



Control Number: 43720



Item Number: 13

Addendum StartPage: 0

SOAH DOCKET NO. 473-14-5139.WS
PUC DOCKET NO. 42862

RECEIVED

APPEAL OF WATER AND SEWER §
RATES CHARGED BY THE TOWN OF §
WOODLOCH CCN NOS. 12312 AND 20141 §
§

2015 APR -9 PM 2:46
BEFORE THE STATE OFFICE
PUBLIC UTILITY COMMISSION
ADMINISTRATIVE HEARINGS

SOAH DOCKET NO. 473-15-1710.WS
PUC DOCKET NO. 43720

RATEPAYERS' APPEAL OF THE §
DECISION OF THE TOWN OF §
WOODLOCH TO CHANGE RATES §
(37967-A AND 37968-A) §

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO THE TOWN OF
WOODLOCH QUESTION NOS. STAFF 2-1 THROUGH 2-24**

Pursuant to § 22.144 of the Commission's Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that the Town of Woodloch (Woodloch) by and through its attorney of record, provide responses to Staff's second request for information (RFI).

Pursuant to P.U.C. PROC. R. 22.144(c)(2), Staff requests that answers to the requests for information be made under oath. Each answer should identify the person responsible for preparing the answer (other than the purely clerical aspects of its preparation), and the name of the witness in this proceeding who will sponsor the answer and guarantee its accuracy. In producing documents pursuant to this request for information, please indicate the specific requests(s) to which the document is being produced

Pursuant to P.U.C. PROC. R. 22.144(i), the respondent to these requests is under a duty to supplement any response that in light of newly discovered information modifies or makes incomplete an answer already supplied.


Please answer each request and sub-request in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to the request.

Provide an original and three copies of your answers to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326. Austin, Texas, 78711-3326.

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director-Legal Division

Stephen Mack
Managing Attorney-Legal Division


Douglas M. Brown
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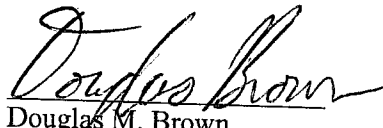
Thomas L. Tynes
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Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

SOAH DOCKET NOs. 473-14-5139.WS and 473-15-1710.WS
PUC DOCKET NOs. 42862 and 43720

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 9, 2015 in accordance with P.U.C. Procedural Rule 22.74.


Douglas M. Brown

**SOAH DOCKET NOS. 473-14-5139.WS and 473-15-1710.WS
PUC DOCKET NOS. 42862 and 43720**

DEFINITIONS AND INSTRUCTIONS

Although, SOAH Docket Nos. 473-14-5139.WS and 473-15-1710.WS PUC Docket Nos. 42862 and 43720 have not been consolidated by written order, SOAH Administrative Law Judge Hunter Burkhalter consolidated these two cases in a telephonic conference held on March 31, 2015. Therefore, the following requests should be construed to apply to all of the issues contained in the separately docketed cases.

"You," or "Woodloch" refers to the Town of Woodloch, its parent, subsidiaries and affiliates, past and present; its employees, officers, directors, agents, consultants, investigators, representatives, attorneys, and all persons acting under contractual obligations with or acting or purporting to act on behalf of Woodloch; any merged or consolidated predecessors in interest or predecessor in interest; and any merged or consolidated successors in interest.

The terms "**document**" or "**documents**" are used in their broadest sense to include, by way of illustration and not limitation, all written or graphic matter of every kind and description whether printed, produced or reproduced by any process whether visually, magnetically, mechanically, electronically or by hand, whether final or draft, original or reproduction, whether or not claimed to be privileged or otherwise excludable from discovery, and whether or not in your actual or constructive possession, custody, or control. The terms including writings, correspondence, telegrams, memoranda, studies, reports, surveys, statistical compilations, notes, calendars, tapes, computer disks, electronic storage of any type, data on computer drives, e-mails, cards, recordings, contracts, agreements, invoices, licenses, diaries, journals, accounts, pamphlets, books, ledgers, publications, microfilm, microfiche and any other data compilations from which information can be obtained and translated, by you if necessary, into reasonably usable form. "Document" or "documents" shall also include every copy of a document where the copy contains any commentary or notation of any kind that does not appear on the original or any other copy.

Pursuant to Rule 196.4 of the Texas Rules of Civil Procedure, Staff specifically requests that any electronic or magnetic data (which is included in the definition of "document") that is responsive to a request herein be produced on CD-ROM in a format that is compatible with Microsoft Office software and be produced with your response to these requests.

The terms "**and**" and "**or**" shall be construed as either disjunctive or conjunctive as necessary to make the request inclusive rather than exclusive.

"**Each**" shall be construed to include the word "**every**" and "**every**" shall be construed to include the word "**each**."

"**Any**" shall be construed to include "**all**" and "**all**" shall be construed to include "**any**." The term "**concerning**" includes the following meanings: relating to; pertaining to; regarding; discussing;

mentioning; containing; reflecting; evidencing; describing; showing; identifying; providing; disproving; consisting of; supporting; contradicting; in any way legally, logically, or factually connected with the matter to which the term refers; or having a tendency to prove or disprove the matter to which the term refers.

The term "**including**" means and refers to "including but not limited to." Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.

The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

Pursuant to P.U.C. Proc. R. 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.

If the information requested is included in previously furnished exhibits, workpapers, responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross references.

**SOAH DOCKET NOS. 473-14-5139.WS and 473-15-1710.WS
PUC DOCKET NOS. 42862 and 43720**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO THE TOWN OF
WOODLOCH QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-24**

RATE CASE EXPENSES¹

Please provide the following information for all requested rate case expenses for the Town of Woodloch (Woodloch). If provided previously, please provide a cross-reference identifying the specific RFI response or other filing which contains this information with their corresponding docket number. On a monthly basis, please **update** each of the requested responses and schedules as additional rate case expenses are incurred.

Staff 2-1 Please provide for Woodloch:

- a) a Summary of Rate Case Expense Schedule of the total rate case expenses by Woodloch within each category (legal, engineering, accounting, etc.) with subtotals for each month, broken down as follows: estimated expenses, expenses incurred and paid to date, expenses incurred and not paid to date, remaining estimated expenses, and specific areas of work by vendor. Please attach supporting invoices (copy of original invoices not internally generated) and receipts for all requested rate case expenses incurred to date;
- b) an explanation of the basis, including calculations, for any estimated rate case expenses requested and when the estimated expenses are expected to be incurred;
- c) assurance that the total amounts provided in response to item (a) equal your total (actual & estimated) requested rate case expenses; and
- d) a complete copy of the executed engagement agreement for each consultant with all exhibits.

Staff 2-2 Please provide a detailed schedule of, and justification for each individual whose hourly billing rate is \$350 an hour or greater. The schedule should include the vendor name, individual's name, individual's title, number of hours billed, and specific work hours.

¹ Although, SOAH Docket Nos. 473-14-5139.WS and 473-15-1710.WS PUC Docket Nos. 42862 and 43720 have not been consolidated by written order, SOAH Administrative Law Judge Hunter Burkhalter consolidated these two cases in a telephonic conference held on March 31, 2015. Therefore, the following requests should be construed to apply to all of the issues contained in the separately docketed cases.

Staff 2-3 Please provide a detailed schedule of, and justification for, any charges included in requested rate case expenses which result from a single person billing in excess of 12 hours per day.

Staff 2-4 Please provide a detailed schedule and copy of original invoices (not internally generated) of all hotel or lodging charges, if any. This schedule should provide the nightly room rate for each stay, shown separately from other charges.

Staff 2-5 Please provide a schedule of, and justification for, any charges included in requested rate case expense which result from luxury items, such as first class air travel, limousine services, sporting events, alcoholic beverages, gourmet coffee, bottled water, hotel movies, satellite radio, or other entertainment.

Staff 2-6 Please provide a schedule of, and justification for, any charges included in requested rate case expenses resulting from meals which cost in excess of \$25 per person per meal.

Staff 2-7 Please describe in detail your selection procedure for consultants. For each category of consultant (legal, accounting, engineering, etc.), state whether your selection procedures include provisions for:

- a) review of the prior work products of each consultant;
- b) determination that the rate does not exceed the normal hourly billing rate charged by the vendor to other clients;
- c) an analysis of the rates charged by comparable consultants for similar services provided to other water and sewer service entities; and
- d) competitive bidding for each contract - If competitive bidding is used, please describe the factors considered in evaluation and acceptance of bids.

Staff 2-8 Prior to submission of rate case expenses to the Commission, has Woodloch performed a detailed review of all rate case expenses (including internal expenses, as well as outside consultants' expenses) to:

- a) determine that invoice terms and amounts are in agreement with contract specifications?
- b) determine that contract limits have not been exceeded?
- c) determine that adequate supporting documentation was provided for each charge for professional or secretarial services, travel expenses, and

miscellaneous' expenses (consistent with documentation requirements specified above)?

- d) verify the mathematical accuracy of each invoice?
- e) determine that the calculation of the charges is correct?
- f) determine that the individual charges and rates are reasonable?
- g) determine that the amount of each service (e.g. number of hours billed) is reasonable?
- h) determine that there is no double-billing of charges?
- i) determine that each invoice was approved for payment by an appropriate person before payment was actually made?

For each item listed above, please describe in detail the procedures for making such a determination.

Staff 2-9 Prior to submission of rate case expenses to the Commission was a **detailed** review of all rate case expenses (including internal expenses, as well as outside consultants' expenses) performed to:

- a) determine that none of the charges included in requested rate case expenses have been included in other cost of service amounts included in the rate filing package?
- b) determine that none of the charges included in requested rate case expenses should have been directly assigned to other functions?
- c) determine that any allocation of charges between functions is reasonable?
- d) determine that none of the charges included in requested rate case expenses have been recovered through reimbursement for other expenses?

For each item listed above, please describe in detail the procedures for making such determination.

Staff 2-10 For each category of rate case expenses specified in the Summary of Rate Case Expense Schedule requested above, please provide a schedule of all exceptions noted upon any review of the rate case expenses performed as described in items above. The schedule should be presented in the following format:

Vendor ID	Invoice No.	Explanation of Exception	How Cleared
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Staff 2-11 Are payments to outside consultants delayed or invoices rejected if adequate supporting documentation is not provided? Please explain.

Staff 2-12 Is any amount or retainer withheld from payments to outside consultants? If yes, please provide details.

Staff 2-13 Have any outside parties (e.g. independent auditors) or internal auditors performed a review of the requested rate case expenses? If so, please describe the review performed and provide copies of the working papers prepared during this review.

Staff 2-14 Does Woodloch have the contractual right to perform audits of consultants' expenses? If you do have this right, have you audited any consultants currently included in requested rate case expenses? If so, please identify the consultants audited, the procedures performed and the results of the audit. If you do have this right and have not performed any audits, why not?

Staff 2-15 Does Woodloch have any procedures for evaluating total costs for rate case expenses (actual vs. budgeted costs)? If so, please describe these procedures.

Staff 2-16 For all requested rate case expenses, please provide details of any instances in which more than one law firm or other consultant was engaged to provide similar services for the same aspect of the rate case. Please provide evidence that such charges did not result from a duplication of services.

Staff 2-17 Please list individually by entity, person and amount, any salaries, wages, employee benefits, or other payroll-related items which are included in requested rate case expenses.

Staff 2-18 Has Woodloch excluded all expenses which are included in another component of requested cost of service for this consolidated case (such as payroll or lease expense included in the historic test year) from its requested rate case expenses? If not, please provide a schedule listing these expenses and a detailed explanation, of why they are not excluded.

Staff 2-19 Are any charges included in requested rate case expenses for legal or other services provided by your employees? If yes, provide a schedule by employee showing the total amount included in rate case expenses, and a detailed description of how the amount was determined (e.g. based on actual salary, based on comparable outside consultants' billing rates, etc.). Provide a justification for any charges in excess of your actual costs.

Staff 2-20 Are any Woodloch or consultant internal overhead charges included in requested rate case expenses? If yes, provide a schedule by type of overhead expense showing the total amount included in rate case expenses and a detailed description of how the amount was determined (e.g. based on actual costs, based on market prices, etc.). Provide justification for any charges in excess of your actual costs.

Staff 2-21 Please identify and list any charges included in the requested rate case expenses which are contingent upon a certain outcome. For example, any payments, bonuses or incentives based on a specific event or result would be included in this schedule.

Staff 2-22 Please confirm that Woodloch has not included any recovery for depreciable assets in rate case expenses.

Staff 2-23 Please provide the following information related to the rate case expense surcharge:

- a) how much is being charged for each customer/connection per month?
- b) effective date of the surcharge?
- c) how many customers/connections are being charged with the surcharge?
- d) how many months will Woodloch charge the customers the surcharge?
- e) how much has been collected to date as a result of the rate case expense surcharge?
- f) What amount of rate case expenses has been incurred for this consolidated matter at the time of the effective date of the surcharge?
- g) If the surcharge is not being billed to all customers of Woodloch, please provide justification for not billing all of the customers.

Staff 2-24 Please provide all documents relating the contemplation, implementation, passage, and collection of the rate case expense surcharge.

PLEASE UPDATE THE RESPONSES TO ALL APPLICABLE QUESTIONS AS ADDITIONAL RATE CASE EXPENSES RELATED TO THIS CONSOLIDATED CASE AND PREVIOUS DOCKET NUMBERS ARE INCURRED.