



Control Number: 45570



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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
UTILITIES I, L.P. TO CHANGE RATES § FILING CLERK
FOR WATER AND SEWER SERVICE § ADMINISTRATIVE HEARINGS

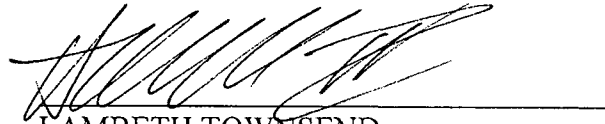
**MONARCH UTILITIES I, L.P.'S RESPONSES TO
ANNETTE GABBERT'S FIRST REQUEST FOR INFORMATION**

To: Annette Gabbert, 289 P.R. 1524, Bandera, Texas 78003

Monarch Utilities I, L.P. ("Monarch") files its Responses to Annette Gabbert's ("Gabbert") First Requests for Information received May 13, 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

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of July, 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

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

GABBERT 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.

YEAR	BILLED WATER (in gallons)
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 GABBERT'S FIRST REQUESTS FOR INFORMATION

GABBERT 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:

Revenue (in thousands)	
2015	28,410
2014	27,474
2013	25,231
2012	23,990
2011	25,988
2010	23,166
2009	22,274
2008	22,329
2007	18,141
2006	17,198
2005	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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GABBERT 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)
2006	(429,237,236)
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 GABBERT'S FIRST REQUESTS FOR INFORMATION

GABBERT 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 "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 Errata Rate Filing Package, the water and sewer 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

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GABBERT 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 million dollars have been spent on water systems and what percent on septic system.

RESPONSE: The \$71MM amount referenced in the notice to ratepayers 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 GABBERT'S FIRST REQUESTS FOR INFORMATION

GABBERT 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 500 customers and wherein the director of said water/sewer (septic) system makes in excess of \$300.000 per 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. Such an 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 rates.

Prepared by: Bruce Connolly
Sponsored by: Robert Kelly

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

GABBERT 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 n your Application which indicates that is is proper and/or legal that Monarch may and should increase its fees for residential customers using only 1000-2000 gallons per month a whipping 18% even though there was not increase in the cost of living (2016) Social Security or other retirements systems)?

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. Such an 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 rates.

Prepared by: Bruce Connolly
Sponsored by: Robert Kelly

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

GABBERT 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 install in your systems in Texas. (In answer to the question consider the meters themselves as well as all costs associated with the 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 this amount.

Prepared by: Bruce Connolly
Sponsored by: Craig Gott

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GABBERT 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 looking to recoup your alleged expenditure of \$71 million with your requested increase in rates, what date you expect your \$71million will be recouped at which time the water and sewer rates will be dropped back to existing rates.

RESPONSE: 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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MONARCH'S RESPONSES TO GABBERT'S FIRST REQUESTS FOR INFORMATION

GABBERT RFI 1-10: Provide information and/or indicate document title(s) and page number (s) which 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. 41.9% of all bills in the test year were for monthly use of 2,000 gallons or less.

Prepared by: George Freitag
Sponsored by: George Freitag

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

GABBERT RFI 1-11: For this Request, "Profit" should be calculated to include in dollars "income less expenses:" with the definition of 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 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, 21012, 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 Errata Schedule II-A of the rate filing package. Salaries for executives are not booked directly to Monarch, they are allocated to Monarch and cannot be separated from non-executive salaries. Please see Errata Schedule IV-12.1 and Errata IV-12.2 for details of salaries allocated to Monarch.

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

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GABBERT RFI 1-12: Provide information and/or indicate document title(s) and page numbers (s) where information can be found in your documents submitted in your Application that justifies the “tariff” imposed on residents above and beyond water and sewer (septic) usage. Provide information and /or indicate documents title(s) and page numbers (s) where information can be found in your documents submitted in your Application that justifies charging customers the “tariff” when customers are using zero water and are in fact not on the property and also provide justification for these “tariff” to start the minute that a water and sewer system is installed and no home is on the property and zero water is being used.

RESPONSE: In accordance with the rules of the Public Utility Commission, Monarch’s tariff contains a provision for a base rate, see the applicable rule below.

Base rate is defined in 16 TAC §24.3(11) as the portion of a consumer’s utility bill which is paid for the opportunity of receiving utility service, which does not vary due to changes in utility service consumption patterns.

Please reference the testimony of Robert Kelly and Schedule II-H-1 for the Cost of Service analysis. Please also refer to the Water and Sewer Rate Designs included in Errata Schedules III (W) and III (S).

Prepared by: Bruce Connolly/George Freitag
Sponsored by: George Freitag