

Control Number: 46674



Item Number: 315

Addendum StartPage: 0

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APPLICATION OF SUBURBAN
UTILITY COMPANY, INC. FOR
RATE/TARIFF CHANGE

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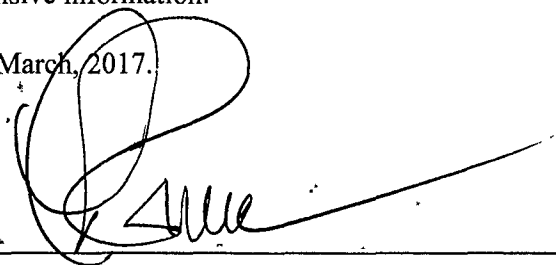
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OF TEXAS

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**SUBURBAN UTILITY COMPANY, INC.'S RESPONSES TO THE
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
REQUESTS NO. 2-1 THROUGH 2-27**

Pursuant to Chapter 16, et. seq. of the Texas Administrative Code, §22.144 ("TAC"), and Rules 190-198 of the Texas Rules of Civil Procedure, SUBURBAN UTILITY COMPANY, INC. ("SUBURBAN") hereby submits and serves these responses to the Commission Staff's Second Request for Information to to SUBURBAN. SUBURBAN, Requests 2-1 through 2-27. SUBURBAN will supplement its responses should it become aware of any additional responsive information.

Respectfully submitted this 21st day of March, 2017.



Les Romo
Law Offices of Les Romo
102 West Morrow Street, Suite 202.
P.O. Box 447
Georgetown, Texas 78627
(512) 868-5600
Fax: (512) 591-7815
State Bar No. 17225800
lesromo.lawoffice@gmail.com

ATTORNEY FOR SUBURBAN UTILITY COMPANY, INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing and the following Responses to the Commission Staff's Second Request for Information to Suburban Utility Company, Inc. were served on the known parties to date on the 21st day of March, 2017 by either First Class Mail, or Facsimile

Transmission or hand delivery.



Les Romo

**SUBURBAN UTILITY COMPANY, INC.'S RESPONSES
TO THE COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

GENERAL OBJECTIONS:

SUBURBAN objects to:

(1) documents, materials or any other item or matter that are in the possession and/or control of the Commission, its staff, attorneys and/or by any state or other agency to which they have equal access as SUBURBAN.

(2) any request that either requests or requires it to create documents, lists, charts or other materials that are not currently in existence and/or which are not in its possession or which are equally accessible to the Commission, its staff, attorneys and/or by any state or other agency to which they have equal access as SUBURBAN.

(3) any request that requests documents, materials and information that is beyond the scope of the issues in this case, and the time period in the test year, and which are not subject to the company's control or possession.

(4) any request that requests documents, materials and information that are not relevant to the issues in this case and/or which will not lead to the discovery of relevant information.

(5) any request that seeks information, documents and materials that cover the time period that is beyond the test year in this case, and that is beyond the period of known and measurable changes in this proceeding.

The General Objections apply to each and every Response by SUBURBAN to the Commission Staff's Second Request for Information as if set forth fully within each Response.

CONDITIONS TO RESPONSE:

1. SUBURBAN's responses are based on the present knowledge of its directors, managers and officers, after a reasonable investigation and a reasonable interpretation and construction of the request in providing these responses.

2. SUBURBAN reserves the right to redact any portion(s) of otherwise responsive and non-privileged documents that contain irrelevant, non-responsive or privileged information.

3. SUBURBAN will supplement its responses if, and when such may be required by applicable discovery rules to this case, if necessary.

4. Any responses in which SUBURBAN Y will produce documents and/or materials are limited in scope to the degree that the documents and/or materials exist, and are in the possession and/or control of SUBURBAN and/or reasonably available to SUBURBAN.

PLEASE NOTE: The persons answering and providing the information for each of the Responses to the Commission Staff's Second Request for Information on behalf SUBURBAN are: Mitchell M. Martin, Jr., Michael M. Martin, Sr., and Bret W. Fenner.

Without waiving the above-stated objections, and subject to the afore-said objections and conditions SUBURBAN responds to the Commission Staff's First Request for Information as set forth below:

STAFF 2-1 Please provide copies (hard copy and electronic file) of the general ledger for the test year (July 1, 2015 - June 30, 2016) and for the period including the known and measurable changes (July 1, 2016 - June 30, 2017, as the future months become available); and copies of the detailed chart of accounts with account codes and/or numbers, account names, and sub-accounts for Suburban Utility Company, Inc. ("Suburban").

RESPONSE: See SUBURBAN UTILITY's Response to OPUC's First Request for Information, Nos. 1-55, 1-63 and 1-73 filed in this case. SUBURBAN UTILITY does not have a completed general ledger for the period of known measurable changes, July 1, 2016 to June 30, 2017 yet. This will be supplemented when the general ledger is compiled.

STAFF 2-2 For the years 2015 and 2016, please provide copies of the complete audited financial statements including auditor's reports and all notes for Suburban Utility Company, Inc., Consumers Water Inc., Community Utility, and MBC Water, including but not limited to balance sheets, profit and loss statements, and statements of cash flow. If audited financial statements are not available, provide the unaudited financial statements.

RESPONSE: See SUBURBAN UTILITY's Response to OPUC's First Request for Information Nos. 1-32 and 1-55 filed in this case.

STAFF 2-3 Please provide any additional internal or external audit reports produced since the beginning 2015 regarding Suburban's water operations, if any. If audit reports are not available, please provide copies of any additional internal or external reports prepared by the management for Suburban's water operations.

RESPONSE: There are no responsive documents in SUBURBAN UTILITY's possession or control.

STAFF 2-4. Please provide the number of full time and part time employees that worked for the Suburban during the test year and for the period covering known and measurable changes (one year after the test year).

RESPONSE: See SUBURBAN UTILITY's Response to OPUC's First Request for Information No. 1-40 filed in this case.

STAFF 2-5 Please provide the number of personnel who provided services for compensation to Suburban on a contractual basis for the test year and one year after the test year.

RESPONSE: See Response to Staff 2-4 above.

STAFF 2-6 Please provide a list of all employees of Suburban or any affiliate who received salaries, bonuses, allowances, benefits and other remuneration that were included in the cost of service either through direct billed or allocated contract expenses or salary expense. Please provide the following information:

- a) Name;
- b) Position and detailed job description;
- c) Date hired and date of termination, if applicable;
- d) Rate per month or per hour and/or annual salary; and
- e) Total number of hours and percentage of time worked per week for each affiliate including Suburban.

RESPONSE: See Response to Staff 2-4 above.

STAFF 2-7 Please provide the number of full time and/or part time employees of any affiliate by company, who provided service for compensation paid by any affiliate for Suburban Utility Company, Consumers Water Inc., Community Utility and MBC Water for 2015 and 2016.

RESPONSE: SUBURBAN UTILITY is not affiliated with any of these companies as that term is defined by applicable Commission Rules. See also the Response to Staff 2-4 above.

STAFF 2-8 Please provide the names of employees of any affiliate that work for Suburban and one or more of the affiliated companies. Provide name position, and detailed job description, and total compensation allocated or direct billed to each affiliated company.

RESPONSE: See the Responses to Staff 2-4 and Staff 2-7 above.

STAFF 2-9 Please provide copy (sic) of study, work papers, or research that show the salaries, allowances, medical insurance benefits, pension/retirement benefits, and other remuneration paid to employees of any affiliate are reasonable.

RESPONSE: SUBURBAN UTILITY is not affiliated with any company except MBC Water Systems, Inc. As to the information requested, SUBURBAN UTILITY does not have any responsive documents or information.

STAFF 2-10 Please provide schedule of all items, expenses, or cost of service that were allocated and/or direct billed to or from Suburban by any affiliated company.

RESPONSE: See the Response to Staff 2-7 above. See also SUBURBAN UTILITY's Response to the OPUC's First Request for Information Nos. 1-6, 1-8, 1-14 and 1-54 filed in this case.

STAFF 2-11 Please provide the percentage and amount allocated from the affiliated companies that were included in this rate change application.

RESPONSE: See the Response to Staff's 2-7 above. Further; no amount was allocated from any alleged affiliated company in the rate/tariff change application.

STAFF 2-12 Please provide a copy of the cost allocation manual, study of basis of allocation of costs from the affiliated companies, if any.

RESPONSE: SUBURBAN UTILITY has no responsive documents.

STAFF 2-13 Please provide the allocation schedule of Consumers Water, Inc., Community Utility

MBC Water's costs of service/expenses allocated to affiliated companies for the test year, but not limited to Suburban. Provide breakdown of costs distributed to the affiliated companies.

RESPONSE: See Response to Staff 2-7 above. Also, the only expense allocated among utilities in common ownership with SUBURBAN UTILITY was the capitalized engineering cost for preparation of a loan application with the Texas Water Development Board. The percentage and amount allocated for this expense can be found in Attachment A-Allocation of Cost Category Expense (July 2015-June 2016). Attachment 2-13 is an allocation breakdown of this capitalized expense to Consumers Water, Inc. and to Community Utility Co., Inc.

STAFF 2-14 Please identify the accounting method (cash, accrual, or other) used to record income and expenses in accordance with GAAP and the NARUC.

RESPONSE: See SUBURBAN UTILITY's Response to the OPUC's First Request for Information No. 1-70 on file in this case.

STAFF 2-15 Please provide (sic) list of SUBURBAN UTILITY's employees covered by pension benefits, medical health insurance, and health or company benefits, if any.

RESPONSE: See SUBURBAN UTILITY's Response to the OPUC's First Request for Information No. 1-40 on file in this case.

STAFF 2-16 Please provide copies of all contracts with its affiliates, if any, and any other contracts with other companies or service providers.

RESPONSE: See Response to Staff 2-7 above. Also, see SUBURBAN UTILITY's Response to the OPUC's First Request for Information No. 1-54 on file in this case.

STAFF 2-17 Please provide copies, including written descriptions of the transactions represented by general journal entries made during the test year including any entries that created prior period adjustments as defined by GAAP.

RESPONSE: See SUBURBAN UTILITY's Response to the OPUC's First Request for Information No. 1-65 on file in this case.

STAFF 2-18 Please provide copies of invoices and other documents to support the following expenses claimed in the application:

- a) Purchased Water
- b) Power expense-production only
- c) Other volume related expenses
- d) Materials
- e) Contract Work
- f) Management salaries
- g) Office supplies & expenses
- h) Professional services
- i) Regulatory expenses
- j) Miscellaneous expenses
- k) Taxes other than income tax

RESPONSE: See SUBURBAN UTILITY's Response to the OPUC's First Request for Information Nos. 1-2, 1-4, 1-6, 1-8, 1-10, 1-12, 1-14, 1-16, 1-19, and 1-25 on file in this case.

STAFF 2-19 Please provide copies of detailed invoices or other documents to support rate case expenses claimed in this application. The invoices should include all detailed invoices for expenses claimed such as travel, food, and lodging.

RESPONSE: See SUBURBAN UTILITY's Response to the OPUC's First Request for Information No. 1-1 on file in this case.

STAFF 2-20 Please provide a break-down or schedule of other revenues by subdivision including Castlewood Subdivision for the test year.

RESPONSE: See SUBURBAN UTILITY's Response to the OPUC's First Request for Information

No. 1-27 on file in this case.

STAFF 2-21 Please provide the amount of regulatory assessment fees paid to the Texas Commission on Environmental Quality (TCEQ) for the calendar year 2014, 2015, and =2016. Please provide supporting documentation for the amounts paid.

RESPONSE: See Attachment 2-21.

STAFF 2-22 If Suburban made payments to affiliated companies through inter-office transfers, credit or debit memos, please provide copies of the supporting documents, and/or journal entries to support the transfers or the due to/due from accounts.

RESPONSE: SUBURBAN UTILITY has no responsive documents nor information.

STAFF 2-23 Please provide copies of IRS Forms W-2 and W-3 from all affiliates and/or Suburban to support salaries and wages and any contractual charges that pay for affiliate salaries and wages included in the test year and IRS Form 1099-Misc for all affiliates to support contract labor or contract services expenses included in the test year.

RESPONSE: See Response to Staff 2-7 above. Also, SUBURBAN UTILITY has no responsive documents nor information.

STAFF 2-24 Please provide copies of income tax returns filed with the IRS for tax years 2014, 2015, and 2016 for Suburban and all affiliates.

RESPONSE: See Response to Staff 2-7 above. Also, see SUBURBAN UTILITY's Response to the OPUC's First Request for Information No. 1-56 on file in this case.

STAFF 2-25 Please provide copies of individual Organizational Structure for Suburban and all affiliates.

RESPONSE: See SUBURBAN UTILITY's Response to Staff 2-7 above. See also SUBURBAN UTILITY's Response to the OPUC's First Request for Information No. 1-39 on file in this case.

STAFF 2-26 Please provide copies of *combined* Organizational Structure for all the affiliates (Suburban, Consumers, Community, and MBC Water).

RESPONSE: See SUBURBAN UTILITY's Response to Staff 2-7 above. Also, see SUBURBAN UTILITY's Response to the OPUC's First Request for Information No. 1-39 on file in this case.

STAFF 2-27 Refer to the "System Totals Reports" filed as Attachment 1-27 in response to OPUC's First RFIs and RFAs. Please explain what "Number of Unread (Turned on) Meters" means.

RESPONSE: These are accounts that were carrying a "Turned On" classification, but were placed on hold while changes or adjustments were being performed on the account.

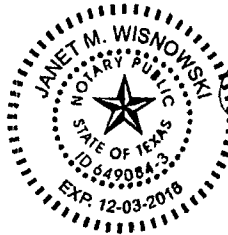
VERIFICATION

STATE OF TEXAS }
 }
COUNTY OF MONTGOMERY }

I hereby verify that I have read the foregoing Suburban Utility Company, Inc.'s responses to the Public Utility Commission Second Request for Information to Suburban Utility and the responsive statements and documents contained therein and attached thereto, are true and correct to the best of my knowledge and belief.

Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.

20th day of March, 2017 before me, by Mitchell M. Martin, Jr. .



Janet M. Wisnowski
Notary Public, in and for the
State of Texas

ATTACHMENT 2-21
RESPONSE TO RFI STAFF 2-21

Shopping Cart

Print this voucher for your records. If you are sending the TCEQ hardcopy documents related to this payment, include a copy of this voucher.

Transaction Information

Voucher Number: 231326
Trace Number: 582EA000184048
Date: 01/29/2015 04:49 PM
Payment Method: ACH - Authorization 0000000000
Amount: \$6,089.02
Fee Type: Water Utility Regulatory Assessment Fee
ePay Actor: Mitchell Martin
Actor Email: mike@mbcws.com
IP: 71.11.172.47

Payment Contact Information

Name: Mitchell Martin
Company: Suburban Utility
Address: P O Box 455, Spring, TX 77383 0455
Phone: 281-444-7747

Customer Information

Customer Name: SUBURBAN UTILITY
Customer Address: P O BOX 455, SPRING, TX 77383 0455

Other Information

Program Area ID: 10835



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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Revenue and Regulatory Assessment Report For PUBLIC UTILITY

UTILITY: SUBURBAN UTILITY

ACCOUNT: 10835

Revenue and Regulatory Assessment Report for the Calendar Year 2015	
1. Enter total revenues from retail water and sewer service in year 2015	1. 671,781.23
2. Enter amount collected OR multiply item 1 by 0.01	2. 6,717.81
3. Late payment penalty: 5% - If paid after January 30th and before March 1st - multiply line 2 by 0.05 10% - If paid after March 1st - multiply line 2 by 0.10	3. 0
4. Late payment interest, 1% per month if paid after March 31st: a. Multiply line 2 by 0.01 = monthly interest due, then b. Multiply monthly interest due by the number of months payment is made after March 31, rounded to the nearest month.	4. 0
5. Amount due and payable (Add lines 2, 3, and 4).	5. 6,717.81

Please note if the utility was inactive for more than a month during the year or experienced other circumstances which affected revenues (attach an additional page if necessary):

I declare that the above information is true and correct to the best of my knowledge and belief.

Signature: [Signature] Date: 1/29/16
 Preparer's name: Michael Martin Phone number: 281-444-7747
(Please Print)

VIPP Form WC0405 / TCEQ-20098

Calendar Year 2015 REVENUE & REGULATORY ASSESSMENT REPORT For PUBLIC UTILITY

PLEASE RETURN ENTIRE ORIGINAL FORM
WITH CHECK OR MONEY ORDER PAYABLE TO:



AMOUNT ENCLOSED	ACCOUNT NO.
6,717.81	10835

CHECK HERE IF YOUR ADDRESS OR YOUR PHONE NUMBER HAVE CHANGED. PLEASE INDICATE ADDRESS OR PHONE NUMBER CHANGE ON BACK.

**PAYMENTS NOT RECEIVED BY JANUARY 30,
WILL RECEIVE A NOTICE OF VIOLATION**

██
 SUBURBAN UTILITY
 PO BOX 455
 SPRING, TX 77383-0455

0000010835 1533242 000000000000130163

FILE COPY

[Shopping Cart](#) [Select Fee](#)

Print this voucher for your records. If you are sending the TCEQ hardcopy documents related to this payment, include a copy of this voucher.

Transaction Information

Voucher Number: 265976
Trace Number: 582EA000210720
Date: 01/29/2016 04:31 PM
Payment Method: ACH - Authorization 0000000000
Amount: \$6,717.81
Fee Type: Water Utility Regulatory Assessment Fee
ePay Actor: Mitchell Martin
Actor Email: mike@mbcws.com
IP: 68.185.196.39

Payment Contact Information

Name: Mitchell Martin
Company: Suburban Utility Company
Address: P O Box 455, Spring, TX 77383 0455
Phone: 281-444-7747

Customer Information

Customer Name: SUBURBAN UTILITY
Customer Address: P O BOX 455, SPRING, TX 77383 0455

Other Information

Program Area ID: 10835

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Revenue and Regulatory Assessment Report
For PUBLIC UTILITY

FILE COPY

UTILITY: SUBURBAN UTILITY

ACCOUNT: 10835

Revenue and Regulatory Assessment Report for the Calendar Year 2016	
1. Enter total revenues from retail water and sewer service in year 2016	1. 614,194.24
2. Enter amount collected OR multiply item 1 by 0.01	2. 6,141.94
3. Late payment penalty: 5% - If paid after January 30th and before March 1st - multiply line 2 by 0.05 10% - If paid after March 1st - multiply line 2 by 0.10	3. -0-
4. Late payment interest, 1% per month if paid after March 31st: a. Multiply line 2 by 0.01 = monthly interest due, then b. Multiply monthly interest due by the number of months payment is made after March 31, rounded to the nearest month.	4. -0-
5. Amount due and payable (Add lines 2, 3, and 4).	5. 6,141.94

Please note if the utility was inactive for more than a month during the year or experienced other circumstances which affected revenues (attach an additional page if necessary):

I declare that the above information is true and correct to the best of my knowledge and belief.

Signature Michael Martin Date 1/30/2017

Preparer's name Michael Martin Phone number 281-444-7747
(Please Print)

VIPP Form WC04C5 / TCEQ-20098

Calendar Year 2016 REVENUE & REGULATORY ASSESSMENT REPORT

For PUBLIC UTILITY

PLEASE RETURN ENTIRE ORIGINAL FORM
WITH CHECK OR MONEY ORDER PAYABLE TO:



TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

AMOUNT ENCLOSED	ACCOUNT NO.
6,141.94	10835

CHECK HERE IF YOUR ADDRESS OR YOUR PHONE NUMBER HAVE CHANGED. PLEASE INDICATE ADDRESS OR PHONE NUMBER CHANGE ON BACK.

**PAYMENTS NOT RECEIVED BY JANUARY 30,
WILL RECEIVE A NOTICE OF VIOLATION**



SUBURBAN UTILITY
PO BOX 455
SPRING, TX 77383-0455

0000010835 1533242 00000000000130171

Print this voucher for your records. If you are sending the TCEQ hardcopy documents related to this payment, include a copy of this voucher.

Transaction Information Voucher Number: 309318 Trace Number: 582EA000247057 Date: 01/30/2017 02:17 PM Payment Method: ACH - Authorization 0000000000 Amount: \$6,141.94 Fee Type: Water Utility Regulatory Assessment Fee ePay Actor: Mitchell Martin Actor Email: mike@mbcws.com IP: 71.11.175.13
Payment Contact Information Name: Mitchell Martin Company: Suburban Utility Co Address: P O Box 455, Spring, TX 77383 0455 Phone: 281-444-7747
Customer Information Customer Name: SUBURBAN UTILITY CO Customer Address: P O BOX 455, SPRING, TX 77383 0455
Other Information Program Area ID: 10835

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