



Control Number: 45570



Item Number: 130

Addendum StartPage: 0

RECEIVED

PUC DOCKET NO. 45570 2016 APR 15 PM 2: 58
SOAH DOCKET NO. 473-16-2873.WS

PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF MONARCH § BEFORE THE STATE OFFICE
UTILITIES I, L.P. TO CHANGE RATES § OF
FOR WATER AND SEWER SERVICE § ADMINISTRATIVE HEARINGS

**MONARCH UTILITIES I, L.P.'S SUPPLEMENTAL RESPONSES TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
NOS. 2-28, 2-33, 2-49, 2-60, 2-63, AND 2-71**

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 Supplemental Responses to Public Utility Commission ("Commission") Staff's Second Requests for Information Nos. 2-28, 2-33, 2-49, 2-60, 2-63, and 2-71 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,

**LLOYD, GOSSELINK,
ROCHELLE & TOWNSEND, P.C.**
816 Congress Avenue, Suite 1900.
Austin, Texas 78701
Telephone: (512) 322-5800
Facsimile: (512) 472-0532



LAMBETH TOWNSEND
State Bar No. 20167500
ltownsend@lglawfirm.com

GEORGIA N. CRUMP
State Bar No. 05185500
gcrump@lglawfirm.com


WILLIAM A. FAULK, III
State Bar No. 24075674
cfaulk@lglawfirm.com

ATTORNEYS FOR MONARCH UTILITIES I, LP

130

CERTIFICATE OF SERVICE

I hereby certify that on this 15th 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.



WILLIAM A. FAULK, III

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

**MONARCH'S SUPPLEMENTAL RESPONSES TO STAFF'S SECOND
REQUESTS FOR INFORMATION NOS. 2-28, 2-33, 2-49, 2-60, 2-63, AND 2-71**

STAFF RFI 2-28: Please provide all studies, work papers, or other documents that show the salaries, allowances, medical insurance benefits, pension/retirement benefits, and other remuneration paid to employees are reasonable.

RESPONSE: See the following confidential files related to compensation studies:

Confidential Attachment Staff 2-28 2014 SWWC Benchmark Slotting Review

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-1st Level Executive

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-2nd Level Executive

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-Managers

See Confidential Attachment Staff 2-28 "Defined Contribution Survey," concerning reasonableness of the defined contribution plan.

Prepared by: Kent Cauley
Sponsored by: Charles Profilet

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 15, 2016

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

**MONARCH'S SUPPLEMENTAL RESPONSES TO STAFF'S SECOND
REQUESTS FOR INFORMATION NOS. 2-28, 2-33, 2-49, 2-60, 2-63, AND 2-71**

STAFF RFI 2-33: Please provide any study or other document showing that the costs allocated and the percentage of allocation and/or direct billing are reasonable.

RESPONSE: See the following confidential files related to compensation studies:

Confidential Attachment Staff 2-28 2014 SWWC Benchmark Slotting Review

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-1st Level Executive

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-2nd Level Executive

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-Managers

See Confidential Attachment Staff 2-28 "Defined Contribution Survey," concerning reasonableness of the defined contribution plan.

See Schedule IV-4.1, SWWC Cost Allocation Manual.

See California Public Utilities Commission Decision 14-12-038, <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M143/K989/143989136.pdf>. See also settlement approved by that decision, <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M143/K987/143987709.pdf>, p. 29-32

Prepared by: Robert Kelly
Sponsored by: As To Excel Files – Charles Profilet
As To All Other Documents – Robert Kelly

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

**MONARCH'S SUPPLEMENTAL RESPONSES TO STAFF'S SECOND
REQUESTS FOR INFORMATION NOS. 2-28, 2-33, 2-49, 2-60, 2-63, AND 2-71**

STAFF RFI 2-49: Please provide copies of all invoices for any legal and consulting services included in the test year for the applicant, including direct billed or allocated costs from affiliates.

RESPONSE: Please see Confidential Attachment Staff 2-49a for all consulting service invoices included in the test year. By agreement between counsel, the requested invoices for legal services will be provided by later supplemental response.

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

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

**MONARCH'S SUPPLEMENTAL RESPONSES TO STAFF'S SECOND
REQUESTS FOR INFORMATION NOS. 2-28, 2-33, 2-49, 2-60, 2-63, AND 2-71**

STAFF RFI 2-60: Please provide minutes from board meetings or other executive approvals authorizing any pay increases included in the application for non-bargaining employees

RESPONSE: See Confidential Attachment Staff 2-60 for executive approvals authorizing pay increases included in the application for non-bargaining employees.

Prepared by: Kent Cauley
Sponsored by: Charles Profilet

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

**MONARCH'S SUPPLEMENTAL RESPONSES TO STAFF'S SECOND
REQUESTS FOR INFORMATION NOS. 2-28, 2-33, 2-49, 2-60, 2-63, AND 2-71**

STAFF RFI 2-63: Please provide the amount of Texas property taxes that were due in 2013, 2014, and 2015, and all supporting documentation.

RESPONSE: Texas property taxes that were paid for:

2013	\$428,877.04
2014	\$542,561.87
2015	\$543,072.71

The supporting documentation is voluminous and is available at the offices of Monarch's attorneys, Lloyd Gosselink Rochelle & Townsend, P.C., located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701:

Attachments Staff 2-63a – 2013 Property Tax
Attachments Staff 2-63b – 2014 Property Tax
Attachments Staff 2-63c – 2015 Property Tax

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

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

**MONARCH'S SUPPLEMENTAL RESPONSES TO STAFF'S SECOND
REQUESTS FOR INFORMATION NOS. 2-28, 2-33, 2-49, 2-60, 2-63, AND 2-71**

STAFF RFI 2-71: Provide the following with regard to Monarch's ad valorem taxes:

- a. Total taxes paid for the each calendar year partially included in the test year in Texas and other states.**
- b. Accounting distribution of taxes paid in each state for the same calendar years as (a.) (expense, capital, and other by NARUC account).**
- c. Total gross and net book values upon which such taxes were assessed and paid in each state for the two years in (a). Distinguish by component as applicable (plant in service, materials and supplies, CWIP, etc.).**
- d. Property taxes charged to utility expenses for each month of the test year by NARUC account.**

RESPONSE:

- a. Total taxes paid by year:

FY 2014:	\$542,561.87
FY 2015:	\$543,072.71

- b. All amounts paid were expensed to NARUC 408.11

- c. Property tax is not assessed on CWIP. All values are based on Monarch plant in service.

Gross Cost of Plant as of 12/31/2014:	\$132,947,291
Net Cost of Plant as of 12/31/2014:	\$80,618,370
Gross Cost of Plant as of 12/31/2015:	\$130,430,168
Net Cost of Plant as of 12/31/2015:	\$76,881,624

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

**MONARCH'S SUPPLEMENTAL RESPONSES TO STAFF'S SECOND
REQUESTS FOR INFORMATION NOS. 2-28, 2-33, 2-49, 2-60, 2-63, AND 2-71**

d. Property taxes charged to utility expenses for each month of the test year by NARUC account:

Jul-14	\$38,495
Aug-14	\$38,533
Sep-14	\$38,533
Oct-14	\$38,901
Nov-14	\$38,901
Dec-14	\$93,757
Jan-15	\$44,431
Feb-15	\$44,421
Mar-15	\$44,348
Apr-15	\$44,561
May-15	\$44,502
Jun-15	\$44,448
TOTAL	\$553,831

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