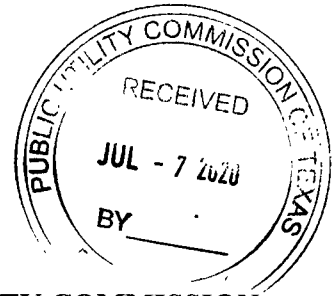


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DOCKET NO. 49351

**RATEPAYERS APPEAL OF THE
DECISION BY BEAR CREEK SPECIAL
UTILITY DISTRICT TO CHANGE
RATES**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO BEAR CREEK SPECIAL UTILITY DISTRICT (BEAR CREEK SUD)
QUESTION NOS. STAFF 5-1 THROUGH 5-44**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Staff of the Public Utility Commission of Texas (Staff) requests that Bear Creek Special Utility District (Bear Creek SUD) by and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

Dated: July 7, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

Eleanor D'Ambrosio
Managing Attorney

s/ Kourtnee Jinks
Kourtnee Jinks
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**DOCKET NO. 49351
CERTIFICATE OF SERVICE**

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on July 7, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

s/ Kourtnee Jinks
Kourtnee Jinks

DOCKET NO. 49351

**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO BEAR CREEK SPECIAL UTILITY DISTRICT (BEAR CREEK SUD)
QUESTION NOS. STAFF 5-1 THROUGH 5-44**

DEFINITIONS

- A. "Bear Creek SUD", "Company", or "you" refers to Bear Creek Special Utility District and any and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

- B. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

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**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO BEAR CREEK SPECIAL UTILITY DISTRICT (BEAR CREEK SUD)
QUESTION NOS. STAFF 5-1 THROUGH 5-44**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO BEAR CREEK SPECIAL UTILITY DISTRICT (BEAR CREEK SUD)
QUESTION NOS. STAFF 5-1 THROUGH 5-44**

For all questions, responses should be limited to information available to Bear Creek Special Utility District's (Bear Creek SUD) Board of Directors at the time the decision to change rates, as approved in Ordinance No. 2018-006, adopted October 9, 2018, was made. Please provide the date the information was available. Cost, debt, and all other information should be separated into those costs used to provide utility services appealable under Texas Water Code (TWC) §13.043 and those costs used to provide services that are not appealable under TWC §13.043, if any.

- Staff 5-1 Provide the minutes for the meeting at which Bear Creek SUD's Board of Directors approved the *Budget September 2018 (Amended 9/11/18)* provided in response to Staff 2-5 on bates BCSUD000149 through BCSUD000152.
- Staff 5-2 Identify each 2018 budgeted expense provided in response to Staff 2-5 and Staff 3-6 for which the source of funding is cash in the bank accounts listed on bates BCSUD000743 from the response to Staff 3-6 or loan proceeds from a lending institution.
- Staff 5-3 Please explain why the 2018 Budget provided in response to Staff 2-5 indicates higher expenditures than the pro-forma operating statement beginning on BCSUD 0000465.
- Staff 5-4 Provide explanations for all differences between the 2018 Budget provided in response to Staff 3-6 and the pro-forma operating statement.
- Staff 5-5 Please identify which year of the pro-forma operating statements Bear Creek SUD used as a basis for the revenue requirement and indicate the total dollar amount of the revenue requirement used to set rates.
- Staff 5-6 Please provide an explanation of why the pro-forma operating statements were used for rate-setting purpose rather than the 2018 budget.
- Staff 5-7 Does the revenue requirement used to set rates contains expenditures different from the approved Bear Creek SUD 2018 annual budget, please explain all differences, including each individual amount, and reason for the differences.
- Staff 5-8 Please specify which bank account balances for the months ending November 30, 2017 and October 31, 2018 in response to Staff 3-6 were available for general purposes and which cash funds were reserved for specific purposes. For cash funds reserved for specific purposes, please identify those purposes.

- Staff 5-9 With regard to the reserve fund requirement set by the Greater Texoma Utility Authority for contract revenue bonds in documents provided in response to Staff 2-6, please explain why the reserve could not be funded using the current cash balance that was available.
- Staff 5-10 If the Board of Directors of Bear Creek SUD passed a resolution requiring a debt service coverage amount based on net operating income or any other factor, please provide the minutes of the meeting where the Board set the requirement.
- Staff 5-11 Provide documentation for any other required debt service coverage related to bonds or debt incurred by Bear Creek SUD.
- Staff 5-12 Provide a list of asset and services, including the asset description and the dollar amount, for all the monies received from the debt agreements provided in response to Staff 2-6.
- Staff 5-13 For each of the Customer Charges/Fees accounts listed on bates BCSUD00805 in response to Staff 3-9, please provide a detailed explanation regarding the actual services paid for in each account.
- Staff 5-14 Identify where customer charges/fees listed on bates BCSUD00805 are used in the pro-forma operating statement-based revenue requirement or where they reduce revenue requirement for rate design purposes. If these charges/fees were not considered in setting rates, explain why.
- Staff 5-15 Identify the Customer Charges/Fees that should be a reduction to the revenue requirement used to set rates.
- Staff 5-16 Please provide the reasoning for using the 2017 operations and maintenance expense levels with no increases or changes for the pro-forma operating statements used for revenue requirement purposes.
- Staff 5-17 For account numbers 4500 Aid to Construction and 4555 Contribution, please explain how these revenues were considered in the rate-making process. If they were not considered, please explain why.
- Staff 5-18 Provide a revenue proof using the rates appealed in this case that shows the total annual revenues produced by the rates using billing determinants from 2018. Please include all assumptions and calculations.
- Staff 5-19 For the 2018 Budget, please provide a total for operations and maintenance expense, and list each expense category and the associated amount included.
- Staff 5-20 Provide the calculation used to determine the water rates that are the subject of this appeal.

- Staff 5-21 For each employee listed in response to Staff 3-6 on bates BCSUD000678, please provide the following:
- a) job title;
 - b) job description;
 - c) duties performed;
 - d) salary or hourly rate; and
 - e) hours worked per week, if paid hourly.
- Staff 5-22 Provide a reconciliation of each 2018 Budget account and amount to the 2017 general ledger supporting account(s) and amount(s) in electronic Microsoft Excel format. Additionally, please explain any differences.
- Staff 5-23 For each of the following years, 2017, 2016, 2015, and 2014, identify the total amount of capital purchases that were paid for only with cash (and no other funding source) and provide the invoices of other documents supporting each amount.
- Staff 5-24 Provide in electronic Microsoft Excel format a comparison of the 2018, 2017, 2016, and 2015 budget by amount and account for each year respectively.
- Staff 5-25 Provide in electronic Microsoft Excel format a budget to actual comparison for each entire year; 2017, 2016, and 2015.
- Staff 5-26 Provide a copy of the executed insurance policy(ies) and invoices supporting the 2018 Insurance-Health budgeted amount of \$140,000. Include enough detail to determine the amount and type of coverage for each employee.
- Staff 5-27 Admit or deny that Account 2130 State Assessment Fees are TCEQ regulatory assessment fees collected from customers. If deny please explain.
- Staff 5-28 Identify the budget and general ledger accounts that TCEQ regulatory assessment fees expense is recorded in.
- Staff 5-29 Admit or deny that Account 2115 World Land Developers contains fees collected from customers. If deny please explain.
- Staff 5-30 Provide the budget and general ledger accounts meters are charged to for 2018.
- Staff 5-31 Provide the total gallons of water billed for each tier for the test year or fiscal year.

For the following questions, please reference the BUDGET 2018, provided in the response to Staff 2-5:

- Staff 5-32 Provide invoices or other documents supporting the total cost of \$684,000 for "ACC# 5010-NTMWD Water Purchases".

- Staff 5-33 Provide invoices or other documents supporting the total cost of \$6,200 for “ACC# 5151-Licenses/Permits”.
- Staff 5-34 Provide invoices, work order, contracts, or other documents supporting the total cost of \$100,000 for “ACC# 5050-Material Cost”.
- Staff 5-35 Provide invoices, work order, contracts, or other documents supporting the total cost of \$20,000 for “ACC# 5053-System Expense/Expansion”.
- Staff 5-36 Provide invoices, work order, contracts, or other documents supporting the total cost of \$10,000 for “ACC# 5065-State Required Testing” and explain what particular testing this account includes.
- Staff 5-37 Provide invoices, work order, contracts, or other documents supporting the total cost of \$30,000 for “ACC# 5045/46-Equipment/Bldg. Repairs”.
- Staff 5-38 Provide invoices, work order, contracts, or other documents such supporting the total cost of \$15,000 for “ACC# 5567-Tank Inspections/Cleaning”.
- Staff 5-39 Provide invoices, work order, contracts, or other documents supporting the total cost of \$30,000 for “ACC# 5051-SCADA SYSTEM UPGRADE/CONTRACT”.
- Staff 5-40 Provide invoices, work order, contracts, or other documents supporting the total cost of \$10,000 for “ACC# 5050-Chlorine Test Supplies” and indicate if this is an annually recurring expense.
- Staff 5-41 Provide invoices, work order, contracts, or other documents supporting the total cost of \$5,000 for “ACC# 5042-Replacement Colorimeters” and indicate if this is an annually recurring expense.
- Staff 5-42 Provide invoices, work order, contracts, or other documents supporting the total cost of \$58,000 for “ACC# 5030-Electricity”.
- Staff 5-43 Provide a break down the total employee salaries of \$420,000 by position.
- Staff 5-44 Provide invoices, work order, contracts, or other documents supporting the total cost of \$200,000 for “ACC# 5120-Engineering Services”.