



Control Number: 47091



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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

2017 SEP 1 PM 1:11  
PUBLIC UTILITY COMMISSION  
OF TEXAS  
FILING CLERK

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO TEXAS WATER SYSTEMS, INC.  
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-18**

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.

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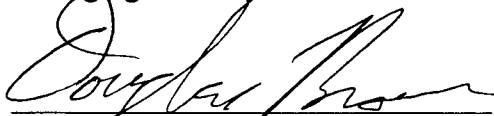
Dated: September 1, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Stephen Mack  
Managing Attorney

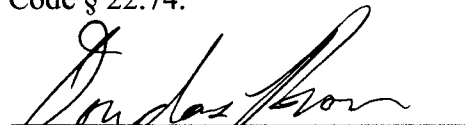


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**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on September 1, 2017, in accordance with 16 Tex. Admin. Code § 22.74.

  
Douglas M. Brown

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO TEXAS WATER SYSTEMS, INC.  
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-18**

**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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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO TEXAS WATER SYSTEMS, INC.  
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-18**

**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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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO TEXAS WATER SYSTEMS, INC.  
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-18**

- Staff 2-1** Provide a Detailed General Ledger for the Test Year period ending December 31, 2016, by transaction, including transaction description, check number, voucher number or journal voucher number, vendor/contractor name in Microsoft Excel or ascii text file format.
- Staff 2-2** Provide a Trial Balance for the Test Year in Microsoft Excel or ASCII text file format.
- Staff 2-3** Explain why the K&M Changes column of Schedule I-1 was not completed.
- a. For Schedule II-3(a) – Purchased Water - Test year (TY) expenses of \$1,488 were claimed and for the adjusted test year (ATY) \$3,569 was claimed. The difference between TY and ATY of \$2,081 was not claimed in the K&M Changes column for Purchased water. Provide a revised Schedule I-1 if you intend to claim that amount for the known and measurable period. Provide copies of invoices for the test year and the K&M period.
  - b. For Schedule II-8 – Contract Work - Test year (TY) expenses of \$7,704 were claimed and for the adjusted test year (ATY) \$34,995 was claimed only in the subsidiary Schedule II-8, not Schedule I-1, Line 7. The difference between TY and ATY of \$27,291 was not claimed in the K&M Changes column for Contract Work. Explain if the utility meant to **not** claim the difference or provide a revision to Schedule I-1, Line 7 claiming the known and measurable change in expense. Provide a schedule or breakdown of contract work expense and provide copies of invoices to support the amounts claimed for the test year and the K&M period.
- Staff 2-4** Explain why only 5 months of actual cost, \$1,487.77, was reported on Schedule II-3 – Other Revenues & Expenses Passes Through. Explain if these were the only costs incurred or \$1,487.77 is the only amount the utility wants to be reimbursed for, etc.
- Staff 2-5** Please provide detailed Schedules II-6a and II-6b for Employee Labor and:
- a) Ensure that all items requested in Schedule II-6a and II-6b of the application are provided.
  - b) Ensure that both Schedules II-6a and II-6b reconcile to Schedule I-1, Line 5, of the application: Employee Labor in the amount of \$151,295.
  - c) Provide a reconciliation to the TY general ledger.

- Staff 2-6** Please provide a list of all employees who received salaries, bonuses, allowances, benefits and other remuneration that were included in the cost of service. 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
  - e) Total number of hours and percentage of time worked per week for you and total number of hours and percentage of time worked per week for any of your affiliated companies, if any.
- Staff 2-7** Provide support for the \$500 in Employee Pensions and Benefits claimed on Schedule I-1, line 13 and Schedule II-11 for 2016.
- Staff 2-8** A partial set of invoices were provided totaling only \$5,270.74 for Power Expense. Provide copies of all Power Expense invoices supporting:
- a) The \$43,712 reported on Schedule I-1, line 2.
  - b) The \$2,465 reported on Schedule I-1, line 14.
- Staff 2-9** Explain and justify what Transportation Expenses exist for the utility. Provide copies of existing invoices and contracts to support the incurred costs reported as \$31,156 on Schedule I-1, Line 8.
- Staff 2-10** Provide a copy of the company policy on transportation expenses.
- Staff 2-11** Provide justification why expenses for Office Services and Rentals increased from \$15,000 to \$30,000 from 2015 and 2016. Provide copies of existing invoices and contracts to support the justification.
- Staff 2-12** Provide invoices supporting all Office Supplies & Expenses reported by the utility on Schedule I-1, Line 17.
- Staff 2-13** Explain what Professional Services are received by the utility. Provide copies of existing invoices and contracts to support the incurred costs.
- Staff 2-14** Provide invoices supporting all Miscellaneous Expenses in the amount of \$18,347 reported by the utility on Schedule I-1, Line 22.
- Staff 2-15** Provide your calculation for bad debts expense and a copy of the company policy in recognizing bad debts expense.
- Staff 2-16** Provide a schedule or breakdown of miscellaneous expenses for the test year amounting to \$18,347 on Schedule I-1, Line 15.

**Staff 2-17** Please explain and provide information/calculation on how you came up with a 10.64% ROR.

**Staff 2-18** Please explain the difference between equity \$1,123,788 and total capitalization which is \$1,185,249 when you claim there is no debt.