

Control Number: 46245



Item Number: 565

Addendum StartPage: 0

SOAH DOCKET NO. 473-17-0119 WS
PUC DOCKET NO. 46245

RECEIVED

2017 JUL 18 PM 12:15

BEFORE THE STATE OFFICE

PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF DOUBLE
DIAMOND UTILITY COMPANY, INC.
FOR WATER AND SEWER
RATE/TARIFF CHANGE

§
§
§
§

ADMINISTRATIVE HEARINGS

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO DOUBLE DIAMOND UTILITY COMPANY, INC.
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-35

Pursuant to 16 Tex. Admin. Code Ann. § 22.144 (TAC), the Staff of the Public Utility Commission of Texas (Staff) requests that the Double Diamond Utility Company, Inc. by and through its attorneys of record, 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.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78712-3326.

565

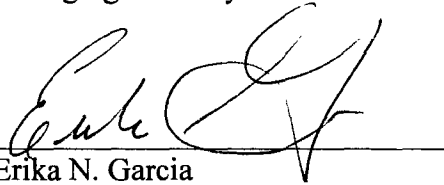
Dated: July 18, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

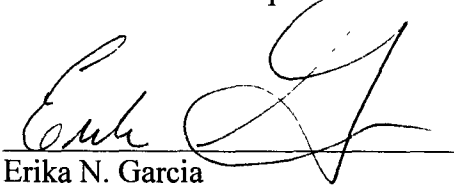


Erika N. Garcia
State Bar No. 24092077
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7290
(512) 936-7268 (facsimile)
erika.garcia@puc.texas.gov

**SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245**

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 18, 2017 in accordance with 16 TAC § 22.74.



Erika N. Garcia

**SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO DOUBLE DIAMOND UTILITY COMPANY, INC.
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-35**

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. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do not exist and these documents will be provided.

**SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO DOUBLE DIAMOND UTILITY COMPANY, INC.
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-35**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. 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.
- 3) These questions 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.
- 4) 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.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) 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 or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) 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.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

**SOAH DOCKET NO. 473-17-0119.WS
PUC DOCKET NO. 46245**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO DOUBLE DIAMOND UTILITY COMPANY, INC.
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-35**

- Staff 1-1** Please provide a copy of job descriptions for the following employees:
a) Jerry Whitworth – utilities back hoe operator; and
b) Danny Keeton – Equipment Operator.
- Staff 1-2** Please advise if Danny Keeton was replaced. If yes, provide the name, salary, and job description for the new employee.
- Staff 1-3** Please provide a list of job duties for Clovis C. Willhelm for the water treatment plant. If any job duties include those for an operator, please provide the name of the operator supervising him.
- Staff 1-4** Please provide a list of the utilities Buck Nunley oversees.
- Staff 1-5** Please provide an explanation for how job responsibilities are divided among employees.
- Staff 1-6** Please provide a list of total overtime hours worked by employee for the test year.
- Staff 1-7** Please provide an explanation for the amount of overtime hours.
- Staff 1-8** Please provide the amount of overtime hours for the years ending:
a) December 31, 2013;
b) December 31, 2014;
c) December 31, 2015; and
d) December 31, 2016.
- Staff 1-9** Please provide a copy of all Federal W-2 and W-3 forms for Double Diamond staff. Please also include the same information for any staff that have allocated time/salary expense to Double Diamond.
- Staff 1-10** Please provide all Federal forms 1099 for all contract labor.
- Staff 1-11** Please provide the contract, including all fees, for the contract work included in the general ledger as “Labor Transfer.”

- Staff 1-12** Reference the Schedule of Insurance. Please provide the following:
- a) Corporate General Liability – list the utility employees that are covered under this policy;
 - b) Corporate Business Auto – list the vehicles and primary employee using that vehicle covered by this policy that are used for utility business;
 - i. For any vehicle listed, provide specific detail for how the vehicle is used for utility work;
 - c) Corporate Crime – list the utility employees covered under this policy;
 - d) Worker’s Compensation: PA & NY – list the utility employees covered under this policy;
 - e) Texas non-subscriber – list the utility employees, if any, covered under this policy;
 - f) Executive products package policy – list the total number of employees covered under this policy;
 - g) Provide a copy of the specific policy under which the water and sewer plant are covered;
 - h) For a-g, provide all declarations page showing the same;
 - i) For a-g, provide the number and description of properties, employees, vehicles, locations, etc. listed under the referenced policy; and
 - j) For a-g, explain in detail, with all calculations included, how the allocations to each entity or utility for each policy were made.

- Staff 1-13** Reference the Account No. 8045-000, Mobile Phones/Pagers on the Trial Balance detail for 2015. Please provide the following:
- a) Monthly bills for the phone listed;
 - b) Name and position/title of person using the phone;
 - c) Amount of personal use of the phone; and
 - d) Amount of work related use of the phone.

- Staff 1-14** Reference Vehicle Expense on the Trial Balance detail for 2015. Please provide the following for each vehicle listed in the expenses:
- a) Mileage log;
 - b) Amount of time used for personal use;
 - c) Amount of time used for utility work;
 - d) Detailed description of the need for 5 work trucks;
 - e) Individual Fuel expense receipts; and
 - f) Location of any satellite offices.

Staff 1-15 Please provide a copy of the corporate employee policy document(s) regarding corporate vehicle use.

Staff 1-16 Please provide a list of internal controls that govern vehicle use to ensure that costs related to personal use of business vehicles are not included in the cost of service.

- Staff 1-17** Reference Equipment Lease, Account No. 8120-0001 on the Trial Balance detail for 2015. Please provide the lease agreement for the following:
- a) Automatic meter reading; and
 - b) 50,000 gallon WW Plant.
- Staff 1-18** Please provide a list the systems that were included in the Regulatory Assessment Fee paid to TCEQ of \$23,874.68 on 1/12/2015.
- Staff 1-19** Reference Bank Charges, Account No. 8305-000 on the Trial Balance detail for 2015. Please provide a detailed explanation regarding “Accrue” x “quarter Compass LB fee,” including, but not limited to, an explanation of what Compass LB is, and a description of the fees.
- Staff 1-20** Reference Credit Card Fees, Account No. 8310-000 on the Trial Balance detail for 2015. Please provide all invoices and receipts for the amounts recorded. Please also provide an explanation as to the business reason and employees involved in the activity for each receipt for travel, and entertainment.
- Staff 1-21** Reference Computer Expenses, Account No. 8030-0000 on the Trial Balance detail for 2015. Please provide a detailed explanation for each expense listed, including if this expense is recurring or one time. If it is recurring, please provide the amount incurred for each expense for each of the years ending December 31, 2013 and December 31, 2014.
- Staff 1-22** Reference Other Contract Services, Account No. 8130-001 on the Trial Balance detail for 2015. Please provide the invoice and contract for the Trans-Turf Crew. Please also provide a detailed explanation for the services rendered and locations to which service was provided.
- Staff 1-23** Reference Postage & Delivery, Account No. 8035-000 on the Trial Balance detail for 2015. Please provide a detailed explanation and calculation for the 63% allocation of this expense.
- Staff 1-24** Please provide invoices for Jody Bledso’s classes/training.
- Staff 1-25** Reference Taxes & Licenses, Account No. 8220-0000 on the Trial Balance detail for 2015. Please provide invoices/receipts for the tax registrations and vehicle registrations.
- Staff 1-26** Please provide the utility’s capitalization policy.

- Staff 1-27** Please explain the need for, and use of, 16 “monthly chlorine bottle rental” under R&M Chemicals Account No. 8421-0000 on the Trial Balance detail for 2015.
- Staff 1-28** Please explain in detail the need for both chlorine gas and chlorine tablets.
- Staff 1-29** Reference R&M Chemicals, Account No. 8421-0000 on the Trial Balance detail for 2015. Please provide the receipt, including breakdown, of chemicals purchased on 10/1/2015 listed as “chemicals” in the amount of \$589.97.
- Staff 1-30** Reference the invoice for Environmental Monitoring Laboratory, LLC, dated 3/31/2015, Invoice No. 15030071. Please provide the reason for 4 analyses, including sampling points.
- Staff 1-31** Reference Account No. 8950 on the Trial Balance detail for 2015. Please provide the following:
- a) Detailed explanation how the resort is necessary to provide water service;
 - b) Breakdown of the expenses included in this category; and
 - c) Allocation method used to allocate these expenses.
- Staff 1-32** Please admit or deny: Double Diamond or affiliates have recorded accelerated depreciation or expense associated with plant investment on tax returns filed in the past.
- Staff 1-33** Please admit or deny: Double Diamond or affiliates have taken investment tax credits for investment in plant on tax returns filed in the past.
- Staff 1-34** Please identify in the application where Double Diamond has included the calculation for deferred income tax for accelerated depreciation taken for federal tax purposes in accordance with generally accepted accounting principles.
- a) If not included in the application, please provide the calculation for deferred income tax that should be recorded for accelerated depreciation taken for federal tax purposes.
- Staff 1-35** Please identify in the application where Double Diamond has included the calculation for deferred investment tax credits in accordance with generally accepted accounting principles.
- a) If not included in the application, please provide the calculation for deferred investment tax credits.