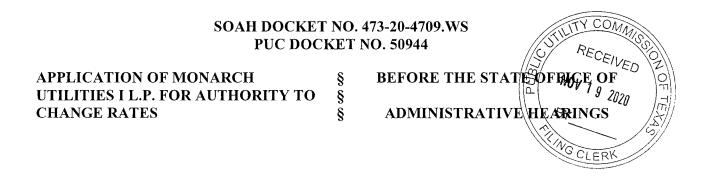
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REBUTTAL TESTIMONY

OF

JEFF FARNEY

ON BEHALF OF

MONARCH UTILITIES I L.P.

NOVEMBER 19, 2020

REBUTTAL TESTIMONY OF JEFF FARNEY

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

APPLICATION OF MONARCH§BEFORE THE STATE OFFICE OFUTILITIES I L.P. FOR AUTHORITY TO§CHANGE RATES§ADMINISTRATIVE HEARINGS

REBUTTAL TESTIMONY OF JEFF FARNEY

1		I. INTRODUCTION
2	Q.	PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.
3	А.	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

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

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

No. My direct testimony provides support for the parent company assets.² As noted in 5 Α. WP II-B, the total IT costs were \$8.2 million, and per the three-factor allocation, 6 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 Cyber Security, Hardware, Software & Customer-Facing Website, Facilities, 9 Telecommunications, SAP Upgrades, and an Infrastructure Reliability Upgrade. These 10 11 investments are required to support utility operations in order to provide safe, reliable, and high-quality service to our customers. A summary of the purpose of SouthWest's 12 investments in these areas, as further explained in my direct testimony, is included 13 below. 14

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 <u>Cyber Security</u>—The scope of the cyber security program included the deployment of technology to identify, protect, detect, and respond to cyber threats.

Hardware—The hardware investments included computing resources in both
 the Houston Data Center and the Dallas backup and disaster recovery data
 center, which are both instrumental in supporting business operations. Among
 the applications supported by this hardware include the customer call center,
 field operations, and back office functions.

¹ Direct Testimony of Heidi Graham at 13:15-25.

² Direct Testimony of Jeff Farney at 5-15.

Software & Customer-Facing Website—The scope of this area included
 upgrading the company website and the collaboration platform called Microsoft
 Office 365. Among the benefits with the new website are increased self-service
 options for customers to access billing information and process payments. The
 collaboration platform has been instrumental in supporting employees and
 business processes during the remote workforce model deployed during the
 2020 COVID-19 pandemic.

- Facilities—Facilities investments included upgrading the security, fire, and
 building access system where the Texas Water Utilities management,
 accounting, and customer service teams work. Also included in this scope were
 air conditioning replacements.
- <u>Telecommunications</u>—The scope included a project that implemented a call
 center platform that integrates with the customer billing system SAP in order to
 provide a modern toolset for our call agents that also allows them to provide
 excellent service for our customers.
- SAP Upgrades—Upgrades to the SAP platform have provided numerous
 benefits to SouthWest and Monarch's customers. Benefits to this upgrade
 include applying required periodic application upgrades for performance and
 cyber security reasons, new functionality for customer relationship
 management and billing, improved computing power allowing faster
 transactions, and field operations/metering features.
- Infrastructure Reliability Upgrades—Benefits for this investment were
 numerous, including enhancing the robustness of the computing infrastructure
 that operates the company SAP system. By migrating to infrastructure as a

JEFF FARNEY

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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.