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Received - 2022-01-20 03:31:15 PM

Control Number - 50944

ItemNumber - 644

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Commissioner

Lori Cobos
Commissioner

Jimmy Glotfelty
Commissioner



Greg Abbott
Governor

Thomas J. Gleason
Executive Director

Public Utility Commission of Texas

TO: Peter M. Lake, Chairman
Will McAdams, Commissioner
Lori Cobos, Commissioner
Jimmy Glotfelty, Commissioner

All Parties of Record

FROM: Office of Policy & Docket Management

RE: **PUC Docket No. 50944**
SOAH Docket No. 473-20-4709.WS – *Application of Monarch Utilities I L.P. for Authority to Change Rates*

DATE: January 20, 2022

On January 10, 2022, the Office of Policy and Docket Management filed a proposed order in the above-styled and -numbered docket. On January 18, 2022, Monarch Utilities I L.P. and Commission Staff filed joint corrections to the proposed order.

Monarch and Commission Staff request several corrections to system names listed in proposed finding of fact 10. The corrections are appropriate based on the agreed water tariff except for *Stagecoach Hills*, *Oak North Mobile Home Estates*, and *Oak Woods Water System*. Similarly, Monarch and Commission Staff request that two systems be added to proposed finding of fact 69. However, those additions do not comport with the agreed water tariff filed on July 16, 2021 at Bates page 50. The requested changes are made to proposed findings of fact 10 and 69, but ordering paragraph 2 is modified, and a new ordering paragraph is added after ordering paragraph 2.

2. The Commission approves Monarch's water and sewer rate tariffs attached to the agreement as attachments B and C, except as modified by this Order, effective the date of this Order.
- X. Monarch must correct the system names *Stagecoach Hills*, *Oak North Mobile Home Estates*, and *Oak Woods Water System* in its water tariff. Monarch must also add the *Montebello Estates* and *Silver Creek* systems to the Raymond Jagge Lease pass-through of \$0.1481 per customer per month in its water tariff. The tariffs discussed in ordering paragraph 12 must reflect these changes.

Monarch and Commission Staff request two corrections to proposed finding of fact 12. However, they cite as support for their corrections their joint filing from December 2021. Proposed finding of fact 12 describes what is contained in the application, not what the parties agreed to. The requested changes do not comport with the application filed on July 15, 2020 at Bates pages 224 and 231. Therefore, those changes are not made.

In addition, Monarch and Commission Staff request a modification to proposed finding of fact 85, but the change is not appropriate because it does not track the language on page 5 of the parties' agreement filed on July 16, 2021. Nevertheless, the requested change to ordering paragraph 4 is made as a reasonable clarification to the Commission's ordering paragraph.

4. Monarch must recover 2019 purchased water costs in the amount of \$3,166,067 and purchased wastewater treatment service costs in the amount of \$249,514 through pass-through mechanisms contained in the tariffs included as attachments B and C to the agreement. For all other systems that do not have a pass-through mechanism contained in the tariffs included as attachments B and C to the agreement, Monarch must file pass-through approval applications with the Commission and must not seek to recover purchased water or wastewater treatment service costs from any of those systems that do not incur purchased water or wastewater treatment service costs.

Finally, Monarch and Commission Staff's requested modification to ordering paragraph 10 is appropriate as a reasonable clarification and is therefore made.

10. Monarch must file a true-up for pass-through water charges in March of 2022 and annually thereafter.

The proposed order is ready for the Commission's consideration.

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