



Control Number: 28813



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SOAH DOCKET NO. 473-04-3554

PUC DOCKET NO. 28813

2004 JUL 23 PM 2:49

PETITION TO INQUIRE INTO THE
REASONABLENESS OF THE RATES
AND SERVICES OF CAP ROCK
ENERGY CORPORATION

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BEFORE THE STAFF OFFICE
OF
ADMINISTRATIVE HEARINGS

PUBLIC UTILITY COMMISSION
FILED CLERK

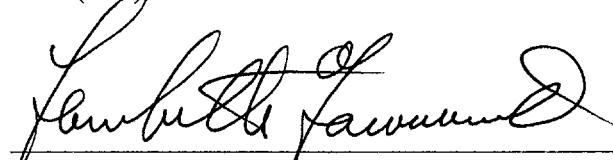
**CAP ROCK ENERGY CORPORATION'S RESPONSE TO
COMMISSION STAFF'S FOURTEENTH REQUEST FOR
INFORMATION, QUESTION NOS. ML 153-154, 156**

To: The Staff of the Public Utility Commission of Texas, by and through its attorney of record, Patrick J. Sullivan, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326

Cap Rock Energy Corporation ("Cap Rock" or the "Company") files its response to the Staff's Fourteenth Requests for Information, Question Nos. ML 153-154, 156. These responses may be treated by all parties as if they were filed under oath.

Respectfully submitted,

LLOYD, GOSSELINK, BLEVINS,
ROCHELLE, BALDWIN & TOWNSEND, P.C.
111 Congress Avenue, Suite 1800
Austin, Texas 78701
(512) 322-5830
Fax: (512) 472-0532



LAMBETH TOWNSEND
State Bar No. 20167500

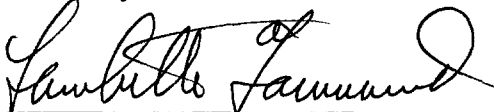
JOYCE BEASLEY
State Bar No. 01987300

MELISSA E. RAMIREZ
State Bar No. 24027645

ATTORNEYS FOR CAP ROCK ENERGY
CORPORATION

CERTIFICATE OF SERVICE

I, LAMBETH TOWNSEND, attorney, certify that a copy of this document was served on all parties of record in this proceeding on this the 23rd day of July, 2004, in the following manner: hand delivered, sent via facsimile, or mailed by First Class Mail.



LAMBETH TOWNSEND

007356

**SOAH DOCKET NO. 473-04-3554
PUC DOCKET NO. 28813**

**CAP ROCK ENERGY CORPORATION'S RESPONSES TO
COMMISSION STAFF'S FOURTEENTH REQUEST FOR
INFORMATION, QUESTION NOS. ML 153-154, 156**

ML14-153: Regarding the \$1,648,320 adjustment for Computer Software Support Services (Crowley testimony, page 25, lines 17-21; Schedule A-3, page 9), please provide (1) the total amount by FERC accounts of the adjustment in dollars that is attributable to maintenance and support services and (2) the total amount by FERC account of the adjustment in dollars attributable to installation and implementation, including any and all purchase costs of software. Please provide documentation (vendor invoices, Cap Rock accounting entried totals for employee labor, etc.) supporting the total amounts requested above, or provide worksheets detailing the calculations and sources of information used for estimating the total amounts if documentation does not exist. Please justify classifying the total amounts attributable to installation and implementation, including any and all Purchase costs, as recurring annual expenses instead of one-time expenses.

RESPONSE:

The entire adjustment is for the annual provision of maintenance and support services. The amount of the adjustment is calculated based upon the contractual provisions shown in Confidential response to Greenville's 12th RFI, Question No. 12-8, Bates stamp No. 100896. As indicated in Adjustment 5 on Schedule G-14c, page 3 of 3, these expenses are recorded in FERC account 923.

Prepared by: Celia Zinn
Sponsored by: Larry A. Crowley

007357

**SOAH DOCKET NO. 473-04-3554
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**CAP ROCK ENERGY CORPORATION'S RESPONSES TO
COMMISSION STAFF'S FOURTEENTH REQUEST FOR
INFORMATION, QUESTION NOS. ML 153-154, 156**

ML14-154: Regarding the adjustment of \$517,154 for one new employee and cost of living increases including 401 K contributions (Crowley testimony, page 26, lines 5-7; Schedule A-3, page 10), please provide the total amount in dollars by FERC account attributable to the cost of living increases including 401K contributions. Please provide documentation supporting these total amounts, or provide worksheets detailing the calculations and sources of information used for estimating the total amounts if documentation does not exist. Please justify classifying the total amount attributable to cost of living increases including 401K contributions as recurring annual expenses instead of one-time expenses.

RESPONSE:

The details of the \$517,154 adjustment are shown on the attached workpaper which sets forth the development and details of the adjustment. This adjustment consists of the annualization of known and measurable cost of living increases, the addition of one new employee and the corresponding increase in the company's contribution to the 401k plan (Items 1 and 2). These adjustments are detailed by FERC account number on RFP Schedule G-14c, column labeled Adjust No 6 – Labor Expenses. These are known and measurable adjustments to the company's labor expenses which are also recurring adjustments which reflect the company's policy to keep employee compensation at levels which reflect changes or adjustments for inflation or changes in the cost of living. The amounts shown are the company's labor expenses currently being incurred.

Prepared by: Larry A. Crowley
Sponsored by: Larry A. Crowley

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Item No	Hd - Cnt	Category	Current Wages **	Annualized	Overtime @ 500 hrs Annly	Total Est Payroll for 2004	COLA @ 7%	Adjusted Payroll 2004	Out of Period Adjstm
1	26 89	Salary Employees Hourly Employees	\$ 82,786.01 \$ 146,583.95	\$ 2,152,436.26 \$ 3,811,182.70	\$ 916,149.69	\$ 4,727,332.39	\$ 481,583.81	\$ 7,361,352.45	\$ 481,583.81
** Includes one new employee									
2		401 K Current Contribution	\$ 508,156.00	\$ 35,570.92				\$ 35,570.92	\$ 35,570.92
Subtotal-Labor Expenses									\$ 517,154.73
3	Group B 29 employees	Life Ins - Base Wage	\$ 5,963,618.96	\$ 417,453.33	\$ 6,381,072.29	\$ 1,402.64		\$ 1,402.64	\$ 1,402.64
4			\$ 1,241,846.05	\$ 86,929.22	\$ 1,328,775.27	\$ 4,464.68		\$ 4,464.68	\$ 4,464.68
Account 926									
5	Group B 29 employees	LTD Monthly Avg Prem	\$ 18.86	\$ 546.94	\$ 6,563.28			\$ 6,563.28	\$ 6,563.28
6	Group B 29 employees	Medical Admin Fee	\$ 61.73	\$ 1,790.17	\$ 21,482.04			\$ 21,482.04	\$ 21,482.04
7		Monthly Funding	\$ 580.00	\$ 16,820.00	\$ 201,840.00			\$ 201,840.00	\$ 201,840.00
Account 926									
Subtotal-Account 926									\$ 235,752.65
8		Total Labor Expenses (1)							\$ 752,907.37

(1) See RFP Schedule G-14c, Adjustment No 6.

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INFORMATION, QUESTION NOS. ML 153-154, 156**

ML14-156: Please explain why expenses shown on Schedule G-7 paid to Debbie Bergen Products and Ulen North for Trips To PUC should be classified as recurring expenses when all other expenses shown on Schedule G-7 for Trips To PUC are classified as non-recurring.

RESPONSE:

These expenses should have been classified as non-recurring.

Prepared by: Celia Zinn
Sponsored by: Larry A. Crowley