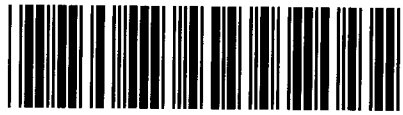




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2016 MAY 10 PM 2:12

PUBLIC UTILITY COMMISSION  
STATE OF TEXAS

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

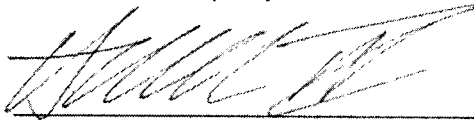
**MONARCH UTILITIES I, L.P.'S RESPONSES TO  
KATHY NIELSEN'S FIRST REQUESTS FOR INFORMATION**

To: Kathy Nielsen, 12094 Joyce Lane, Roanoke, Texas 76262.

Monarch Utilities I, L.P. ("Monarch") files its Responses to Kathy Nielsen's ("Nielsen") First Requests for Information received April 29, 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  
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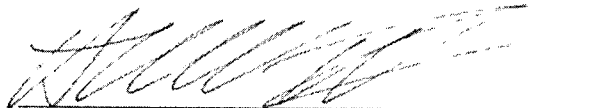
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ATTORNEYS FOR MONARCH UTILITIES I, LP

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 10th day of May, 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.



LAMBETH TOWNSEND

**NIELSEN RFI 1-1: Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates for each of the following years: 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015: the number of gallons of BILLED WATER usage to your customers.**

**RESPONSE:** See the table below for gallons billed for the periods requested. The amounts shown below may include amounts for systems no longer owned by Monarch.

<b>YEAR</b>	<b>BILLED WATER (in gallons)</b>
2005	1,491,479,400
2006	1,425,007,300
2007	1,278,777,900
2008	1,418,913,321
2009	1,393,725,700
2010	1,416,462,900
2011	1,617,283,900
2012	1,406,642,700
2013	1,291,103,000
2014	1,271,469,300
2015	1,318,032,826

Prepared by: George Freitag  
Sponsored by: George Freitag

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**MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION**

**NIELSEN RFI 1-2:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates for each of the following years: 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015: the total income Monarch received from its billed customers.

**RESPONSE:** Per discussions between Counsel and the requestor, the term total income has been clarified to refer to total revenue for fiscal years ending 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015. Revenue per the audited financials for each of the years requested is as follows:

<i>(In thousands)</i>	<b>Revenue</b>
<b>2015</b>	28,410
<b>2014</b>	27,474
<b>2013</b>	25,231
<b>2012</b>	23,990
<b>2011</b>	25,988
<b>2010</b>	23,166
<b>2009</b>	22,274
<b>2008</b>	22,329
<b>2007</b>	18,141
<b>2006</b>	17,198
<b>2005</b>	16,179

The amounts presented here may include revenues from systems no longer owned by Monarch.

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

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MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-3:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates for each of the following years: 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015: the number of gallons of NON-BILLED, waste water.

**RESPONSE:** See the table below for the non-billed water recorded for the years requested. Non-billed water includes all non-revenue water used in flushing, back-flow washing, etc. as well as unaccounted system losses. Please note that non-billed volumes may include billings for systems no longer owned by Monarch.

YEAR	NON-BILLED (in Gallons)
2005	(509,356,980)
<b>2006</b>	<b>(429,237,236)</b>
2007	(413,674,685)
2008	(377,382,219)
2009	(505,375,700)
2010	(462,740,436)
2011	(373,595,442)
2012	(377,126,111)
2013	(309,788,123)
2014	(272,644,513)
2015	(155,592,369)

Prepared by: George Freitag  
Sponsored by: George Freitag

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MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-4:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates that Monarch's "expenses" for operating your water systems have been kept separate from your "expenses" for operating your sewer systems, and not lumped together, or, to the contrary that you have lumped all water and septic expenses together in your accounting process.

**RESPONSE:** In the expense schedules throughout the Rate Filing Package, the water and sewer operating expenses are shown separately. Where applicable, shared costs are allocated according to meter equivalents as described in Schedule II-F.b,f.

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

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

MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-5:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates what percent of your claimed \$71 dollars have been spent on water systems and what percent on septic systems.

**RESPONSE:** The \$71MM amount referenced in the notice to shareholders includes total investment from 2004 to June 30, 2015, the end of the test year.

The table below shows the percentage of the \$71MM spent on water, sewer and shared assets.

The details of the plant invested will be included in Craig Gott's Testimony, however he also includes additions to plant investment from 2002 through 2003, which bring the total up to \$74MM.

Category	\$'s invested (in millions)	% of \$'s Invested
Water	\$58	81.7%
Sewer	13	18.3%
Total	\$71	100.0%

Prepared by: Bruce Connolly  
Sponsored by: Craig Gott



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MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-6:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates the name of any town, city, municipality, township, or group of residential units, or residential incorporation by any name in Texas which consists of approximately 23,000 customers and wherein the director of said water/sewer system makes in excess of \$300,000/year.

**RESPONSE:** Monarch has no such documents in its possession or under its control responsive to this request. Monarch has not endeavored to obtain such information; as such analysis is not required under the Texas Water Code or the rules promulgated by the Public Utility Commission of Texas for applying for a change in water and sewer rates.

Prepared by: Bruce Connolly  
Sponsored by: Robert Kelly

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

MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-7:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates that it is proper and/or legal that Monarch may and should increase its fees for residential customers using only 1000-2000 gallons/month a whopping 18% even though there was no increase in the cost of living (2016)(Social Security determination)?

**RESPONSE:** Monarch has no such documents in its possession or under its control responsive to this request. Monarch has not endeavored to obtain such information; as such analysis is not required under the Texas Water Code or the rules promulgated by the Public Utility Commission of Texas for applying for a change in water and sewer rates.

Prepared by: Bruce Connolly  
Sponsored by: Robert Kelly

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

MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-8:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates the cost in dollars of the new, electronic water meters installed in your systems in Texas. (In answer to this question consider the meters themselves as well as all the costs associated with installation and repair of installation).

**RESPONSE:** Please see Craig Gott's Testimony, page 49 (Bates page 174). All costs of installation of the new meters are included in the referenced amount.

Prepared by: Bruce Connolly  
Sponsored by: Craig Gott

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

MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-9:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates that since you are looking to recoup your alleged expenditure of \$71 million with your requested increases in rates, what date you expect your \$71 million will be recouped, at which time the water and sewer rates will be dropped back down to the existing rates.

**RESPONSE:** Pursuant to the ratemaking process, recovery of costs is not guaranteed. Any recovery of costs is dependent upon a significant number of variables that cannot be accurately predicted. For assets, such as the \$71MM investment the anticipated recovery time is the depreciable life of the assets. Because the \$71MM is made up of numerous classes of assets, the best estimate for recovery would be found in the depreciation study sponsored by Earl Robinson. The study was filed as Schedule II E-1.4, a voluminous schedule.

Prepared by: Bruce Connolly  
Sponsored by: Earl Robinson

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SOAH DOCKET NO. 473-16-2873.WS

MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-10:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates how many of your customers use, on a yearly average, 2000 gallons of water or less.

**RESPONSE:** Please refer to Schedule II G.1.4(W), column (b), line 19. Of all bills in the test year, 41.9% were for monthly use of 2,000 gallons or less.

Prepared by: George Freitag  
Sponsored by: George Freitag

PUC DOCKET NO. 45570  
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MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION

**NIELSEN RFI 1-11:** For this Request, 'Profit' should be calculated to include, in dollars, "income" less "expenses". "Income" to be monies received from Monarch's customers. "Expenses" to be defined as operational costs of water and sewer systems EXCLUDING 1) salaries to Monarch executives, 2) Monarch legal costs other than business permits and the like, 3) the costs Monarch spent for purchasing and installing the new electronic "water meters", and 4) costs (if any) for "wasted" water (ie non-billed water spillage). "Executives" is defined to be any person who has collected monetary compensation in any form from Monarch worth in excess of \$80,000.

Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates profit in dollars made by Monarch for the following years: 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015

**RESPONSE:**

In accord with discussions between counsel and the requestor, Monarch will provide cost of service and salary information for the test year.

Monarch's Cost of Service for both water and wastewater can be found in Schedule II-A of the rate filing package (RFP). Salaries for executives are not booked directly to Monarch, they are allocated to Monarch and cannot be separated from non-executive salaries. Please see Schedule IV-12.1 and IV-12.2 for details of salaries allocated to Monarch.

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

**PUC DOCKET NO. 45570  
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**MONARCH'S RESPONSES TO NIELSEN'S FIRST REQUESTS FOR INFORMATION**

**NIELSEN RFI 1-12:** Provide information and/or indicate document title(s) and page number(s) where requested information can be found in your documents submitted in your Application which indicates that Monarch's present application for water/sewer rate increases as based on \$71 million, **INCLUDES** a reduction for all the profits made by Monarch since 2004.

**RESPONSE:** Per discussion between counsel and the requestor, this request was modified to provide Monarch's net income/loss since 2004. Net income/(loss) per the audit financials for each of the years requested is as follows

	<b>Net Income/(Loss) (in thousands)</b>
<b>2015</b>	8,116 *
<b>2014</b>	1,463
<b>2013</b>	(421)
<b>2012</b>	(4,719)
<b>2011</b>	(528)
<b>2010</b>	(2,824)
<b>2009</b>	(1,696)
<b>2008</b>	(14,076)
<b>2007</b>	(7,481)
<b>2006</b>	(353)
<b>2005</b>	(32)

\* Includes the sale of Blue Mound

The audited financials for some years may contain financial results from systems no longer owned by Monarch.

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