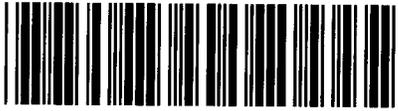




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SOAH DOCKET NO. 473-16-2873.WS
PUC DOCKET NO. 45570

PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF MONARCH § BEFORE THE STATE OFFICE
UTILITIES I, L.P. TO CHANGE RATES § OF
FOR WATER AND SEWER SERVICE § ADMINISTRATIVE HEARINGS

JOINT MOTION TO SEVER RATE CASE EXPENSE ISSUES

Monarch Utilities I, L.P. ("Monarch"), Public Utility Commission ("Commission") Staff, and Texans Against Monopolies' Excessive Rates ("TAMER") ("Joint Movants"), submit this joint motion to sever to a separate proceeding the issues related to the reasonableness of and recovery mechanism for rate case expenses incurred by Monarch in this docket. Office of the Public Utility Counsel ("OPUC"), an intervenor in this proceeding, does not oppose this motion.

In its application, Monarch requested, pursuant to 16 Tex. Admin. Code § 24.33, recovery of all reasonable and necessary rate case expenses it incurs in this case.¹ Monarch further reserved the right to request that a determination regarding rate case expense issues be severed to a separate proceeding, if such severance would serve the interest of efficiency and avoid the need to estimate and update rate case expenses before the expenses are finalized.² Severance is consistent with recent Commission precedent in the regulation of electric utilities.³ This course of action will also facilitate the efficient processing of this proceeding, as the parties will know at a relatively early point in this case how rate case expense issues will be handled, rather than devoting resources to the issues, only to have them severed at a later point, as has occurred in previous rate cases.

Several advantages in this case to the Commission considering rate case expenses in a separate proceeding include: 1) the elimination of the need for the parties to divert resources to

¹ Application of Monarch Utilities I, L.P. to Change Rates for Water and Sewer Service ("Monarch Application") at 4.

² *Id.*

³ In Docket No. 45414, Sharyland Utilities, L.P. (Sharyland) filed a motion to sever rate case expenses, which was not objected to by any party; Sharyland's rate case expenses were severed from the docket, and placed in Docket No. 45979. (Pending); In Docket No. 44941, El Paso Electric Company (EPE) filed a motion to sever issues regarding recovery of rate-case expenses from EPE's current base rate case and to place those issues into a separate docket. EPE argued in the motion that severance of the rate-case expense issues would promote judicial efficiency and prevent delay. Further, EPE took the position that no party would be unduly prejudiced by severance of the rate-case expense issues. No party filed a pleading in response to EPE's motion; SOAH granted the request and placed the rate case expenses into Docket No. 45475. (Pending).

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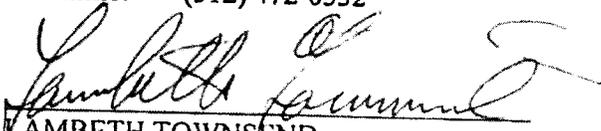
rate case expense issues during the pendency of the revenue requirements and rate design phases of the rate proceedings and 2) the allowance for the entirety of the expenses incurred by Monarch in the proceeding to be subject to review prior to inclusion in the recovery mechanism, thus reducing reliance on estimates of anticipated expenses.

In the interest of entertaining all possible avenues of settlement in this proceeding Joint Movants respectfully request that the ALJs refrain from issuing an order severing the rate case expenses from this docket until after the scheduled mandatory settlement conference on August 10, 2016. Joint Movants will notify the ALJs, within a reasonable time after the mandatory settlement conference, of the results of the negotiations and whether such severance is necessary.

Given the Commissions' recent precedent, the substantial advantages derived from severance, and the unanimous support for, or lack of opposition to, a separate proceeding to consider rate case expenses, a separate proceeding should be established and rate case expense issues determined in that separate proceeding. For the reasons explained herein, Monarch and Commission Staff respectfully request that the ALJ grant this joint motion to sever, and order such severance after the parties participate in the scheduled mandatory settlement conference on August 10, 2016.

Respectfully submitted,

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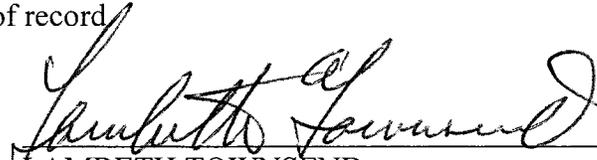
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CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of July, 2016, a true and correct copy of the foregoing document has been sent via facsimile, certified mail, return receipt requested, first class mail, or hand-delivered to all parties of record.


LAMBETH TOWNSEND