



Control Number: 45570



Item Number: 197

Addendum StartPage: 0

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

RECEIVED

2016 JUN -7 AM 10: 20

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

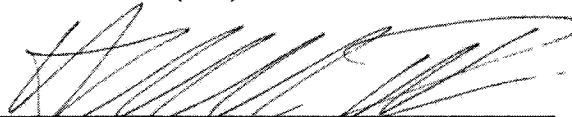
**MONARCH UTILITIES I, L.P.'S AMENDED RESPONSES TO  
COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION**

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 Amended Responses to Public Utility  
Commission ("Commission") Staff's Fifth Requests for Information received April 11 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

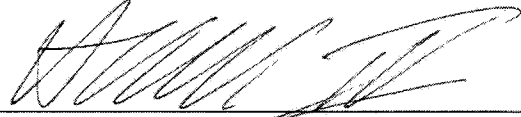
GEORGIA N. CRUMP  
State Bar No. 05185500  
gcrump@lglawfirm.com

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

ATTORNEYS FOR MONARCH UTILITIES I, LP

**CERTIFICATE OF SERVICE**

I hereby certify that on this 7th day of June, 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 AMENDED RESPONSES TO**  
**STAFF'S FIFTH REQUESTS FOR INFORMATION**

**STAFF RFI 5-3:**     **In reference to WP/II-B-8 – Prepayments, please identify the account, account page, and line number in the rate application in which the amortization of the prepayments (expense) and the unamortized balance of prepayments (asset) are included.**

**AMENDED  
RESPONSE:**

Expense:

Accounts 610 and 675  
June 2, 2016 Errata Schedule II-A-1  
Lines 5 and 22

Asset:

Account 162  
June 2, 2016 Errata Schedule II-A-3  
Line 24

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

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

**MONARCH'S AMENDED RESPONSES TO  
STAFF'S FIFTH REQUESTS FOR INFORMATION**

**STAFF RFI 5-4:**      **Please provide an explanation as to why each cost/expense allocated to Monarch Utilities I, L.P. from Parent/SouthWest, SWWC Utilities, and/or any other affiliates are reasonable and necessary to provide service to the ratepayers. Please identify the costs discussed by NARUC/company account.**

**AMENDED  
RESPONSE:**      See Amended Attachment Staff RFI 5-4 for an explanation by department of the reasonable and necessary services of Parent/SouthWest, SWWC Utilities, and/or any other affiliates required to provide water and sewer service to customers, and identification of the costs discussed by NARUC/company account.

Prepared by:            Robert Kelly  
Sponsored by:         Robert Kelly

Amended Staff Attachment 5-4 (6/6/2016)

Description	Sum of Test Year Normalized Balance	Sum of Known & Measurable	Sum of Balance for Rate Case
<b>Parent</b>	<b>3,352,230</b>	<b>65,261</b>	<b>3,417,491</b>
695001 Corporate OH Assessment	3,352,230	65,261	3,417,491
<b>TXU</b>	<b>3,184,735</b>	<b>(110,622)</b>	<b>3,074,113</b>
510040 Consumption - Plant Stock	(5,406)	509	(4,897)
540105 Contract Services Expense	16,360	(536)	15,825
540510 Service Fee Cost	526	(17)	509
550010 Chemicals	(302)	(34)	(336)
550205 Hauling & Disposal	(1)	-	(1)
550405 Purchased Electricity	36	-	36
570020 Inventory Adjustment	(2,159)	101	(2,058)
570025 Materials & Supplies	(5)	-	(5)
570030 Tapping Expense	15	(0)	15
570035 Supplies - Field	1,067	(347)	720
570040 Freight Expense	54	(3)	51
610030 Travel - Lodging	12,032	(409)	11,623
610040 Meals & Entertainment (50% Deductible)	9,271	(298)	8,972
610060 Meals - On Premise	446	(11)	435
610070 Travel - Transportation	10,059	(333)	9,726
610080 Mileage Reimbursement	5,326	(187)	5,139
610090 Travel - Other	976	(34)	942
610150 Jury duty reimbursement	149	0	149
610180 Severance Pay	7,184	(236)	6,948
610200 Incentive/Compensation Expense	150,068	(4,709)	145,358
610205 Bonus Expense - Safety	914	(28)	886
610210 Bonus Expense - Spot	2,055	(30)	2,025
610215 Bonus Expense - Retention	104	(0)	104
610220 Bonus Expense - Other	804	(5)	799
610300 Overtime	37,094	(822)	36,272
610400 Vacation/Holiday Expense	55,943	(1,667)	54,276
610405 Sick Pay	15,130	(417)	14,714
611000 Salaries & Wages	1,311,002	(40,211)	1,270,790
611010 401K Employer Contribution	42,171	(1,335)	40,837
611020 Medical & Dental - Employer	247,986	(8,707)	239,279
611030 Auto Allowance	1,405	(3)	1,402
611035 Employee Education	3,479	(96)	3,383
611040 Benefits Expense - Other	12,043	(386)	11,658
611045 Cell Phone Allowance	10,805	(334)	10,470
612000 Social Security Expense	121,137	(3,666)	117,471
613010 Employee Cost - Other	3,830	(75)	3,755
613020 Health & Safety	6	-	6

Description	Sum of Test	Sum of	Sum of Balance for Rate Case
	Year Normalized Balance	Known & Measurable	
613030 Pre-employment Medical	3,255	(72)	3,183
613040 Recruiting Expenses	35,043	(1,143)	33,900
613060 Training & Seminars	12,830	(333)	12,497
613070 Uniforms & Clothing	2,341	(54)	2,287
613100 Workers Compensation	25,833	(847)	24,986
613110 Workers Compensation - Claims	199	(7)	192
613500 Temporary Labor	71,178	(2,330)	68,848
613600 ATR Employee Costs	15,131	(495)	14,635
613700 IT Direct Costs	5,471	(5,471)	0
620000 Bad Debt Expenses	(847)	28	(819)
631010 Vehicle Expense	(95)	(134)	(229)
631020 Vehicle Fuel	27,691	(514)	27,177
640020 Depreciation Expense - Machinery + Equipment	(1,075)	(126)	(1,201)
640030 Depreciation Expense - Leasehold Improvements	0	(0)	(0)
640040 Depreciation Expense - Motor Vehicles	(1,088)	(883)	(1,972)
640050 Depreciation Expense - Office Equipment	-	(0)	(0)
640060 Depreciation Expense - Furniture	15,622	(510)	15,112
640070 Depreciation Expense - Computer Hardware	181	(6)	175
640080 Depreciation Expense - Computer Software	29	(1)	28
650000 Postage & Delivery	121,704	(3,994)	117,710
650020 Marketing & Customer Relations	1,276	(1,276)	(0)
650025 Contributions	1,895	(1,895)	-
650040 Dues & Subscriptions	6,814	(216)	6,598
650060 Late Fees	18	(1)	18
650070 Licenses & Fees	6,627	(230)	6,397
650080 Fines & Penalties (Non-Deductible)	0	(0)	0
650110 Office Expense	(60)	(5)	(65)
650120 Utilities Expense	(73)	(0)	(73)
650135 Supplies - Office	12,482	(376)	12,106
650140 Printing & Communication	120,576	(3,945)	116,632
650170 Lease Expense - Office	127,139	(3,614)	123,525
650175 Lease Expense - Equipment	12,794	(450)	12,345
650180 Lease Expense - Vehicle	6,260	(189)	6,070
650185 Lease Expense - Other	1,096	-	1,096
651000 Rate Case Expense	2	(2)	0
651005 Rate Case Expense - Legal	210	(148)	62
655010 Insurance Expense - Claims & Settlements	2,673	1	2,675
655040 Insurance Expense - Fees	34,957	(1,145)	33,812
655050 Insurance Expense - General Liability	44,183	(1,447)	42,736
655070 Insurance Expense - Property	86,930	(2,846)	84,084
655075 Insurance Expense -- Contractors/Prem Pollution	26,602	(872)	25,731
655080 Insurance Expense - Umbrella	31,784	(1,040)	30,744

Description	Sum of Test	Sum of	Sum of Balance
	Year Normalized Balance	Known & Measurable	for Rate Case
655090 Insurance Expense - Vehicle	1,910	(57)	1,853
656010 Information Technology Costs	2,719	(87)	2,632
656025 Mobile Device Expense	5,057	(211)	4,846
656035 Telecom - Voice Lines	80,922	(2,730)	78,192
656040 Security Alarm Services	153	(1)	152
656050 Network Data Circuitry	61,643	(2,187)	59,455
656055 Conference Services	1,197	(40)	1,157
657010 Repairs & Maintenance - Other	4,453	(131)	4,322
657020 Repairs & Maintenance - Auto	11,243	(230)	11,013
657030 Repairs & Maintenance - Facilities	(4)	-	(4)
658010 Professional Fees - Consulting	-	(0)	(0)
658030 Professional Fees - Collection	12,205	(399)	11,806
658040 Professional Fees - Legal	20,464	(667)	19,797
658050 Professional Fees - Tax Consulting	979	(32)	947
658055 Professional Fees - Other	52,609	(1,719)	50,890
658060 Lobby Expense	749	(749)	(0)
661030 Capitalized Overhead	(19,508)	92	(19,416)
670005 Bank Charges	16,956	(555)	16,400
670010 Loss/Gain - Operating	(120)	120	(0)
750060 Franchise Tax Expense	323	(11)	312
750080 Occupational Tax Expense	27	(1)	26
750090 Property Taxes	1,519	(116)	1,404
750110 Regulatory Fees/Tax Expense	47	(2)	46
<b>Grand Total</b>	<b>6,536,965</b>	<b>(45,361)</b>	<b>6,491,604</b>



Amended Staff Attachment 5-4 (6/6/2016)

Parent Company	
Department	Description
Accounting	Responsible for the accurate and timely accounting for corporate transactions, preparation of financial statements, preparation of budgets and forecasts, accounts payable, and providing management with financial information necessary for informed operating and financial decision-making, including all affiliates.
Eldridge	Lease costs for document storage space. Monarch does not have its own storage facility. Storage includes affiliates' documents.
Executive	The executive team and the Board of Directors responsible for providing strategic vision, business strategy, management oversight and overall direction to the company, including its affiliates.
HR	Responsible for employment policies, practices and employee related matters; arranging for both company and employee-paid benefits such as medical, dental, vision, life, and disability insurance; and for managing the Company's workers compensation obligations.
Information Technology	Responsible for operating and maintaining a uniform, efficient and flexible IT platform capable of addressing the increasingly complex current and future operational, financial, and business needs of SouthWest.
Internal Audit	Responsible for evaluating the design and effectiveness of compliance in accordance with established policies and procedures.
Legal	Responsible for providing counsel on legal matters as well as litigation strategy and management.
Payroll	Responsible for managing payroll information required for paying employees and reporting to governmental taxing authorities.
Reed Road	Responsible for expenses of corporate office facilities such as lease, repairs & maintenance, supplies, utilities, and telecom voice lines.
Tax	Responsible for preparing and reviewing tax filings.
Treasury	Responsible for all banking, risk and cash management functions

TXU Costs	
Department	Description
Austin Area Shared Services	Field Operations Center includes personnel, facilities, supplies, equipment, and vehicles serving Austin Area utilities (including Monarch).
San Antonio Shared Services	Field Operations Center including personnel, facilities, supplies, equipment, and vehicles serving San Antonio Area utilities (including Monarch).
Texas Utilities Management Group	Responsible for management and strategy of Texas Utilities business unit including regulatory, human resources, environmental, health and safety, and budgeting. These costs and personnel provide services for all Texas Utilities group companies (including Monarch).
TXU Accounting	Responsible for GAAP and regulatory accounting functions for all the Texas Utilities group (including Monarch).
TXU Customer Service	Responsible for billing and collection, call center, and communications for all Texas Utilities group companies (including Monarch).
TXU West Shared Services	Management, engineering, compliance and administrative support for Austin and San Antonio Areas (including Monarch).

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

**MONARCH'S AMENDED RESPONSES TO  
STAFF'S FIFTH REQUESTS FOR INFORMATION**

**STAFF RFI 5-8:** Please provide a list of all employees who received salaries, bonuses, allowances, benefits and other remuneration that were included in the cost of service allocated, direct billed, or otherwise charged from Parent/SouthWest. 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.
- f) The application schedule, line number, NARUC/company account name, and number in which each expense is included.

**AMENDED  
RESPONSE:**

See Confidential Attachment Staff RFI 5-8.a for a), b), c), d), and e).

See Attachment Staff RFI 5-8.b for detailed job descriptions. These requested documents are voluminous and are available at the offices of Monarch's attorneys, Lloyd Gosselink Rochelle & Townsend, P.C., located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

Regarding e), Parent hours are not direct charged to Monarch, please refer to the Cost Allocation Manual Errata Schedule IV-4.1 for the cost allocation method.

Regarding f), see application June 2, 2016 Errata Schedule IV-1 line 3 (NARUC Account 401 Affiliate Transactions – Parent Operating Expenses) for the costs charged to Monarch.

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

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

**MONARCH'S AMENDED RESPONSES TO  
STAFF'S FIFTH REQUESTS FOR INFORMATION**

**STAFF RFI 5-12:** Please provide the 2015 Corporate Allocation Factor (CAF) for Parent/SouthWest and all related calculations. If 2015 CAF is not available, please provide the most recent financial information used to calculate the CAF.

**AMENDED  
RESPONSE:**

See Errata Schedule IV-4.1 for the Cost Allocation Manual which includes the 2015 cost allocation factors and calculations for Parent/SouthWest.

Prepared by: Kent Cauley  
Sponsored by: Robert Kelly

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

**MONARCH'S AMENDED RESPONSES TO  
STAFF'S FIFTH REQUESTS FOR INFORMATION**

**STAFF RFI 5-30:** In reference II-A-1, please provide a schedule or breakdown of the Miscellaneous Expenses claimed in this rate application amounting to \$267,014.

**AMENDED  
RESPONSE:**

Please see June 2, 2016 Errata Schedule II-A-1. The amount in 675 – Miscellaneous Expenses is \$220,666.

Expense Category	Shared		Allocated from		Grand Total
	Amount	Percentage	Shared	Water	
Tapping Expense	2,125.00	86%	1,827.50	18,196.74	20,024.24
Travel - Lodging	9,613.03	86%	8,267.21	-	8,267.21
Meals & Entertainment (50% Deductible)	4,987.20	86%	4,288.99	19.92	4,308.91
Meals - On Premise	1,462.76	86%	1,257.97	-	1,257.97
Travel - Transportation	1,568.45	86%	1,348.87	-	1,348.87
Mileage Reimbursement	6,584.03	86%	5,662.27	310.50	5,972.77
Travel - Other	20,465.65	86%	17,600.46	450.00	18,050.46
Dues & Subscriptions	27,234.98	86%	23,422.08	4,965.10	28,387.18
Late Fees	117.50	86%	101.05	139.73	240.78
Licenses & Fees	4,630.50	86%	3,982.23	9,794.45	13,776.68
Other Operating Expenses	(400.28)	86%	(344.24)	119,375.18	119,030.94
Dividend Income	-	86%	-	-	-
<b>Total</b>	<b>78,388.82</b>		<b>67,414.39</b>	<b>153,251.62</b>	<b>220,666.01</b>

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

**PUC DOCKET NO. 45570  
MONARCH UTILITIES I, LP.  
TO CHANGE RATES FOR  
WATER AND SEWER SERVICE**

June 7, 2016

June 7, 2016

**MONARCH UTILITIES I, LP  
AMENDED RESPONSES  
TO STAFF 5TH RFIS**