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ATTACHMENTS

Attachment DL-1	Resume of Debi Loockerman
Attachment DL-2	List of Previous Testimonies

1 **I. INTRODUCTION OF WITNESS**

2 **Q. Please state your name and business address.**

3 A. Debi Loockerman, 1701 North Congress Avenue, Austin, Texas 78711.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the Public Utility Commission of Texas (Commission) as the director
6 of water rates analysis in the Water Utility Regulation Division.

7 **Q. What are your principal responsibilities?**

8 A. My responsibilities include managing the accounting/finance personnel, analyzing rate
9 applications appeals, reviewing annual report filings, preparing and reviewing written or
10 oral testimony, making recommendations on regulatory issues with respect to the
11 financial regulation of water and sewer utilities, and managing new rules and forms
12 creation in the division for rate related matters. I also review financial/managerial
13 recommendations on certificate of convenience and necessity applications and sale,
14 merger, transfer applications.

15 **Q. Please state briefly your educational background and professional experience.**

16 A. I received a Bachelor of Business Administration degree with a major in accounting from
17 the University of Texas at Austin in 1984. I have worked in water and sewer rate
18 regulation for over 20 years in Texas. I am a Certified Public Accountant (CPA) licensed
19 in the State of Texas. I have reviewed numerous costs of service for Texas water and
20 sewer utilities, as reflected in my resume. I have accounting experience in public

1 practice, the water industry, and state government. Attachment DL-1 is a copy of my
2 resume.

3 **Q. Have you previously testified before the Commission?**

4 A. Yes. Attachment DL-2 is a list of my previous testimonies.

5 **II. PURPOSE OF TESTIMONY**

6 **Q. What is the purpose of your testimony in this proceeding and in connection with**
7 **other testimony?**

8 A. The purpose of my testimony is to support the Unanimous Stipulation and Settlement
9 Agreement (Stipulation) that Monarch Utilities I, L.P. (the Company or Monarch) and the
10 parties have reached in this proceeding.
11

12 **Q. What is the basis of your recommendation?**

13 A. The basis of my recommendation includes my review of the application, testimony
14 provided on behalf of staff and the Company, and review of supporting documentation
15 provided in the settlement process. The employees I supervise include Leila Guerrero and
16 Emily Sears who have provided testimony and verified the accuracy of schedules in the
17 application and reviewed expenditure categories for reasonableness and necessity.

18 **Q. What are the standards that you are using to make your determination concerning**
19 **the overall reasonableness of the Stipulation?**

20 A. The standards that I am using include Tex. Water Code Ann. Chapter 13, (TWC), and 16
21 Tex. Admin. Code §24.31 (a-c) (TAC) which state:

22 "Rates are based upon a utility's cost of rendering service. The two components of cost of
23 service are allowable expenses and return on invested capital. Only those expenses that

are reasonable and necessary to provide service to the ratepayers may be included in allowable expenses. The commission shall allow each utility a reasonable opportunity to earn a reasonable rate of return, which is expressed as a percentage of invested capital and shall fix the rate of return in accordance with the principles included in the substantive rules.”

III. DISCUSSION OF THE STIPULATION

Q. What are some of the benefits of the Stipulation?

A. The Stipulation includes among its major benefits the following:

- It provides rates that are less than Monarch’s requested rates;
- It results in rates that allows Monarch to recover its reasonable and necessary costs to provide retail water and sewer service;
- It establishes Monarch’s rate base ;
- It resolves the regulatory treatment of the gain on sale of the Blue Mound and Midway systems and shares the gain on the sale with the customers by providing a refund or credit on the customers’ bills for a total of \$1.5 million;
- It provides that the cost of rate case expense will be subsumed within the gain on sale proceeds that Monarch received from the sale of its Blue Mound and Midway systems assets; and
- It contains a stay-out provision until February 29, 2019.

Q. What are the primary terms of the Stipulation not previously listed?

A. The Stipulation includes the following terms:

Water Rates

Meter Size	Monthly Minimum Charge (Includes 0 gallons)	Gallage Charge
5/8”	\$49.30	\$7.47 per 1,000 gallons from 0 to 2,000 gallons \$9.20 per 1,000 gallons from 2,001 to 10,000 gallons \$10.43 per 1,000 gallons from 10,001 to 20,000 gallons
3/4”	\$73.95	
1”	\$123.25	

1½"	<u>\$246.49</u>	\$11.11 per 1,000 from 20,001 and thereafter
2"	<u>\$394.38</u>	
3"	<u>\$739.47</u>	
4"	<u>\$1,232.44</u>	
6"	<u>\$2,464.89</u>	
8"	<u>\$3,943.82</u>	

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Sewer Rates

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	<u>\$75.26</u>	\$2.64 per 1,000 gallons (winter's months average)
3/4"	<u>\$112.90</u>	
1"	<u>\$188.16</u>	
1½"	<u>\$376.31</u>	
2"	<u>\$602.11</u>	
3"	<u>\$1,128.95</u>	
4"	<u>\$1,881.58</u>	
6"	<u>\$3,763.18</u>	
8"	<u>\$6,020.97</u>	

- 4 • Establishment of total invested capital based on the following components:

5

Original Cost of Utility Plant	\$128,166,141
Accumulated Depreciation	(\$40,957,108)
Net Plant	\$87,209,033
Other Rate Base Items	(\$5,203,320)
Total Invested Capital	\$82,005,713

6

- 7 • Establishes that Monarch's should be allowed to record interest during construction at
8 Monarch's actual cost of debt (allowance for funds used during construction) and that no
9 other Commission approved carrying charge, or specified return on equity, is needed or
10 authorized as a result of this proceeding;

- 11 • Establishes the depreciation rates upon issuance of the order.

1 **Q. Are the terms of the Stipulation fair and reasonable?**

2 A. Yes, in my opinion the implementation of the terms in the Stipulation results in a fair and
3 reasonable outcome for the affected stakeholders in terms of rates. Based upon my
4 review, the Stipulation contains rates that are within a reasonable range of likely results
5 produced from continued full litigation. It is also my opinion that a fully litigated docket
6 may produce an outcome, including rate case expense, less favorable to stakeholders.

7 **IV. RECOMMENDATION**

8 **Q. What is your recommendation regarding the Stipulation?**

9 A. I recommend that the Commission find that the terms of the Stipulation are in the public
10 interest and adopt the Stipulation.

11 **Q. Does this conclude your testimony?**

12 A. Yes.