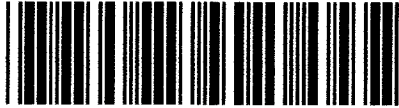




Control Number: 42867



Item Number: 32

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup>  
Legislature, Regular Session, transferred the functions  
relating to the economic regulation of water and sewer  
utilities from the TCEQ to the PUC effective  
September 1, 2014.

SOAH DOCKET NO. 582-13-4617  
TCEQ DOCKET NO. 2013-0865-UCR

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PUBLIC UTILITY COMMISSION  
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PETITION OF NORTH AUSTIN § BEFORE THE STATE OFFICE  
MUNICIPAL UTILITY DISTRICT NO. 1, §  
NORTHTOWN MUNICIPAL UTILITY §  
DISTRICT, TRAVIS COUNTY WATER §  
CONTROL AND IMPROVEMENT §  
DISTRICT NO. 10 AND WELLS §  
BRANCH MUNICIPAL UTILITY § OF  
DISTRICT §  
FROM THE RATEMAKING ACTIONS §  
OF THE CITY OF AUSTIN §  
AND REQUEST FOR INTERIM RATES §  
IN WILLIAMSON AND TRAVIS §  
COUNTIES § ADMINISTRATIVE HEARINGS

SOAH DOCKET NO. 582-14-3145  
TCEQ DOCKET NO. 2014-0489-UCR

PETITION OF NORTH AUSTIN § BEFORE THE STATE OFFICE  
MUNICIPAL UTILITY DISTRICT NO. 1, §  
NORTHTOWN MUNICIPAL UTILITY §  
DISTRICT, AND WELLS BRANCH §  
MUNICIPAL UTILITY DISTRICT § OF  
FROM THE RATEMAKING ACTIONS §  
OF THE CITY OF AUSTIN §  
AND REQUEST FOR INTERIM RATES §  
IN WILLIAMSON AND TRAVIS §  
COUNTIES § ADMINISTRATIVE HEARINGS

**NORTHTOWN MUNICIPAL UTILITY DISTRICT'S**  
**FIRST SUPPLEMENTAL RESPONSE TO CITY OF AUSTIN'S AMENDED**  
**FIRST SET OF INTERROGATORIES**

TO: City of Austin, by and through its attorneys of record, Stephen P. Webb and Gwendolyn Hill Webb, Webb & Webb, 712 Southwest Tower, 211 East 7<sup>th</sup> Street, Austin, Texas 78701.

COMES NOW, Northtown Municipal Utility District ("Northtown," "Petitioner," or "District"), in the above-styled and numbered cause, and serves this, its First Supplemental Response to the City of Austin's Amended First Set of Interrogatories.

Respectfully submitted,

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Fax: (512) 900-2855

By: 

JOHN J. CARLTON

**COUNSEL FOR PETITIONER**

## CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document has been served via hand delivery, facsimile, electronic mail, overnight mail, U.S. mail and/or certified mail, return receipt requested on all parties whose names appear below on the 14<sup>th</sup> day of August, 2014.

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\_\_\_\_\_  
JOHN J. CARLTON

## INTERROGATORIES

1. For the current year and past five (5) years, please describe, with specificity, Northtown's method for allocating each year's overall operating expenses into various categories of services that are provided by Northtown. Please explain the rationale and percentage basis for assigning each expense to water.

**Objection:** Northtown objects to this interrogatory on the following independent bases: the interrogatory is compound, seeking additional information in the second sentence, and the Petitioner counts three separate inquires in this one interrogatory; the interrogatory is irrelevant and overbroad, as this Petitioner does not have the burden of proof; the interrogatory is irrelevant to the underlying matter and is simply a fishing expedition; the interrogatory is overbroad, as it has no relation to whether the City of Austin's ("City") rates are just and reasonable; the interrogatory is overbroad in its time frame; and, the interrogatory is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence (*K-Mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-32 (Tex. 1996); *see also* Tex. R. Civ. P. 192.3).

**Answer:** Notwithstanding and without waiving the objections above, the District does not allocate operating expenses. Rather, the District records actual operating expenses in individual cost categories specific to the expense incurred.

2. For the current year and past five (5) years, please describe, with specificity, Northtown's method for allocating each year's overall capital expenses into various categories of services that are provided by Northtown. Please explain the rationale and percentage basis for assigning each expense to water.

**Objection:** Northtown objects to this interrogatory on the following independent bases: the interrogatory is compound, seeking additional information in the second sentence, and the Petitioner counts three separate inquires in this one interrogatory; the interrogatory is irrelevant and overbroad, as this Petitioner does not have the burden of proof; the interrogatory is irrelevant to the underlying matter and is simply a fishing expedition; the interrogatory is overbroad, as it has no relation to whether the City of Austin's ("City") rates are just and reasonable; the interrogatory is overbroad in its time frame; and, the interrogatory is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence (*K-Mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-32 (Tex. 1996); *see also* Tex. R. Civ. P. 192.3).

**Answer:** Notwithstanding and without waiving the objections above, the District does not allocate capital expenses. Rather, the District records actual capital expenses in individual cost categories specific to the expense incurred.

3. Please describe, with specificity, how Northtown non-utility services are fully excluded from water or sewer costs.

**Objection:** Northtown objects to this interrogatory on the following independent bases: the interrogatory is both vague and overbroad, as it is not limited in time; the interrogatory is irrelevant and overbroad, as this Petitioner does not have the burden of

proof; the interrogatory is irrelevant to the underlying matter and is simply a fishing expedition; the interrogatory is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence (*K-Mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-32 (Tex. 1996); *see also* Tex. R. Civ. P. 192.3); and the interrogatory is overbroad, as it has no relation to whether the City's rates are just and reasonable.

**Answer: Notwithstanding and without waiving the objections above, the District's non-utility service expenses are recorded as separate line items.**

4. Please describe how often detailed water rate studies are performed that explicitly address direct and common cost allocations between the various Northtown service functions and water.

**Objection:** Northtown objects to this interrogatory on the following independent bases: the interrogatory is irrelevant and overbroad, as this Petitioner does not have the burden of proof; the interrogatory is irrelevant to the underlying matter and is simply a fishing expedition; the interrogatory is overbroad, as it has no relation to whether the City's rates are just and reasonable; the interrogatory is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence (*K-Mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-32 (Tex. 1996); *see also* Tex. R. Civ. P. 192.3); and the interrogatory contains the term "direct and common cost allocations" that is neither a term of art nor defined in a manner that would allow this Petitioner to provide an answer.

**Answer: Notwithstanding and without waiving the objections above, the District does not perform detailed water rate studies.**

5. Please describe, in detail, the methodology by which your District's water and sewer rates are adjusted in the intervening years between detailed rate studies.

**Objection:** Northtown objects to this interrogatory on the following independent bases: the interrogatory is compound, making inquiry on two separate issues; the interrogatory is irrelevant and overbroad, as this Petitioner does not have the burden of proof; the interrogatory is irrelevant to the underlying matter and is simply a fishing expedition; the interrogatory is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence (*K-Mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-32 (Tex. 1996); *see also* Tex. R. Civ. P. 192.3); and the interrogatory is overbroad, as it has no relation to whether the City's rates are just and reasonable.

**Answer: Notwithstanding and without waiving the objections above, the District does not perform detailed water rate studies. The District reviews existing costs, the City of Austin's proposed annual rate increases, and adjusts the volumetric and base charges as necessary.**

6. Please describe, with specificity, what facilities owner [sic] by the City of Austin do you use to comply with the Texas Commission on Environmental Quality's ("TCEQ") 0.6 gpm water delivery and gals/fire and reliability connection water storage requirements.

**Objection:** Northtown objects to this interrogatory on the following independent bases: the interrogatory is compound, making inquiry on three separate issues; the interrogatory

is irrelevant and overbroad, as this Petitioner does not have the burden of proof; the interrogatory is irrelevant to the underlying matter and is simply a fishing expedition; the interrogatory is irrelevant, as the underlying matter is not an enforcement case; the interrogatory is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence (*K-Mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-32 (Tex. 1996); *see also* Tex. R. Civ. P. 192.3); and the interrogatory is overbroad, as it has no relation to whether the City's rates are just and reasonable.

**Answer:** Notwithstanding and without waiving the objections above, the District is provided domestic and commercial water service by the City, as outlined in its Consent Agreement. The District receives water through individual master meters that are connected to various City pressure planes. They are the North, the Northwest A, and the Northwest A Reduced pressure planes. Water is received through the connection to a 12-inch line in The Lakes Boulevard, a 36-inch line in Howard Lane, a 48-inch line in Howard Lane, and a 48-inch line in Harris Ridge Boulevard. The District understands that these lines are provided treated water through the City's Davis Treatment Plant and its associated distribution facilities.

7. Please list all water capital items (>\$10k) funded over the last five (5) years and the source of funds (cash or debt) used to pay for each project.

**Objection:** Northtown objects to this interrogatory on the following independent bases: this interrogatory is compound, seeking response to two separate inquiries; the interrogatory is irrelevant and overbroad, as this Petitioner does not have the burden of proof; the interrogatory is irrelevant to the underlying matter and is simply a fishing expedition; the interrogatory is overbroad in its time frame; the interrogatory is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence (*K-Mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-32 (Tex. 1996); *see also* Tex. R. Civ. P. 192.3); and the interrogatory is overbroad, as it has no relation to whether the City's rates are just and reasonable.

**Answer:** Notwithstanding and without waiving the above objections, the District has no such items.

8. Please provide the percent of your annual water revenue requirement for water capital facilities that are funded through available reserves.

**Objection:** Northtown objects to this interrogatory on the following independent bases: the interrogatory is both vague and overbroad, as it is not limited in time; the interrogatory is irrelevant and overbroad, as this Petitioner does not have the burden of proof; the interrogatory is irrelevant to the underlying matter and is simply a fishing expedition; the interrogatory is overbroad in its time frame; the interrogatory is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence (*K-Mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-32 (Tex. 1996); *see also* Tex. R. Civ. P. 192.3); the interrogatory is overbroad, as it has no relation to whether the City's rates are just and reasonable; and the interrogatory contains the term "available reserves" that is

neither a term of art nor defined in a manner that would allow this Petitioner to provide an answer..

**Answer: Notwithstanding and without waiving the above objections, the District has not funded facilities with “available reserves” as the District understands that term.**



VERIFICATION

I, Robin Campbell, President and a duly authorized representative of Northtown Municipal Utility District, state that I have read the foregoing Answer to Interrogatory Nos. 1-5 and 7-8, and that the factual statements therein are true and correct to the best of my knowledge.

Date:

8/12/14

Signature:

Robin Campbell

**VERIFICATION**

I, Scott Foster, District Engineer and a duly authorized representative of Northtown Municipal Utility District, state that I have read the foregoing Answer to Interrogatory No. 6, and that the factual statements therein are true and correct to the best of my knowledge.

Date: 8/12/14

Signature: 