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**SOAH DOCKET NO. 473-24-13127.WS
PUC DOCKET NO. 54617**

APPLICATION OF TEXAS WATER UTILITIES, LP AND SOUTHERN HORIZONS DEVELOPMENT, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN LIBERTY AND MONTGOMERY COUNTIES	§ § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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**COMMISSION STAFF’S RESPONSE TO
TEXAS WATER UTILITIES, LP’S
FIRST REQUEST FOR INFORMATION
TO COMMISSION STAFF
QUESTION NOS. TWU 1-1 THROUGH 1-17**

The Staff (Staff) of the Public Utility Commission of Texas (Commission) responds to Texas Water Utilities, LP’s (TWU) First Request for Information (RFI) to Staff and further stipulates that the following responses may be treated by all parties as if the answers were filed under oath.

TWU’s First RFI to Staff was served on June 5, 2024, and specified a response deadline of June 17, 2024. Staff timely filed objections to TWU’s RFI Nos. TWU 1-5 – TWU 1-7, TWU 1-9 – TWU 1-12, and TWU 1-14 – TWU 1-17. TWU responded to Staff’s objections to its First RFI on June 10, 2024.

On June 17, 2024, the State Office of Administrative Hearings administrative law judge ordered Staff to respond to RFI Nos. TWU 1-5, TWU 1-6, TWU 1-7, TWU 1-9, TWU 1-10, TWU 1-14, TWU 1-15, and TWU 1-16 by June 24, 2024. Therefore, Staff’s responses are timely filed.

Dated: June 24, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Kelsey Daugherty
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document will be provided to all parties of record via electronic mail on June 24, 2024, in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Kelsey Daugherty
Kelsey Daugherty

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TWU 1-5 Reference the table in the direct testimony of James Harville at the bottom of page 11 and top of page 12 and the following billing comparison for a customer using 5,000 gallons per month.

Southern Horizons Current Rates	TWU's Requested Initial Rates
$32.20 + (3 * 3.18) = 41.74$	$48.37 + (2 * 6.48) + (3 * 7.98) = 85.27$

Please admit or deny that 63% of the \$45.53 difference in customer bills is attributable to the difference in gallonage rates as follows:

$$85.27 - 41.74 = 43.53$$

$$3 * 3.18 = 9.54$$

$$(2 * 6.48) + (3 * 7.98) = 36.90$$

$$36.90 - 9.54 = 27.36$$

$$27.36 / 43.53 = 0.63$$

RESPONSE: Staff admits that:

$$85.27 - 41.74 = 43.53$$

$$3 * 3.18 = 9.54$$

$$(2 * 6.48) + (3 * 7.98) = 36.90$$

$$36.90 - 9.54 = 27.36$$

$$27.36 / 43.53 = 0.63$$

Prepared by: Counsel
Sponsor: James Harville

TWU 1-6

Reference the table in the direct testimony of James Harville at the bottom of page 11 and top of page 12 and the following billing comparison for a customer using 5,000 gallons per month.

Southern Horizons Current Rates	TWU's Villas of Willowbrook Phase 4 Rates
$32.20 + (3 * 3.18) = 41.74$	$31.17 + (2 * 3.70) + (3 * 6.33) = 57.56$

Please admit or deny that 106.5% of the \$16.85 difference in customer bills is attributable to the difference in gallonage rates as follows:

$$57.56 - 41.74 = 15.82$$

$$3 * 3.18 = 9.54$$

$$(2 * 3.70) + (3 * 6.33) = 26.39$$

$$26.39 - 9.54 = 16.85$$

$$16.85 / 15.82 = 1.065$$

RESPONSE:

Staff admits that:

$$57.56 - 41.74 = 15.82$$

$$3 * 3.18 = 9.54$$

$$(2 * 3.70) + (3 * 6.33) = 26.39$$

$$26.39 - 9.54 = 16.85$$

$$16.85 / 15.82 = 1.065$$

Prepared by:
Sponsor:

Counsel
James Harville

TWU 1-7 Please admit or deny that TWU’s application has not been amended or supplemented—i.e., has not changed—since Commission Staff filed its Recommendation on Approval of the Transaction on July 17, 2023. If the response is anything other than an unqualified admit, please explain.

RESPONSE: Deny. Steve Sullivan on behalf of Southern Horizons Development, Inc. and Brian Bahr of Texas Water Utilities, L.P. filed testimonies containing different information than what was originally provided in the application and supplements. Please reference the direct testimony of James Harville at 14:4-13 and additional details regarding capital improvements in the redacted testimony of Brian Bahr at 20:1-16. Staff continues to direct TWU to the public records in the Commission’s interchange in this proceeding, available at <https://interchange.puc.texas.gov>.

Prepared by: Counsel
Sponsor: James Harville

TWU 1-9 Reference the direct testimony of James Harville at 12:1—14:2. Please explain why Mr. Harville’s recommendation regarding TWU’s request for initial rates under Texas Water Code (TWC) § 13.3011 has changed from the recommendation provided in the memorandum of James Harville filed with Commission Staff’s Recommendation on Approval of the Transaction on July 17, 2023.

RESPONSE: See Staff’s Response to TWU 1-8.

Prepared by: Counsel
Sponsor: James Harville

TWU 1-10 Reference the direct testimony of James Harville at 12:1-14:2. Please admit or deny that “rate shock” is not a defined term in the Texas Water Code, 16 TAC Chapter 24, or Commission precedent addressing applications filed by water and wastewater utilities. If anything other than an unqualified admit, please explain.

RESPONSE: To Staff's current knowledge, admit.

Prepared by: Counsel
Sponsor: James Harville

TWU 1-14 Please confirm that the dockets listed below are the only dockets in which Mr. Harville has filed a recommendation addressing a request for initial rates under TWC § 13.3011: Docket Nos. 54171, 54341, 55304, and 55817. If this is not a complete list, please provide the additional docket numbers.

RESPONSE: Mr. Harville has not filed a recommendation in Docket No. 55817. To Staff's knowledge, the other dockets include memorandums from Mr. Harville addressing requests for initial rates.

Prepared by: Counsel
Sponsor: James Harville

TWU 1-15 In any sale, transfer, or merger docket in which Mr. Harville has made a recommendation on the transaction, has Mr. Harvell ever recommended an initial rate that differs from the initial rate requested by the transferee? Please provide the docket number that contains each recommendation responsive to this question.

RESPONSE: Deny.

Prepared by: Counsel
Sponsor: James Harville

TWU 1-16 For each docket identified in response to TWU 1-15, please provide the analysis underlying Mr. Harville's decision to recommend an initial rate that differed from the initial rate requested by the transferee.

RESPONSE: See Staff's Response to TWU 1-15.

Prepared by: Counsel
Sponsor: James Harville