



Control Number: 45720



Item Number: 166

Addendum StartPage: 0

***Public Utility Commission of Texas***

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PUBLIC UTILITY COMMISSION  
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**Memorandum**

TO: All Parties of Record

FROM: Janie Kohl, Staff Number Running Liaison  
Water Utility Regulation Division, Public Utility Commission of Texas

DATE: May 3, 2017

SUBJECT: Docket No. 45720, Application of Rio Concho Aviation, Inc. For Rate/Tariff  
Change

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**NUMBER RUNNING WORKPAPERS**

Please find in this filing the pdf format workpaper files, PUC Staff memos and email correspondence to/from the PUC Liaison, and PUC Liaison memos and emails related to number running activities to/from the SOAH Liaison for the above referenced docket.

**Kohl, Janie**

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**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Wednesday, March 15, 2017 4:49 PM  
**To:** Journeay, Stephen  
**Cc:** Kohl, Janie  
**Subject:** RE: Rio Concho number running

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments.  
NEVER provide your user ID or password.**

Many thanks!

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**From:** Journeay, Stephen [mailto:Stephen.Journeay@puc.texas.gov]  
**Sent:** Wednesday, March 15, 2017 4:27 PM  
**To:** Holly Vandrovec  
**Cc:** Kohl, Janie  
**Subject:** Rio Concho number running

Holly,

The PUC liaison on the Rio Concho case is Janie Kohl [(512)936-7158]

Thanks,

sj

Stephen Journeay, Director

Commission Advising and Docket Management  
Public Utility Commission of Texas

[stephen.journeay@puc.state.tx.us](mailto:stephen.journeay@puc.state.tx.us)  
[stephen.journeay@puc.texas.gov](mailto:stephen.journeay@puc.texas.gov)

(512) 936-7215  
(512) 936-7208 (fax)

**Kohl, Janie**

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**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Wednesday, March 15, 2017 4:55 PM  
**To:** Kohl, Janie  
**Subject:** Number Running - Rio Concho PUC Docket 45720  
**Attachments:** Liaison Memo 1.doc; ALJs Memo 1.docx

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments.  
NEVER provide your user ID or password.**

Ms. Kohl,

Please see the attached number running memos for the referenced case. As stated in the liaison memo, please direct all questions and communications to me, not the judges who presided over this case.

Best,  
Holly

## MEMORANDUM

**TO:** Janie Kohl  
Public Utility Commission

**FROM:** Holly Vandrovec  
Administrative Law Judge  
State Office of Administrative Hearings

**DATE:** March 15, 2017

**RE:** SOAH Docket No. 473-16-3831.WS, Application of Rio Concho Aviation, Inc.  
for a Rate/Tariff Change, PUC Docket No. 45720

Lilo D. Pomerleau and Steven D. Arnold, the SOAH ALJs who presided over this case, are preparing a Proposal for Decision (PFD) and require the assistance of PUC Staff in order to “run the numbers.” In accordance with 16 Texas Administrative Code § 22.3(b)(2) and (3) and Commission policy, it is not impermissible *ex parte* communication for Commission employees who participated in the hearing to conduct number running for SOAH ALJs, provided memoranda memorializing the procedures are preserved and made available to all parties. I will act as SOAH’s liaison for the number running process in this case, and SOAH will maintain copies of all memoranda generated by the ALJs and the PUC staff, and will make all such memoranda available to the parties at the time of issuance of the PFD.

As you know, the information you will be receiving during this process should be treated as the judges’ work product. This means that you may not disclose the information to any other party to the proceeding but you may disclose the information to those PUC Staff members who need to know the information in order to supply SOAH with the customary schedules.

We anticipate that we will be exchanging memoranda, which may involve questions from the PUC Staff seeking clarification of the judges’ decisions on specific issues. In order to avoid any inadvertent, improper communications, I will screen all memoranda coming from you before delivering them to the judges. All communication concerning this number running process from you and other PUC Staff to SOAH should be in writing and flow through you or someone designated by you to be the PUC liaison. All memoranda should be addressed to me.

Enclosed with this memorandum is the SOAH Number Running Memo No. 1 from Judges Pomerleau and Arnold.

**SOAH DOCKET NO. 473-16-3831.WS**  
**PUC DOCKET NO. 45720**

**APPLICATION OF RIO CONCHO AVIATION, INC. FOR A RATE/TARIFF CHANGE**

The ALJs request that Staff make the following **downward** adjustments to Rio Concho's application. *See* direct testimony of Debi Loockerman, Schedules at p. 29-31.

**REVENUE REQUIREMENT**

**O&M Expense**

1. Contract labor: \$16,737
2. Transportation: \$2,064
3. Insurance: \$100

**A&G Expense**

1. Employee benefits: \$13,788
2. Office Rent: \$6,000
3. Professional service: \$163
4. Office supplies: \$45
5. Miscellaneous: \$600 (clothing)  
\$90 (retail memberships)  
\$427 (travel expenses)  
\$1,987 (cell phones)  
\$180 (Audiconnect)

**Depreciation (also downward adjustments)**

1. \$24,600 (Audi)
2. \$6,000 (paving)
3. \$678 (television etc.)
4. \$1,176 (office equipment) composed of chairs \$476, lamp and sideboard \$702

Taxes: FIT. Use testimony of Ms. Loockerman at p. 30 to calculate FIT

**RETURN**

Cash working capital: 1/8 of O&M, A&G, and general expenses (*See* testimony of Ms. Loockerman at p. 18)



**RATE of RETURN**

ROE: 8.48%

Cost of debt: 5.03%

Capital structure: 50/50



**Kohl, Janie**

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**From:** Kohl, Janie  
**Sent:** Wednesday, March 15, 2017 6:43 PM  
**To:** Holly Vandrovec  
**Subject:** Re: Number Running - Rio Concho PUC Docket 45720

Ms. Vandtovec,

Thank you for the two memos. I've relayed the requests to the three member team.

Thanks!

Janie

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**From:** Holly Vandrovec <[holly.vandrovec@soah.texas.gov](mailto:holly.vandrovec@soah.texas.gov)>  
**Sent:** Wednesday, March 15, 2017 4:56 PM  
**Subject:** Number Running - Rio Concho PUC Docket 45720  
**To:** Kohl, Janie <[janie.kohl@puc.texas.gov](mailto:janie.kohl@puc.texas.gov)>

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.**

Ms. Kohl,

Please see the attached number running memos for the referenced case. As stated in the liaison memo, please direct all questions and communications to me, not the judges who presided over this case.

Best,  
Holly

## Kohl, Janie

---

**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Friday, March 17, 2017 12:21 PM  
**To:** Kohl, Janie  
**Subject:** Re: Number Running - Rio Concho PUC Docket 45720

WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.

Thanks so much, Janie - will do!

> On Mar 17, 2017, at 11:47 AM, Kohl, Janie <Janie.Kohl@puc.texas.gov> wrote:

>

> Hi Ms. Vandrovec,

>

> Sorry for the delay. I just sent over the documents. Please let me know if you have any questions or need additional information.

>

> Thanks! - Janie

>

> -----Original Message-----

> From: Holly Vandrovec [mailto:Holly.Vandrovec@soah.texas.gov]

> Sent: Friday, March 17, 2017 11:36 AM

> To: Kohl, Janie <Janie.Kohl@puc.texas.gov>

> Subject: Re: Number Running - Rio Concho PUC Docket 45720

>

> WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.

>

> Ms. Kohl - just for your information, the PFD in this case is due a week from today, so the ALJs would be appreciative of a response at your earliest opportunity. I realize this is spring break - I hope you are having a good one!

>

> Best,

> Holly

>

>

>

> On Mar 15, 2017, at 6:41 PM, Kohl, Janie <Janie.Kohl@puc.texas.gov<mailto:Janie.Kohl@puc.texas.gov>> wrote:

>

> Ms. Vandtovec,

>

> Thank you for the two memos. I've relayed the requests to the three member team.

>  
> Thanks!  
> Janie  
>  
> Get Outlook for iOS<<https://aka.ms/o0ukef>>  
>  
> \_\_\_\_\_  
> From: Holly Vandrovec <[holly.vandrovec@soah.texas.gov](mailto:holly.vandrovec@soah.texas.gov)<<mailto:holly.vandrovec@soah.texas.gov>>>  
> Sent: Wednesday, March 15, 2017 4:56 PM  
> Subject: Number Running - Rio Concho PUC Docket 45720  
> To: Kohl, Janie <[janie.kohl@puc.texas.gov](mailto:janie.kohl@puc.texas.gov)<<mailto:janie.kohl@puc.texas.gov>>>  
>  
>  
>  
> WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER  
provide your user ID or password.  
> Ms. Kohl,  
>  
> Please see the attached number running memos for the referenced case. As stated in the liaison memo,  
please direct all questions and communications to me, not the judges who presided over this case.  
>  
> Best,  
> Holly  
>  
>

**Kohl, Janie**

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**From:** Kohl, Janie  
**Sent:** Friday, March 17, 2017 11:47 AM  
**To:** 'Holly.Vandrovec@soah.texas.gov'  
**Subject:** SOAH Docket No. 473-16-3831.WS (PUC Docket No. 45720): Rio Concho - Number Running Request No. 1  
**Attachments:** 45720 Rio Concho PUC Liaison Memo to SOAH Liaison.doc; 45720 Rio Concho COS\_per Exh RCA-4A Manus - No 1 Sch I - RR.pdf; 45720 Rio Concho COS\_per Exh RCA-4A Manus - No 1 Rev Req Detail and Rate Design.pdf; 45720 Rio Concho COS\_per Exh RCA-4A Manus - No 1 Depreciation.pdf; 45720 Rio Concho COS\_per Exh RCA-4A Manus - No 1 Schs ABC.pdf; 45720 Rio Concho COS\_per Exh RCA-4A Manus - No 1 Sch E.pdf; 45720 Rio Concho COS\_per Exh RCA-4A Manus - No 1 Meter Consumption.pdf  
**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Ms. Vandrovec,

Please see the attached number running memo and workpapers for the referenced case. Please let me know if you have any questions or require any additional information.

Thank You,

Janie Kohl, Financial Analyst  
Water Utility Regulation Division  
Public Utilities Commission of Texas  
[Janie.Kohl@puc.texas.gov](mailto:Janie.Kohl@puc.texas.gov)  
Phone: 512.936.7158

## **PUC Interoffice Memorandum**

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**To:** Holly Vandrovec  
Administrative Law Judge  
SOAH Liaison

**From:** Janie Kohl,  
Financial Examiner  
Water Utilities Division

**Date:** March 17, 2017

**Subject:** **SOAH Docket No. 473-16-3831.WS**, *Application of Rio Concho Aviation, Inc. For Rate/Tariff Change*, **PUC Docket No. 45720**

### **Response to SOAH Number Running Memo No. 1**

Attached are schedules from Debi Loockerman, Andrew Novak, and Elizabeth English dated March 16, 2017, in response to the State Office of Administrative Hearing's, SOAH's, request for schedules enumerating the ALJ's preliminary conclusions in the above referenced docket. Schedules include the following:

- Revenue requirement summary schedule,
- Revenue requirement detail and rate design schedule;
- Depreciation schedule;
- ABC schedules:
  - \* A – operations and maintenance,
  - \* B – other taxes,
  - \* C – federal income taxes;
- E – invested capital and return schedule; and the
- Meter consumption schedule.

Please contact me if there are any questions or concerns, or if any additional information is required.

Public Utility Commission of Texas  
 SOAH 473-16-3831, PUC 45720  
 Rio Conch Aviation Inc. Number Run 3/16/17  
 Test Year from 1/1/2015 to 12/31/2015

**SCHEDULE I - REVENUE REQUIREMENT**

	TEST PERIOD PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	SOAH ALJ ADJUST (d)	SOAH ALJ TEST YEAR (e)=(c)+(d)
Operations and Maintenance	110,297	12,773	123,070	(42,181)	80,890
Depreciation and Amortization	10,527		10,527	(6,650)	3,877
Other Taxes	4,368	325	4,693	-	4,693
Federal Income Taxes		1,803	1,803	(1,066)	737
Return	(9,155)	20,159	11,004	(6,041)	4,963
Revenue Requirement	116,037	35,060	151,097	(55,938)	95,159
Other Revenues - Taps, Recon, late fee, Etc.	(3,012)	676	(2,336)	-	(2,336)
Base Rate Revenue	113,025	35,736	148,761	(55,938)	92,823
Base Rate Revenue Deficiency			35,736	(55,938)	(20,202)

Per Manus RCA-4A

116,037 (Rev Req)

148,761 (Base Rate Rev)

35,736

## DOCKET #

SOAH 473-16-3831, PUC 45720 Rio Conch Aviation Inc. Number Run 3/16/17

Printed on 17-Mar-17 time 11 42 AM

## REVENUE REQUIREMENT

## COST OF SERVICE ITEM

Item Cost	%	Fixed	%	Variable
PURCHASED WATER	\$0.00	\$0.00		\$0.00
POWER EXPENSE-PRODUCTION ONLY	\$3,048.00	\$0.00	100	\$3,048.00
OTHER VOLUME RELATED EXPENSES	\$1,620.00	\$0.00	100	\$1,620.00
EMPLOYEE LABOR	\$41,568.00	\$41,568.00		\$0.00
MATERIALS	\$3,515.00	\$3,515.00		\$0.00
CONTRACT WORK	\$11,720.00	\$11,720.00	0	\$0.00
TRANSPORTATION EXPENSES	\$1,907.00	\$1,716.30	10	\$190.70
OTHER PLANT MAINTENANCE	\$0.00	\$0.00	50	\$0.00
OFFICE SALARIES	\$0.00	\$0.00		\$0.00
MANAGEMENT SALARIES	\$0.00	\$0.00		\$0.00
EMPLOYEE PENSIONS & BENEFITS	\$0.00	\$0.00		\$0.00
PURCHASED POWER-OFFICE ONLY	\$0.00	\$0.00		\$0.00
BAD DEBT EXPENSE	\$0.00	\$0.00		\$0.00
OFFICE SERVICES & RENTALS	\$0.00	\$0.00		\$0.00
OFFICE SUPPLIES & EXPENSES	\$7,417.00	\$3,708.50	50	\$3,708.50
PROFESSIONAL SERVICES	\$1,512.50	\$1,361.25	10	\$151.25
INSURANCE	\$2,446.00	\$0.00	100	\$2,446.00
REGULATORY EXPENSE (RATE CASE)	\$1,794.00	\$0.00	100	\$1,794.00
REGULATORY EXPENSE (OTHER)	\$595.00	\$0.00	100	\$595.00
MISCELLANEOUS	\$3,747.00	\$1,873.50	50	\$1,873.50
DEPRECIATION	\$3,876.87	\$3,876.87	0	\$0.00
Taxes Other than Income	\$4,693.00	\$4,693.00	0	\$0.00
SUB-TOTAL (LESS FIT & RETURN)	89,459	\$74,032		\$15,427
% OF TOTAL (FIXED + VARIABLE)		0.83		0.17
FEDERAL INCOME TAXES	737	610		127
RETURN	4,963	4,107		856
LESS OTHER REVENUES	-2,336	-1,933		-403
<b>TOTAL</b>	<b>\$92,823</b>	<b>\$76,816</b>		<b>\$16,007</b>

## STAFF RATES

## Use for Single Tiered Rates

## Minimum bill:

(includes 0 gallons)

5/8 x 3/4" \$26.75

3/4" |

1" |

1-1/2" |

2" |

3" |

4" |

6" |

8" |

10" |

## Gallage rate:

\$3.40 /1,000 gallons

Rev. Reques'd: \$151,669

Rev. Gen'd: \$92,891

## GALLONAGE CALCULATION

GALLONAGE

4,662 GALLONS

	A	B	C	D	E	F	G	H	I	J	K
2	Utility Name:	Rio Concho Aviation Inc. Number Run 3/16/17									
3	Docket Number:	SOAH 473-16-3831 WS, PUC 45720									
4	Date Examined:	17-Mar-17 11 19 AM									
5	Date Referenced:	31-Dec-15									
6		DEPRECIATION ANALYSIS									

7	Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*
8											
9	303 Land and Land rights	1985	n/a	5184		5184	n/a	n/a	n/a	n/a	5184
10	307 Well	1-May-85	50	8460	100%	8,460	50	30.67	\$169	5,189	3,271
11	Pumps										
12	311 Booster <5HP	1-Jan-13	5	616	100%	616	5	3.00	\$123	369	247
13	311 Booster <5HP	1-Jul-08	5	626	100%	626	5	7.50	-	626	0
14	320 Hypocyclonator	1-Aug-11	10	150	100%	150	10	4.42	\$15	66	84
15	304 Wood Structure	1-May-85	15	4000	100%	4,000	15	30.67	-	4,000	0
16	305 Ground Storage	1-May-85	50	9813	100%	9,813	50	30.67	\$196	6,019	3,794
17	311 Pressure Tank	1-May-85	50	5900	100%	5,900	50	30.67	\$118	3,619	2,281
18	331 Distribution System	1-May-85	50	109220	100%	109,220	50	30.67	\$2,184	66,988	42,232
19	334 Meters	1-Jan-82	20	1800	100%	1,800	20	24.00	-	1,800	0
20	340 Office Equipment	17-Jun-05	10	4130	100%	0	21	110.54	-	0	0
21	341 Vehicles	17-Jun-05	5	20000	100%	20,000	5	110.54	-	20,000	0
22	343 Shop tools	17-Jun-05	15	400	100%	0	21	110.54	-	0	0
23	Other			40263.59		0					
24	SUBTOTAL ORIGINAL COST*			210541.65		165,768			\$2,806	\$108,675	\$57,093
25	Individual Items confirmed by Staff**										
26	Less: 340 Office Equipment - staff itemized below			(4,150.00)							
27	Less: Other-staff itemized below			(40,236.59)							
28	Less: Shop tools-staff itemized below			(400.00)							
29	Distrb System (Mains and Lines)	1-Dec-12	50	1250	100%	1,250	50	3.08	\$25	77	1,173
30	Distrb System (Mains and Lines)	1-Jan-13	50	1238.71	100%	1,238	50	3.00	\$25	74	1,165
31	Light Vehicles (Golfcar)	1-Sep-14	5	2100	100%	2,100	5	1.33	\$420	559	1,541
32	Vehicle AUDI***	1-Jan-15	5	24600	0%	0	5	1.00	\$0	0	0
33	Office Equipment (Television)***	1-Nov-14	5	677.6	0%	0	5	1.16	\$0	0	0
34	Office Equipment (Chair)***	1-Oct-14	10	475.2	0%	0	10	1.25	\$0	0	0
35	Office Equipment (Computer)	1-Mar-15	3	756.67	100%	757	3	0.84	\$252	211	546
36	Office Equipment (software)	31-Mar-15	5	1494	100%	1,494	5	0.75	\$289	225	1,269
37	Office Equipment (Desk and Chair)	1-Sep-15	10	335.47	100%	335	10	0.33	\$34	11	324
38	Office Equipment (side board)***	1-May-13	10	487.07	0%	0	10	2.67	\$0	0	0
39	Office Equipment (lamps)***	1-Jul-13	10	213.85	0%	0	10	2.50	\$0	0	0
40	Paving***	1-Apr-13	5	6011	0%	0	5	2.75	\$0	0	0
41	Shop tool - compressor	1-Jan-10	5	376.17	100%	376	5	6.00	-	376	0
42	Shop tool - derwall tool bag	1-Jan-13	15	247.73	100%	248	15	3.00	\$17	49	198
43	Totals			206,059.85		173,567.01			3,876.87	110,297.50	63,309.51
44											
45	*Matches the original claimed cost per application.										
46	**These items were confirmed in books and make up "office equipment" claimed and "other" claimed.										
47	***These items are adjusted to zero per the ALJ's number running instructions.										
48											
49											
50											



Public Utility Commission of Texas  
Rio Conch Aviation Inc. Number Run 3/16/17  
SOAH 473-16-3831, PUC 45720  
Test Year from 1/1/2015 to 12/31/2015

**SCHEDULE I(a) - OPERATIONS & MAINTENANCE**

	TEST PERIOD PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	SOAH ALJ ADJUST (d)	SOAH ALJ TEST YEAR (e)=(c)+(d)
PURCHASED WATER	0	0	0		0
POWER EXP-PRODUCTION ONLY	3,048		3,048		3,048
OTHER VOLUME RELATED EXP	1,620		1,620		1,620
EMPLOYEE LABOR	41,568		41,568		41,568
MATERIALS	3,515		3,515		3,515
CONTRACT WORK	26,987	1,470	28,457	(16,737)	11,720
TRANSPORTATION EXPENSES	3,283	688	3,971	(2,064)	1,907
OTHER PLANT MAINTENANCE	0		0		0
OFFICE SALARIES			0		0
MANAGEMENT SALARIES			0		0
EMPLOYEE PENSIONS & BENEFITS	6,360	7,428	13,788	(13,788)	0
PURCHASED POWER-OFFICE ONLY			0		0
BAD DEBT EXPENSE			0		0
OFFICE SERVICES & RENTALS	6,000		6,000	(6,000)	0
OFFICE SUPPLIES & EXPENSES	7,462		7,462	(45)	7,417
PROFESSIONAL SERVICES	475	1,200	1,675	(163)	1,513
INSURANCE	2,546		2,546	(100)	2,446
REGULATORY EXP (RATE CASE)	227	1,567	1,794		1,794
REGULATORY EXPENSE (OTHER)	175	420	595		595
MISCELLANEOUS	7,031		7,031	(3,284)	3,747
<b>TOTAL</b>	<b>110,297</b>	<b>12,773</b>	<b>123,070</b>	<b>\$ (42,181)</b>	<b>80,890</b>

**SCHEDULE I(b) - OTHER TAXES**

	TEST YEAR PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	STAFF ADJUST (d)	STAFF TEST YEAR (e)=(c)+(d)
AD VALOREM TAXES			0		0
PAYROLL TAXES			0		0
OTHER TAXES-MISC	4,368	325	4,693		4,693
NON-REVENUE RELATED	4,368	325	4,693	0	4,693
TWC ASSESSMENT			0		0
REVENUE RELATED TAXES	0	0	0		0
<b>TOTAL OTHER TAXES</b>	<b>4,368</b>	<b>325</b>	<b>4,693</b>	<b>0</b>	<b>4,693</b>

**SCHEDULE I(c) - FEDERAL INCOME TAXES**

REVENUE REQUIREMENT	\$95,159
LESS:	
OPERATIONS AND MAINTENANCE	(80,890)
DEPRECIATION AND AMORTIZATION	(3,877)
OTHER TAXES	(4,693)
INTEREST EXPENSE	(789)
TAXABLE INCOME	\$4,911
TAXES @ FACTOR :	0.15
SUB-TOTAL	\$737
LESS:	
SURTAX EXEMPTION :	\$0.00
FEDERAL INCOME TAXES	\$737

Public Utility Commission of Texas  
Rio Conch Aviation Inc. Number Run 3/16/17  
SOAH 473-16-3831, PUC 45720  
Test Year from 1/1/2015 to 12/31/2015

**SCHEDULE I(e) - INVESTED CAPITAL & RETURN**

	<b>COMPANY AMOUNT (a)</b>	<b>SOAH ALJ ADJUST (b)=(c)-(a)</b>	<b>SOAH ALJ TEST YEAR (c)</b>
PLANT IN SERVICE	210,582	-37,015	173,567
ACCUMULATED DEPRECIATION	\$124,268	-14,011	110,258
DCIAC			0
NET PLANT	86,314	-23,004	63,310
WORKING CASH ALLOWANCE	\$15,467.18	-5,356	10,111
MATERIALS AND SUPPLIES	\$0.00	0	
CUSTOMERS DEPOSITS		0	
INVESTMENT TAX CREDITS		0	
TOTAL INVESTED CAPITAL	101,781	-28,360	73,421
RATE OF RETURN	10.81%	-4.05%	6.76%
RETURN	11,004	-6,041	4,963

**Utility Name:** Rio Conch Aviation Inc. Number Run 3/16/17

**Docket Number:** SOAH 473-16-3831, PUC 45720

<b>Customer Meters</b>	<b>No.:</b>	<b>Multiplier:</b>	<b>Conn. Equiv.</b>
Number of 5/8x3/4" connections:	240	1.00	240.00
Number of 3/4" connections:		1.50	0.00
Number of 1" connections:		2.50	0.00
Number of 1-1/2" connections:		5.00	0.00
Number of 2" connections:		8.00	0.00
Number of 3" connections:		15.00	0.00
Number of 4" connections:		25.00	0.00
Number of 6" connections:		50.00	0.00

Total = 240.00 240.00 Connection Equivalents

**Utility/Customer Water Usage**

Proposed Gallons Included In Minimum Bill =	0
Test Year Gallons Pumped (x 1,000) =	5,432
Test Year Gallons Billed (x 1,000) =	4,662

14.2% = percent lost

**Kohl, Janie**

---

**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Friday, March 17, 2017 1:57 PM  
**To:** Kohl, Janie  
**Subject:** Number Running - Rio Concho PUC Docket No. 45720  
**Attachments:** Liaison Memo 2.doc; ALJs Memo 2.docx

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments.  
NEVER provide your user ID or password.**

Ms. Kohl – Please see attached. Many thanks!

**LIAISON MEMORANDUM NO. 2**

**TO: Janie Kohl**  
**Public Utility Commission**

**FROM: Holly Vandrovec**  
**Administrative Law Judge**  
**State Office of Administrative Hearings**

**DATE: March 17, 2017**

**RE: SOAH Docket No. 473-16-3831.WS, Application of Rio Concho Aviation, Inc.**  
**for a Rate/Tariff Change, PUC Docket No. 45720**

Enclosed with this memorandum is the SOAH Number Running Memo No. 2 from Judges Pomerleau and Arnold. Please respond to me with Staff's response. Thank you for your assistance in this matter.

**SOAH DOCKET NO. 473-16-3831.WS  
PUC DOCKET NO. 45720**

**APPLICATION OF RIO CONCHO AVIATION, INC. FOR A RATE/TARIFF CHANGE**

The ALJs request that Staff calculate Rio Concho's plant in service, annual and accumulated depreciation, and net plant using Rio Concho's application, Rio Concho Ex. 2, at Attachment 3 for Schedule 1.

Remove from plant in service:

Paving, 4/2013 \$6,011

Office Equipment (sideboard), 5/2013, \$487

Office Equipment (lamps), 5/2013, \$214

Office (television), 9/2014, \$678

Office (chairs), 10/2014, \$475

Audi, 1/2015, \$24,600

**Kohl, Janie**

---

**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Friday, March 17, 2017 3:08 PM  
**To:** Kohl, Janie  
**Subject:** RE: Number Running #3 - Rio Concho PUC Docket No. 45720

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NEVER provide your user ID or password.**

That works – thanks Janie!

---

**From:** Kohl, Janie [mailto:Janie.Kohl@puc.texas.gov]  
**Sent:** Friday, March 17, 2017 3:06 PM  
**To:** Holly Vandrovec  
**Subject:** Re: Number Running #3 - Rio Concho PUC Docket No. 45720

Hi Holly,

Received both requests. Is Monday by close of business for revised numbers sufficient? I'd like to let the team know the timeline expectations.

Thank You,

Janie Kohl

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---

**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Friday, March 17, 2017 2:38:41 PM  
**To:** Kohl, Janie  
**Subject:** Number Running #3 - Rio Concho PUC Docket No. 45720

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Ms. Kohl – Please see attached and let me know if you have any questions.

Best,  
Holly

**Kohl, Janie**

---

**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Friday, March 17, 2017 2:39 PM  
**To:** Kohl, Janie  
**Subject:** Number Running #3 - Rio Concho PUC Docket No. 45720  
**Attachments:** Liaison Memo 3.doc; ALJs Memo 3.docx

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Ms. Kohl – Please see attached and let me know if you have any questions.

Best,  
Holly

4



**LIAISON MEMORANDUM NO. 3**

**TO: Janie Kohl**  
**Public Utility Commission**

**FROM: Holly Vandrovec**  
**Administrative Law Judge**  
**State Office of Administrative Hearings**

**DATE: March 17, 2017**

**RE: SOAH Docket No. 473-16-3831.WS, Application of Rio Concho Aviation, Inc.**  
**for a Rate/Tariff Change, PUC Docket No. 45720**

Enclosed with this memorandum is the SOAH Number Running Memo No. 3 from Judges Pomerleau and Arnold. Please respond to me with Staff's response. Thank you for your assistance in this matter.

**SOAH DOCKET NO. 473-16-3831.WS  
PUC DOCKET NO. 45720**

**APPLICATION OF RIO CONCHO AVIATION, INC. FOR A RATE/TARIFF CHANGE**

**Rate Design**

Please calculate the rate design (fixed base rates and volumetric rates) using Ms. English's methodology and the ALJs revenue requirement. Staff Ex. 1 at 12.

**Kohl, Janie**

---

**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Monday, March 20, 2017 6:04 PM  
**To:** Kohl, Janie  
**Subject:** RE: Number Running Requests Nos. 2, 3, &4 - Rio Concho PUC Docket No. 45720

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.**

Thank you!

---

**From:** Kohl, Janie [mailto:Janie.Kohl@puc.texas.gov]  
**Sent:** Monday, March 20, 2017 4:29 PM  
**To:** Holly Vandrovec  
**Subject:** Number Running Requests Nos. 2, 3, &4 - Rio Concho PUC Docket No. 45720

Ms. Vandrovec,

Please see the attached number running memo no. 2 from me to you addressing the ALJ's number running requests nos. 2, 3, and 4. Summary memos from the number running staff (Debi Loockerman and Elizabeth English) along with supporting workpapers for the referenced case are also attached. Please let me know if you have any questions or require any additional information.

Thank You,

Janie Kohl, Financial Analyst  
Water Utility Regulation Division  
Public Utilities Commission of Texas  
[Janie.Kohl@puc.texas.gov](mailto:Janie.Kohl@puc.texas.gov)  
Phone: 512.936.7158

**Kohl, Janie**

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**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Monday, March 20, 2017 8:25 AM  
**To:** Kohl, Janie  
**Subject:** Number Running #4 - Rio Concho PUC Docket No. 45720  
**Attachments:** Liaison Memo 4.doc; ALJs Memo 4.docx

WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.

Ms. Kohl - Please see the attached number running memos.

**LIAISON MEMORANDUM NO. 4**

**TO:** Janie Kohl  
Public Utility Commission

**FROM:** Holly Vandrovec  
Administrative Law Judge  
State Office of Administrative Hearings

**DATE:** March 20, 2017

**RE:** SOAH Docket No. 473-16-3831.WS, Application of Rio Concho Aviation, Inc.  
for a Rate/Tariff Change, PUC Docket No. 45720

Enclosed with this memorandum is the SOAH Number Running Memo No. 4 from Judges Pomerleau and Arnold. Please respond to me with Staff's response. Thank you for your assistance in this matter.

**SOAH DOCKET NO. 473-16-3831.WS**  
**PUC DOCKET NO. 45720**

**APPLICATION OF RIO CONCHO AVIATION, INC. FOR A RATE/TARIFF CHANGE**

**Adjustments to Invested Capital**

First, please note an error: the recommended reduction to transportation expense is \$2,064 not \$2,044. Additionally, using Mr. Manus' company adjustment of \$12,773 is incorrect because Rio Concho included \$1,794 in rate case expenses, which should be removed from column b and from the test year.

The ALJs have calculated the following:

<b>Category</b>	<b>Amount</b>
Power expense	\$3,048
Other volume related expense	\$1,620
<b>Total volume related expense</b>	<b>\$4,668</b>
Employee labor	\$41,568
Materials	\$3,515
Contract work	\$11,720
Transportation expense	\$1,907
<b>Total non-volume related expense</b>	<b>\$58,710</b>
Employee pensions and benefits	0
Office rentals	0
Office supplies and expenses	\$7,417
Professional services	\$1,512
Insurance	\$2,446
Regulatory expense	\$595
Miscellaneous expense	\$3,747
<b>Total administrative and general expense</b>	<b>\$15,717</b>
<b>Total operating expenses</b>	<b>\$79,095</b>

Also, please complete the following:

<b>Adjustments to Invested Capital</b>			
	Rio Concho Requested <sup>1</sup>	ALJs Adjustments	ALJs Recommended
Plant in Service-Original Cost	\$210,582	(32,454)	\$178,128
Accumulated Depreciation	(124,343)		
Cash Working Capital	15,834		
Invested Capital	<b>101,623</b>		

To calculate changes to accumulated depreciation, please see the depreciation table in Rio Concho's application, Rio Concho Ex. 2, at Attachment 3 for Schedule 1

For cash working capital, please use the methodology provided in Ms. Loockerman's testimony on page 17 (Bates 18), Staff Ex. 3A.

The ALJs request that number running Staff provide Schedules I, I(a), I(b), I(c), and I(e), found in Ms. Loockerman's testimony on Attachment DL-3, Bates 29-31, Staff Ex. 3A. If additional information is needed, please inform the ALJs.

Thank you for your time and patience.

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<sup>1</sup> This table uses Rio Concho's current requested numbers as shown in Staff Ex. 13 at RCA 920.

## PUC Interoffice Memorandum

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**To:** Holly Vandrovec  
Administrative Law Judge  
SOAH Liaison

**From:** Janie Kohl,  
Financial Examiner  
Water Utilities Division

**Date:** March 20, 2017

**Subject:** **SOAH Docket No. 473-16-3831.WS**, *Application of Rio Concho Aviation, Inc. For Rate/Tariff Change*, **PUC Docket No. 45720**

### Response to SOAH Number Running Memos No. 2, 3, & 4

Attached are schedules and memos outlining assumptions used in the spreadsheets from Debi Loockerman, Andrew Novak, and Elizabeth English dated March 20, 2017, in response to the State Office of Administrative Hearing's, SOAH's, request for schedules enumerating the ALJ's preliminary conclusions in the above referenced docket. Memos and schedules include the following:

- Memo from Debi Loockerman addressing the assumptions used in the following schedules:
  - Revenue requirement summary schedule,
  - ABC schedules:
    - \* A – operations and maintenance,
    - \* B – other taxes,
    - \* C – federal income taxes;
  - E – invested capital and return schedule; and the
- Memo from Elizabeth English addressing the assumptions used in the following schedule:
  - Depreciation schedules 1 and 2.

Please contact me if there are any questions or concerns, or if any additional information is required.



# **Public Utility Commission of Texas**

## **Memorandum**

**TO:** Janie Kohl, Number Running Liaison  
Water Utility Regulation Division

**FROM:** Debi Loockerman, Financial Manager  
Water Utilities Division

**DATE:** March 20, 2017

**SUBJECT:** Revenue Requirement schedules for SOAH Docket No. 473-16-3831.WS, *Application of Rio Concho Aviation, Inc. For Rate/Tariff Change*, PUC Docket No. 45720

Attached please find Schedules 4.RR\_I, 4.O&M\_I(a-c) and, 4.Inv Cap\_I(e) adjusted as requested in the ALJ's number running request numbers two, three and four. Staff also completed the ALJ's schedule included in number running request four as follows. The slight difference in the ALJ's adjustment (\$32,465 instead of \$32,454) is due to the total number for the ALJ's recommended adjustments calculated by Elisabeth English in her staff memo.

Staff has used Elizabeth English's responses to ALJ number running requests two and three to complete the schedules responsive to request four.

Adjustments to Invested Capital			
	Rio Concho Requested	ALJs Adjustments	ALJs Recommended
Plant in Service-Original Cost	\$210,582	\$(32,465)	\$178,117
Accumulated Depreciation	(124,343)	(8,591)	(115,762)
Cash Working Capital	15,834	(5,497)	\$9,887
Invested Capital	\$101,623	\$(29,370)	\$72,253

The revenue proof follows:

240 connections times \$23.13 times 12 months: \$ 66,614.40  
Usage of 4,662 times \$5.28/1000 gallons: 24,615.36  
Total revenues produced \$91,229.76 (rounded to \$91,210)

Public Utility Commission of Texas  
 SOAH 473-16-3831, PUC 45720  
 PUC Docket No. 45720  
 Test Year from 1/1/2015 to 12/31/2015

Number Running Schedule 4.RR\_I

**SCHEDULE I - REVENUE REQUIREMENT**

	TEST PERIOD PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	STAFF ADJUST (d)	STAFF TEST YEAR (e)=(c)+(d)
Operations and Maintenance	\$110,297	\$12,773	\$123,070	-\$43,975	\$79,095
Depreciation and Amortization	\$10,527	\$36	\$10,563	-\$6,412	\$4,151
Other Taxes	\$4,368	\$325	\$4,693	\$0	\$4,693
Federal Income Taxes		\$1,803	\$1,803	-\$1,080	\$723
Return	-\$9,155	\$20,159	\$11,004	-\$6,120	\$4,884
Revenue Requirement	\$116,037	\$35,096	\$151,133	-\$57,587	\$93,546
Other Revenues - Taps, Recon, late fee, Etc.	-\$3,012	\$676	-\$2,336	\$0	-\$2,336
Base Rate Revenue	\$113,025	\$35,772	\$148,797	-\$57,587	\$91,210
Base Rate Revenue Deficiency					-\$21,815

Per Manus RCA-4A

116,037 (Rev Req)

148,761 (Base Rate Rev)

## Public Utility Commission of Texas

Rio Conch Aviation Inc. Number Run 3/20/17

Number Run Schedule 4.O&amp;M\_I(a-c)

SOAH 473-16-3831, PUC 45720

Test Year from 1/1/2015 to 12/31/2015

**SCHEDULE I(a) - OPERATIONS & MAINTENANCE**

	TEST PERIOD PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	ALJ ADJUST (d)	ALJ TEST YEAR (e)=(c)+(d)
PURCHASED WATER	0	0	0		0
POWER EXP-PRODUCTION ONLY	3,048		3,048		3,048
OTHER VOLUME RELATED EXP	1,620		1,620		1,620
EMPLOYEE LABOR	41,568		41,568		41,568
MATERIALS	3,515		3,515		3,515
CONTRACT WORK	26,987	1,470	28,457	-16,737	11,720
TRANSPORTATION EXPENSES	3,283	688	3,971	-2,064	1,907
OTHER PLANT MAINTENANCE	0		0		0
OFFICE SALARIES			0		0
MANAGEMENT SALARIES			0		0
EMPLOYEE PENSIONS & BENEFITS	6,360	7,428	13,788	-13,788	0
PURCHASED POWER-OFFICE ONLY			0		0
BAD DEBT EXPENSE			0		0
OFFICE SERVICES & RENTALS	6,000		6,000	-6,000	0
OFFICE SUPPLIES & EXPENSES	7,462		7,462	-45	7,417
PROFESSIONAL SERVICES	475	1,200	1,675	-163	1,512
INSURANCE	2,546		2,546	-100	2,446
REGULATORY EXP (RATE CASE)	227	1,567	1,794	-1,794	0
REGULATORY EXPENSE (OTHER)	175	420	595		595
MISCELLANEOUS	7,031		7,031	-3,284	3,747
<b>TOTAL</b>	<b>110,297</b>	<b>12,773</b>	<b>123,070</b>	<b>-43,975</b>	<b>79,095</b>

**SCHEDULE I(b) - OTHER TAXES**

	TEST YEAR PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	ALJ ADJUST (d)	ALJ TEST YEAR (e)=(c)+(d)
AD VALOREM TAXES			0		0
PAYROLL TAXES			0		0
OTHER TAXES-MISC	4,368	325	4,693		4,693
NON-REVENUE RELATED	4,368	325	4,693	0	4,693
TWC ASSESSMENT			0		0
REVENUE RELATED TAXES	0	0	0		0
<b>TOTAL OTHER TAXES</b>	<b>4,368</b>	<b>325</b>	<b>4,693</b>	<b>0</b>	<b>4,693</b>

**SCHEDULE I(c) - FEDERAL INCOME TAXES**

REVENUE REQUIREMENT	\$93,546
LESS:	
OPERATIONS AND MAINTENANCE	-\$79,095
DEPRECIATION AND AMORTIZATION	-\$4,151
OTHER TAXES	-\$4,693
INTEREST EXPENSE	-\$789
TAXABLE INCOME	\$4,818
TAXES @ FACTOR :	0.15
SUB-TOTAL	\$723
LESS:	
SURTAX EXEMPTION :	\$0.00
FEDERAL INCOME TAXES	\$723

Public Utility Commission of Texas  
 Rio Conch Aviation Inc. Number Run 3/20/17  
 SOAH 473-16-3831, PUC 45720  
 Test Year from 1/1/2015 to 12/31/2015

Number Running Schedule 4.Inv Cap\_I(e)

**SCHEDULE I(e) - INVESTED CAPITAL & RETURN**

	<b>COMPANY AMOUNT (a)</b>	<b>ALJ ADJUST (b)=(c)-(a)</b>	<b>ALJ AMOUNT (c)</b>
PLANT IN SERVICE	210,582	-32,465	178,117
ACCUMULATED DEPRECIATION	\$124,343	-8,581	115,762
DCIAC			0
NET PLANT	86,239	-23,884	62,355
WORKING CASH ALLOWANCE	\$15,384	-5,497	9,887
MATERIALS AND SUPPLIES	\$0	0	
CUSTOMERS DEPOSITS		0	
INVESTMENT TAX CREDITS		0	
TOTAL INVESTED CAPITAL	\$ 101,623	\$ (29,381)	\$ 72,242
RATE OF RETURN	10.83%	-4.07%	6.76%
RETURN	\$ 11,004	\$ (6,120)	\$ 4,884

## **PUC Interoffice Memorandum**

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**To:** Janie Kohl, Financial Examiner  
Water Utility Regulation

**From:** Elisabeth English, Engineering Specialist  
Water Utilities Division

**Date:** March 20, 2017

**Subject:** **SOAH Docket No. 473-16-3831.WS**, *Application of Rio Concho Aviation, Inc. For Rate/Tariff Change*, **PUC Docket No. 45720**

### ***Response to Number Running Request 2***

The attached schedule (Number Running Schedule 2.Depr\_2) reflects the ALJ's request to remove the following items from Rio Concho's plant in service:

Paving	\$ 6,011
Office Equipment (sideboard)	487
Office Equipment (lamps)	214
Office (television)	678
Office (chairs)	475
Audi	<u>\$24,600</u>
Total	<u><b>\$32,465</b></u>

The attached schedule only includes the plant items detailed in Rio Concho Ex. 2, at Attachment 3 for Schedule 1, as requested. This schedule includes items to be reconciled into the previously approved depreciation schedule, and does not represent the entire plant in service claimed by the Applicant. The ALJ's requested a deduction of \$32,465 from the applicants requested \$40,263.59 plant in service for these items. This results in \$1,345 adjusted annual depreciation (a decrease of \$6,412), and \$1,648 (a decrease of \$8,581) in accumulated depreciation for these items. The net plant for these items after the deductions is \$6,150.

These calculations only include the deductions requested, and reflects the calculations provided by the applicant for all other items on the schedule.

### ***Response to Number Running Request 3***

In calculating the rate design, I used the number of connections at the end of the test year, the amount of water billed in the test year, and the revenue requirement provided to me by Mrs. Loockerman following the adjustments requested by the ALJ. The revenue requirement was \$90,210. The methodology reflects the same fixed base rate and volumetric rate as detailed prior, which is a 73/27 percent fixed and variable design (\$66,598 and \$24,632).

Minimum Bill including zero gallons		Gallonage Rates per 1,000 gallons	
Meter Size	Rate		
5/8"	\$23.13		\$5.28

***Response to Number Running Request 4***

The plant in service and accumulated depreciation accounts for the requested deductions in Rio Concho Ex. 2, Attachment 3, for Schedule 1. The requested plant in service was reduced \$32,465 from the applicant's requested \$210,582 plant in service. The attached schedules illustrate the requested deductions in Rio Concho Ex. 2, at Attachment 3 for Schedule 1, and the entirety of the plant in service depreciation schedule following those requested changes.

	A	B	C	D	E	F	G	H	I	J	K
1	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY										
2	Public Utility Commission of Texas										
3	Utility Name: Rio Concho Aviation Inc.										
4	Docket Number: SOAH 473-16-3831.WS, PUC 45720										
5	Date Examined: 20-Mar-17 3:57 PM										
6	Date Referenced: 31-Dec-15										
7											
8	Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	ALJ's original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*
9											
10	303 Land and Land rights	1985	n/a	\$ 5,184		\$ 5,184	n/a	n/a	n/a	n/a	\$ 5,184
11	307 Well	1-May-85	50	\$ 8,460	100%	\$ 8,460	50		\$ 169	\$ 5,245	\$ 3,215
12	Pumps:		0								
13	311 Booster, <5HP	1-Jan-13	5	\$ 616	100%	\$ 616	5		\$ 123	\$ 369	\$ 246
14	311 Booster, <5HP	1-Jul-08	5	\$ 626	100%	\$ 626	5			\$ 626	
15	320 Hypochlorinator	1-Aug-11	10	\$ 150	100%	\$ 150	10		\$ 15	\$ 65	\$ 85
16	304 Wood Structure	1-May-85	15	\$ 4,000	100%	\$ 4,000	15			\$ 4,000	
17	305 Ground Storage	1-May-85	50	\$ 9,813	100%	\$ 9,813	50		\$ 196	\$ 6,084	\$ 3,729
18	311 Pressure tank	1-May-85	50	\$ 5,900	100%	\$ 5,900	50		\$ 118	\$ 3,658	\$ 2,242
19	331 Distribution System	1-May-85	50	\$ 109,220	100%	\$ 109,220	50		\$ 2,184	\$ 67,716	\$ 41,504
20	334 Meters	1-Jan-92	20	\$ 1,800	100%	\$ 1,800	20			\$ 1,800	
21	340 Office Equipment	17-Jun-05	21	\$ 4,150	100%	\$ 4,150	21			\$ 4,150	
22	341 Vehicles	17-Jun-05	5	\$ 20,000	100%	\$ 20,000	5			\$ 20,000	
23	343 Shop tools	17-Jun-05	15	\$ 400	100%	\$ 400	15			\$ 400	
24	Other**			\$ 7,799		\$ 7,799			\$ 1,345	\$ 1,648	\$ 6,150
25	Totals			\$ 178,117		\$ 178,117			\$ 4,151	\$ 115,762	\$ 62,355
26											
27	**adjustments made in Number Running Schedule 4.Depr_2										

Number Running Schedule 4.Depr\_1

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

## Public Utility Commission of Texas

Number Running Schedule 2.Depr\_2

Utility Name: Rio Concho Aviation Inc. Number Run (Rio Concho EX. 2, at attachment 3 for schedule 1)

Docket Number: SOAH 473-16-3831.WS, PUC 45720

Date Examined: 20-Mar-17 4:00 PM

Date Referenced: 31-Dec-15

Description	Acquired Date	Claimed Economic Life, yrs	Claimed Original Cost	% Used & Useful	ALJ's adjusted original cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant*
Shop Tools (Compressor)	1-Jan-10	5	376.17	100%	376	5	6.00	\$75	376	
Distribution System (mains/lines)	1-Dec-12	50	1250	100%	1,250	50	3.08	\$25	77	1,173
Distribution System (mains/lines)	1-Jan-13	50	1238.71	100%	1,239	50	3.00	\$25	50	1,189
Shop Tools (Dewalt Tool Bag)	1-Feb-13	15	247.73	100%	248	15	2.91	\$17	47	201
Paving	1-Apr-13	5	6011.12	0%	0	5	2.75	\$0	0	0
Office Equipment Sideboard	1-May-13	10	487.07	0%	0	10	2.67	\$0	0	0
Office Equipment (Lamps)	1-Jul-13	10	213.85	0%	0	10	2.50	\$0	0	0
Office (Television)	1-Nov-14	5	677.6	0%	0	5	1.16	\$0	0	0
Vehicles (Golf Cart)	1-Sep-14	5	2100	100%	2,100	5	1.33	\$420	525	1,575
Office (Chairs)	1-Oct-14	10	475.2	0%	0	10	1.25	\$0	0	0
Vehicles (Audi)	1-Jan-15	5	24600	0%	0	5	1.00	\$0	0	0
Office (Software)	1-Mar-15	3	1494	100%	1,494	3	0.84	\$498	374	1,121
Office (Computer)	1-Mar-15	3	756.67	100%	757	3	0.84	\$252	189	568
Desk and Chair	1-Sep-15	10	335.47	100%	335	10	0.33	\$34	11	324
<b>Totals*</b>			<b>\$40,264</b>		<b>\$7,799</b>			<b>\$1,345</b>	<b>\$1,648</b>	<b>\$6,150</b>

\*Carried to main depreciation schedule Schedule 4.Depr\_1



## PUC Interoffice Memorandum

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**To:** Holly Vandrovec  
Administrative Law Judge  
SOAH Liaison

**From:** Janie Kohl,  
Financial Examiner  
Water Utilities Division

**Date:** March 21, 2017

**Subject:** **SOAH Docket No. 473-16-3831.WS**, *Application of Rio Concho Aviation, Inc. For Rate/Tariff Change*, **PUC Docket No. 45720**

### **Response to SOAH Number Running Memos No. 5 and Correction**

Attached are Schedules I(a), I(b), I(c), and I(e) corrections from Debi Loockerman and a memo clarifying calculation assumptions used in Elizabeth English's spreadsheet dated March 21, 2017, in response to the State Office of Administrative Hearing's, SOAH's, request for schedules enumerating the ALJ's preliminary conclusions in the above referenced docket.

Please contact me if there are any questions or concerns, or if any additional information is required.

**SCHEDULE I(a) - OPERATIONS & MAINTENANCE**

	TEST PERIOD PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	ALJs ADJUST (d)	ALJs TEST YEAR (e)=(c)+(d)
PURCHASED WATER	0	0	0		0
POWER EXP-PRODUCTION ONLY	3,048		3,048		3,048
OTHER VOLUME RELATED EXP	1,620		1,620		1,620
EMPLOYEE LABOR	41,568		41,568		41,568
MATERIALS	3,515		3,515		3,515
CONTRACT WORK	26,987	1,470	28,457	-16,737	11,720
TRANSPORTATION EXPENSES	3,283	688	3,971	-2,064	1,907
OTHER PLANT MAINTENANCE	0		0		0
OFFICE SALARIES			0		0
MANAGEMENT SALARIES			0		0
EMPLOYEE PENSIONS & BENEFITS	6,360	7,428	13,788	-13,788	0
PURCHASED POWER-OFFICE ONLY			0		0
BAD DEBT EXPENSE			0		0
OFFICE SERVICES & RENTALS	6,000		6,000	-6,000	0
OFFICE SUPPLIES & EXPENSES	7,462		7,462	-45	7,417
PROFESSIONAL SERVICES	475	1,200	1,675	-163	1,512
INSURANCE	2,546		2,546	-100	2,446
REGULATORY EXP (RATE CASE)	227	1,567	1,794	-1,794	0
REGULATORY EXPENSE (OTHER)	175	420	595		595
MISCELLANEOUS	7,031		7,031	-3,284	3,747
<b>TOTAL</b>	<b>110,297</b>	<b>12,773</b>	<b>123,070</b>	<b>-43,975</b>	<b>79,095</b>

**SCHEDULE I(b) - OTHER TAXES**

	TEST YEAR PER COMPANY (a)	COMPANY ADJUST (b)	COMPANY TEST YEAR (c)=(a)+(b)	ALJs ADJUST (d)	ALJs TEST YEAR (e)=(c)+(d)
AD VALOREM TAXES			0		0
PAYROLL TAXES			0		0
OTHER TAXES-MISC	4,368	325	4,693		4,693
NON-REVENUE RELATED	4,368	325	4,693	0	4,693
TWC ASSESSMENT			0		0
REVENUE RELATED TAXES	0	0	0		0
<b>TOTAL OTHER TAXES</b>	<b>4,368</b>	<b>325</b>	<b>4,693</b>	<b>0</b>	<b>4,693</b>

**SCHEDULE I(c) - FEDERAL INCOME TAXES**

REVENUE REQUIREMENT	\$93,546
LESS:	
OPERATIONS AND MAINTENANCE	-\$79,095
DEPRECIATION AND AMORTIZATION	-\$4,151
OTHER TAXES	-\$4,693
INTEREST EXPENSE	-\$789
TAXABLE INCOME	\$4,818
TAXES @ FACTOR :	0.15
SUB-TOTAL	\$723
LESS:	
SURTAX EXEMPTION :	\$0.00
FEDERAL INCOME TAXES	\$723

Public Utility Commission of Texas  
 Rio Conch Aviation Inc. Number Run 3/20/17  
 SOAH 473-16-3831, PUC 45720  
 Test Year from 1/1/2015 to 12/31/2015

Number Running Schedule 4.Inv Cap\_I(e )

**SCHEDULE I(e) - INVESTED CAPITAL & RETURN**

	COMPANY AMOUNT (a)	ALJs ADJUST (b)=(c)-(a)	ALJs AMOUNT (c)
PLANT IN SERVICE	210,582	-32,465	178,117
ACCUMULATED DEPRECIATION	\$124,343	-8,581	115,762
DCIAC			0
NET PLANT	86,239	-23,884	62,355
WORKING CASH ALLOWANCE	\$15,384	-5,497	9,887
MATERIALS AND SUPPLIES	\$0	0	
CUSTOMERS DEPOSITS		0	
INVESTMENT TAX CREDITS		0	
TOTAL INVESTED CAPITAL	\$ 101,623	\$ (29,381)	\$ 72,242
RATE OF RETURN	10.83%	-4.07%	6.76%
RETURN	\$ 11,004	\$ (6,120)	\$ 4,884

**Kohl, Janie**

---

**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Tuesday, March 21, 2017 10:16 AM  
**To:** Kohl, Janie  
**Subject:** Rio Concho - Number Running Request No. 5 (PUC Docket No. 45720)  
**Attachments:** Liaison Memo 5.doc; ALJs Memo 5.docx

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.**

Ms. Kohl,

Please see attached.

Best,  
Holly

**LIAISON MEMORANDUM NO. 5**

**TO: Janie Kohl**  
**Public Utility Commission**

**FROM: Holly Vandrovec**  
**Administrative Law Judge**  
**State Office of Administrative Hearings**

**DATE: March 21, 2017**

**RE: SOAH Docket No. 473-16-3831.WS, Application of Rio Concho Aviation, Inc.**  
**for a Rate/Tariff Change, PUC Docket No. 45720**

Enclosed with this memorandum is the SOAH Number Running Memo No. 5 from Judges Pomerleau and Arnold. Please respond to me with Staff's response. Thank you for your assistance in this matter.

**SOAH DOCKET NO. 473-16-3831.WS**  
**PUC DOCKET NO. 45720**

**APPLICATION OF RIO CONCHO AVIATION, INC. FOR A RATE/TARIFF CHANGE**

**Memorandum 5**

Concerning rate design, the response to number running request 2, bottom of first page says “In calculating the rate design, I used . . . The **revenue requirement was \$90,210.**” However, the base rate revenue requirement shown on updated Sch. I is \$91,210. Is this an error? If so, please provide new rates. Additionally, on the bottom of Debi Loockerman’s March 20, 2017 Memorandum, she states in the revenue proof that the total revenues produced is “\$91,229.76 (rounded to \$91,210).” Please clarify there is no error in the calculation.

Thank you very much.

**Kohl, Janie**

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**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Tuesday, March 21, 2017 10:24 AM  
**To:** Kohl, Janie  
**Subject:** Rio Concho - Correction to Schedule (PUC Docket No. 45720)

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments.  
NEVER provide your user ID or password.**

Ms. Kohl,

Could you please have staff correct Schedule I to reflect "ALJs Adust" and "ALJs Test Year" rather than "Staff Adjust" and "Staff Test Year"?

Many thanks!

**Kohl, Janie**

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**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Tuesday, March 21, 2017 10:40 AM  
**To:** Kohl, Janie  
**Subject:** RE: Rio Concho - Correction to Schedule (PUC Docket No. 45720)

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.**

The judges would be most grateful if you could have a response by 3 pm given the approaching deadline for issuing the PFD. Please let me know if that will work for your team. Many thanks for all their hard work on this!

---

**From:** Kohl, Janie [mailto:Janie.Kohl@puc.texas.gov]  
**Sent:** Tuesday, March 21, 2017 10:36 AM  
**To:** Holly Vandrovec  
**Subject:** Re: Rio Concho - Correction to Schedule (PUC Docket No. 45720)

Ms. Vandrovec,

I will relay your request to the team. Also number running request no. 5 has been received.

Is close of business today soon enough for responses from the team?

Thank You,

Janie Kohl

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**From:** Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>  
**Sent:** Tuesday, March 21, 2017 10:24:07 AM  
**To:** Kohl, Janie  
**Subject:** Rio Concho - Correction to Schedule (PUC Docket No. 45720)

**WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.**

Ms. Kohl,

Could you please have staff correct Schedule I to reflect "ALJs Adjust" and "ALJs Test Year" rather than "Staff Adjust" and "Staff Test Year"?

Many thanks!



**Kohl, Janie**

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**From:** Kohl, Janie  
**Sent:** Tuesday, March 21, 2017 2:00 PM  
**To:** Loockerman, Debi  
**Subject:** Number Running Request No. 5 and Correction - Rio Concho PUC Docket No. 45720/SOAH No. 473-16-3837.WS  
**Attachments:** 45720 Rio Concho PUC Liaison Memo No 3 to SOAH Liaison.doc; 45720 Rio Concho EE Memo\_request 5.doc; No. 5 Schs I-ABC.pdf; No. 5 Sch I-E.pdf

Ms. Vandrovec,

Please see the attached number running memo no. 3 from me to you addressing the ALJ's number running request no. 5 and corrections to Schedules I(a), I(b), I(c) and I(e). Please let me know if you have any questions or require any additional information.

Thank You,

Janie Kohl, Financial Analyst  
Water Utility Regulation Division  
Public Utilities Commission of Texas  
[Janie.Kohl@puc.texas.gov](mailto:Janie.Kohl@puc.texas.gov)  
Phone: 512.936.7158

## **PUC Interoffice Memorandum**

---

**To:** Janie Kohl, Financial Examiner  
Water Utility Regulation

**From:** Elisabeth English, Engineering Specialist  
Water Utilities Division

**Date:** March 21, 2017

**Subject:** **SOAH Docket No. 473-16-3831.WS**, *Application of Rio Concho Aviation, Inc.*  
*For Rate/Tariff Change*, **PUC Docket No. 45720**

### ***Response to Number Running Request 5***

There is no calculation error. The error is typographical and the \$90,210 should be \$91,210 in Staff's response to request number 3. The total revenues produced by the staff calculated rates is \$91,230. Because using the gallonage, number of connections, and split between variable and fixed expenses and rounding the gallonage rate to the penny, this is the closest the calculation can get to \$91,210 without being less than the base rate revenues (revenue requirement less other revenues). The 73/27 percent fixed and variable design (\$66,598 and \$24,632) equals revenues produced of \$91,320.

**SCHEDULE I(a) - OPERATIONS & MAINTENANCE**

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Number Running Schedule 4.Inv Cap\_I(e)

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