



Control Number: 45570



Item Number: 229

Addendum StartPage: 0

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

RECEIVED  
2016 JUL 12 PM 2:58

APPLICATION OF MONARCH §  
UTILITIES I, L.P. TO CHANGE RATES §  
FOR WATER AND SEWER SERVICE §

BEFORE THE STATE OFFICE  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
ADMINISTRATIVE HEARINGS

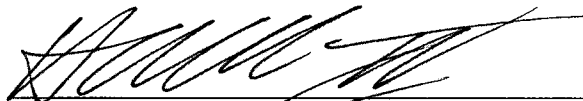
**MONARCH UTILITIES I, L.P.'S RESPONSES TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S REDACTED SIXTH REQUEST FOR INFORMATION**

To: Office of Public Utility Counsel, by and through its attorney of record, Christiaan Siano, Assistant Public Counsel, 1701 North Congress Avenue, Suite 9-180, P. O. Box 12397, Austin, Texas 78711-2397.

Monarch Utilities I, L.P. ("Monarch") files its Responses to the Office of Public Utility Counsel's ("OPUC") Redacted Sixth Requests for Information received July 1, 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

229

**CERTIFICATE OF SERVICE**

I hereby certify that on this 12th 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

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

**MONARCH'S RESPONSES TO  
OPUC'S REDACTED SIXTH REQUESTS FOR INFORMATION**

**OPUC RFI 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.

**RESPONSE:** No interest was paid to Southwest for advances from affiliates during the test year.

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

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

**MONARCH'S RESPONSES TO  
OPUC'S REDACTED SIXTH REQUESTS FOR INFORMATION**

**OPUC RFI 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.

**RESPONSE:** The \$31,050 decrease in salary and benefits shown on Confidential Errata Schedule II-D-9.1.f consists primarily of payroll taxes (\$28,040) included in column (h) and rows 26 to 33 (expenses by category section). These taxes have to be deducted to reconcile with the amounts above in rows 2 to 22 (payroll by account number excluding taxes). The reason for the \$6,548 change from the \$37,598 decrease in the original filing to \$31,050 in the errata is due to the correction of double counting overtime.

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

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

**MONARCH'S RESPONSES TO  
OPUC'S REDACTED SIXTH REQUESTS FOR INFORMATION**

**OPUC RFI 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.**

**RESPONSE:**         Confirmed, the amount allocated to Monarch for the VP Regulatory in the "Per Book" (column g) amount shown on Confidential Errata Schedule II-D-9.1.f was based on the original allocation factors because the allocation adjustments to reflect the sale of Blue Mound and Midway were recorded in the "K&M" (column h) amount.

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

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

**MONARCH'S RESPONSES TO  
OPUC'S REDACTED SIXTH REQUESTS FOR INFORMATION**

**OPUC RFI 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.

**RESPONSE:** Confirmed, the amount allocated to Monarch for the temporary labor in the "Per Book" (column g) amount shown on Confidential Errata Schedule II-D-9.1.f was based on the original allocation factors because the allocation adjustments to reflect the sale of Blue Mound and Midway were recorded in the "K&M" (column h) amount.

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

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

**MONARCH'S RESPONSES TO  
OPUC'S REDACTED SIXTH REQUESTS FOR INFORMATION**

**OPUC RFI 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.

**RESPONSE:** See Attachment OPUC 6-13 for the detailed computation of the corporate allocation factor shown on Confidential Errata WP II-D-9.1.g.4 including the original and amended calculations.

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



PUC Docket No. 45570  
 Attachment OPUC RFI 6-13  
 SUBURBAN WATER SYSTEMS  
 3 FACTOR ALLOCATION PER D.14-12-038

(a) (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l) (m)

COMPUTATION OF ALLOCATION PERCENT

Line Number	Company	Direct Operating Expense Recorded 2012		Payroll Recorded 2012		End of Year Gross Plant Recorded 2012		Per Settlement Agreement with CPUC - ORA	
		Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent	Total Percent	Average (Percent)

ALLOCATION FACTORS

12.	Suburban Water Systems	34,410,816	48.3%	7,749,136	48.7%	207,656,138	42.8%	139.7%	46.57%
<u>Texas Utilities</u>									
13.	Monarch Utilities	18,815,862	26.4%	5,364,056	33.7%	131,109,018	27.0%	87.1%	29.03%
14.	Windermere	4,181,215	5.9%	448,906	2.8%	44,439,171	9.2%	17.8%	5.95%
15.	Hornsby Bend	2,418,215	3.4%	213,338	1.3%	27,047,652	5.6%	10.3%	3.43%
16.	Diamond	892,938	1.3%	318,840	2.0%	3,811,625	0.8%	4.0%	1.35%
17.	Water Services Inc	964,327	1.4%	202,263	1.3%	8,302,072	1.7%	4.3%	1.44%
18.	Huntington	32,215	0.0%	5,809	0.0%	635,367	0.1%	0.2%	0.07%
19.	Inverness	156,921	0.2%	28,765	0.2%	1,774,758	0.4%	0.8%	0.26%
20.	Mid-Tex	3,396	0.0%	0	0.0%	0	0.0%	0.0%	0.00%
21.	SW Utilities	17,111	0.0%	4,657	0.0%	90,881	0.0%	0.1%	0.02%
22.	Tenkiller	263,600	0.4%	95,943	0.6%	1,046,325	0.2%	1.2%	0.40%
23.	Metro - Continued Operations	697,271	1.0%	13,461	0.1%	4,526,076	0.9%	2.0%	0.66%
<u>Southeast Utilities</u>									
24.	Riverview Wastewater	1,995,458	2.8%	135,611	0.9%	31,580,266	6.5%	10.2%	3.38%
25.	North Shelby & Other	4,472,893	6.3%	878,667	5.5%	22,257,237	4.6%	16.4%	5.46%
26.	North County Water	201,819	0.3%	16,255	0.1%	1,337,439	0.3%	0.7%	0.22%
27.	11 Contracts (per Rebuttal)	1,793,205	2.5%	433,696	2.7%			5.2%	1.75%
28.		71,317,262	100.0%	15,909,402	100.0%	485,614,028	100.0%	300.0%	100.0%

(a) (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l) (m) (n) (o) (p) (q) (r) (s) (t)

**SUBURBAN WATER SYSTEMS**  
**3 FACTOR ALLOCATION PER D.14-12-038**

**COMPUTATION OF ALLOCATION PERCENT**

Line Number	Company	Direct Operating Expense Recorded 2012		Payroll Recorded 2012		End of Year Gross Plant Recorded 2012		Total Percent	Average (Percent)
		Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent		

Per Settlement Agreement with CPUC - ORA

**ALLOCATION FACTORS**

Line Number	Company	Direct Operating Expense Recorded 2012		Payroll Recorded 2012		End of Year Gross Plant Recorded 2012		Total Percent	Average (Percent)	YE 2012 SAP		Gross Plant
		Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent			Direct Opex	Payroll	
12.	Suburban Water Systems	34,410,816	48.9%	7,749,136	48.8%	207,656,138	43.1%	140.8%	46.92%			
<b>Texas Utilities</b>												
13.	Monarch Utilities	17,909,846	25.4%	5,341,734	33.6%	127,033,317	26.4%	85.4%	28.48%			2,852,969
14.	Windermere	4,181,215	5.9%	448,906	2.8%	44,439,171	9.2%	18.0%	6.00%			17,002
15.	Hornsby Bend	2,418,215	3.4%	213,338	1.3%	27,047,652	5.6%	10.4%	3.46%			5,320
16.	Diamond	892,938	1.3%	318,840	2.0%	3,811,625	0.8%	4.1%	1.36%			1,222,732
17.	Water Services Inc	964,327	1.4%	202,263	1.3%	8,302,072	1.7%	4.4%	1.46%			4,075,701
18.	Huntington	32,215	0.0%	5,809	0.0%	635,367	0.1%	0.2%	0.07%			
19.	Inverness	156,921	0.2%	28,765	0.2%	1,774,758	0.4%	0.8%	0.26%			
20.	Mid-Tex	3,396	0.0%	0	0.0%	0	0.0%	0.0%	0.00%			
21.	SW Utilities	17,111	0.0%	4,657	0.0%	90,881	0.0%	0.1%	0.02%			
22.	Tenkiler	263,600	0.4%	95,943	0.6%	1,046,325	0.2%	1.2%	0.40%			
23.	Metro - Continued Operations	697,271	1.0%	13,461	0.1%	4,526,076	0.9%	2.0%	0.67%			
<b>Southeast Utilities</b>												
24.	Riverview Wastewater	1,995,458	2.8%	135,611	0.9%	31,580,266	6.6%	10.2%	3.42%			
25.	North Shelby & Other	4,472,893	6.4%	878,667	5.5%	22,257,237	4.6%	16.5%	5.50%			
26.	North County Water	201,819	0.3%	16,255	0.1%	1,337,439	0.3%	0.7%	0.22%			
27.	11 Contracts (per Rebuttal)	1,793,205	2.5%	433,696	2.7%			5.3%	1.76%			
28.		70,411,246	100.0%	15,887,080	100.0%	481,538,327	100.0%	300.0%	100.0%			

Variance	Old Incl		Blue	Midway
	Blue	Mid		
(0.555%)	29,032%			

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

**MONARCH'S RESPONSES TO  
OPUC'S REDACTED SIXTH REQUESTS FOR INFORMATION**

**OPUC RFI 6-15:** Reference Amended Response to OPUC 2-12. Confirm or deny that Account 675 includes \$XXX,XXX.XX 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.

**RESPONSE:** Confirmed.

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