



Control Number: 47897



Item Number: 111

Addendum StartPage: 0

**SOAH DOCKET NO. 473-18-3008.WS  
PUC DOCKET NO. 47897**

2018 MAY 17 PM 4:37

**APPLICATION OF FOREST GLEN § BEFORE THE STATE OFFICE  
UTILITY COMPANY FOR § OF  
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO FOREST GLEN UTILITY COMPANY (FGUC)  
QUESTION NOS. STAFF 2-1 THROUGH 2-23**

Pursuant to 16 Tex. Admin. Code Ann. § 22.144 (TAC), the Staff of the Public Utility Commission of Texas (Staff) requests that Forest Glen Utility Company (FGUC) 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 78712-3326.

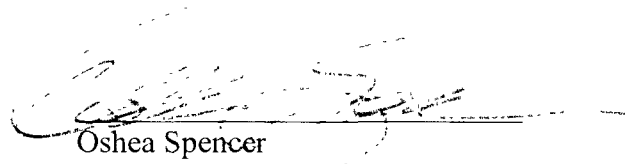
Dated: May 17, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Katherine Lengieza Gross  
Managing Attorney

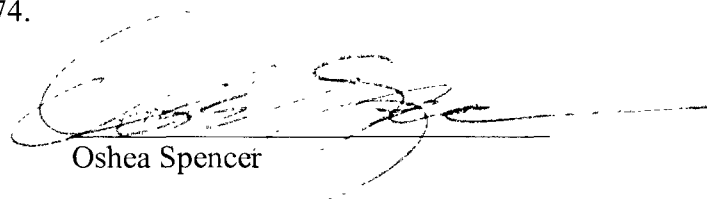


Oshea Spencer  
State Bar No. 24039190  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7289  
(512) 936-7268 (facsimile)  
oshea.spencer@puc.texas.gov

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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 17, 2018 in accordance with 16 TAC § 22.74.



Oshea Spencer

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO FOREST GLEN UTILITY COMPANY (FGUC)  
QUESTION NOS. STAFF 2-1 THROUGH 2-23**

**DEFINITIONS**

- A. "FGUC," "the Company" or "you" refers to the Forest Glen Utility Company and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
  
- B. "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 2-1 THROUGH 2-23**

**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(h)(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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TO FOREST GLEN UTILITY COMPANY (FGUC)  
QUESTION NOS. STAFF 2-1 THROUGH 2-23**

- Staff 2-1      Please provide a list of any person or corporation meeting the definition of affiliated interest or affiliate with regard to Forest Glen Utility. The definition for "Affiliated interest or affiliate" is found in to 16 Tex. Admin. Code (TAC) § 24.3(6).
- Staff 2-2      For services provided by any entity or person listed in the previous request having financial transaction with Forest Glen Utility, provide the following (please include all invoices billed and paid to all entities other than Forest Glen Utilities):
- a) Provide a list of all transactions;
  - b) Provide the dates of the transaction;
  - c) Provide the amount of the transaction;
  - d) Provide the account numbers affected by the transaction;
  - e) Provide the account name affected by the transaction;
  - f) Provide the justification of the reasonableness and necessity of all affiliated transactions in the provision of sewer service by Forest Glen Utility as required by Texas Water Code § 13.185(e).
- Staff 2-3      Please provide documentation indicating if McMillin Texas Development, LLC charges the purchasers of a home closing fees or any other fee for utility connection or utility impact fees.
- Staff 2-4      Please provide a detailed explanatory narrative describing the relationships between 320 Potranco Ranch, LLC, Mr. Harry Hausman, Forest Glen Utility, and Yancey Water Company.
- Staff 2-5      Please provide Forest Glen Utility's procedures to account for reuse water production expenditures and sewer service expenditures.
- Staff 2-6      Please explain how all the effluent is disposed of once all the effluent leaves the wastewater treatment plant.
- Staff 2-7      Please provide a list of all test year costs with general ledger account name and number totals associated with disposing of effluent as explained in the previous request for information.

- Staff 2-8 Please provide a detailed narrative as to how income is generated by Forest Glen from the sale of reuse water effluent and the amount of reuse water revenue generated in 2016 and 2017 respectively.
- Staff 2-9 Please provide an electronic copy (excel format) of the 2016 and 2017 general ledger containing each transaction for all reuse water production costs and reuse water revenue amounts (please subtotal by account).
- Staff 2-10 Please provide a breakdown of the total gross receipts or sales amount reported in box 1a on the 2016 tax return, bates pages FGU087, and box 1a reported on the 2017 tax return, bates page FGU099, by revenue source and the amount from each source.
- Staff 2-11 Please provide an electronic copy (excel format) of Forest Glens general ledgers used to create the 2016 and 2017 tax returns.
- Staff 2-12 Please provide reconciliations of each electronic general ledger account balance to each of the deduction amounts reported on the 2016 and 2017 tax return bates pages FGU087 and FGU099 balances respectively. Be sure to identify the reuse water production transactions subtotals and sewer transactions subtotals that comprise each of the expense amounts claimed on the return.
- Staff 2-13 Please identify and provide a list of general ledger transactions that support the differences between the application 2016 test year cost amounts claimed on Forest Glen's application to the sewer amounts claimed on the 2016 tax return and explain the differences.
- Staff 2-14 Please provide Attached 1-12 as stated in response to RFI 1-12.
- Staff 2-15 Please provide copies of the paid invoices for each of the following transactions:

Account	Year	Type	Date	Num	Name	Memo	Split	Debit
Other Plant Maintenance		Check	05/17/2016	500	Ernesto M Moreno Jr	-MULTIPLE-	Lone Star-7012461	844 92
Repair	2017	General Journal	12/31/2017	LPS 2017 01			Wastewater	6,206 26
Regulatory Expenses	2016	Check	10/31/2016	587	TCEQ	Revenue and Regulatory Assessment Report 21079	Lone Star-7012461	1,109 24

- Staff 2-16 Please provide a detailed explanation for all allocations and calculations for determining the sewer service expenses and reuse water amounts.
- Staff 2-17 For each of the following expenses (one through seven), please provide:
- An explanation as to why the payer has a different name than Forest Glen Utility;
  - What services or items are included in the invoice;

- c. Explanation for how the services or items constitute reasonable and necessary expenses to provide continuous and adequate sewer service,
- d. An explanation of the basis for any allocation used; and,
- e. The calculations for any allocations:
  - 1) BVRT, LP - bates FGU267,
  - 2) Triple H Development, LLC - bates FGU269, FGU281,
  - 3) Harry L. Hausman 320 Potranco Ranch LLC - bates FGU271, FGU279, FGU291, FGU389
  - 4) Harry Hausman Holdings, Ltd. – bates FGU271, FGU272, FGU273, FGU276, FGU280, FGU285, FGU286, FGU288,
  - 5) Triple H Investments – bates FGU281,
  - 6) Kathy Jackson – Alamo Title – bates FGU284,
  - 7) Michael Ingersoll – bates FGU311, FGU321, FGU323, FGU340, FGU451

- Staff 2-18      Ref: bates FGU255 and FGU385. Please provide the invoice for the expenditure, basis for allocation, and detailed allocation calculation for determining the sewer and reuse amounts.
- Staff 2-19      Please provide an explanation for the basis of the allocation as well as the calculation used for the following invoice provided bates FGU236, FGU256, FGU260, FGU282, FGU283, FGU287, FGU290, FGU292, FGU307, FGU308, FGU309, FGU310, and FGU358.
- Staff 2-21      Please provide the amount of gallons of wastewater discharged in 2016 and 2017 respectively.
- Staff 2-22      Please provide the amount of gallons of reuse water sold in 2016 and 2017, respectively.
- Staff 2-20      Ref: Schedule III-3 of the Application, Admit or deny: There is no allocation between the provision of sewer service and reuse water production for fixed asset original costs in the application.
- a. If admitted, please explain the reason why.
  - b. If denied, please list all page numbers, line numbers, item descriptions and amounts that are allocated between sewer service and reuse water production.
- Staff 2-21      Please provide an electronic copy (excel format) of the Forest Glens wastewater 2016 and 2017 general ledgers containing all transactions.



- Staff 2-22 Please provide a detailed explanation regarding the accounting services provided by Rideout, Barrett, and Co., P.C. to reclassify equity accounts and compilation of information for Public Utility Commission listed on the invoice bates FG U260.
- Staff 2-23 Please provide a list of all wastewater GL transactions supporting the application revenue requirement amounts that represent an amount that was allocated between wastewater and reuse.

Note: For any confidential information please follow the instructions for filing confidential documents when you file these items. Additionally, please see our website for filing rules and procedures: <http://www.puc.texas.gov/industry/filings/FilingProceed.aspx>