



Control Number: 46674



Item Number: 68

Addendum StartPage: 0

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APPLICATION OF SUBURBAN
UTILITY COMPANY, INC. FOR
AUTHORITY TO CHANGE RATES

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PUBLIC UTILITY COMMISSION

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**OFFICE OF PUBLIC UTILITY COUNSEL'S
FIRST REQUEST FOR INFORMATION
AND REQUEST FOR ADMISSION TO
SUBURBAN UTILITY COMPANY, INC.**

The Office of Public Utility Counsel (OPUC) files and submits this First Request for Information and Request for Admission to Suburban Utility Company, Inc. (Suburban) in the captioned proceeding.

Under Commission Procedural Rules 22.141-.145, 16 Tex. Admin. Code Ch. 22, OPUC requests that Suburban, as defined herein, provide the following information and answer the following questions under oath. Please answer the questions and sub-questions in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to the question.

Definitions

As used in this introduction and in these questions,

- (1) "Suburban", the "Company", and "Applicant" refer to Suburban Utility Company, Inc. and its affiliates;
- (2) "You", "yours" and "your" refer to Suburban Utility Company, Inc. (as defined above), including its directors, officers, employees, consultants, agents, and attorneys.
- (3) "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, electronic mail (e-mail), memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral

68

conversations, work papers, observations, commercial practice manuals, reports and summaries of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

Instructions

1. The Definitions, Instructions, and Claim of Privilege set out in this Request for Information apply to these questions.
2. In answering these questions, furnish all information that is available to you, including information in the possession of your agents, employees, and representatives, all others from whom you may freely obtain it, and your attorneys and their investigators.
3. Please answer each question based upon your knowledge, information, or belief, and any answer that is based upon information or belief should state that it is given on that basis.
4. If you have possession, custody, or control (as defined by Tex. R. Civ. P. 192.7(b)) of the originals of these documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineation, receipt stamp, or notation.
5. If you do not have possession, custody, or control of the originals of the documents requested, please produce copies of the documents, however made, in your possession, custody, or control. If any document requested is not in your possession or subject to your control, please explain why not, and give the present location and custodian of any copy or summary of the document.
6. If any question appears confusing, please request clarification from the undersigned counsel.
7. In providing your responses, **please start each response on a separate page** and type, at the top of the page, the question that is being answered.
8. **As part of the response to each question, please state, at the bottom of the answer, the name and job position of each person who participated in any way, other than providing clerical assistance, in the preparing of the answer.** If the question has sub-parts, please identify the person or persons by sub-part. **Please also state the name of the witness in this docket who will sponsor the answer to the question and who can vouch for the truth of the answer.** If the question has sub-parts, please identify the witness or witnesses by sub-part.

9. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.
10. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer between the time of your original response and the time of the hearings, then you should submit, under oath, a supplemental response to your earlier answer.
11. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if you object to any of the questions on the grounds that the question seeks confidential information, or on any other grounds, please call the undersigned counsel as soon as possible.
12. If the response to any question is voluminous, please provide separately an index to the materials contained in the response.
13. If the information requested is included in previously furnished exhibits, workpapers, or responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references.
14. To the extent that a question asks for the production of copyrighted material, it is sufficient to provide a listing of such material, indicating the title, publisher, author, edition, and page references relied on or otherwise relevant to the question.

Claim of Privilege

If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

REQUESTS FOR INFORMATION

- RFI No. 1-1.** Please provide all documents, including invoices and time sheets, that support Suburban's request for rate case expenses in this case. Please supplement Suburban's response to this request at least monthly as additional documents become available.
- RFI No. 1-2.** Please provide all documents that Suburban relies upon for support of its \$39,013 test-year amount for Purchased water in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-3.** Please provide all documents, including all contracts, invoices and written communications, that Suburban relies upon for support of its \$8,213 known and measurable changes amount for Purchased water in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-4.** Please provide all documents that Suburban relies upon for support of its \$50,128 test-year amount for Power Expense-production only in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-5.** Please provide all documents, including all contracts, invoices and written communications, that Suburban relies upon for support of its \$(12,833) known and measurable changes amount for Power Expense-production only in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-6.** Please provide all documents that Suburban relies upon for support of its \$9,568 test-year amount for Other volume related expense in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-7.** Please provide all documents, including all contracts, invoices and written communications, that Suburban relies upon for support of its \$(2,449) known and measurable changes amount for Other volume related expense in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

- RFI No. 1-8.** Please provide all documents that Suburban relies upon for support of its \$82,433 test-year amount for Materials in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-9.** Please provide all documents, including all contracts, invoices and written communications, that Suburban relies upon for support of its \$(41,979) known and measurable changes amount for Materials in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-10.** Please provide all documents that Suburban relies upon for support of its \$323,820 test-year amount for Contract work in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-11.** Please provide all documents, including all contracts, invoices and written communications, that Suburban relies upon for support of its \$(82,898) known and measurable changes amount for Contract work in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-12.** Please provide all documents that Suburban relies upon for support of its \$75,400 test-year amount for Mgmt Salaries in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-13.** Please provide all documents that Suburban relies upon for support of its \$(19,302) known and measurable changes amount for Mgmt Salaries in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-14.** Please provide all documents that Suburban relies upon for support of its \$82,510 test-year amount for Office supplies & expense in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-15.** Please provide all documents that Suburban relies upon for support of its \$(21,123) known and measurable changes amount for Office supplies & expenses in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

- RFI No. 1-16.** Please provide all documents that Suburban relies upon for support of its \$27,314 test-year amount for Professional services in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-17.** Please provide all documents that Suburban relies upon for support of its \$(6,992) known and measurable changes amount for Professional services in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-18.** Please provide all documents that Suburban relies upon for support of its \$8,000 known and measurable changes amount for Rate Case Expenses in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-19.** Please provide all documents that Suburban relies upon for support of its \$17,569 test-year amount for Miscellaneous expenses in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-20.** Please provide all documents that Suburban relies upon for support of its \$(9,495) known and measurable changes amount for Miscellaneous expenses in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-21.** Please provide all documents, including all studies, reports, compilations, analyses, and workpapers, that Suburban relies upon for support of its proposed 10% rate of return on equity in its rate application.
- RFI No. 1-22.** Please provide copies of all rate of return on equity studies conducted by or on behalf of Suburban or its affiliate utilities in the last two years. This request includes analyses using alternative cost of equity methodologies.
- RFI No. 1-23.** Please provide all documents, including invoices and written communications, that relate in particular to M.B.C. Water Service, Inc. charging Suburban for each of the following:
- (a) Billing; and
 - (b) Bookkeeping.

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

- RFI No. 1-24.** Please provide all documents that Suburban relies upon for support of its \$19,489 test-year amount for Depreciation in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-25.** Please provide all documents that Suburban relies upon for support of its \$19,073 test-year amount for Taxes other than Income in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-26.** Please provide all documents that Suburban relies upon for support of its \$4,987 known and measurable changes amount for Income Tax Expense in the rate application. If the documents responsive to this request contain other information, please identify the particular portion(s) of the documents that are responsive to this request.
- RFI No. 1-27.** Please provide all documents related to other revenues paid to Suburban in each of the years 2014, 2015 and 2016.
- RFI No. 1-28.** Please provide all documents, including all contracts, invoices and written communications, relating to the prices that M.B.C. Water Service, Inc. charges for providing the following services to persons or corporations other than Suburban:
- (a) water or sewer utility operation services;
 - (b) water or sewer utility management services;
 - (c) water or sewer utility billing services;
 - (d) water or sewer utility bookkeeping services;
 - (e) labor services for water or sewer utilities;
 - (f) business operation services for businesses other than water or sewer utilities;
 - (g) business management services for businesses other than water or sewer utilities;
 - (h) billing services for businesses other than water or sewer utilities;
 - (i) bookkeeping services for businesses other than water or sewer utilities; and
 - (j) labor services for businesses other than water or sewer utilities.
- RFI No. 1-29.** Please provide documents that identify persons or corporations that are an "affiliated interest" or "affiliate" of Suburban, as defined in Texas Water Code § 13.002(2).
- RFI No. 1-30.** Please provide the monthly budgets for Suburban for each month from June 2014 to present. In addition to providing the budgets in paper format, please

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

provide the budgets in native electronic format, if available, with all components fully functional and with all spreadsheet cell formulas, functions, references, macros, links and other information intact and working.

- RFI No. 1-31.** Please provide the 2015 and 2016 federal consolidated income tax returns filed by or on behalf of Suburban, including the complete consolidated tax return, the work papers generated for the preparation of the consolidated tax return, and the work papers for reconciliation between the consolidated tax return and Suburban's operating books and records.
- RFI No. 1-32.** Please provide complete copies of all Suburban internal income statements, cash flow statements and balance sheets for 2014, 2015 and 2016.
- RFI No. 1-33.** Please provide all documents related to customer contributions in aid of construction or acquisition of Suburban's utility property included in rate base.
- RFI No. 1-34.** Please provide all documents related to developer contributions in aid of construction or acquisition of Suburban's utility property included in rate base.
- RFI No. 1-35.** Unless provided in response to another document production request in this set of requests, please provide all notes, work papers, Excel spreadsheets and workbooks, analyses, studies and other documents developed or used in the preparation of the rate application. If a requested spreadsheet or workbook is available or can be made available in Excel native electronic format, please provide the document in this format with all data, formulas, references, functions, links, macros and calculations intact and functioning.
- RFI No. 1-36.** Please provide a detailed job description of all the officers and employees of Suburban.
- RFI No. 1-37.** Please explain your basis for the proposed Capital Improvements Surcharge of \$20 per customer per month.
- RFI No. 1-38.** Please provide all documents relating to the capital improvements for which the surcharge will be used.
- RFI No. 1-39.** Please identify and describe your relationship with all businesses, including but not limited to partnerships, sole proprietorships, and corporations, that are your affiliates.
- RFI No. 1-40.** For each employee of Suburban during the test year, please provide the person's hired date and termination date (if applicable), the total number of hours and percentage of time worked per week for you, the total number of hours and

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

percentage of time worked per week for any of your affiliates, and a detailed job description.

- RFI No. 1-41.** Please provide all documents that Suburban relies upon for support of its claim that it is out of compliance with TCEQ standards.
- RFI No. 1-42.** Please explain in detail what measures you have taken to correct violations of TCEQ standards.
- RFI No. 1-43.** Please provide the detailed cost estimates prepared by the licensed professional engineer with sign and seal for the capital improvements and the calculation of the proposed \$20 surcharge. Also, include the total number of customers used to calculate the surcharge amount.
- RFI No. 1-44.** Please provide the copies of approval letters from the TCEQ for the projects that Suburban plans to construct to bring its water systems in compliance with the TCEQ's rules.
- RFI No. 1-45.** Please explain why the Castlewood subdivision was not included in this application.
- RFI No. 1-46.** Please identify the legal owners of Suburban Utility Company, Inc., and the date in which the owners acquired the utility.
- RFI No. 1-47.** Please provide a copy of any and all sales contracts for any utility system that Suburban Utility Company, Inc., purchased, if any.
- RFI No. 1-48.** Please provide a list of all systems of Suburban Utility Company, Inc., and the number of customers in each system during the test year, including Castlewood subdivision.
- RFI No. 1-49.** Please provide the cost of service analysis documents to support the consolidation of Suburban Utility systems.
- RFI No. 1-50.** Please provide monthly reports from the test year for each of your water systems, indicating the number of gallons of water pumped at each system, the number of gallons of water billed in each tier to the customers at each system, and the number of connections at each system.
- RFI No. 1-51.** Please provide the copies of distribution system map with the waterline size that are currently in service to provide service to all your water systems.

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

- RFI No. 1-52.** Please provide the customer complaint log maintained by you for each of your water systems, including the nature of the complaints and the action taken on those complaints.
- RFI No. 1-53.** Please provide an organizational chart showing the relationship between you and your affiliates.
- RFI No. 1-54.** Please provide all contracts between you and any of your affiliates.
- RFI No. 1-55.** For the years 2014, 2015 and 2016, please provide the financial statements, including, but not limited to, balance sheets, profit and loss statements, and detailed general ledgers and/or transaction details listed by account for you and your affiliates.
- RFI No. 1-56.** Please provide the 2014, 2015 and 2016 federal income tax returns filed with the IRS for your affiliates and yourself.
- RFI No. 1-57.** Please provide the W-2s and 1099s for tax year 2014, 2015 and 2016 for all your officers, employees, contractors, and anyone else who works for you.
- RFI No. 1-58.** Please provide all invoices or other supporting documents for the costs of all the individual assets you claimed in your application
- RFI No. 1-59.** Please provide the monthly operating reports for all water systems of Suburban Utility Company for 12 months during the test year including the gallons of water pumped and gallons of water billed to the customers.
- RFI No. 1-60.** Please provide the documents to support the developer contributions claimed in the application.
- RFI No. 1-61.** Please provide the documents to support the customer contributions claimed in the application.
- RFI No. 1-62.** Please provide the documents that show which line items listed as customer contributions in the application match with which line items in the depreciation schedule of the application.
- RFI No. 1-63.** Please provide your general ledger, including account numbers, for the 12 month period ending June 30, 2016.
- RFI No. 1-64.** Please provide the statement of cash flows, as the term is used within GAAP, for the years ending 6/30/2014, 6/30/2015, and 6/30/2016. Also, provide the statement of cash flows for the 12 month test year, which ended on 6/30/2016.

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

- RFI No. 1-65.** Please provide copies, including written descriptions of the transactions, of any and all general journal entries made during the test year that created prior period adjustments as defined by GAAP.
- RFI No. 1-66.** Please provide all records of changes in capitalization policies by yourself or your affiliates that apply to the assets and expenses subject to this proceeding.
- RFI No. 1-67.** Please provide the allocation method including all calculations and amounts and an allocation manual, if any, used to allocate common expenses among the affiliated companies of Suburban Utility Company, Inc.
- RFI No. 1-68.** For all personnel, facilities, and expense categories shared by Suburban Utility Company, Inc. and its affiliates, provide the basis for distributing costs between affiliates, the total amount of costs incurred by expense category, and the amount distributed between affiliates for costs included in the test year and one year prior to the test year. Indicate if the amount was allocated, directly billed, or otherwise determined.
- RFI No. 1-69.** Please provide the physical measurements of Suburban Utility Company, Inc.'s office; identify any affiliates using the same office; and explain how the office expenses, such as utilities expenses, insurance, etc., are allocated among the affiliates that also use the office. In answering this question, please state which of Suburban's affiliates use the same office as Suburban.
- RFI No. 1-70.** Please identify the accounting method used to record income and expenses for Suburban Utility Company, Inc. (such as accrual, cash, generally accepted accounting principles, tax, or other).
- RFI No. 1-71.** Please provide the allocation method used to allocate expenses between Castlewood subdivision and the other systems included in this application.
- RFI No. 1-72.** Please provide the address of the utility's office where customers can inspect a copy of the rate change application, as stated in your Notice of Proposed Rate Change to customers.
- RFI No. 1-73.** Please produce a copy of Suburban Utility Company, Inc.'s detailed chart of accounts used in its accounting system.

PUC Docket No. 46674
OPUC's First Request for Information and Request for Admission to
Suburban Utility Company, Inc.

REQUESTS FOR ADMISSION

RFA No. 1-1. Admit that you are an affiliated company of M.B.C. Water Services.

Admit:

Deny:

} Reason why cannot be admitted or denied:

RFA No. 1-2. Admit that you are an affiliated company of Consumer Water, Inc.

Admit:

Deny:

Reason why cannot be admitted or denied:

RFA No. 1-3. Admit that you are an affiliated company of Community Utility Company.

Admit:

Deny:

Reason why cannot be admitted or denied:

RFA No. 1-4. Admit that are an affiliated company of Patton Village Water Company, Inc.

Admit:

Deny:

Reason why cannot be admitted or denied:

RFA No. 1-5. Admit that you are an affiliated company of Stone Hedge Utility Company, Inc.

Admit:

Deny:

Reason why cannot be admitted or denied:

RFA No. 1-6. Admit that the current owners of Suburban Utility Company, Inc., acquired ownership of it and its system through inheritance:

Admit:

Deny:

Reason why cannot be admitted or denied:

RFA No. 1-7. Admit that you, M.B.C. Water Systems Inc., Community Utility Co., Consumers Water, Inc., Patton Village Water, Stonehedge Utility, and your other affiliates use the same office.

Admit:

Deny:

Reason why cannot be admitted or denied:

RFA No. 1-8. Admit that you are required to provide continuous and adequate service.

Admit:

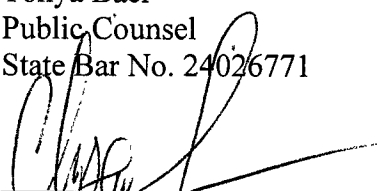
Deny:

Explain in detail reasons why you cannot admit or deny:

Dated: January 9, 2017

Respectfully submitted,

Tonya Baer
Public Counsel
State Bar No. 24026771



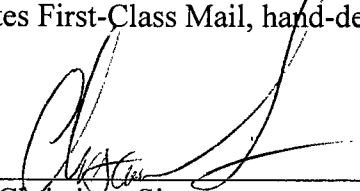
Christiaan Siano
Assistant Public Counsel
State Bar No. 24051335

OFFICE OF PUBLIC UTILITY COUNSEL
1701 N. Congress Avenue, Suite 9-180
P.O. Box 12397
Austin, Texas 78711-2397
512/936-7500 (Telephone)
512/936-7525 (Facsimile)
christiaan.siano@opuc.texas.gov
opuc_eservice@opuc.texas.gov (Service)

CERTIFICATE OF SERVICE

PUC Docket No. 46674.

I certify that today, January 9, 2017, a true copy of the Office of Public Utility Counsel's First Request for Information and Request for Admission to Suburban Utility Company, Inc. was served on all parties of record via United States First-Class Mail, hand-delivery or facsimile.



Christiaan Siano