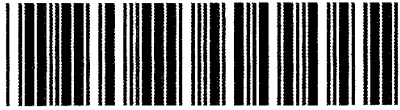




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SOAH DOCKET NO. 473-16-2873.WS
PUC DOCKET NO. 45570

APPLICATION OF MONARCH
UTILITIES I, LP FOR AUTHORITY TO
CHANGE RATES

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§
§

STATE OFFICE OF
PUBLIC UTILITY COMMISSION
ADMINISTRATIVE PROCEEDINGS

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**COMMISSION STAFF'S
RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS**

Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files its Recommendation on Administrative Completeness. In support of its Recommendation on Administrative Completeness, Staff states the following:

I. Background

Monarch Utilities I, LP (Monarch Utilities) initiated this proceeding for Commission approval of a proposed increase in rates. In sum, Monarch Utilities requests Commission approval of an overall increase of its revenue requirement by \$4,787,169, or approximately 18.66% above its adjusted test year revenues. Monarch Utilities proposes that this increase will be done in three phases starting in April 2016 and ending in April 2018.

II. Staff's Recommendation

The Commission's substantive rules require rate change applications to be reviewed for administrative completeness. The Commission's substantive rules state:

Notice of rate/tariff change; report of sale, acquisition, lease, rental, merger, or consolidation; and sale, assignment of, or lease of a certificate; and applications for certificates of convenience and necessity shall be reviewed for administrative completeness within thirty calendar days of receipt of the application.¹

Staff has reviewed Monarch Utilities' rate change application and accompanying documents, and Staff recommends that the application be deemed administratively complete.² As previously

¹ 16 Tex. Admin. Code § 24.8(a).

² Staff's recommendation is based on the attached memorandum from the Water Utilities Division.

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discussed in Staff's comments regarding notice, Monarch Utilities incorrectly listed the existing water rates for water usage of 30,000 gallons or higher. Staff recommends that Monarch Utilities send revised notice that lists the correct existing water rates for water usage of 30,000 gallons or higher. Staff also recommends that Monarch Utilities be required to send this revised notice by April 7, 2016.

III. Conclusion

Staff recommends that Monarch Utilities application be deemed administratively complete.

Date: March 30, 2016

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Stephen Mack
Managing Attorney
Legal Division



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*Commission Staff of the Public Utility
Commission of Texas*

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

CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record on March 30, 2016, in accordance with 16 Tex. Admin. Code § 22.74.



Sam Chang

Public Utility Commission of Texas

Interoffice Memorandum

TO: Sam Chang, Attorney
AJ Smullen, Attorney
Legal Division

THRU: Tammy Benter, Director
Debi Loockerman, Rates Team Lead
Water Utility Regulation

FROM: Leila Guerrero, Regulatory Accountant/Auditor
Andrew Novak, Financial Analyst
Emily Sears, Utility Rates Analyst
Heidi Graham, Engineer
Jolie Mathis, Engineering Specialist
Elisabeth English, Engineering Specialist
Water Utility Regulation

DATE: March 29, 2016

SUBJECT: **Docket No. 45570**, *Application of Monarch Utilities I, L.P. to Change Rates for Water and Sewer Service*

On February 29, 2016, Monarch Utilities I, L.P. (“Applicant” or “Monarch”), Certificate of Convenience and Necessity (CCN) Nos. 12648 (water) and 20899 (sewer), filed an application with the Public Utility Commission of Texas (“Commission”) for a water and sewer rate/tariff change in Bandera, Brazoria, Chambers, Denton, Grayson, Hays, Henderson, Hood, Johnson, Liberty, Marion Matagorda, Medina, Montgomery, Parker, Polk, San Jacinto, Smith, Tarrant, Trinity, Van Zandt, Wise and Wood Counties, Texas. An administrative review of the application is now being made pursuant to Tex. Water Code Ann. §§ 13.1871 (TWC) and 16 Tex. Admin. Code §§ 24.21 through 24.26 (TAC).

Pursuant to TWC §§ 13.002(4-a) and (4-b), Monarch is a Class A water utility with sewer customers. Monarch currently provides retail utility service with 77 public water systems to approximately 22,762 customers in 23 counties and with 11 public sewer systems to approximately 3,650 customers in eight (8) counties. The majority of Monarch’s customers are residential. Monarch proposes to increase retail rates for both water and sewer service in three (3) phases as follows:

Phase I effective April 4, 2016
Phase II effective April 4, 2017
Phase III effective April 4, 2018

An identical rate change application is being filed with the Cities of Flower Mound, Keene, Point Blank, Shepherd, and Willis. Although Monarch serves within the Cities of Aurora and Coffee City, those two cities have surrendered jurisdiction to the Commission. Rate change applications have not been filed with the Cities of Buda, Ivanhoe, and Kyle because Monarch reached rate agreements with these cities in a previous rate request.

During the review of the notices provided to all affected customers and municipalities on February 29, 2016, Staff discovered errors in the billing comparison. Specifically, the errors were in the calculation of the existing/current rates for water with 30,000 gallons usage for the 3/4" meter size up to 8" meter size. These errors have been communicated to Monarch on March 15, 2016, through Item No. 50 filed in the PUC's interchange. The notices properly identified Monarch's requested increase, but did not show the comparison for 30,000 gallons usage correctly.

Per Order No. 1 of the State Office of Administrative Hearings, the proposed effective date of Phase I rates (April 4, 2016), has been suspended for 150 days pursuant to 16 TAC § 24.26(a)(1).

Based upon Staff's review of the application, Staff recommends that the Commission:

1. Deem the rate change application sufficient for filing; and
2. Order the Applicant to provide a corrected notice to all affected customers and municipalities to correct the calculation errors in the billing comparison as mentioned above.