



Control Number: 48980



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DOCKET NO. 48980

RECEIVED

APPLICATION OF FRIO CANYON
WATER, LLC FOR AUTHORITY TO
CHANGE RATES

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PUBLIC UTILITY COMMISSION
2019 MAY 29 THU 2:16
PUBLIC UTILITY COMMISSION
FILING CLERK OF TEXAS

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO FRIO CANON WATER, LLC (FRIO CANON)
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-21**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the staff (Staff) of the Public Utility Commission of Texas (Commission) requests that Frio Canon Water, LLC (Frio Canon), 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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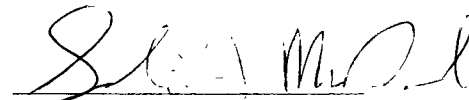
Dated: May 29, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
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 May 29, 2019, in accordance with 16 TAC § 22.74.


Sarah D. McDaniel

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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO FRIO CANON WATER, LLC (FRIO CANON)
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-21**

DEFINITIONS

- A. "Frio Canon", "Company", and "you", refers to Frio Canon Water, LLC and any person acting or purporting to act on its 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 exist and these documents will be provided.

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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO FRIO CANON WATER, LLC (FRIO CANON)
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-21**

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 FRIO CANON WATER, LLC (FRIO CANON)
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-21**

- Staff 1-1 Provide electronic Microsoft Excel format copies of Frio Canon general ledger (GL) for the years ending December 31, 2018, 2017, 2016, and 2015, with enough detail to identify the transactions associated with each account.
- Staff 1-2 Provide a cross-walk of each GL account number that corresponds to each application account number.
- Staff 1-3 Provide copies of federal income tax returns which include the applicant's operations filed with the IRS for 2016, 2017, and 2018.
- Staff 1-4 Provide copies of Frio Canon federal forms 1099 – Miscellaneous and the related form 1096, and federal forms W-2 and W-3 for 2017.
- Staff 1-5 Provide the number of active connections as of 12/31/2018.
- Staff 1-6 Provide the amount of regulatory assessment fee (RAF) paid to the Texas Commission on Environmental Quality for the test year 2017. If the amount is included in the statement of revenue and expense and Schedule 1-I, please indicate the expense category/account in which the RAF is included as well as in the general ledger provided.
- Staff 1-7 Provide copies all contracts/agreements for expenses claimed on application Schedule I-1.
- Staff 1-8 Explain the balance for Account 670 bad debts and how the amount is calculated.
- Staff 1-9 Provide a copy of the paid receipts, executed agreements, and paid invoices as applicable for the following expenses claimed in the application:
- a) Account 620 - Valves and Pump Repair for \$3,349.32 and Auto Dialer Replacement for \$468.32,
 - b) Account 664 - Permits and Fees for \$1,437.22 and Telephone (Auto Dialer) for \$468.32,
 - c) Account 670 - Unpaid loan to Frio Canon for \$5,000,
 - d) Account 682 - Tax Prep/Tax Return expense for \$206 and the invoice for the same services for 2018,
 - e) Account 681 - Billing and Acct. Program for \$1,075.00,
 - f) Account 684 - BRIA Insurance Company policy and paid invoice(s) for 2018, and,
 - g) Account 666 – DGRA, Inc. Application expense \$5,000.

- Staff 1-10 Provide a copy of the approved paid invoice and supporting receipts for each of the following 2017 general ledger entries:
- a) Record # 951, 01.24.2017, Account # 13145, \$113.71,
 - b) Record # 1088, je, FCWC OWES DCC LABOR., \$370.15,
 - c) Record # 1145, 340820, Chemical Check Valve, 490.73
 - d) Record # 1209, je, FCWC OWES LAND EXP. MAR-DEC. 17, \$400.00,
 - e) Record # 1209, je, FCWC OWES LAND EXP. MAR-DEC. 17, \$1,445.44,
 - f) Record # 1209, je, FCWC OWES LAND EXP. MAR-DEC. 17, \$1,052.44.
- Staff 1-11 Please provide the total number of taps installed during the test year.
- Staff 1-12 Verify if the tap fee income of \$500 reported in the 2017 income statement is included in the \$2,000 reported on application Schedule II-3.
- Staff 1-13 Provide a detailed listing of each of all tap fees claimed on application Schedule II-3 and identify them in the 2017 general ledger.
- Staff 1-14 Please provide the supporting documents or loan agreements/contracts and indicate the purpose of the loans or payables, if any. Please provide the amortization schedule as well.
- Staff 1-15 For each employee or contract laborer of the utility, please provide the following:
- a) Name of the employee or contract laborer and title/position;
 - b) Hire date and ending dates of the individual's employment;
 - c) Monthly or hourly rate during the 12-month test year and ending rate per month or per hour within 12 months after the test year;
 - d) number of hours worked per week and a detailed description of the contract laborer's or employee's duties;
 - e) the ratio or percentage of hours worked between the utility and affiliated companies, if any;
 - f) if the employee or contract laborer was terminated or no longer employed, indicate whether or not the position will be filled again and the target fill date;
 - g) a list of positions open and unfilled during 2016, 2017, and 2018, if any. Please include title, annual salary, and the number of months during the year the position remained unfilled.
- Staff 1-16 Provide names of the affiliated companies of the utility, using the definition of affiliate located in the Texas Water Code §13.002(2)(A)-(D).
- Staff 1-17 Provide copies of organizational charts of the applicant including affiliated companies and employees whose salaries and benefits were included in the cost of service.

- Staff 1-18 Please identify each expense or asset amount paid to an affiliate the application and indicate the amount, account, payee, and page within the application on which the amount is located.
- Staff 1-19 For each expense or asset amount paid to an affiliate, provide documentation that meets the affiliated transaction requirements in TWC § 13.185(e).
- Staff 1-20 Provide monthly operating reports, including monthly summary of gallons of water purchased (if any), billed and pumped during the test year; documentation of the consumption levels for each meter size at each gallonage tier during the test year.
- Staff 1-21 Provide copies of invoices and documentation supporting the items listed on the depreciation schedules.

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>