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

**MONARCH UTILITIES I, L.P.'S RESPONSES TO  
COMMISSION STAFF'S TWELFTH 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 Responses to Public Utility Commission ("Commission") Staff's Twelfth Requests for Information received July 8, 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 19th 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 STAFF'S TWELFTH REQUESTS FOR INFORMATION**

**STAFF RFI 12-1:** Reference Errata – Schedule II-A-1, Cost of Service by Water/Sewer, Updated 6/2/2016, of the \$333,022 total bad debts (Account 670/770), how much of the total amount is due to or allocable to Blue Mound and Midway?

**RESPONSE:** The \$333,022 does not include any bad debt related to Midway. The table below is an estimate of the amount of bad debt expense that can be attributed to Blue Mound.

Type	Total TY Revenue	Total TY Bad Debt Expense	Blue Mound Revenue	% Blue Mound	Blue Mound Bad Debt Expense
Water	23,143,745	276,967	825,723	4%	9,882
Sewer	4,284,407	51,273	751,040	18%	8,988
Shared	399,692	4,783	-	0%	-
	<b>\$27,827,844</b>	<b>\$333,022</b>	<b>\$1,576,763</b>	<b>6%</b>	<b>\$18,869</b>

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

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**STAFF RFI 12-2:** Please see Monarch's response to Staff RFI 2-39, which details setting up the allowance for probable losses or bad debts. Please describe in detail Monarch's accounting policies, not only for setting up bad debts, but for writing-off bad debts. In responding, please provide any written policy or documents that describe Monarch's procedures for writing-off bad debts from the allowance for bad debts and receivable account.

**RESPONSE:** After the final billing dunning process, if a balance remains unpaid on a customer's account, then an automatic write-off will occur and the balance will be charged to allowance for doubtful accounts. Balances above \$25 are normally sent to a third party collection agency. Any amounts collected by the third party collection agency are remitted to Monarch, less a 19% fee. Amounts recovered are credited to the allowance account.

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

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MONARCH'S RESPONSES TO STAFF'S TWELFTH REQUESTS FOR INFORMATION

STAFF RFI 12-3: Please provide the accounting entries made to record the bad debts with a total of \$333,022 for the test year (provide monthly totals of accounts debited and accounts credited).

RESPONSE:

Period	<u>670 - Bad Debt Expense</u>	<u>143 - Accumulated Provision for Uncollectible Accounts</u>
Jul-14	26,061	(26,061)
Aug-14	8,970	(8,970)
Sep-14	29,505	(29,505)
Oct-14	31,881	(31,881)
Nov-14	53,504	(53,504)
Dec-14	23,815	(23,815)
Jan-15	28,566	(28,566)
Feb-15	35,905	(35,905)
Mar-15	(1,689)	1,689
Apr-15	31,281	(31,281)
May-15	38,643	(38,643)
Jun-15	26,581	(26,581)
<b>Total Monarch</b>	<b>\$333,022</b>	<b>\$(333,022)</b>

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Sponsored by: Carmelitha Bordelon-Taylor

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**STAFF RFI 12-4:** Please provide the beginning balance of Monarch's allowance for doubtful/uncollectible accounts on July 1, 2014. Please provide the total by month for debits and credits to allowance for doubtful/uncollectible accounts for the test year.

**RESPONSE:**

Period	Debit	Credit	Total
Beginning Balance			(60,824)
14-Jul	19,983	(26,061)	(66,902)
14-Aug	3,650	(8,970)	(72,222)
14-Sep	19,829	(29,505)	(81,898)
14-Oct	31,316	(31,881)	(82,463)
14-Nov	53,981	(53,504)	(81,987)
14-Dec	23,381	(23,815)	(82,420)
15-Jan	26,237	(28,566)	(84,749)
15-Feb	46,907	(43,901)	(81,743)
15-Mar	1,689	(1,126)	(81,180)
15-Apr	32,933	(31,281)	(79,528)
15-May	31,098	(38,643)	(87,073)
15-Jun	13,234	(26,581)	(100,420)
	<b>\$301,422</b>	<b>\$(341,018)</b>	

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

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**MONARCH'S RESPONSES TO STAFF'S TWELFTH REQUESTS FOR INFORMATION**

**STAFF RFI 12-5: Admit or deny that the allowance for bad debts or uncollectible accounts as of June 30, 2015 is \$100,420 (credit).**

**RESPONSE:** Admit.

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



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MONARCH'S RESPONSES TO STAFF'S TWELFTH REQUESTS FOR INFORMATION

**STAFF RFI 12-6:** Please provide the accounting entries and the total amount by month of bad debts directly written off from the receivable accounts for the test year.

**RESPONSE:**

<u>Period</u>	143 Accumulated Provision for Uncollectible Accounts	141 Customer Accounts Receivable
<b>Jul-14</b>	19,983	(19,983)
<b>Aug-14</b>	3,650	(3,650)
<b>Sep-14</b>	19,829	(19,829)
<b>Oct-14</b>	31,316	(31,316)
<b>Nov-14</b>	53,981	(53,981)
<b>Dec-14</b>	23,381	(23,381)
<b>Jan-15</b>	26,237	(26,237)
<b>Feb-15</b>	46,907	(46,907)
<b>Mar-15</b>	(1,126)	1,126
<b>Apr-15</b>	32,933	(32,933)
<b>May-15</b>	31,098	(31,098)
<b>Jun-15</b>	13,234	(13,234)
<b>Total Monarch</b>	<b>\$301,422</b>	<b>\$(301,422)</b>

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**MONARCH'S RESPONSES TO STAFF'S TWELFTH REQUESTS FOR INFORMATION**

**STAFF RFI 12-7: Admit or deny that the bad debts account amounting to \$333,022 includes amounts allocated from the other Texas Utilities or SWWC Utilities.**

**RESPONSE:** Denied.

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