



Control Number: 42864



Item Number: 67

Addendum StartPage: 0

**SOAH DOCKET NO. 473-14-5146.WS  
PUC DOCKET NO. 42864**

**WATER RATE/TARIFF CHANGE  
APPLICATION OF ENCHANTED  
HARBOR UTILITY, CERTIFICATE  
OF CONVENIENCE AND NECESSITY  
NO. 12683, IN CALHOUN COUNTY,  
TEXAS**

§  
§  
§  
§  
§  
§

**PUBLIC UTILITY COMMISSION  
OF TEXAS**

2018 MAR 27 AM 10:17

**TESTIMONY OF MARVIN B. MORGAN, C.P.A.  
IN SUPPORT OF STIPULATION AND SETTLEMENT AGREEMENT**

Enchanted Harbor Utility ("Utility") hereby files this Testimony of Marvin B. Morgan, C.P.A. in Support of Stipulation and Settlement Agreement.

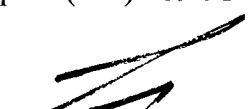
Mr. Morgan's testimony and attachments on behalf of the Utility were previously filed with the Public Utility Commission of Texas ("Commission") on March 5, 2018, which inadvertently did not include service to all parties. This filing is being made to correct that oversight and to accordingly distribute copies of the filing to all involved parties.

Respectfully submitted,

**ENCHANTED HARBOR UTILITY:**

**WILLATT & FLICKINGER, PLLC**  
Attorneys at Law  
12912 Hill Country Blvd., Ste. F-232  
Austin, Texas 78738  
Telephone: (512) 476-6604  
Telecopier: (512) 469-9148

By: \_\_\_\_\_

  
Bill Flickinger  
State Bar No. 07149050

Matthew W. McPhail  
State Bar No. 24074692


Attorneys for Enchanted Harbor Utility

61

**SOAH DOCKET NO. 473-14-5146.WS  
PUC DOCKET NO. 42864**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on March 26, 2018 in accordance with 16 TAC § 22.74.

  
\_\_\_\_\_  
Bill Flickinger

SOAH DOCKET NO. 473-14-5146.WS  
P.U.C. DOCKET NO. 42864

APPLICATION OF ENCHANTED	§	BEFORE THE STATE OFFICE
HARBOR UTILITY FOR A RATE/	§	
TARIFF CHANGE	§	OF
APPLICATION NO. 37728-R	§	
	§	ADMINISTRATIVE HEARINGS

TESTIMONY AND ATTACHMENTS IN SUIPPORT  
OF UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT

OF  
MARVIN B. MORGAN, C.P.A.

ON BEHALF OF  
ENCHANTED HARBOR UTILITY

April 2015

TESTIMONY AND ATTACHMENTS OF  
MARVIN B. MORGAN, C.P.A.  
TABLE OF CONTENTS

<b><u>SECTION</u></b>	<b><u>PAGE</u></b>
I. INTRODUCTION AND QUALIFICATIONS .....	1
II. PURPOSE OF TESTIMONY .....	4
III. STIPULATION OVERVIEW .....	5
IV. REASONABLENESS OF THE STIPULATION .....	6
<b>ATTACHEMNTS:</b>	
MBM-1 Curriculum Vitae of Marvin B. Morgan	

1                                   **TESTIMONY OF MARVIN B. MORGAN, C.P.A.**

2                                   **ON BEHALF OF**

3                                   **ENCHANTED HARBOR UTILITY**

4  
5                                   **I. INTRODUCTION AND QUALIFICATIONS**

6   **Q.     Please state your name and business address.**

7   A.     My name is Marvin B. Morgan. My business address is 15009 Glen Heather Drive,  
8           Lakeway, Texas 78734.

9  
10 **Q.     By whom are you employed and in what capacity?**

11 A.     I am a self-employed Certified Public Accountant and I have been engaged by Enchanted  
12         Harbor Utility (Enchanted Harbor) to represent the utility in settlement negotiations and  
13         if necessary to testify in a hearing on the merits.

14 **Q.     Please state your formal education.**

15 A.     I received the degree of Bachelor of Business Administration from Texas Christian  
16         University in 1974. I am a Certified Public Accountant licensed to practice in the State  
17         of Texas. My Texas Certificate number is 13855

18 **Q.     Are you affiliated with any organizations?**

19 A.     Yes.

20 **Q.     With what organizations are you affiliated?**

1 A. I am a member of the American Institute of Certified Public Accountants, a member of  
2 the Texas Society of Certified Public Accountants and the Austin chapter, and an  
3 associate member of the Independent Water & Sewer Companies of Texas, Inc. I am  
4 also currently the President of the Board of Directors of the South Buda Water Control  
5 and Improvement District No. 1.

6 **Q. Please describe your professional experience.**

7 A. From September 1968 until November 1974, I worked as an accountant in the home  
8 office of Community Public Service Company (now Texas-New Mexico Power  
9 Company), an electric and natural gas public utility in Fort Worth, Texas. From  
10 November 1974 until March of 1976, I was a staff accountant in the Fort Worth Office of  
11 Peat, Marwick, Mitchell & Co. (now KPMG, LLP). From March 1976 until August 1980,  
12 I worked for the Public Utility Commission of Texas in the Accounting Division and was  
13 the Assistant Director of Accounting when I left to rejoin Peat, Marwick, Mitchell & Co.  
14 in their Dallas Office. From August 1980 until June of 1982, I worked as a Supervising  
15 Senior and Manager for Peat, Marwick, Mitchell & Co. (now KPMG, LLP) in their  
16 Dallas Office in the Energy and Natural Resources Practice. From June 1982 until  
17 September of 1986, I was a Vice President with Willis, Graves & Morgan Utility  
18 Consultants. In September of 1986, I opened my own certified public accounting firm  
19 which I am still running today. From June 1988 until December 2011, I was the President  
20 of Z&M Enterprises, Inc., a computer hardware and software sales and service company  
21 in Austin, Texas. From November 1994 until January of 2000, I was the President of  
22 United Management Services, LLC a utility management company in Austin, Texas. A  
23 copy of my curriculum vitae is attached as Exhibit MBM-1 to this testimony.

1    **Q.     What type of work do you typically do?**

2    A.     Briefly, I have over 40 years of Public Utility Industry experience as an employee,  
3           auditor, regulator, and consultant. I also have five years' experience as President of a  
4           Utility Management Company that managed two water systems with about 1,000  
5           customers. For over thirty years, I have provided management consulting services to a  
6           variety of companies, primarily small public utility companies. The majority of my  
7           work has been assisting public utilities with rate increase applications and advising  
8           them on regulatory compliance issues and better efficiency. I advised a New Mexico  
9           natural gas company on an appeal of a confiscatory refund order from the Public Service  
10          Commission which was vacated by the New Mexico Supreme Court. I also prepared and  
11          filed an application for a rate increase during the appeal. I have provided clients with  
12          computer hardware, accounting and billing software, which I maintained and trained their  
13          employees to operate. Specific information is contained in my curriculum vitae.

14   **Q.     Have you ever testified as an expert in a court proceeding?**

15   A.     Yes. I have testified as an expert in multiple court proceedings before the United States  
16          Bankruptcy Court, Texas State District Court, The Public Utility Commission of Texas,  
17          the State Office of Administrative Hearings, and the New Mexico Public Service  
18          Commission. I have also been retained as a testifying expert and provided prefiled  
19          testimony in numerous water and wastewater cases before the Texas Commission on  
20          Environmental Quality ("TCEQ") and its various predecessors that regulate water and  
21          wastewater rates.



1 Q. Please briefly describe a few of the proceedings in which you testified as an expert  
2 about issues similar to those presented in this case.

3 A. In hearings before the Public Utility Commission of Texas (PUC), I have presented  
4 testimony on accounting issues in both major and minor rate cases involving  
5 telephone, electric, water and sewer companies. I have also presented testimony on rate  
6 of return and rate design. In my experience with the PUC, I was familiar with all aspects  
7 of the rate cases due to my supervisory duties and the interaction required between  
8 divisions in the early days of the Commission. While with the PUC, I testified in various  
9 Federal and State Court actions as an expert witness for the State of Texas in utility  
10 matters on appeal from the Commission. After joining Willis, Graves & Morgan, I  
11 testified in a major investor owned electric rate case on issues of overall cost of service  
12 including an appropriate rate of return on common equity. I also testified as to an  
13 appropriate cost allocation method and rate design. In a hearing before the New Mexico  
14 Public Service Commission in Case No. 2462, I presented testimony on overall revenue  
15 requirements, ordinary, reasonable and necessary expenses as well as the rate design.

17 **II. PURPOSE OF TESTIMONY**

18 Q. What is the purpose of your testimony?

19     A.     My testimony supports the Unanimous Stipulation and Settlement Agreement  
20            (“Stipulation”) that resolves all issues in this proceeding. Specifically, my testimony (1)  
21            summarizes the history of this proceeding and the process that led to the Stipulation, (2)

describes the Stipulation, and (3) explains why the Stipulation is reasonable, in the public interest, and should be approved by the Commission.

### III. STIPULATION OVERVIEW

**Q. Are you the only person providing testimony addressing the Stipulation?**

A. No. My understanding is that the Public Utility Commission of Texas ("PUC" or "Commission") Staff will also provide testimony explaining its views on the reasonableness of the settlement.

**Q. Please describe the process that led to development of the Stipulation.**

A. Enchanted Harbor filed the application for a water rate/tariff change at issue in this docket with the TCEQ, which was accepted by the TCEQ and assigned Application No. 37728-R. A settlement was reached on August 27, 2014 and Enchanted Harbor filed an uncontested Motion to Remand to the TCEQ with the settlement agreement attached. Jurisdiction was transferred to the PUC on September 1, 2014 and the case was assigned PUC control number 42864. The settlement has languished with only status reports since that time.

**Q. What are some significant aspects of the rate/tariff changes requested in this application?**

A. The utility's last increase was in 2001 and the rates were no longer sufficient to operate the utility and fund the necessary construction. Expenses have increased to the point of a cash flow break-even at best. The recorded values for the plant in service is obviously

1 less than the value of the plant used to provide service to the customers. In lieu of return,  
2 income tax provision, and depreciation, the utility has requested a surcharge sufficient to  
3 finance the specific construction items listed in the settlement.

4 **Q. What are the key elements of the Stipulation?**

5 A. Key elements of the Stipulation include the following:

- 6 1. A water tariff containing the rates in the Stipulation of \$59.00 for the first 3,000  
7 gallons and \$6.00 per one thousand gallons thereafter for the 5/8" or 3/4" meter  
8 size. Other meter sizes are shown using the standard multiples for the minimum  
9 bills. The requested tap fee was reduced to \$200 and the Customer requested  
10 reconnect was changed to \$375. All other miscellaneous fees requested in the  
11 application would be approved.
- 12 2. A surcharge of \$42.78 per customer per month to finance construction of  
13 improvements as listed in the settlement. The timing of the improvements are  
14 contingent upon third-party financing or "pay-as-you-go" and the PUC staff will  
15 monitor the collection and use of the funds collected from customers.
- 16 3. No rate case expense will be included in the rates
- 17 4. No rebates of rates collected to date in excess of the proposed settlement rates  
18 would be owed. The settlement rates have been in effect since August 2014.
- 19 5. There are no restrictions on the utility's ability to file future rate changes.

20 **IV. REASONABLENESS OF THE STIPULATION**

21 **Q. What is Enchanted Harbor's position regarding Commission adoption of the**  
22 **Stipulation?**

1     A.     The Stipulation represents an overall reasonable outcome considering the risk and reward  
2           of litigating the case. The cost of litigation including discovery, fully inclusive written  
3           testimony and preparation for and testifying in the hearing on the merits would probably  
4           more than offset the additional revenue gained. Although Enchanted Harbor contends it  
5           would be able to support its requested water rates if the case was litigated to conclusion,  
6           other parties have different viewpoints that could lead to a different result. The agreed  
7           upon rates will provide a positive cash flow and with the surcharge for construction, the  
8           financial integrity of the utility can be maintained until another rate increase is requested.

9           The Stipulation should be approved without requiring Enchanted Harbor to incur  
10          the expense of preparing detailed written testimony and exhibits. While those items may  
11          likely be required to accompany future rate applications filed with the PUC under new  
12          Texas Water Code, Chapter 13 provisions, The TCEQ process under which this case was  
13          filed did not require written testimony or evidence prior to a contested case hearing.  
14          Early settlements have been used in TCEQ water and sewer utility rate cases to reduce or  
15          eliminate such litigation expenses.

16          The Stipulation represents the point at which the customers are willing to pay for  
17          service and the utility is willing to forego the additional revenue in order to avoid further  
18          expenses. The less than ideal financial position that Enchanted Harbor is willing to live  
19          with in short term is partially mitigated by not being required to refund any excess rates  
20          collected to this point and the fact that there are no restrictions placed on the utility as to  
21          when another application can be filed other than commission rules. The Stipulation rates  
22          together with the other terms of the Stipulation, comprise an agreement that is reasonable  
23          and in the public interest based upon compromise by all parties involved.

1    **Q.     Have you reviewed the Texas Water Code, Chapter 13 provisions applicable to**  
2           **investor-owned utility water rate cases?**

3    A.     Yes.

4    **Q.     Based on that review, your experience, and your knowledge regarding both the**  
5           **application and the Stipulation, will the Commission's approval of the Stipulation**  
6           **produce rates that conform to the requirements of Texas Water Code, Chapter 13?**

7    A.     Generally yes, but only for the short term. As mentioned above, the lack of an adequate  
8           return on invested capital, minimal depreciation and an income tax provision, is offset by  
9           the surcharge. Therefore it is my opinion that the Stipulation conforms to the provisions  
10          of Chapter 13 of the Texas Water Code and Castle Water will be able to provide  
11          continuous and adequate service to its customers.

12   **Q.     Does the tariff provide for rates that promote water conservation for single-family**  
13          **residences and landscape irrigation in accordance with Texas Water Code §**  
14          **13.145(a)(2)?**

15   A.     Yes.

16   **Q.     Does this conclude your testimony?**

17   A.     Yes, it does.

18

19

20

**MARVIN B. MORGAN**  
**Certified Public Accountant**

15009 Glen Heather Drive, Lakeway, Texas 78734 • (512) 346-8349

Website: [www.mbmcpa.com](http://www.mbmcpa.com) E-mail: [marvin@mbmcpa.com](mailto:marvin@mbmcpa.com)

**QUALIFICATIONS SUMMARY**

**CPA and Administrative Background**

- Six years Electric and Natural Gas Public Utility accounting experience
- Over thirty years experience as a Public Utility Consultant
- Four years regulatory experience with Public Utility Commission of Texas
- Four years "Big Five" public accounting experience
- Twelve years Corporation President
- Eight years Board Chairman of a non-profit corporation
- Five years Manager for Water Public Utilities

**Education and Certification Credentials**

- Bachelor of Business Administration, Texas Christian University, 1974
- Certified Public Accountant, 1975, Texas Certificate #13855

**Affiliations**

- Member, American Institute of Certified Public Accountants
- Member, Texas Society of Certified Public Accountants and Austin Chapter
- Member, Independent Water & Sewer Companies of Texas, Inc.
- President of the Board of Directors, South Buda WCID No. 1

**PROFESSIONAL EXPERIENCE SUMMARY**

9/86-Present	Marvin B. Morgan, C.P.A. Certified Public Accounting Firm, Austin, Texas	<i>Owner</i>
11/94-1/00	United Management Services, LLC Utility Management Company, Austin, Texas	<i>President</i>
6/88-12/11	Z & M Enterprises, Inc. Computer Hardware and Software Sales and Service, Austin, Texas	<i>President</i>
6/82-9/86	Willis, Graves & Morgan, Inc. Utility Consultants, Austin, Texas	<i>Vice President</i>
8/80-6/82 11/74-3/76	Peat, Marwick, Mitchell & Co. (Now KPMG LLP) National Energy and Natural Resources Practice, Dallas, Texas	<i>Manager</i>
3/76-8/80	Public Utility Commission of Texas, Austin, Texas	<i>Assistant Director of Accounting</i>

**SUPPLEMENTAL INFORMATION**

*Biography, and detail sheets are attached for the following experience:*

Expert Testimony; CPA and Consulting; Rate/Tariff Change Applications; Computer Systems Sales, Installation and Training; Public Speaking and Seminar Presentations

**MARVIN B. MORGAN**  
**Certified Public Accountant**

**P. O. Box 1083 • Manchaca, Texas 78652 • (512) 346-8349**

---

**EXPERT TESTIMONY DETAIL**

**United States Bankruptcy Court**

For the State of Texas and the Public Utility Commission of Texas in the Southern District of Texas in the “Peoples National Utility Company” and “Gulf Water Benefaction Company” cases, 1978-1980.

Witness for Tawakoni Water Utility Corporation, Debtor-in-Possession, Quinlan, Texas on Receivership by the State of Texas in the Northern District of Texas, 1990.

For Combined Water Systems, Inc., Debtor-in-Possession, Tyler, Texas on the value of utility assets pledged as security on a loan in the Eastern District of Texas, 1990.

For Alexa Enterprises, Debtor-in-Possession, Mabank, Texas on several bankruptcy related procedures and regulatory requirements in the Eastern District of Texas, 1989-1990.

On behalf of Apache Shores, Utility, Austin, Texas on regulatory matters in the Southern District of Texas, 1985.

**State District Court**

On behalf of Water Services, Inc., San Antonio, Texas on financial condition of the company for a permanent injunction against the State of Texas in Travis County, Texas, 1987.

For Indian Hills Water Company, Austin, Texas on financial condition of the utility to seek a permanent injunction against the State of Texas and the Texas Water Commission in Travis County, 1988.

For Woodcreek Utilities, Inc., Wimberley, Texas on justification of increased rates and financial condition of utility in opposition to a motion for an injunction against the utility by the Town of Woodcreek in Hays County, Texas, 1990.

For Willow Run Public Service, Inc., Humble, Texas on interim rates and financial integrity in Harris County, Texas, 1984.

On behalf of the State of Texas and the Public Utility Commission of Texas on an enforcement action against Peoples National Utility Company and Gulf Water Benefaction Company in Travis County, Texas, 1980.

For Sunbelt Utilities, Houston Texas on an appeal from the Public Utility Commission of Texas in Travis County, 1978.

For ECO Resources, Inc. on evaluation of damages suffered by Brushy Creek MUD in Williamson County, Texas, 2003.

**MARVIN MORGAN - EXPERT TESTIMONY DETAIL**

**PAGE 2**

---

**Administrative Proceedings**

***On behalf of the Public Utility Commission of Texas:***

El Paso Electric Company rate case, 1979.

Southwestern Public Service Company rate case, 1978.

United Telephone Company rate case, 1978.

Sunbelt Utilities rate case, 1977.

Tawakoni Water Utility Corporation rate case, 1977.

Lower Colorado River Authority rate case, 1977.

Five Area Telephone Cooperative rate case, 1977.

Peoples National Utility and Gulf Water Benefaction rate case, 1976.

Suburban Utilities rate case, 1976.

Numerous small telephone, water and sewer utility rate cases, 1976-1980.

***On behalf of clients in Administrative Proceedings:***

For Davis & Davis, Attorneys for an industrial customer group on the 1982 El Paso Electric Company rate case before the City of El Paso and the Public Utility Commission of Texas, 1982-1983. (First major rate case settled at the Public Utility Commission)

Water Services, Inc., San Antonio, Texas for Rate Increase Applications before the Public Utility Commission of Texas, 1983, 1984, and 1986.

Kruger Water Works, Inc., Krugerville, Texas for Rate Increase Applications before the City of Krugerville, the Public Utility Commission of Texas, and the Texas Water Commission, 1987 and 1988.

Engel Utility Company, Mabank, Texas for a Rate Increase Application before the Texas Water Commission, 1990.

Indian Hills Water Company, Austin, Texas for a Rate Increase Application and Decertificate Application before the Texas Water Commission, 1987 and 1988.

U.R.L.A.U.B. (water utility), El Paso, Texas for a Rate Increase Application before the Texas Water Commission, 1987.

Willow Run Public Service, Inc., Humble, Texas for a Rate Increase Application before the Public Utility Commission on appeal from the City of Houston, Texas, 1987.



**MARVIN MORGAN - EXPERT TESTIMONY DETAIL**

**PAGE 3**

---

Community Water Company, Corsicana, Texas for a Rate Increase Application before the Public Utility Commission of Texas, 1984.

Kayo Services, Inc., Houston, Texas for a Rate Increase Application before the Public Utility Commission of Texas, 1983.

Apache Shores Utility Company, Austin, Texas for a Rate Increase Application before the Public Utility Commission of Texas, 1984.

Western Waterworks, Inc., Fort Worth, Texas for a Rate Increase Application before the Public Utility Commission of Texas, 1983 and 1984.

Hill Country Utilities, Austin, Texas on a valuation of utility assets for ad valorem tax purposes before the Travis Central Appraisal District, 1990.

Tawakoni Water Utility Corporation, Quinlan, Texas for Rate Increase Applications before the Texas Water Commission, 1987 and 1990.

Dessau Utility Company, Inc., Austin, Texas for an inquiry into developer rates before the Texas Natural Resource Conservation Commission, 1994.

Hobbs Gas Company, Hobbs, New Mexico for an answer to an inquiry into prior years purchased gas costs, the application of the purchased gas adjustment formula, retroactive decrease in purchased gas costs passed through to customers, and Rate Increase Application, before the New Mexico Public Service Commission, 1992 to 1995.

Texas Landing Utilities, Onalaska, Texas for a Rate Increase Application before the Texas Commission on Environmental Quality, 2009-2010

**MARVIN B. MORGAN**  
**Certified Public Accountant**

**P. O. Box 1083 • Manchaca, Texas 78652 • (512) 346-8349**

---

**CPA AND CONSULTING DETAIL**

The Topeka Group, Inc., a subsidiary of Minnesota Power & Light, on management, operations, and purchase of water and sewer utilities, 1989.

Combined Water Systems, Inc., Debtor-in-Possession, Tyler, Texas on value of utility assets and accounting, 1989-90.

Peggy's Bridal, Inc., Debtor-in-Possession, Denton, Texas on the financial integrity and ability to execute a plan of reorganization, United States Bankruptcy Court, Eastern District of Texas, 1990.

Alexa Enterprises, Inc., Debtor-in-Possession, Mabank, Texas on accounting, management procedures and regulatory requirements, 1989 to 1991.

Ronald May, San Antonio, Texas former owner of several water utilities, a construction company, and a utility management company on management, operations, and purchase of utility systems and regulatory requirements, 1982 to 1998.

Harold Touchstone, Humble, Texas former owner of Willow Run Public Service, Inc., a water and sewer utility on management, organization, financing, and operations, setting up computer based accounting and customer billing systems, 1983 to 1998.

Hi Texas Utility Corporation, Fritch, Texas on general regulatory matters as well as corporate structure and affiliate transactions, 1988 to 1991.

Richard Haynes, Laredo, Texas, a developer and owner of a water and sewer utility on capital structure, organization and financing of the utility operations, 1989.

Travis County WCID #18, Austin, Texas on accounting and utility customer billing, providing software, installation and employee training, 1987-1991.

Curtis Conner, Humble, Texas, developer and owner of water utility systems on regulatory matters, obtaining certificates of convenience and necessity and filing tariffs, 1984-1988.

First Texas Equities, Jasper, Texas concerning the construction, organization, certificate of convenience and necessity, initial rates and operation of a new public utility, 1987-1988.

Suresh S. Patel, La Porte, Texas on management and regulatory matters for Pine Trails Utility Co., Inc., 1987.

Tarrant Utility Company, Fort Worth, Texas on regulatory matters in the sale of the utility and subsequent establishment of new corporations to operate the utility by the new owners. Ultimately, four corporations were established in order to carry on the business, service, office management, leasing of equipment and the ownership of the utility facilities, 1985-1986.

**MARVIN B. MORGAN - CPA AND CONSULTING DETAIL**

**PAGE 2**

---

Community Water Company, Corsicana, Texas to reconstruct regulatory basis books of account from 1955 forward, 1984-1985.

Don R. Frazor, Engineer, San Antonio, Texas on the establishment of a new water utility and the necessary regulatory requirements, 1987.

VICAH Water Company, Inc., Austin, Texas on establishment, construction, and meeting regulatory requirements, 1984-1985.

W.C. Hankins, Owner of Tri-County Utilities, Azle, Texas on compliance with regulatory authorities, analysis of value of assets for regulatory purposes and accounting practices and procedures, 1988-1989.

Davis & Davis, a law firm in Austin, Texas on filing and supporting a rate increase application for Southwest Utilities, Inc., 1982-1983.

Review and analysis of a gas utility rate filing by Lone Star Gas Company on behalf of the city of Cleburne, Texas, 1982.

Review and analysis of a gas utility rate filing of Southern Union Gas Company on behalf of the City of Austin, Texas, 1982.

Review and recommendations to the City of Wichita Falls, Texas, on wholesale water rates in conjunction with a retail water rate study, 1985 and 1986.

City of Lewisville, Texas, for a water rate analysis, 1983.

City of Athens, Texas, on a rate study of water rates, 1983.

The Public Utility Commission of Texas, Austin, Texas in the analysis of the rate increase application filed by Southwestern Bell Telephone Company in 1982.

Pacific Northwest Bell Telephone Company, Seattle, Washington on an evaluation of regulatory methods, earned rate of return and productivity measurement, 1981.

Atlantic Richfield Company, Dallas, Texas on Production Receivables accounting and Windfall Profits Tax, 1981.

Southwestern Public Service Company, Amarillo, Texas on organization of upper management between accounting and engineering divisions and preparation and presentation of a two day regulatory training seminar for employees, 1980 and 1981.

Prepared audit of test year for Southwestern Electric Service Company's 1981 rate increase application to the Public Utility Commission of Texas.

**MARVIN B. MORGAN - CPA AND CONSULTING DETAIL**

**PAGE 3**

---

Charles D. Cooke, Owner of TCW Supply, a water utility company, Borger, Texas on settlement of Rate/Tariff Change Application with the Public Utility Commission of Texas, 1985.

Progreso Produce Company, Pasco, Washington on accounting system implementation, and training, 1992 to present.

United Water Supply Corporation, Irving, Texas on establishment of non-profit corporation, operations and analysis of proposed acquisitions, 1994 to 2000.

Sierra Power Company, L.C., Austin, Texas on complete accounting system setup, analysis, and training, 1993 to present.

Marshall's Traveland, Austin, Texas on evaluation of accounting procedures and recommendations on changes to improve efficiency, 1995.

Hobbs Gas Company, Hobbs, New Mexico on guidance through the remainder of a confiscatory order from the New Mexico Public Service Commission that would have bankrupted the company. Six million dollars in refunds had been ordered based upon erroneous information used by the commission. That order was vacated by the New Mexico Supreme Court.

Wells Land and Cattle Company, Quitman, Texas on accounting system setup, analysis of procedures, implementation and training, 1995.

Talon Services, Inc., Mesquite, Texas on evaluation and recommendations about utility company acquisitions, 1995-1997.

Woodcreek Country Club, Ltd., Wimberley, Texas on assistance with an application and obtaining a SBA Loan, 1996-1997.

Woodcreek Development, Ltd., Wimberley, Texas on obtaining a SBA loan, 1996-1997.

Income Tax Client, four years delinquent on personal income taxes. Required analysis and books adjusted to tax basis for two limited partnerships, one family limited partnership, a bankrupt "C" Corporation and an inactive "S" Corporation while holding the IRS at bay for the nine months it took to prepare 16 returns, only one of which was timely. Amended returns were necessary for three years prior to the first delinquent return for carrybacks. All losses were utilized as net operating losses to reduce taxes to zero. An IRS audit confirmed the treatment of the losses.

Progreso Produce Company, Pasco, Washington on evaluation of accounting system requirements, implementation, custom installation of Great Plains Dynamics, setup and employee training, 1997.

Woodcreek Country Club, LTD, Wimberley, Texas on accounting system evaluation, recommendation and installation of Great Plains Dynamics, setup and employee training, 1998.

**MARVIN B. MORGAN - CPA AND CONSULTING DETAIL**

**PAGE 4**

---

ASAP Moving Company, LLC., Austin, Texas on evaluation of accounting software requirements, installation, setup of Quick Books Pro, and employee training, 1998.

Windermere Utility Company, Austin, Texas on evaluation of overcharges from management company contract and preparation for testimony as expert witness, 1998.

Dogwood Estates Water Company, Athens, Texas on obtaining a SBA loan for construction improvements, 1999.

Texas Water Systems, Inc., Dallas, Texas on due diligence for prospective purchases, 1999.

Loch Highlands Estates, LLP, Arlington, Texas on accounting for development and sales of estate lots, 2000

Travis County Water Control and Improvement District No. 19, Austin, Texas on evaluation of wholesale rate study, annually since 2001

Windermere Utility Co., Inc., Pflugerville, Texas on negotiations for a purchased water contract, 2001.

Southwest Water Company, Los Angeles, California on various regulatory projects, rate reviews, and acquisition analysis, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009

ECO Resources, Inc., Austin, Texas on various wholesale rate studies, acquisitions and mergers, 2002, 2003, and 2004

Crystal Springs Water Company, Porter, Texas on financial ability to serve in Certificate of Convenience and Necessity area, 2003

Gunn & Whittington Development, Austin, Texas on rate analysis from supplier of wholesale sewer service, 2005

Barton Creek Water Supply Corporation, Austin, Texas on evaluation of wholesale water rate study, 2007

San Patricio Municipal Water District, Ingleside, Texas, on evaluation of wholesale water rates from the City of Corpus Christi, 2007, 2008, and 2009

South Texas Water Authority, Kingsville, Texas, on evaluation of wholesale water rates from the City of Corpus Christi, 2008 and 2009

Lloyd Gosselink Rochelle & Townsend, P.C. to assist with the firm's representation of a utility client, 2011

Travis County Water Control and Improvement District No. 10, Austin, Texas on a Rate Study and Annexation, 2011

**MARVIN B. MORGAN**  
**Certified Public Accountant**

**P. O. Box 1083 • Manchaca, Texas 78652 • (512) 346-8349**

---

**RATE/TARIFF CHANGE APPLICATIONS DETAIL**

Water Services South, Ronald May, Owner, San Antonio, Texas, 1987 and 1990.

Water Services, Inc., Ronald May, Owner, San Antonio, Texas, 1983, 1984, 1986, and 1989.

Kruger Water Works, Inc., Wayne Ferrell, Owner, Krugerville, Texas, 1987 and 1990.

Tawakoni Water utility Corporation, Harry K. Meyers, Jr., Owner, Quinlan, Texas, 1987 and 1988.

Alexa Enterprises, Inc., d/b/a Engel Utility Company, Fred Engel, Owner, Mabank, Texas, 1990.

Haskin Water Utility, Inc., Glen Haskin, Owner, San Antonio, Texas, 1987 and 1991.

Elm Valley Water Company, Raymond Lieck, Owner, San Antonio, Texas 1989 and 1992.

High Texas Water Corporation, Roy Brinson, Owner, Fritch, Texas, 1988.

Indian Hills Water Company, Ann Denbow and Richard Billings, Owners, Austin, Texas, 1987 and 1988.

Randolph Properties, a water utility, Jane Randolph, Owner, Austin, Texas, 1988.

Amberwood Utility, a utility owned by National Land Company, Humble, Texas, 1988 and 1995.

URLAUB, a water utility, James Urlaub, Owner, El Paso, Texas, 1987.

Douglas Utility Company, a water and sewer utility owned by Herbert Zebon, Houston, Texas, 1987.

Woodcreek Utilities, Inc., a water and sewer utility managed by Michael O'Brien for the Federal Deposit Insurance Corporation (FDIC), 1987 to 1993.

Buchanan Lake Village, Inc., and Silver Creek Village, Inc., Don Carter, Owner, Jonestown, Texas, 1987.

General Water Company, Inc., Al Jones and Richard Miller, Owners, San Antonio, Texas, 1987.

Steve Grove Utilities, Steve Grove, Owner, 1986.

Dogwood Estates Water Company, Athens, Texas, 1986, 1989, 1991, 1994 and 1999.

**MARVIN MORGAN - RATE/TARIFF CHANGE APPLICATIONS DETAIL    PAGE 2**

---

Willow Run Public Service, Inc., Harold Touchstone, Owner, Humble, Texas, 1984, 1985, and 1986.

Country Terrace Water Company, Inc., a water and sewer utility, Mae Bell Kaptchinskie, Manager, Highlands, Texas, 1986.

Clear Lakes Water System, J.C. Wells, Owner, Quitman, Texas, 1986 and 1991.

Willis Water Company, Joel Street, Owner, Gainesville, Texas, 1986, 1991 and 1993.

Kerrville South Water Company, Inc., Steve Howard, Owner, Kerrville, Texas, 1986, 1996, 2001 and 2005.

Community Water Company, Corsicana, Texas, 1984, 1985, 1991, 1994, 2000, and 2010.

Kayo Services, Inc., owned by Fox & Jacobs home builders, Houston, Texas, 1982 and 1983.

Day Water Company, Brownwood, Texas, 1983.

Cedar Bayou Water Supply Corporation, Pasadena, Texas, 1984.

Selkirk Island Utilities, Matagorda County, Texas, 1983.

Apache Shores Utility Company, Austin, Texas, 1984.

Western Waterworks, Inc., Jesse Graham, Owner, Fort Worth, Texas, 1983 and 1984.

Hobbs Gas Company, Hobbs, New Mexico, 1992.

Dessau Utility Company, Austin, Texas, 1994.

Woodcreek Utilities, Inc., Wimberley, Texas, 1996.

Lakeside Utilities, Canyon Lake, Texas, 1996.

Brewer Water Systems, Larry and Kelly Brewer, Owners, Vidor, Texas, 2000

Evergreen Park/Hickory Hills Water Systems, Vidor, Texas, 2000

Windermere Utility Co., Inc., Pflugerville, Texas, 2000 and 2006

Doucette Water System, Doucette, Texas, 2002

Lakewood Water Corporation, Grand Prairie, Texas, 2002

Lakeside Water Supply, Woodville, Texas, 2002

Northcrest Water System, Corsicana, Texas, 2002 and 2010

**MARVIN MORGAN - RATE/TARIFF CHANGE APPLICATIONS DETAIL** **PAGE 3**

---

Hood County Utilities, Granbury, Texas, 2003

Carrington Associates, Inc., Austin, Texas, 2003

Escondido Creek Estates Water System, Kingsville, Texas, 1992, 2004

Inverness Point Water System, Austin, Texas, 2004

Texas H2O Utility Systems, Mansfield, Texas, 2004, 2007, 2010, and 2012

Fall Creek Utilities, Granbury, Texas, 2004

Water Necessities, Inc., Vidor, Texas, 2004 and 2008

Blue Berry Hills Water Works, Beeville, Texas, 2005

TCW Supply, Borger, Texas, 2005

Kelly Brewer Water Systems, Vidor, Texas, 2006

PK-RE Development, Inc., Austin, Texas, 2006 and 2012

Mauka Water Ltd., Fort Worth, Texas, 2006

Johnson Water Systems, Kelly Brewer, Vidor, Texas, 2007

Huntington Utility Company, LLC, Austin, Texas, 2007

Diamond Water Company, Austin, Texas, 2007

Water Services, Inc., Austin, Texas, 2007

Canyon Springs Water Company, Canyon Lake, Texas, 2007

Hornsby Bend Utility, Austin, Texas, 2008

Texas Landing Utilities, Onalaska, Texas, 2009

CPN Water Works Company, Stephenville, Texas, 2010

Lake Ridge Water System, LP, Austin, Texas, 2013

Castle Water, Inc. d/b/a/ Horseshoe Bend Water Systems, 2014



**MARVIN B. MORGAN**  
Certified Public Accountant

P. O. Box 1083 • Manchaca, Texas 78652 • (512) 346-8349

---

**COMPUTER SYSTEMS SALES, INSTALLATION AND TRAINING  
DETAIL**

Steve Grove Enterprises, Canyon Lake, Texas, Utility Billing System

Kerrville South Water Company, Inc., Kerrville, Texas, Utility Billing System

Touchstone Utility Company, Inc., Humble, Texas, Accounting and Utility Billing Systems

Leisurewoods Water Company, Austin, Texas, Utility Billing System

General Water Company, Inc., San Antonio, Texas, Utility Billing System

Kruger Water Works, Inc., Krugerville, Texas, Utility Billing System

Travis County WCID #18, Austin, Texas, Accounting and Utility Billing System

Hi Texas Water Corp., Fritch, Texas, Utility Billing System

Water Services, Inc., San Antonio, Texas, Accounting System

Willis Water Company, Inc., Gainesville, Texas, Utility Billing System

Progreso Produce Company, Pasco, Washington, Accounting System, CYMA for DOS

Clear Lakes Water System, Quitman, Texas, Accounting and Utility Billing Systems

Sierra Power Corporation, Austin, Texas, Accounting System, CYMA for DOS

Progreso Produce Company, Pasco, Washington, Accounting System, Great Plains Dynamics

Woodcreek Country Club, Wimberley, Texas, Accounting System, Great Plains Dynamics

Sierra Power Ventures, LLC, Austin, Texas, Accounting System, CYMA IV for Windows

Horntech, LLC d/b/a The Lube Company, Austin, Texas, Accounting System, Quick Books Pro

Progreso Produce Company, Pasco, Washington, Accounting System, Quick Books Pro

Metro H2O, Austin, Texas, Accounting System, Quick Books Pro

**MARVIN B. MORGAN**  
**Certified Public Accountant**  
**P. O. Box 1083 • Manchaca, Texas 78652 • (512) 346-8349**

---

**PUBLIC SPEAKING AND SEMINAR PRESENTATIONS**

August 1987	Conducted a two hour seminar at the Texas Water Utilities Conference in Austin, Texas
September 1982	Gave a one and one-half hour presentation at a meeting of the Independent Water and Sewer Companies of Texas
October 1981	Presented two one and one-half hour seminars at the Fourth Annual Public Utilities Conference. Also assisted in the organization and planning of the conference.
November 1980	Presented a one and one-half hour speech and conducted a one and one-half hour workshop at the New Mexico State University Southwestern Water Utilities Conference
August 1977-April 1978	Gave one hour speeches to 16 one day workshops throughout the State of Texas sponsored by the Texas Association of Rural Water Companies. Also conducted a two hour workshop on each of the preceding evenings for the Texas A&M Engineering Extension Service during their operator schools.
March 1978	Speech to the Annual Meeting of the Texas Association of Rural Water Companies in Dallas, Texas
June 1978	Speech to Texas Section of the American Water Works Association of Austin, Texas, concerning utility regulation
November 1979	Speech to the Texas A&M West Texas Regional Water Utilities Short School in Lubbock, Texas
April 2007	Presentation on Record Keeping to TRWA Meeting in Austin, Texas
March 2010	Presentation on Regulation to TRWA Meeting in San Antonio, Texas

**MARVIN B. MORGAN**  
Certified Public Accountant

P. O. Box 1083 • Manchaca, Texas 78652 • (512) 346-8349

---

**BIOGRAPHY**

- Born Perryton, Texas, January 5, 1942, son of a plumber and electrician
- Graduated from Claude High School in Claude, Texas; involved in 4-H, Future Farmers of America and Boy Scouts of America
- Married 1962; two children born 1963 and 1968; two granddaughters, two grandsons
- Employed by USDA-ASCS in Armstrong County and Reeves County, Texas, 1963-1968
- Moved to Fort Worth in 1968; attended night school
- Graduated from Texas Christian University, 1974
- Certified as CPA February, 1975