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PUC DOCKET NO. 50944

APPLICATION OF MONARCH UTILITIES I L.P. FOR AUTHORITY TO CHANGE RATES

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PUBLIC UTILITY COMMISSION OF TEXAS
REG. CLERK

MONARCH UTILITIES I L.P.’S FIRST ERRATA TO THE APPLICATION

Monarch Utilities I L.P., (“Monarch”) files this First Errata to its Application for Authority to Change Rates (“Application”). The Public Utility Commission’s (“Commission”) Class A Rate Filing Package requires that Schedule II-E-3.6 provide, “a description of the nature of each timing difference listed in Schedule II-E-3.5. *Also, the remaining life of each timing difference as of test year end shall be disclosed if available.*”¹ On Schedule II-E-3.6 in the Application, Monarch inadvertently did not include the remaining life of each timing difference as of test year end. Monarch provides the attached errata Schedule II-E-3.6 that includes the missing information. The attached errata Schedule II-E-3.6 should be treated as replacing the original Schedule II-E-3.6 included in the Application on bates page 001057.

Respectfully submitted,

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/s/ William A. Faulk, III

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¹ Emphasis added.

**ATTORNEYS FOR MONARCH UTILITIES I
L.P.**

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on August 12, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ William A. Faulk, III

WILLIAM A. FAULK, III

3176/24/8106589

Description of Timing Difference	Remaining Life of Timing Difference
<p>Accumulated Deferred Income Taxes - Due to Depreciation For income tax purposes the company uses prescribed methods and lives which differ from the method and lives used to calculate depreciation expense for book purposes. Deferred taxes are calculated and recorded to provide for the tax effect of the timing differences due to depreciation.</p>	<p>Reversal of depreciation timing differences are estimated to occur over the remaining lives of assets ranging from one year to eighty-five years.</p>
<p>Accumulated Deferred Income Taxes - Due to Amortization For income tax purposes the company uses prescribed methods and lives which differ from the method and lives used to calculate amortization expense for book purposes. Deferred taxes are calculated and recorded to provide for the tax effect of the timing differences due to depreciation.</p>	<p>Reversal of amortization timing differences are estimated to occur at the time any associated assets or businesses are sold.</p>
<p>Accumulated Deferred Income Taxes - Due to Bad Debt Reserve Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for Bad Debts is used to offset taxable income in future years.</p>	<p>Reversal of bad debt reserve timing differences are estimated to occur within 12 months</p>
<p>Accumulated Deferred Income Taxes - Due to Accrued Vacations Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for Vacations is used to offset taxable income in future years. Expense for Vacation Pay is recognized for book purposes when earned. For income tax purposes Vacation Pay is deducted when actually paid.</p>	<p>Reversal of accrued vacation timing differences are estimated to occur within 12 months.</p>
<p>Accumulated Deferred Income Taxes - Due to Accrued Professional Fees Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for accrued professional fees is used to offset taxable income in future years. Expense for professional fees is recognized for book purposes when incurred. For income tax purposes professional fees are deducted when actually paid.</p>	<p>Reversal of accrued professional fees timing differences are estimated to occur within 12 months.</p>
<p>Accumulated Deferred Income Taxes - Due to Miscellaneous Prepays Deferred taxes are calculated and recorded to provide for the tax impact of future tax liabilities to be paid by the company when the deduction for miscellaneous prepays is not available to offset taxable income in future years. Expense for miscellaneous prepays is recognized for book purposes as it incurred. For income tax purposes miscellaneous prepays are deducted when actually paid.</p>	<p>Reversal miscellaneous prepaid timing differences are estimated to occur within 12 months.</p>

Monarch Utilities I L.P.

Docket No. 50944

Test Year Ending 12/31/2019

Schedule II-E-3.6 ADFIT - Description of Timing Differences

Witness: Victoria R. Shupak

ERRATA

8/12/2020

Description of Timing Difference

Remaining Life of Timing Difference

Accumulated Deferred Income Taxes - Due to Depreciation:

For income tax purposes the company uses prescribed methods and lives which differ from the method and lives used to calculate depreciation expense for book purposes. Deferred taxes are calculated and recorded to provide for the tax effect of the timing differences due to depreciation.

Reversal of depreciation timing differences are estimated to occur over the remaining lives of assets ranging from one year to eighty-five years.

Accumulated Deferred Income Taxes - Due to Amortization:

For income tax purposes the company uses prescribed methods and lives which differ from the method and lives used to calculate amortization expense for book purposes. Deferred taxes are calculated and recorded to provide for the tax effect of the timing differences due to depreciation.

Reversal of amortization timing differences are estimated to occur at the time any associated assets or businesses are sold.

Accumulated Deferred Income Taxes - Due to Bad Debt Reserve

Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for Bad Debts is used to offset taxable income in future years.

Reversal of bad debt reserve timing differences are estimated to occur within 12 months.

Accumulated Deferred Income Taxes - Due to Accrued Vacations

Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for Vacations is used to offset taxable income in future years. Expense for Vacation Pay is recognized for book purposes when earned. For income tax purposes Vacation Pay is deducted when actually paid.

Reversal of accrued vacation timing differences are estimated to occur within 12 months.

Accumulated Deferred Income Taxes - Due to Accrued Professional Fees

Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for accrued professional fees is used to offset taxable income in future years. Expense for professional fees is recognized for book purposes when incurred. For income tax purposes professional fees are deducted when actually paid.

Reversal of accrued professional fees timing differences are estimated to occur within 12 months.

Accumulated Deferred Income Taxes - Due to Miscellaneous Prepaids

Deferred taxes are calculated and recorded to provide for the tax impact of future tax liabilities to be paid by the company when the deduction for miscellaneous prepaids is not available to offset taxable income in future years. Expense for miscellaneous prepaids is recognized for book purposes as it incurred. For income tax purposes miscellaneous prepaids are deducted when actually paid.

Reversal miscellaneous prepaid timing differences are estimated to occur within 12 months.