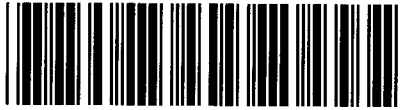


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PUC DOCKET NO. 45570
SOAH DOCKET NO. 473-16-2873.WS

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

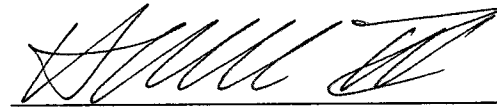
**MONARCH UTILITIES I, L.P.'S RESPONSES TO
COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION**

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 Fourth Requests for Information received April 8, 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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ATTORNEYS FOR MONARCH UTILITIES I, LP

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CERTIFICATE OF SERVICE

I hereby certify that on this 21st 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 RESPONSES TO STAFF'S FOURTH REQUESTS FOR INFORMATION

STAFF RFI 4-1: Please identify each component of invested capital for which all or part of the capitalized cost was charged by an affiliate. In identifying each component, please identify the respective affiliates, the costs attributable to each affiliate, and the proportion of such costs that comprise profit for the affiliate.

RESPONSE: See Confidential Attachment Staff 4-1.

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

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

MONARCH'S RESPONSES TO STAFF'S FOURTH REQUESTS FOR INFORMATION

- STAFF RFI 4-2:** **See the direct testimony of Gary Rose at 10. Please provide**
- a. the total gross plant that is the result of capitalizing the 30% margin charged by ECO Resources, Inc.,**
 - b. the total accumulated depreciation associated with the plant responsive to item a., and**
 - c. a breakdown of those totals by component of invested capital.**

RESPONSE: See Confidential Attachment Staff 4-2.

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

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MONARCH'S RESPONSES TO STAFF'S FOURTH REQUESTS FOR INFORMATION

STAFF RFI 4-3: **Please provide an itemization by dollar value of the costs actually incurred by ECO Resources, Inc. that comprise the 30% margin charged by ECO Resources, Inc. to Monarch for each component of invested capital.**

RESPONSE: The amount of gross profit "charged" by ECO Resources, Inc. in terms of recorded gross margin was far less than 30 percent. Recorded gross margin was between 15 and 17 percent from 2005 to 2007 when the majority of cost was capitalized. In terms of actual ECO Resources, Inc. net income from these projects, the earnings were negligible. In fiscal year 2007, ECO Resources, Inc. incurred a loss. See Confidential Attachment Staff 4-3.

Prepared by: Kent Cauley
Sponsored by: Gary Rose

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

MONARCH'S RESPONSES TO STAFF'S FOURTH REQUESTS FOR INFORMATION

STAFF RFI 4-4: **Of the 30% margin charged by ECO Resources, Inc. to Monarch, please provide the amount for each capitalized project that represents the profit earned by ECO Resources, Inc.**

RESPONSE: See the Response to Staff RFI 4-3 and Confidential Attachment Staff 4-3. As indicated in Confidential Attachment Staff 4-1, profit was negligible and reflected as "nil".

Prepared by: Kent Cauley
Sponsored by: Gary Rose

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MONARCH'S RESPONSES TO STAFF'S FOURTH REQUESTS FOR INFORMATION

STAFF RFI 4-5: **Please provide an itemization by dollar value of the costs actually incurred by ECO Resources, Inc. that comprise the 15% margin charged by ECO Resources, Inc. to non-affiliated entities.**

RESPONSE: The amount of gross profit "charged" by ECO Resources, Inc. to Unaffiliated Customers was less than 15 percent. Recorded gross margin was between 9 and 10 percent from 2005 to 2007. In terms of actual ECO Resources, Inc. net income from Unaffiliated Customers, the earnings were losses between 4 and 5 percent. See Confidential Attachment Staff 4-5.

Prepared by: Kent Cauley
Sponsored by: Gary Rose

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

MONARCH'S RESPONSES TO STAFF'S FOURTH REQUESTS FOR INFORMATION

STAFF RFI 4-6: **Of the 15% margin charged by ECO Resources, Inc. to non-affiliated entities, please provide the amount for each capitalized project that represents the profit earned by ECO Resources, Inc.**

RESPONSE: See the Response to Staff RFI 4-5 and Confidential Attachment Staff 4-5.
As indicated previously, profit was negative.

Prepared by: Kent Cauley
Sponsored by: Gary Rose

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 4th RFIs

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ENVELOPE # 1

DATE PROVIDED: April 21, 2016