



Control Number: 47091



Item Number: 3

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**DOCKET NO. 47091**

RECEIVED

**APPLICATION OF TEXAS WATER  
SYSTEMS, INC. FOR AUTHORITY  
TO CHANGE RATES**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

2017 MAY 19 PM 4:02

PUBLIC UTILITY COMMISSION  
FILING CLERK

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO TEXAS WATER SYSTEMS, INC.  
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-8**

Pursuant to 16 Tex. Admin. Code (TAC) § 22.144, the Staff of the Public Utility Commission of Texas (Staff) requests that Texas Water Systems, Inc. by and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

Dated: May 19, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Stephen Mack  
Managing Attorney



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1701 N. Congress Avenue  
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**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on May 19, 2017, in accordance with 16 Tex. Admin. Code § 22.74.



Michael Crnich

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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
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QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-8**

**DEFINITIONS**

- 1) "TWC," "Company," or "you" refers to Texas Water Systems, Inc. and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
- 2) "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do not exist and these documents will be provided.

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QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-8**

**INSTRUCTIONS**

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) 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 or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(g)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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- Staff 1-1** Reference page 16, line 6, of the application. Please answer the following:
- Explain the reason for the increase from \$41,651 in 2015 to \$58,274 in 2016.
  - Did the utility have to make any repairs during the test year? Please provide the amounts incurred for the test year and after the test year.
  - Please provide all invoices for the amounts incurred. The invoices should cover at least 75% of the total cost requested.
- Staff 1-2** Reference page 21, line 15, of the application. Explain the reason for the increase of bad debts from \$1,864 in 2015 to \$3,821 in 2016, and provide calculations and any supporting documentation for the increase.
- Staff 1-3** Reference page 25, line 19, of the application. Please answer the following:
- Explain the reason for the increase in Insurance expense from \$5,371 in 2015 to \$12,276 in 2016.
  - Was a new vehicle bought or did an accident occur on site? Please provide invoices for the vehicle.
  - Was any vehicle claimed in the application used for personal use or business other than Texas Water Systems' operations? Please provide written evidence of the percentage used for Texas Water Systems operations, such as mileage log or written operating procedures with regard to the vehicle.
  - Provide invoices and copies of policies for all insurance claimed in the application.
- Staff 1-4** Reference Schedule III-2, page 31, of the application:
- Provide a total for all customer deposits held by the applicant.
  - Provide a copy of the most current tax return which included the applicant's operations.
  - Has the applicant or pass-through entity of the applicant for tax purposes taken accelerated depreciation on assets claimed in this application on the tax return?
  - If the answer to c. is yes, provide the applicant's calculation for income taxes deferred due to accelerated depreciation taken on the tax return reflecting Texas Water System's operations or any pass-through entity for tax purposes.
  - Please provide a sworn, written statement that no assets listed in the application were funded by developer or customer contributions in aid

of construction, or provide the appropriate amounts on Schedule III-8 and other appropriate schedules in the application.

- Staff 1-5** Provide an unlocked excel spreadsheet of all depreciable assets.
- Staff 1-6** Provide a copy of the utility's capitalization policy.
- Staff 1-7** Are all of the additions to depreciable plant since the 2010 rate case incorporated into the provided depreciation table?
- Staff 1-8** Please provide a reconciliation between the assets claimed and accumulated depreciation in the 2010 rate case and this schedule.