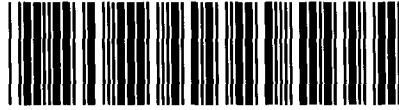


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APPLICATION OF LIBERTY §
UTILITIES (WOODMARK SEWER) §
CORP. AND LIBERTY UTILITIES §
(TALL TIMBERS SEWER) CORP. FOR §
A RATE/TARIFF CHANGE §

BEFORE THE
PUBLIC UTILITY COMMISSION
FILING CLERK
PUBLIC UTILITY COMMISSION

**CITY OF TYLER'S FOURTH REQUEST FOR INFORMATION
TO LIBERTY UTILITIES**

To: Liberty Utilities Corp., Liberty Utilities Service Corp., Liberty Utilities (Woodmark Sewer) Corp., and Liberty Utilities (Tall Timbers Sewer) Corp., by and through their attorney of record, Geoffrey P. Kirshbaum, Terrill & Waldrop, 810 West 10th Street, Austin, Texas 78701

Pursuant to 16 Tex. Admin. Code Ann. § 22.144 (TAC), the City of Tyler ("Tyler") requests that Liberty Utilities Corp., and its various parent, subsidiary, and affiliated entities ("Liberty Utilities") 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: February 16, 2017

Respectfully submitted,



C. Joe Freeland
State Bar No. 07417500
Mathews & Freeland, LLP
8140 N. MoPac Expy, Suite 2-260
Austin, Texas 78759
(512) 404-7800
jfreeland@maidf.com
ATTORNEYS FOR
CITY OF TYLER

1508

CERTIFICATE OF SERVICE

I certify that a copy of this Fourth Request for Information was served on all parties of record in this proceeding on February 16, 2017, by hand-delivery, facsimile, electronic mail, and/or First Class Mail.

A handwritten signature in black ink, appearing to read 'C. Joe Freeland', is written over a horizontal line.

C. Joe Freeland

SOAH DOCKET NO. 473-17-1641.WS

PUC DOCKET NO. 46256

**TYLER'S FOURTH REQUEST FOR INFORMATION TO
LIBERTY UTILITIES UTILITY COMPANY, INC.**

DEFINITIONS

- A. "Liberty Utilities," "the Company," or "you" refers to Liberty Utilities Corp., Liberty Utilities Service Corp., Liberty Utilities (Woodmark Sewer) Corp., and Liberty Utilities (Tall Timbers Sewer) Corp., any parent or subsidiary company, any affiliated company, 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), Tyler 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. Tyler 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, Tyler 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 Liberty Utilities 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.

**TYLER'S FOURTH REQUEST FOR INFORMATION
TO LIBERTY UTILITIES**

- Tyler 4-1. Provide a detailed explanation of the change in the APUC allocation factors between 2015 and 2016. Be sure to address the growth of the company and why such growth would increase the allocation factors to Tall Timbers and Woodmark by almost double the allocation factors used in 2015. Include in your response the detailed computation of each of the allocation factors of 1.52%, 1.58%, 1.40%, 1.45%, 3.70%, and 3.39% used to compute your response to Tyler RFI 1-14.
- Tyler 4-2. Confirm or deny that APUC charges corporate costs as a management fee that includes directly charged expenses, allocated expenses and capital expenses combined into a single monthly fee. If denied, provide the account numbers for each of the components of directly charged expense, allocated expenses and capital related expenses.
- Tyler 4-3. For all APUC capital related expenses charged to Tall Timbers and Woodmark, provide the original amount of the asset, the allocation factor(s) used to charge the asset to LUC and then to Tall Timbers and Woodmark, and the account into which these capital charges are booked for Tall Timbers and Woodmark.
- Tyler 4-4. Provide a detailed chart of accounts for each of the entities that have expenses/capital included in the Tall Timbers filing and Woodmark filing.
- Tyler 4-5. Provide a detailed schedule of all investor related expenses that were incurred by APUC and directly assigned to Liberty Utilities. Were these investor related expenses allocated to Tall Timbers and Woodmark or directly assigned? If directly assigned, provide the amounts separately for Tall Timbers and Woodmark and the specific purpose for the expenditures. If allocated, provide the allocated amounts separately for Tall Timbers and Woodmark and the allocation factor used.
- Tyler 4-6. Provide a detailed schedule of all investor related expenses that were incurred by APUC and allocated to Liberty Utilities. Were these investor related expenses then allocated to Tall Timbers and Woodmark? If so, provide the amounts allocated to Tall Timbers and separately to Woodmark as well as the specific purpose for the expenditures.
- Tyler 4-7. Confirm or deny that there would be any instances where expenditures would be allocated from APUC to Liberty Utilities and then directly assigned to Tall Timbers and/or Woodmark. If confirmed, provide a detailed explanation of the type of expenditure that might be handled this way and the total of the amounts directly assigned from Liberty Utilities to Tall Timbers and separately for Woodmark based on this type of instance.

Tyler 4-8. In response to Tyler RFI 1-14, there appears to be an error on Excel Cell M27 which allocated a total annual amount to the monthly December amount. If this is an error, please provide an updated direct labor schedule.

Tyler 4-9. In response to Tyler RFI 1-14, provide an explanation of the different services that are included in the line for LABS Labor Allocation and LABS Corp – Labour. Include in your response the rationale for removing the direct labor related to LABS Labor Allocation.

Tyler 4-10. Of the APUC indirect corporate costs allocated to Tall Timbers that are included in the amount of \$56,286, provided the following information:

- a. The total amount included related to APUC
- b. A breakdown of the costs into the type of expenses charged to include:
 - i. Board of Directors
 - ii. Legal Costs
 - iii. Investor relations
 - iv. Executives
 - v. Office Administration
 - vi. Corporate capital
 - vii. Other – Provide description

Tyler 4-11. Of the LUC corporate costs allocated to Tall Timbers that are included in the amount of \$56,286, provided the following information:

- a. The total amount included related to LUC
- b. A breakdown of the costs into the type of expenses charged to include:
 - i. Finance and Accounting
 - ii. Information Technology
 - iii. Environmental, Health, Safety and Security
 - iv. Human Resources
 - v. Legal
 - vi. Risk Management

vii. Training

viii. Other – provide description

Tyler 4-12. Of the APUC corporate costs allocated to Woodmark that are included in the amount of \$57,505, provided the following information:

a. The total amount included related to APUC

b. A breakdown of the costs into the type of expenses charged to include:

i. Board of Directors

ii. Legal Costs

iii. Investor relations

iv. Executives

v. Office Administration

vi. Corporate capital

vii. Other – Provide description

Tyler 4-13. Of the LUC corporate costs allocated to Woodmark that are included in the amount of \$57,505, provided the following information:

a. The total amount included related to LUC

b. A breakdown of the costs into the type of expenses charged to include:

i. Finance and Accounting

ii. Information Technology

iii. Environmental, Health, Safety and Security

iv. Human Resources

v. Legal

vi. Risk Management

vii. Training

viii. Other – provide description

- Tyler 4-14. Provide the total direct and allocated expenses charged from APUC and LUC during the test year that are included in the Tall Timbers costs of service and separately in the Woodmark cost of service. Be sure to include a breakdown of what is included in rate base and what is included as expense.
- Tyler 4-15. Provide a listing of all LUSC employees who were charged directly to Tall Timbers at 100% during the test year.
- Tyler 4-16. Provide a listing of all LUSC employees who are charged directly to Woodmark at 100% during the test year.
- Tyler 4-17. Provide a listing of all LUSC employees who charged some portion of their labor hours to Tall Timbers during the test year. Provide the employee position title, the employee's total hours charged and the employee's base hourly rate for each employee.
- Tyler 4-18. Provide a listing of all LUSC employees who charged some portion of their labor hours to Woodmark during the test year. Provide the employee position title, the employee's total hours charged and the employee's base hourly rate for each employee.
- Tyler 4-19. For any employee who charged only a portion of their time to one of the regulated utilities, how is their non-directly chargeable time treated in terms of allocation? Are non-directly chargeable hours allocated on the basis of chargeable hours? If so, provide the amount the labor charges included in the Tall Timbers rate filing that are allocated as indirect labor. Include this same information for the Woodmark filing.
- Tyler 4-20. Provide all labor rates used by APUC during the test year or as adjusted for purposes of directly assigning costs.
- Tyler 4-21. Provide all labor rates used by LUC during the test year or as adjusted for purposed of directly assigned costs.
- Tyler 4-22. For Indirect Costs allocated from LUSC, provide the total amount charged to each of the Tall Timbers and Woodmark operations. Provide the information broken down by the following categories of costs:
- a. Customer Care and Billing
 - b. IT
 - c. Human Resources
 - d. Legal
 - e. Regulatory

- f. Environment, Health, Safety and Security
- g. Procurement
- h. Other – provide description of costs

Tyler 4-23. For each of the following categories of costs, provide a detailed explanation as to why there are three corporate entities that allocate similar costs. Be sure to provide enough information to show that the expenses incurred are necessary and not double-counted due to the manner in which the cost allocation methodology is employed.

- a. Legal costs
- b. Environment, Health, Safety and Security
- c. Information Technology
- d. Facilities and Building Rent
- e. Human Resources

Tyler 4-24. Provide the current allocation factors and the underlying metric used to develop the factors for the following allocation factors described in the CAM as allocated from APUC, LUC and LUSC. Be sure to provide this information based on the factors used to allocate to the regulated utility operations prior to the use of utility four factor.

- a. Based on 100% employees for each applicable entity
- b. Based on 100% customer count for each applicable entity
- c. Based on Net Plant for each applicable entity
- d. Based on 50% O&M expenditures and 50% Capital expenditures (provide each component) for each applicable entity
- e. Based on 33% Revenue, 33% O&M and 33% Net Plant (provide each component) for each applicable entity
- f. Based on Square Footage for LUC
- g. Based on Oakville Employees 50% and Square Footage 50% (provide each component)
- h. Based on Net Plant 33%, number of employees 33% and O&M 33% (provide each component) for each applicable entity

- i. Based on Capital Expenditures 25%, O&M 50% and Net Plant 25% (provide each component) for each applicable entity

Tyler 4-25. Provide all discharge monitoring reports for the Woodmark treatment plant and the Tall Timbers treatment plant for the period of January 2011 to present.