

UTILITY NAME **Bolivar Utility Service, LLC**
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE
 FOR TEST YEAR ENDED **31 December 2016**

ORIGINAL COST DATA			
A	B	C	D
Line No	Description	Amount	Amount
1	Beginning Gross Plant balance - (from previous rate case)	Must match previous rate case	\$ 7,083,611
2	Plant additions after previous rate case		
3		\$	
4	2015 additions	\$ 871,647	
5	2015 CIAC	\$ (560,862)	
6	2016 additions	\$ 645,646	
7	2016 CIAC	\$ (661,398)	
8	Construction in progress	\$ 83,548	
9	PP adjustment for developer		
10	contributed systems	\$ 1,871,214	
11	Total additions (add lines 3 through 10, Col C)		\$ 2,249,795
12	Last year plant retirements after previous rate case		
13		\$	
14			
15			
16			
17			
18			
19			
20			
21	Total retirements (add line 13 through 20, Col C)		\$
22	Ending balance (line 1 + line 11 - line 21)	Equals as III-3, Column D, line 50	\$ 9,333,406

Please provide a full explanation of any adjustments to accounts from the prior period

UTILITY NAME: Bolivar Utility Service, LLC
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS,
 MATERIALS AND SUPPLIES INVENTORY & PREPAYMENTS**
 FOR THE TEST YEAR ENDED: 31 December 2016

III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS:

A	B	C
Line No.	Description	Test Year Amount
1.	Beginning balance	-
2.	Test year costs added	
3.	Test year construction costs completed	604,591
4.	Ending balance	
5.	Average balance - test year (line 1 plus line 4, divided by 2)	-

Typically zero, to Schedule III-2, Line 3

		Materials & Supplies inventory	Prepaid Expenses
6.	Sum of 12 test year month end balances		24,315
7.	One month prior to the test year, month end balance		2,203
8.	13 Month Average balance (line 6 plus line 7, divided by 13)	N/A	2,040

To III-2, Line 4.

To III-2, Line 6.

***DO NOT include construction work in progress in rate base, unless the utility meets the requirements of

UTILITY NAME: Bolivar Utility Service, LLC
SCHEDULES FOR CLASS B RATE/TARIFF CHANGE
III-5 WORKING CASH ALLOWANCE CALCULATIONS
FOR THE TEST YEAR ENDED: 31 December 2016

1. No working cash allowance is permitted when a utility bills its customers in advance and provides service to flat rate customers only. Sewer connections count for the purposes of this schedule.
2. A utility which has all metered customers and bills monthly shall divide its annual Operating and Maintenance (O&M) expenses (excluding all taxes and depreciation) by 12 if it is a Class B utility, or by 8 if it is a Class C utility filing a Class B package to calculate working cash allowance. An example follows:

	Class B	Class C
1. Annual Expenses	\$70,000	\$70,000
2. Taxes and depreciation	(10,000)	(10,000)
3. Net Expenses (Line 1 - Line 2)	60,000	60,000
4. Working Cash (Line 3 / line 5)	\$5,000	\$7,500
5. Divisor	12	8

A Line No	B Description	Water		Sewer	
			Class B		Class C
1	Annual O & M Expenses		1,420,449		
2	Working Cash (Line 3 / Line 5)		118,371		
3	Divisor		12		8

From Sch I-1, line 25
 To Sch III-2, line 5

UTILITY NAME: Bolivar Utility Service, LLC
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWER
 FOR THE YEAR ENDED: 31 December 2016

List the following information concerning debt and equity of the utility and attach copies of notes payable used. Round all percentages to two (2) decimal places. If debt from affiliated interests is allocated to the utility, provide workpapers demonstrating and justifying the allocation.

	(A) Long term Debt Name of Bank/Lender	(B) Date of Issue	(C) Date of Maturity	(D) Original Amount of Loan	(E) Outstanding or Unpaid Balance- End of Test Year	(F) Interest Rate	(G)=Col. E, Line 20 x Col. F, Line 20 Weighted Average
1	Part I - Debt						
2							
3	N/A						
4							
5							
6							
7							
8							
9	Total						

To Sch III-1,
Column G,
Line 5

List short term debt, if any

UTILITY NAME Bolivar Utility Service, LLC
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE
 FOR THE TEST YEAR ENDED, 31 December 2016

Line No	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. 44911)	896,609
2	Ending balance per Sch III-3, Column F, Line 50	1,786,208
	Describe accounting adjustments made between the prior rate case and the current rate case.	
	CIAC	

Must match previous rate case

UTILITY NAME <u>Bolivar Utility Service, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE III-8 ADVANCES FOR CONSTRUCTION AND CONTRIBUTIONS IN AID OF CONSTRUCTION FOR THE TEST YEAR ENDED <u>31 December 2016</u>
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III-8(a) ADVANCES FOR CONSTRUCTION:

Line No.	A Item	B Date of Installation	C Total Cost	D Amount of Advance	E Repayments made to developer	F (F)-(D)-(E) Rate Base Value (to Sch III-2)	G Amount to be refunded in the future*
1.	Developer Contributions		110,667				
2.							
3.							
4.							
5.							
6.	Total						

*If any advances or CIAC from developers or customers are refundable, please provide the potential date of refunding, if known.

III-8(b) DEVELOPER CONTRIBUTIONS IN AID OF CONSTRUCTION*:

Line No.	A Item	B Date of Installation or Contribution	C Total Cost	D Amount of Developer Contribution	E Annual amortization	F Accumulated Amortization	G (G)-(D)-(F) Rate Base Value (to Sch III-2)
1.	See detail BUS III-3 schedule						
2.							
3.							
4.							
5.							
6.	Total						

*Customer CIAC is entered directly on III-3

UTILITY NAME:	Bolivar Utility Service, LLC
SCHEDULES - CLASS B RATE/TARIFF CHANGE	
III-9 DEFERRED INCOME TAXES AND	
DEFERRED INVESTMENT TAX CREDITS	
FOR THE TEST YEAR ENDED:	31 December 2016

To the extent that new line items have been included within the calculation of ADIT since the last rate filing, provide a complete description of the underlying issues that give rise to the new category of ADIT.

Line No.	Description	Test Year Amount
1.	Beginning balance	0
2.	Test year amount	0
3.	Ending balance	0

III-9(b) ACCUMULATED DEFERRED INVESTMENT TAX CREDITS:

Line No.	Description	Test Year Amount
1.	Beginning balance	0
2.	Test year amortization	0
3.	Ending balance	0

UTILITY NAME Bolivar Utility Service, LLC
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-10 OTHER DEFERRED ASSETS
 FOR THE TEST YEAR ENDED:

III-10(a) : Other Deferred Assets

Line No.	Description	Test Year Amount
1.		
2.		
3.		

III-10(b) ACCUMULATED AMORTIZATION ON OTHER DEFERRED ASSETS

Line No.	Description	Test Year Amount	Total Accum Amort End of test year
1.			
2.			
3.			

UTILITY NAME: Bolivar Utility Service, LLC

SCHEDULES - CLASS B RATE/TARIFF CHANGE

Section IV is used to report taxes other than income for proposed revenues.

Instructions for Section IV

Follow the instructions included with individual schedules under the heading reference.

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BUS0082

UTILITY NAME: Bolivar Utility Services, LLC
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 IV(a) ESTIMATE OF TAXES OTHER THAN INCOME
 FOR THE TEST YEAR ENDED, 31 December 2016

PROPERTY TAXES:

A	B	C	D	E
Line No	Description	Amount	Amount	Reference
1	Property taxes paid in in test year		1,837	per property tax bills
2	Utility plant added in test year			Schedule III-3(a), Line 11
3	Utility plant retirements in test year	-		Schedule III-3(a), Line 21
4	Net additions	-		Line 2 minus line 3
5	Net Property tax rate			Line 1 / beginning of test year gross plant balance from III-3 (a), Col D, Line 1
6	Test year property tax on additions		-	Line 4 times Line 5
7	Adjusted Test year property tax expense		1,837	Line 1 + Line 6
8	Known and measurable change	-		Line 7 minus Line 1

PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS):

A	B	C	D	E	F	G
Line No	Tax Type	Wage Level	Tax Rate	Taxable Wages	Reference	Tax
					SCHEDULE II-6	(D x E)
9	FICA	wages to _____	6.2%	299,965	Column D+E+F Line 9	18,598
10	Medicare	wages to _____	1.5%	299,965	Column H Line 9	4,350
11	Added Medicare (Affordable Care Act)	wages to _____	%			
12	Federal unemployment	wages to 7000	0.6%	42,000	Column D Line 9	252
13	State unemployment	wages to 9000	0.3%	73,931	Column D+E Line 9	243
14	Total (add Lines 11 through 14)					23,442
15	Less Capitalized	Use % on Sch II-6(a), line 10	%	0		-
16	Test year Payroll Tax Expense	Line 13 less 14				23,442
17	Known and measurable change				(Line 13 minus Line 14)	

OTHER TAXES:

A	I	J	K	L
Line No	Description	Test year	K & M change	Adjusted Test Year
18	Other taxes & licenses	1,837		1,837
19				-
20				-
21	Total Other Taxes (Line 18 + Line 19 + Line 20)	1,837	-	1,837
22	Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21)			1,837
23	Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K)			-

UTILITY NAME: <u>Bolivar Utility Service, LLC</u>						
SCHEDULES - CLASS B RATE/TARIFF CHANGE						
IV(b) REVENUE RELATED TAXES AND EXPENSES						
FOR THE TEST YEAR ENDED: <u>31 December 2016</u>						
A		B	C	D	E	F=B+C+D+E
Line		Texas Margins Tax	City Franchise Taxes	Bad Debt Expense	Other Revenue Related	Totals
1	Test year expense	1.837				1.837
2	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)	371,746				371,746
3	Gross up factor (1.0 divided by (1.0 minus Line (example below)))	1.0050				1
4	Change in revenue requirement (Sch I-1, Line 33)					
5	Adjusted revenue requirement (Line 3 x Line 4)					
6	Adjusted expense (Line 3 times Line 4)	-				
7	Add Schedule IV(a), Line 20					
8	Total taxes other than PIT (to Sch I-1, Col F, Line 26)					

Example: Test Year Franchise tax \$ 100
 Test Year revenues: \$ 2,000
 Percentage (100/2000) 0.050
 Gross up factor (1/(1-0.05)) 1.052631579

SCHEDULES - CLASS B RATE/TARIFF CHANGE

Section V calculated federal income tax at present rates.

Instructions for Section V

Complete SCHEDULE V per instructions found in the reference column.

UTILITY NAME: <u>Bolivar Utility Service, LLC</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE FOR THE TEST YEAR ENDED: <u>31 December 2016</u>
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A	B	C	D
Line		Amount	Reference
1	Requested Return	646,309	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	-	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	646,309	Line 1 minus Line 2
4	Income taxes at proposed rates	219,745	Line 17 below
5	Effective tax rate	0.34	Line 4 divided by Line 3
6	Total gross up factor	1.515151515	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	332,947	Line 4 times line 6

To Sch I-1, Line 27

FEDERAL INCOME TAX CALCULATION:

Line No.	Tax Rate	Taxable Income	Tax Rate	Tax
		(Portion of Taxable Income in Level)		(C x D)
12	1st 50,000 of taxable income	50,000	15%	7,500
13	Next 25,000 of taxable income	25,000	25%	6,250
14	Next 25,000 of taxable income	25,000	34%	8,500
15	Next 235,000 of taxable income	235,000	39%	91,650
16	Over 335,000 of taxable income		34%	105,845
17	Total before gross up		To Line 4	219,745

UTILITY NAME: <u> </u> Bolivar Utility Service, LLC VI RATE DESIGN INSTRUCTIONS SCHEDULES - CLASS B RATE/TARIFF CHANGE

Section VI is used for rate design.

Instructions for Section VI:

Sheet VI-1 designs rates based on the requested revenue requirement. Complete the schedule using the referenced lines from other schedules. The schedule is for a simple base (customer charge) rate and one gallonage rate per each 1,000 gallons. If a different rate structure is requested, all calculations supporting the proposed rates must be included. Rates and resulting revenues for each class of customer and each rate tier included in the proposed tariff must be specified. If a different fixed/variable expense split is proposed, attached explanations of why the split is appropriate, and include any calculations not included on Schedule VI.

UTILITY NAME: Bolivar Utility Service, LLC
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
Schedule VI-1 RATE DESIGN

FOR THE TEST YEAR ENDED: 31 December 2016

Line No.	A	B	C
		Reference	
DETERMINATION OF FIXED COSTS			
1.	Gross revenues to be recovered:	Sch I-1, Line 36	2,066,758
	Less variable costs:		
2.	Purchased water - Account 610	Sch I-1, Col. F, line 1	
3.	Purchased power - Account 615	Sch I-1, Col. F, line 2	
4.	Other volume related - Account 618	Sch I-1, Col. F, line 3	
5.	Other volume related or allocated (attach schedule)		
6.			
7.	SEE ATTACHED PROPOSED RATE DESIGN SCHEDULE		
8.			
9.			
10.	FIXED COSTS (Line 1 minus Lines 2-9)		
11.	% OF FIXED COSTS RECOVERED IN VOLUMETRIC CHARGE		
12.	TO BE RECOVERED THROUGH BASE SERVICE CHARGE		
RECAP:			
13.	RECOVERED THROUGH BASE SERVICE CHARGE	Line 10	
14.	RECOVERED THROUGH VOLUMETRIC RATE	Line 1 - Line 10	
TOTAL		Equals Line 1	
TO BE RECOVERED THROUGH BASE SERVICE CHARGE			
15.	TOTAL METER EQUIVALENTS	Sch I-3, Col H, line 9	
16.	CHARGE PER 5/8" X 3/4" METER	Line 13 / Line 15	
TO BE RECOVERED THROUGH VOLUMETRIC RATE			
17.	TOTAL WATER SALES IN 1,000 GALS	Sch II-1(a), Col C, line 4	
18.	VOLUMETRIC RATE (CHARGE PER 1,000 GALS)	Line 14 / Line 17	
PROPOSED RATES:			
19.	FOR ALL WATER DELIVERED PER 1,000 gallons	Line 18 or attach calc	
BASE SERVICE CHARGE (PER 5/8" X 3/4")			
	Meter size	Line 16	Equivalency Base Rate/size
20.	5/8 X 3/4"		X 1.0 =
21.	3/4"		X 1.5 =
22.	1"		X 2.5 =
23.	1 1/2"		X 5.0 =
24.	2"		X 8.0 =
25.	3"		X 15.0 =
26.	4"		X 25.0 =

If the utility is setting a tiered rate, calculations for all tiers must be provided with total collections for all tiers compared to the revenue requirement requested.

%

ALTERNATIVE RATE DESIGN		<u>Proposed</u>	<u>Existing</u>	<u>Increase</u>
1	Revenue Requirement to Collect through rates	\$2,063,455		
2	Revenue Held in Abeyance	(1,454,681)		
3	Revenue Requirement Requested	<u>\$608,774</u>	<u>\$549,850</u>	\$58,925 10.72%
4	Revenues to be collected via Current Fixed Charge \$50	\$432,000	\$432,000	
5	Revenues to be collected from volumetric rates (a)	\$176,774	\$117,850	
6	Test Year End Normalized Bills (a)	29,462	29,462	
7	Rate Per Bill	<u><u>\$6.00</u></u>	<u><u>\$4.00</u></u>	
<hr/>				
(a) normalizes volumes based on test year end customer counts				
	Test Year End Customers	720	720	
	Total Bills Per Year	8,640	8,640	
	Average Usage Per Bill	3.41	3.41	
	Total Normalized Volumes	29,462	29,462	
	Proposed New Volumetric Rate	<u>\$6.00</u>	<u>\$4.00</u>	
		\$176,774	\$117,850	

2016 bond rate	
Jan	5.49%
Feb	5.28%
Mar	5.12%
Apr	4.75%
May	4.60%
Jun	4.47%
Jul	4.16%
Aug	4.20%
Sep	4.27%
Oct	4.34%
Nov	4.64%
Dec	4.79%
11 month avg	4.68%

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November 16, 2017

Via Hand Delivery Only

Eleanor D'Amborsio
PUC Legal Division
PO Box 13326
Austin, TX 78711-3326

Re: Bolivar Utility Services, LLC; Rate Change Application; Docket No. 47680;
Response to Staff Comments

Dear Eleanors:

I am writing in reference to the above-referenced application and the staff's request for additional information as outlined in the staff memo dated November 9, 2017. As we discussed via email, regarding the staff's two comments, Bolivar Utility Services, LLC respond as follows:

1. *Schedule II-1 was not completed.* Bolivar does not purchase or sell water, so Schedule II-1 is not applicable. However, if staff would like to know the volume sold by the third-party water company, we have provided our internal Manager report, which provides the volume information.
2. *Alternative rate design includes incorrect value of \$50.* This number was a typographic error. Bolivar has revised the page as shown on the attached pdf file.

We have addressed the staff's questions. Please let me know if you need any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Wilburn', written in a cursive style.

Randall B. Wilburn

Attachments

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ALTERNATIVE RATE DESIGN		Proposed	Existing	Increase
1	Revenue Requirement to Collect through rates	\$2,063,455		
2	Revenue Held in Abeyance	(1,541,081)		
3	Revenue Requirement Requested	<u>\$522,374</u>	<u>\$463,450</u>	\$58,925 12.71%
4	Revenues to be collected via Current Fixed Charge \$40	\$345,600	\$345,600	
5	Revenues to be collected from volumetric rates (a)	\$176,774	\$117,850	
6	Test Year End Normalized Bills (a)	29,462	29,462	
7	Rate Per Bill	<u>\$6.00</u>	<u>\$4.00</u>	
<hr/>				
(a) normalizes volumes based on test year end customer counts				
	Test Year End Customers	720	720	
	Total Bills Per Year	8,640	8,640	
	Average Usage Per Bill	3.41	3.41	
	Total Normalized Volumes	29,462	29,462	
	Proposed New Volumetric Rate	<u>\$6.00</u>	<u>\$4.00</u>	
		<u>\$176,774</u>	<u>\$117,850</u>	

	AUDUBON	SINGING SANDS	RAMADA
Dec-10	5,800 gal	2,900 gal	2,900 gal
Jan-11	7,975 gal	0 gal	8,700 gal
Feb-11	17,400 gal	2,900 gal	8,700 gal
Mar-11	17,400 gal	2,900 gal	26,100 gal
Apr-11	11,600 gal	0 gal	14,500 gal
May-11	31,900 gal	0 gal	20,300 gal
11-Jun	14,500 ga	2,900 gal	31,900 gal
Jul-11	40,600 gal	5,696 gal	57,275 gal
Aug-11	16,000 gal	1,078 gal	37,950 gal
Sep-11	13,100 gal	13,955 gal	43,700 gal
Oct-11	19,522 gal	20,800 gal	30,530 gal
Nov-11	8,200 gal	4,575 gal	23,225 gal
Dec-11	5,800 gal	17,400 gal	40,600 gal
Jan-12	5,800 gal	20,300gal	22,475 gal
12-Feb	1,450 gal	16,675 gal	29,725 gal
Mar-12	13,050 gal	21,025 gal	66,700 gal
Apr-12	8,700 gal	24,000 gal	65,350 gal
May-12	5,800 gal	23,200 gal	60,175 gal
Jun-12	26,100 gal	26,100 gal	92,800 gal
Jul-12	31,900 gal	58,000 gal	124,000 gal
Aug-12	43,500 gal	46,400 gal	103,675 gal
12-Sep	22,975 gal	23,200 gal	69,600 gal
12-Oct	18,850 gal	20,616 gal	50,750 gal
12-Nov	15,950 gal	17,400 gal	39,875 gal
12-Dec	10,150 gal	9,425 gal	29,000 gal
13-Jan	29,000 gal	26,000 gal	58,000 gal
Feb-13	8,700 gal	8,700 gal	23,200 gal
Mar-13	34,800 gal	29,000 gal	87,000 gal
Apr-13	16,675 gal	29,000 gal	68,875 gal
May-13	31,175 gal	55,100 gal	84,100 gal
Jun-13	23,200 gal	43,500gal	92,800 gal
Jul-13	73,225 gal	110,200 gal	167,475 gal
Aug-13	22,475 gal	41,325 gal	62,350 gal
Sep-13	26,100 gal	37,700 gal	84,100 gal
Oct-13	16,675 gal	18,850 gal	72,500 gal
Nov-13	10,875 gal	14,500 gal	26,100 gal
Dec-13	9,425 gal	25,375 gal	50,750 gal
Jan-14	19,575 gal	28,275 gal	58,725 gal
Feb-13	11,600 gal	21,025 gal	43,500 gal
Mar-14	22,043 gal	52,925 gal	92,800 gal
Apr-14	18,850 gal	29,725 gal	66,700 gal
May-14	36,425 gal	49,675 gal	131,950 gal
Jun-14	61,110 gal	68,050 gal	187,775 gal
Jul-14	50,470 gal	116,025 gal	224,750 gal
Aug-14	35,550 gal	57,275 gal	162,400 gal
Sep-14	21,875 gal	33,925 gal	102,950 gal
Oct-14	20,250 gal	31,500 gal	100,050 gal
Nov-14	10,675 gal	22,475 gal	58,725 gal
Dec-14	18,125 gal	42,050 gal	29,000 gal
Jan-15	15,975 gal	40,600 gal	58,600 gal
Feb-15	9,950 gal	20,900 gal	32,625 gal
Mar-15	28,350 gal	32,295 gal	76,850 gal

	AUDUBON	BINGO BANDS	RAMADA	BIG STORE	PENINSULA 18	FANTASIA	TOTAL GALLONS PUMPED	HIGH INLAND KANE	HI BLUE	AUD EAST
Dec-10	5,800 gal	2,800 gal	2,800 gal	27,800 gal			38,150 gal			
Jan-11	7,875 gal	0 gal	8,700 gal	38,150 gal			56,825 gal			
Feb-11	17,400 gal	2,800 gal	8,700 gal	38,150 gal			68,150 gal			
Mar-11	17,400 gal	2,800 gal	26,100 gal	81,000 gal			107,400 gal			
Apr-11	11,800 gal	0 gal	14,500 gal	48,500 gal			75,400 gal			
May-11	31,800 gal	0 gal	30,500 gal	89,900 gal			142,100 gal			
Jun-11	14,800 gal	2,800 gal	31,500 gal	108,750 gal			158,050 gal			
Jul-11	40,800 gal	5,875 gal	57,275 gal	182,700 gal			286,271 gal			
Aug-11	16,000 gal	1,075 gal	37,850 gal	158,600 gal			213,625 gal			
Sep-11	13,100 gal	13,855 gal	43,700 gal	136,300 gal			207,055 gal			
Oct-11	18,325 gal	20,800 gal	30,530 gal	102,368 gal			173,250 gal	Johnny on the Spot figures are not accurate		
Nov-11	8,200 gal	4,575 gal	23,225 gal	70,500 gal			106,500 gal	Johnny on the Spot figures are not accurate		
Dec-11	5,800 gal	17,400 gal	40,600 gal	94,250 gal			150,050 gal	Johnny on the Spot figures are not accurate		
Jan-12	5,800 gal	20,300 gal	22,475 gal	87,000 gal			127,800 gal			
Feb-12	1,400 gal	18,675 gal	28,725 gal	78,750 gal			210,250 gal			
Mar-12	13,050 gal	21,025 gal	86,700 gal	108,475 gal			220,700 gal			
Apr-12	8,700 gal	24,000 gal	65,350 gal	148,800 gal	5,800 gal		287,425 gal			
May-12	5,800 gal	23,200 gal	60,175 gal	182,700 gal	10,890 gal		387,215 gal			
Jun-12	26,100 gal	28,100 gal	92,800 gal	240,700 gal	10,875 gal	840 gal	580,000 gal			
Jul-12	31,800 gal	88,000 gal	124,200 gal	338,300 gal	25,144 gal	856 gal	476,325 gal			
Aug-12	43,300 gal	48,400 gal	103,875 gal	282,450 gal	19,378 gal	922 gal	327,700 gal			
12-Sep	22,875 gal	23,200 gal	66,800 gal	200,100 gal	10,845 gal	880 gal	273,505 gal			
12-Oct	18,800 gal	20,818 gal	50,730 gal	174,000 gal	10,370 gal	917 gal	163,125 gal			
12-Nov	15,950 gal	17,400 gal	38,875 gal	88,980 gal	4,086 gal	382 gal	80,025 gal			
12-Dec	10,180 gal	9,425 gal	26,000 gal	n/a	1,450 gal	0 gal	117,480 gal			
13-Jan	29,000 gal	26,000 gal	58,000 gal	n/a	3,844 gal	408 gal	43,050 gal			
Feb-13	8,700 gal	8,700 gal	23,200 gal	n/a	1,450 gal	0 gal	158,775 gal			
Mar-13	34,800 gal	29,000 gal	87,000 gal	n/a	7,875 gal	0 gal	121,075 gal			
Apr-13	16,875 gal	28,000 gal	68,875 gal	n/a	6,345 gal	180 gal	182,700 gal			
May-13	31,175 gal	55,100 gal	84,100 gal	n/a	8,425 gal	2,800 gal	171,100 gal			
Jun-13	23,200 gal	43,500 gal	82,800 gal	n/a	11,800 gal	n/a	377,577 gal			
Jul-13	73,225 gal	110,200 gal	167,475 gal	n/a	23,925 gal	2,952 gal	158,300 gal			
Aug-13	22,475 gal	41,325 gal	82,350 gal	n/a	7,875 gal	2,175 gal	182,400 gal			
Sep-13	28,100 gal	37,700 gal	84,300 gal	n/a	11,050 gal	1,450 gal	121,800 gal			
Oct-13	18,875 gal	18,850 gal	72,500 gal	n/a	13,217 gal	308 gal	56,825 gal			
Nov-13	10,875 gal	14,500 gal	26,100 gal	n/a	4,380 gal	0 gal	88,490 gal			
Dec-13	8,425 gal	25,375 gal	50,780 gal	n/a	2,852 gal	378 gal	118,175 gal			
Jan-14	19,575 gal	28,275 gal	58,725 gal	n/a	11,438 gal	162 gal	76,850 gal			
Feb-14	11,800 gal	21,025 gal	43,500 gal	n/a	0 gal	725 gal	187,950 gal			
Mar-14	22,043 gal	52,825 gal	92,800 gal	n/a	17,878 gal	1,404 gal	127,800 gal			
Apr-14	18,880 gal	28,725 gal	66,700 gal	n/a	10,780 gal	1,535 gal	224,800 gal			
May-14	38,425 gal	48,875 gal	131,880 gal	n/a	14,728 gal	1,828 gal	337,880 gal			
Jun-14	61,140 gal	88,050 gal	187,778 gal	n/a	18,770 gal	2,146 gal	427,025 gal	1,550 gal		
Jul-14	50,470 gal	116,025 gal	224,780 gal	n/a	31,875 gal	2,380 gal	278,400 gal	1,220 gal		
Aug-14	35,550 gal	57,275 gal	102,400 gal	n/a	18,175 gal	2,460 gal	171,100 gal	1,800 gal		
Sep-14	21,875 gal	33,825 gal	102,400 gal	n/a	9,300 gal	1,200 gal	183,875 gal	1,700 gal		
Oct-14	20,250 gal	31,800 gal	100,000 gal	n/a	8,480 gal	375 gal	118,825 gal	850 gal		
Nov-14	10,678 gal	22,475 gal	58,725 gal	n/a	7,100 gal	225 gal	100,800 gal	1,525 gal		
Dec-14	18,125 gal	42,050 gal	28,000 gal	n/a	5,800 gal	300 gal	68,800 gal	2,525 gal		
Jan-15	15,575 gal	40,800 gal	58,800 gal	n/a	1,175 gal	750 gal	150,800 gal	1,700 gal		
Feb-15	8,950 gal	20,800 gal	32,425 gal	n/a	4,250 gal	175 gal	230,800 gal	2,330 gal		
Mar-15	28,350 gal	32,375 gal	78,880 gal	n/a	8,800 gal	875 gal	288,800 gal	7,525 gal		
Apr-15	24,300 gal	38,000 gal	83,400 gal	n/a	14,875 gal	3,300 gal	308,588 gal	7,800 gal		
May-15	40,100 gal	68,478 gal	181,725 gal	n/a	13,300 gal	6,375 gal	482,775 gal	9,300 gal		
Jun-15	80,875 gal	88,885 gal	180,825 gal	n/a	19,575 gal	8,025 gal	305,275 gal	9,000 gal		
Jul-15	47,575 gal	108,038 gal	283,975 gal	n/a	35,275 gal	8,778 gal	228,275 gal	8,790 gal		
Aug-15	28,475 gal	71,875 gal	171,425 gal	n/a	14,725 gal	7,928 gal	187,520 gal	10,170 gal	300 gal	
Sep-15	23,850 gal	46,878 gal	128,500 gal	n/a	8,170 gal	7,775 gal	132,000 gal	8,480 gal	300 gal	
Oct-15	18,825 gal	38,780 gal	81,100 gal	n/a	13,040 gal	6,128 gal	164,880 gal	10,325 gal	100 gal	
Nov-15	24,425 gal	38,180 gal	77,400 gal	n/a	8,200 gal	4,850 gal	153,025 gal	15,000 gal	3,350 gal	
Dec-15	17,300 gal	33,200 gal	65,800 gal	n/a	12,200 gal	4,475 gal	256,325 gal	17,825 gal	5,425 gal	
Jan-16	19,280 gal	30,800 gal	55,800 gal	n/a	3,200 gal	4,875 gal	183,475 gal	20,775 gal	5,250 gal	
Feb-16	15,225 gal	30,500 gal	80,378 gal	n/a	3,800 gal	4,875 gal	385,480 gal	21,828 gal	4,825 gal	
Mar-16	28,480 gal	62,378 gal	125,325 gal	n/a	5,150 gal	6,675 gal	808,875 gal	28,875 gal	4,800 gal	
Apr-16	28,900 gal	40,500 gal	67,100 gal	n/a	15,800 gal	4,450 gal	20,775 gal	28,450 gal	575 gal	
May-16	38,750 gal	128,800 gal	142,825 gal	n/a	12,475 gal	8,850 gal	314,100 gal	18,400 gal	1,428 gal	
Jun-16	60,880 gal	153,725 gal	164,800 gal	n/a	8,150 gal	8,120 gal	334,228 gal	0 gal	30,300 gal	1,800 gal
Jul-16	84,300 gal	177,225 gal	279,250 gal	n/a	33,250 gal	8,325 gal	228,400 gal	0 gal	23,880 gal	1,800 gal
Aug-16	67,880 gal	115,400 gal	158,200 gal	n/a	21,878 gal	10,025 gal	19,900 gal	0 gal	2,775 gal	300 gal
Sep-16	33,780 gal	108,800 gal	118,880 gal	n/a	14,890 gal	7,390 gal	228,125 gal	0 gal	4,825 gal	2,100 gal
Oct-16	31,778 gal	78,100 gal	63,800 gal	n/a	21,878 gal	8,828 gal	0 gal	0 gal	0 gal	
Nov-16	28,725 gal	75,800 gal	83,525 gal	n/a	10,000 gal	8,280 gal	0 gal	0 gal	0 gal	
Dec-16	28,780 gal	87,400 gal	64,400 gal	n/a	8,600 gal	2,000 gal	0 gal	0 gal	0 gal	
Jan-17	17,000 gal	188,275 gal	75,800 gal	n/a	8,700 gal	4,475 gal	338,975 gal	0 gal	0 gal	

DATE	TOTAL BILLING	Fees	ADJ	Collectione	NEW CUSTOMERS	TOTAL CUSTOMERS	Billed Cust	Average	Min Charge	Annual Min Total	Variable chg	Annual Var Total	Average \$/u	Variable Units
Jan-16	25,736 00	4,514 00	(152 00)	25,219 99	10 00	600 00	492		18,680 00		6,056 00		52 31	1,514
Feb-16	23,972 00	4,520 00	(384 04)	24,863 96	13 00	613 00	485		18,800 00		4,172 00		48 43	1,043
Mar-16	28,436 00	4,517 00	(183 00)	28,285 00	11 00	624 00	501		20,040 00		8,398 00		56 76	2,098
Apr-16	27,524 00	4,541 00	(378 40)	28,871 84	33 00	657 00	503		20,120 00		7,404 00		54 72	1,851
May-16	30,636 00	4,585 00	(872 22)	30,121 80	10 00	667 00	510		20,400 00		10,238 00		60 07	2,558
Jun-16	32,868 00	4,587 00	(118 00)	32,568 20	7 00	674 00	525		21,040 00		11,828 00		62 49	2,857
Jul-16	36,888 00	4,574 00	(128 40)	37,315 73	4 00	678 00	522		20,880 00		15,808 00		70 28	3,882
Aug-16	37,188 00	4,668 00	(27 82)	36,834 44	4 00	682 00	528		21,120 00		16,088 00		70 43	4,017
Sep-16	33,078 00	4,863 00		33,501 23	8 00	690 00	544		21,780 00		11,318 00		60 80	2,629
Oct-16	32,788 00	4,883 00	(514 00)	31,855 05	18 00	708 00	580		22,400 00		10,396 00		58 58	2,509
Nov-16	32,452 00	4,884 00	(28 00)	33,324 85	8 00	714 00	587		22,680 00		9,772 00		57 23	2,443
Dec-16	30,112 00	4,828 00		30,285 18	6 00	720 00	589	526 42	22,780 00	252,880 00	7,352 00	118,804 00	52 82	1,838
														28,701
														29,701,000

DATE	TOTAL BILLING	Fees	ADJ	Collections	NEW CUSTOMERS	TOTAL CUSTOMERS
Jan-16	25,736.00	4,514.00	(152.00)	25,219.69	10.00	600.00
Feb-16	23,972.00	4,520.00	(394.04)	24,693.96	13.00	613.00
Mar-16	28,436.00	4,517.00	(163.00)	28,285.09	11.00	624.00
Apr-16	27,524.00	4,541.00	(379.40)	28,971.94	33.00	657.00
May-16	30,636.00	4,585.00	(672.22)	30,121.80	10.00	667.00
Jun-16	32,868.00	4,587.00	(116.00)	32,586.20	7.00	674.00
Jul-16	36,688.00	4,574.00	(128.40)	37,316.73	4.00	678.00
Aug-16	37,188.00	4,656.00	(27.62)	36,834.44	4.00	682.00
Sep-16	33,076.00	4,683.00		33,501.23	8.00	690.00
Oct-16	32,796.00	4,683.00	(514.00)	31,855.05	16.00	706.00
Nov-16	32,452.00	4,654.00	(20.00)	33,324.86	8.00	714.00
Dec-16	30,112.00	4,628.00		30,265.18	6.00	720.00

DATE	TOTAL MONTHLY FLOW	MAXIMUM DAILY FLOW	MINIMUM DAILY FLOW	AVERAGE DAILY FLOW
Jan-16	629,300	42,200	11,500	20,300
Feb-16	565,800	41,700	10,400	19,510
Mar-16	863,300	52,200	11,700	27,848
Apr-16	638,100	43,500	15,900	21,270
May-16	1,374,300	88,000	23,700	44,332
Jun-16	1,712,300	82,200	39,400	57,077
Jul-16	1,742,690	71,000	30,100	56,216
Aug-16	1,343,300	65,800	21,700	43,332
Sep-16	1,069,300	79,000	20,800	35,643
Oct-16	813,400	41,900	14,500	27,113
Nov-16	732,200	49,700	13,800	24,407
Dec-16	923,700	58,100	19,800	29,571
	12,407,690			

SOAH DOCKET NO. 473-18-1906
PUC DOCKET NO. 47680

APPLICATION OF BOLIVAR § BEFORE THE STATE OFFICE
UTILITY SERVICES, LLC FOR §
AUTHORITY TO CHANGE § OF
SEWER RATES § ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY

OF

CHARLES E. LOY

ON BEHALF OF

BOLIVAR UTILITY SERVICES

MARCH 30, 2018

DIRECT TESTIMONY AND EXHIBIT OF CHARLES E. LOY

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EXHIBIT

CEL-1 Resume

DIRECT TESTIMONY AND EXHIBIT OF CHARLES E. LOY

1

2

I. INTRODUCTION AND QUALIFICATIONS

3

4 **Q. PLEASE STATE YOUR NAME.**5 A. My name is Charles E. Loy, and my business address is 919 Congress Avenue,
6 Suite 1110, Austin, Texas, 78701.7 **Q. PLEASE STATE YOUR OCCUPATION AND PLACE OF**
8 **EMPLOYMENT.**9 A. I am a Principal with GDS Associates, Inc. (GDS). GDS is an engineering firm
10 that provides rate and regulatory consulting services in electric, natural gas, water,
11 and telephone utility industries. GDS also provides a variety of other services in
12 the utility industry including power supply planning, generation support services,
13 financial analysis, load forecasting, statistical services and environmental. Our
14 clients are primarily publicly-owned utilities, municipalities, customers of
15 privately-owned utilities, and government agencies.16 **Q. PLEASE OUTLINE YOUR EDUCATIONAL AND PROFESSIONAL**
17 **BACKGROUND.**18 A. I received a Bachelor of Business Administration degree with a concentration in
19 accounting from the University of Texas at Austin. I am a Certified Public
20 Accountant in the State of Texas. Before joining GDS in June of 2001, I was
21 General Manager of Rates and Regulatory Affairs of AquaSource Inc., a wholly-
22 owned water and wastewater subsidiary of DQE, a publicly-traded electric utility
23 located in Pittsburgh, Pennsylvania. My responsibilities at AquaSource included
24 the organization, preparation, and management of various rate filings and
25 testimony in connection with rate requests and other regulatory matters in the
26 twelve states in which AquaSource owned and operated utility properties. Before
27 joining AquaSource, I was a Manager of Regulatory Affairs for Citizens Utilities
28 Company - Public Services Sector. I was responsible for various regulatory

1 matters, including rate cases, for water, wastewater, gas, and electric services in
2 eight states.

3 Before joining Citizens, I was a Rate Manager with Southern Union Gas (now
4 Texas Gas) at which I prepared rate filings, cost-of-service studies, and testimony
5 for the various jurisdictions in Texas and Oklahoma. My utility regulation
6 experience began with Diversified Utility Consultants as a Senior Analyst. I
7 assisted in the review and analysis of various gas, electric, and water company
8 rate filings.

9 **II. PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
11 **PROCEEDING?**

12 A. The purpose of my testimony is to provide information regarding my role as an
13 advisor to Bolivar Utility Services, LLC (“Bolivar”) in the development of its
14 sewer rate application. I provide an overview of Bolivar’s filing and answer
15 questions regarding its capital structure, rate of return, affiliate expenses, rate
16 case expenses, and rate design.

17 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE STATE OFFICE**
18 **OF ADMINISTRATIVE HEARINGS, THE PUBLIC UTILITY**
19 **COMMISSION OF TEXAS OR THE TEXAS COMMISSION ON**
20 **ENVIRONMENTAL QUALITY?**

21 A. Yes. A list of the proceedings in which I have been involved is attached to my
22 resume.

23

1 **III. OVERVIEW OF BOLIVAR'S REVENUE REQUIREMENT**

2 **Q. WHAT IS THE APPROPRIATE METHODOLOGY TO DETERMINE**
3 **JUST AND REASONABLE SEWER RATES IN THIS PROCEEDING?**

4 A. The appropriate rate making methodology is presented in the Public Utility
5 Commission of Texas ("PUC") Class B Rate/Tariff Change Application rate filing
6 application for Class B utilities. The Class B application is appropriate for
7 Bolivar's size and provides the required schedules and instructions for developing
8 the revenue requirement.

9 **Q. WHAT IS THE RATE INCREASE BOLIVAR IS REQUESTING?**

10 A. Bolivar is requesting a \$58,925 increase. This amount approximates a 12.7 %
11 increase.

12 **Q. WHAT IS UNIQUE ABOUT THIS RATE INCREASE REQUEST?**

13 A. This rate case is unique because, as Schedule I-1 of the rate application
14 demonstrates, Bolivar has documented that it can justify a much greater increase
15 than it is currently requesting. Schedule I-1 supports a total revenue requirement
16 of just over \$2 million. However, the requested rate increase results in the
17 proposed collection of revenues around \$600 thousand with \$1.55 million of the
18 revenue requirement being "held in abeyance."

19 **Q. WHAT DOES IT MEAN TO HAVE REVENUE HELD IN ABEYANCE?**

20 A. It is a portion of revenue requirement meant to be suspended or set aside and not
21 included in the development of rates. Said another way, it represents costs that
22 will not be recovered in rates.

23

1 **Q. IS BOLIVAR PROPOSING TO REQUEST RECOVERY OF THE**
2 **“REVENUE HELD IN ABEYANCE” IN A FUTURE RATE CASE?**

3 A. No. Bolivar is not proposing to defer this amount for recovery in the future and is
4 willing to absorb this portion of revenue requirement going forward. At some
5 point in time in the future, Bolivar believes it will collect its full revenue
6 requirement once the system is fully built out. Until then, all revenue
7 requirements not included in rates or “held in abeyance” in the future will be lost.

8 **Q. WHY WOULD A UTILITY FILE A RATE INCREASE REQUEST THAT**
9 **DOES NOT COVER ITS ENTIRE REVENUE REQUIREMENT?**

10 A. Bolivar submitted a similar request in 2015 under Docket 44911. The case was
11 settled before testimony was filed. In addition, Monarch Utilities and Canyon
12 Lake Water Service Company have filed requests in the past that were
13 significantly less than what their documented revenue requirements supported.
14 This approach is taken to mitigate the impact of the rate increases by stalling
15 recovery of the full revenue requirement and allow future growth to help bridge
16 the gap before a full and reasonable rate increase can be requested in the future.
17 Bolivar is part of the peninsula community devastated by Hurricanes Rita, Ike and
18 Harvey. If rates were raised to cover the full revenue requirements, most of the
19 customers would have difficulty covering the bills. Since Bolivar has installed a
20 modern, fully contained sewer system that protects the water table and soil much
21 better than septic systems, more lots can be sold and thus more customers will be
22 able to hook on to the system in the future. This future customer growth will
23 ultimately help keep rates at a reasonable level. Bolivar expects the utility to
24 break-even in the next few years based on recent years’ customer growth.

25 **Q. HOW CAN BOLIVAR CONTINUE TO OPERATE WITH SUCH AN**
26 **OPERATING DEFICIT?**

27 A. From the additional cash flow from this increase, existing billings and developer
28 payments, combined with interest free loans from its parent Allco LLC, Bolivar

1 will easily be able to maintain the quality of service and operation it has in the
2 past. As discussed in Mr. Lege's Direct Testimony, Bolivar has not experienced
3 operational problems with the Texas Commission on Environmental Quality or
4 the Galveston County Health Department.

5 **IV. REVENUE REQUIREMENT**

6 **Capital Structure**

7 **Q. PLEASE ADDRESS BOLIVAR'S CAPITAL STRUCTURE?**

8 A. Bolivar's capital structure, like many small utilities in their growth phase, has a
9 capital structure of 100% equity.

10 **Q. HOW MUCH DEBT DOES BOLIVAR HAVE?**

11 A. None.

12 **Q. IF BOLIVAR HAS NO DEBT, THE PUC WOULD NOT ASSESS ITS
13 DEBT-TO-EQUITY CAPITAL STRUCTURE, CORRECT?**

14 A. Yes. However, sometimes the Commission will impute a hypothetical capital
15 structure to reflect a cost efficient fair representation of a typical well managed
16 utility's capital structure.

17 **Q. WHAT ARE THE REASONABLE AND NECESSARY COMPONENTS OF
18 BOLIVAR'S INVESTED CAPITAL?**

19 A. Currently Bolivar's capital structure consists of 100% equity. However, the
20 Commission prefers to see a well balanced capital structure of debt and equity.

21 **Q. WHAT IS THE REASONABLE AND NECESSARY WORKING CAPITAL
22 ALLOWANCE FOR BOLIVAR?**

23 A. One twelfth of O&M excluding depreciation and taxes.

1 **Q. WHY IS A CAPITAL STRUCTURE OF 100% EQUITY REASONABLE**
2 **FOR SETTING RATES?**

3 A. In this instance I believe it is reasonable because Bolivar cannot secure debt on its
4 own and even with its parent, Allco LLC's support, any debt obtained would not
5 be at the favorable terms most utilities are able to obtain. However, once
6 Bolivar's revenue requirements have stabilized, it would be better if Bolivar
7 would move its capital structure to a much more reasonable balance of debt and
8 equity. Typically, the PUC likes to see these ratios in the 50/50 range.

9 **Q. DOES BOLIVAR HAVE ANY CONSTRUCTION PROJECTS**
10 **UNDERWAY OR PLANNED?**

11 A. It is my understanding that Bolivar is a growing system so there will be a steady
12 stream of construction projects as the system grows.

13 **Q. SO IT IS NOT TRANSFERRING INVESTED CAPITAL OR MAKING AN**
14 **ALLOWANCE OF FUNDS FOR CONSTRUCTION FOR PURPOSES OF**
15 **THIS RATE INCREASE, CORRECT?**

16 A. Correct. All invested capital is constructed by Bolivar and it does not apply
17 AFUDC or an Allowance for Funds during construction.

18 **Q. BASED ON YOUR REVIEW OF THE UTILITY EXPENSES, WHAT**
19 **OTHER ITEMS SHOULD BE DEDUCTED FROM BOLIVAR'S RATE**
20 **BASE, IF ANY?**

21 A. No additional deductions to the rate base are necessary. Bolivar's requested rate
22 base components follow PUC requirements for Class B utilities.

23 **Q. ARE REGULATORY ASSETS INCLUDED IN BOLIVAR'S RATE BASE?**

24 A. Bolivar does not have any regulatory assets.

25 **Requested Rate of Return**

1 Q. WHAT DOES “WEIGHTED COST OF CAPITAL” OR OVERALL RATE
2 OF RETURN MEAN IN RATEMAKING?

3 A. A weighted cost of capital represents the weighted cost of long term debt and
4 requested return on common stock also known as the overall rate of return. The
5 overall rate of return (ROR) is applied to rate base to determine a reasonable
6 after-tax profit.

7 Q. WHAT IS THE OVERALL RATE OF RETURN (ROR) BOLIVAR IS
8 REQUESTING IN THIS PROCEEDING?

9 A. Bolivar is requesting an overall rate of return of 8% on its actual capital structure
10 which reflects no debt and 100% equity.

11 Q. WHY IS THE REQUESTED ROR OF 8% REASONABLE?

12 A. As stated earlier, Bolivar is proposing to set aside a large portion of its revenue
13 requirements as revenue held in abeyance. The total revenue requirements were
14 computed using a calculated, or proxy, ROR of 8%; however, the amount of
15 revenue requirement Bolivar is setting aside results in negative earnings and an
16 effective ROR that is actually negative. Thus, the requested ROR only serves as a
17 proxy for the calculation purposes of developing the PUC filing requirements and
18 its reasonableness should not be at issue.

19 **Affiliate Transactions**

20 Q. WHY DOES BOLIVAR’S PROPOSED REVENUE REQUIREMENT
21 CONTAIN AFFILIATE TRANSACTIONS?

22 A. Mr. Lege’ discusses Bolivar’s affiliate transactions in his Direct Testimony.
23 Essentially, Bolivar’s parent, Allco LLC, charges Bolivar for employee medical
24 insurance, at its cost with no markup, as well as general liability insurance and
25 auto insurance at no cost to Bolivar. In addition, Bolivar uses Allco LLC, a

1 construction contractor, for the construction and installation of its sewer system
2 facilities at cost with a small markup to cover Allco LLC's overhead costs.

3 **Q. WHAT IS THE STANDARD THE PUC APPLIES WHEN REVIEWING**
4 **AFFILIATE TRANSACTIONS?**

5 A. The Water Code allows a utility's affiliate to charge for goods and services at
6 rates that are the same or less than what an unaffiliated third party would charge.
7 It does not matter if a profit is made, the measuring standard is that the prices
8 charged are competitive with unaffiliated third parties providing the same goods
9 or services.

10 **Q. DO YOU BELIEVE BOLIVAR MEETS THIS STANDARD ACCORDING**
11 **TO THE DIRECT TESTIMONY PROVIDED BY MR. LEGE?**

12 A. Yes. Typically, the larger the consolidated group for medical insurance, the lower
13 the individual insurance charges. It is doubtful that Bolivar could obtain lower
14 medical insurance on a standalone basis. Allco does not charge Bolivar for
15 general liability insurance and auto insurance. Thus, I believe Bolivar, and its rate
16 payers, benefit from the insurance coverage arrangement it has with its parent.
17 Regarding the use of Allco LLC for the construction of plant, Mr. Lege explains
18 that Allco is uniquely qualified to do this type of work for Bolivar. So typically,
19 water and sewer systems are installed at the same time; however, Bolivar
20 Peninsula's water system was installed years before Bolivar's sewer system.
21 Constructing or installing a sewer system in an area with an existing water system
22 complicates and increases installation costs. Since Allco LLC installed most of
23 the peninsula's water system, it is uniquely qualified to install the sewer system,
24 because it knows the location of existing water lines. Further, Mr. Lege states that
25 Allco LLC bills Bolivar for actual construction costs plus a small markup to
26 recover overhead costs. In my discussions with Mr. Lege, he indicated that the
27 Allco LLC's overhead charges ranged from 3% to 5% of the actual construction
28 costs billed. Since contracting firms will mark up their costs as high as 30%, I
29 believe, based on Mr. Lege's Direct Testimony, the affiliate transactions

1 regarding the Allco construction costs are reasonable and meet the affiliate
2 transaction standard.

3 **V. RATE DESIGN**

4 **Q. HOW DO YOU CALCULATE A UTILITY RATE, GENERALLY?**

5 A. Utility rates should be calculated in a manner that will allow the utility a
6 reasonable opportunity to collect the revenue requirement granted by the
7 Commission. This can be achieved by developing a rate structure that consists of
8 a reasonable balance between fixed and variable rates. Bolivar is proposing to
9 collect 66% of its requested revenue requirement through fixed rates and the
10 remaining 34% through variable rates.

11 **Q. WHAT ARE BOLIVAR'S CUSTOMER RATE CLASSES AMONG
12 WHICH IT MUST ALLOCATE COSTS?**

13 A. Bolivar only has one rate class which consists of residential and small commercial
14 customers.

15 **Q. WHAT CHANGES IS BOLIVAR PROPOSING TO ITS CURRENT RATE
16 CLASS STRUCTURE IN THIS REQUEST?**

17 A. None. Bolivar's current rate structure consists of a fixed minimum charge and a
18 volumetric charge. Since the local water provider, Bolivar Peninsula Special
19 Utility District, does all the billing on behalf of Bolivar, the volumetric usage is
20 known for billing purposes.

21 **Q. WHY IS THIS A REASONABLE RATE STRUCTURE?**

22 A. Many sewer utilities' rates consist of a fixed monthly minimum and a variable or
23 volumetric rate when monthly volumetric readings can be obtained. Additionally,
24 Bolivar's current rate structure was found to be reasonable in its last case before
25 the PUC.

1 **Q. HOW IS BOLIVAR PROPOSING TO RECOVER THE REQUESTED**
2 **RATE INCREASE?**

3 A. Bolivar is proposing to collect the entire rate increase by increasing the
4 volumetric rate from \$4.00 to \$6.00.

5 **Q. IS THE INCREASED RATE BASED ON CURRENT NUMBER OF**
6 **CONNECTIONS AS OF THE DATE THE APPLICATION WAS FILED**
7 **OR TEST-YEAR-END CONNECTIONS?**

8 A. The rate is based on the number of active customers at the end of the test year.

9 **Q. HOW DID BOLIVAR CALCULATE THE REVENUE REQUIREMENTS**
10 **TO BE COLLECTED?**

11 A. "Schedule VI Alt Rate Design" provides the calculation of the revenue
12 requirement to collect in rates as well as the proposed rates. Line 1 takes the total
13 Revenue Requirement of \$2,066,758 developed on line 32 of Schedule I-1 (the
14 total proposed revenue requirement) and removes the "Other Revenues" on line
15 35 of \$3,303. This amount ties to the \$2,063,455 presented on line 1 of Schedule
16 VI. Line 2 of Schedule VI removes the revenue held in abeyance of \$1,541,081
17 (or those costs that should be excluded from rates) reflected in Schedule I-1. The
18 result is on line 3 of \$522,374 which represents the revenue amount that will be
19 collected from proposed rates.

20 **Q. HOW DID BOLIVAR CALCULATE THE PROPOSED RATES?**

21 A. Bolivar is proposing to leave its current minimum charges at \$40. Thus, in order
22 to calculate the volumetric rate, the revenues that will be collected through the
23 minimum charge must be removed from the \$522,374 amount determined on line
24 3. Line 4, of Schedule VI calculates normalized bills by applying test year end
25 customers of 720 multiplied by 12 bills to arrive at normalized bills of 8,640. The
26 normalized bills are multiplied by the \$40 minimum currently being charged.
27 This calculation results in \$345,600 of minimum charge revenues being removed

1 from the line 3 revenues of \$522,374. This results in revenues of \$176,774 to be
2 collected in volumetric rates.

3 **Q. HOW DID BOLIVAR CALCULATE THE VOLUMETRIC RATE?**

4 A. Before the volumetric rate can be calculated from the revenue amount determined
5 above, the appropriate level volumes should be determined. Since there are more
6 customers at the end of the test year than at the beginning of the test year,
7 volumes were increased to normalize and reflect the reasonable usage going
8 forward. This adjustment is accomplished by taking the actual billed volumes
9 billed during the test year and dividing it by the actual test year bills. This results
10 in an average usage per bill of 3.41, which is applied to the normalized bills
11 discussed above. The result are normalized volumes which are higher than test
12 year volumes. The calculations for the normalized bills and volumes are shown in
13 footnote (a) in Schedule VI. Finally, the normalized volumes of 29,462 (3.41
14 average usage X 8,640 normalized bills) is divided into the \$176,774 of
15 volumetric revenues calculated above to arrive at the proposed \$6.00 volumetric
16 rate.

17 **Q. WHY IS APPLYING THE TOTAL INCREASE TO THE VOLUMETRIC**
18 **RATE A REASONABLE APPROACH?**

19 A. In the last case, the entire increase was applied to the fixed charge. Applying the
20 entire rate increase to the variable rate fairly allocates costs to customers that
21 discharge more waste (in the summer because this is primarily a vacation
22 community) and cause Bolivar to incur more cost. For example, in February 2016
23 total discharge for the month was 565,800 gallons while in July of the same year
24 total monthly discharge was over three times the February discharge at 1,742,690
25 gallons. The few permanent residences are low to moderate income and under
26 Bolivar's proposed rate design, bills for those customers will change very little.

1 Q. WHAT WOULD BE THE TYPICAL BILL RATE IMPACTS ASSUMING
 2 THE PROPOSED INCREASE AND RATE DESIGN IS ACCEPTED BY
 3 THIS COMMISSION?

4 A. Table 1 below provides the typical bill impacts based on averages for annual,
 5 winter and summer bills assuming the proposed increase of \$2 to the volumetric
 6 rates is granted by the Commission.

7 **TABLE 1**
 8 **Typical Bill Impacts**

	Current Bill	Proposed Bill	% Increase
Annual Average Bill	\$58.81	\$68.21	15.99%
Winter Average Bill	\$48.43	\$52.64	8.70%
Summer Average Bill	\$67.64	\$81.45	20.43%

9
 10

11 **VI. RATE CASE EXPENSES**

12 Q. IS THE COMPANY PROPOSING TO COLLECT RATE CASE
 13 EXPENSES FOR THIS PROCEEDING?

14 A. Similar to my discussion of Bolivar’s Revenue Requirement, Bolivar is generally
 15 willing to absorb all the rate case expenses as it did in the last case to help
 16 mitigate the pecuniary impact on its customers who were negatively affected by
 17 the hurricanes. So, at this time, and in light of the lack of protestants and high
 18 likelihood of settlement, it is not planning to collect theses expenses. However,
 19 if this matter goes to a full blown contested case with extensive and expensive
 20 briefing, it may reconsider.

21 Q. DOES THIS COMPLETE YOUR TESTIMONY?

22 A. Yes, however, I reserve the right to revise or expand my testimony as additional
 23 facts or evidence become available during the hearing process.

EDUCATION: BBA Accounting, University of Texas at Austin
Certified Public Accountant, Texas

PROFESSIONAL MEMBERSHIPS:

American Water Works Association
National Association of Water Companies
Water Environment Federation
Texas Society of Certified Public Accountants
American Public Gas Association
Texas Gas Association

EXPERIENCE:

Mr. Loy has over 25 years' of experience helping organizations meet challenges arising in both regulated and competitive environments within in the utility industry.

2001-Present GDS Associates, Inc.: Principal – Mr. Loy started with GDS in June of 2001. His focus is on regulatory accounting and finance. He is experienced in water, wastewater, natural gas, and electric regulatory and accounting matters. Mr. Loy assisted a number of water, wastewater and gas distribution clients with rate case filings before various regulatory authorities in a number of states. He has assisted with the financial analysis of wholesale purchase power and retail aggregation projects as a result of the deregulation of the electric industry in Texas. He has conducted analysis and developed recommendations regarding the Southwest Power Administration's rate increase on behalf of member clients. He has participated in a number of natural gas and electric projects involving rate increases, acquisition analysis and other special projects.

1999-2001 AquaSource Inc.: General Manager Rates and Regulatory Affairs - AquaSource Inc., a wholly owned subsidiary of DQE Inc and parent of Duquesne Light. AquaSource was formed in 1997 to take advantage of the consolidation in the water and wastewater industries and spent three years and more than \$400 million acquiring water and wastewater companies. Mr. Loy's duties included directing the compilation and filing of rate cases, acquisition analyses and related filings, regulatory commission/governmental relations in the twelve states in which AquaSource operates. Additionally, he supervised a professional staff located throughout the country and assisted in business development, developer contract negotiations and other special projects. His appointment came in the middle of AquaSource's aggressive acquisition phase. Accordingly, his first year was spent primarily working to clean up a very chaotic regulatory situation.

1993-1999 Citizens Utilities Company: Manager, Regulatory Affairs – Mr. Loy served as Project Manager of numerous multiple-company water and wastewater rate case filings, in Ohio, Illinois, Pennsylvania and Arizona. In those cases, he prepared and presented testimony, developed revenue requirement calculations, generated revenue and expense pro forma adjustments, performed working capital lead/lag studies, and evaluated rate design/cost of service issues. He proposed surcharge mechanisms for purchased water, a reverse osmosis process, and contract waste treatment. Additionally, Mr. Loy designed and directed the development of the multiple company revenue requirement models that generated filing schedules. In the fall of 1997, Citizens promoted Mr. Loy to Manager Regulatory Affairs. In the new position, he supervised the staff responsible for all regulatory activity involving gas, electric and water/wastewater in ten states. He was a key member of a team that negotiated a multimillion dollar water and wastewater agreement with a major developer in Phoenix on behalf of Citizens.

- 1989-1993 Southern Union Gas Company: Rate Manager – Mr. Loy joined Southern Union as Sr. Internal Auditor. In that capacity, he contributed to multiple projects pertaining to the upcoming merger with a large publicly traded corporation. These projects included supervising audits of gas purchases, accounts receivable, accounts payable and oil and gas holdings. He was promoted to Rate Manager reporting to the Vice President of Regulatory Affairs. In that capacity, he supervised a team of four directing the preparation and implementation of 16 rate increase applications before various municipal and state regulatory bodies, and led negotiating sessions with elected and municipal officials. In addition to improving efficiency, he developed several rate mechanisms that resulted in increased earnings. One such efficiency was the Weather Normalization Adjustment Clause (WNAC). By eliminating weather-sensitive fluctuations, the WNAC increased earnings as much as 12%. He also developed a Cost of Service Adjustment Clause (CSAC) which was established in several smaller municipal jurisdictions. The CSAC allowed annual rate increases without the time and expense of major rate filings. Also, Mr. Loy performed analysis and due diligence for numerous municipal and private acquisitions.
- 1987-1989 Diversified Utility Consultants, Inc.: Sr. Accounting Analyst - Diversified Utility Consultants (DUC) is a consulting firm which represents consumers' interests in rate case proceedings. The firm's clients include municipalities and various state-supported consumer agencies. As a Sr. Accounting Analyst, Mr. Loy worked on seven electric rate cases, two gas rate cases and one water rate case.
- Prior to 1987 Mr. Loy spent summers in college rough necking, both offshore and onshore, on oil and gas drilling rigs. His first job after college was in the oil & gas industry where he started in accounts receivable and specialized in collecting past due accounts. He was in the Joint Interest Auditing Department where he reviewed drilling costs and negotiated refunds for the company and its joint interest owners.

Regulatory Experience:

Mr. Loy has presented testimony and/or participated in cases before the following regulatory bodies:

Pennsylvania Public Utility Commission – Water/Wastewater, Steam
Public Utilities Commission of Ohio – Water/Wastewater
Indiana Regulatory Commission – Water/Wastewater
Idaho Public Utilities Commission- Water
Illinois Commerce Commission – Water/Wastewater
Arizona Corporation Commission – Water/Wastewater, Conservation Rates, Reclaimed Water
Arkansas Public Utility Commission - Water
Oklahoma Corporation Commission - Gas
Texas Railroad Commission - Gas
Texas Public Utilities Commission – Electric, Water/Wastewater
Texas Commission on Environmental Quality – Water/Wastewater, Conservation Rates
Delaware Public Service Commission – Water, Conservation Rates
New Mexico Public Regulation Commission – Water/Wastewater, Conservation rates
New York Public Service Commission – Water
Public Service Commission of South Carolina – Water/Wastewater
Connecticut Department of Public Utility Control - Water
New Jersey Board of Public Utilities - Water
El Paso Public Utilities Board – Gas

WATER/WASTEWATER/GAS/ELECTRIC EXPERIENCE
LIST OF TESTIMONY, EXPERT PROCEEDINGS, AND ENGAGEMENTS BY
CHARLES E. LOY, CPA

ELECTRIC UTILITY RATES AND REGULATION EXPERIENCE

Public Utility Commission of Texas

Docket No. 48002

Prepared the 2017/2018 Application for Interim Update of Wholesale Transmission Rates and testimony for Guadalupe Valley Electric COOP

Docket No. 46710

Prepared the 2016/2017 Application for Interim Update of Wholesale Transmission Rates and testimony for Guadalupe Valley Electric COOP.

Docket No, 45414

Prepared a cash working capital study and testimony on behalf of Sharyland Utilities L.P.'s 2016 Rate Application to establish retail distribution rates.

Docket No. 43731

Prepared a cash working capital study and testimony on behalf of Cross Texas Transmission LLC 2015 Rate Application to establish rates.

Docket No. 41474

Prepared a cash working capital study and testimony on behalf of Sharyland Utilities L.P.'s 2013 Rate Application to establish retail distribution rates.

Docket No. 31250

Presented testimony and rate filing on behalf of Rio Grande Electrical Cooperatives 2005 Change in rates for wholesale transmission service.

Docket No. 8702

Assisted in the analysis of Gulf States Utilities 1987 rate request.

Docket 8646

Assisted in the analysis of Central Power & Light's 1988 rate request.

Docket 7661

Assisted in the analysis of the City of Fredericksburg's proposed amendment to Certificate of Convenience.

Docket 7510

Assisted in the analysis of West Texas Utilities Company's 1987 rate request.

Federal Energy Regulatory Commission

Docket No. ER88-202-0000

Assisted in the analysis of the Maine Yankee Atomic Power Plant Decommissioning.

Federal Energy Regulatory Commission-cont.

Docket No. ER88-224-0000

Assisted in the analysis of the Carolina Power & Light Company Atomic Power Plant Decommissioning.

City of Bryan

- Developed and programmed data management system for the city electric department.

City of Fredericksburg

- Organized and performed an electric rate survey of Central Texas.
- Assisted in a load and rate design study.

City of Austin

- Assisted in the analysis of the City Electric Utility Department's 1989 rate request.

Other Electric Related Engagements

Dynamic Energy Concepts Incorporated

Assisted with the review of electric contracts, tariffs, analyzed usage data and assessed procurement practices for a number of US Veteran Hospitals across the country

H.E. Butt Grocery Company

Electricity procurement assistance and analysis of supply alternatives

Martin Marietta Materials

Electricity procurement assistance and analysis of supply alternatives

C.H. Guenther & Son, Inc.

Electricity procurement assistance and analysis of supply alternatives

Van Tuyl, Inc.

Electricity procurement assistance and analysis of supply alternatives

Northeast Texas Electrical Cooperative

- Ongoing review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.
- Ongoing review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments.

Tex-La Electric Cooperative

- Ongoing review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.
- Ongoing review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments

Sam Rayburn G&T Electrical Cooperative
Other Electric Related Engagements-cont

- Ongoing review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.
- Ongoing review/analysis of Southwest Power Administration's annual Robert D. Willis Power Repayment Studies and resulting rates.

East Texas Electrical Cooperative

- Ongoing review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments
- Ongoing review/analysis of Southwest Power Administration's annual Robert D. Willis Power Repayment Studies and resulting rates.

WATER UTILITY RATES AND REGULATION EXPERIENCE

Arizona Corporation Commission

Docket No. WS-01303A-006-0403

Presented testimony, prepared the Cost of Service study and rate design on behalf of Arizona-American Sun City and Sun City West Wastewater rate request.

Docket No. WS-01303A-06-0403

Presented testimony, prepared the Cost of Service study and rate design on behalf of Arizona-American Anthem/Aqua Fria Water and Wastewater rate request.

Docket No. WS-01303A-06-0014

Presented testimony, prepared the Cost of Service study, rate design, and assisted with the preparation of the revenue requirements on behalf of Arizona-American Mohave Water and Wastewater rate request.

Docket No. W-01656A-98-0577, SW-02334A-98-0577

Presented testimony for approval of a Central Arizona Project Water utilization plan, the implementation of a Groundwater Savings Fee and the recovery of deferred project costs.

Docket WS-02334A-98-0569

Presented a filing for the approval of an agreement relating to a wastewater plant de-nitrification project with the Sun City Recreation Centers and Del Webb Corporation.

Docket U-3454-97-599

Prepared and presented a filing for the approval of a CCN to provide water and wastewater services to Del Webb's Anthem project and the approval of two related agreements.

Docket No. E-1032-95-417 ET AL.

Presented testimony and prepared the rate filing on behalf of Citizens Utilities Maricopa County water properties 1995 rate request.

Arkansas Public Service Commission

Docket No. 09-130-U

Presented pro forma adjustments to revenues and prepared the Cost of Service study and rate design on behalf of United Water Arkansas's 2009 rate request.

Docket No. 06-160-U

Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Arkansas's 2006 rate request.

Docket No. 03-161-U

Presented testimony, prepared the Cost of Service study, rate design, and assisted with the preparation of the revenue requirements on behalf of United Water Arkansas's 2003 rate request.

Connecticut Department of Public Utility Control

Docket No. 07-05-44

Prepared the rate filing and supporting testimony on behalf of United Water Connecticut's 2007 water rate request.

Public Service Commission of Delaware

PSC Docket No. 16-0163

Presented testimony, prepared the Revenue Requirements Schedules, Cost of Service study and rate design on behalf of SUEZ Water Delaware's 2016 rate request

PSC Docket No. 09-60

Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Delaware's 2009 rate request.

PSC Docket No. 06-174

Presented testimony, prepared the Cost of Service study, rate design, revenue normalization and cash working capital requirements on behalf of United Water Delaware's 2006 rate request.

Idaho Public Utilities Commission

Case No. UWI-W-09-01

Presented testimony, prepared revenue and expense pro forma adjustments, and proposed rate design on behalf of United Water Idaho, Inc. 2010 rate request.

Indiana Utility Regulatory Commission

Cause No. 41842

Prepared the filing and presented testimony for the Petition of Utility Center Inc. for the recovery of Distribution System Improvement Charges -2001

Cause No. 41559

Prepared the filing and presented testimony for a Certificate of Territorial Authority to render Sewage service.-2000

Cause No. 41968

Directed the preparation of Utility Center Inc.' request for authority to increase its rates and charges for water and sewer service. -2000

Illinois Commerce Commission

Docket No. 94-0481

Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Illinois 1994 rate request.

Docket No. 95-0633

Presented testimony on behalf of Citizens Utilities Company of Illinois in Tudor Park Apartments vs. Citizens Utilities of Illinois.- 1995

Docket No. 97-0372

Presented testimony on behalf of Citizens Utilities of Illinois in the Application for Consent to and Approval of a Contract with Affiliated Interests. 1997

State Board of New Jersey Public Utilities

BPU Docket No. WRO702125

Prepared and presented testimony on the determination of the cash working capital requirements on behalf of United Water New Jerseys 2007 rate request.

New Mexico Public Regulation Commission

Case No. 11-00196-UT

Presented testimony and assisted with the preparation of the water rate filing on behalf of New Mexico American Water Company Clovis District

Case No. 09-00156-UT

Presented testimony and prepared the water rate filing on behalf of New Mexico American Water Company Edgewood District

Case No. 07-00435-UT

Presented testimony and prepared the water and wastewater rate filing on behalf of New Mexico Utilities Inc.

Case No. 08-00134-UT

Presented testimony and prepared the water rate filing on behalf of New Mexico –American Water Co.

New York Public Service Commission

Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water New Rochelle's 2010 rate request.

Public Utilities Commission of Ohio

Docket No. 98-178-WS-AIR

Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Ohio 1998 rate request.

Docket No. 94-1237

Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Ohio 1994 rate request.

Pennsylvania Public Utility Commission

Docket No. R-2009-2122887

Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Pennsylvania's 2009 rate request.

Docket No. R-00051186

Assisted with analysis/filing preparation of United Water Pennsylvania, Inc. 2005 Rate Case.

Docket No. R-00953300

Presented testimony on behalf of Citizens Utilities Company of Pennsylvania 1995 rate request.

Texas Commission of Environmental Quality

SOAH Docket 582-14-3415

Application for a 2013 Water Rate/Tariff Change of Canyon Lake Water Service Company
Prepared the application and filed testimony on behalf of Canyon Lake WSC.

Texas Commission of Environmental Quality-cont.

SOAH Docket No. 582-14-3384

Application for a 2013 Water and Sewer Rate/Tariff Change of SWWC Inc.
Prepared application on behalf of SWWC, Inc.

SOAH 582-14-3381

Application for a 2013 Water and Sewer Rate/Tariff Change of Monarch Utilities LP
Prepared application on behalf of SWWC, Inc.

SOAH Docket No. 582-12-0224

STM Application of Monarch Utilities I, L.P. to Transfer Water and Sewer Facilities and Certificates of Convenience and Necessity – provided assistance

Application 37531-R

Application for a Water Rate/Tariff Change of Quadvest L.P. Prepared application on behalf of Quadvest L.P.
Prepared application on behalf of Quadvest L.P.

Applications 37507-R and 37508-R

Application for a Water and Sewer Rate/Tariff Change of Ranch Utilities, Inc. Prepared application on behalf of Ranch Utilities, Inc.

Application 37317-R

Application for a Water Rate/Tariff Change of Wiedenfeld Water Works, Inc. Prepared application on behalf of Wiedenfeld Water Works, Inc.

Applications 37234-R and 37235-R

Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc. North and Southwest Regions
Prepared application on behalf of Aqua Texas, Inc.

SOAH Docket No, 582-12-0224

Application for a Water and Sewer Rate/Tariff Change of Monarch Utilities LP

Prepared application on behalf of SWWC, Inc.
Texas Commission of Environmental Quality-cont.

SOAH Docket No. 582-11-1468
Application for a 2010 Water Rate/Tariff Change of Canyon Lake Water Service Company
Prepared the application and filed testimony on behalf of Canyon Lake WSC.

SOAH Docket No. 582-11-1458
Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc. Southeast Region
Prepared application on behalf of Aqua Texas, Inc.

Docket No. 0580-UCR
Application for a 2009 Water Rate/Tariff Change of Canyon Lake Water Service Company
Prepared the application on behalf of Canyon Lake WSC.

Docket No. 35850-R
Application for a 2007 Water Rate/Tariff Change of Canyon Lake Water Service Company
Prepared the application on behalf of Canyon Lake WSC.

Docket No. 33763-R
Application for a 2007 Water and Sewer Rate/Tariff Change of Midway, Inc. For the City of Oak Point Service area. Filing initially made with the City of Oak Point.

Docket Nos. 35748-R & 35747-R
Application for a Water and Sewer Rate/Tariff Change of Monarch Utilities LP
Prepared the application on behalf of Monarch.

Docket No. 2006-0072-UCR
Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc
Prepared application and presented testimony on behalf of Aqua Texas, Inc.

Docket No. 2007-0478-UCR
Application for a Water and Sewer Rate/Tariff Change of Texas American Water Inc.
Prepared the application on behalf of Texas American Water.

Docket No. 2005-0114-UCR
Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc
Presented Testimony on behalf of Aqua Texas, Inc.

Docket No. 2004-2029-UCR
Application for a Water and Sewer Rate/Tariff Change of Walker Water Works, Inc.
Prepared the application on behalf of Texas American Water.

Application Nos. 34658-R & 34659-R
Application for a Water and Sewer Rate/Tariff Change of Southwest Utilities, Inc.
Prepared the application on behalf of Texas American Water.

Docket Nos. 2000-1074-UCR, 2000-1075-UCR, 2000-1366 UCR through 2000-1369 UCR
Assisted in the preparation and presentation of the Aqua Source 2000 rate increase

Texas Commission of Environmental Quality-cont.

Application No. 7371-R (Texas Water Commission)
Assisted in the analysis of Southern Utilities 1988 rate request on the behalf of Southern Utilities customers.

Other Water Related Engagements and Expert Proceedings

Town of Providence Village

Developed Expert Witness Report for Denton County Court Cause No. 2011-60876-393
Analysis of Agreements between Mustang SUD and Providence Village WCID

City of Page, Arizona

Developed retail water and wastewater rate model, recommended retail water and wastewater rates and provided results and recommendations in a written report and presentation to the City of Page Council

Mitchell County Utility

Assist with divestiture of water utility assets

City of Longview

Ongoing assistance with development of annual formulary wholesale water and wastewater treatment rates.

Aqua Texas, Inc.

Ongoing calculation and updates of Regional Uniform CIAC Fees

Dripping Springs WSC, Hays County WCID 1&2

Review and analysis of West Travis County Public Utility Agency wholesale rate cost of service and rate increase 2012.

SWWC Inc.

- Decertification analysis and valuation of the CCN for Crosswinds development area.
- Decertification analysis and valuation of the CCN for TXI development area.
- Decertification analysis and valuation of the CCN for Tower Terrace/Kilgore Tract development area.
- Decertification analysis and valuation of the CCN for Villages at Warner Ranch development area.
- Long term forecast of all components of the revenue requirements of all Texas utilities

Crystal Clear WSC

Decertification analysis and valuation of the CCN for Texas GLO development area around New Braunfels Texas

Woodbine Development Corp.

Analysis and assistance with LCRA Windmill Ranch wholesale wastewater services contract renegotiations.

Other Water Related Engagements and Expert Proceedings-cont.

Rebecca Creek MUD

Before and after rate comparison, analysis and forecast regarding the merger proposed by Canyon Lake Water Supply Company.

Global Water Resources

Expert witness before American Arbitration Association regarding the financial standing and regulatory status of Global Water.

City of Alexandria, Louisiana

Financial review, allocated cost of service and rate study for the water and wastewater systems. Provided results and recommendations in a written report to the City Council.

City of Clinton, South Carolina

Financial review, allocated cost of service and rate study for the water and wastewater systems. Provided results and recommendations in a written report and presentation to the City Council.

Corix Utilities

Assistance with bid preparation and analysis regarding the LCRA retail water and wastewater divestiture.

Golden State Water Company

Assistance with bid concerning divestiture of SWWC Inc.

United Water Management and Services

Developed report regarding Texas IOU regulation for internal assessment of the Texas water regulatory status.

Austin Apartment Association

Represented the Multi-Family water and wastewater classes in the City of Austin's Public Involvement Committee to review the 2017 water and wastewater rate study.

Greater Austin Water Forum

Assisted industrial class water users with analysis and participation in the City of Austin 2008 Cost of Service Study.

New Mexico Utilities

Review/analysis and critique report on Albuquerque Bernalillo County Water Utility Authority's Cost of Service Wholesale Wastewater Rate Model

Hays County Water Control & Improvement District No. 1 and No. 2

Developed 2015/2016 retail water and wastewater rate model, recommended retail water and wastewater rates and provided results and recommendations in a written report and presentation to the Boards of each utility.

GAS UTILITY RATES AND REGULATION EXPERIENCE

Railroad Commission of Texas

GUD Docket 10190

Prepared filing and testimony of behalf of Hughes Natural Gas 2012 rate increase for the environs of the City of Magnolia.

GUD Docket 10083

Prepared filing and testimony of behalf of Hughes Natural Gas 2011 rate increase for the incorporated area of the City of Magnolia and environs.

GUD Docket 9731

Prepared filing and testimony of behalf of Hughes Natural Gas 2007 rate increase for the environs of the City of Magnolia.

GUD Docket 9488-9512

Prepared filing and testimony of behalf of West Texas Gas 2004 rate increase for the environs of cities served.

GUD Docket 8033

Filed testimony on behalf of Southern Union Gas Company's 1991 appeal for a rate increase in South Jefferson County.

GUD Docket 7878

Filed testimony and prepared the rate filing on behalf of Southern Union Gas Company's 1991 request for a rate increase in the Austin environs.

GUD Docket 6968

Assisted in the analysis of Southern Union Gas Company's 1987 appeal for a rate increase on the behalf of the City of Austin

Oklahoma Corporation Commission

Docket No. 001345

Presented testimony and prepared the rate filing on behalf of Southern Union Gas Company's 1992 rate request.

Pennsylvania Public Utility Commission

Docket No. 2013-2386293

Assisted the University of Pennsylvania with the analysis of Veolia Energy Philadelphia Inc.'s 2013 steam rate case.

Docket No. 2009-2111011

Assisted the University of Pennsylvania with the analysis of Trigen-Philadelphia Energy Corp's 2009 steam rate case.

Federal Energy Regulatory Commission

Docket No. RP09-791-000

Assist municipal customers of MoGas analyze issues in FERC 2009 gas transportation rate case.

City of Austin

- Presented testimony and prepared filing as well as conducted settlement negotiations associated with Southern Union's 1993 rate request.
- Presented testimony and prepared filing on behalf of Southern Union Gas Company's 1991 rate request.
- Assisted in the analysis of Southern Union Gas Company's 1987 rate request on behalf of the City of Austin.

City of El Paso Public Service Board

- Presented testimony and prepared filing as well as participated in the settlement negotiations of Southern Union's 1993 rate request.
- Presented testimony and prepared filing on behalf of Southern Union Gas Company 1991 rate request.

City of El Paso Public Service Board-cont.

- Presented testimony and prepared the filing on behalf of Southern Union Gas Company 1990 request.

City of Port Arthur

- Presented testimony and prepared filing on behalf of Southern Union Gas Company's 1991 rate request.
- Participated in Southern Union Gas Company's 1990 rate request.

City of Monahans

- Presented testimony and prepared filing on behalf of Southern Unions Gas Company's 1992 rate request.
- Assisted in the analysis of Southern Union Gas Company's 1989 rate request on the behalf of the City of Monahans.

City of Borger

- Prepared testimony and prepared the filing on behalf of Southern Union Gas Company's 1992 rate request.
- Participated in Southern Union Gas Company's 1989 rate request on the behalf of the City of Borger.

City of Galveston

- Presented testimony and prepared the filing on behalf of Southern Union Gas Company's 1992 rate request.

Other Gas Related Engagements

Mitchell County Utility

Assist with divestiture of gas utility assets

Hughes Natural Gas

Ongoing assistance with GRIP filings

Markwest Energy Partners

Ongoing transportation rates and regulatory consulting

Consolidated Asset Management Services (CAMS)

Ongoing assistance regarding RRC Transmission pipeline issues

City of Alexandria, Louisiana

Financial review, allocated cost of service and rate study for the gas system.

City of George West, Texas

Gas utility rate study

Alamo Transmission

Assisted with initial tariff development and related cost of service

Dynamic Energy Concepts Incorporated

Assisted with the review of gas contracts, tariffs, analyzed usage data and assessed procurement practices for a number of US Veteran Hospitals across the country.