



Control Number: 49367



Item Number: 72

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-5831.WS  
DOCKET NO. 49367

RECEIVED  
2019 OCT 25 PM 2:06  
PUBLIC UTILITY COMMISSION  
EL PASO COUNTY

PETITION BY OUT OF DISTRICT § PUBLIC UTILITY COMMISSION  
RATEPAYERS APPEALING THE § OF TEXAS  
WATER RATES ESTABLISHED BY §  
THE EL PASO COUNTY WATER §  
CONTROL AND IMPROVEMENT §  
DISTRICT NO. 4 §

**EL PASO COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 4'S  
RESPONSE TO RATEPAYERS' THIRD REQUEST FOR INFORMATION**

NOW COMES El Paso County Water Control and Improvement District No. 4 ("District") and serves its Responses to the Ratepayers' Third Request for Information.

**I. WRITTEN RESPONSES**

The District's written responses to Ratepayers' Third Request for Information are attached and incorporated by reference. Each response is stated on a separate page on which the request has been restated. The District's responses are made in the spirit of cooperation without waiving the District's right to contest the admissibility of any of these matters at a hearing. Pursuant to P.U.C. PROC. R. 22.144(c)(2)(A), each response lists the preparer and the person under whose direct supervision the response was prepared and any sponsoring witness. Pursuant to P.U.C. PROC. R. 22.144(c)(2)(F), the District stipulates that its responses may be treated by all parties as if they were made under oath.


Responding further as to all responses, the District reserves the right to supplement, to amend and/or to modify responses and objections to the information sought. A response to any Request is not a waiver of that right or of any objection raised herein.

Respectfully submitted,

KEMP SMITH LLP  
919 Congress, Suite 1305  
Austin, Texas 78701

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(512) 320-5466  
(512) 320-5431 (fax)

By:   
ANDREW S. "DREW" MILLER  
State Bar No. 00786857  
[Drew.Miller@kempsmith.com](mailto:Drew.Miller@kempsmith.com)  
SERGIO M. ESTRADA  
State Bar No. 24080886  
[Sergio.Estrada@kempsmith.com](mailto:Sergio.Estrada@kempsmith.com)

**ATTORNEYS FOR EL PASO COUNTY  
WATER CONTROL AND IMPROVEMENT  
DISTRICT NO. 4**

**CERTIFICATE OF SERVICE**

I hereby certify that I have served or will serve a true and correct copy of the foregoing document (including all attachments) via hand delivery, facsimile, electronic mail, overnight mail, U.S. mail and/or Certified Mail/Return-Receipt Requested to counsel for all parties on this **25<sup>th</sup> day of October, 2019, including:**

Christopher Benoit  
1331 Texas Ave.  
El Paso, Texas 79901  
tel. 915-585-5118  
fax 915-544-3789  
[cbenoit@trla.org](mailto:cbenoit@trla.org)

Creighton R. McMurray  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
tel. 512-936-7275  
fax 512-936-7268  
[creighton.mcmurray@puc.texas.gov](mailto:creighton.mcmurray@puc.texas.gov)

Amy Johnson  
5836 SE Madison St.  
Portland, Oregon 97215  
tel. 503-939-2996  
[amy@savagejohnson.com](mailto:amy@savagejohnson.com)

Jennifer Richards  
4920 I-35  
Austin, Texas 78751  
tel. 512-374-2700  
fax 512-447-3940  
[jrichards@trla.org](mailto:jrichards@trla.org)

  
Sergio M. Estrada

## **RESPONSES**

**QUESTION NO. 1:** Please provide Table 2 from Mr. Chuck Loy's affidavit in its original excel format with all of its formulas and links intact. Please provide all supporting documents to this table including all schedules, supporting calculations, and/or models in their original excel format with all formulas and links intact.

**RESPONSE:** Please refer to Table 2 Calculation.xls, which is being produced via electronic correspondence contemporaneously with this response. Chuck Loy's affidavit identifies the documents that aided in the preparation of Table 2. The documents identified have been previously produced in discovery.

As discovery is ongoing, the District continues to search for responsive documents, if any, and if any additional responsive documents are located, they will be produced in a supplemental response.

Preparer(s): Sergio M. Estrada

Sponsor(s): Jose Ramirez

**QUESTION NO. 2:** Please provide all supporting documentation for the statement from Mr. Chuck Loy's Affidavit in Section 3, Page 2 which states, "...in this case, currently, for one foot of water main installed per customer inside the District boundary, there is 1.6 feet of water main installed for an outside customer. The same holds true for the District's wastewater customers, with 1.5 feet of collection main installed outside as compared with inside."

**RESPONSE:** Please refer to DIST003126 and Table 2, Tab Line Ft.

As discovery is ongoing, the District continues to search for responsive documents, if any, and if any additional responsive documents are located, they will be produced in a supplemental response.

Preparer(s): Sergio M. Estrada

Sponsor(s): Jose Ramirez

**QUESTION NO. 3:** In paragraph 4 of his affidavit, Mr. Chuck Loy writes: "...the M-1 Manual recommends that the 'Utility Basis' be used to calculate rates for outside customers as opposed to the 'Cash Basis'..." In Table 2 of the affidavit, Mr. Loy uses the "Cash Basis" to reach a "preliminary" estimate of the Outside/Inside Differential Factor. Please list all reasons why Mr. Loy chose to use the "Cash Basis" instead of the "Utility Basis" in calculating this estimate in Table 2.

**RESPONSE:** It was Mr. Loy's understanding at the time the Table 2 calculations were made that the estimate of the outside differential of 1.75 was made on the Cash Basis.

Preparer(s): Sergio M. Estrada

Sponsor(s): Jose Ramirez

**QUESTION NO. 4:** In paragraph 5 of the Mr. Loy's affidavit he states: "No detailed inside/outside cost of service study was performed at that time because one was not needed, the outcome was known, and it would double the cost of the rate study". Please provide the following information:

- a. Please explain how the outcome of the rate study was known prior to the Study being conducted. Provide any supporting documentation.
- b. Please provide all bids gathered by the District for the performance of the Study
- c. Please provide the contract between the District and the consultant selected to conduct the referenced study inclusive of the Study's proposed pricing and final scope of work

**RESPONSE:** As to subpart (a) of this request, Ratepayers mischaracterize Mr. Loy's statement as he did not claim that the outcome of the rate study was known prior to the Study being conducted. Rather Mr. Loy's stated: "No detailed inside/outside cost of service study was performed at that time because one was not needed, the outcome was known, and it would double the cost of the rate study." To put this statement in context, Ratepayers are referred to Paragraph 4 of Mr. Loy's affidavit where he states: "Detailed inside/outside rate studies are rare because they can be costly, and the result is, for the most part, already known – i.e., outside rates will be higher." Responding further, the District did not go out for bids for the performance of the rate study. For the District's contract with Dan Jackson for preparation of the 2015 rate study please see DIST003128-003129

Preparer(s): Sergio M. Estrada

Sponsor(s): Jose Ramirez

**QUESTION NO. 5:** Specific to Table 2 in Mr. Loy’s affidavit, please provide all debt service schedules which support the provided figures for principal and interest payments associated with Outside District projects or, if estimated, any assumptions underlying the debt service figures. If principal and interest payments from a given issuance are allocated between inside and outside district customers, please provide the method and basis, including all supporting documentation, specific to the allocation calculation.

**RESPONSE:** Please refer to Add Out Dist.xls and the “Cost of Projects” tab of Table 2 Calculation.xls., which are being produced via electronic correspondence contemporaneously with this response. Mr. Loy assumes that the debt issuance for \$626,200 of outside plant is secured at 4.5% over a 50-year period based on the District’s historical cost of debt.

Preparer(s): Sergio M. Estrada

Sponsor(s): Jose Ramirez



**QUESTION NO. 6:** Please provide the 2016 capital budget Mr. Loy used in his affidavit for developing Table 2. Please provide this document in its original excel format with all formulas and links intact.

**RESPONSE:** Please refer to Add Out Dist Exp.xls, which is being produced via electronic correspondence contemporaneously with this response.

Preparer(s): Sergio M. Estrada

Sponsor(s): Jose Ramirez

**QUESTION NO. 7:** Specific to paragraph 7, Pages 5 and 6, of Mr. Loy's affidavit, please provide a copy of the referenced analysis of 563 cities that provide water and sewer service with usage over 5,000 gallons and all supporting documentation in their original, native format. For documents in Microsoft excel, please provide these documents with all formulas and links intact.

**RESPONSE:** Please refer to TML W WW Bill Info.xls, which is being produced via electronic correspondence contemporaneously with this response.

Preparer(s): Sergio M. Estrada

Sponsor(s): Jose Ramirez

**QUESTION NO. 8:** Please provide the following documents indicated by bates page below in their original excel format with all formulas and links intact.

- a. DIST002319-DIST002328
- b. DIST002329-DIST002335
- c. DIST002338-DIST002347
- d. DIST002348-DIST002360
- e. DIST002363-DIST002417
- f. DIST002435-DIST002590
- g. DIST002591-DIST002593
- h. DIST002709-DIST002813
- i. DIST003027-DIST003038
- j. DIST003039-DIST003041
- k. DIST003042-DIST003044
- l. DIST003045-DIST003047
- m. DIST003048-DIST003050
- n. DIST003095
- o. DIST003100-DIST003105

**RESPONSE:** Refer to 2011-2019 Billing Usage –use LM.xls; El Paso Cty WCID4-Trial Bal 2015-2018.xlsx; El Paso Cty WCID4-Budgets 2015-2018.xlsx, which are being produced via electronic correspondence contemporaneously with this response. Documents not produced are not in the possession, custody, or control, of the District.

Additionally, as discovery is ongoing, the District continues to search for responsive documents, if any, and if any additional responsive documents are located, they will be produced in a supplemental response.

Preparer(s): Sergio M. Estrada

Sponsor(s): Jose Ramirez

## **District's Response to No. 2**

## Sergio Estrada

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**From:** Chuck Loy [REDACTED]  
**Sent:** Wednesday, September 11, 2019 4:15 PM  
**To:** Jose Ramirez  
**Cc:** Drew Miller  
**Subject:** RE: Draft of water & sewer lines

\*\*\*\* EXTERNAL EMAIL \*\*\*\*

Ok thank you!

**From:** Jose Ramirez [REDACTED]  
**Sent:** Wednesday, September 11, 2019 5:14 PM  
**To:** Chuck Loy [REDACTED]  
**Subject:** RE: Draft of water & sewer lines

**EXTERNAL EMAIL** - Use caution before opening attachments or clicking links.

Correction  
Wastewater in District  
Total 115,957

Wastewater Out Of District  
Total 16,838

I have the calculations correct now. What changes from the first list is the 6" total feet wastewater line, then the 2" is only out of district.

*Jose Ramirez*  
El Paso County WCID #4  
General Manager  
(915) 764-2212 (Bus.)  
(915) 764-4840 (Fax.)  
[REDACTED]

**From:** Chuck Loy [REDACTED]  
**Sent:** Wednesday, September 11, 2019 3:50 PM  
**To:** Jose Ramirez  
**Cc:** Drew Miller; H Garcia; Patricia Cruz  
**Subject:** RE: Draft of water & sewer lines

Mr. Ramirez, this looks good. However if I add the Inside Wastewater total to the Outside wastewater total I get 92,119 feet. The total for wastewater sent earlier today was 132,795.

The water ties exactly.

Thanks!  
Chuck

## **District's Response to No. 4**

July 22 2015

Mr. Mike Terrazas  
General Manager  
El Paso County Water Control & Improvement District #4  
117 E. Main St.  
Fabens, TX 79838

Dear Mr. Terrazas:

Thank you for allowing **Willdan Financial Services/Economists.com** the opportunity to present this proposal to provide an update to our water and wastewater rate study and long-term financial plan for the El Paso County Water Control and Improvement District #4 ("The District"). We are an economic and financial consulting firm with primary offices in Dallas, Texas and Portland, Oregon. Our principal clients are national, state and local governments. Our firm contains professionals with decades of experience in water and wastewater utility operations and economic/financial management. Our specific services include:

- **Water and Wastewater Rate Studies**
- Sanitation Rate Studies
- Economic evaluation of water resources
- Water Planning and Management
- Connection and Impact Fee Studies
- Privatization Analysis
- Expert Witness Testimony on Reasonableness of Rate Structure
- Resource Allocation Studies
- Economic Impact and Development Studies

As you are aware, Economists.com was acquired by Willdan in April 2015. This provides us the opportunity to both expand our client base and offer a wider range of services. However, the same project team that has been providing service to the District for the past decade will be utilized for this engagement. More information on our acquisition and our new company is available at our web site, [www.willdan.com](http://www.willdan.com).

I will manage and have primary responsibility for preparing this study for the District. I will be assisted by Ms. Becky Schafer, Senior Manager in our firm's Dallas office.

It is our understanding that the District is interested in reviewing and updating its water and wastewater rate forecast in light of changes to growth and financing assumptions. As you are aware, Economists.com prepared the prior rate studies for the District in 2007,

2009 and 2011. The purpose of this study will be to update the District's water rate plan with current volume, budget and account data, as well as updated grant and loan financing assumptions.

As part of this engagement we will provide the following specific assistance:

- 1) A detailed analysis and comparison of the District's current and proposed rates to the state average as well as other surrounding communities.
- 2) An update of the District's forecast water rates over the next ten years using the most recently available growth and cost data. The same methodology and spreadsheet models will be used as in the prior studies to ensure consistency.
- 3) A PowerPoint presentation summarizing the results of the analysis and the project team's recommendations. A binder containing a hardcopy and electronic copy of the District's rate model will be provided to the District.
- 4) We will meet with the District's Board of Directors one time to discuss our findings and recommendations and their impact on the ratepayers.

We propose to complete this scope of services for professional fees and expenses not to exceed **\$7,000**. Should additional Board meetings or a Town Hall meeting be requested (beyond the single meeting contained in this scope of services), each additional meeting will be conducted for professional fees and expenses not to exceed \$1,500.

Willdan/Economists.com reserves the right to invoice for services on a monthly basis. Payment is requested 30 days after receipt of each invoice.

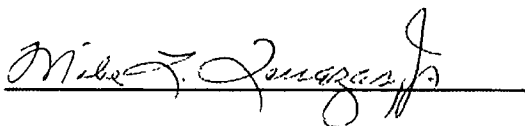
If this proposal is acceptable to you, please execute one copy of this letter and return it to our Dallas office. Thank you for this opportunity; we look forward to working with you on this important engagement.

Respectfully submitted,  
**WILLDAN FINANCIAL SERVICES**



**Dan V. Jackson**  
Vice President

ACCEPTED BY:



08/07/15  
Date