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Item Number: 549

Addendum StartPage: 0

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APPLICATION OF DOUBLE § BEFORE THE STATE OFFICE
DIAMOND UTILITY COMPANY, INC. § OF
FOR WATER AND SEWER § ADMINISTRATIVE HEARINGS
RATE/TARIFF CHANGE §

**WHITE BLUFF RATEPAYERS GROUP'S SECOND
REQUEST FOR INFORMATION TO DOUBLE DIAMOND UTILITY COMPANY, INC.**

To: Double Diamond Utility Company, Inc., by and through its attorney of record, John Carlton, The Carlton Law Firm, P.L.L.C., 2705 Bee Cave Road, Suite 200, Austin, Texas, 78746

Pursuant to 16 Tex. Admin. Code Ann. § 22.144 (TAC), White Bluff Ratepayers Group ("WBRG") requests that Double Diamond Utility Company, Inc. provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Responses should be provided to: Joe Freeland, Mathews & Freeland, LLP, 8140 N. MoPac Expy, Suite 2-260, Austin, Texas 78759.

Dated: May 5, 2017

Respectfully submitted,




C. Joe Freeland
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ATTORNEYS FOR
WHITE BLUFF RATEPAYERS GROUP

549

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was served on all parties of record in this proceeding on May 5th, 2017, by hand-delivery, facsimile, electronic mail, and/or First Class Mail.



C. Joe Freeland

**SOAH DOCKET NO. 473-17-0119.WS
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**WBRG'S SECOND REQUEST FOR INFORMATION TO
DOUBLE DIAMOND UTILITY COMPANY, INC.
WBRG NO. 2-1 THROUGH NO. 2-25**

DEFINITIONS

- A. "Double Diamond," "the Company," or "you" refers to Double Diamond Utility Company, Inc. and any person acting or purporting to act on their behalf, including, without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
- B. 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, stored, produced, or reproduced by any process, whether visually, magnetically, mechanically, electronically, or by hand, whether final or draft or deleted, 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 include, but are not limited to, writings, correspondence, telegrams, memoranda, studies, reports, surveys, statistical compilations, diagrams, schematic and other drawings, engineering plans and drawings, maps, studies, notes, calendars, tapes, computer disks, data on computer drives, existing and deleted e-mail, electronic recordings, tape recordings, cards, records, contracts, agreements, easements, invoices, licenses, diaries, journals, accounts, ledgers, pamphlets, books, publications, microfilm, microfiche, photographs, video recordings, 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.

INSTRUCTIONS

- A. Pursuant to 16 TAC § 22.144(c)(2), WBRG requests that answers to the requests for information be made under oath. Each answer should identify the person responsible for preparing that 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 who can vouch for its accuracy.
- B. In producing documents pursuant to this request for information, please indicate the specific request(s) to which the document is being produced.
- C. These requests are continuing in nature, and should there be a change in circumstances which would modify or change an answer supplied by you, such changed answer shall be submitted as a supplement to your original answer within five working days of acquiring the information, pursuant to 16 TAC § 22.144(i).

- D. 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.
- E. WBRG requests that each item of information be made available as it is completed, rather than upon compilation of all information requested.
- H. Pursuant to Tex. R. Civ. P. 196.4, WBRG 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 in a format that is compatible with Microsoft and be produced with your response to these requests.
- I. The terms "and" and "or" shall be construed both disjunctively and conjunctively as necessary to make the request inclusive rather than exclusive:
- J. "Each" shall be construed to include the word "every" and "every" shall be construed to include the word "each."
- K. "Any" shall be construed to include "all" and "all" shall be construed to include "any."
- L. The term "concerning," or one of its inflections, includes the following meanings: relating to; referring 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.
- M. The term "including," or one of its inflections, means and refers to "including but not limited to."
- N. "Relating to," "regarding," "concerning" and similar terms mean addressing, analyzing, referring, discussing, mentioning in any way, explaining, supporting, describing, forming the basis for, or being logically or causally connected in any way with the subject of these discovery requests.
- O. "Explain the basis" means provide all information on or describe every fact, statistic, inference, estimate, consideration, conclusion, study, and analysis known to Double Diamond that was relied upon in support of the expressed contention, proposition, conclusion or statement.
- P. 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.
- Q. The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- R. Pursuant to 16 TAC § 22.144(g)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.

- S. 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.
- T. If a data response is available in Excel format, provide the Excel version of the data response.
- U. If any document is withheld under any claim of privilege, please furnish a privilege log identifying each document for which a privilege is claimed, together with the following information: date and title of the document, the preparer or custodian of the information, to whom the document was sent and from whom it was received, subject matter of the document, and an explanation of the basis upon which the privilege is claimed.
- V. Words and phrases used in this request that also are used in the PUC Chapter 24 Rules shall have the same meaning as given to those words and phrases in those rules.

**WBRG'S SECOND REQUEST FOR INFORMATION TO
DOUBLE DIAMOND UTILITY COMPANY, INC.
WBRG NO. 2-1 THROUGH NO. 2-25**

- WBRG 2-1** Double Diamond's response to WBRG NO. 1-25 was "Double Diamond Delaware, Inc. is the only affiliate of Double Diamond." Discovery documents provided by Double Diamond in response to other WBRG RFIs in WBRG's First Request clearly indicate that subsidiaries exist, and counsel for Double Diamond has acknowledged that other affiliates exist. Please supplement your response with a complete listing of all of DDU's affiliates, and an organizational chart showing companies owned by Double Diamond Delaware, Inc.—and companies owned by those companies—that explains the corporate structure of Double Diamond.
- WBRG 2-2** Please provide financial statements for all companies owned, operated, or affiliated with Double Diamond in the White Bluff system during the test year.
- WBRG 2-3** DDU's response to WBRG 1-35 is non-responsive. Please provide a listing of all accounts served by Double Diamond in White Bluff, and include the property address and meter size for each account.
- WBRG 2-4** DDU00747 appears to allocate an expense 80% to CLP and 20% to DDU. Please identify the entity described as "CLP" and provide information about CLP.
- WBRG 2-5** Please provide the name, location, and PWS number of all water or wastewater utilities owned by or affiliated with Double Diamond Delaware, Inc. in any state of the United States.
- WBRG 2-6** Please provide work papers and all documents relied upon by Double Diamond in preparing its financial statements as provided beginning on DDU003567 to arrive at the cost of water/wastewater systems listed on DDU003584 in the amount of \$4,870,225.
- WBRG 2-7** Please provide work papers and all documents relied upon by Double Diamond in preparing the audited financial statements with regard to consolidation of water/wastewater utility expenses. Please identify where in the consolidated financial statements water and wastewater utility expenses are recorded.
- WBRG 2-8** Admit or deny: Double Diamond owns condominiums that receive sewer service from the White Bluff system. If you admit, please explain whether the condominiums are metered by individual meters or a master meter for each building. Provide meter readings and copies of billing statements for these meters.
- WBRG 2-9** Please provide GL department codes for White Bluff Water and White Bluff Sewer as used by Double Diamond in documents such as DDU001816.

- WBRG 2-10** Please identify the GL department code of 8070 and provide GL transactions for the test year for this department.
- WBRG 2-11** Please describe the expense line item “Customer Credits” totaling \$7,091.49 found on DDU001743.
- WBRG 2-12** Please provide the basis and analysis relied upon by Double Diamond for allocation of the expenses titled “Allocated Resort Overhead” and “Allocated Resort G&A” found on DDU001744.
- WBRG 2-13** Please provide a detailed transaction history for the test year for the following line items found on DDU001744:
- Acct No. 9001 “Interest Income/Exp”
 - Acct No. 9004 “Other Inc/Exp”
 - Acct No. 9006 “Debt Service Pmts”
 - Acct No. 9007 “Int Exp – Leases”
 - Acct No. 9020 “Amort of Deferred Loan”
- WBRG 2-14** Please provide the analysis and means by which security is allocated to White Bluff as found on DDU001845.
- WBRG 2-15** Please provide the analysis and means by which insurance is allocated to White Bluff as found on the Schedule of Insurance beginning on DDU001985.
- WBRG 2-16** Please provide an accounting of water tap fees received, by year, since inception, from White Bluff customers.
- WBRG 2-17** Please provide an accounting of wastewater tap fees received, by year, since inception, from White Bluff customers.
- WBRG 2-18** Admit or deny: Double Diamond is providing service within White Bluff for which it is not receiving monetary compensation. If you admit, please identify where such service is being provided, and the basis for providing service without compensation.
- WBRG 2-19** DDU003586 provides a listing of company-wide notes payable and interest rates. There is one note for \$3,000,000 that lists collateral as “utility assets.” Which system’s assets were pledged as collateral for the loan?
- WBRG 2-20** Is the note described in WBRG 2-19, the same note as shown on page DDU001736? If so, please explain the different maturity dates shown regarding the loan. If April 7, 2017, is the maturity date of the loan, please explain if the loan has been repaid or refinanced. If refinanced, please provide the amount refinanced, the interest rate, and the new maturity date.

- WBRG 2-21** Please provide tax returns, including all workpapers and supporting schedules, for Double Diamond, Inc., and Double Diamond Utilities, Inc, for every year since 1996.
- WBRG 2-22** For each tax return, please identify and outline the exact costs that are included as "Cost of Goods Sold" as claimed on tax returns, by subdivision and expenditure. Please specify exactly what the expenditure was for, including an itemization of all purchases included in the cost of goods sold for Double Diamond, Inc., Double Diamond-Delaware, Inc., and Double Diamond Utilities, Inc.
- WBRG 2-23** Please provide a detailed listing of all assets listed in the Federal Depreciation Schedules for Double Diamond for the tax return associated with the Test year. Include a description of the asset, and its subdivision location and original cost of the asset. Please reconcile this schedule to the claimed asset costs included in the application.
- WBRG 2-24** Did any of the purchase agreement that Double Diamond or any affiliate entered into with property owners for lots in the White Bluff subdivision contain representations that Double Diamond or an affiliate would be responsible for the providing necessary infrastructure to supply water and sewer to the lot?
- WBRG 2-25** If you answered no to WBRG 2-24, please provide copies of all lot purchase agreements that Double Diamond or its affiliate has entered into with property owners for all lots in the White Bluff subdivision.