.00	0.00	\$ 490.35	\$ -
Number of 4" connections:	0	25.00	0.00	\$ 817.25	\$ -
Number of 6" connections:	0	50.00	0.00	\$ 1,634.50	\$ -
Number of 8" connections:	1	80.00	80.00	\$ 2,615.20	\$ 2,615.20
Number of 10" connections:	0	115.00	0.00	\$ 3,759.35	\$ -
Number of 12" connections:	0	215.00	0.00	\$ 5,355.65	\$ -
					\$ 178,095.12

Total Water Revenue to be Collected	
\$	178,095

PUBLIC UTILITY COMMISSION OF TEXAS  
APPLICATION OF TIMBERCREST PARTNERS, LIC  
FOR AUTHORITY TO CHANGE RATES  
PUC DOCKET NO. 50197  
STAFF PROPOSED WATER RATE CASE EXPENSES

Total Rate Case Expenses:	\$	108,654
Annual Rate Case Expenses to be Recovered	\$	36,218
Annual Rate Case Expenses to be Recovered	<u>Water</u>	<u>Sewer</u>
	\$16,605	\$19,613

Water Rate Case Expense Charge			
Line No.	Description		Amount
1	Fixed Revenue		\$16,605
2	Test Year Meter Equivalencies		454.00
3	Billing Cycles per Year		12
4	Base Rate		3.05

Customer Meters	No.:	Multiplier:	Conn. Equiv.	Rate	Revenue
Number of 5/8x3/4" connections:	335	1.00	335.00	\$ 3.05	\$ 1,021.75
Number of 3/4" connections:	0	1.50	0.00	\$ 4.58	\$ -
Number of 1" connections:	0	2.50	0.00	\$ 7.63	\$ -
Number of 1-1/2" connections:	3	5.00	15.00	\$ 15.25	\$ 45.75
Number of 2" connections:	3	8.00	24.00	\$ 24.40	\$ 73.20
Number of 3" connections:	0	15.00	0.00	\$ 45.75	\$ -
Number of 4" connections:	0	25.00	0.00	\$ 76.25	\$ -
Number of 6" connections:	0	50.00	0.00	\$ 152.50	\$ -
Number of 8" connections:	1	80.00	80.00	\$ 244.00	\$ 244.00
Number of 10" connections:	0	115.00	0.00	\$ 350.75	\$ -
Number of 12" connections:	0	215.00	0.00	\$ 655.75	\$ -
					\$ 16,616.40

Annual Water Rate Case Expenses to be Collected
\$ 16,616

PUBLIC UTILITY COMMISSION OF TEXAS  
APPLICATION OF TIMBERCREST PARTNERS, LIC  
FOR AUTHORITY TO CHANGE RATES  
PUC DOCKET NO. 50197  
STAFF PROPOSED SEWER RATE CASE EXPENSES

Total Rate Case Expenses:	\$	108,654
Annual Rate Case Expenses to be Recovered	\$	36,218
Annual Rate Case Expenses to be Recovered	<u>Water</u>	<u>Sewer</u>
	\$16,605	\$19,613

Sewer Rate Case Expense Charge			
Line No.	Description		Amount
1	Fixed Revenue		\$19,613
2	Test Year Meter Equivalencies		454.00
3	Billing Cycles per Year		12
4	Base Rate		3.60

Customer Meters	No.:	Multiplier:	Conn. Equiv.	Rate	Revenue
Number of 5/8x3/4" connections:	335	1.00	335.00	\$ 3.60	\$ 1,206.00
Number of 3/4" connections:	0	1.50	0.00	\$ 5.40	\$ -
Number of 1" connections:	0	2.50	0.00	\$ 9.00	\$ -
Number of 1-1/2" connections:	3	5.00	15.00	\$ 18.00	\$ 54.00
Number of 2" connections:	3	8.00	24.00	\$ 28.80	\$ 86.40
Number of 3" connections:	0	15.00	0.00	\$ 54.00	\$ -
Number of 4" connections:	0	25.00	0.00	\$ 90.00	\$ -
Number of 6" connections:	0	50.00	0.00	\$ 180.00	\$ -
Number of 8" connections:	1	80.00	80.00	\$ 288.00	\$ 288.00
Number of 10" connections:	0	115.00	0.00	\$ 414.00	\$ -
Number of 12" connections:	0	215.00	0.00	\$ 774.00	\$ -
					\$ 19,612.80

Annual Sewer Rate Case Expenses to be Collected
\$ 19,613