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SOAH DOCKET NO. 473-20-4709.WS  
PUC DOCKET NO. 50944

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

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BEFORE THE STATE OFFICE OF  
ADMINISTRATIVE HEARINGS



REBUTTAL TESTIMONY

OF

JEFF FARNEY

ON BEHALF OF

MONARCH UTILITIES I L.P.

NOVEMBER 19, 2020

576

**REBUTTAL TESTIMONY OF  
JEFF FARNEY**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>I.</b> INTRODUCTION .....	3
<b>II.</b> PURPOSE OF REBUTTAL TESTIMONY .....	3
<b>III.</b> RESPONSE TO SPECIFIC ISSUES.....	3
<b>IV.</b> CONCLUSION.....	6

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**REBUTTAL TESTIMONY OF  
JEFF FARNEY**

1

**I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.**

3 A. My name is Jeff Farney. My business address is 12535 Reed Rd., Sugar Land, Texas  
4 77478. I am employed by SouthWest Water Company (“SouthWest”) as Vice  
5 President of Information Technology (“IT”) within its Corporate Shared Services.

6 **Q. ARE YOU THE SAME JEFF FARNEY WHO PROVIDED DIRECT  
7 TESTIMONY ON BEHALF OF MONARCH UTILITIES I L.P. (“MONARCH”)  
8 IN THIS CASE?**

9 A. Yes.

10

**II. PURPOSE OF REBUTTAL TESTIMONY**

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

13 A. I am responding to the Public Utility Commission (“Commission”) Staff’s  
14 recommendation regarding corporate rate base.

15

**III. RESPONSE TO SPECIFIC ISSUES**

16 **Q. PLEASE SUMMARIZE STAFF’S RECOMMENDATION FOR CORPORATE  
17 RATE BASE.**

18 A. In her direct testimony, Commission Staff witness Heidi Graham recommends the  
19 entirety of Monarch’s requested corporate rate base be disallowed. Her explanation for

1 this disallowance of \$1,575,128 to Monarch's requested rate base is that it was not  
2 supported by testimony.<sup>1</sup>

3 **Q. DO YOU AGREE WITH STAFF'S RECOMMENDATION? PLEASE**  
4 **EXPLAIN.**

5 A. No. My direct testimony provides support for the parent company assets.<sup>2</sup> As noted in  
6 WP II-B, the total IT costs were \$8.2 million, and per the three-factor allocation,  
7 Monarch's portion resulted in \$1,575,128. Substantial support was submitted via my  
8 direct testimony on Information Technology Capital Costs, including investments in  
9 Cyber Security, Hardware, Software & Customer-Facing Website, Facilities,  
10 Telecommunications, SAP Upgrades, and an Infrastructure Reliability Upgrade. These  
11 investments are required to support utility operations in order to provide safe, reliable,  
12 and high-quality service to our customers. A summary of the purpose of SouthWest's  
13 investments in these areas, as further explained in my direct testimony, is included  
14 below.

- 15       ▪ Cyber Security—The scope of the cyber security program included the  
16       deployment of technology to identify, protect, detect, and respond to cyber  
17       threats.
- 18       ▪ Hardware—The hardware investments included computing resources in both  
19       the Houston Data Center and the Dallas backup and disaster recovery data  
20       center, which are both instrumental in supporting business operations. Among  
21       the applications supported by this hardware include the customer call center,  
22       field operations, and back office functions.

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<sup>1</sup> Direct Testimony of Heidi Graham at 13:15-25.

<sup>2</sup> Direct Testimony of Jeff Farney at 5-15.

- 1           ▪ Software & Customer-Facing Website—The scope of this area included  
2           upgrading the company website and the collaboration platform called Microsoft  
3           Office 365. Among the benefits with the new website are increased self-service  
4           options for customers to access billing information and process payments. The  
5           collaboration platform has been instrumental in supporting employees and  
6           business processes during the remote workforce model deployed during the  
7           2020 COVID-19 pandemic.
- 8           ▪ Facilities—Facilities investments included upgrading the security, fire, and  
9           building access system where the Texas Water Utilities management,  
10          accounting, and customer service teams work. Also included in this scope were  
11          air conditioning replacements.
- 12          ▪ Telecommunications—The scope included a project that implemented a call  
13          center platform that integrates with the customer billing system SAP in order to  
14          provide a modern toolset for our call agents that also allows them to provide  
15          excellent service for our customers.
- 16          ▪ SAP Upgrades—Upgrades to the SAP platform have provided numerous  
17          benefits to SouthWest and Monarch’s customers. Benefits to this upgrade  
18          include applying required periodic application upgrades for performance and  
19          cyber security reasons, new functionality for customer relationship  
20          management and billing, improved computing power allowing faster  
21          transactions, and field operations/metering features.
- 22          ▪ Infrastructure Reliability Upgrades—Benefits for this investment were  
23          numerous, including enhancing the robustness of the computing infrastructure  
24          that operates the company SAP system. By migrating to infrastructure as a

1 service (“IaaS”), computing operations are better protected against risks  
2 associated with natural disasters including hurricanes or cyber security attacks.  
3 It also proved to be a safer option for company support staff as during the  
4 pandemic they did not have to make personal trips to the data centers to support  
5 SAP during the pandemic.

6 **IV. CONCLUSION**

7 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

8 A. Yes, it does.