

Control Number: 45570



Item Number: 307

Addendum StartPage: 0

RECEIVED

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

2016 SEP -1 AM 11:45

PUBLIC UTILITY COMMISSION  
FILING CLERK

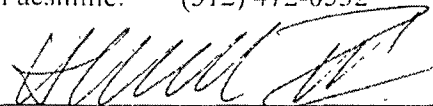
APPLICATION OF MONARCH § BEFORE THE STATE OFFICE  
UTILITIES I, L.P. TO CHANGE RATES § OF  
FOR WATER AND SEWER SERVICE § ADMINISTRATIVE HEARINGS

WORKPAPERS OF MONARCH UTILITIES I, L.P.'S WITNESS ROBERT L. KELLY

Monarch Utilities I, L.P.'s, ("Monarch") files the attached workpapers in support of Robert L. Kelly's Rebuttal Testimony pursuant to SOAH Order No. 4.

Respectfully submitted,

LLOYD, GOSSELINK,  
ROCHELLE & TOWNSEND, P.C.  
816 Congress Avenue, Suite 1900  
Austin, Texas 78701  
Telephone: (512) 322-5800  
Facsimile: (512) 472-0532



LAMBETH TOWNSEND  
State Bar No. 20167500

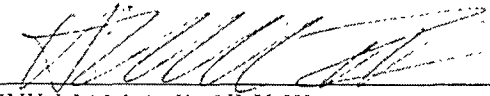
GEORGIA N. CRUMP  
State Bar No. 05185500

WILLIAM A. FAULK, III  
State Bar No. 24075674

ATTORNEYS FOR MONARCH UTILITIES I, LP

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of September, 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

East Shared Allocation  
 Rebuttal of Testimony of L.Guerrero Pg 19, Lines 17-21

Sending Cost Center	Cost	SMU	TK Wtr	TK Wtr	TK Wtr	Allocation Amount (SMU Wtr x Cost)	Allocation Amount (TK Wtr x Cost)	Allocation Amount (TK Wtr x Cost)	Total Allocated from Monarch to SMU & TK
East Shared 30200301	(543,303)	0.20%	1.19%	1.07%	1.07%	(1,087)	(6,465)	(5,786)	(13,338)
Conroe Shared 30200097	(1,650,083)	0.78%	0.00%	0.00%	0.00%	(12,786)	-	-	(12,786)
Benbrook Shared 30200095	(1,493,509)	0.00%	0.00%	0.00%	0.00%	-	-	-	-
Mabank Shared 30200096	(1,374,950)	0.00%	0.00%	0.00%	0.00%	-	-	-	-
Pottsboro Shared 30200094	(540,535)	0.00%	7.65%	6.85%	6.85%	(13,875)	(41,351)	(37,000)	(78,351)
	(5,502,378)					(13,875)	(47,816)	(42,786)	(104,477)

Monarch's Actual Monarch East\*  
 % Allocated to Tenkiller Wtr  
 % Allocated to Tenkiller Wtr  
 Weighted Average Allocation to TK

(47,816)	0.85%
(42,786)	0.76%
(90,602)	1.62%

Weighted Average Allocation to SMU  
 Weighted Average Allocation to SMU & TK

(13,875)	0.25%
(104,477)	1.62%

Staff's Calculation of Monarch East  
 % Allocated to Tenkiller Wtr  
 % Allocated to Tenkiller Wtr  
 Staff's Allocation to TKUC

(99,162)	1.77%
(88,518)	1.58%
(187,680)	3.35%

Staff's Allocation to SMU

(11,205)	0.20%
----------	-------

Staff's East Shared Allocation\*

(198,684)	3.55%
-----------	-------

Variance of Actual to Staff's

Calculation of Monarch East

% Allocated to Tenkiller Wtr

% Allocated to Tenkiller Wtr

Weighted Average Allocation to TK

Weighted Average Allocation to SMU

Weighted Average Allocation to SMU & TK

(51,346)	0.92%
(45,732)	0.82%
(97,078)	1.73%

2,670	-0.05%
-------	--------

(94,408)	1.69%
----------	-------

\*Monarch allocates using a weighted average thereby allocating only to utilities who benefit from those specific costs. Staff did not use a weighted average.

West Shared Allocation  
 Rebuttal of Testimony of L. Guerrero Pg 20 Lines 1-7

Sending Cost Center	Cost	Mon Wtr	Mon WW	Allocation Amount (Mon Wtr x Cost)	Allocation Amount (Mon WW x Cost)
West Shared 2000201	816,488	14.36%	0.54%	117,207	4,409
Austin Ops Shared	1,263,546	13.65%	0.00%	172,474	
San Antonio Ops Shared	809,007	18.65%	3.81%	150,880	30,823
	<u>2,889,041</u>			<u>440,561</u>	<u>35,232</u>

Monarch's Actual Monarch, West\*\*

% Allocated to Mon Wtr	440,561	15.25%
% Allocated to Mon WW	35,232	1.22%
Weighted Average Allocation to Mon	<u>475,793</u>	<u>16.47%</u>

Staff's Calculation of Monarch West

% Allocated to Mon Wtr	447,801	15.5% *
% Allocated to Mon WW	43,336	1.5% *
Total Allocation to Mon	<u>491,137</u>	<u>17.00% **</u>

Variance of Actual to Staff's

Calculation of Monarch West		
% Allocated to Mon Wtr	7,241	0.25%
% Allocated to Mon WW	8,103	0.28%
Total Variance	<u>15,344</u>	<u>0.53%</u>

\* Staff cites 15.55 for water and 1.45 for sewer as the correct allocation to Monarch but her calculation used 15.5 and 1.5 for water and sewer respectively.  
 \*\*Monarch allocates using a weighted average thereby allocating only to utilities who benefit from those specific costs. Staff did not use a weighted average.

TXUC MGMT Allocation  
 Rebuttal of Testimony of L.Guerrero Pg 19, Lines 12-16

	Mon Wtr	Mon Wtr	Total Monarch	Allocated to Mon Wtr	Allocated to Mon Wtr	Total Allocated to Mon
Total TXU Management Fee (Per Staff)	46.940000%	7.430000%	54.370000%	2,592,206.98	410,313.12	3,002,520.10
Total TXU Management Fee (Per Monarch*)	46.940015%	7.432293%	54.374308%	2,592,207.82	410,550.21	3,002,758.03
Difference	-0.000015%	-0.004293%	-0.004308%	(0.84)	(237.09)	(237.93)

\*Rounding difference

WP-RLK-1R

L. Guerrero's Table 8 - Staff's Calculation of SWWC's Allocated Costs for Monarch

SHARED COSTS (W=water, S=sewer)	Sub-Totals	Total Amount
TXU Management Fee [46.94% (W) + 7.43% (S) = 54.37% x \$5,522,384 = \$3,002,520]		\$3,002,520
East Shared Services allocated to: (from Monarch)		
Tenkiller Utilities <sup>38</sup> [1.77% (W) + 1.58% (S) = 3.35% x \$5,602,378 = \$187,680]	(\$187,680)	
SWWC (0.20% x \$5,602,378 = \$11,205)	(\$11,205)	(\$198,885)
West Shared Services' [15.55% (W) + 1.45% (S) = 17% x \$2,889,041 = \$491,137]		\$491,137
<b>Total costs allocated for Monarch</b>		<b>\$3,294,772</b>
Less:		
Pro-forma Adjustments	(\$300,244)	
K & M Adjustments	(\$110,622)	(\$410,866)
Staff calculation - Monarch's share of SWWC's Costs		\$2,883,906
Less: Amount allocated for Monarch per application		(\$3,074,113)
<b>Staff recommended adjustment to reduce SWWC's allocated cost for Monarch</b>		<b>(\$190,207)</b>

See East Shared Rebuttal

See West Shared Rebuttal

A. The (\$110,622) should be excluded from this table because the adjustment is already in the \$3,074,113 filed by Monarch.