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**SOAH DOCKET NO. 473-20-4071.WS  
PUC DOCKET NO. 50788**

<b>RATEPAYERS APPEAL OF THE</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>DECISION BY WINDERMERE OAKS</b>	<b>§</b>	
<b>WATER SUPPLY CORPORATION TO</b>	<b>§</b>	<b>OF</b>
<b>CHANGE WATER AND SEWER</b>	<b>§</b>	
<b>RATES</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>

**WINDERMERE OAKS WATER SUPPLY CORPORATION’S RESPONSE TO  
COMMISSION STAFF’S FIFTH REQUEST FOR INFORMATION**

Windermere Oaks Water Supply Corporation (WOWSC) files this Response to the Fifth Request for Information (RFI) filed by the Staff of the Public Utility Commission of Texas (Staff). The discovery request was received by WOWSC on October 18, 2022; therefore these responses are timely filed. Pursuant to 16 Tex. Admin. Code (TAC) § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

Respectfully submitted,

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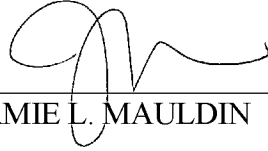
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**ATTORNEYS FOR WINDERMERE OAKS  
WATER SUPPLY CORPORATION**

**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 November 8, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.



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JAMIE L. MAULDIN

**SOAH DOCKET NO. 473-20-4071.WS  
PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-1** Please reference Attachment MN-6 of the Rebuttal Testimony of Mike Nelson. Please explain why the total gallonage for the first tier (0 - 2000 gallons) is less than the total gallonage for the next tier (2001 - 4000 gallons) for every month in the test year.

**RESPONSE:** Total gallonage for each tier is the total amount of water consumed each month by those members with water usage that falls into that respective tier. Example: If a member's usage for a given month is 3325 gallons, in the model all 3325 gallons are in the 2001 – 4000 gallons tier gallonage total for that month.

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**SOAH DOCKET NO. 473-20-4071.WS**  
**PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-2** Please reference Attachment MN-6 of the Rebuttal Testimony of Mike Nelson (native excel file). Please explain why the revenue calculation for the first tier (0 — 2000 gallons) is different than the revenue calculation for each of the five remaining tiers.

**RESPONSE:**

The revenue model has a different revenue calculation for each tier as each higher usage tier has a higher usage rate for the additional gallonage above the previous tier. The 0 – 2000 gallons rate is \$3.55 per 1000 gallons.

Members with usage of 2000 gallons or less are charged  $(\$3.55/1000) \times (\text{total gallonage})$ .

Members with usage of 2001 - 4000 gallons are charged  $[((\$3.55/1000) \times (2000 \text{ gallons})) + ((\$6.50/1000 \times (\text{total gallonage} - 2000 \text{ gallons}))]$ .

Members with usage of 4001 – 8000 gallons are charged  $[((\$3.55/1000) \times (2000 \text{ gallons})) + ((\$6.50/1000) \times (2000 \text{ gallons})) + ((\$9.75/1000 \times (\text{total gallonage} - 4000 \text{ gallons}))]$ .

Etc.

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**SOAH DOCKET NO. 473-20-4071.WS**  
**PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-3** Please reference page 5 of the Rebuttal Testimony of Mike Nelson. Mr. Nelson states the following: "WOWSC's 2019 water gallonage revenue is estimated at \$73,811 and wastewater gallonage is estimated at \$33,195 for a total of \$107,006 which is \$49,000 short of Staff's gallonage revenue of \$155,944." To date, Staff has not expressly proposed a combined water and wastewater volumetric (or gallonage) revenue requirement, but please explain how a purported Staff recommended revenue requirement of \$155,944 for volumetric water and wastewater service would be "short", or less than, the 2019 volumetric water and wastewater test year revenue amount of \$107,006 identified in Mr. Nelson's rebuttal testimony.

**RESPONSE:** When Mr. Nelson's rebuttal testimony was provided, Staff had not recommended any changes to water and wastewater usage rates and had only recommended changes to water and wastewater base rates.

Mr. Nelson calculated his response in rebuttal testimony based on the below information:

Staff recommended revenue and base rate pulled from SJM-3

Staff recommended total revenue requirement = **\$404,855**

Staff recommended water + wastewater base rate revenue = \$149,346.67 + \$99,564.45 = **\$248,911.12**

(Staff recommended total revenue requirement) – (Staff recommended water + wastewater base rate revenue) = **\$404,855 – 248,911.12 = \$155,943.88** revenue required from water + wastewater usage

WOWSC's 2019 water gallonage revenue is estimated at \$73,811 and wastewater gallonage is estimated at \$33,195 for a total of \$107,006 which is \$49,000 short of Staff's gallonage revenue of \$155,944

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**SOAH DOCKET NO. 473-20-4071.WS**  
**PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-4** Please reference Attachment MN-2 of the Direct Testimony of Mike Nelson and page 5 of the Rebuttal Testimony of Mike Nelson. Is it Mr. Nelson's contention that the revenue requirement of \$576,192 identified in Attachment MN-2 pertains only to costs associated with the minimum charges for water and wastewater connections?

**RESPONSE:** No. Total revenue should meet total expenditures + any additional funds to meet financial requirements (such as DSCR, etc.).

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**SOAH DOCKET NO. 473-20-4071.WS  
PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-5** If the answer to Staff 5-4 above is yes, why has Mr. Nelson brought up the discussion of revenues associated with water and wastewater volumetric service if the revenue requirement of \$576,192 pertains only to costs associated with the minimum charges for water and wastewater?

**RESPONSE:** N/A

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson



**SOAH DOCKET NO. 473-20-4071.WS**  
**PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-6** Reference Attachment SJM-3 of the Direct Testimony of Stephen Mendoza. If the answer to Staff 5-4 above is no, are the water and wastewater base rates (minimum charges) proposed by Mr. Mendoza sufficient to recover the portion of Staff's recommended revenue requirement ( $\$149,347 + \$99,564 = \$248,911$ ) that are attributable to the costs associated with the minimum charges for water and wastewater? Please explain.

**RESPONSE:** No. WOWSC's 2019 water gallonage revenue is estimated at \$73,811 and wastewater gallonage is estimated at \$33,195 for a total of \$107,006 which is \$49,000 short of Staff's gallonage revenue of \$155,944.

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**SOAH DOCKET NO. 473-20-4071.WS  
PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-7** Please reference page 5 of the Rebuttal Testimony of Mike Nelson. Is it Mr. Nelson's contention that Mr. Mendoza's recommended water and wastewater base rates (minimum charges) are insufficient to Staff's recommended revenue requirement because Mr. Mendoza's recommended minimum charges for water and wastewater do not account for costs associated with water and wastewater volumetric service?

**RESPONSE:** Yes, Mr. Mendoza's proposed base rates are insufficient. The volumetric rates only account for an estimated \$107,006 (which is \$49,000 short of Staff's gallonage revenue of \$155,944).

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**SOAH DOCKET NO. 473-20-4071.WS**  
**PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-8** Please reference the Rebuttal Testimony of Joe Gimenez. On page 5, Mr. Gimenez states that "Mr. Mendoza's recommended monthly base rates of \$45.92 for water and \$33.87 for wastewater would fall short of recovering Staff's recommended total revenue requirement of \$404,855..." Is it the contention of Mr. Gimenez that the costs associated with water and wastewater volumetric service are included in the revenue requirement of \$576,192 identified in the TRWA Rate Analysis (Attachment MN-2 of the Direct Testimony of Mike Nelson)?

**RESPONSE:** Yes.

Prepared by: Joe Gimenez  
Sponsored by: Joe Gimenez

**SOAH DOCKET NO. 473-20-4071.WS**  
**PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-9** If the answer to Staff 5-8 is yes, please identify the costs associated with water and wastewater volumetric service that are included in the requested revenue requirement of \$576,192. Please identify these volumetric cost amounts separately for water and wastewater.

**RESPONSE:** Please see the TRWA Model (Attachment MN-2).

All costs, both fixed and variable, are included in the \$576,192 revenue requirement. WOWSC did not separately identify purely volumetric costs, however the TRWA Model identifies the volumetric and fixed costs for guidance in setting rates. WOWSC adopted rates using the TRWA model calculations but lowered the TRWA-calculated base rates to a level that would prevent significant base rate increases. In doing so, WOWSC did not recalculate the volumetric inputs, nor did it revise the TRWA model to reflect the adopted rates. As such, WOWSC cannot identify with particularity the volumetric costs separately for water and wastewater.

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**SOAH DOCKET NO. 473-20-4071.WS  
PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-10** Are the water and wastewater volumetric rates being disputed by Rate Payers?

**RESPONSE:** No.

Prepared by: Counsel  
Sponsored by: Counsel

**SOAH DOCKET NO. 473-20-4071.WS  
PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-11** Is WOWSC proposing any change to the water and wastewater volumetric rates in this proceeding?

**RESPONSE:** No.

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**SOAH DOCKET NO. 473-20-4071.WS**  
**PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-12** Please reference Windermere Response to Staff RFI 4-6 and Attachment MN-6 of the Rebuttal Testimony of Mike Nelson. Please reconcile the difference in the total water gallonage of 12,930,930 gallons identified in the response to Staff RFI 4-6, and the total water gallonage of 10,185,590 gallons identified in Attachment MN- 6.

**RESPONSE:** Non-revenue water usage was removed from the total water gallonage identified in MN-6. Non-revenue water usage includes sewer plant water, process meter, water leaks and flush, etc.

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-13** Please reference the Rebuttal Testimony of Grant Rabon. On page 5, Mr. Rabon states that "Mr. Mendoza erroneously assumed that any costs identified as variable in the Texas Rural Water Association (TRWA) rate analysis would be recovered via the volumetric rates ... Only a small portion of WOWSC' s overall rate revenue is generated by the volumetric charges, amounting to much less than the approximately 38.5% of the revenue requirement assumed by Mr. Mendoza in his calculation." Is it Mr. Rabon's contention that the revenue requirement amount of \$576,163 identified in the TRWA rate analysis pertains only to revenues generated from the minimum monthly charges for water and wastewater? Please explain.

**RESPONSE:** No. The total revenue requirement was allocated between "fixed" and "variable" expenses in the TRWA rate analysis. In doing so, approximately 38.5% of the total revenue requirement was identified as "variable" and the balance was identified as "fixed". Generally speaking, the fixed costs would be tacitly associated with the fixed monthly charge and the variable costs would be tacitly associated with the volumetric charge. However, this association is not absolute, and utilities can vary the proportion of the revenue requirement recovered from fixed and volumetric charges for various valid policy reasons. The total revenue requirement was not designed to be recovered only from the fixed monthly charge.

Prepared by: Grant Rabon  
Sponsored by: Grant Rabon



**SOAH DOCKET NO. 473-20-4071.WS  
PUC DOCKET NO. 50788**

**WOWSC'S RESPONSE TO STAFF'S FIFTH RFI**

**STAFF 5-14** If the answer to Staff 5-13 above is yes, please identify the costs associated with water and wastewater volumetric service that are included in the requested revenue requirement of \$576,192. Please identify these volumetric cost amounts separately for water and wastewater.

**RESPONSE:** N/A

Prepared by: Mike Nelson  
Sponsored by: Mike Nelson