



Control Number: 51358



Item Number: 14

Addendum StartPage: 0

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TARIFF CONTROL NO. 51358

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**APPLICATION OF SWWC UTILITIES, §
INC. DBA HORNSBY BEND UTILITY §
COMPANY FOR A PASS THROUGH §
RATE CHANGE §**

**PUBLIC UTILITY COMMISSION
OF TEXAS**

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

On September 23, 2020, SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. (Hornsby Bend), water certificate of convenience and necessity number 11978, filed an application to amend its tariff to reflect the increase in the water usage fees charged by the EPCOR 130 Project, Inc. under 16 Texas Administrative Code (TAC) § 24.25. Hornsby Bend requests to increase the pass-through rate by \$0.04, from \$0.19 to \$0.23 per 1,000 gallons of water. The requested effective date for the increase is on the first meter reading after October 1, 2020. On November 23, 2020 and January 12, 2021, Hornsby Bend filed supplements to the docket.

On March 3, 2021, the administrative law judge (ALJ) filed Order No. 6, finding the application administratively complete and notice sufficient and requiring Hornsby Bend and Commission Staff (collectively, the parties) to file joint proposed findings of fact and conclusions of law by April 27, 2021. Therefore, this pleading is timely filed.

I. MOTION TO ADMIT EVIDENCE

The parties move to admit the following items into the record of this proceeding:

- a) Hornsby Bend’s application for a pass-through rate change filed on September 23, 2020 (Interchange Item No. 1);
- b) Hornsby Bend’s Response to Notice Finding Application Insufficient filed on November 23, 2020 (Interchange Item No. 7);
- c) Commission Staff’s supplemental recommendation on the application and notice filed December 7, 2020 (Interchange Item No. 8);
- d) Hornsby Bend’s Response to Notice of Insufficiency filed on January 12, 2021 (Interchange Item No. 10); and
- e) Commission Staff’s supplemental recommendation on notice filed March 1, 2021 (Interchange Item No. 12);

14

II. PROPOSED NOTICE OF APPROVAL

The parties respectfully request that the attached Joint Proposed Notice of Approval be adopted.

III. CONCLUSION

The parties respectfully request that an order be issued granting this Motion to Admit Evidence and adopting the attached Proposed Notice of Approval.

Dated: April 27, 2021

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Rachelle N. Robles
Division Director

Rashmin J. Asher
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/s/ Justin C. Adkins
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TARIFF CONTROL NO. 51358
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 April 27, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Justin C. Adkins _____
Justin C. Adkins

TARIFF CONTROL NO. 51358

| | | |
|--|----------------------------|--|
| APPLICATION OF SWWC UTILITIES, INC. DBA HORNSBY BEND UTILITY COMPANY FOR A PASS THROUGH RATE CHANGE | § § § § | PUBLIC UTILITY COMMISSION OF TEXAS |
|--|----------------------------|--|

JOINT PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses SWWC Utilities, Inc. (SWWC) dba Hornsby Bend Utility Company, Inc.'s (Hornsby Bend) application for a pass-through rate change for purchased water fees assessed by EPCOR 130 Project, Inc. (EPCOR). The Commission approves the increase from \$0.19 to \$0.23 per 1,000 gallons customers in Travis County, effective October 1, 2020.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicant

1. SWWC is a Delaware for-profit corporation registered with the Texas secretary of state under file number 800832416, and has an assumed name certificate for the name Hornsby Bend Utility Company, Inc.
2. SWWC holds water certificate of convenience and necessity (CCN) number 11978, registered with the Commission under the name Hornsby Bend Utility Company, Inc., for the provision of water service in Travis County.

Application

3. On September 23, 2020, Hornsby Bend filed an application to implement a pass-through rate change provision in its approved tariff for customers in Travis County. Hornsby Bend seeks to pass-through an increase from \$4.75 to \$4.89 per 1,000 gallons in the purchased water fee billed to the utility by its supplier, EPCOR, effective July 1, 2020.
4. With the fee increase charged by EPCOR, the application provided calculations that, under the approved tariff formula, the pass-through gallonage charge to Hornsby Bend's customers in the affected subdivisions should increase from \$0.19 to \$0.23 per 1,000 gallons.
5. The application contained the affected CCN number, the affected subdivisions, the public water system name and corresponding number issued by the TCEQ, a copy of the notice to the customers, documentation supporting the stated amounts of any new or modified

pass-through costs, historical documentation of line loss for one year, all calculations and assumptions for any true-up of pass-through costs, the calculations and assumptions used to determine the new rates, a true-up report, and a copy of the pages of the utility's tariff that contain the rates that will change if the utility's application is approved.

6. In Order No. 4 filed on December 14, 2020, the administrative law judge (ALJ) found the application administratively complete.

Notice

7. On September 23, 2020, Hornsby Bend included with its application a copy of the proposed notice to customers.
8. On January 12, 2021, Hornsby Bend filed a revised notice, which was mailed to all affected customers, detailing the proposed rate increase and reflecting that the increased rate will be effective October 1, 2020. Hornsby Bend attached a copy of the notice provided to affected customers.
9. The notice contained the effective date of the change, the present calculation of customer billings, the new calculation of customer billings, the change in charges to Hornsby Bend for purchased water, and the following language: "This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code (TAC) § 24.25. The cost to you as a result of this change will not exceed the costs charged to your utility."
10. In a notice finding application and notice sufficient and adopting procedural schedule filed on March 3, 2021, the ALJ found the notice, as supplemented, sufficient.

Jurisdiction—Texas Water Code (TWC) § 13.002(19), 13.041

11. Hornsby Bend is a retail public utility that purchases water.
12. Hornsby Bend is under the original jurisdiction of the Commission.

Eligibility for Pass-Through Rate Change—16 TAC § 24.25

13. The proposed charge is not included in the cost of service used to calculate the rates in the currently-approved tariff.
14. The proposed charge will pass through only the actual increase in costs charged to Hornsby Bend by EPCOR.

Tariff

15. The current tariff for Hornsby Bend was approved by the Commission on March 29, 2021 in Tariff Control No. 50055.¹
16. The current tariff includes a pass-through rate change provision stating that changes in costs imposed by non-affiliated providers of purchased water will be passed through as an adjustment to the gallonage rate under a specified formula.
17. On December 7, 2020, Commission Staff filed a proposed tariff as an attachment to its supplemental recommendation on the application and notice.
18. On March 29, 2021, Hornsby Bend was granted a minor tariff change,² resulting in changes to its tariff.
19. On April 27, 2021, Commission Staff filed a second proposed tariff as an attachment to the Proposed Notice of Approval reflecting the changes made to Hornsby Bend's tariff in Docket No. 50055. The proposed tariff reflects the proposed rate increase and contains a pass-through rate change provision similar to the current tariff.
20. The current tariff requires the filing of an annual true-up report where, as in the case of a take-or-pay contract, a change in a fee charged by Hornsby Bend's supplier affects some, but not all, of the water provided by Hornsby Bend to its customers.

Informal Disposition

21. More than 15 days have passed since the completion of the notice provided in this docket.
22. No person filed a protest or motion to intervene.
23. Hornsby Bend and Commission Staff are the only parties to this proceeding.
24. No party requested a hearing and no hearing is needed.
25. Commission Staff recommended approval of application.
26. The decision is not adverse to any party.

II. Conclusion of Law

The Commission makes the following conclusions of law:

¹ *Application of SWWC Utilities, Inc. for a Minor Tariff Change to Implement Federal Tax Change Credit Rider*, Docket No. 50055, Notice of Approval (Mar. 29, 2021).

² *Id.*

1. Hornsby Bend is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31).
2. The Commission has authority over the application under TWC § 13.041.
3. The Commission may approve this minor change to Hornsby Bend's tariff and may approve the true-up report under 16 TAC § 24.25(b)(2)(A)(vii).
4. Notice of the application was provided in compliance with 16 TAC § 24.25(b)(2)(F)(ii).
5. The Commission processed the application as required by the TWC, the Administrative Procedure Act,³ and Commission rules.
6. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves a pass-through rate increase from \$0.19 to \$0.23 per 1,000 gallons effective October 1, 2020, for Hornsby Bend's customers in Travis County, Texas.
2. The Commission approves the tariff filed by Commission Staff on April 27, 2021.
3. Within ten days after the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved in this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff book.
4. If Hornsby Bend collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, Hornsby Bend must refund any amounts collected in excess of the purchased water costs.
5. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

³ Tex. Gov't Code Ann. §§ 2001.001-.903.

Signed at Austin, Texas the _____ day of _____, 2021

PUBLIC UTILITY COMMISSION OF TEXAS

**KATIE MOORE-MARX
ADMINISTRATIVE LAW JUDGE**



**WATER UTILITY TARIFF
Tariff Control Number 51358**

SWWC Utilities, Inc., dba
Hornsby Bend Utility Company, Inc.
(Utility Name)

12535 Reed Rd.
(Business Address)

Sugar Land, TX 77478-2837
(City, State, Zip Code)

(866) 654-7992
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

11978

This tariff is effective in the following counties:

Travis

This tariff is effective in the following subdivisions or systems:

Austin's Colony: PWS ID # 2270255 serving Austin's Colony, Forest Bluff, Tecolote Farms, Birch Addition, Bountiful Harvest, Mission of Santa Barbara, Twin Creek Meadows, Plain View Estates, Betty Francis Addition, Rod Stewart Addition, Francis Subdivision, Decker Creek Estates, Hornsby Bend, The Tommy Reaux Subdivision, Trinity Hill, Chaparral Crossing, Gilbert Lane

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

| | |
|---|----|
| SECTION 1.0 -- RATE SCHEDULE | 2 |
| SECTION 2.0 -- SERVICE RULES AND POLICIES | 7 |
| SECTION 2.12 -- SPECIFIC SERVICE RULES AND POLICIES | 11 |
| SECTION 3.0 -- EXTENSION POLICY | 15 |
| SECTION 3.02 -- SPECIFIC EXTENSION POLICY | 16 |
| APPENDIX A -- DROUGHT CONTINGENCY PLAN | |
| APPENDIX B -- SAMPLE SERVICE AGREEMENT | |
| APPENDIX C -- APPLICATION FOR SERVICE | |
| APPENDIX D -- AGREEMENT FOR TEMPORARY WATER SERVICE | |

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Phase I rates effective January 1, 2014

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u> (Includes 0 gallons all meters) | <u>Gallonge Charge</u> |
|-------------------|--|--|
| 5/8" | \$45.00 | \$6.87 per 1,000 gallons *Plus pass-through fee listed below |
| 3/4" | \$67.50 | |
| 1" | \$112.50 | |
| 1½" | \$225.00 | |
| 2" | \$360.00 | |
| 3" | \$675.00 | |
| 4" | \$1,125.00 | |
| 6" | \$2,250.00 | |
| 8" | \$3,600.00 | |
| 10" | \$5,175.00 | |
| 12" | \$11,250.00 | |

Phase II rates effective January 1, 2017

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u> (Includes 0 gallons all meters) | <u>Gallonge Charge*</u> |
|-------------------|--|--|
| 5/8" | \$47.03 | \$7.18 per 1,000 gallons *Plus pass-through fee listed below |
| 3/4" | \$70.55 | |
| 1" | \$117.58 | |
| 1½" | \$235.15 | |
| 2" | \$376.24 | |
| 3" | \$705.45 | |
| 4" | \$1,175.75 | |
| 6" | \$2,351.50 | |
| 8" | \$3,762.40 | |
| 10" | \$5,408.45 | |
| 12" | \$11,757.50 | |

Federal Tax Change Credit Rider (Tariff Control No. 50055)

| <u>Meter Size</u> | <u>One-Time Credit Effective March 1, 2020</u> | <u>Monthly Credit Effective March 1, 2020 – February 28, 2023</u> | <u>Additional Monthly Credit Effective March 1, 2023 (if applicable)</u> |
|-------------------|--|---|--|
| 5/8" | (\$29.08) | (\$0.95) | (1.07) |
| 3/4" | (\$43.63) | (\$1.43) | (\$1.61) |
| 1" | (\$72.70) | (\$2.38) | (\$2.68) |
| 1½" | (\$145.40) | (\$4.75) | (\$5.35) |
| 2" | (\$232.64) | (\$7.60) | (\$8.56) |
| 3" | (\$436.20) | (\$14.25) | (\$16.05) |
| 4" | (\$727.00) | (\$23.75) | (\$26.75) |
| 6" | (\$1,454.00) | (\$47.50) | (\$53.50) |
| 8" | (\$2,326.40) | (\$76.00) | (\$85.60) |
| 10" | (\$3,344.20) | (\$109.25) | (\$123.05) |
| 12" | (\$7,270.00) | (\$237.50) | (\$267.50) |

SECTION 1.0 -- RATE SCHEDULE (Continued)

*Epcor 130 Project Pass-Through Fee \$0.23 per 1,000 gallons
(Tariff Control No. 51358)

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, Check X, Money Order X, MasterCard X, Visa X, Electronic Fund Transfer X

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT..... 1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ).

Section 1.02 – Miscellaneous Fees

TAP FEE \$700.00
TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

TAP FEE (Unique costs)..... Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

LARGE METER TAP FEE..... Actual Cost
TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" METERS.

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:

- a) Non-payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request \$50.00
or other reasons listed under Section 2.0 of this tariff

TRANSFER FEE..... \$45.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE 10%
A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$25.00

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)..... \$50.00

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT 1/6TH EST. ANNUAL BILL

METER TEST FEE (actual cost of testing the meter up to) \$25.00
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

METER RELOCATION FEE.....Actual Relocation Cost
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER.

METER CONVERSION FEE..... Actual Cost to Convert Meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMERS SERVICE DEMAND.

SEASONAL RECONNECTION FEE:
BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

LINE EXTENSION AND CONSTRUCTION CHARGES:
REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:
INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC 24.21(b)(2)(F) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

SUPPLEMENTAL EMERGENCY SERVICE FEE
APPLICABLE TO NONRESIDENTIAL WATER SERVICE CUSTOMERS WHO REQUIRE SUPPLEMENTAL SERVICE OVER AND ABOVE THEIR EXISTING WATER SERVICE FROM TIME TO TIME. USAGE IS TO BE DETERMINED BY CUSTOMER. THE MINIMUM DIAMETER FOR SUPPLEMENTAL SERVICE METER SHALL BE 2 INCHES.

MONTHLY SUPPLEMENTAL SERVICE RATE:\$13.43
PER INCH DIAMETER OF SERVICE CONNECTION METER

METER TAMPERING, DAMAGE OR DIVERSION FEE:.....\$100.00
ONE TIME PENALTY PER OCCURRENCE FOR TAMPERING WITH OR DAMAGING A WATER METER OR ANY APPURTENANCE THERETO INCLUDING LOCKS AND METER BOXES OR SERVICE DIVERSION OF ONE HUNDRED DOLLARS (\$100.00).

TEMPORARY WATER RATE:
Unless otherwise superseded by PUC order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$TGC = cgc + \frac{(pr)(cgc)(r)}{(1.0-r)}$$

Where:

- TGC = temporary gallonage charge
- cgc = current gallonage charge
- r = water use reduction expressed as a decimal fraction (the pumping restriction)
- pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff prr shall equal 0.5.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)**PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE - ALL WATER SUBJECT TO FEE:**

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G + B/(1-L),$$

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – PORTION OF WATER SUBJECT TO FEE:

Upon notice from a water supplier of either an increase or a decrease in the cost of purchased water, the utility shall provide notice to customers and the Commission of its intent to implement rates imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$\text{Adjustment to the gallonage rate: } AG = (CP/GB) \times 1,000$$

$$\text{Adjustment to the minimum bill: } AMB = GMB \times AG$$

Where:

- CP: $CP1 - CP0$ = Change in cost of purchased water
- CP1: Cost of purchased water during the most recent 12 month period at the new rates;
- CP0: Cost of purchased water during the most recent 12 month period at the previous rates;
- GMB: Number of gallons in the minimum bill, divided by 1,000; and
- GB: Number of gallons billed to customers in excess of the amount included in the monthly minimum bill for the 12 Month period used above.

With each annual adjustment to the Purchased Water and/or District Fee Pass-Through, the utility must file a true-up report that shows the pass-through calculation for the next 12 months in the notice. The report shall contain up to five years of data, as available, and show the annual and accumulated differences between the adjusted gallonage charge (AG) and/or the adjustment to the minimum bill (AMB) amounts collected from customers and the amounts actually paid to the entities whose charges are included in the pass-through provision and any other information requested by Commission Staff during the review.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G + B$$

Where:

AG = adjusted gallonage charge, rounded to the nearest one cent:

G = approved gallonage charge (per 1,000 gallons) and

B = projected franchise fees payable (per 1,000 gallons).

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.