

**AUSTIN ENERGY'S
2022 BASE RATE REVIEW**

§ **BEFORE THE CITY OF AUSTIN**
§
§ **IMPARTIAL HEARING EXAMINER**



REBUTTAL TESTIMONY

OF

MONICA M. GONZALEZ

ON BEHALF OF AUSTIN ENERGY

JULY 7, 2022

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EXHIBITS

MG-1 Resume

1 **I. INTRODUCTION**

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

3 A. My name is Monica Gonzalez. My business address is 4815 Mueller Blvd, Austin, TX
4 78723.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

6 A. I am employed by the City of Austin as Principal Accounting Manager of Austin
7 Energy.

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

9 A. I am testifying on behalf of Austin Energy.

10 **Q. DID YOU PREPARE THIS TESTIMONY?**

11 A. Yes. This testimony was prepared by me or under my direct supervision.

12 **Q. PLEASE DISCUSS BRIEFLY YOUR EDUCATIONAL BACKGROUND,**
13 **PROFESSIONAL EXPERIENCE, AND QUALIFICATIONS.**

14 A. I currently serve as the Principal Accounting Manager for Austin Energy. I am
15 responsible for Austin Energy's corporate accounting functions including financial
16 statements prepared in accordance with generally accepted accounting principles
17 (GAAP) and overseeing our annual external audit. I am licensed in the state of Texas
18 as a Certified Public Accountant with a Master of Business Administration and
19 Bachelor of Business Administration from St. Mary's University. I have over 17 years
20 of accounting and financial management experience including over 13 years of public
21 power utility finance experience at Austin Energy. Prior to joining Austin Energy, I
22 worked in public accounting.

1 **Q. HAVE YOU PROVIDED AN ATTACHMENT THAT DETAILS YOUR**
2 **EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE?**

3 A. Yes. I provide this information in Exhibit MG-1 to my testimony.

4 II. PURPOSE

5 Q. PLEASE EXPLAIN THE PURPOSE OF YOUR REBUTTAL TESTIMONY.

6 A. The purpose of my rebuttal testimony is to address issues raised by Participants
7 concerning the amortization of rate case expenses, adjustments proposed to test year
8 Other Revenues, and adjustments to Uncollectible Expense.

9 III. RATE CASE EXPENSE

10 **Q. HAS AUSTIN ENERGY REQUESTED RECOVERY OF RATE CASE**
11 **EXPENSES IN THIS PROCEEDING?**

12 A. Yes. Austin Energy amortizes rate case expenses over three years. In this proceeding,
13 Austin Energy has requested a known and measurable adjustment for rate case
14 expenses of \$597,000, which is based on a three-year amortization of estimated test
15 year rate case expenses of \$1,791,000.¹

16 **Q. HAVE OTHER PARTICIPANTS OBJECTED TO AUSTIN ENERGY'S**
17 **PROPOSAL?**

18 A. No Participant has taken exception to the level of rate case expenses proposed by
19 Austin Energy, but Participants have taken exception to the amortization period
20 proposed by Austin Energy. Those Participants include Independent Consumer

¹ Austin Energy 2022 Base Rate Filing Package, Appendix C at C-107 (Apr. 18, 2022) (RFP).

1 Advocate (ICA) witness Effron² and Two Women Ratepayers (2WR).³ Both
2 Participants propose a five-year amortization period for the rate case expense.

3 **Q. DO YOU AGREE WITH THEIR PROPOSALS?**

4 A. No. Austin Energy has a financial policy that states “A rate adequacy review shall be
5 completed every five years, at a minimum, through performing a cost of service
6 study.”⁴ The policy does not prohibit Austin Energy from conducting a Cost-of-Service
7 Study in a shorter time frame, and a three-year amortization period helps ensure that
8 there is not an over-lapping of rate case expense recovery periods between rate review
9 filings.

10 **IV. OTHER REVENUES—FACILITIES RENTALS**

11 **Q. HAS AUSTIN ENERGY MADE ADJUSTMENTS TO OTHER REVENUES?**

12 A. Yes. Austin Energy has made three adjustments to Other Revenues including reducing
13 Facility Rentals by \$1,836,8265 to reflect an adjustment for pole attachment revenue
14 from a customer that we do not expect to collect.

15 **Q. HAVE OTHER PARTICIPANTS OBJECTED TO AUSTIN ENERGY’S**
16 **ADJUSTMENT?**

17 A. Yes. ICA witness Effron proposes that no adjustment be made to Other Revenues for
18 Facility Rentals.⁶

² Initial Presentation of David J. Effron on Behalf of the Independent Consumer Advocate (ICA) at 8 (Jun. 22, 2022) (Effron Presentation).

³ Two Women Ratepayers’ (2WR) Position Statement at 5 (Jun. 22, 2022).

⁴ RFP, Appendix B at B-2, Item 17.

⁵ RFP, Appendix C at C-150.

⁶ Effron Presentation at 12-13.

1 **Q. DO YOU AGREE WITH ICA WITNESS EFFRON'S PROPOSAL?**

2 A. No. Austin Energy follows GAAP, which requires that Austin Energy reduce
3 receivables not expected to be collected. The \$1,836,826 revenue was negated in our
4 financial statements as uncollectible, subject to an independent external audit for Fiscal
5 Year 2021.⁷ The revenue has been disputed by the customer for more than a year, and
6 Austin Energy does not expect that the amount will be recovered.

7 **V. OTHER REVENUES—LATE PAYMENT FEES**

8 **Q. HAS AUSTIN ENERGY ADJUSTED LATE PAYMENT FEES IN THE BASE**
9 **RATE FILING PACKAGE?**

10 A. No. Austin Energy made no adjustment to Late Payment fees in the Base Rate Filing
11 Package.

12 **Q. HAVE OTHER PARTICIPANTS PROPOSED ANY ADJUSTMENTS TO**
13 **LATE PAYMENT FEES?**

14 A. Yes. ICA witness Johnson proposed an upward adjustment of \$2.2 million⁸ and 2WR
15 proposed a similar adjustment.⁹

16 **Q. DO YOU AGREE WITH THE PROPOSED ADJUSTMENTS OF ICA**
17 **WITNESS JOHNSON AND 2WR?**

18 A. No. ICA witness Johnson proposes using an average of FY 2018 and FY 2019 for the
19 late payment fees adjustment. He specifically excludes FY 2020 and FY 2021 due to

⁷ See City of Austin Annual Comprehensive Financial Report for FY 2021 (Mar. 14, 2022) https://assets.austintexas.gov/financeonline/downloads/annual_comprehensive_financial_report/annual_comprehensive_financial_report_2021.pdf.

⁸ Initial Presentation of Clarence L. Johnson on Behalf of the ICA at 16-17 (Jun. 22, 2022) (Johnson Presentation).

⁹ 2WR's Position Statement at 5.

1 the pandemic. It is improper to use FY 2018 and FY 2019 because those are two years
2 prior to the current test year of FY 2021 and will be four years prior to the fiscal year
3 when the rates approved in this proceeding become effective (FY 2023). 2WR's
4 recommendation is similar in that they propose averaging of prior year late payment
5 fees. These proposals should not be adopted because they do not accurately reflect the
6 test year.

7 **Q. DO YOU HAVE A REVISED RECOMMENDATION TO ADJUST LATE**
8 **PAYMENT FEES?**

9 A. Yes. The test year only includes eight months of late fees due to Austin Energy waiving
10 those in response to COVID and Winter Storm Uri. Therefore, in response to the issues
11 raised in rebuttal testimony, Austin Energy proposes a known and measurable
12 adjustment of \$1,154,575 to late payment fees. This is derived using a 12-month total
13 of late payment fees billed beginning May 2021 through April 2022, which is after the
14 expiration of COVID and Winter Storm Uri policies that temporarily eliminated late
15 payment fees.

16 **VI. UNCOLLECTIBLE EXPENSE**

17 **Q. HAS AUSTIN ENERGY MADE AN ADJUSTMENT TO UNCOLLECTIBLE**
18 **EXPENSE FOR THE TEST PERIOD?**

19 A. Yes. Austin Energy made a known and measurable adjustment to uncollectible expense
20 of (\$7,837,013).¹⁰ This downward adjustment is related to the adjustment made to
21 Other Revenues—Facilities Rental revenue, as addressed in Section IV above.

¹⁰ RFP, Appendix C at C-105.

EXHIBIT MG-1

Monica M. Gonzalez

Austin Energy
4815 Mueller Blvd.
Austin, TX 78723

Professional Experience:

AE Principal Accounting Manager

Finance - Corporate Accounting, Austin Energy
(August 2021 – present)

Senior manager overseeing the corporate accounting teams (revenue, cost, fixed assets, and general reporting). Ensure financial reporting is in accordance with generally accepted accounting principles (GAAP) and federal energy regulatory commission (FERC) guidance. Oversee the annual external audit and development of Austin Energy's financial statements and footnotes for the Annual Comprehensive Financial Report (ACFR) and Bond Official Statements. Provide expert analysis and advise on financial matters to executives, committees, and rating agencies.

Accounting Manager I/II

Finance - Corporate Accounting, Austin Energy
(March 2017 – August 2021)

Corporate Accounting manager overseeing financial reporting and accounting following GAAP and FERC guidance for fixed assets, debt, revenue, regulatory accounting, and joint projects. Oversee coordination of section of monthly and year end close cycles as well as portion of the annual external audit and development of Austin Energy's financial statements and footnotes for the ACFR and Bond Official Statements.

Financial Planner Utility – Lead

Finance – Corporate Accounting Austin Energy
(June 2013 – March 2017)

Manage financial reporting, accounting and audit response for utility revenue, accounts receivable, joint projects and regulatory accounting ensuring adherence to GAAP and FERC.

Financial Planner Utility

Finance – Corporate Accounting Austin Energy
(April 2012 – June 2013)

Prepare and analyze financial statements in accordance with GAAP & FERC. Provide variance analysis and review of statements and financial transactions as well as prepare responses for external audit requested workpapers. Develop & coordinate grant and joint project accounting as well as report development from billing system.

Accountant Senior

Finance – Corporate Accounting Austin Energy

(January 2009 – April 2012)

Prepare financial records and reconciliations for joint projects and the Statement of Cash Flows as well as support the implementation of the utility billing system.

Senior Staff Accountant

Audit/Tax – Blakeslee, Monzingo & Co.

(January 2007 – January 2009)

Lead independent external audits through planning, fieldwork, and report preparation for governmental, nonprofit, and nonpublic companies. Prepare individual and corporate tax returns. Conduct compilations and reviews.

Accounting Intern/Associate Accountant

Bulk Finished Product Accounting – Valero Energy Corporation

(February 2004 – January 2007)

Record and reconcile accounting transactions for wholesale fuel purchases and sales including analysis of contracts.

EDUCATION/CERTIFICATION:

Certified Public Accountant – State of Texas

Master of Business Administration – St. Mary's University, San Antonio, TX

Bachelor of Business Administration – Accounting – St. Mary's University, San Antonio, TX