



Control Number 45570



Item Number 272

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

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APPLICATION OF MONARCH
UTILITIES I, LP TO CHANGE
RATES FOR WATER AND SEWER
SERVICE

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

WORKPAPERS
TO THE
DIRECT TESTIMONY
OF
CHRIS EKRUT
ON BEHALF OF THE
OFFICE OF PUBLIC UTILITY COUNSEL

AUGUST 17, 2016

272

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

**MONARCH'S SUPPLEMENTAL RESPONSES TO
STAFF'S FOURTH REQUESTS FOR INFORMATION NOS. 4-3 AND 4-4**

STAFF RFI 4-3: Please provide an itemization by dollar value of the costs actually incurred by ECO Resources, Inc. that comprise the 30% margin charged by ECO Resources, Inc. to Monarch for each component of invested capital.

RESPONSE: The amount of gross profit 'charged' by ECO Resources, Inc. in terms of recorded gross margin was far less than 30 percent. Recorded gross margin was between 15 and 17 percent from 2005 to 2007 when the majority of cost was capitalized. In terms of actual ECO Resources, Inc. net income from these projects, the earnings were negligible. In fiscal year 2007, ECO Resources, Inc. incurred a loss. See Confidential Attachment Staff 4-3.

Prepared by: Kent Cauley
Sponsored by: Gary Rose

**SUPPLEMENTAL
RESPONSE:** Please see Confidential Supplemental Attachment Staff 4-3.1 and Confidential Supplemental Attachment Staff 4-3.2.

Prepared by: Charles Profilet
Sponsored by: Charles Profilet

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**MONARCH'S SUPPLEMENTAL RESPONSES
TO STAFF'S EIGHTH REQUESTS FOR INFORMATION**

STAFF RFI 8-6: Please provide the number of connections with the corresponding meter equivalents for Monarch, the Texas Utilities and the Southeast Utilities for the years ended December 31, 2012, 2013, 2014, and 2015.

RESPONSE: Please see Attachment Staff 8-6.

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

Connection Counts and Meter Equivalents Year-End 2012, 2013, 2014, 2015

Line #	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1								
2		Connections						
3		Monarch	2012	2013	2014	2015		
4		Texas Utilities	25,213	25,213	25,694	26,072		
5		SE Utilities	43,109	43,109	44,054	44,989		
6			8,958	8,563	8,643	8,694		
7		Meter Equivalents						
8		Monarch	2012	2013	2014	2015		
9		Texas Utilities	26,567	26,567	27,163	27,584		
10		SE Utilities	48,694	48,694	50,118	51,459		
11			16,495	16,151	16,378	16,511		

Note A: Texas Utilities includes Monarch, SWWC Utilities, Inc. and Metro

Note B: SEU excludes O&M contract connections

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

OPUC RFI 1-4: Provide the date on which merit salary /wage increases are awarded each year. Include in your response any changes that have been made to this timeframe within the last three years.

RESPONSE: Annual merit salary/wage increases become effective during the first pay period to end in the month of April. There have not been changes to this timeframe within the last three years.

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

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**MONARCH'S SUPPLEMENTAL RESPONSES TO
OPUC'S FIRST REQUESTS FOR INFORMATION NOS. 1-5 AND 1-11**

OPUC RFI 1-5: Provide copies of any documents, emails, corporate minutes, presentations, etc. that include discussion of the amount of merit salary/wage increases that were awarded during the test year and for each of the past three years.

RESPONSE: See Confidential Attachment OPUC 1-5.

Prepared by: Kent Cauley and Mark Rodriguez
Sponsored by: Charles Profilet

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

OPUC RFI 1-7: Provide a listing of all allocation factors used for each shared service provided to Texas operations for the test year and for the previous period before the changes were made as referred to by Ms. Bordelon-Taylor on page 7 of her direct testimony. Be sure to provide the underlying computation of each of the allocation factors in both periods.

RESPONSE: See the following confidential files in response to this request:

Confidential Attachment OPUC 1-7 – 2015 Allocation Factors
Confidential Attachment OPUC 1-7 – 2014 Texas Utilities Allocations
Confidential Attachment OPUC 1-7 – Test Year Texas Utilities Allocations

Prepared by: Kent Cauley and Carmelitha Bordelon-Taylor
Sponsored by: Robert Kelly

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**MONARCH'S AMENDED RESPONSES TO
OPUC'S FIRST REQUESTS FOR INFORMATION**

OPUC RFI 1-14: Provide the monthly number of employees for Monarch Texas operations for each month subsequent to the test year end through the most recent information available.

**AMENDED
RESPONSE:** See Amended Attachment OPUC 1-14 for the number of Monarch Utilities I, LP employees.

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

Errata Monarch Employees
PUC Docket No. 45570
Amended Attachment OPUC RFI 1-14 (6/6/16)

Number of Direct Monarch Utilities I, LP

Month	0.86 Water	0.14 Wastewater	Total
Feb-16	51	8	59
Jan-16	51	8	59
Dec-15	52	8	60
Nov-15	52	9	61
Oct-15	52	9	61
Sep-15	50	8	58
Aug-15	50	8	58
Jul-15	48	8	56

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**MONARCH'S AMENDED RESPONSES TO
OPUC'S FIRST REQUESTS FOR INFORMATION**

OPUC RFI 1-15: Provide the monthly number of employees for each of the shared services cost centers where costs are allocated to this filing for each month subsequent to the test year end through the most recent information available.

**AMENDED
RESPONSE:**

See Amended Attachment OPUC 1-15 for the number of shared services cost centers employees. See Errata Schedule IV-4.1-Cost Allocation Manual for the definitions of the cost centers.

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

Errata Shared Services Employees - Includes Corporate
PUC Docket No. 45570
Amended Attachment OPUC RFI 1-15 (6/6/16)

Total Number of Allocated Employees

Month	TXU Administration	CSC	FSC	Austin Shared Ops	San Antonio Shared Ops	West Mgmt	SouthWest Water Company	Total
Feb-16	6	8	4	3	2	1	13	37
Jan-16	6	8	4	3	2	1	13	37
Dec-15	5	8	4	3	2	1	12	35
Nov-15	5	9	3	3	2	1	13	36
Oct-15	5	9	3	3	2	1	13	36
Sep-15	6	9	3	3	2	1	12	36
Aug-15	7	9	3	3	2	1	13	38
Jul-15	6	9	3	3	2	1	12	36

Month	0.86 Water	0.14 Wastewater	Total
Feb-16	32	5	37
Jan-16	32	5	37
Dec-15	30	5	35
Nov-15	31	5	36
Oct-15	31	5	36
Sep-15	31	5	36
Aug-15	33	5	38
Jul-15	31	5	36

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**MONARCH'S AMENDED RESPONSES TO
OPUC'S FIRST REQUESTS FOR INFORMATION**

OPUC RFI 1-19: Provide a detailed explanation of the Bonus Expense – Other amount of \$21,371.49 shown on WP II-D-9.1.a.8. What does this amount relate to and how was it computed as a “Sum of Normalized”? Also provide an explanation as to why the adjusted amount for this account’s expense is significantly greater than the prior years’ amounts provided.

**AMENDED
RESPONSE:** See Amended Confidential Attachments OPUC 1-19 and 1-20 for detailed explanations.

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

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MONARCH'S AMENDED RESPONSES TO
OPUC'S FIRST REQUESTS FOR INFORMATION

OPUC RFI 1-20: Admit or deny that the Bonus Expense – Other amount of \$21,371.49 shown on WP II-D-9.1.a.8 is in addition to any STI pay awarded during the test year. If admitted, provide the amount given in these types of bonuses for the last three years period. If denied, provide an explanation as to why it is booked into this account.

AMENDED RESPONSE: See Amended Confidential Attachments OPUC 1-19 and 1-20 for detailed explanations.

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

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MONARCH'S RESPONSES TO OPUC'S SECOND REQUESTS FOR INFORMATION

OPUC RFI 2-9: Referencing the testimony of Robert Kelly, please state whether the referenced \$1.1 million investment in Blue Mound infrastructure was necessary for the provision of continuous and adequate service to the system's ratepayers. Please provide an asset listing detailing this investment by NARUC account. For each asset listed, please include:

- a. a description of the asset
- b. capacity of the asset, if applicable;
- c. the original cost of the asset;
- d. the in-service date.

RESPONSE: The \$1.1 million investment in Blue Mound infrastructure was necessary for the provision of continuous and adequate service to the system's ratepayers. See Attachment OPUC 2-9.

Prepared by: Robert Kelly
Sponsored by: Robert Kelly

CoCd	APC	Class	Asset	Cap.date	ODep.Start	Cost Ctr	Asset description	Life	Cost
3020	160010	304.3	10000544	9/30/2005	9/1/2005	30200006	REPAIRED FENCING (VANDALISM)-BLUE MOUND BPS#2 (P2)	033/000	4,111.25
3020	160010	304.5	10000553	9/30/2005	9/1/2005	30200006	REPAIRED 2 MAIN - POURED DRIVEWAY inch-1621 FAGAN	035/000	1,564.42
3020	160010	304.5	10000554	9/30/2005	9/1/2005	30200006	POURED DRIVEWAY AFTER CAPITAL REPAIRS	035/000	1,689.13
3020	160010	304.5	10000578	12/31/2005	12/1/2005	30200006	Building - Chlorine-Well No. 2 & 3	035/000	2,466.02
3020	160010	304.3	10000584	12/31/2005	12/1/2005	30200006	16x20 Building/Yard Piping-	033/000	67,660.49
3020	160010	304.3	10000594	12/31/2005	12/1/2005	30200006	Building Repair-W1	033/000	1,120.61
3020	160020	345.5	20000048	6/30/2008	6/1/2008	30200007	REPLACE AIR CONDITIONER-BLUE MOUND-BLUE MOUND	015/000	614.51
3020	160020	360.2	20000049	6/30/2008	6/1/2008	30200007	CAPITAL SEWER LINE REPAIR-BETWEEN GILL & FAGAN-BET	065/000	4,576.25
3020	160020	311.2	20000072	7/30/2008	7/1/2008	30200006	HEAT PUMP; INDISTRICT BLUE MOUND-INDISTRICT BLUE M	015/000	3,185.00
3020	160020	361.2	20000265	9/30/2008	9/1/2008	30200007	CAPITAL GRAVITY MAIN REPAIR-BLUE MOUND	065/000	34,750.00
3020	160020	335.4	20000444	2/1/2009	2/1/2009	30200006	563231 FIRE HYDRANT - -BLUE MOUND WELL #1	020/000	3,405.81
3020	160020	360.2	20000759	8/1/2009	8/1/2009	30200007	SUBCONTRACT WORK ON SANITARY SYSTEM-1769 FAGAN DR	065/000	5,400.00
3020	160020	311.2	20000795	10/1/2009	10/1/2009	30200006	LABOR REPLACE PUMP/MTR-INDISTRICT BLUE MOUND	015/000	37.20
3020	160020	311.2	20000796	10/1/2009	10/1/2009	30200006	MATERIALS REPLACE PUMP/MTR-INDISTRICT BLUE MOUND	015/000	3,010.00
3020	160020	311.2	20001518	10/1/2010	10/1/2010	30200006	Repairs to Booste Pump #3 & Blue Mound BPS #2	015/000	2,991.77
3020	160020	333.4	20003399	1/31/2005	1/1/2005	30200006	NEW METER BOX WITH LID-1725 COLLINS	045/000	177.73
3020	160020	310.2	20003529	4/30/2005	4/1/2005	30200006	CONTROL PANEL - REPLACED WIRES & HOA SWITCH	015/000	925.75
3020	160020	333.4	20003571	4/30/2005	4/1/2005	30200006	METER BOX AND LID-128 COLLINS CT	045/000	113.74
3020	160020	333.4	20003572	4/30/2005	4/1/2005	30200006	METER BOX AND LID-120 COLLINS CT	045/000	134.86
3020	160020	355.2	20003584	4/30/2005	4/1/2005	30200007	HOOKED UP SEWER TAP TO SEWER MAIN-1664 GILL	025/000	109.25
3020	160020	333.4	20003614	5/31/2005	5/1/2005	30200006	METER BOX AND LID-1612 FAGAN	045/000	33.61
3020	160020	333.4	20003744	7/31/2005	7/1/2005	30200006	Low voltage service lines for new street - instructic	045/000	2,761.51
3020	160020	355.2	20003787	7/31/2005	7/1/2005	30200007	NEW SEWER TAP-1637 GILL	025/000	2,248.25
3020	160020	333.4	20003989	11/30/2005	11/1/2005	30200006	NEW METER BOX & LID-821 HERITAGE	045/000	82.61
3020	160020	307.2	20004060	12/31/2005	12/1/2005	30200006	Pump station-W3	046/000	10,126.90
3020	160020	320.3	20004206	12/31/2005	12/1/2005	30200006	Chlorination CL2 System	015/000	4,980.57
3020	160020	320.3	20004207	12/31/2005	12/1/2005	30200006	Chlorination CL2 System	015/000	4,980.57
3020	160020	320.3	20004208	12/31/2005	12/1/2005	30200006	Chlorination CL2 System	015/000	5,680.96
3020	160020	310.2	20004361	12/31/2005	12/1/2005	30200006	Electrical-	015/000	38,165.19
3020	160020	330.4	20004429	12/31/2005	12/1/2005	30200006	Test Hydro Tank-Well No. 2 & 3	050/000	1,089.50
3020	160020	330.4	20004459	12/31/2005	12/1/2005	30200006	Pump station-W3	050/000	24,460.36
3020	160020	331.4	20004470	12/31/2005	12/1/2005	30200006	BLUE MOUND PIPING	085/000	28,997.35
3020	160020	333.4	20004505	12/31/2005	12/1/2005	30200006	NEW METER BOX & LID-301 GLOBE	045/000	52.73
3020	160020	333.4	20004517	12/31/2005	12/1/2005	30200006	RELOCATED TAP WITH NEW MATERIALS-1733 GLOBE	045/000	326.80
3020	160020	331.4	20004740	3/31/2006	3/1/2006	30200006	REPLACED PIPING IN WATER MAIN-	085/000	2,668.86
3020	160020	331.4	20004760	3/31/2006	3/1/2006	30200006	REPLACED PIPING IN WATER MAIN-	085/000	1,359.66
3020	160020	331.4	20004780	3/31/2006	3/1/2006	30200006	REPLACED PIPING IN WATER MAIN-	085/000	1,339.51
3020	160020	335.4	20004862	3/31/2006	3/1/2006	30200006	FIRE HYDRANT-	020/000	4,286.85
3020	160020	331.4	20004914	4/30/2006	4/1/2006	30200006	WATER MAIN CAPITAL REPAIR-INDISTRICT BLUE	085/000	1,511.30
3020	160020	333.4	20004936	4/30/2006	4/1/2006	30200006	NEW WATER SERVICE TAP-1601 TYSON	045/000	159.70
3020	160020	360.2	20005126	6/30/2006	6/1/2006	30200007	REPLACE SEWER LINE-GILL ST	065/000	101,602.80
3020	160020	360.2	20005127	6/30/2006	6/1/2006	30200007	SEWER LINES-1213 CANTRELL SANSON RD	065/000	1,250.63
3020	160020	320.3	20005339	10/31/2006	10/1/2006	30200006	CAP REPAIR CHLORINE PUMP-BLUE BPS 1 (P1)	015/000	686.88
3020	160020	320.3	20005380	11/30/2006	11/1/2006	30200006	NEW CHLORINE LINE-BLUE BPS 2 (P2)	015/000	894.06
3020	160020	310.2	20005393	11/30/2006	11/1/2006	30200006	REPLACED WEATHERHEAD ON ELEC POLE-BLUE BPS 2 (P2)	015/000	612.40
3020	160020	331.4	20005409	11/30/2006	11/1/2006	30200006	WATER DISTRIBUTION PLAN-INDISTRICT BLUE	085/000	250.00
3020	160020	320.3	20005522	11/30/2006	11/1/2006	30200006	WELL METER (3 FLG TURBO)-BLUE WELL 2 (W2)	020/000	828.00
3020	160020	311.2	20005574	12/31/2006	12/1/2006	30200006	NEW PUMP & MOTOR ACIDIZE-BLUE WELL 2	015/000	30,880.67
3020	160020	335.4	20005635	12/31/2006	12/1/2006	30200006	4 FIRE HYDRANTS-BLUE MOUND	020/000	17,498.21
3020	160020	331.4	20005668	1/31/2007	1/1/2007	30200006	CAPITAL WATER MAIN REPAIR-BLUE BPS 1 (P1)	085/000	2,909.45
3020	160020	331.4	20005674	1/31/2007	1/1/2007	30200006	CAPITAL WATER MAIN REPAIR-1759 AMERICANA	085/000	1,616.88
3020	160020	333.4	20005760	2/28/2007	2/1/2007	30200006	NEW METER BOX W/LID-1649 INDEPENDENCE	045/000	89.15
3020	160020	311.2	20005809	3/31/2007	3/1/2007	30200006	WELL PUMP-BLUE MOUND WELL	015/000	56,386.42
3020	160020	331.4	20005852	3/31/2007	3/1/2007	30200006	CAPITAL WATER MAIN REPAIR-425 GLOBE	085/000	2,123.38
3020	160020	331.4	20005853	3/31/2007	3/1/2007	30200006	CAPITAL WATER MAIN REPAIR-1005 BLUE MOUND RD	085/000	5,127.75
3020	160020	331.4	20005897	4/30/2007	4/1/2007	30200006	6 MIDCO VALVE INDEPENDENCE & BLUE MOUND RD	085/000	1,146.63
3020	160020	331.4	20005995	5/31/2007	5/1/2007	30200006	REPLACE CHECK AND SOLONOID VALVES-BLUE MOUND BPS 1	085/000	1,538.00
3020	160020	360.2	20006062	5/31/2007	5/1/2007	30200007	CAPITAL SEWER MAIN REPAIR-701 WAGGOMAN	065/000	5,944.64
3020	160020	331.4	20006312	9/30/2007	9/1/2007	30200006	CAPITAL WATER MAIN REPAIR-1673 GILL	085/000	2,757.02
3020	160020	334.4	20006350	9/30/2007	9/1/2007	30200006	2 WELL METER IN CH-BLUE WELL 2 (W2)	020/000	1,326.83
3020	160020	331.4	20006393	10/31/2007	10/1/2007	30200006	CAPITAL WATER MAIN REPAIR-GILL & NEWTON	085/000	1,903.49
3020	160020	333.4	20006428	10/31/2007	10/1/2007	30200006	NEW METER BOX W/LID-1605 INDEPENDENCE	045/000	43.94
3020	160020	335.4	20006538	11/30/2007	11/1/2007	30200006	REPLACE FIRE HYDRANT-INDISTRICT BLUE MOUND	020/000	3,661.80
3020	160020	333.4	20006593	12/31/2007	12/1/2007	30200006	NEW METER BOX W/LID-1629 CORRIN	045/000	24.26
3020	160020	345.5	20006642	1/31/2008	1/1/2008	30200007	REPLACED AIR COMPRESSOR-WELLS 2 & 3-WELLS 2 & 3	015/000	516.18
3020	160020	331.4	20006935	6/30/2008	6/1/2008	30200006	HWY 156 LINE RELOCATION-BLUE-BLUE	085/000	82,693.13
3020	160020	331.4	20006951	6/30/2008	6/1/2008	30200006	CAPITAL WATER MAIN REPAIR-1673 GILL-1673 GILL	085/000	1,359.34
3020	160020	347.5	20006968	12/1/2010	12/1/2010	30200006	BLUE MOUND MASTER PLAN	015/000	24,234.10
3020	160020	335.4	20007130	4/1/2011	4/1/2011	30200006	REPLACED HYDRANT AT GLOBE & WAGGOMAN - 1700 WATAUG	050/000	4,915.85
3020	160020	335.4	20007131	4/1/2011	4/1/2011	30200006	REPLACED HYDRANT AT 1701 FAGAN DR - 1701 FAGAN DR	050/000	4,521.98

3020	160020	335.4	20007132	4/1/2011	4/1/2011	30200006	REPLACED HYDRANT AT 421 GLOBE AVE - 421 GLOBE AVE	050/000	6,017.69
3020	160020	334.4	20007367	5/1/2011	5/1/2011	30200006	BLUE 820 - 5/8 AMR METERS	020/000	157,411.40
3020	160020	334.4	20007408	5/1/2011	5/1/2011	30200006	BLUE 3 - 1 inch AMR METERS	020/000	691.45
3020	160020	334.4	20007419	5/1/2011	5/1/2011	30200006	BLUE 3 - 1.5 inch AMR METERS	020/000	2,087.11
3020	160020	334.4	20007423	5/1/2011	5/1/2011	30200006	BLUE 3 - 2 inch AMR METERS	020/000	2,245.08
3020	160020	311.2	20007430	10/1/2011	10/1/2011	30200006	855150-13 GRUNDFOS PUMP/15HP MOTOR/684'-WESTVIEW G	015/000	10,711.00
3020	160020	334.4	20007489	12/1/2011	12/1/2011	30200006	Meter - Residential	020/000	184.52
3020	160020	334.4	20007490	11/1/2011	11/1/2011	30200006	Meter - Residential	020/000	181.21
3020	160020	334.4	20007491	12/1/2011	12/1/2011	30200006	Mete - Residential	020/000	156.39
3020	160020	334.4	20007547	1/1/2012	1/1/2012	30200006	5/8 Meter	020/000	155.28
3020	160020	361.2	20007616	10/10/2012	10/1/2012	30200007	164' - 10" pvc sewer lii	065/000	15,227.60
3020	160020	311.2	20007622	9/30/2012	9/1/2012	30200006	GCH 14 STG Gould Pump Well #3	015/000	19,976.34
3020	160020	311.2	20007628	9/30/2012	9/1/2012	30200006	75 hp 8" Centripro Motc r Well #3	015/000	27,522.33
3020	160020	311.2	20007629	9/30/2012	9/1/2012	30200006	1000' 1/0 ground cable Well #3	015/000	29,822.33
3020	160020	334.4	20007684	8/30/2012	8/1/2012	30200006	4" Turbo Water Meter and well head	020/000	1,868.00
3020	160020	331.4	20007726	1/1/2012	1/1/2012	30200006	Water Main Repair 35' 8" Pipe	085/000	24,093.32
3020	160020	331.4	20007737	12/21/2012	12/1/2012	30200006	(1) 4" and (1) 3" check valv	085/000	1,064.22
3020	160020	335.4	20007760	2/6/2013	2/1/2013	30200006	Fire Hydrant	050/000	3,911.65
3020	160020	330.4	20007799	4/2/2013	4/1/2013	30200006	Storage Tank Double Wall 500g-Well #3	050/000	2,632.79
3020	160020	346.5	20007841	9/19/2013	9/1/2013	30200006	Spread Spectrum Radic - Blu : Mound P/S #1 & #2	020/000	4,010.00
3020	160020	363.2	20007878	10/1/2013	10/1/2013	30200007	51 Sewer Service Reconnections	040/000	20,749.50
3020	160020	360.2	20007880	10/1/2013	10/1/2013	30200007	2,602 LF 10" Pipe	065/000	124,363.83
3020	160020	370.3	20007881	10/1/2013	10/1/2013	30200007	4" Ma : Hole	050/000	2,985.27
3020	160020	370.3	20007882	10/1/2013	10/1/2013	30200007	Rehab Existing M/H (13 ea)	050/000	16,945.56
3020	160020	370.3	20007883	10/1/2013	10/1/2013	30200007	19,960 S.F Replace Con etc	050/000	21,704.16
3020	160020	331.4	20008094	12/15/2014	12/1/2014	30200006	4" Globe Style Check Valv : Bluemound well #1	085/000	1,086.05
3020	160020	311.2	20008249	5/19/2015	5/1/2015	30200006	2 1/2 Starter nd Sub-mc itor Bluemc nd well#1	015/000	

1,130,504.53

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

MONARCH'S RESPONSES TO OPUC'S SECOND REQUESTS FOR INFORMATION

OPUC RFI 2-11. Please provide the history of dividends declared and paid by SouthWest Water Company since the acquisition of Tecon Water. Provide this information by year and total amount of the dividend paid on a total basis and a per share basis.

RESPONSE: See Confidential Attachment OPUC 2-11 for a history of distributions declared and paid by SouthWest Water Company since the acquisition of Tecon Water.

Prepared by: Kent Cauley
Sponsored by: Robert Kelly

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

MONARCH'S RESPONSES TO OPUC'S SECOND REQUESTS FOR INFORMATION

OPUC RFI 2-15: Please provide a copy of the Settlement Agreement between Suburban Water Systems and the California Office of Ratepayer Advocates as referenced on Page 3 of the CAM.

RESPONSE: See Attachment OPUC 2-15.

Prepared by: Robert Kelly
Sponsored by: Robert Kelly

ATTACHMENT 1

**Joint Motion of Suburban Water Systems and the
Office of Ratepayer Advocates for the Adoption of
a Settlement Agreement**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Suburban Water Systems
(U339W) for Authority to Increase Rates
Charged for Water Service by \$8,932,501 or
13.37% in 2015, by \$3,210,905 or 4.32% in
2016, and by \$2,722,809 or 3.51% in 2017.

A.14-02-004
(Filed February 24, 2014)

**SETTLEMENT AGREEMENT BETWEEN SUBURBAN WATER SYSTEMS
AND
OFFICE OF RATEPAYER ADVOCATES**

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Attorney for Suburban Water Systems

August 22, 2014

including an affiliate involved in non-regulated service contract operations. At the time the application was filed, there were eleven service contracts under which a SouthWest entity provides operating services, a significant decrease from the last general rate case. Second is the allocation of the costs of the Utility Group business unit. For both categories, the Parties agree upon the amount of costs to be allocated, but differ as to the allocation methods.

REFERENCES: Exh. SWS-03, Bench Direct, pp. 7-12, Attachment 2.

A. Allocation of Parent Company Costs Factor

Suburban	ORA	Settlement
49.8%	43%	46.57%

REFERENCES: Exh. SWS-01, Exhibit A, Table 5-2, pp. 5-5 – 5-6; Exh. SWS-03, Bench Direct, pp. 26-29, Attachments 2, 4, 5; Exh. ORA-01, ORA Report, pp. 10-1 – 10-5; Exh. SWS-13, Bench Rebuttal, pp. 4-10, Attachments 1, 2A and 2B.

1. Allocation Method

Traditionally, Suburban has used the four-factor allocation method set forth in the Commission's 1956 memorandum on allocation of parent company costs. As explained in that memorandum, the four factors are operating expenses, gross plant, payroll, and number of customers. In its decision in Suburban's last general rate case, D.12-04-009, the Commission directed Suburban to use a two-factor (operating expenses and payroll) allocation method. Suburban continued to use a two-factor allocation of parent company costs in this current proceeding, as it believes is required by D.12-04-009.

In its report, ORA disagreed with this interpretation of D.12-04-009, arguing that Suburban is still required to use the four-factor allocation method. In its report, however, ORA recommended a three-factor allocation method, eliminating the customer factor due to inability to obtain information on the number of end-users served under the eleven operations contracts (Suburban has historically taken the position that the number of customers is the number of contracts rather than the number of end users). ORA originally recommended that the gross plant of an organization that has contracted for operating services should be included in the gross

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

MONARCH'S RESPONSES TO OPUC'S SECOND REQUESTS FOR INFORMATION

OPUC RFI 2-17: **Please admit or deny that the Monarch Revenue Held in Abeyance amounts have not been reviewed and approved by the Commission as part of a formal hearing.**

RESPONSE: Monarch admits that Monarch Revenue Held in Abeyance amounts have not been reviewed and approved by the Commission as part of a formal hearing.

Prepared by: Robert Kelly
Sponsored by: Robert Kelly

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

MONARCH'S RESPONSES TO OPUC'S THIRD REQUESTS FOR INFORMATION

OPUC RFI 3-3: Please provide the connection count as of the end of the Test Year for Suburban, Southeast, and Texas Utilities. For the Texas Utilities connection counts, provide these by CCN for water and wastewater.

RESPONSE: Please see Attachment OPUC 3-3.

Prepared by: Ed Taussig
Sponsored by: Robert Kelly

PUC Docket No. 45570
 Attachment OPUC RFI 3-3

Connection Count as of end of Test Year (June 30, 2015)

Line #	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
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Segment	Type	30-Jun-15
Suburban	Water	75,733
Southeast	Wastewater	8,649
Texas Utilities	Water	32,850
Texas Utilities	Wastewater	11,579

TXU CCN	Water
Diamond	808
HBUC	2,183
Huntington	126
Inverness	124
Mid-Tex	113
Monarch	22,288
SWUT	43
Tenkiller	286
Windermere	4,941
WSI	1,937
Metro H2O	1
Total	32,850

TXU CCN	Wastewater
HBUC	2,163
Mid-Tex	105
Monarch	3,602
Tenkiller	263
Windermere	5,446
Total	11,579

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