



Control Number: 45570



Item Number: 409

Addendum StartPage: 0

Kenneth W. Anderson, Jr.
Commissioner

Brandy Marty Marquez
Commissioner

Brian H. Lloyd
Executive Director



Greg Abbott
Governor

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Public Utility Commission of Texas

TO: Kenneth W. Anderson, Jr., Commissioner
Brandy Marty Marquez, Commissioner

All Parties of Record

FROM: Irene Montelongo
Director, Docket Management

RE: **Open Meeting of August 17, 2017**
PUC Docket No. 45570
SOAH Docket No. 473-16-2873.WS – Application of Monarch Utilities I, LP for Authority to Change Rates

DATE: August 8, 2017

On July 19, 2017, a Proposed Order in the above-referenced docket was issued. The Commission is currently scheduled to consider this docket at an open meeting to begin at 9:30 a.m. on Thursday, August 17, 2017, at the Commission's offices, 1701 North Congress Avenue, Austin.

On July 31, 2017, Monarch Utilities I, L.P., Commission Staff, and Office of Public Utility Counsel (collectively, parties) filed a joint request for corrections to the Proposed Order.

The parties requested that certain corrections to Attachment C be made because, at the time of inclusion with the Proposed Order, certain conditions were not achievable from a software and accounting perspective. The parties included a redlined version of Attachment C to be substituted for that included with the Proposed Order. From a review of the redlined Attachment C, the administrative law judge (ALJ) discovered that the 13th bullet may contain an error in that it is lacking a word, or perhaps contains wording that is not necessary. For that reason, the ALJ declines to make the substitution requested at this time. If after reviewing the 13th bullet, the parties find it is accurate, a clean copy of Attachment C should be filed to make the substitution.

The parties also requested that finding of fact 49 be revised to include all of the language set forth by the parties in their proposal detailing the contents of Attachment B to the agreement. Attachment B is a voluminous document and was not attached to the Proposed Order. The ALJ would clarify that finding of fact 49 and finding of fact 50, include the language the parties had initially proposed. The description the parties had provided was lengthy and the ALJ felt that splitting the description into two findings improved readability. The ALJ finds the revisions to finding of fact 49 and the addition of the table requested by the parties are not necessary.

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SOAH DOCKET NO. 473-16-2873.WS

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APPLICATION OF MONARCH
UTILITIES I, L.P. TO CHANGE
RATES

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PUBLIC UTILITY COMMISSION
OF TEXAS

PUBLIC UTILITY COMMISSION
FILING CLERK

**JOINT REQUEST FOR CORRECTIONS TO
THE COMMISSION'S PROPOSED ORDER**

Monarch Utilities I, L.P. ("Monarch"), the Public Utility Commission of Texas ("Commission") Staff, and the Office of Public Utility Counsel ("OPUC") (collectively, "Movants") file this Joint Request for Corrections to the Commission's Proposed Order issued on July 19, 2017 ("Proposed Order").

I. BACKGROUND

On February 29, 2016, Monarch filed its application to change rates for water and sewer service ("Application"). On March 3, 2016, the Commission referred the Application to the State Office of Administrative Hearings ("SOAH"). On September 7, 2016, the hearing on the merits began and continued until Friday, September 9, 2016. On September 9, 2016, before the conclusion of the hearing on the merits, all parties to the proceeding reached a unanimous settlement agreement and reported to the ALJs that the parties agreed on the terms of the settlement. On June 29, 2017, Monarch filed the Unanimous Stipulation and Settlement Agreement with Agreed Tariffs and Joint Proposed Final Order ("Stipulation"), which was entered into by the Movants to effectuate the terms of the unanimous settlement agreement. In conjunction with the filing of the Stipulation, the Movants filed a Joint Motion to Admit Evidence and Remand the Proceedings to the Commission, which was granted by the ALJs in SOAH Order No. 10, issued on June 30, 2017.

On July 19, 2017, the Commission notified the Movants that the Proposed Order would be considered at the August 17, 2017 Open Meeting, and that "the parties shall file corrections and exceptions to the Proposed Order on or before Wednesday, August 9, 2017." After reviewing the Proposed Order as compared to the Joint Proposed Final Order that was provided in the Stipulation, conferring between the Movants, and examining Monarch's software limitations as it relates to implementing certain terms contained within the Stipulation, the Movants determined that it was necessary to present corrections to the Proposed Order.

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Pursuant to the Commission's July 19, 2017 correspondence to the Movants, this request is timely filed.

II. REQUESTED CORRECTIONS

A. Corrections to Attachment C to the Proposed Order

Pursuant to the Stipulation, Movants agreed that Monarch should refund \$1,500,000, which is a portion of the gain received from the sale of its Blue Mound and Midway system assets, to Monarch ratepayers based on the agreed refund schedule and conditions, attached as Attachment C to the Stipulation. The Commission included Attachment C in its Proposed Order, referencing it in Finding of Fact No. 58 and Ordering Paragraph No. 4 of the Proposed Order. During its evaluation of the Proposed Order, Monarch conferred with its internal staff and determined that certain conditions included in Attachment C were not achievable from a software and accounting perspective. To ensure that the spirit of the Stipulation, and the terms of Attachment C, could be upheld, the Movants determined that certain corrections to Attachment C were necessary. Movants request that the redline changes attached hereto, labeled "Corrected Attachment C," be made to Attachment C to the Proposed Order, and upon consideration be adopted by the Commission in its Final Order.

B. Corrections to Finding of Fact No. 49 in the Proposed Order

Included in the Joint Proposed Final Order presented by Movants was a discussion of Attachment B to the Stipulation, which consists of three schedules, titled Invested Capital, Accumulated Depreciation Detail, and Adjusted Assets, respectively, all totaling roughly 300 pages. The Movants elected not to propose that the entirety of Attachment B to the Stipulation be included in the Commission's Final Order, but did include language in the Joint Proposed Final Order detailing the contents of the attachment. The Commission in its Proposed Order elected not to adopt all of Movants' language concerning Attachment B in the Proposed Order. During its evaluation of the Proposed Order, Movants determined that a table concerning invested capital (rate base) would be appropriate for inclusion in the Proposed Order to be considered by the Commission. Therefore, the Movants request the following changes be made to Finding of Fact No. 49 in the Proposed Order, and upon consideration, be adopted by the Commission in its Final Order:

49. The signatories agree that approval of total invested capital (rate base) as of June 30, 2015, in the amount of \$82,005,713 is reasonable and in the public interest. ~~Monarch's rate base including \$87,209,033 of net plant, is reasonable~~

and in the public interest, delineated in more detail in Attachment B to the agreement, consists of the following:

Original Cost of Utility Plant	\$	128,166,141
Accumulated Depreciation	\$	(40,957,108)
<i>Net Plant</i>	\$	87,209,033
<i>Other Rate Base Items</i>		
Working Cash Allowance	\$	437,580
Other Prepayments	\$	58,199
Materials and Supplies	\$	352,108
Customers Deposits	\$	(576,101)
Contributions in Aid of Construction	\$	(4,907,869)
Customer Advances for Construction	\$	(567,237)
Total Other Rate Base Items	\$	(5,203,320)
<u>Total Invested Capital</u>	\$	82,005,713

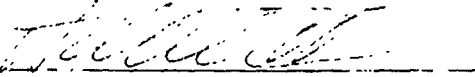
The signatories further agree to the depreciation rates set out in the depreciation schedule, which are to be consistently applied as described in Attachment B to the agreement. Monarch will use those rates for both regulatory accounting and other regulatory purposes unless the rates are altered by a subsequent order. No specified return on equity is needed or authorized as a result of this proceeding.

III. PRAYER

Movants request that (1) the corrections presented in this motion be made to the Commission's Proposed Order; (2) that the corrected Proposed Order be presented for consideration by the Commission at its August 17, 2017 Open Meeting; (3) that the Commission adopt the corrected Proposed Order at its August 17, 2017 Open Meeting; and (4) that Movants be granted any further relief that they may be justly entitled.

Respectfully submitted.

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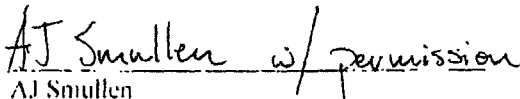
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CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of July, 2017, 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

**Corrected Attachment C
MONARCH GAIN ON SALE REFUND**

1. Monarch shall refund \$1,500,000 to retail customers over one year beginning no later than 45 days from the entry of the Commission's Order
2. For the purpose of calculating the refund amount, there are 22,762 water customers and 3,650 sewer customers, for a total of 26,412 customers
3. The refund amount is \$4.73 per month and will be credited to customer bills
4. Water only customers will be credited \$4.73 per month
5. Sewer only customers will be credited \$4.73 per month
6. Water and sewer customers will be credited \$9.46 per month
7. The credit will be identified on the bills as "Gain on Sale Refund" and a bill message on the first bill will describe the refund process
8. For customers with active accounts on the date of the Commission's Order, bill credits will begin no later than 45 days after the Commission's Order
9. Refunds will continue for twelve consecutive months
10. At the end of ~~twelve months~~ the refund period, the amount refunded to customers shall be reported to the Commission
11. A final true-up refund credit (or charge, if the refund exceeds \$1,500,000) will be made based on the total amount refunded
12. The true up payment on the gain on sale refund (or charge) will be 90 days from the customer's last ~~bill in month twelve~~ refund. Monarch will need 30 days for the bill to be past the delinquent due date, then 30 days for accounting to finalize the amount refunded, and then 30 days to program the refund (or charge)
13. A ~~new customer account~~ (after the Commission's Order) must be active for the ~~entire billing period~~ to receive the refund credit and ~~the new customer would receive less than twelve bill credits~~
- ~~Delinquent customers' amount due to restore service will not be netted against the monthly refund credit~~
- ~~Monthly~~ Refund credits will end when a customer moves out ~~or is disconnected~~ from the system
- All retail customers, except those within the city limits of the City of Buda, City of Ivanhoe, and City of Kyle, are eligible to receive the refund
- Monarch may, at its sole discretion, pay any remaining refund balance at any time before the end of the one year period