



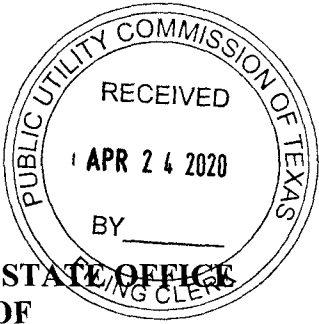
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**SOAH DOCKET NO. 473-20-3110.WS  
PUC DOCKET NO. 50200**



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

**BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS**

**COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION  
TO UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC  
QUESTION NOS. STAFF 4-1 THROUGH 4-36**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144 of the Commission's Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that Undine Texas, LLC and Undine Texas Environmental, 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 responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Order Suspending Rules in Docket No. 50664.

1944

**Dated: April 24, 2020**

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

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/s/ John Harrison

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**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 April 24, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ John Harrison

John Harrison

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**COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION  
TO UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC  
QUESTION NOS. STAFF 4-1 THROUGH 4-36**

**DEFINITIONS**

- 1) "UT" refers to Undine Texas, LLC and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
  
- 2) "UTE" refers to Undine Texas Environmental, LLC and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
  
- 3) "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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QUESTION NOS. STAFF 4-1 THROUGH 4-36**

**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 FOURTH REQUEST FOR INFORMATION**  
**TO UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC**  
**QUESTION NOS. STAFF 4-1 THROUGH 4-36**

- Staff 4-1** Please provide copies of detailed invoices (not already provided) for the rate case expenses incurred for this rate change application.
- Staff 4-2** Please provide a list of the affiliated companies of UT and UTE. Please provide a brief description of each affiliated company.
- Staff 4-3** What service(s) do Undine Texas, LLC and Undine Texas Environmental LLC receive from affiliated companies? Please indicate which service(s) are provided by each affiliated company listed in the response to Staff 4-2.
- Staff 4-4** Please identify all affiliated companies whose costs were allocated and/or direct billed to or shared with UT and UTE and provide the five year history of allocated or direct billed percentage and indicate the reason(s) for changing the allocation or direct billing.
- Staff 4-5** Reference WP II-7 of the application, labeled: "Undine Operating LLC, Overhead Expenses, For the Twelve Months Ending September 30, 2019", using the account numbers and description, please identify each expense associated with water of \$1,928,934.99 and sewer of \$607,879.60.
- Staff 4-6** Reference WP II-7 of the application. Please provide copies of all invoices and other documents supporting the \$44,279.12 for Account 832 Contract Services – Accounting.
- Staff 4-7** Please provide the overall total expenses incurred by Undine Operating, LLC for the test year and the known and measurable changes. Please provide the information in an Excel file that includes columns for the following:
- a) Total Amount of Expenses;
  - b) Account used;
  - c) List of affiliated companies to whom the expenses were allocated;
  - d) Percentage and amount of expenses allocated to each of the affiliated companies, and
  - e) Basis of allocation.
- Staff 4-8** Please explain the methodology used in calculating allowance for probable losses and writing-off bad debts and provide any study, analysis, basis, or policy relied on.

**Staff 4-9** Reference the application, Schedule I-1 – Revenue Requirement Summary (bates pages 207 and 208, for water and sewer, respectively) please provide a detailed breakdown of the following:

	Water	Sewer
a) Materials and supplies	\$13,637	\$ 4,971
b) Insurance	59,208	19,269
c) Regulatory Expense	42,819	25,081

**Staff 4-10** Please provide the number of full time and/or part time employees that worked for UT and UTE for 2018 and 2019.

**Staff 4-11** Please provide names of employees that work for Undine Texas, LLC and Undine Texas Environmental, LLC and one or more of the affiliated companies. Provide name, position, and detailed job description.

**Staff 4-12** Please provide all studies, work papers, or other documents that show the salaries, allowances, medical insurance benefits, pension, retirement benefits, and other remuneration paid to employees during the test year are reasonable.

**Staff 4-13** Please provide a list of items, expenses, that were allocated and/or direct billed to Undine Texas, LLC and Undine Texas Environmental, LLC from any affiliate.

**Staff 4-14** Please provide an explanation of specific benefits and/or services that UT and UTE receive from each affiliate in return for the costs allocated and/or direct billed from the affiliate. Please identify the specific cost that is tied to each specific benefit or service.

**Staff 4-15** For each category of expenses that were allocated and/or direct billed from an affiliate and included in this rate change application, please provide the total dollar amount of expenses in each category along with the percentage of the total amount allocated and/or direct billed that the expense category accounts for.

**Staff 4-16** Reference the response to OPUC 1-10 stating that Undine does not have a cost allocation manual. Please provide any study or other document showing the basis of allocation and direct billing of costs from each affiliate.

**Staff 4-17** Please provide any study or other document showing that the costs allocated, and the percentage of allocation and/or direct billing are reasonable.

**Staff 4-18** Did UT or UTE provide any services to affiliated companies during the test year?

- Staff 4-19** Please provide the allocation schedule of UT and UTE cost of service/expenses allocated and/or direct billed to affiliated companies for the test year, but not limited to Undine Texas, LLC and Undine Texas Environmental, LLC. Provide a breakdown of costs distributed to the affiliated companies.
- Staff 4-20** Please identify all companies to whom UT or UTE allocate or direct bill their costs or expenses.
- Staff 4-21** Please identify the accounting method used to record income and expenses in accordance with GAAP and the NARUC.
- Staff 4-22** Please provide copy of 2018 and 2019 financial reports for each affiliate whose costs were allocated and/or direct billed to UT or UTE during the test year.
- Staff 4-23** Please provide any justification for the reasonableness and necessity for Undine Texas, LLC and Undine Texas Environmental, LLC to include in their cost of service the allocated and/or direct billed costs from the affiliated companies.
- Staff 4-24** Please provide copies of all invoices for any legal and consulting services included in the cost of service for the test year, including direct billed or allocated costs from affiliates.
- Staff 4-25** Identify any costs, by NARUC account, related to any litigation involving UT, UTE, or their affiliates that is included in any cost category in the test year or known and measurable changes. Also identify where the cost is included in the application and describe the exact nature of the litigation.
- Staff 4-26** Are UT and UTE requesting recovery of any social dues or charitable contributions in the cost of service? If so, please identify and quantify these amounts and indicate where these amounts are presented within the application.
- Staff 4-27** Has UT or UTE:  
a. experienced any reductions in work force since the end of the test year; or  
b. anticipate any reductions in force in 2019? If yes, please describe and quantify the anticipated reductions.
- Staff 4-28** Does UT or UTE's requested cost of service include any amounts for moving allowances, signing bonuses, or severance packages? If so, please specify by type, amount, NARUC account, and whether the amounts were directly incurred or allocated from an affiliate.



- Staff 4-29** Please provide the historical level of outside services expense for UT and UTE for the years 2017, 2018, and 2019 by NARUC account.
- Staff 4-30** Please list each instance of two or more vendors providing the same or similar services to UT or UTE during the test year? If any instances exist, please detail why two or more vendors were used.
- Staff 4-31** Do any of the outside services included in the cost of service represent legislative advocacy expenses. If so, please detail each expense and identify where it is included in the application.
- Staff 4-32** Do any of the contract work expenses amounting to \$1,898,180 and \$810,387, for water and sewer respectively, relate to rate case expenses? If yes, please provide the total amount related to rate case expenses and supporting details.
- Staff 4-33** Reference the response to OPUC 1-11. Do UT and UTE's requested costs of service include amounts for employee perquisites such as luxury automobiles, financial planning, and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of any policies regarding the payment of such perquisites, and the amount of such payments included in the cost of service by NARUC account. Indicate which amounts are directly incurred by UT and UTE and which amounts are allocated from an affiliate.
- Staff 4-34** Please provide a list of shareholders of UT and UTE that are also affiliated with any of the affiliate, including any employees.
- Staff 4-35** Please provide minutes from board meetings or other executive approvals authorizing any pay increases included in the application for non-bargaining employees.
- Staff 4-36** Please provide the contractual changes or other written authorization documenting any payroll increase for bargaining employees included in the application.