



Control Number: 46333



Item Number: 128

Addendum StartPage: 0

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

RECEIVED

2017 MAR 21 PM 1:52

APPLICATION OF PK-RE
DEVELOPMENT COMPANY, INC.
D/B/A GREENSHORES UTILITY
SERVICES AND D/B/A OAK SHORES
WATER SYSTEM FOR AUTHORITY
TO CHANGE RATES AND TARIFFS
IN TRAVIS COUNTY

§
§
§
§
§
§
§

BEFORE THE STATE OFFICE

PUBLIC UTILITY COMMISSION
FILING CLERK

OF

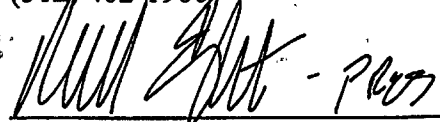
ADMINISTRATIVE HEARINGS

**PK-RE DEVELOPMENT COMPANY'S RESPONSE
TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

PK-RE Development Company d/b/a Oak Shores Water System ("PK-RE") files this Response to the First Request for Information ("RFI") filed by Public Utility Commission ("Commission") Staff. The discovery request was received by PK-RE on March 1, 2017. Thus, the responses are timely filed. Pursuant to 16 Tex. Admin. Code § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

Respectfully submitted,

PK-RE Development Company, Inc. dba
Oak Shores Water System
500 N. Capital Hwy., Bldg. 1, Suite 125
Austin, Texas 78746
(512) 402-1900



RUSSELL EPPRIGHT, President
Hill County Galleria, Bldg. B.
13301 Galleria Circle, Suite B175
Bee Cave, Texas 78738
(512) 347-1530

128

CERTIFICATE OF SERVICE

I hereby certify that on March 21, 2017, true and correct copy of the foregoing document has been served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.



GEORGIA N. CRUMP

**SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333**

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

WATER

Staff 1-1 Reference the application, page 15, schedule II-3(a) Purchased water or other pass through expenses. Provide the following:

- a. The most recent LCRA contract for purchased water;
- b. LCRA rate per acre-ft;
- c. Calculation used to determine the price per unit was \$0.7987.

Response

- a. The most recent LCRA contract is included in the file titled "PK-RE 000731-000783 PK-RE Staff 1-1 LCRA Contract;"
- b. The rate per is set forth in Exhibit A, Section II.B.2 on page 9 of the LCRA contract provided in response to 1-1a;
- c. $(\$0.46/1000)*26.37\% + (\$0.92/1000)*73.63 = \$0.7987/1000 \text{ gal.}$

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-2 Reference the application, schedule II-4 Purchased power. Provide electric bills for the years ending:

- a. December 31, 2014; and
- b. December 31, 2015.

Response

The requested information is contained in the attached files titled "PK-RE 000784-000882 PK-RE- Staff 1-2 and 1-26 2014 Electric Bills" and "PK-RE 000883-001004 PK-RE Staff 1-2 and 1-26 2015 Electric Bills."

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS

PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-3 Provide the number of customers for the years ending:

- a. December 31, 2013; and
- b. December 31, 2014.

Response

- a. The number of customers at December 31, 2013 was 185; and
- b. The number of customers at December 31, 2014 was 212.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-4 Provide total water, in gallons, sold for the years ending:

- a. December 31, 2013; and
- b. December 31, 2014.

Response

- a. The total gallons sold for the year ending December 31, 2013 was 33,307,000 gallons.
- b. The total gallons sold for the year ending December 31, 2014 was 36,144,000 gallons.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI

- Staff 1-5 Reference the application, schedule II-5 other related volume expenses. Provide a breakdown of chemicals, including cost, used for the years ending:
- a. December 31, 2013;
 - b. December 31, 2014; and
 - c. December 31, 2015.

Response

The requested information is included in the file titled "PK-RE 001005-001006 PK-RE Staff,1-5 and 1-29 Chemicals Analysis."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS

PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-6 Reference the application, schedule II-8 Contract work. Provide the contract for the contract services, including all fees and monthly rate.

Response

The requested information is included in attached file titled "PK-RE 001007-001019 PK-RE Staff 1-6 and Staff 1-31 Contract for Contract Services."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-7 Reference the application, schedule II-8 Contract work. Provide invoices for the contract work for years ending:
a. December 31, 2014; and
b. December 31, 2015.

Response

The requested information is included in attached files titled "PK-RE 001020-001168 PK-RE Staff 1-7 and 1-32 2013 Contract Invoices," "PK-RE 001169-001268 PK-RE Staff 1-7 and 1-32 2014 Contract Invoices," and "PK-RE 001269-001420 PK-RE Staff 1-7 and 1-32 2015 Contract Invoices."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

- Staff 1-8 Reference the application, schedule II-8 Contract work. Provide schedule II-8(b) Large items for the years ending:
- a. December 31, 2013; and
 - b. December 31, 2014.

Response

The requested information is included in attached file titled "PK-RE 001421 PK-RE Staff 1-8 and 1-33 2013 and 2014 Schedule II-8(b)."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-9 Reference the application, schedule II-10 Other maintenance. Provide a breakdown of repairs made, including the amount for each repair/maintenance item, for the test year (year ending December 31, 2015).

Response

The requested information is included in attached file titled "PK-RE 001422-001424 PK-RE Staff 1-9 and 1-34 Other Maintenance 2015."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-10 Reference the application, schedule II-12 Bad Debts. Provide an explanation why bad debts were not included in 2013, 2014, or 2015.

Response

The company has neither booked nor is claiming any bad debt expense in this case.

Prepared by: Donald Clayton

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-11 Reference the application, schedule II-14 Office supplies. Provide a breakdown of miscellaneous expenses, including the cost of each item, for the test year (year ending December 31, 2015).

Response

The requested information is included in the file titled "PK-RE 001425-001426 PK-RE Staff 1-11 and 1-36 Miscellaneous Expenses 2015."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-12 Reference the application, schedule II-15 Professional services. Provide an explanation how the legal fees of \$422.19 included in professional services is related to water service.

Response

The legal fees of \$422.19 is the allocated portion of the total 2015 legal fees of \$675.00 which are related to modification of loan documents to release RME Enterprises, Inc. as collateral when RME Enterprises was sold to a third party.

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-13 Reference the application, schedule II-15 Professional services. Provide a breakdown of "other" professional services in the amount of \$469.10.

Response

The \$469.10 of other professional fees is the portion allocated to water service of the total 2015 Other professional fees of \$750 which is related to record keeping services provided to the company by Eppright Homes LLC.

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-14 Reference the application, schedule II-16 Insurance. Provide insurance invoice, from Alteris Insurance.

Response

The requested invoices are provided in the file title "PK-RE 001427-001433 PK-RE Staff 1-14 and 1-39 Insurance Invoices for 2015."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-15. Reference the application, schedule II-18 Regulatory expense. Provide the following for the franchise fees listed:

- a. Name of the company to which the company pays franchise fees; and
- b. Invoices.

Response

- a. All of the Company's franchise fees are paid to the TCEQ for its annual assessment and permit fees. A breakdown of all of the fees paid in 2015 is shown in the attachment titled "PK-RE 001445 PK-RE Staff 1-15 Staff 1-16 Staff 1-40 and Staff 1-41 Regulatory Fees 2015." Schedule II-18 in the filing is in error as all fees were paid to the TCEQ.
- b. The invoices are included in the file titled "PK-RE 001434-001444 PK-RE Staff 1-15 and 1-40 TCEQ Invoices 2015."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-16 Reference the application, schedule II-18 Regulatory expense. Provide a breakdown, including cost, for the "other" regulatory fees of \$4,987.43.

Response

See response to Staff 1-15.

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333**

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-17 Reference the application, schedule II-19 Miscellaneous. Provide an explanation of bank fees included in miscellaneous expenses of \$128.59.

Response

The \$128.59 of banks fees is the portion of the total 2015 bank fees of \$205.59 allocated to the water system. Bank fees are a normal expenses incurred as a part of doing business as a water and wastewater utility in the State of Texas.

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS

PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-18 Reference the application, schedule II-19 Miscellaneous. Provide bills for the following listed miscellaneous expenses:

- a. Telephone of \$6,474.20;
- b. Waste Removal of \$512.48; and
- c. Natural gas of \$154.32.

Response

- a. The requested information is included in the file titled "PK-RE 001478-001509 PK-RE Staff 1-18 and 1-43 Telephone Bills 2015."
- b. The requested information is included in the file titled "PK-RE 001510-001520 PK-RE Staff 1-18 and 1-43 Waste Removal Bills 2015."
- c. The requested information is included in the file titled "PK-RE 001446-001477 PK-RE Staff 1-18 and 1-43 Gas Bills 2015."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-19 Reference the application, schedule III-1 requested return. Provide an explanation how the following were calculated:

- a. Equity amount of \$2,237,659; and
- b. Long-term Debt amount of \$1,950,360.

Response

- a. The equity amount of \$2,237,659 is based on the Company's capital structure of 53.43% equity and 46.57% long-term debt synchronized to the Company's rate base of \$4,188,020. 53.43% of \$4,188,020 equals \$2,237,659.
- b. The long-term debt amount of \$1,950,360 is based on the Company's capital structure of 53.43% equity and 46.57% long-term debt synchronized to the Company's rate base of \$4,188,020. 46.57% of \$4,188,020 equals \$1,950,360.

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-20 Reference the application, schedule III-6 Long-term debt/notes payable. Provide the following:

- a. SBA Loan agreement, including the interest rate of 5.89%;
- b. Omni Bank loan agreement, including the interest rate of 7.77%.

Response

Please see confidential response to PK-RE's response to Greenshores RFP 1-16.

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS

PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

- Staff 1-21 Reference the application, schedule III-6 Long-term debt/notes payable; N/P Russell Eppright. Provide the following:
- Explanation how and when Russell Eppright gets paid back for his loan, or amortization schedule for this entry;
 - Loan agreement with Russell Eppright, including interest rate;
 - What the funds were used for; and
 - Explanation if Russell Eppright's N/P is equity.

Response

- As a practical matter, Russell Eppright will be repaid from the proceeds of a sale if and when that occurs. On the other hand, if the Company is not sold then the note will remain outstanding until such time as the Company's revenues are sufficient to amortize the loan.
- The loan agreement with Russell Eppright including the interest rate is included in the file titled "PK-RE 001521-001527 PK-RE Staff 1-21 and 1-47 Owner Loan Agreements."
- The funds were used for general corporate purposes.
- No. Russell Eppright's N/P is not equity.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS

PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

- Staff 1-22 Reference the application, schedule III-6 Long-term debt/notes payable; N/P Rusty Parker. Provide the following:
- Explanation how and when Rusty Parker gets paid back for his loan, or amortization schedule for this entry;
 - Loan agreement with Rusty Parker, including interest rate;
 - What the funds were used for; and
 - Explanation if Rusty Parker's N/P is equity.

Response

- As a practical matter, Rusty Parker will be repaid from the proceeds of a sale if and when that occurs. Per a mediation agreement in 2016, any repayment will then go to Russell Eppright. On the other hand, if the Company is not sold then the note will remain outstanding until such time as the Company's revenues are sufficient to amortize the loan.
- The loan agreement with Rusty Parker including the interest rate is included in the file titled "PK-RE 001528 PK-RE Staff 1-22 and 1-48 Owner Loan Agreements."
- The funds were used for general corporate purposes.
- No. Rusty Parker's N/P is not equity.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS

PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-23 Provide the number of customers billed during the 2015 test year.

Response

On average during 2015 the company billed 209 water customers per month.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-24 Provide the number of Living Unit Equivalencies (LUE) for the 2015 test year.

Response

The average number of water LUEs for the 2015 test year was 316.5 per month.

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-25 Provide copies of "Schedule III" in excel format. Itemize all assets, water and sewer. Include all the following items for each line item:

- a. NARUC Account Number
- b. Item Description
- c. Date of Installation (MM/DD/YYYY)
- d. Service Life (Years)
- e. Original Cost when Installed (\$)
- f. Customer CIAC amount
- g. Economic Life (Total Days in Service)

Response

The requested information is included in the files titled "PK-RE 001532-001536 PK-RE Staff 1-25 and 1-51 Water Plant in Service as of 12-31-2015" And "PK-RE 001529-001531 PK-RE Staff 1-25 and 1-51 Sewer Plant in Service as of 12-31-2015."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

SEWER

- Staff 1-26 Reference the application, schedule II-4 Purchased power. Provide electric bills for the years ending:
- December 31, 2014; and
 - December 31, 2015.

Response

The requested information is contained in the attached files titled "PK-RE 000784-000882, PK-RE- Staff 1-2 and 1-26 2014 Electric Bills" and "PK-RE 000883-001004 PK-RE Staff 1-2 and 1-26 2015 Electric Bills."

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1:27 Provide the number of customers for the years ending:

- a. December 31, 2013; and
- b. December 31, 2014.

Response

- a. The number of customers as of 12/31/13 was 130.
- b. The number of customers as of 12/31/14 was 134.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS

PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-28 Provide total gallons treated for the years ending:

- a. December 31, 2013; and
- b. December 31, 2014.

Response

- a. The total wastewater gallons treated in 2013 was 7,951,000 gallons.
- b. The total wastewater gallons treated in 2014 was 6,638,000 gallons.

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

· SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI

Staff 1-29 Reference the application, schedule II-5 other related volume expenses. Provide a breakdown of chemicals, including cost, used for the years ending:

- a. December 31, 2013;
- b. December 31, 2014; and
- c. December 31, 2015.

Response

The requested information is included in the file titled "PK-RE 001005-001006 PK-RE Staff 1-5 and 1-29 Chemicals Analysis."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-30 Reference the application, schedule II-5 other related volume expenses. Provide the following regarding sludge hauling:

- a. Number of times a year sludge is hauled; and
- b. Number of years between sludge hauling.

Response

- a. Raw Sewage is hauled daily (7 days per week) from the District's lift stations to the District's WWTF or offsite. WWTF sludge is hauled generally at a frequency of once every two weeks.
- b. There are zero years between sludge hauling activities. Sludge is hauled on a regular basis (see response to a. above).

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-31 Reference the application, schedule II-8. Contract work. Provide the contract for the contract services, including all fees and monthly rate.

Response

The requested information is included in attached file titled "PK-RE 001007-001019 PK-RE Staff 1-6 and Staff 1-31 Contract for Contract Services."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333**

**PK-RE'S RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-32 Reference the application, schedule II-8 Contract work. Provide invoices for the contract work for years ending:
a. December 31, 2014; and
b. December 31, 2015.

Response:

The requested information is included in attached files titled "PK-RE 001020-001168 PK-RE Staff 1-7 and 1-32 2013 Contract Invoices," "PK-RE 001169-001268 PK-RE Staff 1-7 and 1-32 2014 Contract Invoices," and "PK-RE 001269-001420 PK-RE Staff 1-7 and 1-32 2015 Contract Invoices."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

- Staff 1-33 Reference the application, schedule II-8 Contract work. Provide schedule II-8(b) Large items for the years ending:
- December 31, 2013; and
 - December 31, 2014.

Response

The requested information is included in attached file titled "PK-RE 001421 PK-RE Staff 1-8 and 1-33 2013 and 2014 Schedule II-8(b)."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-34 Reference the application, schedule II-10 Other plant maintenance. Provide a breakdown of repairs made, including the amount for each repair/maintenance item, for the test year (year ending December 31, 2015).

Response

The requested information is included in attached file titled "PK-RE 001422-001424 PK-RE Staff 1-9 and 1-34 Other Maintenance 2015."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-35 Reference the application, schedule II-12 Bad Debts. Provide an explanation why bad debts were not included in 2013, 2014, or 2015.

Response

The Company has neither booked nor is claiming any bad debt expense in this case.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-36 Reference the application, schedule II-14 Office supplies. Provide a breakdown of miscellaneous expenses, including the cost of each item, for the test year (year ending December 31, 2015).

Response

The requested information is included in the file titled "PK-RE 001425-001426 PK-RE Staff 1-11 and 1-36 Miscellaneous Expenses 2015."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-37 Reference the application, schedule II-15, Professional services. Provide an explanation how the legal fees of \$422.19 included in professional services is related to water service, and how they are different from the legal fees of \$422.19 included in the water cost of service/revenue requirement.

Response

The detail shown on schedule II-15(b) was incorrect and should read as follows:

Accounting	\$1,496.25
Legal	\$252.81
Other	\$280.90

See response to Staff 1-12 for how the legal fees of \$252.81 shown above relate to water and sewer service.

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-38 Reference the application, schedule II-15 Professional services. Provide a breakdown of "other" professional services in the amount of \$469.10, and how they are different from the "other" professional services of \$469.10 in the water cost of service/revenue requirement.

Response

The detail shown on schedule II-15(b) was incorrect and should read as follows:

Accounting	\$1,496.25
Legal	\$252.81
Other	\$280.90

The \$280.90 of other professional fees shown above is the portion allocated to sewer service of the total 2015 Other professional fees of \$750 which is related to record keeping services provided to the company by Eppright Homes LLC.

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-39 Reference the application, schedule II-16 Insurance. Provide insurance invoice from Alteris Insurance.

Response

The requested invoices are provided in the file title "PK-RE 001427-001433 PK-RE Staff 1-14 and 1-39 Insurance Invoices for 2015."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333**

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-40 Reference the application, schedule II-18 Regulatory expense. Provide the following for the franchise fees listed:

- a. Name of the company to which the company pays franchise fees; and
- b. Invoices.

Response

- a. All of the Company's franchise fees, are paid to the TCEQ for its annual assessment and permit fees. A breakdown of all of the fees paid in 2015 is shown in the file titled "PK-RE Staff 1-15 Staff 1-16 Staff 1-40 and Staff 1-41 Regulatory Fees 2015." Schedule II-18 in the filing is in error as all fees were paid to the TCEQ.
- b. The invoices are included in the file titled "PK-RE 001434-001444 PK-RE Staff 1-15 and 1-40, TCEQ Invoices 2015."

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-41 Reference the application, schedule II-18 Regulatory expense. Provide a breakdown, including cost, for the "other" regulatory fees of \$2,331.91.

Response

See response to Staff 1-40.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS

PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-42 Reference the application, schedule II-19 Miscellaneous. Provide an explanation of bank fees included in miscellaneous expenses of \$77.00.

Response

The \$77.00 of banks fees is the portion of the total 2015 bank fees of \$205.59 allocated to the sewer system. Bank fees are a normal expenses incurred as a part of doing business as a water and wastewater utility in the State of Texas.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-43 Reference the application, schedule II-19 Miscellaneous. Provide bills for the following listed miscellaneous expenses for the test year (year ended December 31, 2015):

- a. Telephone of \$3,876.77;
- b. Waste Removal of \$306.87; and
- c. Natural gas of \$92.41.

Response

- a. The requested information is included in the file titled "PK-RE 001478-001509 PK-RE Staff 1-18 and 1-43 Telephone Bills 2015."
- b. The requested information is included in the file titled "PK-RE 001510-001520 PK-RE Staff 1-18 and 1-43 Waste Removal Bills 2015."
- c. The requested information is included in the file titled "PK-RE 001446-001477 PK-RE Staff 1-18 and 1-43 Gas Bills 2015."

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-44 Reference the application, schedule III-1 requested return. Provide an explanation how the following were calculated:

- a. Equity amount of \$912,604; and
- b. Long-term Debt amount of \$795,432.

Response

- a. The equity amount of \$912,604 is based on the Company's capital structure of 53.43% equity and 46.57% long-term debt synchronized to the Company's rate base of \$1,708,037. 53.43% of \$1,708,037 equals \$912,604.
- b. The long-term debt amount of \$795,432 is based on the Company's capital structure of 53.43% equity and 46.57% long-term debt synchronized to the Company's rate base of \$1,708,037. 46.57% of \$1,708,037 equals \$795,432.

Prepared by: - Donald Clayton
Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-45 Reference the application, schedule III-1 requested return. Provide an explanation why the debt and equity amounts differ from schedule III-1 requested return for water.

Response.

The amounts for Sewer were synchronized to the sewer rate base and the water amounts were synchronized to the water rate base.

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

SOAH DOCKET NO. 473-17-2285.WS
PUC DOCKET NO. 46333

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-46 Reference the application, schedule III-6 Long-term debt/notes payable. Provide the following:

- a. SBA Loan agreement, including the interest rate of 5.89%;
- b. Omni Bank loan agreement, including the interest rate of 7.77%.

Response

Please see confidential response to PK-RE's response to Greenshores RFP 1-16.

Prepared by: Russell Eppright
Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-47 Reference the application, schedule III-6 Long-term debt/notes payable; N/P Russell Eppright. Provide the following:

- a. Explanation how and when Russell Eppright gets paid back for his loan, or amortization schedule for this entry;
- b. Loan agreement with Russell Eppright, including interest rate;
- c. What the funds were used for; and
- d. Explanation if Russell Eppright's N/P is equity.

Response

- a. As a practical matter, Russell Eppright will be repaid from the proceeds of a sale if and when that occurs. On the other hand, if the Company is not sold then the note will remain outstanding until such time as the Company's revenues are sufficient to amortize the loan.
- b. The loan agreement with Russell Eppright including the interest rate is included in the file titled "PK-RE 001521-001527 PK-RE Staff 1-21 and 1-47 Owner Loan Agreements."
- c. The funds were used for general corporate purposes.
- d. No. Russell Eppright's N/P is not equity.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

- Staff 1-48 Reference the application, schedule III-6 Long-term debt/notes payable; N/P Rusty Parker. Provide the following:
- a. Explanation how and when Rusty Parker gets paid back for his loan, or amortization schedule for this entry;
 - b. Loan agreement with Rusty Parker, including interest rate;
 - c. What the funds were used for; and
 - d. Explanation if Rusty Parker's N/P is equity.

Response

- a. As a practical matter, Rusty Parker will be repaid from the proceeds of a sale if and when that occurs. Per a mediation agreement in 2016, any repayment will then go to Russell Eppright. On the other hand, if the Company is not sold then the note will remain outstanding until such time as the Company's revenues are sufficient to amortize the loan.
- a. The loan agreement with Rusty Parker including the interest rate is included in the file titled "PK-RE 001528 PK-RE Staff 1-22 and 1-48 Owner Loan Agreements."
- b. The funds were used for general corporate purposes.
- c. No. Rusty Parker's N/P is not equity.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-49 Provide the number of customers billed during the 2015 test year.

Response:

On average during 2015 the company billed 139 sewer customers per month.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-50 Provide the number of Living Unit Equivalencies (LUE) for the 2015 test year.

Response

The average number of sewer LUEs for the 2015 test year was 218.1 per month.

Prepared by: Russell Eppright

Sponsored by: Russell Eppright

**PK-RE's RESPONSES TO
COMMISSION STAFF'S FIRST RFI**

Staff 1-51 Provide copies of "Schedule III" in excel format. Itemize all assets water and sewer. Include all the following items for each line item:

- a. NARUC Account Number
- b. Item Description
- c. Date of Installation (MM/DD/YYYY)
- d. Service Life (Years)
- e. Original Cost when Installed (\$)
- f. Customer CIAC amount
- g. Economic Life (Total Days in Service)

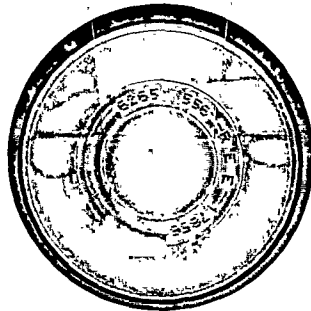
Response

The requested information is included in the files titled "PK-RE 001532-001536 PK-RE Staff 1-25 and 1-51 Water Plant in Service as of 12-31-2015," and "PK-RE 001529-001531 PK-RE Staff 1-25 and 1-51 Sewer Plant in Service as of 12-31-2015."

Prepared by: Donald Clayton
Sponsored by: Russell Eppright

**SOAH Docket No. 473-17-2285.WS
PUC DOCKET NO. 46333**

**APPLICATION OF PK-RE DEVELOPMENT COMPANY, INC.
D/B/A GREENSHORES UTILITY SERVICES AND D/B/A OAK
SHORES WATER SYSTEM FOR AUTHORITY TO CHANGE
RATES AND TARIFFS IN TRAVIS COUNTY**



Mar. 21, 2017

**PK-RE Public Documents Responsive to Staff's First RFI
PK-RE 000731-001536**