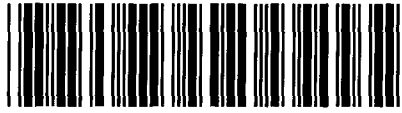




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Item Number: 319

Addendum StartPage: 0

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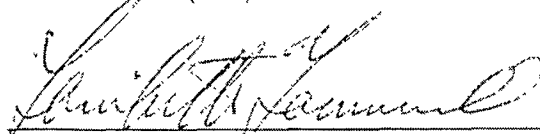
APPLICATION OF MONARCH	§	PUBLIC UTILITY COMMISSION
UTILITIES I, L.P. TO CHANGE RATES	§	BEFORE THE STATE OFFICE
FOR WATER AND SEWER SERVICE	§	OF
		ADMINISTRATIVE HEARINGS

MONARCH UTILITIES I, L.P.'S ERRATA NO. 16
TESTIMONY OF CRAIG GOTT

Monarch Utilities I, L.P.'s ("Monarch") files the attached errata to the rebuttal testimony of Craig Gott. The errata to Mr. Gott's rebuttal testimony is attached as page 6, and should be substituted for the original page 6 within Mr. Gott's rebuttal testimony. The errata revises testimony on page 6, lines 1 through 19, and adds Errata Attachment CDG-2R.

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 8th 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.



LAMBETH TOWNSEND

1 Monarch purchased TECON in 2004. TECON's practice was to enter into
2 contracts with developers and have them advance funds for the construction of
3 facilities at the time of their construction. TECON would capitalize these assets and
4 record a corresponding value in a developer liability (Advance) account that offset
5 (reduced) rate base. TECON accumulated these investments by NARUC account.
6 These line items were added to Monarch's capital asset registry in July 1, 2004, at the
7 time of the acquisition of TECON, and Monarch used the description provided by
8 TECON—"CIAC/Advance." As part of the agreement TECON would repay
9 developers when customers were connected to the system. These repayments to
10 developers represent the amounts TECON invested in this plant. At the end of the
11 contract period the residual unreimbursed developer liability was re-classed to CIAC
12 that also offset (reduced) rate base. See Errata Attachment CDG-2R, which is a
13 demonstration of how this accounting was done.

14 Monarch has satisfied its burden of proof that all plant is used and useful and
15 in service through the affidavit and testimony of Bret Fenner. Commission Staff
16 never submitted discovery requests regarding "CIAC/Advances." Ms. Graham has
17 provided no true basis for writing it off. To the extent that plant was contributed to
18 TECON, the offsetting CIAC has been recorded and has reduced rate base, and
19 customers are not unfairly burdened. To the extent that plant and CIAC were
20 recorded prior to October 15, 2002, it has already been accepted as rate base by
21 TCEQ.

22 Because these line items represent used and useful investments to plant, they
23 should be included in Monarch's rate base, and there is absolutely no basis for Ms.
24 Graham's disallowances, or to use Ms. Graham's term "eliminations."

Errata Attachment CDG-2R

Step	Description	Cash	Plant	Developer Liability (Advances)	CIAC
1	Developer pays Company (TECON) to build assets and Company agrees to reimburse developer an agreed amount for each new connection for 5 years		100,000	(100,000)	
2	Year 1 - repay developer	(30,000)		30,000	
	Year 2 - repay developer	(20,000)		20,000	
	Year 3 - repay developer	(15,000)		15,000	
	Year 4 - repay developer	(5,000)		5,000	
	Year 5 - repay developer	(5,000)		5,000	
3	Subtotal at Contract end	(75,000)	100,000	(25,000)	0
4	Reclass residual Advance to CIAC			25,000	(25,000)
5	Total		100,000	0	(25,000)