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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 CLARIFICATION REGARDING RECOMMENDATION ON
APPLICATION AND NOTICE**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Clarification Regarding Recommendation on 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 an increase in the water usage fees charged by the EPCOR 130 Project, Inc. in accordance with 16 Texas Administrative Code (TAC) § 24.25. The 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 October 23, 2020, Staff filed its Recommendation on the Application and Notice, recommending that the applicant be ordered not to implement the pass-through rate increase until a final order is issued in this proceeding.

On October 28, 2020, the administrative law judge (ALJ) filed an order establishing a deadline of November 3, 2020 for Staff to provide clarification regarding its October 23, 2020 Recommendation on the Application and Notice. Therefore, this pleading is timely filed.

II. CLARIFICATION

In accordance with Mr. English's October 23, 2020 memorandum, Staff recommends that the Applicant not implement its requested pass-through increase until an order is issued approving the tariff. This recommendation is made in line with 16 TAC § 24.25(b)(2), as cited in the

memorandum,¹ and 16 TAC § 24.25(b)(2)(F).² In justification of its requested pass-through rate increase, the Applicant submitted a true-up report along with its September 23, 2020 application.³ The true-up report fails to meet the requirement of 16 TAC § 24.25(b)(2)(F)(VI) in failing to reconcile total expenses paid and total revenues collected since the last pass-through rate change, explain a \$62,511.02 baseline cost from 2013, and explain and provide calculations for the column labeled “OVER BASELINE.”

It is Staff’s recommendation that the true-up report does not offer sufficient justification for the proposed final or an interim \$0.04 per 1000-gallon pass-through charge and that allowing the Applicant to charge the proposed rate would be premature without the supplemental information described in Mr. English’s memorandum. Therefore, Staff respectfully recommends that the Applicant file the listed supplemental information in Mr. English’s memorandum in order to justify its proposed rate prior to implementation.

III. CONCLUSION

Staff respectfully recommends that the Applicant cure the deficiencies in Mr. English’s memorandum by November 23, 2020, that Staff be given a deadline of December 7, 2020 to review Applicant’s supplemental information and make a supplemental recommendation, and that the Applicant not charge the proposed pass-through rate until the Commission issues an order approving same. Staff respectfully requests the entry of an order consistent with the foregoing recommendation.

¹ “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...”

² Of note, 16 TAC § 24.25(b)(2)(F)(VI) provides that “[a] utility that requests to revise or implement an approved pass-through provision must...file a written notice with the commission that must include...all calculations and assumptions for any true-up of pass-through costs...”

³ *Application of SWWC Utilities, Inc. dba Hornsby Bend Utility Company for a Pass Through Rate Change*, Attachment D (Sep. 23, 2020).

Dated: November 3, 2020

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

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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 November 3, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Justin C. Adkins
Justin C. Adkins