



Control Number: 46256



Item Number: 1583

Addendum StartPage: 0

SOAH DOCKET NO. 473-17-1641.WS
PUC DOCKET NO. 46256

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2017 MAY -3 PM 3: 37

APPLICATION OF LIBERTY
UTILITIES (WOODMARK SEWER)
CORP., LIBERTY UTILITIES (TALL
TIMBERS SEWER) CORP., LIBERTY
UTILITIES (SUB) CORP. TO CHANGE
RATES FOR SEWER SERVICES IN
SMITH COUNTY, TEXAS

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BEFORE THE PUBLIC UTILITY

COMMISSION OF TEXAS

PUBLIC UTILITY COMMISSION
FILING CLERK

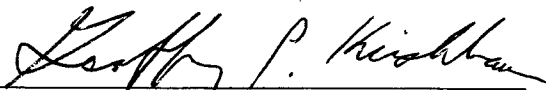
**LIBERTY UTILITIES' RESPONSE TO COMMISSION STAFF'S EIGHTH
REQUESTS FOR INFORMATION**

To: PUC Commission Staff, by and through its attorneys of record, Ralph Daigneault and TJ Harris, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (Woodmark Sewer) Corp., and Liberty Utilities (Sub) Corp. ("Liberty Utilities") provide this response to Commission Staff's Eighth Requests for Information to Liberty Utilities. Liberty Utilities stipulates that the following response to requests for information may be treated by all parties as if the answer was filed under oath.

1583

Respectfully submitted,

By: 

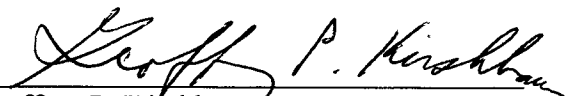
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**ATTORNEYS FOR LIBERTY UTILITIES
(TALL TIMBERS SEWER) CORP., LIBERTY
UTILITIES (WOODMARK SEWER) CORP.,
AND LIBERTY UTILITIES (SUB) CORP.**

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on May 3, 2017 in accordance with P.U.C. Procedural Rule 22.74.


Geoffrey P. Kirshbaum

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-1 Please provide a breakdown of the salaries and wages account amount \$328,819 for Woodmark and \$300,759 for Tall Timbers that indicates how much of the total expenses are direct salaries, indirect salaries, bonuses, benefits and any expense included by employee as follows:

- a) Please provide a listing of all staff that have charged time directly or indirectly to Tall Timbers, Woodmark, or Liberty Sub (Corp). Ensure the listing includes the following information:
 - 1) Name of staff person
 - 2) Title of staff person
 - 3) Entity that Staff person officially works for
 - 4) Base Salary
 - 5) Overtime Salary Earned
 - 6) Overtime Hours Worked
 - 7) Merit or Bonus Pay
 - 8) Total Hours Worked
 - 9) Total Hours Charged Directly
 - 10) Total Hours Charged Indirectly
 - 11) Provide the name of the cost allocation pool
 - 12) Provide the cost allocation basis
 - 13) Total Salary Expensed
 - 14) Total Salary Capitalized
- b) Reconcile the total expensed and capitalized amounts in RFI question I above to the total salaries and wages, contract work, or other account name listed in the Revenue Requirement Schedule I-1 for each of the three entities (Tall Timbers, Woodmark, and Liberty Sub(Corp)). For each reconciled amount, list the journal entries that support the reconciliation.

RESPONSE: 1) through 13) Liberty Utilities will supplement.

14) There are no capitalized salaries included in the salaries and wages account balance of \$328,819 and \$300,759.

b) The \$300,759 for Liberty Tall Timbers appears on line 6 of Bates 389 as "Salaries and wages". The \$328,819 for Liberty Woodmark appears on line 6 of Bates 482 as "Salaries and wages".

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-2 Please provide a copy of the applications of all Liberty Utilities approved wastewater rate case increases within the last year and the allocations percentage spreadsheet used to allocate costs for each application.

RESPONSE: Please see attached files:
Black Mountain Sewer Corp (TY 2014)
Staff 8-2 Liberty Utilities (Black Mountain Sewer) Corp. application & direct testimonies with Page Numbers.pdf
Staff 8-2 LUC-APUC-LABS - Allocation Percentages Dec 2014.xlsx
Staff 8-2 2014 LU Sub Corp Allocation percent.xlsx

Bella Vista Water/Rio Rico Water Sewer (TY 2014)
Staff 8-2 BV Consolidated Original Application 10.28.15.pdf
Staff 8-2 LUC-APUC-LABS - Allocation Percentages Dec 2014.xlsx
Staff 8-2 2014 LU Sub Corp Allocation percent.xlsx

Entrada Del Oro (TY October 2015)
Staff 8-2 Liberty Utilities (Entrada Del Oro) Docket SW-04316A-0078 Original Rate Application.pdf
Staff 8-2 LUC-APUC-LABS - Allocation Percentages Dec 2014.xlsx
Staff 8-2 2014 LU Sub Corp Allocation percent.xlsx

Also see response to Tyler 1-15 for 2015 allocation percentages.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-3 Please provide copies of all contracts for expenses amounts charged to Contractual Services.

RESPONSE: Liberty Tall Timbers and Liberty Woodmark do not have operating agreements with its vendors.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-4 Please provide copies of all other contracts for all other services provided to Tall Timbers and Woodmark not already provided.

RESPONSE: Liberty Tall Timbers and Liberty Woodmark do not have operating agreements with its vendors.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-5

Please explain the reasons for each of the variances highlighted in yellow below and include supporting documentation:

Woodmark									
NARUC	Description	FY 2016	Variance	FY 2015	Variance	FY 2014	Variance	FY 2013	
521.1	Residential Revenues	(1,426,157.50)	(174,672.43)	(1,251,485.07)	100,596.95	(1,352,082.02)	(323,482.05)	(1,028,599.97)	Unmetered Residential Revenues
522.1	Residential Revenues	-	115,271.94	(115,271.94)	(115,271.94)	-	-	-	Residential Revenues (Usage)
711	Sludge Removal Expense	39,272.83	12,808.67	26,464.16	(115,203.68)	141,667.84	39,850.73	101,817.11	Sludge Removal Expense-Ops-Treat&Disp
701	Salaries and Wages - Employees	320,509.76	(8,309.38)	328,819.14	296,303.43	32,515.71	(161,966.06)	194,481.77	Labour-Ops-Collect
734	Contractual Services - Management Fees	57,138.51	17,834.51	39,304.00	(997.00)	40,301.00	40,301.00	-	LU US Customer Care - Labour
736	Contractual Services - Other	191,113.16	81,404.80	109,708.36	69,786.25	39,922.11	(5,476.02)	45,398.13	Contract Serv-Other-Ops-Collect
736	Contractual Services - Other	-	(444.00)	444.00	(184,005.99)	184,449.99	173,004.06	11,445.93	Contract Serv-Outside Oper-Ops-Collect
736	Contractual Services - Other	-	(88,943.18)	88,943.18	9,953.07	78,990.11	78,990.11	-	Contractual Services-Other

Tall Timbers									
NARUC	Description	FY 2016	Variance	FY 2015	Variance	FY 2014	Variance	FY 2013	
521.1	Residential Revenues	(1,081,032.72)	(123,478.12)	(957,554.60)	58,072.25	(1,015,626.85)	(36,409.32)	(979,217.53)	Unmetered Residential Revenues
522.1	Residential Revenues	-	89,067.10	(89,067.10)	(89,067.10)	-	-	-	Residential Revenues (Usage)
522.2	Commercial Revenues	-	18,461.30	(18,461.30)	(18,461.30)	-	-	-	Meter Commercial Revenues (Usage)
701	Salaries and Wages - Employees	259,396.63	(41,362.43)	300,759.06	274,962.26	25,796.80	(134,934.78)	160,731.58	Labour-Ops-Collect
711	Sludge Removal Expense	72,212.73	(474.75)	72,687.48	(71,804.56)	144,492.04	49,718.88	94,773.16	Sludge Removal Expense-Ops-Treat&Disp
734	Contractual Services - Management Fees	-	(2,430.00)	2,430.00	(4,602.00)	7,032.00	(17,727.61)	24,759.61	LABS Labor Allocations
734	Contractual Services - Management Fees	-	(732.00)	732.00	732.00	-	(52,810.00)	52,810.00	LABS Corporate Service labour allocation
734	Contractual Services - Management Fees	-	(4,035.00)	4,035.00	4,035.00	-	(7,029.00)	7,029.00	LABS Corp - Labour
734	Contractual Services - Management Fees	94,970.95	51,288.95	43,682.00	(22,285.00)	65,967.00	59,918.85	6,048.15	LU US Allocation - Labour
734	Contractual Services - Management Fees	52,320.92	3,091.92	49,229.00	(1,246.00)	50,475.00	50,475.00	-	LU US Customer Care - Labour
736	Contractual Services - Other	89,022.94	(13,590.38)	102,613.32	51,314.69	51,298.63	25,180.40	26,118.23	Contract Serv-Other-Ops-Collect
736	Contractual Services - Other	-	(668.86)	668.86	(188,540.31)	189,209.17	185,158.71	4,050.46	Contract Serv-Outside Oper-Ops-Collect
736	Contractual Services - Other	-	(22,297.94)	22,297.94	21,457.94	840.00	(547.65)	1,387.65	Contractual Services-Other
736	Contractual Services - Other	-	(26,864.48)	26,864.48	10,241.08	16,623.40	16,623.40	-	Contractual Services-Other

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-6 Please provide the methodology to select the Utilities that are included on LU Corp Allocation Percent spreadsheets. Please provide audited and/or management approved source documentation to support the list of utilities to chosen to include on the LU Corp Allocation Percent spreadsheets.

RESPONSE: See Exhibit WRK-3 in the testimony of Bill Killeen (LU 000245-000278). Also, see response to OPUC 2-1 for calculations.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Bill Killeen, Director Energy Procurement and Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-7

Please provide audited and management approved documentation regarding the weights 50% Utility Plant, 40% Customer, 5% Expenses, and 5% labor used in the 10 2015 LU Sub Corp Allocation spreadsheet and the 01 2015 LU Sub Corp Allocation spreadsheet. Please include all evidence that the percentages used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE:

See attached file Staff 8-7 Cost Allocation Manual – pre 2014.pdf.

As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Bill Killeen, Director Energy Procurement and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-8

Please provide audited and management approved documentation regarding the changing of the weights from 50% Utility Plant, 40% Customer, 5% Expenses, and 5% labor in the 10 2015 LU Sub Corp Allocation spreadsheet to 25% Utility Plant, 25% Customer, 25% Expenses, and 25% labor in the 2016 LU Sub Corp Allocation percent spreadsheet including documentation are reasonable and necessary to allocate cost. Please include all evidence that the percentages used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE:

See attached file Staff 8-8 Cost Allocation Manual – 2014.pdf.

As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Bill Killeen, Director Energy Procurement and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-9 . Please provide audited and management approved supporting documentation that each Utility Customer # reconciles too based on the amounts reported in the 01-2015 LU Sub Corp Allocation percent spreadsheet, 10-2015 LU Sub Corp Allocation percent spreadsheet, and 2016 LU Sub Corp Allocation percent spreadsheet. Please include all evidence that the customer #s used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE: Please refer to response to OPUC 2-1 for detail.
As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-10 Please provide management approved or audited information indicating all the Utilities owned and managed by LU Sub Corp for FY2015, FY2016, and FY2017.

RESPONSE: Based on discussion with Staff, the Company believes that this related to the removal of MO from allocation percentages. The removal of MO utilities is reflected in response to OPUC 2-1.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-11 Please provide audited and management approved supporting documentation including trial balances and GL's the Utility Plant \$'s, Expenses \$'s, and Labor \$'s amounts from the 01-2015 LU Sub Corp Allocation percent spreadsheet, 10-2015 LU Sub Corp Allocation percent spreadsheet, and 2016 LU Sub Corp Allocation percent reconcile to. Additionally please include all evidence that the dollar amounts used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE: Please see Response to OPUC 2-1.
As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-12 Please provide audited and management approved supporting documentation that each Customer Count # reconciles too based on the amounts reported in the LUC CAM tab of the APUC LABS LUC Allocation Percentages 2015 and APUC LABS LUC Allocation Percentages 2016 spreadsheets. Please include all evidence that the customer count #s used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE: Please see response to OPUC 2-1. As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-13 Please provide audited and management approved supporting documentation including trial balances and GL's the Labour Expense USD \$'s, Non Labour Expenses USD \$'s, and Net Plant USD \$'s amounts in the LUC CAM tab of the APUC LABS LUC Allocation Percentages 2015 and APUC LABS LUC Allocation Percentages 2016 spreadsheets reconcile to. Additionally please include all evidence that the dollar amounts used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE: Please see responses to OPUC 2-1 and PUC Staff 6-26 for trial balances provided for 2015. The compilation of the expense details for APUC, LUC and LUC-LABS is only reported in CAD\$. The monthly billing is originally generated in CAD\$ and converted to the USD\$ per the current conversion rate. As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-14 Please provide audited and management approved supporting documentation that each Employees Headcount #s and Oakville Employees Headcount #s reconcile too based on the amounts reported in the APUC CAM tab of the APUC LABS LUC Allocation Percentages 2015 and APUC LABS LUC Allocation Percentages 2016 spreadsheets. Please include all evidence that the customer count #s used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE: Please see response to OPUC 2-1. As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-15 Please provide audited and management approved supporting documentation including trial balances and GL's the O&M CAD \$'s, Revenue CAD \$'s, and Net Plant CAD \$'s amounts in the APUC CAM tab of the APUC LABS LUC Allocation Percentages 2015 and APUC LABS LUC Allocation Percentages 2016 spreadsheets reconcile to. Additionally please include all evidence that the dollar amounts used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE: Please see responses to OPUC 2-1 and PUC Staff 6-26 for trial balances provided for 2015. The compilation of the expense details for APUC, LUC and LUC-LABS is only reported in CAD\$. The monthly billing is originally generated in CAD\$ and converted to the USD\$ per the current conversion rate. As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-16 Please provide audited and management approved supporting documentation that each Employees Headcount #s and Oakville Employees Headcount #s reconcile too based on the amounts reported in the LABS CAM tab of the APUC LABS LUC Allocation Percentages 2015 and APUC LABS LUC Allocation Percentages 2016 spreadsheets. Please include all evidence that the customer count #s used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE: Please see response to OPUC 2-1. As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-17 Please provide audited and management approved supporting documentation including trial balances and GL's the O&M CAD \$'s, Revenue CAD \$'s, Net Plant CAD \$'s and Capital Expenditures CAD \$'s amounts in the LABS CAM tab of the APUC LABS LUC Allocation Percentages 2015 and APUC LABS LUC Allocation Percentages 2016 spreadsheets reconcile to. Additionally please include all evidence that the dollar amounts used by the affiliate meets the requirements of TWC §13.185(e).

RESPONSE: Please see responses to OPUC 2-1 and PUC Staff 6-26 for trial balances provided for 2015 and 2016. The compilation of the expense details for APUC, LUC and LUC-LABS is only reported in CAD\$. The monthly billing is originally generated in CAD\$ and converted to the USD\$ per the current conversion rate. As a result, those allocation charges to Liberty Tall Timbers and Liberty Woodmark are based on the same methods, rates and costs for all affiliates and the prices charged to Liberty Tall Timbers and Liberty Woodmark aren't higher than the rates or prices charged to other affiliates. Additionally, operations and administrative expenses are allocated directly to Liberty Tall Timbers and Liberty Woodmark through Liberty Utilities (Sub) Corp. at the same rates, costs, methodologies, and charges for all utilities in Arizona and Texas.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory and Crystal Greene, Sr. Manager Financial Planning and Analysis (West Region)

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-18 Please explain how the allocation spreadsheets provided and listed below correspond to APUC Corporate Cost Distribution flow chart in the Cost Allocation Manual please include whose general ledger the allocations in each spreadsheets are based on 1) 2015 APUC LUC LABS Direct Labor.xlsx, 2) LUCC-LABS Admin Costs 2015 Running Summary, 3) LU US Admin Costs 2015 running summary, 4) LU US Customer Care Labor 2015 Running Summary, 5) LU US Customer Care Admin Costs 2015 running summary, 6) LUC Admin Costs 2015 running summary, 7) APUC Admin Costs 2015 running summary).

RESPONSE: The workbooks referenced above reflect the two basic methodologies of direct charge and cost allocation utilized by Algonquin Power Utilities Corp and Liberty Utilities Canada. Direct charges are defined in the CAM, page 2, footnote 1, "Direct charges (sometimes referred to as assigned costs) are costs incurred by one company for the exclusive benefit of one or more other companies, and which are directly charged (or assigned) to the company or companies that specifically benefited." Allocated costs are defined in the CAM, page 2, footnote 2, "Allocated costs are costs incurred by one company that are for the benefit of either (a) all of the Algonquin companies or (b) all of the regulated companies, and which are charged to the benefited companies using a methodology and set of logical allocation factors that establish a reasonable link between cost causation and cost recovery."

- 1) The 2015 APUC LUC LABS Direct Labor.xlsx file follows the direct charge method.
- 2) The LUCC-LABS Admin Costs 2015 Running Summary.xlsx follows the cost allocation method as described in Table 4 of the CAM.
- 3) The LU US Admin Costs 2015 running summary.xlsx follows the cost allocation method as described in table 2 of the CAM
- 4) The LU US Customer Care Labor 2015 Running Summary.xlsx follows the cost allocation method as described in table 2 of the CAM
- 5) The LU US Customer Care Admin Costs 2015 running summary.xlsx follows the cost allocation method as described in table 2 of the CAM
- 6) The LUC Admin Costs 2015 running summary.xlsx follows the cost allocation method as described in table 2 of the CAM
- 7) The APUC Admin Costs 2015 running summary.xlsx follows the cost allocation method as described in table 1 of the CAM

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-19 Please provide and electronic copy of Liberty Utilities Financial Statements for FY 2014, 2015, and 2016.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-20 Please confirm your total amended requested revenue requirement amount and reconcile any changes to the original application submitted.

RESPONSE: The amounts filed as “Liberty’s Response to Order No. 4” reflect the total amended revenue requirements. The revenue requirements of \$3,806,414 for Step 1 are shown on line 32 of Schedule I-1 Rev Req at Bates 381. The revenue requirements for Step 2 of \$955,981 are shown on Schedule 9 at Bates 350. The total revenue requirements for the two steps is \$4,762,395. These amounts are to be reduced by \$15,300.28 as discussed in response to Tyler 1-45.

Prepared by: Gerry Becker, Manager Rates and Regulatory

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-21 Please provide the records, paid invoices, receipts and supporting documentation that the Construction Completed not classified amount \$212,928 for the Tall Timbers and \$793,822 for Woodmark are actual property completed but not classified as reported in the application.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-22 Please provide the franchise tax reports submitted to the Texas Comptroller's Office for Tall Timbers and Woodmark for FY2015 and FY2016

RESPONSE: For 2015, see response to RFI 2-20. The 2016 Texas Franchise Tax report is not yet available.

Prepared by: Gerry Becker, Manager Rates and Regulatory

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-23. Please provide the franchise tax reports submitted to the Texas Comptroller's Office for Liberty Utilities for FY2015 and FY2016.

RESPONSE: See response to Staff 8-22.

Prepared by: Gerry Becker, Manager Rates and Regulatory

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-24 Please admit or deny the Franchise payment of \$9,000 provided in response to RFI #2 is for all Liberty Utilities in Texas.

RESPONSE: Admit.

Prepared by: Gerry Becker, Manager Rates and Regulatory

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-25 Please provide the information listed on LU001042 for FY2016.

RESPONSE: Will Supplement

Prepared by: Gerry Becker, Manager Rates and Regulatory

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-26 Please provide a copy of the paid Property Tax Reports for FY2016 for Tall Timbers and Woodmark.

RESPONSE: Please see attached file Staff 8-26 2016 Property Tax Tall Timbers and Woodmark.pdf.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-27 Please provide a rate base Schedule 5 for yearend of FY2016 for Woodmark and Tall Timbers.

RESPONSE: These were provided as part of Liberty's Response to Order No. 4. See Bates 000451 for Tall Timbers and 000544 for Woodmark.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-28 Please provide an electronic copy of the Tall Timbers and Woodmarks a complete general ledger for FY2016.

RESPONSE: Please see attached file Staff 8-28 TT and WM 2016 GL Detail.xlsx

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-29 Please provide a copy of Algonquin Power Utility Company's consolidated return for FY2015.

RESPONSE: Will Supplement

Prepared by: Gerry Becker, Manager Rates and Regulatory

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-30 Please identify the general ledger entries and provide supporting documentation for the Advances for Construction amount \$17,500 reported for Tall Timbers and \$12,500 for Woodmark.

RESPONSE: Please see attached files:
Staff 8-30 TT and WM IAD Detail.xlsx.
Staff 8-30 WM IAD Support.pdf
Staff 8-30 TT IAD Support.pdf

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-31 Please provide the supporting documentation and calculation of the prepaid amounts reported of \$34,192 reported on line 6, \$3,996 reported on line 7 of the combined application Schedule III - 4.

RESPONSE: The balances in the Companies prepaid balances are amounts paid in advance for TCEQ assessments, and the amounts reported on Schedule III-4 on Bates 000060 represent the GL balances of Liberty Tall Timbers and Liberty Woodmark. More specifically, the \$34,192 on line 6 represents the GL balances summed for each month end in the period January 31, 2015 through December 31, 2015 for Liberty Tall Timbers and Liberty Woodmark. The \$3,996 on line 7 represents the combined balances of the Liberty Woodmark and Liberty Tall Timbers amounts at December 31, 2014.

The amounts paid in October 2014 are \$2,325.90 and \$1,882.26 for Liberty Tall Timbers and Liberty Woodmark, respectively, for a total of \$4,208.16. See attached file Staff 8-31 2015 TCEQ Assessments paid in 2014.pdf. The amounts paid in November 2015 are \$2,256.45 and \$1,826.01 for Liberty Tall Timbers and Liberty Woodmark, respectively, for a total of \$4,082.46. See attached file Staff 8-31 2016 TCEQ Assessments paid in 2015.pdf.

As shown on attached file Staff 8-31 Prepaid Expenses.xlsx, there were some accounting errors that resulted in incorrect balances on the GL. The correct amount of prepaid expenses should be \$2,732, a reduction of \$205 from the \$2,937 in the application. This \$205 error is due in part to some prior period adjustments paid in 2015 and incorrectly recorded as a prepaid in 2015.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-32 Please provide the supporting documentation and calculation of the customer deposit amounts reported of \$29,212 reported on line 14, of the combined application Schedule III - 2.

RESPONSE: Please see attached file:
Staff 8-32 TT and WM Customer Deposit Detail.xlsx

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-33 Please provide supporting schedules and management approved documentation supporting the amounts and on Schedule 9 for Tall Timbers and Woodmark bates LU 000325.

RESPONSE: For costs to date, please see attached file Staff 8-33 Schedule 9 Phase 2 Project Costs.xlsx. See also testimony of Matthew Garlick at LU 000183 – LU 000195 corrected by errata filed on March 7, 2017 at LU 000942 – LU 000948.

Prepared by: Eric Joplin, Finance Supervisor (costs to date) and Gerry Becker, Manager Rates and Regulatory

Sponsored by: Crystal Greene, Sr. Manager Financial Planning (costs to date) and Analysis (West Region) and Matthew Garlick, President

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-34 Please provide a completed rate increase application, supporting invoices and approved estimates for the amounts reported on Schedule 9 for Tall Timbers and Woodmark LU 000325.

RESPONSE: Applicants understanding from PUC Staff is that Schedule 9 from the Application (LU 000325) is sufficient from the portion of this request that seeks “a completed rate increase application.” Please see attached invoice support over 10k for the projects included in Schedule 9. See also response to Tyler 1-42.

Staff 8-34 WWTP hydraulic improvements over 10k.pdf

Staff 8-34 WWTP Expansion Invoices over 10k.pdf

Staff 8-34 FM 2493 forcemain invoices over 10k.pdf

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-35 Please provide an approved signed and stamped engineering report with cost estimates for the cost on Schedule 9 LU 000325.

RESPONSE: Please see response to Tyler RFI 1-42. Please see also MG-1 and MG-2 from Liberty Utilities' Errata filing on March 7, 2017 (Item No. 1542), and MG-3 (LU 000190-195).

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-36 Please provide the supporting tax documentation and financial schedules and entries supporting the Accumulated deferred income tax calculations for Tall Timbers and Woodmark as reported on Schedule III-9 of the application and Schedule 5 bates LU 000321.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-37 Please explain the remove amounts in the APUC Admin Cost 2015 running summary spreadsheets in the monthly detail tabs.

RESPONSE: The intent of the remove amounts in the APUC, LUCC and LUCC LABS workbooks is to indicate the costs that Liberty Tall Timbers and Liberty Woodmark would remove from the allocation cost pool and not seek to recover from the rate payers.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-38 Please explain why the transactions that make up the remove amount are listed in the monthly detail tab of the allocation spreadsheets.

RESPONSE: Please see response to Staff 8-37.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-39 Please provide the approved transactions supporting documentation (approved and paid invoice, receipts, timesheet, or any other supporting documentation) for the transactions in Attachment D.

RESPONSE: Will supplement

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-40 Please provide the source for the depreciation amount \$72,226.53 in the LUCCLABS admin cost 2015 spreadsheet Summary Tab.

RESPONSE: The \$72,226.53 represents the allocated percent of depreciation originating in LUCCLABS and allocated to Liberty (Sub) Corp. The source of the entries is located in the LUCCLABS admin costs 2015 summary workbook on each monthly tab, in column H, filter for depreciation.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-41 Please provide the approved procedure indicating that the amount allocated to Tall Timbers and Woodmark in LU US Admin Cost 2015 running summary spreadsheet should be based on the LU Sub Corp Billed Amount and not on the LU Subcorp Net Amount of Removals.

RESPONSE: Please see response to Staff RFI 6-33.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-42 Please provide the source entries for each monthly Four Factor Amount and an explanation for the purpose of the Four Factor amount in each of the detail tabs of the LU US Admin Cost 2015 running summary spreadsheet.

RESPONSE: The source of the entries is included in each monthly tab of the LU US Admin Cost 2015 summary spreadsheet. The monthly details tabs total all of the shared services incurred by Liberty Utilities (Sub) Corp on behalf of the AZ/TX facilities. The use of the four factor is explained in Exhibit WRK-3 in the testimony of Bill Killeen (LU 000248-275).

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Bill Killeen, Director Energy Procurement and Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-43 Please verify if any duplicate amount or removal amount in LU US Admin Cost 2015 running summary spreadsheet should be included as part of the recalculation of the GL amounts billed to Tall Timbers and Woodmark.

RESPONSE: Please see response to Staff RFI 6-33.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-44 Please explain why the monthly LU SubCorp Detail Total is not used to calculate the GL amounts billed to Tall Timbers and Woodmark in LU US Admin Cost 2015 running summary spreadsheet.

RESPONSE: Please see response to Staff 6-33.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-45 Please provide supporting entries, documentation and an explanation for each of the variances in the monthly detail tabs of the LU US Admin Cost 2015 running summary spreadsheet.

RESPONSE: Please see response to Staff 8-42.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-46 Please explain why each duplicated amount is added to the Smartlist Total in each monthly tab of the LU US Admin Cost 2015 running summary spreadsheet.

RESPONSE: Please see response to Staff 6-33

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-47 Please provide the general ledger entries for each of the Four Factor totals in each of the monthly tabs of the LU US Admin Cost 2015 running summary spreadsheet.

RESPONSE: The supporting general ledger entries are included in the above referenced workbook in each monthly detail tab in column N.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-48 Please explain why entries in the 2015 Detail tab of the LU US Customer Care Labor 2015 Summary Spreadsheet should not be used to recalculate the monthly GL amounts billed to Tall Timbers and Woodmark for account # 7344.

RESPONSE: Please see response to Staff 6-33.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-49 Please reconcile the Actual Billed amounts to the 2015 Detail monthly amounts in the LU US Customer Care Labor 2015 Summary Spreadsheet.

RESPONSE: The reconciliation to the actual amounts billed to the 2015 is located on tab actual GL row 17.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-50 Please provide a list of each of the employee's names, job descriptions, salary and benefit amounts whose salaries are allocated in the LU US Customer Care Labor 2015 Summary Spreadsheet.

RESPONSE: Will supplement

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-51 Please reconcile each of the monthly Customer Care Admin amounts in the Running Summary tab of the LU US Customer Care Admin Cost 2015 spreadsheet to the general ledger containing the entries that total \$458,408.01.

RESPONSE: Please see response to Staff 7-15.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-52 Please provide the methodology how the monthly LUC Depreciation expense is calculated in the Summary tab of LUC Admin Cost 2015 spreadsheet.

RESPONSE: Assets are entered into our fixed asset module in LUCC and depreciated monthly using the straight-line method.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-53 Please provide the methodology, reasoning, and approval documentation for use 21 percent of the difference between Liberty Water allocation % amount less LUC Depreciation as listed in the Summary Tab of LUC Admin Cost 2015 spreadsheet.

RESPONSE: Liberty Tall Timbers and Liberty Woodmark follow the internal capitalization policy and the cost allocation manual. The 21% calculation represents the portion of the costs allocated to LU (Sub) Corp by its affiliates that indirectly relates to capital projects. The 21% was determined from an internal time study. The depreciation is calculated separately and factored separately from LU (Sub) Corp to the AZ/TX facilities ensure the recording of the depreciation to the depreciation line. The remaining amount is then factored from LU (Sub) Corp to the AZ/TX facilities as contractual services professional.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-54 Please provide a list of each employee, their salary amount and job description used in the cost pool in the LUC Admin Cost 2015 spreadsheet.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-55 Please provide the invoices for the LUC Ceridian Software used to calculate depreciation expense in LUC Admin Cost 2015 spreadsheet. Please provide proof that this amount is reasonable and necessary cost to Tall Timbers and Woodmark to provide sewer service.

RESPONSE: Please see response to Staff 7-19 for invoice support and explanation of the HRIS system.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-56 Please provide the approved invoices and receipts for office administration expense entry in Attachment C and proof that the expense is a reasonable and necessary cost to Tall Timbers and Woodmark to provide sewer service.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-57 Please provide a list of each employee, their salary amount and job description used in the cost pool in the APUC Admin Cost 2015 spreadsheet.

RESPONSE: See response to Tyler 3-12.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-58 Are bonuses included as part of each allocation spreadsheets? If yes, quantify the bonuses by employee and spreadsheet and please explain how the cost is a reasonable and necessary cost for Tall Timbers and Woodmark to provide sewer service. Provide any studies completed for salary/bonus comparisons supporting the reasonableness and necessity of the costs.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-59 Please provide invoices, contracts, (rental car, fleet car charges, hotel detailed invoice, meal receipts, entertainment receipts, gratuity receipts) and other supporting documentation justifying the transportation entries outlined in Attachment E and Attachment F.

- A. Supporting documentation should include allocation support for any allocated costs; justification regarding necessity of travel - specific business purpose for travel, reasonableness of cost, and any mileage associated with travel.
- B. Allocation support should include source documentation supporting any allocation bases used to allocate the costs for the specific period tested.
- C. State the name and title of the Liberty Utility or Liberty Affiliate staff person for whom the transportation expense was incurred.
- D. State the company affiliation that the staff person incurred the transportation expense, i.e., Woodmark, Tall Timbers, Liberty Utilities (Sub) Corporation, Algonquin Power & Utilities Corporation (APUC), Liberty Utilities Corporation (Canada), and Liberty Utilities Company (Delaware).

RESPONSE: Please see attached files Staff 8-59 Attachment F TT Transportation Invoices.pdf and Staff 8-59 Attachment E WM Transportation Invoices.pdf.

- A. All costs were direct billed.
- B. Types of transportation expenses
 - a. GE Fleet Services – fuel and maintenance incurred for the fleet trucks assigned to each facility
 - b. Liberty Utilities Canada – air travel expense for an employee to travel to Liberty Woodmark or Liberty Tall Timbers
 - c. Employee Expense Report – reimbursement for expenses directly related to Liberty Tall Timbers or Liberty Woodmark.
 - i. Attachment E – Todd Wiley, General Counsel, Liberty Utilities (Sub) Corp. Mr. Wiley travelled to TX for a legal matter related to TX and is appropriately charged to TX.
 - ii. Attachment F – Matthew Garlick, President AZ/TX, Liberty Utilities (Sub) Corp. and Greg Sorensen,

RESPONSE TO REQUEST FOR INFORMATION

President AZ/TX, Liberty Utilities (Sub) Corp. (Greg Sorensen was the President of AZ/TX until June 2015). Mr. Garlick travelled to TX to appear at a Liberty Town Hall. The company now believes that it would be more appropriate to allocate these costs of \$1,085.70 (\$710.85 plus \$374.85) instead of direct charging to TX operations. Mr. Sorensen travelled to TX for meetings related to pending house bills and is appropriately charged to TX operations.

C. Please see response to c. above.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-60 Provide travel policies and procedures for Woodmark, Tall Timbers, Liberty Utilities (Sub) Corporation, Algonquin Power & Utilities Corporation (APUC), Liberty Utilities Corporation (Canada), and Liberty Utilities Company (Delaware).

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-61 Please provide invoices, contracts, and other supporting documentation justifying the rental equipment entries outlined in Attachment G and Attachment H.

- A. Supporting documentation should include allocation support for any allocated costs, justification regarding necessity of expense - specific business purpose and reasonableness of cost.
- B. Allocation support should include source documentation supporting any allocation bases used to allocate the costs for the specific period tested.
- C. If costs originated with an affiliated company, state the affiliate company name, i.e., Woodmark, Tall Timbers, Liberty Utilities (Sub) Corporation, Algonquin Power & Utilities Corporation (APUC), Liberty Utilities Corporation (Canada), and Liberty Utilities Company (Delaware).

RESPONSE: Please see attached files:
Staff 8-61 Attachment G WM Rental Invoices.pdf
Staff 8-61 Attachment H TT Rental Invoices.pdf

- A. All costs were direct billed.
- B. None.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-62 , Provide methodology for determining projected bad debt expense for the adjusted test year of \$35,069. Historical test year bad debt expense was \$25,766 and a \$9,303 increase in bad debts is anticipated.

RESPONSE: The methodology is to divide test year bad debt expense of \$25,766 by test year revenues of \$2,768,051 to determine a rate of approximately 0.931 percent to be applied to proposed revenue increases. An incorrect rate of 0.895 percent was used to calculate the additional bad debt expense in the first step as shown on LU 000381 and 0.921 percent to calculate the additional bad debt expense in the second step as shown on LU 000350. These incorrect rates produce the k&m change of \$9,303 on LU 000381 and \$8,808 on LU 000350. Using the correct bad debt rate of 0.931 percent, the corrected k&m change for step one corresponding to the amount on LU 000381 should have been \$9,667 and \$8,900 for step 2 change corresponding to the amount on LU 000350.

Prepared by: Gerry Becker, Manager Rates and Regulatory

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

- STAFF RFI 8-63** Provide support for all bad debt entries sampled in Attachment I and Attachment J.
- A. Account number, account location, final overdue amount from historical test year used as basis for bad debt expense.
 - B. A copy of the final overdue bill payment notice.
 - C. A copy of the overdue account referral to a collection agency.
 - D. Amount the collection account was sold.
 - E. For each account referred was the balance eventually paid off to the utility prior to referral to the collection agency?

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-64 . Please provide invoices, contracts, and other supporting documentation justifying the building rental/real property entries outlined in Attachment K and Attachment L.

- A. Supporting documentation should include allocation support for any allocated costs, justification regarding necessity of expense - specific business purpose and reasonableness of cost.
- B. Allocation support should include source documentation supporting any allocation bases used to allocate the costs for the specific period tested.
- C. If costs originated with an affiliated company, state the affiliate company name, i.e., Woodmark, Tall Timbers, Liberty Utilities (Sub) Corporation, Algonquin Power & Utilities Corporation (APUC), Liberty Utilities Corporation (Canada), and Liberty Utilities Company (Delaware).

RESPONSE: Please see attached files Staff 8-64 Attachment L TT Rental Invoices.pdf and Staff 8-64 Attachment K WM Rental Invoices.pdf. The Texas office provides a local presence in the community for our customers as well as provides our operations staff with a centralized office preform work for all Texas facilities.

- A. The cost of renting the office building in Texas was allocated using the four factor methodology. In January to October 2015, the building was allocated between the TX and MO facilities since the TX office ran the operations for the MO facilities. In November the four factor was changed to remove the MO facilities due to the transfer of the operations of the MO facilities. Please see attached files Staff 8-64 Attachment K and L four factor Rental Invoices.pdf
- B. The original invoices originates from Liberty Utility (Sub) Corp and is four factored to Liberty Tall Timbers and Liberty Woodmark.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-65 Please provide invoices, contracts, and other supporting documentation justifying the insurance entries outlined in Attachment M and Attachment N.

- A. Supporting documentation should include allocation support for any allocated costs, justification regarding necessity of expense - specific business purpose and reasonableness of cost.
- B. Allocation support should include source documentation supporting any allocation bases used to allocate the costs for the specific period tested.
- C. If costs originated with an affiliated company, state the affiliate company name, i.e., Woodmark, Tall Timbers, Liberty Utilities (Sub) Corporation, Algonquin Power & Utilities Corporation (APUC), Liberty Utilities Corporation (Canada), and Liberty Utilities Company (Delaware).

RESPONSE:

- A. Please see attached files Staff 8-65 Attachment N TT Insurance.pdf. Please note, attachment M and N were identical and only attachment N was scanned.
- B. The vehicle insurance policy is allocated from Liberty Utilities Canada based upon vehicle count per affiliate. The general liability allocated from Liberty Utilities Canada is based upon total insured value.
- C. Both insurance policies originate from Liberty Utilities Canada.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-66 Please provide invoices, contracts, and any other supporting documentation justifying the miscellaneous entries outlined in Attachment O and Attachment P.

- A. Supporting documentation should include allocation support for any allocated costs, justification regarding necessity of expense - specific business purpose and reasonableness of cost.
- B. Allocation support should include source documentation supporting any allocation bases used to allocate the costs for the specific period tested.
- C. If costs originated with an affiliated company, state the affiliate company name, i.e., Woodmark, Tall Timbers, Liberty Utilities (Sub) Corporation, Algonquin Power & Utilities Corporation (APUC), Liberty Utilities Corporation (Canada), and Liberty Utilities Company (Delaware).

RESPONSE:

- A. Please see attached files:
Staff 8-66 Attachment P TT Misc Invoices part 2.pdf,
Staff 8-66 Attachment P TT Misc Invoices.pdf,
Staff 8-66 Attachment O WM Misc Invoices part 2.pdf
Staff 8-66 Attachment O WM Misc Invoices.pdf
- B. All costs were direct billed.
- C. Travel costs originated from Liberty Utilities Canada but was direct billed by the instruction of employee who incurred the travel.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-67 Please provide the amount of regular earnings, overtime earnings, double time earnings, on call earnings, bonus earnings, STIP, LTIP/Dividend that were charged to Tall Timbers and Woodmark per account code per employee as listed in the spreadsheets provided in response to Tyler 3-12.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-68 Please provide per employee an explanation for the overtime expenses reported in the spreadsheets filed in response to RFI Tyler 3- 12 as well as timesheets. Please provide the overtime policy and any action taken within 12 months of the test year to eliminate overtime expense.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-69 For each of the allocation percentages included in the Tyler 3-12 spreadsheets for allocating cost please provide all percentages used for all distribution utilities of APUC as well supporting documentation that the percentages used are a reasonable amount to allocate costs.

RESPONSE: Please see supplemental response to OPUC 2-1.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-70 Please provide supporting documentation for the specific tasks performed by each employee for Woodmark and Tall Timbers in each of the Tyler 3-12 spreadsheets filed in Docket 46256 enabling Tall Timbers and Woodmark to provide reasonable and quality Wastewater Service.

RESPONSE: Please see response to Staff 2-29.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-71 Please provide documentation that each employee's cost billed amounts in the Tyler 3-12 spreadsheet were only billed to Tall Timbers and Woodmarks salaries and wages or contract work amounts claimed in the application.

RESPONSE: Will supplement

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-72 Please provide supporting documentation justifying the employees who have termination dates prior to the test year in the Tyler 3-12 Canada spreadsheet and how that the amounts were accounted for.

RESPONSE: Will supplement

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-73 Please explain if the second phase revenue requirement should be \$955,981 as indicated on bates LU 013666 and LU 013667 or \$964,151 on bates LU 013637. Please provide supporting documentation reconciling the difference and amended application pages as appropriate and supporting documentation.

RESPONSE: The correct amount of the second step revenue requirement is \$955,981 as shown on LU 000350.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-74 Provide the Capitalization Expense Policy for Woodmark and Tall Timbers.

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-75 Provide a copy of the chart of accounts corresponding to the General Ledger Detail for 2004 and 2005 for Tall Timbers.

RESPONSE: Please see attached file Staff 8-75 TT and WM GL COA from South System.xlsx

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-76 Are the “Tap Fees” listed on the tariff used to pay the “Tap Set” and/or “Service Tap” fees?

RESPONSE: Will supplement.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory

RESPONSE TO REQUEST FOR INFORMATION

STAFF RFI 8-77 Provide documentation of all customer, government and developer contributions.

RESPONSE: Please see response to Tyler 3-9.

Prepared by: Alysia Maya, Rates Analyst

Sponsored by: Gerry Becker, Manager Rates and Regulatory