



Control Number: 48329



Item Number: 2

Addendum StartPage: 0

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2018 MAY 25 PM 12:00

APPLICATION OF MONARCH §
UTILITIES I, L.P.'S FOR A MINOR §
TARIFF CHANGE TO IMPLEMENT §
FEDERAL TAX CHANGE CREDIT §
RIDER §

BEFORE THE PUBLIC UTILITY COMMISSION
FILING CLERK

PUBLIC UTILITY COMMISSION

OF TEXAS

APPLICATION OF MONARCH UTILITIES I, L.P.'S FOR A MINOR TARIFF CHANGE TO IMPLEMENT FEDERAL TAX CHANGE CREDIT RIDER

Monarch Utilities I, L.P. (Monarch) requests the Public Utility Commission of Texas's (Commission) approval to implement a new Federal Tax Change Credit Rider (FTCCR or Credit Rider) that will be used to provide a credit to Monarch customers. Monarch requests the Commission approve the Credit Rider as a minor tariff change to each of its water and wastewater tariffs filed under the Commission's original ratemaking jurisdiction pursuant to 16 Texas Administrative Code (TAC) § 24.21(b)(2)(A)(v).

I. BACKGROUND

The Tax Cuts and Jobs Act of 2017 (TCJA) changed the federal corporate tax rate from 35% to 21%.¹ As a result of the TCJA, the Commission initiated Project No. 47945, Proceeding to Investigate and Address the Effects of Tax Cuts and Jobs Act of 2017 on the Rates of Texas Investor-Owned Utility Companies, including the Order Related to Changes in Federal Income Tax Rates, dated January 25, 2018, and Amended Order Related to Changes in Federal Income Tax Rates, dated February 15, 2018 ("Order"). The Order directed Commission Staff to determine appropriate mechanisms to adjust the rates of regulated utilities to reflect the changes under the newly enacted TCJA. The Order also directed investor-owned Class A water and sewer utilities to record as a regulatory liability: (1) the difference between the revenues collected under existing rates and the

¹ The 35 percent federal corporate tax rate applies to taxable income over \$10,000,000. Monarch's taxable income has historically not exceeded \$10,000,000 and has thus only been subject to a 34 percent tax rate.

revenues that would have been collected had the existing rates been set using the recently approved federal income tax rates; and (2) the balance of excess accumulated deferred federal income taxes (ADFIT) that now exists because of the decrease in the federal income tax rate from 35% to 21%. The recording of the ordered regulatory liability was to commence beginning on January 25, 2018.

II. CREDIT RIDER

As addressed in the Affidavit of Charles Profilet, Monarch's Credit Rider proposal represents the most expeditious and efficient means available to Monarch for providing an estimated amount of savings resulting from the TCJA to Monarch customers before its next rate filing, savings which represent the difference between the revenues collected under existing rates and the revenues that would have been collected had the existing rates been set using the recently approved federal income tax rates. Monarch seeks Commission restraint from requiring Monarch to file a rate case and a finding that, as to Monarch, the Credit Rider will effectively eliminate the portion of the Commission's recently ordered requirement for all Class A water and sewer utilities to record as a regulatory liability, in pertinent part, "the difference between the revenues collected under existing rates and the revenues that would have been collected had the existing rates been set using the recently approved federal income tax rates" from January 25, 2018 (the date of the initial Order) forward.

Monarch proposes to implement the Credit Rider effective for bills rendered on or after an effective date of July 1, 2018 with the same credit continued through June 30, 2019, which includes a catchup credit rider amount for February through June 2018, and lowered slightly for bills rendered on or after July 1, 2019 ending with Monarch's next rate case. Monarch also proposes to apply the 2018 Credit Rider immediately to all service reflected on bills on or after July 1, 2018 as an interim rate before final approval so that customers may experience resulting lower water

and sewer utility payments without delay. Monarch requests that this application be approved administratively under the Commission's informal disposition rule (16 TAC § 22.35).

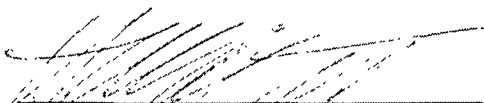
The attached Affidavits of Charles Profilet (**Attachment 1**) and Bob Kelly (**Attachment 2**) contain supporting details for this Credit Rider request. Monarch's calculations approximate estimated TCJA savings as explained in Mr. Kelly's affidavit. Mr. Kelly's affidavit provides the Credit Rider calculations and information used to derive the proposed tariff sheets.

Monarch proposes the Credit Rider remain in effect until Monarch's rates are adjusted in a future rate case using all cost of service information (not just tax savings). Monarch has conferred with both Commission Staff and the Office of Public Utility Counsel ("OPUC") about this Credit Rider proposal and received their support for this request.

Monarch, and Commission Staff have agreed to the form notice attached to the Affidavit of Bob Kelly, which has been mailed to Monarch's customers within the Commission's original ratemaking jurisdiction contemporaneously with the filing of this application. The notice identifies a June 25, 2018 intervention deadline. Monarch and Commission Staff have agreed that Commission Staff may file its recommendation as to the sufficiency of the application, as well as whether Commission Staff determined that a hearing is necessary, or if this matter can be resolved through informal disposition, seven days after the intervention deadline, on July 2, 2018.

Respectfully submitted,

LLOYD GOSSELINK
ROCHELLE & TOWNSEND, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701
Telephone: (512) 322-5800
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ATTORNEYS FOR
MONARCH UTILITIES I, L.P.†

CERTIFICATE OF SERVICE

I, William A. Faulk, III, attorney, certify that a copy of this document was served on all parties of record in this proceeding on this 25th day of May, 2018, in the following manner: hand delivered, emailed, sent via facsimile, or mailed by U.S. First Class Mail.



WILLIAM A. FAULK, III

AFFIDAVIT

STATE OF TEXAS §
 §
COUNTY OF Fort Bend §

1. My name is Charles W. Profilet, Jr. I am the Managing Director, Texas Utilities for SouthWest Water Company.

2. I swear or affirm that I have personal knowledge of the facts set forth in this Affidavit, and I am authorized to makes this Affidavit on behalf of Monarch Utilities I, L.P. (“Monarch”). Each fact set forth in this Affidavit is true and correct.

3. I am familiar with Public Utility Commission (“Commission”) Project No. 47945, Proceeding to Investigate and Address the Effects of Tax Cuts and Jobs Act of 2017 (“TCJA”) on the Rates of Texas Investor-Owned Utility Companies, including the Order Related to Changes in Federal Income Tax Rates, dated January 25, 2018, and Amended Order Related to Changes in Federal Income Tax Rates, dated February 15, 2018 (“Order”). The Order directed Commission Staff to determine appropriate mechanisms to adjust the rates of regulated utilities to reflect the changes under the newly enacted TCJA. The Order also directed investor-owned Class A water and sewer utilities to record as a regulatory liability: (1) the difference between the revenues collected under existing rates and the revenues that would have been collected had the existing rates been set using the recently approved federal income tax rates; and (2) the balance of excess accumulated deferred federal income taxes (ADFIT) that now exists because of the decrease in the federal income tax rate from 35% to 21%. The recording of the ordered regulatory liability was to commence beginning on January 25, 2018.

4. Monarch’s rates for both water and sewer services was approved August 21, 2017 in Commission Docket No. 45770. The rates approved in Commission Docket No. 45570 were determined pursuant to a “black box” settlement, resulting in no specific federal income tax amounts

Attachment 1

being determined by the Commission. In sum, no single federal income tax amount is included within Monarch's rates that can feasibly be recalculated at the 21% corporate tax rate to arrive at the revenue difference described in part (1) of the regulatory liability Order.

5. Monarch is requesting to implement a mechanism to lower its rates statewide so that customers experience lower water and sewer rates immediately. Upon implementation, Monarch requests to be relieved from part (1) of the regulatory liability described in the Order, leaving part (2) regarding ADFIT to be determined in Monarch's next rate case.

6. The rate mechanism Monarch proposes is a Federal Tax Change Credit Rider ("FTCCR" or "Credit Rider") applied to its tariffs as a minor tariff change pursuant to 16 Texas Administrative Code ("TAC") § 24.21(b)(2)(A)(v). That provision permits "rate adjustments to implement . . . downward rate adjustments to reconcile rates with actual costs." Monarch proposes its FTCCR for the purpose of approximating such a reconciliation for only its federal income tax expense costs, but to use for its regulated water and sewer business to obtain the basis for its estimated TCJA tax savings so that some amount of savings may be passed back to its customers now.

7. Mr. Kelly's affidavit describes how Monarch proposes to implement the FTCCR and presents certain documents as part of Monarch's Credit Rider application package.

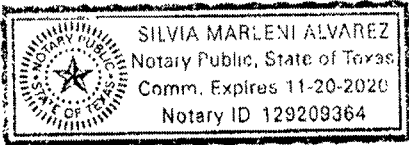
8. Mr. Kelly prepared the Monarch Credit Rider application package for filing at my direction and under my direct supervision or control. I have personally examined and am familiar with the information submitted in the application. The Credit Rider application information is true, accurate, and complete.

9. Monarch believes that the Monarch Credit Rider application package is consistent with the intent of the Commission's Order and is in the best interest of Monarch and its customers.

Further affiant sayeth not.

Charles W. Proffitt, Jr.
Charles W. Proffitt, Jr.

24th SWORN AND SUBSCRIBED TO BEFORE ME, the undersigned authority, on this the
day of May, 2018.



Silvia Marleni Alvarez
Notary Public, State of Texas

AFFIDAVIT

STATE OF CALIFORNIA §
 §
COUNTY OF LOS ANGELES §

1. My name is Robert L. Kelly. I am the Vice President of Regulatory Affairs of SouthWest Water Company and have prepared this affidavit in support of Monarch Utilities I, L.P.'s ("Monarch") minor tariff change application in Commission Docket No. 48329.

2. I swear or affirm that I have personal knowledge of the facts set forth in this Affidavit and that I am authorized to make this Affidavit on behalf of Monarch. Each fact set forth in this Affidavit is true and correct.

3. I am familiar with Project No. 47945, Proceeding to Investigate and Address the Effects of Tax Cuts and Jobs Act of 2017 ("TCJA") on the Rates of Texas Investor-Owned Utility Companies, including the Order Related to Changes in Federal Income Tax Rates, dated January 25, 2018, and Amended Order Related to Changes in Federal Income Tax Rates, dated February 15, 2018 ("Order"). The Order directed Commission Staff to determine appropriate mechanisms to adjust the rates of regulated utilities to reflect the changes under the newly enacted TCJA. The Order also directed investor-owned Class A water and sewer utilities to record as a regulatory liability: (1) the difference between the revenues collected under existing rates and the revenues that would have been collected had the existing rates been set using the recently approved federal income tax rates; and (2) the balance of excess accumulated deferred federal income taxes ("ADFIT") that now exists because of the decrease in the federal income tax rate from 35% to 21%. The recording of the ordered regulatory liability was to commence beginning on January 25, 2018.

4. As discussed in the Affidavit of Charles Proffitt, I have developed a Federal Tax Change Credit Rider ("FTCCR" or "Credit Rider") that Monarch proposes to use for the benefit

of its customers until its next general rate case. I have determined the Credit Rider monthly credit amounts for both water and wastewater customers and the method for implementing them in customer bills as follows:

a. I started with 2017 Earnings Before Interest and Tax for water and wastewater and subtracted the Texas Margins Tax and proforma interest expense.

b. This amount was then multiplied by 13 percent, the difference between Monarch's 2017 tax rate of 34 percent and the new tax rate of 21 percent under the TCJA.

c. The tax expense difference was then reduced to account for customers with rate stabilization agreements not within the Commission's original rate jurisdiction ("non-jurisdictional customers"). This adjustment was calculated by multiplying the tax expense difference by the ratio of non-jurisdictional customer connection meter equivalents to total utility connection meter equivalents.

d. Finally, the adjusted tax expense difference was grossed up by a factor of 1.2658, which is calculated as follows:

$$\text{Gross Up Factor} = 1 + (21\% / (1-21\%))$$

e. The resulting credit amount for water is \$514,900, and the resulting credit amount for wastewater is \$71,400.

f. To calculate a monthly credit amount to be applied to customer bills, I divided the total water and wastewater credit amounts by the number of jurisdictional connection meter equivalents and then divided by 12 months. The resulting monthly credit amount for a water customer with a 5/8 inch meter is \$1.94, and the monthly credit amount for a wastewater customer with the same meter size is \$1.45. To calculate the monthly credit amounts for other

meter sizes, I multiplied the 5/8 inch meter size credit amount by the appropriate meter equivalent factor.

g. In addition to the credit amount specified above, Monarch seeks to true up the amount of the credit by crediting customer the amount of estimated tax savings accumulated from January 25, 2018 until July 1, 2018 when the credit is implemented. Monarch will credit customers this additional amount over one year, from July 1, 2018 until June 30, 2018. One year is a reasonable timeframe over which to apply the true-up credit and will have less impact on Monarch's cash flows than applying the credit over a shorter period, which is appropriate for a utility that is in an underearning position.

h. To calculate the additional credit amount that will be applied to customer bills in the first year of the FTCCR, I first divided the total annual credit amount for water and wastewater, respectively, by 12 months. This amount was then multiplied the number of days between January 25 and June 1 and divided by 365. The result is the total amount of tax true-up credit.

i. The accrued tax credit was divided by the number of jurisdictional connection meter equivalents and then divided by 12 months to result in the monthly water and wastewater true-up credit for a customer with a 5/8 inch meter size. One year is a reasonable time over which to return the true-up amount to customers. The monthly 5/8 inch meter true-up credit amount for water is \$0.84, and the monthly 5/8 inch meter true-up credit amount for wastewater is \$0.62. These two amounts were then multiplied by the appropriate meter equivalent factors for other meter sizes.

j. Monthly customer credits during year one of the FTCCR include both the tax credit and the true-up credit. Year two and beyond include only the tax credit. Detailed calculations of both the year one and year two credit amounts are provided in Attachment B.

k. Monarch notes that its approach will likely provide more benefit to customers than a regulatory liability recorded pursuant to the Order as amended because: (1) the actual tax savings Monarch will experience for the 2018 tax year remain uncertain, as do other portions of the TCJA, and the actual tax savings may not be as much as anticipated and reflected in the FTCCR; and (2) if it were possible for Monarch to recalculate the tax amounts embedded in its “black box” settled rates to lower that tax expense, which it is not, the result would quite possibly be a lower savings amount than that calculated by Monarch using its 2017 Earnings Before Interest and Tax as proposed in this filing.

5. **Attachment A** includes proposed tariff page additions that include each requested FTCCR provision.

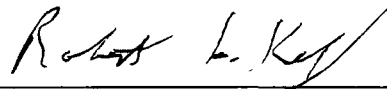
6. **Attachment B** shows Monarch’s calculations that produce the requested FTCCR.

7. While no specific statutory or regulatory notice requirement applies to the type of minor tariff change Monarch is proposing with its requested FTCCR provisions, Monarch has agreed to provide notice of the Credit Rider Application to its customers within the Commission’s original ratemaking jurisdiction. **Attachment C** is the notice Monarch has sent to its customers under the Commission’s original ratemaking jurisdiction discussing the FTCCR, which was agreed to by Commission Staff and the Office of the Public Utility Counsel prior to the filing of the Application.

8. Monarch is voluntarily making this FTCCR proposal to benefit its customers after discussing the application with both Commission Staff and the Office of Public Utility Counsel and

receiving their support. Therefore, Monarch respectfully requests that this application be administratively approved pursuant to the informal disposition process under 16 TAC § 22.35 as no hearing should be required for Monarch to expeditiously lower customer rates through its proposed FTCCR implementation.

Further affiant sayeth not.



Robert L. Kelly

SWORN AND SUBSCRIBED TO BEFORE ME, the undersigned authority, on this the _____ day of May, 2018.

see attached form

Notary Public, State of California

CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-6 to be completed only by document signer[s], not Notary)

X

Signature of Document Signer No. 1 Signature of Document Signer No. 2 (if any)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
 County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me
 on this 24th day of May, 2018,
 by Date Month Year
 (1) Beatriz Revirie

(and (2) _____),
 Name(s) of Signer(s)



proved to me on the basis of satisfactory evidence
 to be the person(s) who appeared before me.

Signature Beatriz Revirie
 Signature of Notary Public

Seal
 Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Affidavit Document Date: NONE
 Number of Pages: 5 Signer(s) Other Than Named Above: NONE

SECTION 1.0 - RATE SCHEDULE (Continued)

2017 Federal Tax Cut and Jobs Act Credit

Customer Credit by Meter Size (Year 1)
Effective July 1, 2018 through June 30, 2019

<u>Meter Size</u>	<u>Monthly Credit</u>
5/8"	\$2.78
3/4"	\$4.17
1"	\$6.95
1 1/2"	\$13.90
2"	\$22.24
3"	\$41.70
4"	\$69.50
6"	\$139.00
8"	\$222.40

Customer Credit by Meter Size (Year 2 & Beyond)
Effective July 1, 2019

<u>Meter Size</u>	<u>Monthly Credit</u>
5/8"	\$1.94
3/4"	\$2.91
1"	\$4.85
1 1/2"	\$9.70
2"	\$15.52
3"	\$29.10
4"	\$48.50
6"	\$97.00
8"	\$155.20

SECTION 1.0 - RATE SCHEDULE (Continued)

2017 Federal Tax Cut and Jobs Act Credit

Customer Credit by Meter Size (Year 1)
Effective July 1, 2018 through June 30, 2019

<u>Water Meter Size</u>	<u>Monthly Credit</u>
5/8"	\$2.07
3/4"	\$3.11
1"	\$5.18
1 1/2"	\$10.35
2"	\$16.56
3"	\$31.05
4"	\$51.75
6"	\$103.50
8"	\$165.60

Customer Credit by Meter Size (Year 2 & Beyond)
Effective July 1, 2019

<u>Water Meter Size</u>	<u>Monthly Credit</u>
5/8"	\$1.45
3/4"	\$2.18
1"	\$3.63
1 1/2"	\$7.25
2"	\$11.60
3"	\$21.75
4"	\$36.25
6"	\$72.50
8"	\$116.00

Customer Credit by Meter Size (Year 1)

<u>Meter</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$2.78	\$2.07
3/4"	\$4.17	\$3.11
1"	\$6.95	\$5.18
1 1/2"	\$13.90	\$10.35
2"	\$22.24	\$16.56
3"	\$41.70	\$31.05
4"	\$69.50	\$51.75
6"	\$139.00	\$103.50
8"	\$222.40	\$165.60

Customer Credit by Meter Size (Year 2 & Beyond)

<u>Meter</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$1.94	\$1.45
3/4"	\$2.91	\$2.18
1"	\$4.85	\$3.63
1 1/2"	\$9.70	\$7.25
2"	\$15.52	\$11.60
3"	\$29.10	\$21.75
4"	\$48.50	\$36.25
6"	\$97.00	\$72.50
8"	\$155.20	\$116.00

**MONARCH UTILITIES I, LP
CUSTOMER CREDIT RELATED TO FEDERAL INCOME TAX RATE DIFFERENCE**

2017 (In Thousands)

	RECORDED			FIT at			FIT Adjustment to Non-Jurisdictional Customers	Income Tax Expense Amount	Grossed-Up Credit
	Earning/(Loss) Before Interest and Tax	Margins Tax	Proforma Interest Expense	Earning Before Tax, Expense	34%	21%			
Monarch - Water	\$5,727.2	\$140.3	\$2,070.6	\$3,516.3	\$1,195.5	\$738.4	\$457.1	(\$50.3)	\$514.9
Monarch - Wastewater	\$890.2	\$23.3	\$402.3	\$464.6	\$158.0	\$97.6	\$60.4	(\$4.0)	\$71.4
TOTAL	\$6,617.4	\$163.6	\$2,472.9	\$3,980.9	\$1,353.5	\$836.0	\$517.5	(\$54.3)	\$463.2

CUSTOMER CREDIT CALCULATION

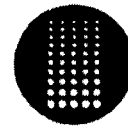
Recorded Active Number Customers - As of December 31, 2017

Meter Size	Customer Count		Ratio	Meter Equivalent (ME)		Credit by Meter Size/Mo.		Proof of Credit Calculation	
	Water	Wastewater		Water	Wastewater	Water	Wastewater	Water	Wastewater
5/8"	21,370	3,950	1.00	21,370.00	3,950.00	\$1.94	\$1.45	\$497,494	\$68,730
3/4"	48	17	1.50	72.00	25.50	\$2.91	\$2.18	\$1,576	\$445
1"	117	15	2.50	292.50	37.50	\$4.85	\$3.63	\$6,809	\$653
1 1/2"	18	8	5.00	90.00	40.00	\$9.70	\$7.25	\$2,095	\$696
2"	25	4	8.00	200.00	32.00	\$15.52	\$11.60	\$4,556	\$557
3"	1	-	15.00	15.00	-	\$29.10	\$21.75	\$349	\$0
4"	1	1	25.00	25.00	25.00	\$48.50	\$36.25	\$582	\$435
6"	-	-	50.00	-	-	\$97.00	\$72.50	\$0	\$0
8"	-	-	80.00	-	-	\$155.20	\$116.00	\$0	\$0
TOTAL	21,580	3,995		22,064.50	4,110.00			\$513,662	\$71,516
Non-Jurisdictional Customers				2,731.00	290.00				\$101
Total ME included in the Income Tax Expense Difference				24,795.50	4,400.00				
Income Tax Expense Difference Before Adjustment				\$457,100	\$60,400				
Adjustment to Non-Jurisdictional Customers				(\$50,345.43)	(\$3,981)				
Income Tax Expense Difference				\$406,755	\$56,419				
Gross-up				1,265.8	1,265.8				
12-Month Credit/(Surcharge)				\$514,870	\$71,415				
Total Qualified ME				22,064.50	4,110.00				
Annual Credit per ME, Dollars (Rate for 5/8")				\$23.33	\$17.38				
Monthly ME Credit, Dollars (Rate for 5/8")				\$1.94	\$1.45				

ADDITIONAL REFUND CALCULATION

Recorded Active Number Customers - As of December 31, 2017

Meter Size	Customer Count		Ratio	Meter Equivalent (ME)		Credit by Meter Size/Mo.		Proof of Credit Calculation	
	Water	Wastewater		Water	Wastewater	Water	Wastewater	Water	Wastewater
5/8"	21,370	3,950	1.00	21,370.00	3,950.00	\$0.84	\$0.62	\$215,410	\$29,388
3/4"	48	17	1.50	72.00	25.50	\$1.26	\$0.93	\$726	\$190
1"	117	15	2.50	292.50	37.50	\$2.10	\$1.55	\$2,948	\$279
1 1/2"	18	8	5.00	90.00	40.00	\$4.20	\$3.10	\$907	\$298
2"	25	4	8.00	200.00	32.00	\$6.72	\$4.96	\$2,016	\$238
3"	1	-	15.00	15.00	-	\$12.60	\$9.30	\$151	\$0
4"	1	1	25.00	25.00	25.00	\$21.00	\$15.50	\$252	\$186
6"	-	-	50.00	-	-	\$42.00	\$31.00	\$0	\$0
8"	-	-	80.00	-	-	\$67.20	\$49.60	\$0	\$0
TOTAL	21,580	3,995		22,064.50	4,110.00			\$222,410	\$30,578
Monthly Credit/(Surcharge)				\$42,905.83	\$5,951.25				
Date Credit Will First Be Applied				1-Jul-18	1-Jul-18				
Date of Order				25-Jan-18	25-Jan-18				
Number of Days				157	157				
Converted to Months				5.16	5.16				
Total Additional Refund				\$221,394	\$30,708				
Annual Credit per ME, Dollars (Rate for 5/8")				\$10.03	\$7.47				
Monthly ME Credit, Dollars (Rate for 5/8")				\$0.84	\$0.62				



Customer Care:
 866.654.SWWC (7992)

May 25, 2018

Dear valued customer,

Monarch Utilities is pleased to notify you that it has filed an application with the Public Utility Commission of Texas (PUC) to approve the implementation of a Federal Tax Change Credit Rider (Credit Rider) effective for bills rendered on or after July 1, 2018. Monarch has developed the Credit Rider as a means to immediately pass estimated savings resulting from the Federal Tax Cuts and Jobs Act of 2017 corporate income tax rate reduction to customers as quickly as possible without the need for a rate case. The Credit Rider will immediately lower your monthly bills and show up as a new line item until Monarch's next rate proceeding.

The Credit Rider that will apply to bills rendered on or after July 1, 2018 through June 30, 2019 (Year 1) for a 5/8 inch meter size, which includes a catchup credit rider amount for the first five months of 2018, is \$2.78 for water and \$2.07 for sewer. Then, effective for bills rendered on or after July 1, 2019 (Year 2), the Credit Rider will decrease to \$1.94 for water and \$1.45 for sewer for a 5/8 inch meter size, because next year the estimated annual savings will be credited over a full 12-month period. Year 1 and Year 2 Credit Rider amounts for all meter sizes are shown in the tables below. The Year 2 Credit Rider amount will remain in place until Monarch's next rate case.

Persons who wish to intervene in the proceeding or comment upon action sought should contact the Public Utility Commission, P.O. Box 13326, Austin, Texas 78711-3326, or call the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing and speech impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136. The deadline for intervention in the proceeding is June 25, 2018. You must send a letter requesting intervention to the commission which is received by June 25, 2018.

Sincerely,

Charles W. Profilet, Jr., P.E.
 Managing Director, Texas Utilities

YEAR 1			YEAR 2	
Effective July 1, 2018 through June 30, 2019			Effective July 1, 2019	
Meter Size	Water	Wastewater	Water	Wastewater
5/8"	\$2.78	\$2.07	\$1.94	\$1.45
3/4"	\$4.17	\$3.11	\$2.91	\$2.18
1"	\$6.95	\$5.18	\$4.85	\$3.63
1 1/2"	\$13.90	\$10.35	\$9.70	\$7.25
2"	\$22.24	\$16.56	\$15.52	\$11.60
3"	\$41.70	\$31.05	\$29.10	\$21.75
4"	\$69.50	\$51.75	\$48.50	\$36.25
6"	\$139.00	\$103.50	\$97.00	\$72.50
8"	\$222.40	\$165.60	\$155.20	\$116.00