



Control Number: 49225



Item Number: 123

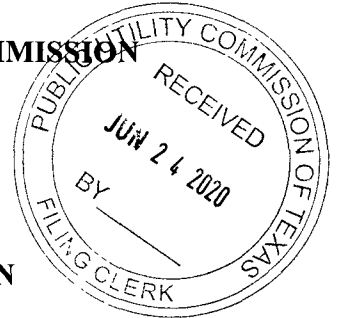
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**SOAH DOCKET NO. 473-20-1554.WS
PUC DOCKET NO. 49225**

**PETITION BY OUTSIDE CITY
RATEPAYERS APPEALING THE
WATER AND WASTEWATER RATES
ESTABLISHED BY THE CITY OF
CELINA**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**



**OUTSIDE CITY RATEPAYERS' RESPONSES TO
CITY OF CELINA'S THIRD REQUEST FOR INFORMATION
AND SECOND REQUEST FOR ADMISSIONS**

COME NOW, the Outside City Ratepayers of the City of Celina ("Petitioners") and file this, their Responses to the City of Celina's Third Request for Information and Second Request for Admissions. The City of Celina ("City") filed and served its Third Request for Information and Second Request for Admissions to Petitioners on June 4, 2020. Pursuant to 16 Tex. Admin. Code Ann. § 22.144(c) ("TAC"), Petitioners' responses to City's requests are due within 20 days from receipt or June 24, 2020. Therefore, Petitioners' responses are timely filed.

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Respectfully submitted,

By: _____


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ATTORNEYS FOR PETITIONERS

CERTIFICATE OF SERVICE

I hereby certify that I have served or will serve a true and correct copy of the foregoing document via hand delivery, facsimile, electronic mail, overnight mail, U.S. mail and/or Certified Mail Return Receipt Requested to all parties on this the 24th day of June 2020.

_____
John J. Carlton

**SOAH DOCKET NO. 473-20-1554.WS
PUC DOCKET NO. 49225**

**OUTSIDE CITY RATEPAYERS' RESPONSES TO
CITY OF CELINA'S THIRD REQUEST FOR INFORMATION**

CITY'S RFI TO RATEPAYERS 3-1. Please provide all invoices prepared and submitted by Expergy for services related to these proceedings. To the extent any document includes privileged or confidential information, please provide such information in redacted form, other than the name(s) and address(s) to whom the invoice is addressed, and the requisite privilege log.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY'S RFI TO RATEPAYERS 3-2. Please list the dates of all meetings and/or conversations by each testifying witness with any member of the Celina City Council, or employee of the City of Celina, regarding any matter contemplated in this case.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

None.

Prepared by: John Carlton

Sponsored by: Jay Joyce and Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-3. Please list the dates of all Celina City Council meetings attended by each testifying witness, and the subject matters discussed by such witness at each Council meeting.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

None.

Prepared by: John Carlton

Sponsored by: Jay Joyce and Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-4. Please list the dates of all meetings and/or conversations by Mr. Jay Joyce with any member of the Celina City Council, or employee of the City of Celina, specifically regarding the City’s conservation policy.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

None.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-5. Please list the dates of all visits to the sites of any of the City of Celina's water and wastewater system assets by each testifying witness. Please list the names of any Celina city personnel who interacted with such witness and describe the subject matter of each such conversation.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

Too numerous to list and not able to identify City personnel.

Prepared by: John Carlton

Sponsored by: Jay Joyce and Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-6. In the professional resume provided by Mr. Jay Joyce, please list the year each of his listed Water and Wastewater Cost of Service Studies/Rate Studies was completed by him.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

See attached responsive document.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-7. Regarding Page 13, Line 8 of Mr. Joyce's direct testimony, please provide the PUC docket numbers for the "several cases" referred to, other than Docket No. 46404.

RESPONSE: Please see PUC docket numbers 44485, 45248, and 47998.

Prepared by: John Carlton

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-8. Please indicate which edition of *Principles of Public Utility Rates* is quoted on page 15 of Mr. Joyce's direct testimony and provide copies of the pages showing the quotes on Page 15, Lines 19-29 and Page 16, Lines 1-2 of Mr. Joyce's testimony.

RESPONSE: Mr. Joyce did not quote from but instead summarized the *Principles of Public Utility Rates*, Second Edition at pages 383-384.

Prepared by: John Carlton

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-9. Regarding Page 15 of Mr. Joyce's direct testimony, please provide the specific language, including citation page numbers, that he referred to in the Supreme Court opinion in *Federal Power Commission et al v. Hope Natural Gas Co.* to develop his interpretation of the concept of just and reasonable rates as it applies to the Ratepayers' Petition.

RESPONSE: *Federal Power Commission et al v. Hope Natural Gas Co.* is a well known case within the utility rate regulatory industry. Its citation is *Federal Power Com. v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). The concept of just and reasonable rates is discussed throughout.

Prepared by: John Carlton

Sponsored by: Jay Joyce

CITY’S RFI TO RATEPAYERS 3-10. Please provide the basis, and identify and provide all related documents, for Mr. Joyce’s opinion on Page 18 of his direct testimony that a municipal utility’s general fund transfers should be “based on Test Year actual expenses of the general fund.”

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

From p. 13 of Principles of Water Rates, Fees, and Charges, M1, Seventh Edition:

“AWWA’s policy statement of Financing, Accounting, and Rates states that ‘Water and wastewater utility funds should not be diverted to uses unrelated to water and wastewater utility services.’ ... Accordingly, payments made to a municipality’s general fund should reimburse the general fund for the necessary cost of goods and/or services required by the water utility to provide water service.”

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-11. Page 13 of Mr. Joyce's direct testimony indicates that under the Texas Water Code, the "...Commission may consider only the information that was available to [the City] at the time it made its decision." As the City stated in its response to Ratepayers' RFI 2-9 (provided well before Mr. Joyce filed his testimony in this case), the City's 2018 Audit/Comprehensive Annual Financial Report was not issued until March 2019. Using Mr. Joyce's logic, since this information was not available to the City Council at the time it made its decision in November 2018, how does Mr. Joyce justify the use of this actual FY 2018 data in his cost of service calculations?

RESPONSE: The use of actual FY 2018 financial data in Mr. Joyce's rate analysis adheres to the data availability requirement in this case because the City indicated in a response to a request for information that this data was available to the city council at the time it made its decision to raise rates. In the City's response to Staff's Request for Information No. 3-5, the City indicated that the audited financial statements for Fiscal Year 2018 had been completed and were available to the Celina city council when the council made its decisions to raise rates on November 13, 2018 and March 19, 2019. That response is still valid since the City has not filed any supplements to that response. The November 13, 2018 and March 19, 2019 dates that the Celina city council made its decisions to raise rates were 44 days and 170 days, respectively, past the September 30, 2018 end of Fiscal Year 2018. Obviously, the financial data for FY 2018 was available to the city council since both city council meetings occurred well after the end of the FY 2018 fiscal year. The Petitioners' rate analysis is actually based on the City's unaudited trial balance data (prepared by the City's management and also available to the council before the referenced council meetings). This FY 2018 trial balance is identical to the audited data in the City's FY 2018 Comprehensive Annual Financial Report regardless of the actual date that the bound CAFR was ultimately published.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-12. Besides the \$46,735 asset value indicated in Footnote 13 of Page 29 of Mr. Joyce's direct testimony, please identify in detail all other assets that the Ratepayers believe are double counted in the 9/30/17 CWIP balance and 9/30/18 CWIP balance.

RESPONSE: In Mr. Jackson's direct testimony:

- a. The CWIP at 9/30/17 of \$448,510 for the "Downtown WWTP – Prof Svc" is double-counted in the 9/30/18 CWIP
- b. The CWIP at 9/30/17 of \$1,225,916 for the "2 MGD Elevated Storage Tank" is double counted in the 9/30/18 CWIP
- c. The CWIP at 9/30/17 of \$395,011 for the "Celina RD/DT Pump Station" is double counted in the 9/30/18 CWIP

In addition,

- a. The CWIP at 9/30/17 of \$11,002,437 for the "SE Sector Sewer Line" is double-counted in the 9/30/18 original cost plant-in-service of \$11,053,148
- b. The CWIP at 9/30/17 of \$2,022,140 for the "SE Sector Sewer Line to PAWC" is double-counted in the 9/30/18 original cost plant-in-service of \$2,157,111
- c. The CWIP at 9/30/17 of \$142,990 for the "GIS Database Support and Hosting" is double-counted in the 9/30/18 original cost plant-in-service of \$178,187
- d. The CWIP at 9/30/17 of \$83,600 for the "Downtown Rehab - Water" is double-counted in the 9/30/18 original cost plant-in-service of \$505,192

Please see Attachment O to Mr. Joyce's direct testimony which provides detail of Mr. Jackson's double-counting errors.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-13. Please identify and provide all of the source documents for Mr. Joyce's assertion on Page 30 of his direct testimony that none of the "PTYA" projects were under construction at 9/30/18.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

Mr. Joyce's statement generously gives the City the benefit of the doubt and assumes that the City is not intentionally double-counting PTYA and CWIP at 9/30/18. If any of the City's requested PTYA projects were already under construction at 9/30/18 then the City is double counting the value of the CWIP at 9/30/18 in the requested PTYA balance. If the City did intentionally double-count CWIP and PTYA in Rate Base, then of course those PTYA projects would have been under construction at 9/30/18 to allow the City to request double-recovery of both CWIP and PYTA.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-14. In Mr. Joyce's models (49225 Petitioners COS-CARD Model, 14-Water Billing Units), did Mr. Joyce use estimates of 5,090 water accounts in FY 2018 and 7,482 water accounts in FY 2020, reflecting a 47% increase? Please explain.

RESPONSE: All of those referenced numbers are directly from the City's rate model. Those numbers and many other numbers are reproduced from the City's model on Exhibit JJJ-14. The native files enable the user to trace the origin of the numbers back to the City's data.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-15. Regarding the direct testimony of Mr. Joyce, did he base his recommended water rate design on FY 2020 projected water accounts? Please explain.

RESPONSE: Yes. As stated in Mr. Joyce's direct testimony, the City's financial data was adjusted for known and measurable changes to reflect the rate year which is calendar year 2019 (twelve months ending 12/31/19). The customer counts and volume data are adjusted to 3/31/2020 to reflect the midpoint of the period of from 10/1/2019 to 9/30/2020. The 10/1/2019 to 9/30/2020 data was supplied by the City, and 3/31/2020 is the closest match to the rate year financial data adjusted to 12/31/2019.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-16. Regarding the direct testimony of Mr. Joyce, did he use the City's FY 2018 actual Upper Trinity Regional Water District (UTRWD) water costs in his cost of service calculation? If the answer is yes, please explain the rationale for assuming that water *rates* should be based on 2020 accounts, which are 47% greater than FY2018, but *cost of service* should be based on UTRWD costs that are unchanged from 2018 levels.

RESPONSE: Mr. Joyce adjusted the actual FY 2018 UTRWD water cost of \$2,226,264 by the known and measurable changes discussed and fully documented in the City's direct testimony and responses to requests for information, which was none. Although the City's requested \$2,841,778 in UTRWD water cost represents ***over 58% of the City's requested water Operations and Maintenance expenses***, Mr. Jackson's direct testimony not only fails to provide the detail of the development of the UTRWD water charges, ***Mr. Jackson's testimony fails to even mention it at all.*** Petitioners asked multiple discovery requests of the City to attempt to obtain supporting explanations and documentation on the development of the City's requested UTRWD water charges, but the City mostly responded with irrelevant data and scant useful explanation. Mr. Joyce agrees that it is appropriate to adjust the FY 2018 actual UTRWD water cost by fully-documented known and measurable changes that conform to the Commission's requirements; however, neither the City nor Mr. Joyce were able to identify any known and measurable changes that met that criteria.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-17. Please confirm that, in his model estimates, Mr. Joyce used the 4,356 wastewater accounts in FY 2018 and 6,406 wastewater accounts in FY 2020, a 47% increase (49225 Petitioners COS-CARD Model, 21-Sewer Billing Units)?

RESPONSE: All of those referenced numbers are directly from the City's rate model. Those numbers and many other numbers are reproduced from the City's model on Exhibit JJJ-21. The native files enable the user to trace the origin of the numbers back to the City's data.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-18. Does Mr. Joyce confirm that he based his recommended wastewater rate design on FY 2020 wastewater accounts?

RESPONSE: Yes. As stated in Mr. Joyce's direct testimony, the City's financial data was adjusted for known and measurable changes to reflect the rate year which is calendar year 2019 (twelve months ending 12/31/19). The customer counts and volume data are adjusted to 3/31/2020 to reflect the midpoint of the period of from 10/1/2019 to 9/30/2020. The 10/1/2019 to 9/30/2020 data was supplied by the City, and 3/31/2020 is the closest match to the rate year financial data adjusted to 12/31/2019.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-19. Did Mr. Joyce use the City's FY 2018 actual Upper Trinity Regional Water District (UTRWD) wastewater costs in his cost of service calculation? If the answer is yes, please explain the rationale for assuming that wastewater rates should be based on 2020 accounts, which are 47% greater than 2018, but cost of service should be based on UTRWD costs that are unchanged from 2018 levels. If the answer is no, please explain.

RESPONSE: Mr. Joyce adjusted the actual FY 2018 UTRWD sewer cost of \$1,822,904 by the known and measurable changes discussed and fully documented in the City's direct testimony and responses to requests for information, which was none. Although the City's requested \$2,287,364 in UTRWD sewer cost represents *over 67% of the City's requested sewer Operations and Maintenance expenses*, Mr. Jackson's direct testimony not only fails to provide the detail of the development of the UTRWD sewer charges, *Mr. Jackson's testimony fails to even mention it at all*. Petitioners asked multiple discovery requests of the City to attempt to obtain supporting explanations and documentation on the development of the City's requested UTRWD sewer charges, but the City mostly responded with irrelevant data and scant useful explanation. Mr. Joyce agrees that it is appropriate to adjust the FY 2018 actual UTRWD sewer cost by fully-documented known and measurable changes that conform to the Commission's requirements; however, neither the City nor Mr. Joyce were able to identify any known and measurable changes that met that criteria.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-20. Do you agree that the City's 47% increase in water and wastewater accounts between 2018 and 2020 represents a "known and measurable change" that should be factored into the development of the City's cost of service calculation? If your answer is "no," please explain.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

Since the City's model shows inside-city customers and outside-city customers increasing at the same rate, the cost of service is not affected by the growth.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-21. Do you agree that in preparing financial forecasts, it is reasonable to include an inflation factor in preparing a budget estimate for years beyond the test year? If your answer is "no," please explain.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

It may be reasonable to apply an inflation factor (documented percentages, not made-up percentages) to some line-items in purely speculative financial forecasts that are not used to develop rates at this Commission.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY’S RFI TO RATEPAYERS 3-22. Do you consider a general inflation factor to be a reasonable “known and measurable change” to a base or test year expense level? If your answer is “no,” please explain.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

No. This is supported by p. 12 of Principles of Water Rates, Fees, and Charges, M1, Seventh Edition:

“A pro forma test period begins with historical data and costs and then adjusts only for those ‘known and measurable’ costs or changes. ... Simple inflation is not considered a known and measurable change in costs.” (emphasis added)

The Commission also supports the exclusion of inflation as a known and measurable change:

“Schedule II-6 Known & Measurable Changes

A utility is allowed to recover reasonable and necessary expenses incurred during the test year. Certain expenses may have increased or decreased during the year, so the 12 months of test year expenses would be different from the amount you would have paid for the new level of expenses for the whole 12-month period. Additionally, the utility may know that a certain expense will be changing in the near future. If you know the amount the expense will be changing, then you can adjust your test year expenses to include the change. Known and measurable changes in expenses should be recorded if they occur, but it is possible that none have occurred. If the applicant has no known and measurable changes, simply put N/A on the appropriate schedule.

Some examples of generally allowable changes with documentation/support are:

- Electric rates went up or down during the test year.
- You hired a new employee during the test year or gave your employees a raise.
- You received notice that your chemical expenses will be going up by a specified amount.
- You received a written notice from your landlord that your office rent will increase by a specified amount.
- Your property tax is decreasing because the legislature passed a law that limits property taxes.

Some examples of increases that would generally not be allowed are:

- You are thinking about hiring an extra employee.

- You have heard that your rent might be increased in a couple of months.
- Projected inflation.”

From: PUCT Class B Rate/Tariff Change Application at page 10 (emphasis added)

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-23. Please explain Mr. Joyce's rationale for assuming that his recommended water and wastewater rate design should be based on 2020 water and wastewater accounts and volumes (which are 47% greater than 2018), but cost of service should be based on 2018 operating expenses and rate base.

RESPONSE: Regarding operating expenses, see responses to 3-15 and 3-18. For rate base, see 16 TAC §24.41(c)(2)(A); the test year end is September 30, 2018.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-24. Regarding Page 34 of Mr. Joyce's direct testimony, please provide detailed descriptions of each line item for the water and sewer contributed capital tables.

RESPONSE: See Direct Testimony of Kevin Carlson, PE at Exhibit KNC-2 for water and Exhibit KNC-3 for sewer.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-25. Regarding your responses to 3-24, please provide a detailed reference for each line item in these tables to a specific, detailed point in Mr. Carlson's direct testimony and the Petitioner's Exhibits in Support of Direct Testimony. Identify each page number, exhibit number, and line number for each item listed in this response.

RESPONSE: See Direct Testimony of Kevin Carlson, PE at Exhibit KNC-2 for water and Exhibit KNC-3 for sewer.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-26. Regarding Page 34 Line 7 of Mr. Joyce's direct testimony, identify each point, including each page number, exhibit number, and line number in Mr. Carlson's direct testimony where he states that the water well standpipe is not used and useful as emergency (redundancy) back-up and the standpipe is not currently used. Please provide copies of all engineering analyses used to develop Mr. Carlson's and/or Mr. Joyce's conclusions regarding this assertion.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

Mr. Joyce does not rely on Mr. Carlson's testimony to support the fact that the water well standpipe is not used and useful; rather, he relies on information from City witness Mr. Jackson for support of that fact. See Attachment T to Mr. Joyce's testimony.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY’S RFI TO RATEPAYERS 3-27. Regarding Page 35, Line 22 of Mr. Joyce’s direct testimony, please provide all supporting documentation used by Mr. Joyce to support his assertion that the City’s refundable Customer Deposits should be deducted from municipal/public (not investor owned) water/sewer utility rate base.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

All utility deposits are refundable; the City’s deposits are not unique in that regard. All deposits represent a source of cost-free capital for both “municipal/public” and investor-owned utilities and should be deducted from rate base. See 16 TAC §24.41(c)(3) and PUCT Class B Rate/Tariff Change Application at page 34.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-28. Regarding Page 35, Line 22, of Mr. Joyce's direct testimony, please provide all supporting documentation used by Mr. Joyce to determine the value of Customer Deposits in his direct testimony.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

See Attachment C to Mr. Joyce's direct testimony at Bates page 178 of 1683 at Account 202-21-2030.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-29. Regarding Page 35 of Mr. Joyce's direct testimony, please explain and identify and provide all supporting documentation used by Mr. Joyce to determine taxes other than income should not be included in the calculation of working capital for a municipal utility.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

PUCT Class B Rate/Tariff Change Application at page 46 (Working Cash Allowance Calculations): "For Class B Utilities, one-twelfth of O&M expense will be considered a reasonable allowance for working capital. For purposes of working capital calculations, O&M expense does not include depreciation, other taxes, or federal income taxes." (emphasis added)

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY’S RFI TO RATEPAYERS 3-30. Regarding Page 35 of Mr. Joyce’s direct testimony, please provide a detailed description and the value of each item included in “taxes other than income” that is purported to be excludable from the working capital calculation for a municipal utility.

RESPONSE: See Exhibit JJJ-3, p. 12 of 14 (Petitioners Schedule IV – T, Taxes other than FIT), also referred to as Bates page 82 of 1683.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-31. Please explain why, in Mr. Joyce's spreadsheet "49225 Petitioner's Revenue Requirement Model," the total rate base calculated in Tab "3-TOTAL Revenue Requirement" is \$29.8 million and the outstanding debt total in his capital structure Tab "8-Rate of Return" is \$32.6 million. Explain how the City can have debt that is greater than its calculated rate base.

RESPONSE: Utilities use debt to finance not only portions of plant-in-service but also portions of the CWIP excluded from plant-in-service. In this case, the City's net plant-in-service at 9/30/2018 of \$38.1 million plus CWIP at 9/30/18 of \$11.0 million is \$49.1 million which is financed through the \$32.6 million debt, the \$8.4 million in developer contributions, the \$0.6 million in customer deposits, and approximately \$6.8 million in retained earnings.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-32. Please explain why, per "49225 Petitioner's Revenue Requirement Model", Tab "8-Rate of Return", Mr. Joyce believes the City's total equity in the water system is only approximately \$5.6 million.

- a. Please explain in detail how he determined this equity value.
- b. Please explain in detail how he validated its accuracy.
- c. Please provide all supporting documentation used in this validation process.

RESPONSE: \$5.6 million represents the total equity in the combined water and sewer system, not just the equity in the water system as stated in the question.

- a. Equity is total rate base less debt. Contributed capital in this case is included in the equity to allow the utility to build equity.
- b. Per the City's audited financial report, net water and sewer plant in service at 9/30/2018 is \$38,503,611. Per the City's rate study, total debt at 9/30/2018 is \$32,572,105. The difference in these amounts is approximately \$5.9 million in equity.
- c. See Exhibit JJJ-3, p. 6 of 14 (Petitioners Schedule III – T, Invested Capital), also referred to as Bates page 76 of 1683 and the "Test year 1C" tab of the City's data.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY’S RFI TO RATEPAYERS 3-33. Please identify all Commission decisions and docket numbers referred to at Page 36 of Mr. Joyce’s direct testimony where he refers to “other water and sewer cases at the Commission” that are consistent with determining ROE in the Laguna Madre case. Indicate if Mr. Joyce testified or participated in any of these cases and provide copies of his testimony, or if such testimony is publicly accessible, provide the precise online locations such testimony is publicly accessible.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

See Outside City Ratepayers’ Production Responsive to City Request to Ratepayers 1-5(4)(A) at Bates pages PET00001 through PET00003. Mr. Joyce participated in Docket No. 46245, and his testimony is included in Item 573 on the PUCT Interchange.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-34. Regarding Pages 38, Lines 16-25 of Mr. Joyce's direct testimony, please identify all supporting Commission precedent that Mr. Joyce used to support his deviation from generally accepted ratemaking guidelines to add lost and unaccounted-for water into his water utility customer class allocation process.

RESPONSE: Mr. Joyce takes exception to the statement that incorporating the cost of lost and unaccounted-for water cost into the cost allocation process "deviates" from generally accepted ratemaking guidelines. Commission precedent is evident in every Commission rate case where cost-causation principles are used to allocate costs to the appropriate customer classes.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-35. Please identify where in Mr. Carlson's testimony he states that the water distribution system in developments outside city limits do not contribute to the City's water system's lost and unaccounted-for water.

RESPONSE: Mr. Carlson does not state that "the water distribution system in developments outside city limits do not contribute to the City's water system's lost and unaccounted-for water."

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-36. Regarding Page 38 of Mr. Joyce's direct testimony, please provide all engineering studies and other analyses or rationale that supports Mr. Joyce's assertion that "the utility and its inside customers maintain almost all of the control over water loss and should be therefore held accountable for any excessive water loss."

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

The inside city customers own the system. The inside city customers elect the city council representatives who hire the staff to operate and maintain the water and sewer utilities. The council and staff have complete control over the allocation of resources, including those necessary to fund lost and unaccounted-for water studies and replacement of old leaky distribution lines located inside the city limits. The outside city customers do not own the system, elect the city council, or have any control over the City's allocation of resources including the ability to affect lost and unaccounted-for water.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-37. Regarding Page 22, Lines 9-12 of Mr. Joyce's direct testimony, please describe in detail Mr. Joyce's full and complete understanding of how his proposed rate plan will enable the City to fund its \$164,283,000 capital improvement plan.

RESPONSE: Mr. Joyce does not recommend a "rate plan" for the City's entire customer base; he only recommends rates for outside city customers. From p. 279 of Principles of Water Rates, Fees, and Charges, M1, Seventh Edition regarding the Hybrid Approach that the City advocated and the Petitioners adopted states: "Because the utility must meet all of its cash-needs revenue requirements, the utility-basis revenue requirement allocable to outside customers is ... deducted from total system revenue requirements, with the residual recovered from customers inside the city's jurisdictional boundaries." The City's hypothetical \$164 million "capital improvement plan" is not appropriate for consideration in utility-basis rates developed at the PUCT.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-38. Since Mr. Joyce does not appear to mention the City's \$164,283,000 capital improvement plan ("CIP") in his prefiled testimony, does he believe that this CIP is irrelevant to the determination of the City's cost of service and setting of rates?

RESPONSE: It may be relevant to the determination of the City's rates for its inside city customers; however, Mr. Joyce's recommendations do not address those inside city customers, and he has not analyzed the validity or accuracy, if any, of the City's hypothetical \$164 million "capital improvement plan". Mr. Joyce did not mention this in his direct testimony because it is not relevant to the setting of outside city rates. See also Petitioners' response to 3-37.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-39. Regarding Page 22, Lines 9-12 of Mr. Joyce's direct testimony, identify the debt service coverage totals included within Mr. Joyce's rate recommendations. If no such totals are included, please explain in detail why they are not.

RESPONSE: There are no lines 9-12 on page 22 of Mr. Joyce's direct testimony; this response assumes the request should have referred to page 21. Debt service coverage is not a component of utility-basis ratemaking which is used to develop the rates for the outside-city customers.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-40. Regarding Page 22, Lines 9-12 of Mr. Joyce's direct testimony, please identify the number of days of water and sewer operating expense in reserve? If no such numbers are included, please explain in detail why they are not.

RESPONSE: There are no lines 9-12 on page 22 of Mr. Joyce's direct testimony; this response assumes the request should have referred to page 21. Debt service coverage is not a component of utility-basis ratemaking which is used to develop the rates for the outside-city customers.

Prepared by: Jay Joyce

Sponsored by: Jay Joyce

CITY'S RFI TO RATEPAYERS 3-41. Regarding Page 5, Line 1 of Mr. Carlson's direct testimony, he states that his experience is in "primarily private land developments." Please identify all public water or wastewater utility system master planning, system-wide capital improvement planning, or impact fee studies that Mr. Carlson has had a lead role in or has directly participated in developing. Please provide a copy of all documents in such matters created by Mr. Carlson.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY'S RFI TO RATEPAYERS 3-42. Please provide all written communications among Mr. Carlson and Mark Wagner, Pete Wagner, and Rick Strauss from September 1, 2006 to March 31, 2007 regarding Mr. Carlson's recommendations and reviews of the Development Agreement.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY'S RFI TO RATEPAYERS 3-43. In his direct testimony at Page 6, Lines 19-20, Mr. Carlson refers to the "Light Farms water system." Please provide a complete water system map of the "Light Farms water system" including a list of all water infrastructure owned or operated by the "Light Farms system." If none exist, please so state.

RESPONSE: Mr. Carlson's testimony at page 6, lines 14-15 explains the location of the Light Farms development and water system. Reference to the "Light Farms water system" are for convenience in describing the facilities used to provide service to the Light Farms development. The City of Celina operates and maintains the Light Farms system as part of the City's overall water system. The developer of Light Farms constructed the Light Farms water system and Collin County MUD No. 1 issued bonds to reimburse the developer for the costs of the Lights Farms system.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-44. In his direct testimony at Page 6, Lines 19-21, Mr. Carlson states that there is an "in-city system" and a "Light Farms system." Please provide the location and description of any air gap or other physical separation, if any exists, between the "in-city system" and the "Light Farms system." If none exist, please so state.

RESPONSE: Mr. Carlson's references to an "in-city" system refers to the portions of the City's overall water system that serve customers within the City limits.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-45. In his direct testimony at Page 6, Line 19, Mr. Carlson refers to the “Light Farms water system.” Please produce the Public Water System ID number issued by the State of Texas to the “Light Farms water system.” If none exist, please so state.

RESPONSE: See response to City’s RFI 3-43. The Public Water System ID (“PWS ID”) is TX0430003, which is the City’s PWS ID number.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-46. In his direct testimony at Page 6, Line 19, Mr. Carlson refers to the "Light Farms water system." Please produce all information designating the "Light Farms water system" either a Community Water System, a Nontransient Noncommunity Water System, or a Transient Noncommunity Water System as defined by 30 TAC §290.38. If none exist, please so state.

RESPONSE: See response to City's RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-47. In his direct testimony at Page 6, Line 19, Mr. Carlson refers to the “Light Farms water system.” Please produce documentation showing the point of demarcation between the Light Farms water system” and the in-city water system. If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

See response to City’s RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-48. In his direct testimony at Page 7, Line 8, Mr. Carlson states that “Light Farms is essentially a stand-alone system.” Please produce documentation showing the ground or elevated storage capacity that is owned, operated, and maintained by the “Light Farms water system.” If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

See response to City’s RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-49. In his direct testimony at Page 7, Line 8, Mr. Carlson states that "Light Farms is essentially a stand-alone system." Please produce documentation showing the ground or surface water pumping capacity that is owned, operated, and maintained by the "Light Farms water system." If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

See response to City's RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-50. In his direct testimony at Page 7, Line 8, Mr. Carlson states that "Light Farms is essentially a stand-alone system." Please produce documentation showing the ground or surface water treatment capacity that is owned, operated, and maintained by the "Light Farms water system." If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

See response to City's RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-51. In his direct testimony at Page 7, Line 8, Mr. Carlson states that "Light Farms is essentially a stand-alone system." Please produce documentation showing the Certificates of Convenience and Necessity that are owned, operated, and maintained by the "Light Farms water system." If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

See response to City's RFI 3-43. The Certificate of Convenience and Necessity ("CCN") number for the Light Farms water system is 12667, which is the City's CCN number.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY'S RFI TO RATEPAYERS 3-52. In his direct testimony at Page 7, Line 8, Mr. Carlson states that "Light Farms is essentially a stand-alone system." Please produce documentation showing any legal water rights, contracts or other agreements for the "Light Farms water system" to purchase or otherwise acquire any wholesale raw or treated water. If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

See response to City's RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-53. In his direct testimony at Page 7, Line 8, Mr. Carlson states that “Light Farms is essentially a stand-alone system.” Please produce documentation showing any employees, contracts or agreements for the “Light Farms water system” to supply or otherwise obtain the state required testing and water quality reporting of a water system. If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

See response to City’s RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-54. In his direct testimony at Page 7, Line 8, Mr. Carlson states that “Light Farms is essentially a stand-alone system.” Please produce documentation showing the water meter installation capabilities that are employed, contracted or operated by the “Light Farms water system.” If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

See response to City’s RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-55. In his direct testimony at Page 7, Line 8, Mr. Carlson states that “Light Farms is essentially a stand-alone system.” Please produce documentation showing the water meter reading capabilities that are owned, employed, contracted or operated by the “Light Farms water system.” If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

See response to City’s RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-56. In his direct testimony at Page 7, Line 8, Mr. Carlson states that “Light Farms is essentially a stand-alone system.” Please produce documentation showing the utility bill production and collection capabilities that are employed, contracted or operated by the “Light Farms water system.” If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

See response to City’s RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-57. In his direct testimony at Page 7, Line 8, Mr. Carlson states that “Light Farms is essentially a stand-alone system.” Please produce documentation showing the water line repair or maintenance capabilities that are employed, contracted or operated by the “Light Farms water system.” If none exist, please so state.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners’ objection, please see below:

See response to City’s RFI 3-43.

Prepared by: John Carlton

Sponsored by: Kevin Carlson

CITY’S RFI TO RATEPAYERS 3-58. In his direct testimony at Page 8, Lines 19-21, Mr. Carlson states “Except for the Celina pump station and its line along FM 428, the Light Farms system operates independently from Celina’s water system.” Please describe in detail the capabilities of the purported “Light Farms system” to maintain the following (as would be required to operate independently from the City of Celina):

- a. adequate fire flow within its “system” including the location and sizes of all ground or elevated storage tank(s) owned and/or operated by the “Light Farms system,”
- b. locations and capacities of pumps owned and/or operated by the “Light Farms system”, and
- c. fire flow modeling owned and/or produced by the “Light Farms system.”

RESPONSE: Petitioners are gathering responsive information and will supplement its responses.

CITY’S RFI TO RATEPAYERS 3-59. In his direct testimony at Page 7, Lines 8-9, Mr. Carlson states “Light Farms constructed and paid for the elevated water storage tank (“EST”) that serves all of Light Farms’ residents. Please produce documentation showing, in detail, the costs to design, build, and construct the referenced EST.

RESPONSE: Petitioners are gathering responsive information and will supplement its responses.

CITY'S RFI TO RATEPAYERS 3-60. In his direct testimony at Page 8, Lines 5-7, Mr. Carlson states "At Celina's request, an additional 12-inch water transmission main was designed, bid, and constructed by CCMUD No. 1 to provide a secondary feed to the downtown area of Celina." Please produce documentation showing Celina's request for the referenced water main and amounts paid by CCMUD No. 1 to design, build, and construct the referenced 12-inch water transmission main.

RESPONSE: Petitioners are gathering responsive information and will supplement its responses.

CITY'S RFI TO RATEPAYERS 3-61. Please identify each communication between Mr. Carlson and any employee of the Celina regarding any flushing of the 18-inch water line and/or the EST referred to in Mr. Carlson's direct testimony.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY'S RFI TO RATEPAYERS 3-62. Regarding Mr. Carlson's testimony on the Development Agreement, please provide all documentation in your actual or constructive possession or in the actual or constructive possession of a testifying witness regarding the initial cost estimates of \$5,467,285 for costs associated with the design and construction of the Phase I Water Facilities and the \$298,439 right-of-way acquisition costs referred to in Section 5.5 of the Development Agreement.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

Petitioners are gathering responsive information and will supplement its responses.

CITY'S RFI TO RATEPAYERS 3-63. Please provide documentation in your actual or constructive possession or in the actual or constructive possession of a testifying witness that explains the difference in the initial cost estimate of \$5,765,724 for the design, construction and right-of-way acquisition for the Phase I Water Facilities from Section 5.5 of the Development Agreement and the total cost of \$3,082,419.12 shown for these projects on Exhibit KNC-2 of Mr. Carlson's direct testimony.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, please see below:

Petitioners are gathering responsive information and will supplement its responses.

CITY'S RFI TO RATEPAYERS 3-64. Please provide all documentation in your actual or constructive possession or in the actual or constructive possession of a testifying witness showing the amounts received by the original developer, or its successors or assigns, from the City of Celina for the Part Two grant payments referenced in the Economic Development Agreement by and between the City of Celina and Forestar/RPG Land Company LLC, which was executed concurrently with the Development Agreement on March 12, 2007.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY'S RFI TO RATEPAYERS 3-65. Please provide all reports, emails, meeting notes or other communications in your actual or constructive possession or in the actual or constructive possession of a testifying witness among Kevin Carlson and Mark Wagner, Pete Wagner, Rick Strauss, and/or Bob Zollars regarding the cost associated with either the Development Agreement or Economic Development Agreement executed concurrently on March 12, 2007.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

**OUTSIDE CITY RATEPAYERS' RESPONSES TO
CITY OF CELINA'S SECOND REQUEST FOR ADMISSIONS**

CITY'S RFA TO RATEPAYERS 2-1. Admit or deny that the project shown as 18" W constructed in 2009 at a cost of \$852,327.12 on Exhibit KNC-2 of Mr. Carlson's direct testimony is the same project shown on the Development Agreement as Phase I Proposed Water Line.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY'S RFA TO RATEPAYERS 2-2. Admit or deny that the project shown as WATER TOWER constructed in 2008 at a cost of \$2,230,092.00 on Exhibit KNC-2 of Mr. Carlson's direct testimony is the same project shown on the Development Agreement as Phase 1 1.0MG ELEVATED STORAGE TANK.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY'S RFA TO RATEPAYERS 2-3. Admit or deny that in his review of the Development Agreement Mr. Carlson read Section 2.1(f), which states in part that the original Developers and all future land owners agree to abide by the Retail Utility Policies of the City of Celina.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY’S RFA TO RATEPAYERS 2-4. Admit or deny that in his review of the Development Agreement Mr. Carlson read Section 2.10, which states in part that the original Developers and all future land owners “...waive any and all claims against the City regarding the validity or enforceability of...water rates described in this Agreement.”

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY’S RFA TO RATEPAYERS 2-5. Admit or deny that in his review of the Development Agreement, Mr. Carlson read Section 5.2, which states in part “The City, at its sole cost and expense (including, but not limited to, water and sanitary sewer impact fees collected by the City) will construct such additional water and sanitary sewer Facilities, if any, that are located outside of the RPG Property and that are required to provide capacity for service to the remaining connections required for Full Development in accordance with the Demand Projections, up to a maximum of 2700 residential units.”

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY’S RFA TO RATEPAYERS 2-6. Admit or deny that in his review of the Development Agreement, Mr. Carlson read Section 6.3 Rates, which reads in part “The retail water rates charged to customers located within the RPG Property shall not exceed 150% of those rates duly adopted and uniformly charged by the City for “in-city” service.”

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina’s Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

CITY'S RFA TO RATEPAYERS 2-7. Admit or deny that the original developer, its successors or assigns, received \$5,780,000.00 from the City of Celina for Part Two of the Economic Development Agreement in consideration for the costs the original developer paid for the 18-inch water transmission main and the IMG elevated storage tank referenced in Mr. Carlson's direct testimony.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, deny.

CITY'S RFA TO RATEPAYERS 2-8. Admit or deny that the original developer, its successors or assigns, received \$230,000.00 from the City of Celina in refunded Water Impact Fees in fulfillment of Celina's obligations under Section 3.3 of the Economic Development Agreement and Section 5.5(d) of the Development Agreement.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, deny.

CITY'S RFA TO RATEPAYERS 2-9. Admit or deny that the original developer, its successors or assigns, received \$270,000.00 from the City of Celina in refunded Sewer Impact Fees in fulfillment of Celina's obligations under Section 3.3 of the Economic Development Agreement and Section 5.6(d) of the Development Agreement.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, deny.

CITY'S RFA TO RATEPAYERS 2-10. Admit or deny that the original developer, its successors or assigns, received \$1,000,000.00 from the City of Celina for Part Three of the Economic Development Agreement and pursuant to Section 6.3 of the Development Agreement, calculated as the first \$1,000,000.00 of the portion of the retail water rates for "in-city" service collected by the City from the customers in Light Farms.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, deny.

CITY'S RFA TO RATEPAYERS 2-11. Admit or deny that the original developer, its successors or assigns, received \$3,450,000.00 from the City of Celina for Part Four of the Economic Development Agreement in consideration for the costs the original developer paid for the offsite wastewater facilities Mr. Carlson refers to in his direct testimony.

RESPONSE: Petitioners objected to this Request, please see *Objections of Outside City Ratepayers to City of Celina's Third Request for Information and Second Request for Admissions*, filed June 15, 2020.

Notwithstanding Petitioners' objection, deny.

**OUTSIDE CITY RATEPAYERS'
PRODUCTION RESPONSIVE TO
CITY RFI TO RATEPAYERS 3-6**

Mr. Joyce has directed engagements associated with the following water, wastewater, and steam production utilities prior to the formation of Expergy:

Utility	Year
Aqua Texas (water & wastewater)	2005
Chisholm Trail Special Utility District (water)	2005
City of Arlington (wastewater)	unk
City of Atlanta (water)	2006
City of Kilgore (water)	1989
City of Knollwood (water and wastewater)	1994
City of Lewisville (water and wastewater)	1993
City of Mesquite (water and wastewater)	unk
City of Midlothian (water)	unk
City of North Richland Hills (water and wastewater)	1994
City of Paris (water and wastewater)	unk
City of Pecos City (wastewater)	2009
City of Pflugerville (water and wastewater)	unk

City of Rollingwood (water and wastewater)	unk
City of Rowlett (water and wastewater)	unk
City of Waco (water)	1999
City of West Lake Hills (wastewater)	unk
Crosby Municipal Utility District (water and wastewater)	unk
Culleoka Water Supply Corporation (water)	1992
Dallas Water Utilities (water and wastewater)	unk
Fort Worth Water Department (water)	unk
Guam Water Works (water and wastewater)	unk
Kendall County Utility Company (water & wastewater)	2008
Lakeside Utilities, Inc (water and wastewater)	1994
Lower Colorado River Authority (wastewater)	1997
Nashville Metro Water Services (wastewater)	1996
Nashville Thermal Transfer Corporation (steam)	unk
Northtown Municipal Utility District (water and wastewater)	unk

Oak Shores Water System (water & wastewater)	2007
Paseo del Este Municipal Utility District No. 1 (water and wastewater)	unk
Rockett Special Utility District (water)	unk
Titus County Fresh Water Supply District No. 1 (water)	unk
Travis County Municipal Utility District No. 14 (wastewater)	unk
Travis County Municipal Utility District No. 4 (water and wastewater)	1997
Travis County Municipal Utility District No. 4 (water and wastewater)	1998
Travis County Municipal Utility District No. 4 (water and wastewater)	1999
Travis County Municipal Utility District No. 4 (water and wastewater)	2000
Travis County Municipal Utility District No. 4 (water and wastewater)	2001
Travis County Municipal Utility District No. 4 (water and wastewater)	2002
Travis County Municipal Utility District No. 4 (water and wastewater)	2003
Travis County Municipal Utility District No. 4 (water and wastewater)	2004
Travis County Municipal Utility District No. 4 (water and wastewater)	2005
Travis County Municipal Utility District No. 4 (water and wastewater)	2006

Travis County Municipal Utility District No. 4 (water and wastewater)	2007
Travis County Municipal Utility District No. 4 (water and wastewater)	2008
Travis County Municipal Utility District No. 4 (water and wastewater)	2009
Trinity River Authority (water)	unk
Trinity Water Reserve, Inc. d/b/a Devers Canal System (water)	1990
United Irrigation District of Hidalgo County (water)	1991
Windermere Utility Company (wastewater)	unk

Mr. Joyce has directed engagements associated with the following water, wastewater, and steam production utilities while at Expergy:

Utility	Year
Metro H2O (water)	2010
Travis County Municipal Utility District No. 4 (water and wastewater)	2010
Paloma Lake Municipal Utility District No. 1	2010
Paloma Lake Municipal Utility District No. 2	2010
Monarch Utilities (water)	2011

Travis County Municipal Utility District No. 4 (water and wastewater)	2011
Cottonwood Creek Municipal Utility District No. 1 (water and wastewater)	2012
Lakeway Municipal Utility District (water and wastewater)	2012
Town of Flower Mound (water)	2012
Travis County Municipal Utility District No. 2 (water and wastewater)	2012
Travis County Municipal Utility District No. 4 (water and wastewater)	2012
Travis County Municipal Utility District No. 11 (water and wastewater)	2012
Travis County Municipal Utility District No. 12 (water and wastewater)	2012
Travis County Municipal Utility District No. 13 (water and wastewater)	2012
Wilbarger Creek Municipal Utility District No. 1 (water and wastewater)	2012
Upper Ttinity Regional Water District (water)	2012
City of Austin (water & wastewater)	2013
Travis County Municipal Utility District No. 4 (water and wastewater)	2013
West Travis County Public Utility Agency (water)	2013
Oak Shores Water System (water & wastewater)	2013

Weidenfeld Water Works, Inc. (water & wastewater)	2013
City of Round Rock (water & wastewater)	2013
Paloma Lake Municipal Utility District No. 1	2013
Paloma Lake Municipal Utility District No. 2	2013
City of Austin (water & wastewater)	2014
Travis County Municipal Utility District No. 4 (water and wastewater)	2014
City of Liberty Hill (wastewater)	2014
Dripping Springs Water Supply Corp. (water)	2014
Travis County Municipal Utility District No. 4 (water and wastewater)	2015
City of Round Rock (water & wastewater)	2015
Hays County Municipal Utility District No. 5 (wastewater)	2015
Harris County Municipal Utility District No. 55 (water & wastewater)	2015
Paloma Lake Municipal Utility District No. 1	2015
Paloma Lake Municipal Utility District No. 2	2015
City of Austin (water & wastewater)	2016

Travis County Municipal Utility District No. 4 (water and wastewater)	2016
Brushy Creek Municipal Utility District (water & wastewater)	2016
Double Diamond Utilities (water & wastewater)	2016
Jonah Water Special Utility District (water)	2016
El Paso Water Utilities (water & wastewater)	2016
Travis County Municipal Utility District No. 4 (water and wastewater)	2017
Sonterra Municipal Utility District (water & wastewater)	2017
Travis County Municipal Utility District No. 4 (water and wastewater)	2018
Travis County Municipal Utility District No. 11 (water and wastewater)	2018
Travis County Municipal Utility District No. 12 (water and wastewater)	2018
Travis County Municipal Utility District No. 13 (water and wastewater)	2018
Manville Water Supply Corp. (water)	2018
City of Forney (water)	2018
City of Round Rock (water & wastewater)	2018
City of Austin (water & wastewater)	2019

Cottonwood Creek Municipal Utility District No. 1 (water and wastewater)	2019
Travis County Municipal Utility District No. 2 (water and wastewater)	2019
Travis County Municipal Utility District No. 4 (water and wastewater)	2019
Wilbarger Creek Municipal Utility District No. 1 (water and wastewater)	2019
City of Graham (water)	2019
Williamson County Municipal Utility District No. 22 (water & wastewater)	2019
Williamson County Water Sewer Irrigation and Drainage District No. 3 (water & wastewater)	2019
Headwaters Municipal Utility District (water & wastewater)	2019
Lone Star Regional Water Authority (water)	2019
City of Celina (water & wastewater)	2020
Sonterra Municipal Utility District (water & wastewater)	2020
Rose Hill Special Utility District (water)	2020
Bear Creek Special Utility District (water)	2020
Hays County Municipal Utility District No. 5 (reclaimed water)	2020
El Paso Water Utilities (water & wastewater)	2020