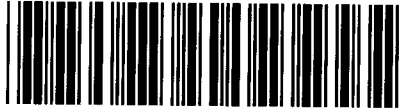




Control Number: 45570



Item Number: 218

Addendum StartPage: 0

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

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

OFFICE OF PUBLIC UTILITY COUNSEL'S REDACTED  
SIXTH REQUEST FOR INFORMATION TO  
MONARCH UTILITIES I, L.P.

The Office of Public Utility Counsel (OPUC) files and submits this Redacted Sixth Request for Information to Monarch Utilities I, L.P. (Monarch) in the captioned proceeding.

Under Commission Procedural Rules 22.141-.145, 16 Tex. Admin. Code Ch. 22, OPUC requests that Monarch, as defined herein, provide the following information and answer the following questions under oath. Please answer the questions and sub-questions in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to the question.

**Definitions**

As used in this introduction and in these questions,

- (1) "Monarch", the "Company", and "Applicant" refer to Monarch I, L.P. and its affiliates;
- (2) "You", "yours" and "your" refer to Monarch I, L.P. (as defined above), including its directors, officers, employees, consultants, agents, and attorneys.
- (3) "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, electronic mail (e-

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mail), memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports and summaries of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

### **Instructions**

1. The Definitions, Instructions, and Claim of Privilege set out in this Request for Information apply to these questions.
2. In answering these questions, furnish all information that is available to you, including information in the possession of your agents, employees, and representatives, all others from whom you may freely obtain it, and your attorneys and their investigators.
3. Please answer each question based upon your knowledge, information, or belief, and any answer that is based upon information or belief should state that it is given on that basis.
4. If you have possession, custody, or control (as defined by Tex. R. Civ. P. 192.7(b)) of the originals of these documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineation, receipt stamp, or notation.
5. If you do not have possession, custody, or control of the originals of the documents requested, please produce copies of the documents, however made, in your possession, custody, or control. If any document requested is not in your possession or subject to your

control, please explain why not, and give the present location and custodian of any copy or summary of the document.

6. If any question appears confusing, please request clarification from the undersigned counsel.
7. In providing your responses, please start each response on a separate page and type, at the top of the page, the question that is being answered.
8. As part of the response to each question, please state, at the bottom of the answer, the name and job position of each person who participated in any way, other than providing clerical assistance, in the preparing of the answer. If the question has sub-parts, please identify the person or persons by sub-part. Please also state the name of the witness in this docket who will sponsor the answer to the question and who can vouch for the truth of the answer. If the question has sub-parts, please identify the witness or witnesses by sub-part.
9. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.
10. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer between the time of your original response and the time of the hearings, then you should submit, under oath, a supplemental response to your earlier answer.
11. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if you object to any of the questions on the grounds that the question seeks

confidential information, or on any other grounds, please call the undersigned counsel as soon as possible.

12. If the response to any question is voluminous, please provide separately an index to the materials contained in the response.
13. If the information requested is included in previously furnished exhibits, workpapers, or responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references.
14. To the extent that a question asks for the production of copyrighted material, it is sufficient to provide a listing of such material, indicating the title, publisher, author, edition, and page references relied on or otherwise relevant to the question.

#### **Claim of Privilege**

If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

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**OPUC's Redacted Sixth Request For Information To**  
**Monarch I, L.P.**

- 6-1. Please provide a detailed explanation of the differences between Account 408.13 related to State Gross Receipts and Franchise Tax and Account 409.11 related to State Income Taxes computed based on the Texas Margin Tax rate. Are there any state income taxes included in the filing in Account 409.11 related to state operations outside of Texas? If so, provide the amount for each other state included.
- 6-2. Why are State Income Taxes shown on Errata Schedule II-A-1 included as part of Operating and Maintenance Expenses on Errata Schedule II-A?
- 6-3. Provide the total interest paid to Southwest for net balances of advances from affiliates during the test year. Provide the effective rate paid.
- 6-4. Provide an explanation of the \$7,980 change to customer deposits on Errata Schedule II-B.10 - Other Rate Base Items not previously shown in the original filing.
- 6-5. Reference Errata WP II-D-1.1. Provide a detailed explanation of any and all changes to Accounts 675 and 775 from the amounts shown in the original filing, prior errata, and the errata #8 to this workpaper. Specifically, in errata (#8) to WP II-D-1.1 , the sum of the per books for Accounts 675 and 775 is \$6,835,825. Provide all accounting entry backup to support the overall changes to miscellaneous expenses.
- 6-6. Reference Amended Response to OPUC RFI 1-16. Provide a detailed explanation as to why the total allocable costs for Texas Utilities increased from \$13,852,729.80 in the original filing to \$14,013,803.43 in the errata. Be sure to provide a breakdown of any of the additional costs, the nature of the cost, and the account to which the costs were ultimately allocated to each of the entities.
- 6-7. Reference the Direct Testimony of Robert Kelly (Errata #5), Table 1 and Table 3, pages 12 and 15, respectively. Please provide an asset listing for the Blue Mound and Midway systems showing, by asset:
  - a. a description of the asset
  - b. the date the asset was placed in service
  - c. the original cost of the asset sold
  - d. the accumulated depreciation amount for the asset
  - e. the net book value by asset for the Blue Mound and Midway

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- 6-8.** Referencing the Direct Testimony of Robert Kelly, page 29, line 23, please provide a schedule which shows the development of the \$8,428,839 attributable to margins paid to Eco. Within this schedule, please provide for each item of plant:
- a. The original cost of the plant in service prior to application of the Eco margin
  - b. The original cost of the plant in service after application of the Eco margin
  - c. The date each asset was placed in service
  - d. The annual depreciation amount of each plant item
  - e. The accumulated depreciation amount of each plant item
  - f. The net book value of each plant item
- 6-9.** Provide a detailed accounting for the \$31,050 decrease in salary and benefits shown on Confidential Errata Schedule II-D-9.1.f. Provide each component of this adjustment and why it decreased from the original decrease of \$37,598.
- 6-10.** Provide an explanation as to why the K&M adjustments shown in the Amended Response to Staff RFI 2-21c on lines 45 and 46 appear to include the capital amount of these adjustments.
- 6-11.** Confirm or deny that the amounts allocated to Monarch for the VP Regulatory in the per books amounts shown on Confidential Errata Schedule II-D-9.1.f were based on the original allocation factors. If deny, provide the amount included in per books that is related to this position.
- 6-12.** Confirm or deny that the amounts allocated to Monarch for temporary labor in the per books amounts on Confidential Errata Schedule II-D-9.1.f were based on the original allocation factors. If deny, provide the amount included in the per books that is related to the temporary labor being removed.
- 6-13.** Provide the detailed computation of the corporate allocation factor shown on Confidential Errata WP II-D-9.1.g.4. Include each of the three factor amounts that were used for developing this corporate allocation factor and how each was amended for the Blue Mound and Midway sales.
- 6-14.** Reference general ledger (GL) source document to Errata WP II-D-1.a.8. Confirm or deny that the reported incentive compensation is only reported in the per books for accounts 601 and 601S. If deny, provide the amount of this incentive compensation that is reported in the per books for account 675.

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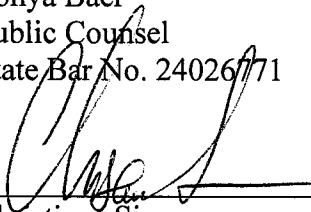
- 6-15.** Reference Amended Response to OPUC 2-12. Confirm or deny that Account 675 includes [REDACTED] in incentive compensation that has not been removed from Account 675. If deny, provide a detailed explanation of where these STI payments are included in the filing.
- 6-16.** Provide an explanation as to why the GL support for the \$244,047 on Errata Schedule II-D-1.2(SH) shows an additional adjustment of [REDACTED] on Line 16097, column AF that is not included in the explanation for the K&M to salary and wages in Confidential WP II-D-9.1.f.2. Provide all supporting documentation for this adjustment.
- 6-17.** Provide an explanation as to why the overtime expense adjustment of [REDACTED] is included both in the salary adjustment of [REDACTED], Line 16096, column AF in the GL support for the \$244,047 on Errata WP II-D-9.1.a.1 and again as a separate line item in the same GL support, Line 15265, Column AF.
- 6-18.** Provide a detailed accounting for the adjustment of \$65,261 to Miscellaneous Expenses shown on Errata Schedule II-D-1.2 (SH). Confirm or deny that this includes salary adjustments for corporate employees. If confirm, provide the computation and underlying rationale for the adjustment(s).



Dated: July 1, 2016

Respectfully submitted,

Tonya Baer  
Public Counsel  
State Bar No. 24026771



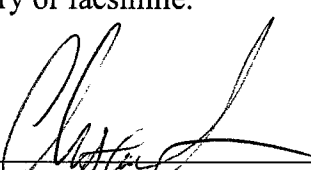
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Assistant Public Counsel  
State Bar No. 24051335

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**CERTIFICATE OF SERVICE**  
SOAH Docket No. 473-16-2873.WS  
PUC Docket No. 45570

I certify that today, July 1, 2016, a true copy of the Office of Public Utility Counsel's Redacted Sixth Request for Information to Monarch I, L.P. was served on all parties of record via United States First-Class Mail, hand-delivery or facsimile.



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Christiaan Siano