

SOAH DOCKET NO. 473-20-3110.WS

PUC DOCKET NO. 50200

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PUC STAFF

APPLICATION OF UNDINE TEXAS, § BEFORE THE STATE OFFICE
LLC AND UNDINE TEXAS §
ENVIRONMENTAL, LLC FOR § OF
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC'S RESPONSE TO COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION

Undine Texas, LLC and Undine Texas Environmental, LLC (together, Undine) file this Response to the Sixth Request for Information (RFI) filed by the Staff of the Public Utility Commission of Texas (Staff). The discovery request was received by Undine on May 11, 2020; therefore these responses are timely filed. Pursuant to 16 Tex. Admin. Code (TAC) § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

The following file is confidential and will be provided electronically on the CD attached to this filing:

- CONFIDENTIAL Attachment Staff 6-1 (ii) Chuck Bell Billing Registers;
- CONFIDENTIAL Attachment Staff 6-1 (ii) Community Billing Registers;
- CONFIDENTIAL Attachment Staff 6-1 (ii) Consumers Billing Registers;
- CONFIDENTIAL Attachment Staff 6-1 (ii) Gulf Coast Billing Registers;
- CONFIDENTIAL Attachment Staff 6-1 (ii) Orbit Billing Registers; and
- CONFIDENTIAL Attachment Staff 6-1 (ii) Suburban Billing Registers.

If a responsive document exceeds 99 pages, the response will indicate that the attachment is voluminous. Voluminous documents will be provided electronically, and pursuant to 16 TAC § 22.144(h)(2), the document will be made available for inspection at the offices of Undine's attorneys, Lloyd Gosselink Rochelle and Townsend, P.C., located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701. Please call Hanna Campbell at 512-322-5871 during regular business hours, to make an appointment to review the documents.

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Pursuant to 16 TAC § 22.144(h)(4), an index of the voluminous documents is provided, below.

VOLUMINOUS INDEX

1. Attachments to Undine's Response to Staff's Sixth RFI

No.	Date	Title or Description	Preparer or Sponsor	Page Range	No. of Pages
6-1 (i)	5/26/2020	Attachment Staff 6-1 (i) Test Year Revenue and Sales Detail	Prepared by: Benny Wilkinson Sponsored by: Edward R. Wallace, Sr.	1-133	133
6-1 (ii)	5/26/2020	Attachment Staff 6-1 (ii) Summaries of Rate Block Data	Prepared by: Benny Wilkinson Sponsored by: Edward R. Wallace, Sr.	134-232	99
6-1 (ii)	5/26/2020	CONFIDENTIAL Attachment Staff 6-1 (ii) Chuck Bell Billing Registers	Prepared by: Benny Wilkinson Sponsored by: Edward R. Wallace, Sr.	233-295	62
6-1 (ii)	5/26/2020	CONFIDENTIAL Attachment Staff 6-1 (ii) Community Billing Registers	Prepared by: Benny Wilkinson Sponsored by: Edward R. Wallace, Sr.	296-379	83
6-1 (ii)	5/26/2020	CONFIDENTIAL Attachment Staff 6-1 (ii) Consumers Billing Registers	Prepared by: Benny Wilkinson Sponsored by: Edward R. Wallace, Sr.	380-891	511
6-1 (ii)	5/26/2020	CONFIDENTIAL Attachment Staff 6-1 (ii) Gulf Coast Billing Registers	Prepared by: Benny Wilkinson Sponsored by: Edward R. Wallace, Sr.	892-997	105
6-1 (ii)	5/26/2020	CONFIDENTIAL Attachment Staff 6-1 (ii) Orbit Billing Registers	Prepared by: Benny Wilkinson Sponsored by: Edward R. Wallace, Sr.	998-1,344	346
6-1 (ii)	5/26/2020	CONFIDENTIAL Attachment Staff 6-1 (ii) Suburban Billing Registers	Prepared by: Benny Wilkinson Sponsored by: Edward R. Wallace, Sr.	1,345-1,603	258

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900

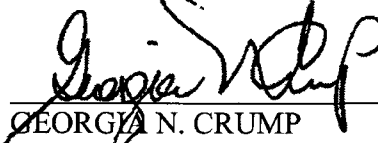
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GEORGIA N. CRUMP

State Bar No. 05185500

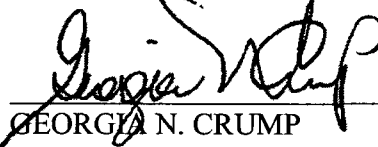
JAMIE L. MAULDIN

State Bar No. 24065694

ATTORNEYS FOR UNDINE TEXAS, LLC AND
UNDINE TEXAS ENVIRONMENTAL, LLC

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 May 26, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.



GEORGIA N. CRUMP

SOAH DOCKET NO. 473-20-3110.WS

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**UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC'S RESPONSE
TO COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION**

Staff 6-1 Please refer to Schedule VI-4 and excel file "WP I-2(a), I-2(B) and I-3."

- i. Provide all workpapers supporting Undine's test-year billing units used to calculate each of Undine's proposed volumetric rates in native excel format. Please include workpapers supporting the calculation of test-year billing units for each of the water rate schedules that Undine proposes to consolidate in this proceeding.
- ii. For each of the water rate schedules that Undine proposes to consolidate in this proceeding, please provide all workpapers supporting the segmentation of test-year billing determinants into the various volumetric rate blocks that are being proposed in this proceeding.

RESPONSE: The usage for the test year was taken from the billing registers and summarized in voluminous **Attachment Staff 6-1(i)**. By using those same billing registers and categorizing the customer usage into the rate blocks for usage from 0 gallons up to 6,000 gallons, 6,001 gallons up to 15,000 gallons, 15,001 gallons up to 25,000 gallons, and over 25,000 gallons, the rate block billing determinants were derived.

The details of the rate block billing determinants are voluminous. However, a summary is provided in voluminous **Attachment Staff 6-1(ii)** and confidential voluminous **Attachments Staff 6-1(ii)** for each system. Adjustments were made for Gulf Coast (Cold River Ranch and Southwood Estates) to add back up to 2,000 gallons included in the base rate to get total gallons. Also, the 2020 Budget for Gulf Coast Water and Chuck Bell Water were used instead of the partial year of actual data. The 2020 Budget for Gulf Coast Water and Chuck Bell Water utilized average actual historical usage data for all periods in which the data was readily available, so Undine believes it results in the best calculation for annual usage. The Gulf Coast Water and Chuck Bell Water systems detailed 2020 Budgets were provided in response to the attachment to OPUC 3-1.

Prepared by: Benny Wilkinson
Sponsored by: Edward R. Wallace, Sr.

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**UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC'S RESPONSE
TO COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION**

Staff 6-2 Please explain the rationale for allocating return on rate base between fixed and variable costs based on the fixed/variable split of Undine's expenses.

RESPONSE: The fixed/variable split of the revenue requirement is based on those costs that vary with consumption and those that do not. Since return on rate base relates to the total revenue requirement and is not specifically related to either fixed or variable costs, the fixed/variable split of all other expenses was used to allocate return on rate base.

Prepared by: Donald J. Clayton
Sponsored by: Donald J. Clayton

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**UNDINE TEXAS, LLC AND UNDINE TEXAS ENVIRONMENTAL, LLC'S RESPONSE
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Staff 6-3 Please refer to Schedule I-1 Revenue Requirement Summary.

- i. Provided a detailed breakdown of all costs that were directly assigned to sewer or water, and all costs that were allocated between sewer and water. Provide all workpapers supporting your response in native excel format.
- ii. For all costs that were not directly assigned to sewer or water, provide all workpapers supporting the allocation factors used to allocate these costs in native excel format.

RESPONSE:

All costs are directly assigned to the system to which they belong except certain accounts for Orbit water and wastewater and Gulf Coast water and wastewater. Both Orbit and Gulf Coast have certain categories of costs allocated to Water and Wastewater based on ERCs. These categories include Account 634.7/734.7, Billing and Customer Service, Account 637/737, Printing and Postage, Account 639/739, Work Order System Fees, Account 657/757, Insurance – General Liability, Account 659/759, Insurance – Other, and Account 675.1/775.1, Banking Fees – Other. Also, Gulf Coast rents the property for both the water plant and wastewater treatment plant sites. This rent expense is allocated 50% to water and 50% to wastewater.

During 2018, the Orbit general ledger had both water and wastewater included in it, with many 6xx-level water accounts and many 7xx-level wastewater accounts shown separately. During 2019, all expenses for Orbit were broken out into separate water and wastewater accounts. For this rate application, the Orbit expenses for October 2018 through December 2018 had to be allocated between water and wastewater accounts in order for these expenses to be shown properly as either water or wastewater.

Please refer to Attachment Staff 6-3 for those expenses that were allocated between water and wastewater for this rate application. All other expenses were directly assigned to the appropriate water or wastewater accounts.

Prepared by: Benny Wilkinson
Sponsored by: Edward R. Wallace, Sr.

**Undine
Orbit Allocations
For the Test Year Ended September 30, 2019**

<u>ERCs</u> <u>Account</u>	<u>Description</u>	2,241.5 <u>Total</u>	2,075.5 <u>Water</u>	166.0 <u>Wastewater</u>
634.7	Mgmt Fees - Billing and Customer Service	\$12,141.76	\$11,242.57	\$ 899.19
637	Printing and Postage	4,634.73	4,291.49	343.24
639	Work Order System Fees	12,595.42	11,662.63	932.79
657	Insurance - General Liability	1,292.84	1,197.10	95.74
659	Insurance - Other	3,296.86	3,052.70	244.16
675.1	Bank Fees - Other	7,734.03	7,161.27	572.76

These Orbit costs are for October 2018 thru December 2018 and are allocated based on ERCs.

**Undine
Gulf Coast Allocations
For the Test Year Ended September 30, 2019**

<u>ERCs</u> <u>Account</u>	<u>Description</u>	
634.7	Mgmt Fees - Billing and Customer Service	Allocated by ERCs
637	Printing and Postage	Allocated 50% to water; 50% to Wastewater
639	Work Order System Fees	Allocated by ERCs
641	Rental of Real Property	Allocated 50% to water; 50% to Wastewater
657	Insurance - General Liability	Allocated by ERCs
659	Insurance - Other	Allocated by ERCs
675.1	Bank Fees - Other	Allocated by ERCs

All Gulf Coast expenses for these accounts were allocated as noted above.