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DOCKET NO. 49464

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PUBLIC UTILITY COMMISSION

OF TEXAS

APPLICATION OF DREW T. SPENCER §
DBA CYPRESSWOOD ESTATES WATER §
SYSTEM AND SOUTH COAST §
UTILITIES, LLC FOR SALE, TRANSFER, §
OR MERGER OF FACILITIES AND §
CERTIFICATE RIGHTS IN §
MONTGOMERY COUNTY §

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO DREW T. SPENCER D/B/A CYPRESSWOOD ESTATES WATER SYSTEM
AND SOUTH COAST UTILITIES, LLC
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-8**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) requests that Drew T. Spencer d/b/a Cypresswood Estates Water System and South Coast Utilities, LLC, by and through their 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.

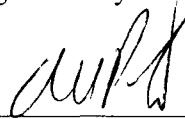
Dated: July 22, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney



Alexander Petak
State Bar No. 24088216
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7377
(512) 936-7268 (facsimile)
Alexander.Petak@puc.texas.gov

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I certify that a copy of this document will be served on all parties of record July 22, 2019
in accordance with 16 TAC § 22.74.



Alexander Petak

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TO DREW T. SPENCER DBA CYPRESSWOOD ESTATES WATER SYSTEM
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DEFINITIONS

- A. "Applicants," or "you" refers to Drew T. Spencer d/b/a Cypresswood Estates Water System and South Coast Utilities, LLC 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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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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- Staff 1-1** Please provide updated numbers for application question #14 on page 7 of 20 based on the detailed list of assets provided for Cypresswood Estates provided in response to Order No. 2. Ensure the sum of total credit amounts (negative numbers) and debit amounts (positive numbers) equal zero. If the utility plant in service number or accumulated depreciation number changes due to the update, please provide and updated application page 6 of 20 response to question #11. B.
- Staff 1-2** Please provide updated financial statements on page 18 of 20 of the application based on the revised financial asset information provided on application page 7 of 20.
- Staff 1-3** For the 150 connections reported on application page 19 of 20, please provide the number of active connections charged using each separate tariff rate of \$10 flat fee and \$15 flat fee, respectively.
- Staff 1-4** Please provide a breakdown of the amounts that make up each year of the revenue per meter amount and gross water revenue amount on application page 19 of 20.
- Staff 1-5** If the projected expense detail changes because of the revenue calculations provided in the previous request, please provide a revised page 19 of 20.
- Staff 1-6** Please provide the assumptions and calculations for the revenue amounts reported on application page 19 of 20.
- Staff 1-7** Please provide South Coast Utilities, LLC most recent three years of income statements and balance sheets, or if income statements and balance sheets are unavailable, provide South Coast Utilities, LLC's most recent federal tax return and the tax returns filed for the prior two year.
- Staff 1-8** Please provide proof South Coast Utilities, LLC has the funds to purchase Cypresswood Estates Water System for \$30,000 as listed on application page 6 of 20 and the capability of funding operations in the amount of \$25,000 as indicated on the per the projected financial statements application pages 9 and 19 of 20.