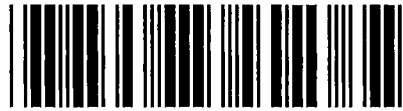




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**TARIFF CONTROL NO. 51358**

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

**PUBLIC UTILITY COMMISSION  
OF TEXAS**

**COMMISSION STAFF’S RECOMMENDATION ON THE APPLICATION AND NOTICE**

**COMES NOW** the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation on the Application and Notice. In support thereof, Staff shows the following:

**I. BACKGROUND**

On September 23, 2020, SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. (Applicant), water Certificate of Convenience and Necessity No. 11978, filed an application to amend its tariff to reflect the increase in the water usage fees charged by the EPCOR 130 Project, Inc. pursuant to 16 Texas Administrative Code (TAC) § 24.25. Applicant 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 September 25, 2020, the administrative law judge (ALJ) filed a Notice Setting Deadline for Commission Staff Recommendation on the Application and Notice, establishing a deadline of October 23, 2020 for Staff to file a recommendation on the application and notice, and a procedural schedule, if appropriate. Therefore, this pleading is timely filed.

**II. STAFF’S RECOMMENDATION**

Staff has reviewed the application and notice and, as supported by the attached memorandum of Spencer English, Rate Regulation Division, recommends that the application and notice be deemed insufficient for filing at this time. Staff further recommends that the Applicant submit supplemental information to cure the deficiencies detailed in the attached memorandum.

### **III. PROCEDURAL SCHEDULE**

In accordance with Staff's insufficiency recommendation, Staff recommends that a deadline be established for the Applicant to cure the deficiencies identified in Mr. English's memorandum by November 23, 2020. Additionally, Staff recommends that a deadline be established for Staff to review Applicant's supplemental information and make a supplemental recommendation on the application and notice by December 7, 2020.

### **IV. CONCLUSION**

On the aforementioned basis, Staff respectfully requests that the application and notice be found insufficient at this time. Staff further recommends that the procedural schedule proposed above be adopted for the further processing of this docket.

Dated: October 23, 2020

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF  
TEXAS LEGAL DIVISION**

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Division Director

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/s/ Justin C. Adkins  
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 October 23, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Justin C. Adkins \_\_\_\_\_  
Justin C. Adkins

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Justin Adkins, Attorney  
Legal Division

**FROM:** Spencer English, Financial Analyst  
Rate Regulation Division

**DATE:** October 23, 2020

**RE:** **Tariff Control No. 51358:** *Application of SWWC Utilities, Inc. dba Hornsby Bend Utility Company for a Pass Through Rate Change*

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On September 23, 2020, SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. (Applicant), water Certificate of Convenience and Necessity No. 11978, filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code (TAC) § 24.25(b)(2)(A)(vii) and (b)(2)(F)(i) for an increase in the fees billed by EPCOR 130 Project, Inc. (EPCOR 130). EPCOR 130 raised the usage fee for the Applicant from \$0.19 to \$0.23 per thousand gallons effective October 1, 2020. The Applicant is an affiliate of Monarch Utilities I, L.P., the applicant for a pass-through implementation in Docket No. 49242. That docket was contested by Staff, and a Joint Motion to Admit Evidence and Proposed Order was filed on October 20, 2020. The application in Docket No. 49242 was filed on February 20, 2019. This recommendation addresses similar concerns so that the Staff can efficiently process this application.

The Applicant has requested a EPCOR 130 pass-through rate increase of \$0.04 per thousand gallons based on its true-up report for 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 subdivisions (PWS ID # 2270255).

I reviewed the true-up filed with the current application and verified that EPCOR 130 implemented an increase to purchased water provided to the Applicant.

The Applicant states: "A True-up Report following the guidelines of Section 24.25(b)(2)(D) is included as Attachment D."<sup>1</sup> However, the referred-to guidelines state: "The report must reconcile both expenses and revenues related to the combined pass-through charge for the true-up period." The Applicant's reconciliation includes a "BASELINE COST from 2013" that is not explained.<sup>2</sup> A reconciliation shows whether the Applicant over- or under-collects revenues related to the pass-through provision only if it addresses all the expenses and the revenues related

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<sup>1</sup> Application at 2. (Sep. 23, 2020)

<sup>2</sup> *Id.* at 8-9.

to the pass-through provision.

Therefore, I recommend that the application be deemed insufficient for filing and that Applicant provide to the Commission:

- a) A true-up report that reconciles both total expenses paid and total revenues collected related to the pass-through charge for the true-up period since the last pass-through rate change.
- b) A detailed explanation including the source and calculation of the \$62,511.02 baseline from 2013.
- c) Explain and provide calculations for each number in the column on the reconciliation labeled "OVER BASELINE."
- d) A new drafted notice setting the effective rate after the approval of the pass-through application.

I also recommend that the Commission order the Applicant not to implement the pass-through increase until the Commission issues an order approving a change in Tariff Control No. 51358 in accordance with 16 TAC §24.25(b)(2), which states in part:

Minor tariff changes. Except for an affected county or a utility under the original rate jurisdiction of a municipality, a utility's approved tariff may not be changed or amended without commission approval.