



AGENDA ITEM SUMMARY

District Impacted

- X 1 = Wolosin
- ☐ 2 = Woolard
- ☐ 3 = Scott
- ☐ 4 = Fowler
- ☐ 5 = Macaluso
- All

AGENDA DATE	OCTOBER 8, 2019
DESCRIPTION	DISCUSSION ON PUBLIC UTILITY COMMISSION DOCKET #49887: NOTICE OF PROPOSED RATE CHANGE BY KENDALL WEST UTILITY
STAFF'S RECOMMENDED ACTION (be specific)	No action at this time
CONTACT PERSON	Jeff Thompson, Deputy City Manager & General Manager of Utilities and Mick Mckamie, Interim City Attorney
SUMMARY	<p>On September 27, 2019, the City received a letter from Kendall West Utility (KWU) notifying us of their application to the Public Utility Commission (PUC) requesting a rate/tariff change for their water customers (see attached). We received this notification because KWU has customers that are in the City limits of Boerne. Currently, this only pertains to a small number of customers living in the Durango Subdivision, but in the future will also include The Overlook at Boerne, the nearby townhomes project that is under construction. KWU would also be the water service provider for the Yates property as well as Shoreline Park. This type of notification is a first for us. KWU is an "investor owned" utility versus a public or cooperative owned utility like Bandera Electric Cooperative and Pedernales Electric Cooperative. As this is the case, KWU is required to seek approval from the City as well as the PUC.</p> <p>Staff met with John Mark Matkin, the owner of KWU on 10/3/19 regarding other matters, but the rate proposal and the purpose of it was also discussed. City staff believe it is best to wait for the PUC ruling on the rate case prior to giving City approval.</p> <p>The rate filing with the PUC is cost of service based and 81 pages long. We can make that document available to Council members as desired. The PUC will review the proposal to determine whether it is justified to <i>"allow the Utility to generate enough revenue to cover those expenses that are reasonable and necessary to provide service to the ratepayers and allow the Utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful."</i> No action is recommended at this time, however, KWU is requesting communication from the City prior to November 29, 2019.</p>
COST	N/A
SOURCE OF FUNDS	

ADDITIONAL INFORMATION	KWU letter, Front page of PUC filing
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This summary is not meant to be all inclusive. Supporting documentation is attached.