



Control Number: 50944



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

APPLICATION OF MONARCH § PUBLIC UTILITY COMMISSION
UTILITIES I, L.P. FOR AUTHORITY §
TO CHANGE RATES § OF TEXAS

COMMISSION STAFF'S NINTH REQUEST FOR INFORMATION
TO MONARCH UTILITIES I, L.P.
QUESTION NOS. STAFF 9-1 THROUGH STAFF 9-9

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) requests that Monarch Utilities I, L.P., by and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Order Suspending Rules in Docket No. 50664.

Dated: November 23, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

/s/ Megan Chalifoux

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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 September 24, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Megan Chalifoux

Megan Chalifoux

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QUESTION NOS. STAFF 9-1 THROUGH STAFF 9-9**

DEFINITIONS

- A. "Monarch," "Company," or "you" refers to Monarch Utilities I, L.P. and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
- B. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

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INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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In Reference to the Redacted Rebuttal Testimony of Victoria R. Shupak, beginning page 9, line 19, through page 10, line 6:

- STAFF 9-1** Admit or deny: No federal income tax was paid on the gain being recognized as income on MUI each year as a result of New Mexico Utilities, Inc. (NMUI).
- STAFF 9-2** Would the gain recognized as income on MUI each year be deferred for tax purposes if MUI was not consolidated for tax purposes with its affiliates?
- STAFF 9-3** With regard to the statement on page 9, lines 8-10, explain in detail why the loss for Wiedenfeld Water Works should be included when calculating the consolidated tax savings adjustment.
- STAFF 9-4** Did the Wiedenfeld Water Works loss decrease the actual federal income tax liability of MUI or any of its affiliates? If the answer is yes, please provide appropriate documentation to support this assertion.
- STAFF 9-5** Please reference the tax laws that support the assertion that the \$75,360 loss due to the purchase of Wiedenfeld Water Works should be included as an adjustment to consolidated tax savings.
- STAFF 9-6** With regard to the statement on page 10, lines 1-2, provide documentation that MUI is paying the tax deferred by NMUI.
- STAFF 9-7** Please explain why it is reasonable that MUI pay the tax deferred by NMUI when the tax is a result of NMUI's actions rather than MUI's net income.
- STAFF 9-8** Given MUI's assertion on page 10, line 2 that "MUI is paying the tax deferred by NMUI", please explain how the statement on page 10, lines 8-10, "The stock acquisition will not affect the rates charged by Monarch Utilities I, LP (LP) and will not alter any of the existing operations" is a true statement.
- STAFF 9-9** Reference page 9, lines 8 through 11 regarding the tax loss of \$75,360 due to the purchase of Wiedenfeld Water Works: Provide the tax documents, or identify the document in the record, that show the \$75,360 loss reduced taxable income on the consolidated tax return that included MUI's income.