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SOAH DOCKET NO. 473-15-2123.035
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PUBLIC UTILITY COMMISSION
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BEFORE THE

PETITION OF THE §
RATEPAYERS OF THE §
RIVERPLACE WATER AND §
WASTEWATER SYSTEMS §
APPEALING THE RETAIL §
WATER AND WASTEWATER RATES §
OF THE CITY OF AUSTIN §

STATE OFFICE OF


ADMINISTRATIVE HEARINGS

PETITIONERS' RESPONSE TO
AUSTIN'S REQUEST FOR DISCLOSURES

TO: CITY OF AUSTIN, BY AND THROUGH ITS ATTORNEY OF RECORD,
GWENDOLYN HILL WEBB, WEBB & WEBB, 712 SOUTHWEST TOWER, 211 E.
7TH STREET, AUSTIN, TEXAS 78701.

Respectfully submitted,

GILBERT WILBURN, PLLC
7000 North MoPac Blvd., Suite 200
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rbw@gwtxlaw.com

By: 

Randall B. Wilburn
State Bar No. 24033342
Helen S. Gilbert
State Bar No. 00786263

ATTORNEYS FOR PETITIONERS

CERTIFICATE OF SERVICE

I hereby certify that I have served a true and correct copy of the foregoing document via hand delivery, facsimile, electronic mail, overnight mail, U.S. mail, and/or Certified Mail Return Receipt Requested on all parties on the 20th day of April 2015.

By: _____



Randall B. Wilburn

RESPONSES TO REQUESTS FOR DISCLOSURES UNDER RULE 194

- (a) the correct names of the parties to the lawsuit;

RESPONSE: The correct names of the parties to the lawsuit are set forth in the ALJs' Order No. 4.

- (b) the name, address, and telephone number of any potential parties;

RESPONSE: At this time, Petitioners are unaware of any other potential parties other than other wholesale water customers of the City of Austin.

- (c) the legal theories and, in general, the factual bases of the responding party's claims or defenses.

RESPONSE: Petitioners assert that the City of Austin has not and cannot meet its burden of proof regarding the reasonableness of its proposed rates. Petitioners assert that the proposed rates do not accurately reflect the City of Austin's cost of rendering service to the Ratepayers of the River Place Water and Wastewater Systems. Petitioners assert that the expenses listed in the City's rate model are not reasonable or necessary to provide service to the Petitioners, because many are not allowable under the Commission's rules or the Texas Water Code. Petitioners assert that the operation and maintenance expenses are not reasonable and necessary to provide service to the Petitioners from the River Place Water and Wastewater Systems. Petitioners assert that the City of Austin's property and infrastructure included in the rate design are not used and useful to the provision of service to the Petitioners, and, therefore, the rates based upon the cost of that property and infrastructure is neither reasonable nor necessary for the provision of service to the Petitioners.

- (e) the name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the case;

RESPONSE:

At this time, Petitioners are unaware of any persons that have knowledge of relevant facts other than the parties, the directors of the River Place MUD, the persons listed in the City of Austin's Response to Request for Disclosure, and the persons listed in the Commission Staff's Response to Request for Disclosure.

- (f) for any testifying expert:

- (1) the expert's name, address, and telephone number;

RESPONSE: Jay Joyce, President

EXPERGY

325 N. Saint Paul St. Suite 2100

Dallas, Texas 75201

Telephone: 214 432 2500, Fax: 214 722 0363

www.expergy.com

- (2) the subject matter on which the expert will testify;\

RESPONSE: Mr. Joyce will testify on behalf of Petitioners regarding the appropriate rate for the City of Austin, including the cost of service.

- (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to the control of the responding party, documents reflecting such information;

RESPONSE: Mr. Joyce will testify regarding the City of Austin's proposed rate and cost of service and his recommendation that the Commission deny the rate increase as proposed by the City of Austin. The general substance of Mr. Joyce's mental impressions and opinions is that he believes a rate increase is not warranted based upon the historical cost of service for the River Place Water and Wastewater Systems and any known and measurable changes. Mr. Joyce bases his opinions upon the filings by all Parties in this matter, the prior orders of the Commission regarding the City of Austin and other retail public utilities, his knowledge and experience with the

Commission rules, orders, laws, and policies and with the Texas Water Code, his knowledge of the City of Austin's facilities and associated property, his knowledge and experience as a rate consultant, and the files within the possession of the Public Utility Commission.

(4) if the expert is retained by, employed by, or otherwise subject to the control of the responding party:

(A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and

RESPONSE: No documents have been reviewed in this case at this time other than the pleadings on file with the Commission.

B) the expert's current resume and bibliography;

RESPONSE: The current resume, including bibliography, of Mr. Joyce is attached as Exhibit P-1.

(h) any settlement agreements described in TRCP 192.3(g);

RESPONSE: None.

(g) any indemnity and insuring agreements described in Rule 192.3(g);

RESPONSE: None

(i) any witness statements described in TRCP 192.3(h).

RESPONSE: None.

EXHIBIT P-1

JAY JOYCE

President
EXPERGY®
325 N. Saint Paul St., Suite 2100
Dallas, Texas 75201
Phone 214 432 2500 Fax 214 722 0363
www.expergy.com

Experience:

Water and Wastewater Utility Consulting

- Mr. Joyce has directed engagements associated with the following water, wastewater, and steam production utilities:

Cost of Service Studies/Rate Studies

Aqua Texas (water & wastewater)
Chisholm Trail Special Utility District (water)
City of Arlington (wastewater)
City of Austin (water)
City of Kilgore (water)
City of Knollwood (water and wastewater)
City of Lewisville (water and wastewater)
City of Mesquite (water and wastewater)
City of Midlothian (water)
City of North Richland Hills (water and wastewater)
City of Paris (water and wastewater)
City of Pflugerville (water and wastewater)
City of Rollingwood (water and wastewater)
City of Rowlett (water and wastewater)
City of Waco (water)
City of West Lake Hills (wastewater)
Cottonwood Creek MUD No. 1 (water and wastewater)
Crosby Municipal Utility District (water and wastewater)
Culleoka Water Supply Corporation (water)
Dallas Water Utilities (water and wastewater)
Fort Worth Water Department (water)
Guam Water Works (water and wastewater)
Lakeside Utilities, Inc (water and wastewater)
Lakeway Municipal Utility District (water and wastewater)
Lower Colorado River Authority (wastewater)
Metro H2O (water)
Monarch Utilities (water)
Nashville Metro Water Services (wastewater)
Nashville Thermal Transfer Corporation (steam)
Northtown Municipal Utility District (water and wastewater)
Paseo del Este Municipal Utility District No. 1 (water and wastewater)
Rockett Special Utility District (water)
Titus County Fresh Water Supply District No. 1 (water)
Town of Flower Mound (water)
Travis County Municipal Utility District No. 2 (water and wastewater)
Travis County Municipal Utility District No. 4 (water and wastewater)
Travis County Municipal Utility District No. 11 (water and wastewater)
Travis County Municipal Utility District No. 12 (water and wastewater)
Travis County Municipal Utility District No. 13 (water and wastewater)
Travis County Municipal Utility District No. 14 (wastewater)



Water and Wastewater Utility Consulting (continued)

Trinity River Authority (water)
Trinity Water Reserve, Inc. d/b/a Devers Canal System (water)
United Irrigation District of Hidalgo County (water)
West Travis County Public Utility Agency (water)
Wilbarger Creek MUD No. 1 (water and wastewater)
Windermere Utility Company (wastewater)

Management Audits

Brazos River Authority
City of Houston Public Works & Engineering
City of New Orleans
Dallas Water Utilities
Trinity River Authority

Electric and Gas Utility Consulting

- Mr. Joyce has directed engagements associated with the following electric and gas utilities:

American Electric Power – Appalachian Power Company
American Electric Power – Public Service Company of Oklahoma
American Electric Power – Texas Central Company
American Electric Power – Texas North Company
American Electric Power – Wheeling Power Company
Arkansas-Oklahoma Gas Company
Atlanta Gas Light
Atmos Energy
CenterPoint Energy
City of Charlottesville Gas Utility
Colorado Public Service Company
CoServ
Denton County Electric Cooperative
Detroit Edison
Dominion Virginia Electric Power Company
El Paso Electric Company
Elizabethtown Gas
General Public Utilities
Houston Lighting & Power Company
Illinois Power Company
Kansas City Power & Light Company
Lone Star Gas Company
MCN Corporation
Mt. Carmel Public Utilities
New Century Energies
NewPower
Northern States Power
Oncor Electric Delivery Company
Pedernales Electric Cooperative
Puget Sound Power & Light
San Diego Gas & Electric
Southern California Gas
Southern Union Gas Company

Southwest Power Pool
Southwest Public Service Company
Southwestern Bell Telephone Company
Texas-New Mexico Power Company
Tucson Electric Power
TXU Electric Delivery
TXU Energy Retail
TXU Gas Distribution
TXU Lone Star Pipeline
Vectren Energy Delivery of Ohio
Washington Natural Gas
Western Resources
Wisconsin Electric Company

Selected Engagement Summaries:

- Directed the valuation of Mt. Carmel Public Utilities, a small investor-owned electric and gas company. The scope of the engagement included ratio analyses for comparable electric utilities, the evaluation of financial performances, analysis of strategic characteristics affecting value and regulatory environment analysis.
- Directed the valuation of CoServ's electric utility business primarily relying on a discounted cash flow analysis, and supported by per-meter analyses of market comparables. A range of overall values was developed for various growth scenarios.
- Conducted settlement negotiations on behalf of Lakeside Utilities, Inc. for the water and wastewater rate increase request before the TNRCC. Issues included valuation of plant-in-service, return, federal income tax methodology and working capital allowance.
- Directed the City of Pflugerville's valuation of the Windermere Utility Company's net assets relating to a potential purchase of the assets. Extensive research concentrated on the utility's contributed capital and corresponding obligations to provide current and future water service.
- Supervised a cost segregation study on behalf of Titus County Fresh Water Supply District No. 1 relating to the planned purchase of water rights in a reservoir owned and operated by Franklin County Water District. The study identified the reservoir expenses unrelated to water supply for exclusion from the cost sharing mechanism contemplated in the proposed agreement.
- Directed the litigation efforts for the City of Waco, Texas pertaining to a Texas Natural Resources Conservation Commission appeal of the water rates charged by Waco to a wholesale customer. Prepared expert testimony, directed cross-examination of witnesses, and participated in extensive negotiations and mediation.
- Participated in litigation assistance for the proposed merger of Southwestern Public Service Company and Public Service Company of Colorado. Activities included development of rebuttal testimony and assistance with discovery requests before the Texas, Colorado and New Mexico regulatory commissions negotiations and mediation.
- Filed expert testimony on the appropriate ratemaking treatment of \$89 million in Houston Lighting & Power Company restructuring costs. Participated in all

- aspects of the case before the Public Utility Commission of Texas (“PUCOT”), including discovery; analyses of plant-in-service (post-test-year adjustments), labor costs and employee benefits; preparation of expert witness testimony; and assistance with settlement negotiations
- Filed expert testimony on Texas-New Mexico Power Company regulatory commission expenses before the PUCOT. Conducted prudence reviews of the construction of generating facilities at TNP One (Units 1 and 2). Directed the engagements, coordinating the efforts of in-house consultants, outside consultants, attorneys and client representatives.
- Directed settlement negotiations during the Denton County Electric Cooperative rate proceeding before the PUCOT. Managed the preparation of expert testimony encompassing financial integrity, kWh sales forecasts and treatment of G&T credits
- Directed the analysis of a potential merger of Washington Natural Gas Company with Puget Sound Power & Light. Activities included identification of available operational cost savings; financial modeling; projection of future combined financial operations; development of regulatory testimony; and litigation assistance on regulatory issues, deposition preparation and discovery questions for approval at the Washington Utilities and Transportation Commission
- Assisted Tucson Electric Power in quantifying “stranded costs” in preparation for a regulatory filing at the Arizona Public Service Commission. In connection with this filing, the company required extensive assistance with the management of the development of the stranded cost quantification and the development of the resultant effect on revenue requirements. Significant issues included the treatment of regulatory assets and the potential reclamation costs at the Four Corners Generating Facility
- Managed the development of a cash working capital analysis (lead/lag study) for TXU Electric Company. The project incorporated an in-depth review of company records to establish the revenue recovery/cost payment patterns reflected by the electric system operations and provided the material required for the potential preparation of rate filing exhibits and testimony consistent with the rate filing requirements adopted by the Public Utility Commission of Texas
- Testified in the wastewater rate dispute between the City of Lewisville and the City of Highland Village before the Texas Natural Resource Conservation Commission (“TNRCC”). Conducted settlement negotiations and filed an affidavit on rate calculations in the subsequent TNRCC proceeding. Assisted legal counsel in the district court case involving the same dispute. Directed the preparation of expert testimony in the TNRCC case and assisted with discovery, cross-examination, closing arguments, exceptions to proposal for decision and presentation before commissioners at the final order meeting.
- Directed settlement negotiations between Culleoka Water Supply Corporation and the City of Princeton for the water rate dispute before the TNRCC. The central issue involved the premium charged by the city on water purchased from North Texas Municipal Utility District.
- Directed the filing of expert witness testimony on behalf of United Irrigation District of Hidalgo County relating to the cost of providing water transportation services to Sharyland WSC for dispute at the TNRCC. Issues included valuation of water rights and contractual requirements.

EXHIBIT P-1

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**Previous employment
experience:**

Owner Alliance Consulting Group	2005 - 2008
Director Management Applications Consulting, Inc.	2003 - 2005
Senior Manager, Financial Advisory Services Deloitte & Touche LLP	1995 - 2003
Manager Reed-Stowe & Co., Inc.	1989 - 1995
Real Property Appraiser Kaiser & Associates	1986 - 1988

Education:

Southern Methodist University, M.B.A.
University of Texas at Austin, B.B.A., Finance

Professional:

American Water Works Association
Water Environment Federation
Institute of Management Consultants

Presentations:

Texas Water Conservation Association: "Conservation Rates"
Water Environment Federation of Texas: "Alternative Funding for Capital
Improvements"
Texas Rural Water Association: "How to Determine Your Cost of Service"