



Control Number: 47897



Item Number: 94

Addendum StartPage: 0

DOCKET NO. 47897

RECEIVED

APPLICATION OF FOREST GLEN
UTILITY COMPANY FOR AUTHORITY
TO CHANGE RATES

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PUBLIC UTILITY COMMISSION
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OF TEXAS

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO FOREST GLEN UTILITY COMPANY
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-19**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Staff of the Public Utility Commission of Texas (Staff) requests that Forest Glen Utility Company 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: March 20, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney



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DOCKET NO. 47897

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on March 20, 2018 in accordance with 16 TAC § 22.74.



Richard Nemer

DOCKET NO. 47897

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO FOREST GLEN UTILITY COMPANY
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-19**

DEFINITIONS

- A. "Forest Glen," "the Company," or "you" refers to 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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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
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QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-19**

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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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO FOREST GLEN UTILITY COMPANY
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-19**

- Staff 1-1** Please provide electronic Microsoft Excel format copies of Forest Glen's financial statements, including balance sheet and income statement, for years ending:
- December 31, 2016; and
 - December 31, 2017.
- Staff 1-2** Please provide electronic Microsoft Excel format copies of Forest Glen's general ledger for the years ending:
- December 31, 2016; and
 - December 31, 2017.
- Staff 1-3** Please reconcile the account balances in Forest Glen's general ledger for year ending December 31, 2016 (as produced in earlier RFI, Staff 1-2), to the following:
- Schedule I-1 found in Forest Glen's revised application, filed on February 23, 2018 as Item No. 92 in Docket No. 47897 (Application); and
 - Account balances in Forest Glen's financial statements for year ending December 31, 2016 (as produced in earlier RFI, Staff 1-1).
- Staff 1-4** Please reconcile the account balances in Forest Glen's general ledger for year ending December 31, 2017 (as produced in earlier RFI, Staff 1-2) to the account balances in Forest Glen's financial statements for year ending December 31, 2017 (as produced in earlier RFI, Staff 1-1).
- Staff 1-5** Please identify the location where each account balance in Forest Glen's general ledger for year ending December 31, 2017 (as produced in earlier RFI, Staff 1-2), is reported in Schedule I-1 of the Application.
- Staff 1-6** Please provide copies of federal income tax returns filed with the Internal Revenue Service (IRS) reflecting Forest Glen's financial transactions for years ending:
- December 31, 2015;
 - December 31, 2016; and
 - December 31, 2017.
- Staff 1-7** Please provide a copy of Forest Glen's IRS Form 1099 – Miscellaneous for years ending:
- December 31, 2016; and
 - December 31, 2017.

- Staff 1-8** Please identify the number of metered active connections as of March 1, 2018.
- Staff 1-9** Please identify the number of metered active connections as of December 31, 2017.
- Staff 1-10** Regarding the regulatory assessment fee (RAF) paid to the Texas Commission of Environmental Quality (TCEQ), please respond to the following:
- a. Identify the total amount of RAF paid to the TCEQ for the years ending:
 1. December 31, 2016; and
 2. December 31, 2017.
 - b. If applicable, identify the account where the RAF fee amount is included within the following documents:
 1. Forest Glen's financial statements (as provided in earlier Staff RFI 1-1); and
 2. Forest Glen's general ledgers (as provided in earlier Staff RFI 1-2).
- Staff 1-11** Reference the Application, Schedule I-1, Revenue Requirement Summary. Please provide all contracts and/or agreements supporting the administrative and general expense amounts claimed in the Application, Schedule I-1, lines 1-23.
- Staff 1-12** Please provide the following information and/or documents with regard to Forest Glen's property taxes:
- a. Invoices from taxing entities for years ending
 1. December 31, 2016; and
 2. December 31, 2017.
 - b. Receipts for property taxes paid for years ending
 1. December 31, 2016; and
 2. December 31, 2017.
 - c. Identify the property tax expense claimed in the Application for years ending
 1. December 31, 2016; and
 2. December 31, 2017.
- Staff 1-13** Please provide the following information and/or documents with regard to Forest Glen's tap fees:
- a. Location where tap fees are reported within the Application;
 - b. Referencing Application at Schedule III-3, Utility Plant in Service, identify the amount of tap costs and the line number on which the tap costs are reported; and
 - c. Differentiate between the services provided by Forest Glen for a tap fee payment and the services provided by Forest Glen for a per lot connection fee (per lot) payment upon closing.

- Staff 1-14** Reference Application, Schedule II-3, Other Revenues & Expenses Passed Through. Please provide the following information and/or documentation:
- a. The agreement between Forest Glen and the builder/developer for the \$2,950/per lot connection fee (connection fee) charged at closing and identified on line 7.
 - b. A copy of the generally accepted accounting principal or regulatory document that allows Forest Glen to account for connection fees as depicted in Schedule II-3.
 - c. A detailed explanation of each cost paid for by the connection fee, including, but not limited to, the following:
 1. The account number associated with each cost;
 2. An account description for each cost; and
 3. The amount attributed to each cost.
- Staff 1-15** Reference Application, Schedule III-3, Utility Plant in Service (Net Book Value) Calculation. Please provide the following information and/or documentation:
- a. Specify the amount of the \$2,950/per lot connection fee that should be allocated to each line in Schedule III-3.
 - b. Detailed explanation of the specific assets that were paid for by each developer or customer contribution, including, but not limited to, the following information:
 1. The asset name;
 2. The general ledger account number; and
 3. The line number on the depreciation schedule.
- Staff 1-16** Reference the Application, Schedule III-8, Advances for Construction and Contributions in Aid of Construction. Please provide an explanation of the developer contribution in aid of construction cost of \$1,356,794. Include in the explanation the following:
- a. A description of each individual developer contribution;
 - b. The specific amount allocated to each individual developer contribution; and
 - c. The date of each individual developer contribution.
- Staff 1-17** Please provide closing documents for all lot purchases in the Forest Glen subdivision.
- Staff 1-18** Reference the Application, Schedule I-1, Revenue Requirement Summary. Please provide explanation and/or documentation demonstrating that the salaries, contract labor, and professional services requested in the Application are reasonable and necessary for providing sewer service.

Include in the response the specific duties and responsibilities of each employee or contract laborer reported to have provided services (as identified in Forest Glen's general ledger for year ending December 31, 2016 or December 31, 2017) in the following areas: legal, accounting, management services, maintenance

services.

Staff 1-19 Reference the Application, Schedule I-1, Revenue Requirement Summary. Please provide a supporting schedule, including detailed calculations, explaining how the known and measureable depreciation expense amount (\$6,740) was calculated.

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>