



Control Number: 49225



Item Number: 98

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



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

§
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§
§

PUBLIC UTILITY COMMISSION
OF TEXAS

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

Now comes CITY OF CELINA ("CELINA" or "City") and serves its Responses to the Outside City Ratepayers' Seventh Request for Information.

These responses are timely filed. CELINA stipulates that responses to requests for information can be treated by all parties as if the answers were filed under oath. CELINA reserves the right to amend or supplement its responses.

Respectfully submitted,
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By: /s/ Scott Smyth
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Patrick W. Lindner
State Bar No. 12367850
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ATTORNEYS FOR CITY OF CELINA

918

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document has been served on all parties of record on this 7th day of May, 2020, in accordance with 16 Tex. Admin. Code § 22.74.

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/s/ Scott Smyth
Scott Smyth

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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-1

RATEPAYERS' REQUEST TO CITY 7-1. Did the City engage an expert to generate the information requested in Staff Request for Information No. 4-4?

- a. If the answer is yes, please identify where in the City's Direct Testimony that the requested information is located.
- b. If the answer is no, please explain why the City failed to respond to the Commission Staff's request.

Response:

No, the City did not engage an expert to generate the information requested in Staff Request for Information No. 4-4. The City did not fail to respond to the Commission Staff's request. The City has provided all of the documentation required to respond to the request.

Sponsor: Jason Gray

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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
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REQUEST FOR INFORMATION RATEPAYERS' 7-2

RATEPAYERS' REQUEST TO CITY 7-2. Did the City engage an expert to generate the information requested in Staff Request for Information No. 4-5?

- a. If the answer is yes, please identify where in the City's Direct Testimony that the requested information is located.
- b. If the answer is no, please explain why the City failed to respond to the Commission Staff's request.

Response:

No, the City did not engage an expert to generate the information requested in Staff Request for Information No. 4-4. The City did not fail to respond to the Commission Staff's request. The City has provided all of the documentation required to respond to the request.

Sponsor: Jason Gray

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Response:

No, the City did not engage an expert to generate the information requested in Staff Request for Information No. 4-4. The City did not fail to respond to the Commission Staff's request. The City has provided all of the documentation required to respond to the request.

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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-3

RATEPAYERS' REQUEST TO CITY 7-3. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197.

- a. Please explain the purpose of the 50% Billed Consumption Adjustment Factor for 2018 and 2019.
- b. Please describe in detail how these numbers were developed and identify and produce the source documentation and the supporting calculation(s).

Response:

This is an estimate used to reconcile the UTRWD volume charge to the budget and actual charge assessed by UTRWD to the City for water purchases by inside and outside city customers. Use of adjustment factors to reconcile data from differing sources is a common and accepted practice in financial forecasting. The use of the reconciliation resulted in the rate model estimate of UTRWD charges that was within 1.3% of the City's adopted budget for FY 2018 and within 2.1% of actual UTRWD charges for FY 2018, thus proving the effectiveness and reliability of the adjustment.

The use of the adjustment factor resulted in rate model estimates of UTRWD charges for FY 2019 that were within 1.5% of the actual UTRWD charges to the City for FY 2019. This further confirms the highly accurate calculations of UTRWD charges in the rate model.

The use of the adjustment factor results in rate model estimates of UTRWD charges for FY 2020 that are actually 2.9% lower than the City's adopted budget for FY 2020. This further confirms the accuracy and conservative nature of the rate model's UTRWD cost estimates.

Sponsor: Dan V. Jackson

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PETITION BY OUTSIDE CITY RATEPAYERS APPEALING THE WATER RATES ESTABLISHED BY THE CITY OF CELINA	§ § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-4

RATEPAYERS' REQUEST TO CITY 7-4. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197. Please describe how the \$428,200 demand charge for 2018 was developed and identify and produce the source documentation and the supporting calculation(s).

Response:

The demand charge of \$428,200 for 2018 was provided by Upper Trinity Regional Water District, per its contract with the City. The use of this demand charge of resulted in the rate model estimate of UTRWD charges that was within 1.3% of the City's adopted budget for FY 2018 and within 2.1% of actual UTRWD charges for FY 2018, thus proving the effectiveness and reliability of the estimate. The source documentation supporting this was previously provided in the City's Response to Ratepayers' Request for Information 4-29, Bates #740.

Sponsor: Jason Gray, Dan V. Jackson

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By: /s/ Scott Smyth
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- a. If the answer is yes, please identify where in the City's Direct Testimony that the requested information is located.
- b. If the answer is no, please explain why the City failed to respond to the Commission Staff's request.

Response:

No, the City did not engage an expert to generate the information requested in Staff Request for Information No. 4-4. The City did not fail to respond to the Commission Staff's request. The City has provided all of the documentation required to respond to the request.

Sponsor: Jason Gray

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SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-2

RATEPAYERS' REQUEST TO CITY 7-2. Did the City engage an expert to generate the information requested in Staff Request for Information No. 4-5?

- a. If the answer is yes, please identify where in the City's Direct Testimony that the requested information is located.
- b. If the answer is no, please explain why the City failed to respond to the Commission Staff's request.

Response:

No, the City did not engage an expert to generate the information requested in Staff Request for Information No. 4-4. The City did not fail to respond to the Commission Staff's request. The City has provided all of the documentation required to respond to the request.

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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-3

RATEPAYERS' REQUEST TO CITY 7-3. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197.

- a. Please explain the purpose of the 50% Billed Consumption Adjustment Factor for 2018 and 2019.
- b. Please describe in detail how these numbers were developed and identify and produce the source documentation and the supporting calculation(s).

Response:

This is an estimate used to reconcile the UTRWD volume charge to the budget and actual charge assessed by UTRWD to the City for water purchases by inside and outside city customers. Use of adjustment factors to reconcile data from differing sources is a common and accepted practice in financial forecasting. The use of the reconciliation resulted in the rate model estimate of UTRWD charges that was within 1.3% of the City's adopted budget for FY 2018 and within 2.1% of actual UTRWD charges for FY 2018, thus proving the effectiveness and reliability of the adjustment.

The use of the adjustment factor resulted in rate model estimates of UTRWD charges for FY 2019 that were within 1.5% of the actual UTRWD charges to the City for FY 2019. This further confirms the highly accurate calculations of UTRWD charges in the rate model.

The use of the adjustment factor results in rate model estimates of UTRWD charges for FY 2020 that are actually 2.9% lower than the City's adopted budget for FY 2020. This further confirms the accuracy and conservative nature of the rate model's UTRWD cost estimates.

Sponsor: Dan V. Jackson

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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-4

RATEPAYERS' REQUEST TO CITY 7-4. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197. Please describe how the \$428,200 demand charge for 2018 was developed and identify and produce the source documentation and the supporting calculation(s).

Response:

The demand charge of \$428,200 for 2018 was provided by Upper Trinity Regional Water District, per its contract with the City. The use of this demand charge of resulted in the rate model estimate of UTRWD charges that was within 1.3% of the City's adopted budget for FY 2018 and within 2.1% of actual UTRWD charges for FY 2018, thus proving the effectiveness and reliability of the estimate. The source documentation supporting this was previously provided in the City's Response to Ratepayers' Request for Information 4-29, Bates #740.

Sponsor: Jason Gray, Dan V. Jackson

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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-5

RATEPAYERS' REQUEST TO CITY 7-5. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197.

- a. Please explain the purpose of the Subscribed Capacity amounts of 2.5 for 2018 and 3.5 for 2019.

Please describe in detail how these numbers were developed and identify and produce the source documentation and the supporting calculation(s).

Response:

Subscribed Capacity refers to the amount of water that the City has subscribed for through Upper Trinity Regional Water District. In 2018, the City's Subscribed Capacity was 2.5 million gallons per day (MGD). In 2019, it was projected that the City would increase its Subscribed Capacity to 3.5 MGD based on City estimates, growth forecasts and the flow projections provided in the 2017 Water and Wastewater Modeling and CIP Report, which was previously provided in response to Ratepayers Request for Information 6-1 at Bates 066.

The use of the subscribed capacity factor of 2.5 MGD for 2018 resulted in the rate model estimate of UTRWD charges that was within 1.3% of the City's adopted budget for FY 2018 and within 2.1% of actual UTRWD charges for FY 2018, thus proving the effectiveness and reliability of the capacity factor.

The use of the subscribed capacity factor of 3.5 MGD resulted in rate model estimates of UTRWD charges for FY 2019 that were within 1.5% of the actual UTRWD charges to the City for FY 2019. This further confirms the highly accurate calculations of UTRWD charges in the rate model.

The use of the subscribed capacity factor results in rate model estimates of UTRWD charges for FY 2020 that are actually 2.9% lower than the City's adopted budget for FY 2020. This further confirms the accuracy and conservative nature of the rate model's UTRWD cost estimates.

Sponsor: Jason Gray, Dan V. Jackson

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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-6

RATEPAYERS' REQUEST TO CITY 7-6. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197. Please describe how the UTRWD estimated annual increases of 11.1% (in hidden cell on Excel spreadsheet) for 2018 and 5.0% for 2019 were developed and identify and produce the source documentation and the supporting calculation(s).

Response:

Projected cost increases were developed in coordination with Upper Trinity Regional Water District, the City of Celina and Willdan as part of the previously provided comprehensive rate study. The supporting calculations are included in the previously provided comprehensive rate study.

The City disputes the characterization of the 11.1% increase as in a "hidden" cell – the cell is plainly visible on the spreadsheet.

Sponsor: Jason Gray, Dan V. Jackson

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Response:

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Sponsor: Jason Gray

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REQUEST FOR INFORMATION RATEPAYERS' 7-2

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RATEPAYERS' REQUEST TO CITY 7-4. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197. Please describe how the \$428,200 demand charge for 2018 was developed and identify and produce the source documentation and the supporting calculation(s).

Response:

The demand charge of \$428,200 for 2018 was provided by Upper Trinity Regional Water District, per its contract with the City. The use of this demand charge of resulted in the rate model estimate of UTRWD charges that was within 1.3% of the City's adopted budget for FY 2018 and within 2.1% of actual UTRWD charges for FY 2018, thus proving the effectiveness and reliability of the estimate. The source documentation supporting this was previously provided in the City's Response to Ratepayers' Request for Information 4-29, Bates #740.

Sponsor: Jason Gray, Dan V. Jackson

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

PETITION BY OUTSIDE CITY	§	
RATEPAYERS APPEALING THE	§	PUBLIC UTILITY COMMISSION
WATER RATES ESTABLISHED BY	§	
THE CITY OF CELINA	§	OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-5

RATEPAYERS' REQUEST TO CITY 7-5. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197.

- a. Please explain the purpose of the Subscribed Capacity amounts of 2.5 for 2018 and 3.5 for 2019.

Please describe in detail how these numbers were developed and identify and produce the source documentation and the supporting calculation(s).

Response:

Subscribed Capacity refers to the amount of water that the City has subscribed for through Upper Trinity Regional Water District. In 2018, the City's Subscribed Capacity was 2.5 million gallons per day (MGD). In 2019, it was projected that the City would increase its Subscribed Capacity to 3.5 MGD based on City estimates, growth forecasts and the flow projections provided in the 2017 Water and Wastewater Modeling and CIP Report, which was previously provided in response to Ratepayers Request for Information 6-1 at Bates 066.

The use of the subscribed capacity factor of 2.5 MGD for 2018 resulted in the rate model estimate of UTRWD charges that was within 1.3% of the City's adopted budget for FY 2018 and within 2.1% of actual UTRWD charges for FY 2018, thus proving the effectiveness and reliability of the capacity factor.

The use of the subscribed capacity factor of 3.5 MGD resulted in rate model estimates of UTRWD charges for FY 2019 that were within 1.5% of the actual UTRWD charges to the City for FY 2019. This further confirms the highly accurate calculations of UTRWD charges in the rate model.

The use of the subscribed capacity factor results in rate model estimates of UTRWD charges for FY 2020 that are actually 2.9% lower than the City's adopted budget for FY 2020. This further confirms the accuracy and conservative nature of the rate model's UTRWD cost estimates.

Sponsor: Jason Gray, Dan V. Jackson

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

PETITION BY OUTSIDE CITY	§	
RATEPAYERS APPEALING THE	§	PUBLIC UTILITY COMMISSION
WATER RATES ESTABLISHED BY	§	
THE CITY OF CELINA	§	OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-6

RATEPAYERS' REQUEST TO CITY 7-6. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197. Please describe how the UTRWD estimated annual increases of 11.1% (in hidden cell on Excel spreadsheet) for 2018 and 5.0% for 2019 were developed and identify and produce the source documentation and the supporting calculation(s).

Response:

Projected cost increases were developed in coordination with Upper Trinity Regional Water District, the City of Celina and Willdan as part of the previously provided comprehensive rate study. The supporting calculations are included in the previously provided comprehensive rate study.

The City disputes the characterization of the 11.1% increase as in a "hidden" cell – the cell is plainly visible on the spreadsheet.

Sponsor: Jason Gray, Dan V. Jackson

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

PETITION BY OUTSIDE CITY	§	
RATEPAYERS APPEALING THE	§	PUBLIC UTILITY COMMISSION
WATER RATES ESTABLISHED BY	§	
THE CITY OF CELINA	§	OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-7

RATEPAYERS' REQUEST TO CITY 7-7. Please refer to the City's Supplemental Response to the Commission Staff's Third Request for Information 3-2 at Bates page 197.

- a. Please explain what is meant by the "Full Volume Rate" of \$1.11 for FY 2017.
- b. Please describe in detail how this number was developed and identify and produce the source documentation and the supporting calculation(s).

Response:

The Full Volume Rate refers to the Member Rate paid by the City of Celina to Upper Trinity Regional Water District which, as clearly described in the previously provided documentation to Ratepayers' Request for Information 4-29 at Bates 740, recovers the variable O&M costs for the water the City purchases.

This amount is developed by Upper Trinity Regional Water District per its contract with the City. Source documentation for this number has been previously provided in response to Ratepayers' RFI 4-29 at Bates 740.

Sponsor: Jason Gray

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

PETITION BY OUTSIDE CITY	§	
RATEPAYERS APPEALING THE	§	PUBLIC UTILITY COMMISSION
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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-8

RATEPAYERS' REQUEST TO CITY 7-8. On Table DVJ-21 in Mr. Jackson's direct testimony, please identify and produce the supporting documents for the calculation of the interest rate for each bond issue listed and indicate on those documents which numbers were used to derive the interest rates in Table DVJ-21.

Response:

The interest rate for each bond issue listed on Table DVJ-21 in Mr. Jackson's direct testimony was provided from page 52 of the City's Comprehensive Annual Financial Report for the fiscal year ending September 30, 2017, a copy of which is attached. Spreadsheet Test Year 1C in the rate model clearly shows how the interest rates derived from the CAFR were averaged.

Sponsor: Jason Gray, Dan V. Jackson

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

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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'
SEVENTH REQUEST FOR INFORMATION**

REQUEST FOR INFORMATION RATEPAYERS' 7-9

Response to the Commission Staff's Third Request for Information 3-2 at Bates page 173. Please identify and produce the source documentation and the supporting calculations for each of the following 2019 "accelerators":

a. Dir Population Increase	1.3%
b. CPI Inflation	3.0%
c. Expense Increase Premium	5.0%
d. Other Non-Rate Revenues	1.5%
e. Postage	2.5%
f. Indirect Economy Based Increase	1.5%
g. Credit Card Charges	5.0%
h. Salary Increase	3.0%
i. Salary Plus Insurance	8.0%

Response:

Direct Population Increase – typically used to adjust population estimates; not used to accelerate any expenses in Celina rate model

CPI Inflation – estimated based on historical trends in the state of Texas

Expense Increase premium – estimate used to account for the fact that certain expenses are reasonably expected to increase at greater than inflation rates

Other Non Rate Revenues – one half of inflation rate, not used to accelerate any non-rate revenue in