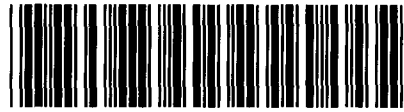




Control Number: 50200



Item Number: 1852

Addendum StartPage: 0

APPLICATION OF UNDINE TEXAS,
LLC AND UNDINE TEXAS
ENVIRONMENTAL, LLC FOR
AUTHORITY TO CHANGE RATES

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PUBLIC UTILITY COMMISSION
OF TEXAS
SECRETARY

**OFFICE OF PUBLIC UTILITY COUNSEL'S
FIRST REQUEST FOR INFORMATION TO
UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIROMENTAL, LLC**

Pursuant to 16 Texas Administrative Code ("TAC") § 22.144, the Office of Public Utility Counsel ("OPUC") submits this First Request for Information to Undine Texas, LLC ("UT") and Undine Texas Environmental, LLC ("UTE"). OPUC requests that UT and UTE provide answers to the request for information under oath as required by 16 TAC § 22.144(c)(2)(F) within the timeframe specified in the procedural schedule in this proceeding. OPUC further requests that UT and UTE provide an answer to the questions and sub-questions in the order listed below with sufficient detailed information to provide a complete and accurate answer to each question and sub-question.

Definitions

1. "UT," "UTE," the "Company," "Applicant," "You," and "Your" refer to Undine Texas, LLC and Undine Texas Environmental, LLC and their affiliates, subsidiaries, and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
2. "Document" and "documents" include any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tape, film, electronic facsimile, computer storage device, or any other media, including, but not limited to, electronic mail (e-mail), memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports, summaries of interviews, reports of consultants, appraisals,

forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

Instructions

1. The Definitions, Instructions, and Claim of Privilege sections set forth in this request for information apply to these questions.
2. In providing an answer to each question, please furnish all of the information that is in your possession, custody, or control, as defined by Texas Rules of Civil Procedure (Tex. R. Civ. Proc.) 192.7(b), including information in the possession, custody, or control of your affiliates, subsidiaries, and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
3. Please answer each question based upon your knowledge, information, or belief, and state whether each answer is based upon your knowledge, information, or belief.
4. If you have possession, custody, or control, as defined by Tex. R. Civ. Proc. 192.7(b), of an original requested document, please produce the original requested document or a complete copy of the original requested document and all copies that are different in any way from the original requested document, whether by interlineation, receipt stamp, or notation.
5. If you do not have possession, custody, or control of an original requested document, please produce copies of the document, however made, in your possession, custody, or control. If any requested document is not in your possession, custody, or control, please explain why the document is not in your possession, custody, or control and provide the current location and custodian of the requested document or any copy, summary, or other form of the requested document thereof.
6. If there is any confusion about a question, please contact the undersigned counsel for clarification.
7. In providing your response to a question, please start each response on a separate page and type, at the top of the page, the question that is being answered by the response.
8. As part of the response to each question, please state, at the bottom of the answer to the question, the name and job position of each person(s) who participated in any way, other than by providing clerical assistance, in the preparation of the answer to the question. If

the question has sub-parts, please identify each person(s) by name and job position that participated in any way, other than by providing clerical assistance, in the preparation of the answer for each sub-part of the question.

9. Please state the name of the witness in this docket who will sponsor the answer to the question and/or sub-part of the question and who will swear to the truthfulness of the answer to the question and/or sub-part of the question.
10. Please provide individual responses to questions as each response becomes available, rather than waiting to provide all of the responses to the questions at the same time.
11. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer to a question between the time of your original response and the time of the hearing, then you should submit, under oath, a supplemental response to your earlier answer to the question.
12. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please contact the undersigned counsel, as soon as possible, to discuss the situation and try to resolve the issue. Furthermore, if you object to any question on the grounds that the question seeks confidential information, or on any other grounds, please contact the undersigned counsel, as soon as possible, to discuss the situation and try to resolve the issue.
13. If the response to any question is voluminous, please make available all of the voluminous material at a designated location in Austin. Please provide a detailed index for the voluminous material with your response to the question to enable efficient review of the material. The index should include information sufficient to locate each individual document by page, file, and box number, date of each document, title of each document, description of each document if no document title exists, name of the preparer of each document, and length of each document.
14. If the requested information is included in previously furnished exhibits, workpapers, or responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references to the previously furnished information.

15. If a question requests the production of copyrighted material, you may provide a list of such material, including the title, publisher, author, edition, and page references relied on or otherwise relevant to the question.

Claim of Privilege

If any document is withheld under any claim of privilege, please provide a list that identifies each document for which a privilege is being claimed, including the date, sender, recipient(s) of the privileged document, recipient(s) of copies of the privileged document, subject matter of the privileged document, and the basis upon which a privilege is being claimed by the Company.

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OPUC's First Request for Information to
Undine Texas, LLC and Undine Texas Environmental, LLC

- 1-1. Please reference the Direct Testimony of Edward R. Wallace, Sr., 9:2210:3. Please identify and provide supporting documentation for the cost of meter reading included within the Test Year specific to customers that are provided wastewater service but not water service by the Company. Further, please provide the number of customers that are provided wastewater service by the Company, but not water service.
- 1-2. Please reference the Direct Testimony of Edward R. Wallace, Sr., Section VII. Please provide the Company's written capitalization policy.
- 1-3. Please reference the Direct Testimony of Edward R. Wallace, Sr., 13:18-19. Please provide supporting documentation for the statement ". . . our accounting treatment is consistent with the position taken by other regulatory commissions for similar costs."
- 1-4. Please reference the Direct Testimony of Edward R. Wallace, Sr., 14:10-11. Please list any water systems owned, operated, managed, or maintained by the Company that uses surface water as a primary or secondary source for water.
- 1-5. Please reference the Direct Testimony of Edward R. Wallace, Sr., 15:17-23. Please provide a copy of the Service Agreement in place between Utility Partners, LLC and the Company.
- 1-6. Please reference the Direct Testimony of Edward R. Wallace, Sr., 18:10-11. Please provide all the "related documented expense" specific to supporting the adjustment to miscellaneous fees and charges.
- 1-7. Please reference the Direct Testimony of Edward R. Wallace, Sr., 18:17-18. Please provide all the documentation supporting Undine's ". . . estimate of current costs as provided by our third-party contractor."
- 1-8. Please reference the Direct Testimony of Edward R. Wallace, Sr., 21:6-8. Please provide all supporting documents and workpapers which illustrate the methodology for allocating overhead costs incurred by Undine Operating, LLC and how these costs are ultimately included within the Test Year Revenue Requirement.
- 1-9. Specific to overhead costs allocated from Undine Operating, LLC, please provide supporting documentation specific to any incentive compensation awarded to employees within the Test Year. Further, please explain how such incentive compensation awards are determined and provide the methodology or scorecards associated with this determination.

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- 1-10.** Please provide any cost allocation manuals currently utilized by the Company.
- 1-11.** Please identify and describe any and all benefits made available to executives and senior leadership within Undine Group, LLC or its affiliates which are not made available to all other salaried employees. Please list the costs associated with such benefits incurred at the organizational level and the amount directly assigned or allocated for recovery in the Test Year in this filing.
- 1-12.** Please reference the Direct Testimony of Donald J. Clayton, 8:11-14. Please identify, define, and describe the methodologies and associated assumptions utilized to develop the referenced 2020 annual budget amounts for the systems acquired during the Test Year.
- 1-13.** Please reference the Direct Testimony of Donald J. Clayton, 8:21-23 and 10:21-22. Please provide the source documentation and summaries used by the Company from the previous system owners in developing the "original cost of acquired plant." To the extent regulatory approved rate base values are available for the acquired systems, please provide the Final Orders documenting these amounts.
- 1-14.** Please reference the Direct Testimony of Donald J. Clayton, 12:12-13. Please provide the source documentation which supports Mr. Clayton's statement regarding the cost of equity experienced by similar small water and sewer utilities in other jurisdictions.
- 1-15.** Please reference the Direct Testimony of Donald J. Clayton, 14:22-23. Please identify the "cost associated with acquiring water meter readings for use in billing sewer customers" that is included in Test Year revenue requirements.
- 1-16.** Please reference the Direct Testimony of Donald J. Clayton, 15:16-18. Please provide the estimates of costs and supporting documentation for said estimates relied on by Mr. Clayton.
- 1-17.** Please reference Schedule II-5 K&M (W) and II-5 K&M (S). For each Known and Measurable change that is supported by Attachment 1, please provide a Workbook, Worksheet, and Cell Reference that ties the requested change on Schedule II-5 back to the supporting documents. If calculations are needed to arrive at the value of the requested Known and Measurable change, please demonstrate the calculation that is required.
- 1-18.** Please provide a General Ledger specific to Undine Operating, LLC in Microsoft Excel format for the Test Year.

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- 1-19.** Please provide copies of invoices and supporting documentation specific to the value of \$3,034,504 reported in Column B, Row 2, Schedule II-6, AFFILIAT TRNS (W). For any expenses removed from the Test Year as being associated with non-regulated, non-utility, and prohibited activities, please indicate as such within the supporting documentation.

- 1-20.** Please reference Schedule II-10 (RENTS AND LEASES). Please explain how a value of \$8,000 was determined to be assigned to Utility Partners, LLC for its share of the Telge Road Corporate Office. Further, please provide a copy of the referenced lease.

February 18, 2020

Respectfully submitted,

Lori Cobos
Chief Executive & Public Counsel
State Bar No. 24042276

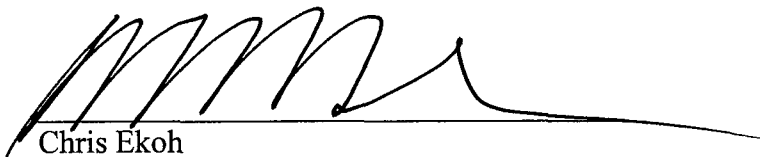


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served on all parties of record in this proceeding on this 18th day of February 2020, by facsimile, electronic mail, and/or first class, U.S. Mail.



Chris Ekoh