



Control Number: 45570



Item Number: 321

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

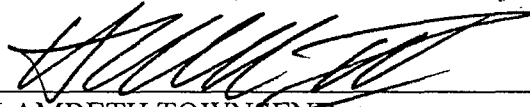
**MONARCH UTILITIES I, L.P.'S RESPONSES TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

To: Office of Public Utility Counsel, by and through its attorney of record, Christiaan Siano, Assistant Public Counsel, 1701 North Congress Avenue, Suite 9-180, P. O. Box 12397, Austin, Texas 78711-2397.

Monarch Utilities I, L.P. ("Monarch") files its Responses to the Office of Public Utility Counsel's ("OPUC") Eighth Requests for Information received September 2, 2016. This response is timely filed. This response may be treated by all parties as if it were filed under oath.

Respectfully submitted,

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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 hand-delivered., sent via facsimile, e-mail, or first class mail to all parties of record:

  
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WILLIAM A. FAULK, III

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

**MONARCH'S RESPONSES TO OPUC'S EIGHTH REQUESTS FOR INFORMATION**

**OPUC RFI 8-1:**      **Reference Kelly Rebuttal, page 12, admit or deny that it is Mr. Kelly's position that Cost Allocation Manual updates cannot occur until there is a California rate filing. If admit, provide reference to Texas regulatory ruling, law, regulation or other authority that states this requirement. If deny, provide an explanation as to how and when there would be any updates to cost allocation factors if allocation factors must be based on those currently used in all other jurisdictions.**

**RESPONSE:**      Neither admitted nor denied. The Cost Allocation Manual is currently based on authorized allocations in California because there is no other cost allocation precedent elsewhere in any of the other jurisdictions where SouthWest operates, including Monarch. Furthermore, for the near-term California cost allocation methodologies may remain dominant simply because of the timing of rate filings because California precedes Monarch scheduling-wise. California and Monarch may both be on three-year schedules if Monarch's three-year rate phase-in is approved, with California cases preceding Monarch, again, making California the dominant jurisdiction simply by virtue of its comparative filing schedule. However, that situation could change if for any reason Monarch's filing timeline is either elongated or shortened with the resulting in Monarch's cases possibly preceding California, with the result possibly being that consideration would be given to adopting Monarch Cost Allocation Manual assumptions uniformly through SWWC.

Prepared by:            Robert Kelly  
Sponsored by:         Robert Kelly

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**OPUC RFI 8-2:**     **Reference Kelly Rebuttal, page 12, admit or deny that the California regulatory body requires that the allocation of corporate overhead to Suburban match that which is used on all other jurisdictions. If admit, provide supporting documentation. If deny, provide an explanation as to why Texas should be held to such a standard.**

**RESPONSE:**        Denied. Texas should maintain symmetry with other jurisdictions in order to ensure Monarch customers bear their fair share of SWWC allocated costs.

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Sponsored by:        Robert Kelly

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**OPUC RFI 8-3:**      **Reference Kelly Rebuttal, page 12, provide a reference to any Texas regulatory ruling, statute, or other authority, that states that a utility serving multiple states should be made whole by Texas ratepayers in costs assigned to other state jurisdictions. Include a copy of any documents identified in response to this question.**

**RESPONSE:**      Re Gulf States Utilities Company, Docket Nos. 8702 et al., 17 Tex PUC Bull 703, Texas Public Utility Commission, May 2, 1991, copy of decision attached as Attachment OPUC 8-3.

Excerpt:

The examiners recommend that the Commission approve GSU's methodology for allocating production and transmission tie-line facilities among jurisdictions, which is virtually the same methodology that the Commission has approved for GSU since 1976. Although the examiners recommend changing this methodology for allocating Texas retail costs, they recommend approving this methodology for the jurisdictional cost-of-service because it is used by Louisiana and FERC. The examiners agree with GSU witness Mr. Howell that using a consistent allocation methodology among jurisdictions for jurisdictional separations is essential. If different jurisdictions use different methods in allocating jurisdictional costs, a potential exists for under-or over-recovery of the total Company's revenue requirement.

The Commission also recognized the need for interjurisdictional consistency in Docket No. 7195, reasoning that the potential for revenue erosion caused by using different methodologies was in itself sufficient reason to accept the A&E-MDD methodology for allocating production and tie-line transmission plant among jurisdictions.

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**OPUC RFI 8-4:** Reference Kelly Rebuttal, page 13, lines 3-4, admit or deny that Mr. Kelly's statement that the cost allocation methodologies should maintain symmetry is referring only to the methodology and not to the vintage of the data used in the methodology. If deny, provide an explanation.

**RESPONSE:** Denied. In order to maintain symmetry and equity among customers in various jurisdictions, allocations must be completely consistent, including vintage of data used.

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**OPUC RFI 8-5:** Reference Kelly Rebuttal, page 13, lines 8-14, admit or deny that inclusion of customer counts as one of the components in a four-factor composite allocation factor previously required by the CPUC would have resulted in a composite corporate overhead allocation for Suburban that was notably greater than the one adopted by the CPUC. If admit, provide the four-factor composite allocation factor originally proposed. If deny, provide an explanation.

**RESPONSE:** Neither admitted nor denied. CPUC Application 14-02-004 did not consider the four factor method of allocation.

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**OPUC RFI 8-6:**       Reference Kelly Rebuttal, page 13, lines 21-22 and page 14, lines 1-13; admit or deny that Mr. Kelley's reference to the Order on Rehearing in PUC Docket No. 43695 is based on his understanding that the findings in this docket dictate that jurisdictional cost allocation factors must be exactly as computed in all other jurisdictions. If deny, provide an explanation.

**RESPONSE:**       Denied. The findings are fact-based to the particular situation of SPS. Nevertheless, the findings strongly favoring consistent allocation across jurisdictions are convincing and strongly worded.

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**OPUC RFI 8-7:**      **Reference Kelly Rebuttal; page 14, footnote 10, admit or deny that is it Mr. Kelly's understanding of the findings in PUC Docket No. 43695 were based on SPS proposing to use vintage information for Texas without updating the corresponding information for New Mexico in developing certain jurisdictional cost allocation factors. If deny, provide a detailed explanation of his understanding of the Order on Rehearing as it refers to jurisdictional cost allocations.**

**RESPONSE:**      Denied. Only a portion of the findings in PUC Docket No. 43695 were based on inconsistent application of vintage information. For example, the issue of allocation of costs related to "Account 923 – Outside Services: Legal and Contributions and Dues" was resolved in favor of consistent allocation among jurisdictions and did not involve vintage information.

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**OPUC RFI 8-8:**      **Reference Kelly Rebuttal, page 14, footnote 10, admit or deny that the Order on Rehearing in PUC Docket No. 43695, FoF 27A ordered that SPS use the jurisdictional allocation factors based on actual test-year data. If deny, provide an explanation.**

**RESPONSE:**      Neither admitted nor denied. The Commission denied a test year adjustment for loss of Golden Spread's load but did not state its ruling as to other test year adjustments, that impacted allocation factors proposed by SPS.

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Sponsored by:      Robert Kelly