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PUC DOCKET NO. 47897 PUBLIC UTILITY COMMISSION  
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APPLICATION OF FOREST GLEN  
UTILITY COMPANY FOR AUTHORITY  
TO CHANGE RATES

BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS

**DENNIS M. BROWN'S SECOND REQUEST FOR INFORMATION  
TO FOREST GLEN UTILITY COMPANY**

COMES NOW, Van Johnson and serves this, its First Requests for Information, to Forest Glen Utility Company, pursuant to Chapter 2001 of the Texas Government Code, the Texas Rules of Civil Procedure, and applicable rules and regulations of the Public Utility Commission of Texas (PUC" or "Commission") and the State Office of Administrative Hearings (SOAH").

You are requested to answer in complete detail and in writing each of the following requests for information, as well as produce the requested documents, within 20 days of service in accordance with the Texas Rules of Civil Procedure and the Procedural Rules of the PUC at the offices of the undersigned counsel, or at such other time and place as agreed between counsel. Forest Glen Utility Company may and is encouraged to produce responsive documents in an electronic format.

Respectfully submitted,

Dennis M. Brown  
285 Barden Parkway  
Castroville, TX 78009  
210-859-9343  
dennisb51@sbcglobal.net

By: 

## CERTIFICATE OF SERVICE

I, Dennis M. Brown, hereby certify that I have or will serve a true and correct copy of the foregoing document via hand delivery, facsimile, electronic mail, overnight mail, U.S. mail, or Certified Mail Return Receipt Requested on all parties on the 02 of July 2018.

By:   
Dennis M. Brown  
INTERVENOR

## INSTRUCTIONS

- a) Singular and masculine forms of any noun or pronoun shall embrace and be applied as the plural or as the feminine or neuter, as appropriate to the context, and vice versa.
- b) Each category following is to be construed and responded to independently and is not to be referenced to any other item herein for the purposes of limitation.
- c) Documents produced pursuant to this request shall be tendered either in the precise form or manner in which they are kept in the usual course of business or organized and labeled to correspond with the category that follows these requests.
- d) Any use herein of the word "including shall be construed as "including, but not limited to."
- e) Any use herein of the words "and" or "or" shall be construed either conjunctively or disjunctively as necessary to bring within the scope of these requests any documents that might otherwise be considered outside its scope.
- f) Any use herein of the words "any" or "all" shall be construed generally to mean "each and every," but shall be construed either broadly or narrowly as necessary to bring within the scope of these requests any documents that might otherwise be considered outside its scope.
- g) The requirements of the Texas Rules of Civil Procedure shall be strictly complied with. All documents within the scope of these requests shall be as they are kept in the usual course of business or shall be organized and labeled to correspond to the categories of these requests.
- h) If any party named hereinabove has ever had any of the documents referred to herein in her possession, custody or control, but does not now, that party is requested to state the following with respect to each such document:

(1) The present location thereof, if known, or all reasons why the party cannot or does not know of the location thereof;

(2) The date each such document left possession, custody or control of the party;

(3) The reasons why each such document is not now in the possession, custody, or control of the party;

(4) The name and address of all persons having knowledge about the matters inquired about in the immediately preceding paragraphs (1) through (3).

(i) Any document requested herein has been destroyed, you are requested to describe in detail the circumstances of and reasons for such destruction, and to produce all documents that relate to either the circumstances or the reasons for such destruction.

(j) If any document requested herein is withheld under claim or privilege, or is not produced for whatever reason, you are requested:

(1) The state with specificity the claim of privilege or other reason used to withhold production; and,

(2) To identify each such document by date, author, and subject matter, without ruling on the privilege or other reason asserted.

You are further requested to produce those portions of any such document which are not subject to the claim of privilege or other reason for non-production by excising or otherwise protecting the portions for which a privilege is asserted, if such a technique does not result in disclosing the contents of the portions for which some privilege is asserted.

(k) These discovery requests are continuing in nature. If further information or documents come into your possession or are brought to your attention during preparation for trial or during trial, supplementation of your responses may be required.

(l) Except where otherwise specified or indicated by context, each category following requests information for the period from the time when you first had any contact or communication with the Respondent to the date of the production of the documents, subject to the duty to supplement.

(m) Unless otherwise defined, the specific terms used in these discovery requests shall have the same meaning as the definitions contained in chapter 13 of the Texas Water Code, the Public Utility Commission of Texas regulations implementing those laws and the bylaws of Avalon Water Supply and Sewer Services Corporation.

(n) Pursuant to 30 Tex. Admin. Code ("TAC") § 22.144(c)(2), answer to the requests for information shall be made under oath.

## **DEFINITIONS**

1. "You" and "your" means Forest Glen Utility Company as well as your attorneys, employees, independent contractors, representatives, consultants, affiliates, and expert witnesses.
2. "FGU" means Forest Glen Utility Company, applicant in the above-docketed rate case.
3. "Commission "PUC" means the Public Utility Commission of Texas with jurisdiction over this matter, PUC Docket No. 47897.
4. "Document" or "documents" means and refers to all writings, data, data compilations, correspondence, electronic transmissions, email, electronically stored data and data compilations, and all versions and modifications of same.
5. "McMillin" means McMillin Texas Management Services, LLC.
6. "PID" means Public Improvement District.
7. "CEO" means Chief Executive Officer
8. "We" means me or my Family

**REQUEST FOR INFORMATION NO. 2-1: Reference to Mr. Greenberg testimony, page 1, line 16:** You stated that you have served as CEO for FGU since 2015. Based on this information, was FGU operating without a CEO prior to you? If yes, who was the prior CEO and what is his full name? If no, then can we assume that the lack of a CEO to run the Company is one of the reasons that we have arrived at this stage?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-2: Reference to Mr. Greenberg testimony, pages 3, Lines 4, thru 6,** You stated that in 2012, the company was bought by two shareholders, Hausman Holdings, LLC and Earl Holdings, LLC to serve the Potranco Ranch Subdivision. Does Hausman Holdings, LLC and Earl Holdings, LLC have any relationship to Harry Hausman and David Earl? Also, in 2015, **lines 7-8,** You stated that BVRT purchased a one-third ownership interest in FGU. Is BVRT receiving capital/revenue from the Homeowners in 320 Potranco Ranch Sub-Division as well?

**RESPONSE**

**REQUEST FOR INFORMATION NO. 2-3: Reference to Mr. Greenberg testimony, pages 3, lines 20 thru 22,** You stated that using reclaimed water for irrigation not only furthers water conservation goals, but as a lower cost alternative to using potable water, it saves the ratepayers money. Using your analogy, would the same be said considering the proposed increase in sewer rate?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-4: Reference to Mr. Greenberg testimony, page 5, lines 13 thru 16,** You stated No investments, revenues, or costs related to the PID are included in FGU's current rates or its application to change the rates. Based on the word (current) is there any plans in the future for FGU to receive investments, revenues, or costs relating to the PID?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-5: Reference to Mr. Greenberg testimony, page 4, lines 5 - 6** You stated that your reclaimed water is provided at a substantial discount (approximately 27%) from potable water otherwise sold by Yancey. We pay considerably more for reclaimed or reuse water than we do for Potable water. In layman's terms can you explain how you came to this figure?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-6: Reference to Mr. Greenberg testimony, page 7, lines 15 - 16,** You stated that your application seeks a modest rate increase of \$30 per month for a small wastewater system serving approximately 223 customers. First, where did you get your quote of 223 customers, and Secondly, how do you perceive that a \$30 increase per month is modest?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-7: Reference to Mr. Greenberg testimony, page 7, lines 20 thru 24** You stated that you recognized that FGU would not be able to sustain itself at \$35 per month as the actual cost of service was over \$100 per month for the small number of customers at the time. In the very next sentence you stated that you recognized that as FGU's customer base grew, the cost per customer would eventually decrease. Please explain the inconsistency in your testimony? Will the cost per customer decrease or not?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-8: Reference to Mr. Greenberg testimony, page 9, lines 24 – 26** You stated that you prepared the wastewater rate design with assistance from our outside accountants, legal counsel and technical consultants. If I may ask, who was these outside sources?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-9: Reference to Mr. Greenberg testimony, page 10, lines 5 - 6** You were asked what method or procedure did you use to project FGU's Cost of Service. **On lines 7 - 8,** You stated you used the "Utility Method" as proscribed by the Commission in its Class B Rate/Tariff Change Application instructions. I am aware of the Cash Method, the Accrual Method and the seldom used Hybrid Method, but can you please explain again the Utility Method?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-10: Reference to Mr. Greenberg testimony, page 11, lines 19 thru 22,** You stated that there are not enough ratepayers to cover all of the cost elements and leave rates at a competitive and affordable level. When Forest Glen's customer base exceeds 315 customers, then the \$65 per month rate should cover FGU's costs. What guarantee do you have that you will have a 315 customers base? Also, am I to understand that you are basing all of your cost and revenue analysis on the assumption that 315 customers might be living in Potranco Ranch Sub-division?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-11: Reference to Mr. Greenberg testimony, page 7 lines 23 – 24** You stated you also recognized that as FGU's customer base grew, the cost per customer would eventually decrease. Then, on **page 11, lines 23 thru 26, and page 12, lines 1-2,** You stated “However, I do not want to leave the impression, as has been asked repeatedly by the Intervenors, that Forest Glen will leave its rates at \$65/mos. in perpetuity. Many elements in the cost of service and rate base may fluctuate well beyond the control of FGU such that at any given time the given monthly rate may be sufficient or lacking to cover the revenue requirement. Would you please explain exactly what you mean and which one of your statements are correct?

**RESPONSE**

**REQUEST FOR INFORMATION NO. 2-12: Reference to Mr. Greenberg testimony, page 15, lines 12 thru 13** You stated that in Potranco Ranch, the Developer paid for the wastewater lines in the street and then dedicated or contributed them to FGU upon completion. Because the Rate Base consists of the value of property as used by the utility in providing service. Is that a normal process for the Developer to pay for portions of a company's wastewater lines installations? Secondly, doesn't these contributions actual contributed positively to your Base Rate cost of service provided?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-13: Reference to Mr. Greenberg testimony, page 18, lines 17 thru 20** You stated that as of December 31, 2016, your capital investment into the WWTP was \$557,611 and \$1,388,502 for wastewater lines. As of December 2017, you stated that your capital investment is significantly more than in 2016 – \$834,694 into the WWTP and \$2,259,700 for wastewater lines. What would have been your total capital investments for 2016 if you have included the wastewater lines in the street that the Developer paid for?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-14: Reference to Mr. Greenberg testimony, page 15, lines 11 – 13** You stated that another common area of confusion exists around (CIAC). In Potranco Ranch, the Developer paid for the wastewater lines in the street and then dedicated or contributed them to FGU upon completion. The cost of this infrastructure was not included in rate base. Then, on **Page 20, lines 1 thru 4**, You stated Developer CIAC amount represents the accumulation of all contributions to the system provided by developers to provide utility service. This amount represents cost free capital and should be removed from rate base. Was the CIAC removed or should it have been removed from your Rate Base Revenue requirements?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-15: Reference to Mr. Greenberg testimony, page 20, lines 18 -19**, You stated that all of FGU's wastewater lines are developer contributions. They are treated as per Commission rules and regulations in regard to Rate Base. I'm a little confused, did the Developer contributed just the street wastewater lines or all of the wastewater lines to FGU?

**RESPONSE:**

**REQUEST FOR INFORMATION NO. 2-16: Reference to Mr. Greenberg testimony, page 23, lines 21 - 22**, You stated "Yes" to the question. On same page **lines 23 thru 25** You also stated however, sometimes the Commission will impute a hypothetical capital structure to reflect a cost-efficient fair representation of a typical well-managed utility's capital structure. You became CEO of FGU in 2015, can you unequivocally say that FGU was a well-managed utility capital structure prior to your hiring?

**RESPONSE**

**REQUEST FOR INFORMATION NO. 2-17: Reference to Mr. Greenberg testimony, page 24, lines 19 – 20** You stated that FGU's capital plan includes improvements to the WWTP to meet the needs of the remaining 120 customers that will be coming online in 2019 and 2020. How do you know this and if so, why did you include the total number of customers in your initial projected Capital Revenue and Rate Base in 2012?

**RESPONSE:**