



Control Number: 45570



Item Number: 118

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SOAH DOCKET NO. 473-16-2873.WS

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APPLICATION OF MONARCH  
UTILITIES I, L.P. TO CHANGE RATES  
FOR WATER AND SEWER SERVICE

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PUBLIC UTILITY COMMISSION  
BEFORE THE STATE CLERK  
OF  
ADMINISTRATIVE HEARINGS

**MONARCH UTILITIES I, L.P.'S RESPONSES TO  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

To: Commission Staff, by and through its attorney of record, Sam Chang, Public Utility Commission of Texas, Legal Division, 1701 North Congress Avenue, Austin, Texas 78711-3326.

Monarch Utilities I, L.P. ("Monarch") files its Responses to Public Utility Commission ("Commission") Staff's Second Requests for Information received March 31, 2016. This response is timely filed. This response may be treated by all parties as if it were filed under oath.

Respectfully submitted,

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Austin, Texas 78701  
Telephone: (512) 322-5800  
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ATTORNEYS FOR MONARCH UTILITIES I, LP

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 11th day of April, 2016, a true and correct copy of the foregoing document has been hand-delivered., sent via facsimile, e-mail, or first class mail to all parties of record.

A handwritten signature in black ink, appearing to read 'William A. Faulk, III', written over a horizontal line.

WILLIAM A. FAULK, III

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-1:**     **How does growth in the cities of Kyle and Buda affect Monarch's revenues and how is the growth treated in the rate application?**

**RESPONSE:**       Only a portion of Monarch's customers receiving water service from the Plum Creek System are in the city limits of Kyle and Buda. Monarch does not provide wastewater service to any customers in either of those cities.

Regarding in-city customers, Monarch has ensured in the calculation of its rates that non in-city customers are treated equitably and therefore in-city customer growth is not an issue. As explained in the testimony of George Freitag, P.E.:

"Monarch has ensured in the rate calculations that non-contract customers are not in any way burdened as result of some customers not receiving increases, or receiving lesser increases due to being served under contract. The rate calculations assume that all customers, including contract customers, receive increases, with the result that Monarch shareholders effectively absorb foregone rate increases that would otherwise be paid by contract customers."  
(page 10, lines 4-9)

Prepared by:       Robert Kelly and George Freitag  
Sponsored by:     George Freitag

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-2:** Please provide a comparative schedule for revenues for all systems not included in the rate application for the test year and three years prior to the test year on the same month end basis as the test year.

**RESPONSE:**

Below are the revenues for the Blue Mound and Midway systems, which are not included in the rate application.

<b>Line No.</b>	<b>Year (a)</b>	<b>Revenue (b)</b>
1	July 1, 2014-June 30,2015	2,034,662
2	July 1, 2013-June 30,2014	1,842,205
3	July 1, 2012-June 30,2013	1,793,267
4	July 1, 2011-June 30,2012	1,660,024

Prepared by: Patricia DeMay  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-3:** Please provide a comparative schedule for the change in number of connections shown by meter size for all systems not included in the rate application for the test year.

**RESPONSE:**

Below are the change in number of connections shown by meter size for the Blue Mound and Midway systems, which are not included in the rate application.

Line No	Meter Size (a)	Active Water Connections		Active Sewer Connections	
		7/2014 (b)	6/2015 (c)	7/2014 (d)	6/2015 (e)
1	5/8"	1,192	1,204	771	774
2	3/4"	1	1	1	1
3	1"	2	2	1	1
4	1 1/2"	3	3	2	2
5	2"	4	4	4	4
6					
7		1,202	1,214	779	782

Prepared by: Patricia DeMay  
Sponsored by: George Freitag

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-4:     **Has Plant in Service been adjusted to remove costs associated with the systems not included in the rate application?****

**RESPONSE:**       Plant in service has been adjusted as to remove costs associated with the Blue Mound and the Midway systems but the costs related to Kyle, Ivanhoe, and Buda were not removed.

Prepared by:       Bruce Connolly  
Sponsored by:      Craig Gott

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-5:**     **Have expenses for the systems in Kyle, Buda and any other system omitted from the rate application been removed from the revenue requirement? Please explain.**

**RESPONSE:**       Expenses for the system that serves customers within the city limits of Kyle, Ivanhoe, and Buda were not removed from the revenue requirement. Expenses for systems in Blue Mound and Midway, however, were removed because Monarch is no longer serving those customers.

Prepared by:       Carmelitha Bordelon-Taylor  
Sponsored by:     George Freitag



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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-6:**     **Reference page 109 of the direct testimony of Carmeletha Bordelon-Taylor: Please explain what benefit the customers receive from the recasting of capitalized leases to conventional operating leases.**

**RESPONSE:**        Monarch is not the owner of the leased assets, which is consistent with operating lease methodology. Customers will also see overall a revenue requirement reduction in the amount of \$52,807 resulting from the recasting of the leased assets; see also Monarch's response to Staff RFI 2-7.

Prepared by:         Robert Kelly  
Sponsored by:        Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-7:**     **Does the recasting of capitalized leases to conventional operating leases affect the revenue requirement? Provide the monetary effect of the change to the revenue requirement.**

**RESPONSE:**         Recasting capitalized leases as conventional operating leases results in an estimated overall revenue requirement reduction of \$52,807. See Attachment Staff 2-7 Analysis of Capitalized v Operating Vehicle Lease.

Prepared by:         Robert Kelly  
Sponsored by:         Robert Kelly

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-8:** Please provide the total amount of expenses incurred by Craig Gott which pertain specifically to the 2016 Monarch Rate Case.

**RESPONSE:** The total amount of expenses incurred by Craig Gott included in the rate filing package pertaining to the rate case is \$1,699.64.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-9:** Please provide a detailed expense report for all expenses, if any, incurred by Craig Gott that were not provided in Schedule II-E-4.4 of the Rate Filing Package.

**RESPONSE:** This RFI was clarified by counsel for Staff. As clarified, the response is that there were no expenses incurred by Craig Gott associated with preparation of the rate case that were not included in Schedule II-E-4.4 of the Rate Filing Package.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-10:** Please provide the total amount of expenses incurred by George Freitag, which pertain specifically to the 2016 Monarch Rate Case.

**RESPONSE:** George Freitag has incurred \$3,877.22 in expenses included in the rate filing package pertaining to the 2016 Monarch Rate Case.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-11:** Please provide a detailed expense report for all expenses, if any, incurred by George Freitag that were not provided in Schedule II-E-4.4 of the Rate Filing Package.

**RESPONSE:** This RFI was clarified by counsel for Staff. As clarified, the response is that there were no expenses incurred by George Freitag associated with the rate case that were not provided in Schedule II-E-4.4.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-12:** Please provide the total amount of expenses incurred by Horn Solutions, which pertain specifically to the 2016 Monarch Rate Case.

**RESPONSE:** Horn Solutions has incurred \$74,103.00 in expenses included in the rate filing package pertaining to the 2016 Monarch Rate Case.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-13:** Please provide a detailed expense report for all expenses, if any, incurred by Horn Solutions that were not provided in Schedule II-E-4.4 of the RFP.

**RESPONSE:** This RFI was clarified by counsel for Staff. As clarified, the response is that there were no expenses incurred by Horn Solutions associated with the rate case that were not provided in Schedule II-E-4.4.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor



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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-14:** Please provide a description of the amount of work done on an hourly basis by Horn Solutions pertaining specifically to the 2016 Monarch Rate Case.

**RESPONSE:** Horn Solutions billed Monarch for 726.5 hours of work performed related to the 2016 Monarch Rate Case during the period 8/23/2015 through 1/31/16.

Prepared by: Patricia DeMay  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-15:** Please provide the total amount of expenses incurred by Kiki Carlson, which pertain specifically to the 2016 Monarch Rate Case.

**RESPONSE:** Kiki Carlson has incurred \$3,426.14 of expenses included in the rate filing package pertaining to the Monarch Rate Case.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-16:** Please provide a detailed expense report for all expenses, if any, incurred by Kiki Carlson that were not provided in Schedule II-E-4.4 of the Rate Filing Package.

**RESPONSE:** This RFI was clarified by counsel for Staff. As clarified, the response is that there were no expenses incurred by Kiki Carlson associated with the rate case that were not provided in Schedule II-E-4.4.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-17:** Please provide the total amount of expenses incurred by Robert Kelley, which pertain specifically to the 2016 Monarch Rate Case.

**RESPONSE:** Robert Kelly has incurred \$31,571.26 in expenses included in the rate filing package that pertain specifically to the 2016 Monarch Rate Case.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-18:** Please provide a detailed expense report for all expenses, if any, incurred by Robert Kelley that were not provided in Schedule II-E-4.4 of the Rate Filing Package.

**RESPONSE:** This RFI was clarified by counsel for Staff. As clarified, the response is that there were no expenses incurred by Robert Kelly associated with the rate case that were not provided in Schedule II-E-4.4.

Prepared by: Brittany Robbins  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-19:** Please identify any additional contract labor employees or entities who provided Monarch Utilities service in the period used to calculate Monarch Utilities' proposed water and sewer rates, and explain in detail all job functions performed by any contract laborers for Monarch Utilities.

**RESPONSE:** Monarch has no contract labor employees. There are no additional contract labor entities beyond what was reported in II-D-4 and WP/II-D-4.

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-20:** Please provide a total amount of expenses and a detailed expense report for those employees and entities referred to in the previous item.

**RESPONSE:** None.

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-21:** Please provide a copy (hard copy and electronic file, if available) of the general ledger for the test year (July 1, 2014 – June 30, 2015) and the known and measurable changes (July 1, 2015 – June 30, 2016); and a copy of the chart of accounts with account codes or numbers for Monarch Utilities I, L.P.

**RESPONSE:** Please see the following files:

**Confidential Attachment Staff 2-21a - Monarch SAP General Ledger**

**Attachment Staff 2-21b - Monarch SAP Chart of Accounts**

**Attachment Staff 2-21c - Known & Measurable**

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Carmelitha Bordelon-Taylor



# DOCKET NO. 45570

## CONFIDENTIAL

STYLE: Application Of Monarch Utilities, I, L.P., To Change Rates for Water and Sewer Service

SUBMITTING PARTY: Monarch Utilities I., L.P.

BRIEF DESCRIPTION OF CONTENTS: Confidential Portion of Monarch Utilities I, L.P.'s Responses to Staff's 2nd RFIs

BATE STAMPED PAGE NUMBER RANGE: Bate Stamp: 1

ENVELOPE # 1

DATE PROVIDED: April 11, 2016

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-22:** For the years 2014 and 2015, please provide copies of the complete audited financial statements including the auditor's reports and all notes for Monarch Utilities I, L.P., Monarch Utilities, Inc., and SWWC Utilities, Inc., including but not limited to balance sheets, profit and loss statements, and statements of cash flow. If audited financial statements are not available, provide the unaudited financial statements.

**RESPONSE:** See Confidential Attachment Staff 2-22, which include the 2014 audited financial statements and footnotes for Monarch I, LP and the unaudited balance sheets and income statements for Monarch Utilities, Inc. and SWWC Utilities, Inc. The 2015 financials have not yet been finalized. The response will be supplemented upon the completion of the audited financial statements for 2015.

Prepared by: Kent Cauley  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-23:** Please provide any additional internal or external audit reports produced since the beginning of 2014 regarding Monarch's water and wastewater operations.

**RESPONSE:** There have not been additional internal or external audit reports produced since the beginning of 2014 regarding Monarch Utilities I, LP water and wastewater operations other than the 2014 audited financial statements provided in Staff RFI 2-22.

Prepared by: Kent Cauley  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-24:** Please provide the number of full time and part time employees that worked for the applicant during the test year.

**RESPONSE:** Full time employees during the test year reached 62 for Monarch Utilities I, LP. Monarch Utilities I, LP does not have any part time employees in Texas.

Prepared by: Edward Taussig  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-25:** Please provide a list of all employees who received salaries, bonuses, allowances, benefits and other remuneration that were included in the cost of service. Please provide the following information:

- a. Name;
- b. Position and detailed job description;
- c. Date hired and date of termination, if applicable;
- d. Rate per month or per hour; and
- e. Total number of hours and percentage of time worked per week for you and total number of hours and percentage of time worked per week for any of your affiliated companies.

**RESPONSE:** See list of employees in Confidential Attachment Staff 2-25.a and job descriptions in Attachment Staff 2-25.b. Please see also Monarch's response to Staff 2-27.

Prepared by: Edward Taussig  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-26:** Please provide the number of full time and/or part time employees that worked for Monarch Utilities, Inc. and SWWC Utilities Inc. for 2014 and 2015.

**RESPONSE:** Full time employees during the test year reached 62 for Monarch Utilities I, LP and 72 for SWWC Utilities, Inc. There were no part time employees in Texas working for either Monarch Utilities I, LP or SWWC Utilities, Inc.

Prepared by: Edward Taussig  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-27:** Please provide names of employees that work for Monarch Utilities I, L.P. and one or more of the affiliated companies. Provide name, position and detailed job description.

**RESPONSE:** See Confidential Attachment Staff 2-27.a listing employees as of June 30, 2015 and Attachment Staff 2-27.b for job descriptions.

Prepared by: Edward Taussig  
Sponsored by: Charles Profilet

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-29:** Please provide a list of items, expenses, or cost of service that were allocated and/or direct billed to Monarch Utilities 1, L.P. from the affiliated companies.

**RESPONSE:** See Direct Testimony of Robert Kelly, page 24, beginning at line 5 and ending on page 26 at line 12.

Prepared by: Robert Kelly  
Sponsored by: Robert Kelly



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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-30:** Please provide a list of specific benefits and/or services that Monarch Utilities I, L.P. receives from its affiliated companies in return for the costs allocated and/or direct billed from the affiliate. Please identify the specific costs with the specific benefit or service.

**RESPONSE:** See Schedule IV-4.1, SWWC Cost Allocation Manual. See Workpaper IV-1, Affiliate Expenses by NARUC Account. See Direct Testimony of Robert Kelly, discussion beginning on page 23 and ending on page 27.

Prepared by: Robert Kelly  
Sponsored by: Robert Kelly

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-31:** Please provide the percentage and amount of every expense category allocated and/or direct billed from the affiliated companies that were included in this rate change application.

**RESPONSE:** For categories and percentages of costs allocated and/or direct billed from affiliates, please Schedules IV-12.1 – Affiliate Multijurisdictional Costs and IV-12.2 – Texas Affiliates and Regions included in the rate filing package.

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Robert Kelly

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-32:** Please provide any study or other document showing the basis of allocation and direct billing of costs from the affiliated companies.

**RESPONSE:** For explanation of allocated costs please see IV-4.1 – Cost Allocation Manual.

Direct costs are those costs applicable to specific operations. Monarch has 77 water and 11 wastewater systems in 23 counties throughout Texas. It is not cost effective to maintain personnel for each of these systems, therefore, SWWC Utilities, Inc. employees may perform tasks in various Monarch facilities. The hourly rate charged is the average employee cost for the position. Rates are reviewed periodically to ensure they remain consistent with employee costs.

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Robert Kelly

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-34: Did the applicant provide any services to affiliated companies during the test year?**

**RESPONSE:** Yes.

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Robert Kelly

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-35:** Please provide the allocation schedule of SWWC Utilities, Inc. and Monarch Utilities, Inc.'s cost of service/expenses allocated and/or direct billed to affiliated companies for the test year, but not limited to Monarch Utilities I, L.P. Provide a breakdown of costs distributed to the affiliated companies.

**RESPONSE:** Please see Schedule IV-8 and IV-9 in the rate filing package.

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Robert Kelly

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-36:** Please identify all companies to whom SWWC Utilities, Inc. and Monarch Utilities, Inc. allocate or direct bill their costs or expenses.

**RESPONSE:** Please see Schedule IV-12.2 - Texas Affiliates and Regions for details of all companies to whom SWWC Utilities, Inc. allocates or direct bills costs or expenses. Monarch Utilities, Inc. does not allocate costs or expenses.

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Robert Kelly

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-37:** Please identify all affiliated companies whose costs were allocated and/or direct billed to or shared with Monarch Utilities I, L.P. and provide the five year history of allocated/direct billed percentage and indicate the reason(s) for changing the allocation or direct billing.

**RESPONSE:** Please see the following attachments:

Attachment Staff 2-37a Parent Company Allocations  
Attachment Staff 2-37b Allocation Tables 2011  
Attachment Staff 2-37c Allocation Tables 2012  
Attachment Staff 2-37d Allocation Tables 2013  
Attachment Staff 2-37e Allocation Tables 2014  
Attachment Staff 2-37f Allocation Tables 2015

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Robert Kelly

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-38:** Please identify the accounting method used to record income and expenses in accordance with GAAP and the NARUC.

**RESPONSE:** Monarch records income and expenses in accordance with accounting principles generally accepted in the United States of America and with the accepted methods prescribed by NARUC. See Attachment Staff 2-38, which is from the 2014 audited financial statements of Monarch Utilities I, LP for a summary of significant accounting policies.

Prepared by: Kent Cauley  
Sponsored by: Carmelitha Bordelon-Taylor



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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-39:** Please explain and provide any study, analysis, basis, or policy used in calculating allowance for probable losses and writing-off bad debts.

**RESPONSE:** Bad debt write-off is based on Monarch's internal policy. Monarch reserves according to these percentages of Accounts Receivable that are past due: 25% of 31-60 Day Balance + 50% of 61-90 Day Balance + 100% of > 90 Day Balance. Each month we compare the balance in the reserve account to the amount we expect to be uncollectible using the above percentages. We then adjust this balance to the expected amount and offset the difference to Bad Debt Expense.

Prepared by: Tina Vu  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-40:** Please provide a list of employees covered by pension benefits, medical health insurance, other health or company benefits indicate the amount of each benefit for each employee.

**RESPONSE:** See Confidential Attachment Staff 2-40 for a list of Monarch direct employees and their benefits.

Prepared by: Edward Taussig  
Sponsored by: Carmelitha Bordelon-Taylor

**PUC DOCKET NO. 45570  
SOAH DOCKET NO. 473-16-2873.WS**

**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-41:** Please provide copy of all contracts the applicant has executed with its affiliates, if any, and any other contracts executed with other companies or service providers.

**RESPONSE:** Monarch does not have contracts with affiliate companies. See voluminous WP/II-D-7(W) and WP/II-D-7(S) for purchased water and wastewater contracts. Additional Monarch contracts with other companies or service providers are included in Attachment Staff 2-41.

Prepared by: Edward Taussig  
Sponsored by: Carmelitha Bordelon-Taylor

**PUC DOCKET NO. 45570  
SOAH DOCKET NO. 473-16-2873.WS**

**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-42:**    **Please confirm that the application does not request recovery of any revenue held in abeyance or costs associated with such revenue.**

**RESPONSE:**        As stated in Monarch's Notice of Intent to Change Water and Sewer Rates, Monarch based its proposed rates on a test year ending June 30, 2015, adjusted for known and measurable changes ("Test Year"), as defined in 16 TAC § 24.3(71). The notice stated that the operating costs in the Test Year are indicative of an ongoing level of costs to operate and maintain the facilities used and useful in providing water and wastewater service. Therefore Monarch's application does not include any revenue held in abeyance or any costs associated with such revenue.

Prepared by:        Carmelitha Bordelon-Taylor  
Sponsored by:       Robert Kelly

**PUC DOCKET NO. 45570  
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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-43:** Please provide the benefits in dollar amount, received by Monarch Utilities 1, L.P. from the sale of Blue Mound and the Midway, respectively.

**RESPONSE:** See Direct Testimony of Robert Kelly, pages 5 (Blue Mound) and 13 (Midway).

Prepared by: Robert Kelly  
Sponsored by: Robert Kelly

**PUC DOCKET NO. 45570  
SOAH DOCKET NO. 473-16-2873.WS**

**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-44:** Please provide documents, including written descriptions, showing the transactions of all general journal entries made during the test year that created prior period adjustments as defined by GAAP.

**RESPONSE:** Monarch did not have general journal entries made during the test year that created prior period adjustments.

Prepared by: Kent Cauley  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-45:** Please provide copy of 2014 and 2015 financial reports for the affiliated companies whose costs were allocated and/or direct billed to Monarch Utilities I, L.P.

**RESPONSE:** See response to Staff RFI 2-22 for financial reports related to SWWC Utilities, Inc. and see Confidential Attachment Staff 2-45, classified as confidential, to this RFI for costs associated with SouthWest Water Company.

Prepared by: Kent Cauley  
Sponsored by: Carmelitha Bordelon-Taylor

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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-46:** Please identify each instance of an affiliate and Monarch performing the same or similar function with respect to any expenses allocated or direct billed from affiliates to Monarch? If so, please detail.

**RESPONSE:** Instances where an affiliate and Monarch perform the same or similar function are primarily related to operations management and field labor. This includes area managers, field supervisors, engineers, administrative assistants, operators, technicians, and other utility workers.

Prepared by: Carmelitha Bordelon-Taylor  
Sponsored by: Robert Kelly



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**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-47: Please provide any justification for the reasonableness and necessity for Monarch Utilities I, L.P. to include in its cost of service the allocated and/or direct billed costs from the affiliated companies.**

**RESPONSE:** See Direct Testimony of Robert Kelly, discussion beginning on page 23 and ending on page 27.

Prepared by: Robert Kelly  
Sponsored by: Robert Kelly

**PUC DOCKET NO. 45570  
SOAH DOCKET NO. 473-16-2873.WS**

**MONARCH'S RESPONSES TO STAFF'S SECOND REQUESTS FOR INFORMATION**

**STAFF RFI 2-48:** Please provide the "Organizational Chart" for Monarch Utilities I, L.P., Monarch Utilities, Inc., SWWC Utilities, Inc. and other affiliated companies that allocate and/or direct bill costs to the Applicant.

**RESPONSE:** See Schedule IV-3 in the rate filing application for the requested "Organizational Chart."

Prepared by: Bruce Connolly  
Sponsored by: Charles Profilet