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APPLICATION OF MONARCH §
UTILITIES I, L.P. TO CHANGE RATES §
FOR WATER AND SEWER SERVICE §

2016 JUL 29 AM 11:34
BEFORE THE STATE OFFICE
PUBLIC UTILITY COMMISSION
ADMINISTRATIVE HEARINGS

**MONARCH UTILITIES I, L.P.'S OBJECTION TO KATHY NIELSEN'S
REQUEST FOR ALTERNATIVE TO PHYSICAL PRESENCE AT
SETTLEMENT CONFERENCE SCHEDULED FOR AUGUST 10TH, 2016**

Monarch Utilities I, L.P. ("Monarch") submits this its Objection to Kathy Nielsen's ("Nielsen") Request for Alternative to Physical Presence at Settlement Conference Scheduled for August 10, 2016 ("Request") and respectfully show as follows:

On March 28, 2016, the Administrative Law Judges ("ALJs") convened a prehearing conference wherein the parties and the ALJs discussed issues concerning notice, the effective date of the proposed rates, intervention of ratepayers, a deadline for intervention, the scheduling of a mandatory settlement conference, and a proposed procedural schedule. The ALJs also granted the request to intervene for 13 parties, including Kathy Nielsen.¹

Most importantly for purposes of this pleading, at the March 28, 2016, prehearing conference, the ALJs outlined the requirements for participation as a party, which it memorialized in SOAH Order No. 2. In that Order, the ALJs memorialized two specific requirements for participation, "(1) the filing of a statement of position or testimony; and (2) participation at the settlement conference," and stated that a "mandatory settlement conference" will convene in Austin, Texas at the SOAH offices located at the William P. Clements Office Building. The conference was originally scheduled for May 24, 2016, but because of the temporary abatement of the proceeding, the settlement conference was rescheduled for August 10, 2016 by the ALJs in SOAH Order No. 4 entered on July 1, 2016.

Alternative dispute resolution proceedings are valuable tools in the legal arena, allowing parties an opportunity to economically and efficiently resolve disputes and other barriers to mutual resolution. But, this process, especially in the world of complex utility ratemaking, requires parties to meet and work together to review and collaborate on proposals. The alternative dispute resolution process requires that parties have the ability to meet openly when

¹ Sixteen parties have been granted party status to date; SOAH Order No. 4 granted the intervention of three additional parties.

offering settlement terms, and at the same time meet privately with their advisors to consider and evaluate those terms. Productive settlement discussions require active and well informed parties that are present and able to work through detailed proposals.

While sympathetic to the financial and logistical concerns that Ms. Nielsen has raised in her Request, Monarch is truly motivated and determined to have a valuable and productive settlement conference. A fruitful settlement conference could potentially benefit not only Monarch, but its customers as well. With that goal in mind, Monarch is asking that all parties be present so as to create the most ideal environment for productive settlement discussions, in what is a complicated rate proceeding.

The parties to this proceeding, including Ms. Nielsen, were notified 40 days prior to the newly schedule mandatory settlement conference, providing ample time to make manageable travel arrangements. In addition to Ms. Nielsen, 13 other customers are parties to this proceeding, all of whom will have varying degrees of difficulty in making travel arrangements if they wish to continue as a party to this proceeding. If the ALJs make an exception for the requirement that the parties must be physically present at the mandatory settlement conference for Ms. Nielsen, it will be subject to more requests by other customer intervenors. This would place the benefit of a mandatory settlement conference, that is the economic resolution of all or some of the critical issues of the proceeding, in jeopardy.

If Ms. Nielsen is excused from being at the settlement conference, the ALJs would be effectively granting her complete veto power over any settlement agreement reached at the conference. Additionally, if Ms. Nielsen is allowed to participate telephonically, it would provide significant logistical issues, specifically regarding to the sharing of information and calculations that are discussed and/or created at the settlement conference, essentially eliminating any substantive participation by Ms. Nielsen and taking up valuable time having to determine how best to deliver information to Ms. Nielsen.

This proceeding concerns Monarch's application for of an overall increase in base revenues of \$4,455,593, which it has justified in its rate filing package that consists of over 240 schedules, as well as numerous workpapers, and responses to requests for information. This data is detailed and a review of this information for purposes of settlement negotiations would require significant input, and could not be simply done over the phone.


Monarch, Public Utility Commission Staff, and possibly other intervening parties will be physically present at the mandatory settlement conference with teams of experts and legal counsel to participate in meaningful and hopefully fruitful settlement discussions. Monarch intends to have available a team of individuals at the settlement conference, including a select group of Monarch staff and experts from Sugarland and California, all of whom will have had to make travel arrangements.

Monarch understands Ms. Nielsen's travel concerns, but wishes to raise this objection out of desire to ensure that the parties have the opportunity to have meaningful and fruitful settlement discussions. Allowing Ms. Nielsen to avoid participating in a manner that is consistent with the one in which the ALJs laid out at the prehearing conference, could provide a serious risk to obtaining an efficient and meaningful settlement, and would be unnecessarily preferential to one party, who like all of the parties has financial and logistical issues to address when attending the mandatory settlement conference.

Monarch respectfully requests that the ALJs deny Ms. Nielsen's request and preserve its requirements for participating in this proceeding as outlined in SOAH Order No. 2.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 29th 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.



WILLIAM A. FAULK, III

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