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**SOAH DOCKET NO. 473-22-1659.WS
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PETITION OF MCALLEN PUBLIC	§	BEFORE THE STATE OFFICE
UTILITY APPEALING WHOLESALE	§	
WATER RATES CHARGED BY	§	OF
HIDALGO COUNTY WATER	§	
IMPROVEMENT DISTRICT NO. 3	§	ADMINISTRATIVE HEARINGS

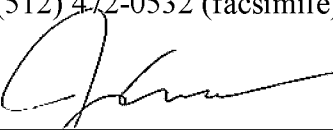
**MCALLEN PUBLIC UTILITY RESPONSE TO
HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NO. 3
FIRST REQUEST FOR INFORMATION**

To: Taylor Holcomb, Heath Armstrong, Jackson Walker LLP, 100 Congress Avenue, Suite 1100, Austin, Texas 78701, 512-236-2060, tholcombr&jw.com, hrmstrong@jw.com.

Pursuant to 16 Tex. Admin. Code § 22.144, City of McAllen Public Utility (“McAllen”) serves its Response to Hidalgo County Water Improvement District No. 3’s First Request for Information. McAllen stipulates that the following responses can be treated by all parties as if the answers were filed under oath.

Respectfully submitted,

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**MCALLEN PUBLIC UTILITY RESPONSE TO HIDALGO COUNTY WATER
IMPROVEMENT DISTRICT NO. 3's FIRST REQUEST FOR INFORMATION**

Water Improvement District 1-1: What percentage of McAllen's overall raw water supply is provided by the Water Improvement District? Limit this response to the percentages for the previous four years.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-2: Provide a list of wholesale water customers McAllen has or has had since 2020 and the applicable rates charged to those entities by McAllen in 2019, 2020, 2021, and 2022. Provide all documents and correspondence regarding same.

Prepared by counsel.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-3: Confirm that McAllen has not increased its retail water rates since 2019.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-4: Provide McAllen's retail water rates charged from 2014 to present.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-5: Provide McAllen's Water Conservation Implementation Reports filed with the Texas Commission of Environmental Quality since 2019.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-6: Provide an account analysis or breakdown of the "water rights (perpetual)" and "water rights" on McAllen's 2020 CAFR, Page 15 Statement of Net Position. In addition, provide a breakdown of any accumulated depreciation related to water rights, and produce McAllen's most recent CAFR.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-7: Refer to City of McAllen adopted Budget for Fiscal Year 2021-2022, page 78, water fund working capital summary. Please provide a detailed breakdown of the \$2,833,803 (approved budget amount) and the \$2,163,329 (actual FY 19-20 amount) of "Cost of Raw Water" operating expense amount.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-8: Confirm that McAllen paid an Initial Fee to United Irrigation District pursuant to Section 10(a), Permanent Water Supply and Delivery Contract, between McAllen and United Irrigation District. Please provide the payment amount and documentation regarding same.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-9: Refer to page 52 of the Water Improvement District's response to McAllen's petition. Confirm that McAllen paid Brownsville Irrigation District for the 20-year lease of water rights pursuant to Section 1(a), Agreement Between Brownsville Irrigation District and McAllen Public Utilities for the Lease of Water Rights. Please provide the payment amount, indicate whether McAllen financed any part of the payment amount, and providing documentation regarding same.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-10: Provide the amount paid by McAllen to Hidalgo County Irrigation District No. 1 in water supply payments pursuant to Section 4(a) and (b), Permanent McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-11: For each of the districts listed below, provide a summary of and invoices for the charges listed paid by McAllen since 2015:

1. Hidalgo Irrigation District No. 1:
 - a. water rights payments;
 - b. water base charge;
 - c. energy charge;
 - d. water delivery charge;
 - e. capital improvement charges; and
 - f. conveyance loss charges.

2. Hidalgo Irrigation District No. 2:

- a. pumping charge;
- b. flat rate assessment;
- c. conveyance loss charges; and
- d. delivery charge.

3. United Irrigation District:

- a. dedication fees;
- b. annual fees;
- c. water delivery charges; and
- d. capital improvement charges.

4. Brownsville Irrigation District:

- a. water rights payments;
- b. pumping charge;
- c. water base charge;
- d. pass through energy charge;
- e. water delivery charge;
- f. capital improvement charges;
- g. conveyance loss charges;
- h. water delivery charges;
- i. annual fees; and
- j. dedication fees.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-12: Identify all greywater customers of McAllen, and provide all documents and correspondence regarding same.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-13: Identify the amount of raw water cost in McAllen's current budget and indicate how much of that cost is attributable to each district or supplier McAllen receives raw water from or has contracted to receive raw water from. Provide all documents and correspondence regarding same.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-14: Refer to Attachment F to the Water Improvement District's Response to McAllen's Petition. Provide a detailed explanation of the reasoning and necessity behind the increased budgeted expenditures for Fiscal Year 2022 relative to the previous fiscal year in McAllen's Water Fund Budget, Working Capital Summary, under the following categories:

- a. employee benefits (\$499,562 increase);
- b. administration and general benefits (\$224,761 increase);
- c. water meter reader costs (\$204,904 increase); and
- d. treatment plant costs (\$178,671 increase).

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-15: Provide McAllen's monthly operating reports from its water treatment plants for 2020-21 and 2021-22.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-16: Provide all retail water rate studies conducted or contracted since 2017.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Water Improvement District 1-17: Provide all water loss audits conducted or contracted by McAllen since 2017.

Prepared by counsel.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-18: Provide a description of any and all increases in employee salaries and employee benefits reflected in the 2021-2022 McAllen Water Fund budget relative to the previous year and where those increases are reflected in the City of McAllen's Fiscal Year 2022 Annual Budget.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-19: Please provide the Water Fund actual trial balance for the 2020-2021 Fiscal Year and a chart of accounts. Please provide in Excel native format if available.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-20: Provide Marco Vega's compensation as utility manager for McAllen for 2020-21 and 2021-22.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-21: Provide a list of water supply entities that are capable of physically delivering water at McAllen's North or South Plants.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-22: Provide a list of water supply entities that McAllen has contracted with for raw water supply that are not capable of physically delivering water at McAllen's North or South Plants.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-23: Provide the "delivery rate" paid by McAllen in order to take delivery of water from a water supply entity not physically connected to McAllen's North or South Plants, identify which water supply entity McAllen has paid such a "delivery rate" to since 2014, and produce all documents regarding same.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-24: Produce all correspondence associated with the Water Improvement District's 2021-22 rate increase.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-25: Produce all documents and correspondence related to comparing or discussing a comparison between the water rates paid to all entities supplying raw water to McAllen since January 2021.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-26: Provide the required disclosures according to Rule of Civil Procedure 194.2(b).

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Water Improvement District 1-27: Produce all documents and correspondence between McAllen personnel and members of the Texas Legislature and legislative staff relating to the Water Improvement District's 2021-22 rates and rate increase.

Prepared by counsel.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-28: Provide the required disclosures according to Texas Rule of Civil Procedure 195.5(a).

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Water Improvement District 1-29: Refer to Page 192 of McAllen's Petition. Produce all documents and correspondence related to Harlingen Irrigation District No. 1's water rates.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-30: Refer to Page 3 of McAllen's Petition. Produce all water contracts, including amendments, with the listed water providers.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-31: Refer to Page 86 of McAllen's Petition. Produce the comparative rate study, produce all documents and correspondence regarding same, and produce all documents and correspondence (including contracts) related to wholesale water rates charged by water providers in the Lower Rio Grande Valley.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-32: Refer to Page 74 of McAllen's Petition. List the dates and amounts of capital improvement charges assessed by United Irrigation District.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

Water Improvement District 1-33: Refer to Page 42 of McAllen's Petition. List the dates and amounts of capital improvement charges assessed by Hidalgo County Irrigation District No. 1.

RESPONSE:

McAllen will supplement this response, if necessary, after disposition of MPU's pending motions for remand and abatement.

Prepared by counsel.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served on all parties to this matter on April 21, 2022 in accordance with 16 TAC §§ 22.74.