

Control Number: 49154



Item Number: 62

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-5677.WS

PUC DOCKET NO. 49154

2019 DEC 17 AM 9:19

**RATEPAYERS' APPEAL OF THE  
DECISION BY LAGUNA MADRE  
WATER DISTRICT TO CHANGE  
RATES**

§  
§  
§  
§

**BEFORE THE STATE OFFICE**  
PUC FILING CLERK

**OF**

**ADMINISTRATIVE HEARINGS**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO LAGUNA MADRE WATER DISTRICT  
QUESTION NO. STAFF 2-1 THROUGH STAFF 2-5**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144 of the Commission's Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that Laguna Madre Water District (Laguna Madre WD) 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.

62

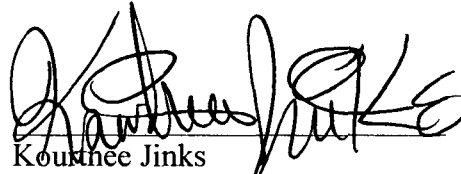
Dated: December 17, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Thomas S. Hunter  
Division Director

Rachelle Nicolette Robles  
Managing Attorney

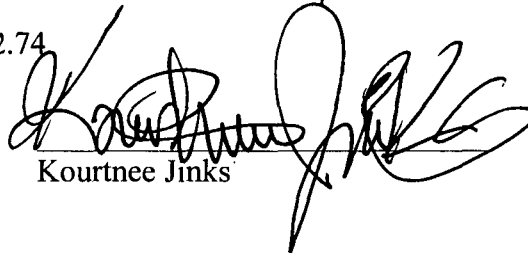


Kourtnee Jinks  
State Bar No. 24097146  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7265  
(512) 936-7268 (facsimile)  
kourtnee.jinks@puc.texas.gov

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PUC DOCKET NO. 49154**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on December 17, 2019, in accordance with 16 TAC § 22.74



Kourtnee Jinks

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO LAGUNA MADRE WATER DISTRICT  
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**DEFINITIONS**

- 1) "Laguna Madre WD," "the Company" or "you" refers to Laguna Madre Water District 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 exist, and these documents will be provided.

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QUESTION NO. STAFF 2-1 THROUGH STAFF 2-5**

**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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QUESTION NO. STAFF 2-1 THROUGH STAFF 2-5**

- Staff 2-1      Please provide Laguna Madre Water District's cost of service models used to develop the November 2017 raw water rates and the April 1, 2018 rates in native excel format with all formulas intact.
- Staff 2-2      Please provide the native excel format with all formulas intact for the 2018 rate study filed in Laguna Madre Water District's direct testimony.
- Staff 2-3      Please provide the allocation factors used to allocate all line items within the cost of service models referenced in (2-1).
- Staff 2-4      For the items that were allocated among the functions in the cost of service models referenced in (2-1), please explain the rational for the functional allocation factor that was used.
- Staff 2-5      Please indicate which items were directly assigned to each function within the cost of service models referenced in (2-1).
- Staff 2-6      For the items that were directly assigned to each function in the cost of service models referenced in (2-1), please justify why direct assignment is preferable to an allocation treatment.
- Staff 2-7      Please see your answer to Staff 1-1, Staff 1-5, Staff 1-6, Staff 1-7, and Staff 1-11. Please re-submit spreadsheets in native excel format with all formulas intact for the answers provided.
- Staff 2-8      Please see your answer to Staff 1-2, please provide all information used by the board of directors of Laguna Madre Water District to determine the rate increase in April 2018.
- Staff 2-9      Please see your answer to Staff 1-3, please provide copy of the tariffs or rate schedules from November 2017.
- Staff 2-10     Please see your answer to Staff 1-12 and Staff 1-13, please disclose the 33 confidential clients listed in your answers for Staff 1-12 and Staff 1-13.

- Staff 2-11 Please see your answer to Staff 1-14, please provided copies of tax returns, any IRS forms, or other documents filed with the Internal Revenue Service for the year ending 2017.
- Staff 2-12 Does Laguna Madre Water District charge rates to South Padre Island Golf Course pursuant to a written agreement? If yes, please provide a copy of the written agreement and any amendments to the agreement.
- Staff 2-13 Reference Direct Testimony of Dan V. Jackson, page 16 lines 5-7. Do you have other customers who are using facilities of the water or wastewater system for which they have paid little or none of the cost? If the answer is yes, please list the types of customers and the size of their meters. Are these customers' rates set using the cash method or the utility method?
- Staff 2-14 The debt that funded the transportation system has been repaid. The debt service was paid for using the cash method. Because the utility method provides for payment of the same assets, how is Laguna Madre Water District not double-recovering for these assets?
- Staff 2-15 What other customers' rates are set using the utility method?
- Staff 2-16 How do the customers whose rates are set using the cash method benefit from Laguna Madre Water District using the utility method of determining rates for the South Padre Island Golf Course? Please provide the dollar amount of these benefits.
- Staff 2-17 Does the South Padre Island Golf Course pay taxes? If so, what is the tax revenue used for?
- Staff 2-18 Did the South Padre Island Golf Course agree to the utility method when the original raw water contract was signed?
- Staff 2 -19 Under Texas Water Code § 12.013(c), what rate would be required to meet Laguna Madre Water District's requirements regarding debt service and bond coverage.
- Staff 2-20 Reference Direct Testimony of Dan V. Jackson, page 39. Please provide detailed explanations and calculations for the determination of all projected increases.
- Staff 2-21 Please explain how Laguna Madre Water District's annual budgets were used in the ratemaking process.