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**DOCKET NO. 50518**

**COMPLIANCE FILING OF SWWC §  
UTILITIES, INC. DBA WATER §  
SERVICES, INC. REGARDING A §  
SURCHARGE IN DOCKET NO. 47736 §**

**PUBLIC UTILITY COMMISSION**

**OF TEXAS**

**JOINT RESPONSE TO ORDER NO. 2**

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), and with the agreement of SWWC Utilities, Inc. dba Water Services, Inc. (Water Services) (collectively, the Parties), files this Joint Response to Order No. 2 and would show the following:

**I. BACKGROUND**

On October 16, 2019, the Commission issued a Final Order approving the settlement reached by the parties in Docket No. 47736, Water Services' most recent rate case.<sup>1</sup> The tariff agreed to by the parties to that case, and included as Attachment A to the Stipulation and Settlement Agreement filed on March 21, 2019, did not include a provision allowing for the collection of a rate-case expense surcharge.

On February 5, 2020, Staff initiated the instant docket to allow for the filing of a final tariff for Water Services that included the rate-case expense surcharge authorized by the Commission in Docket No. 47736.<sup>2</sup> Staff filed the tariff on March 11, 2020 (Final Tariff). Order No. 2, issued September 2, 2020, raised two questions regarding the rate-case expense surcharge provisions included in the Final Tariff and requested explanatory briefing from Staff and Water Services by September 17, 2020. Therefore, this pleading is timely filed.

**II. EXPLANATION**

The ALJ has noted that "it is unclear...that the tariff filed on March 11, 2020 authorizes collection of rate-case expenses solely from SWWC's environs customers." The ALJ is correct that the provisions related to rate-case expenses included in the Final Tariff refer to "all ratepayers"

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<sup>1</sup> *Application of SWWC Utilities, Inc. dba Water Services, Inc. for Authority to Change Rates*, Docket No. 47736, Final Order (Oct. 16, 2019).

<sup>2</sup> *Id.* at Findings of Fact No. 85, Ordering Paragraph No. 5.

and do not mention either environs or in-city customers. However, the very first page of the Final Tariff states:

The rates set or approved by the City of Bulverde (City) for the system within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the PUC and will have to be obtained from the City or utility.

This statement is included with other general information about the Final Tariff including the certificate of convenience and necessity (CCN), counties, and subdivisions in which the tariff is effective.

The customers in the City of Bulverde are the only in-city customers served by Water Services.<sup>3</sup> Because the first page of the tariff includes language specifying that none of the rates applicable to Water Services' customers within the City of Bulverde are included in the tariff, and those rates must be obtained separately from the City, the rate-case expense surcharge provisions do not further discern between environs and in-city customers. The Parties assert that this language is sufficiently clear and that any tariff provisions related to a rate-case expense surcharge do not need to further explain that the surcharge is only applicable to Water Services' environs customers. Further, no other rate set forth in the tariff makes that distinction.

The ALJ also opines that it is unclear whether the Final Tariff authorizes the recovery of \$330,000 in rate-case expenses from all ratepayers or the recovery of \$330,000 in rate-case expenses from each set of ratepayers with a separate rate schedule. The final tariff contains five rate schedules<sup>4</sup> applicable to multiple subdivisions grouped as follows:

- Bavarian Hills, Cascade Mobile Home Park, Coolcrest, Country Bend, Garden Oaks, Oaks North Mobile Home Estates, and Stage Coach Hills
- Huntington Estates
- Enchanted River Estates, Oakview, Rim Rock Ranch, River Bend Estates, and Kestrel Air Park

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<sup>3</sup> *Id.*, Statement of Intent to Change Rates at 4 (stating that in addition to the service area within CCN No. 11106, Water Services provides retail water service within the corporate boundaries of Bulverde, which has original jurisdiction over retail water rates) (Nov. 10, 2017).

<sup>4</sup> The tariff includes a sixth rate schedule for KAP Water Supply, which Water Services acquired while the application to change rates in Docket No. 47736 was pending approval; therefore, this rate schedule does not include the rate-case expense surcharge at issue. *Application of DJL Ventures, Inc dba KAP Water Supply and SWWC Utilities, Inc. dba Water Services, Inc for the Transfer of Service Rea Rights in Comal County*, Docket No. 48060, Notice of Approval (Mar. 1, 2019).

- Cedar Springs MHP, Center Point, Heritage Park, Hills & Dales, Platten Creek, Rocky Creek, Southern Hills, Montebello Estates, Silver Creek, Verde Park Estates, Vista Hills, Woodhaven MHP, Oak Ridge Estates, and Winwood Oaks
- Monarch Hills and Westwood Park

Each rate schedule contains the base rates (minimum monthly charge and gallonage charge) approved in Docket No. 47736 phased in to be effective over four years (September 28, 2019, September 24, 2019, September 24, 2020, and September 24, 2021).<sup>5</sup> The provision for the rate-case expense surcharge approved in Docket No. 47736 follows the base rates.

The Parties agree that including the rate-case expense surcharge provision in five of the rate schedules within the tariff could be construed as authorizing the recovery of \$330,000 in rate-case expenses from each of these five groups of ratepayers. Accordingly, the Parties propose a revised rate-case expense surcharge as follows:

**Surcharge for Rate-Case Expense:** To be collected through a monthly surcharge of \$4.56 per connection. The monthly surcharge shall cease when the combined total of the surcharge recovered from the ratepayers in all subdivisions affected by the rate change approved in Docket No. 47736 is \$330,000. If the full amount of \$330,000 has not been recovered by May 31, 2022, bills rendered after June 1, 2022, shall continue to contain a surcharge not to exceed \$4.56 until the remaining balance per connection is collected. (Docket No. 47736)

If the ALJ approves this revised provision, Staff will file a new Final Tariff for Water Services to be stamped *Approved* and placed in the Commission's tariff book within 15 days of the date of order approving the new language.

### III. CONCLUSION

The Parties respectfully request the entry of an order consistent with the preceding clarification.

Dated: September 17, 2020

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

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**DOCKET NO. 50518  
CERTIFICATE OF SERVICE**

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on September 17, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

Eleanor D'Ambrosio

/s/ Eleanor D'Ambrosio