

Control Number 45570



Item Number 281

Addendum StartPage 0

WP-LG-1

MONARCH'S SCHEDULE II A-1

(February 29, 2016)

Monarch Utilities I, L.P

Application for Water and Sewer Rate/Tariff Change

SOAH Docket No. 473-16-2873.WS

PUC Docket No. 45570

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-A Cost of Service Summary
 Witness: Charles Profilet

Line No.	Description (a)	Reference Schedule (b)	Monarch Total (c)	Func. Factor (d)	Functionalization	
					Water (e)	Wastewater (f)
1	Operating and Maintenance Expenses	II-D-1	\$ 18,939,124	WTR-WWR	\$ 16,063,752	\$ 2,875,372
2	Depreciation, Amortization and Other Expenses	II-E	3,462,372	WTR-WWR	2,873,381	588,990
3	Taxes Other than Federal Income Taxes	II-E-2	956,863	WTR-WWR	853,281	103,582
4	Federal Income Taxes	II-E-3.1	171,896	WTR-WWR	231,791	(59,894)
5	Return on Rate Base	II-B	6,918,249	WTR-WWR	5,957,577	960,672
6	Other Expenses	II-E-4	(74,586)	WTR-WWR	(40,936)	(33,649)
7						
8	Total Unadjusted Cost of Service		\$ 30,373,918	WTR-WWR	\$ 25,938,846	\$ 4,435,072
9						
10	Less: Other Revenue Items Credit	II-E-5	\$ 4,500		\$ 4,500	\$
11						
12	Total Adjusted Cost of Service		\$ 30,369,418		\$ 25,934,346	\$ 4,435,072
13						
14	Amortization Recovered thru Riders	II-E-4.1	\$	WTR-WWR	372,386	70,931
15	Deferred Expenses from Prior Dockets	II-E-4.4	443,315			
16	Rate Case Expenses					

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-A-1 Cost of Service by Water/Sewer
 Witness: Charles Proffitt

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	Func. Factor (e)	Functionalization	
						Water (f)	Wastewater (g)
1							
2		Operating and Maintenance Expenses	II-D-1	2,737,633	WTR-WWR	2,737,633	
3	501	Salaries and Wages	II-D-1	762,058	WTR-WWR	762,058	
4	604	Employee Pensions and Benefits	II-D-1	2,070,717	WTR-WWR	2,070,717	
5	610	Purchased Water	II-D-1	819,719	WTR-WWR	819,719	
6	615	Purchased Power	II-D-1	408,379	WTR-WWR	408,379	
7	618	Chemicals	II-D-1	1,449,757	WTR-WWR	1,449,757	
8	620	Materials and Supplies	II-D-1		WTR-WWR		
9	631	Engineering	II-D-1	3,877	WTR-WWR	3,877	
10	633	Contractual Services	II-D-1	169,764	WTR-WWR	169,764	
11	635	Legal	II-D-1	696,961	WTR-WWR	696,961	
12	636	Contractual Services	II-D-1	49,917	WTR-WWR	49,917	
13	641	Contractual Services	II-D-1	35,705	WTR-WWR	35,705	
14	642	Rental of Building/Real Property	II-D-1	756,031	WTR-WWR	756,031	
15	650	Rental of Equipment	II-D-1	16,432	WTR-WWR	16,432	
16	656	Transportation Expenses	II-D-1	71	WTR-WWR	71	
17	658	Insurance Vehicle	II-D-1		WTR-WWR		
18	659	Insurance Other	II-D-1	37,803	WTR-WWR	37,803	
19	660	Advertising Expenses	II-D-1		WTR-WWR		
20	667	Regulatory Commission Expenses	II-D-1		WTR-WWR		
21	670	Bad Debt Expense	II-D-1	279,739	WTR-WWR	279,739	
22	675	Regulatory Commission Expenses Other	II-D-1	267,014	WTR-WWR	267,014	
23	675.99	Miscellaneous Expenses	II-D-1	5,502,176	WTR-WWR	5,502,176	
24	701	Affiliate	II-D-1	478,188	WTR-WWR	478,188	
25	704	Salaries and Wages	II-D-1	144,760	WTR-WWR	144,760	478,188
26	710	Employee Pensions and Benefits	II-D-1	82,619	WTR-WWR	82,619	144,760
27	711	Purchased Wastewater Treatment	II-D-1	101,204	WTR-WWR	101,204	82,619
28	715	Sludge Removal Expense	II-D-1	148,229	WTR-WWR	148,229	101,204
29	718	Purchased Power	II-D-1	55,482	WTR-WWR	55,482	148,229
30	720	Chemicals	II-D-1	221,373	WTR-WWR	221,373	55,482
31	731	Materials and Supplies	II-D-1		WTR-WWR		221,373
32	733	Contractual Services	II-D-1	98	WTR-WWR		98
33	735	Legal	II-D-1	62,415	WTR-WWR		62,415
34	736	Contractual Services	II-D-1	114,626	WTR-WWR		114,626
35	741	Contractual Services	II-D-1	9,508	WTR-WWR		9,508
36	742	Other	II-D-1	6,420	WTR-WWR		6,420
37	750	Rental of Building/Real Property	II-D-1	143,936	WTR-WWR		143,936
38	752	Rental of Equipment	II-D-1	3,130	WTR-WWR		3,130
39	755	Transportation Expenses	II-D-1	13	WTR-WWR		13
40	758	Insurance Vehicle	II-D-1	7,670	WTR-WWR		7,670
41	767	Insurance Workman's Compensation	II-D-1		WTR-WWR		
42	770	Regulatory Commission Expenses	II-D-1	53,284	WTR-WWR		53,284
43	775	Other	II-D-1	86,734	WTR-WWR		86,734
		Bad Debt Expense	II-D-1		WTR-WWR		
		Miscellaneous Expenses	II-D-1		WTR-WWR		

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-A Cost of Service Summary
Witness: Charles Profilet

Line No	Description (a)	Reference Schedule (b)	Monarch Total (c)	Func. Factor (d)	Functionalization	
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5	Return on Rate Base	II-8	6,918,249	WTR-WWR	5,957,577	960,672
6	Other Expenses	II-E-4	(74,586)	WTR-WWR	(40,936)	(33,649)
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13						
14	Amortization Recovered thru Riders	II-E-4.1	\$			
15	Deferred Expenses from Prior Dockets	II-E-4.4	443,315	WTR-WWR	372,386	70,931
16	Rate Case Expenses					

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-A-1 Cost of Service by Water/Sewer
Witness: Charles Profilet

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	Func. Factor (e)	Functionalization	
						Water (f)	Wastewater (g)
1							
2		Operating and Maintenance Expenses	II-D-1				
3	601	Salaries and Wages	II-D-1	2,737,633	WTR-MWR	2,737,633	
4	604	Employee Pensions and Benefits	II-D-1	762,058	WTR-MWR	762,058	
5	610	Purchased Water	II-D-1	2,070,717	WTR-MWR	2,070,717	
6	615	Purchased Power	II-D-1	819,719	WTR-MWR	819,719	
7	618	Chemicals	II-D-1	408,379	WTR-MWR	408,379	
8	620	Materials and Supplies	II-D-1	1,449,757	WTR-MWR	1,449,757	
9	631	Contractual Services Engineering	II-D-1	3,877	WTR-MWR	3,877	
10	633	Contractual Services Legal	II-D-1	169,764	WTR-MWR	169,764	
11	635	Contractual Services Testing	II-D-1	696,961	WTR-MWR	696,961	
12	636	Contractual Services Other	II-D-1	49,917	WTR-MWR	49,917	
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14	642	Rental of Equipment	II-D-1	756,031	WTR-MWR	756,031	
15	650	Transportation Expenses	II-D-1	16,432	WTR-MWR	16,432	
16	656	Insurance Vehicle	II-D-1	71	WTR-MWR	71	
17	658	Insurance Workman's Compensation	II-D-1	37,803	WTR-MWR	37,803	
18	659	Insurance Other	II-D-1				
19	660	Advertising Expenses	II-D-1				
20	667	Regulatory Commission Expenses Other	II-D-1				
21	670	Bad Debt Expense	II-D-1	279,739	WTR-MWR	279,739	
22	675	Miscellaneous Expenses	II-D-1	267,014	WTR-MWR	267,014	
23	675.99	Miscellaneous Expenses Affiliate	II-D-1	5,502,176	WTR-MWR	5,502,176	
24	701	Salaries and Wages	II-D-1	478,188	WTR-MWR		478,188
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27	711	Sludge Removal Expense	II-D-1	101,204	WTR-MWR		101,204
28	715	Purchased Power	II-D-1	148,229	WTR-MWR		148,229
29	718	Chemicals	II-D-1	55,482	WTR-MWR		55,482
30	720	Materials and Supplies	II-D-1	221,373	WTR-MWR		221,373
31	731	Contractual Services Engineering	II-D-1	98	WTR-MWR		98
32	733	Contractual Services Legal	II-D-1	62,415	WTR-MWR		62,415
33	735	Contractual Services Testing	II-D-1	114,626	WTR-MWR		114,626
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39	758	Insurance Workman's Compensation	II-D-1	7,670	WTR-MWR		7,670
40	759	Insurance Other	II-D-1				
41	767	Regulatory Commission Expenses Other	II-D-1				
42	770	Bad Debt Expense	II-D-1	53,284	WTR-MWR		53,284
43	775	Miscellaneous Expenses	II-D-1	86,734	WTR-MWR		86,734

WP-LG-2
MONARCH'S ERRATA NO. 8 TO RATE FILING
PACKAGE SCHEDULES AND WORKPAPERS

(June 2, 2016)

Monarch Utilities I, L.P

Application for Water and Sewer Rate/Tariff Change

SOAH Docket No. 473-16-2873.WS

PUC Docket No. 45570

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

APPLICATION OF MONARCH UTILITIES I, L.P. TO CHANGE RATES FOR WATER AND SEWER SERVICE	§ § §	STATE OFFICE OF ADMINISTRATIVE HEARINGS
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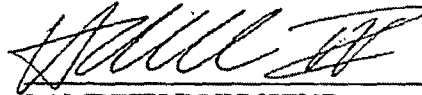
**MONARCH UTILITIES I, L.P.'S ERRATA NO. 8 TO
RATE FILING PACKAGE SCHEDULES AND WORKPAPERS**

Monarch Utilities I, L.P.'s, ("Monarch") filed its Errata No. 7 to its Rate Filing Package Schedules and Workpapers on May 23, 2015. In its subsequent review of the amended schedules and workpapers, Monarch discovered that it had inadvertently misapplied certain amounts to the incorrect NARUC account lines, which could be simply classified as data entry errors. Also, Monarch found incorrect formulas on a couple of schedules and workpapers. The result of these errors affected certain linked schedules and workpapers but did not result in any change in cost of service or proposed rates as filed in Errata No. 7. The following schedules and workpapers were affected as a result of the data entry error, Schedule II-A-1, Schedule II-D-1, Schedule II-D-1.1, and WP II-D-1.1, and the incorrect formulas, Schedule IV-1, Schedule IV-2, WP IV-1, and WP IV-2. Revised copies of these schedules and workpapers are attached to this filing.

Monarch is also providing electronic copies of the amended schedules and workpapers, as part of this filing and to SOAH and all intervening parties that have requested or are required by Commission rule to receive electronic copies. All newly amended errata schedules included in electronic format have been designated with a red tab to easily identify them within the context of the entire schedule workbook. The workpapers in electronic format are also designated with a red tab.

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

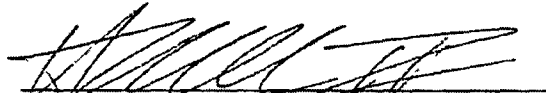
GEORGIA N. CRUMP
State Bar No. 05185500

WILLIAM A. FAULK, III
State Bar No. 24075674

ATTORNEYS FOR MONARCH UTILITIES I, LP

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of June, 2016, a true and correct copy of the foregoing document has been sent via facsimile, certified mail, return receipt requested, first class mail, or hand-delivered to all parties of record.



WILLIAM A. FAULK, III

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata Schedule II-A-1 Cost of Service by Water/Sewer
 Witness: Charles Profilet

Updated 6/2/16

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	Func. Factor (e)	Functionalization	
						Water (F)	Wastewater (g)
1							
2	601	Operating and Maintenance Expenses	II-D-1	2,795,386	WTR-WWR	2,795,386	417,283
3	604	Salaries and Wages Employees	II-D-1	779,426	WTR-WWR	779,426	126,559
4	610	Employee Pensions and Benefits	II-D-1	2,070,717	WTR-WWR	2,070,717	82,619
5	615	Purchased Water	II-D-1	820,063	WTR-WWR	820,063	101,204
6	618	Purchased Power	II-D-1	408,427	WTR-WWR	408,427	147,872
7	620	Chemicals	II-D-1	1,454,418	WTR-WWR	1,454,418	55,434
8	631	Materials and Supplies	II-D-1	3,889	WTR-WWR	3,889	216,659
9	633	Contractual Services Engineering	II-D-1	169,881	WTR-WWR	169,881	86
10	635	Contractual Services Legal	II-D-1	708,380	WTR-WWR	708,380	62,299
11	636	Contractual Services Testing	II-D-1	51,018	WTR-WWR	51,018	103,207
12	641	Contractual Services Other	II-D-1	36,507	WTR-WWR	36,507	8,305
13	642	Rental of Building/Real Property	II-D-1	774,020	WTR-WWR	774,020	5,617
14	650	Rental of Equipment	II-D-1	16,823	WTR-WWR	16,823	125,945
15	656	Transportation Expenses	II-D-1	72	WTR-WWR	72	2,739
16	658	Insurance Vehicle	II-D-1	38,703	WTR-WWR	38,703	12
17	659	Insurance Workman's Compensation	II-D-1		WTR-WWR		6,769
18	660	Insurance Other	II-D-1		WTR-WWR		
19	667	Advertising Expenses	II-D-1	286,399	WTR-WWR	286,399	
20	670	Regulatory Commission Expenses Other	II-D-1	220,666	WTR-WWR	220,666	
21	675	Bad Debt Expense	II-D-1	5,517,426	WTR-WWR	5,517,426	
22	675.99	Miscellaneous Expenses	II-D-1	417,283	WTR-WWR		
23	701	Miscellaneous Expenses Affiliate	II-D-1	126,559	WTR-WWR		
24	704	Salaries and Wages Employees	II-D-1	82,619	WTR-WWR		
25	710	Employee Pensions and Benefits	II-D-1	101,204	WTR-WWR		
26	710	Purchased Wastewater Treatment	II-D-1	147,872	WTR-WWR		
27	711	Sludge Removal Expense	II-D-1	55,434	WTR-WWR		
28	715	Purchased Power	II-D-1	216,659	WTR-WWR		
29	718	Chemicals	II-D-1		WTR-WWR		
30	720	Materials and Supplies	II-D-1	86	WTR-WWR		
31	731	Contractual Services Engineering	II-D-1	62,299	WTR-WWR		
32	733	Contractual Services Legal	II-D-1	103,207	WTR-WWR		
33	735	Contractual Services Testing	II-D-1	8,305	WTR-WWR		
34	736	Contractual Services Other	II-D-1	5,617	WTR-WWR		
35	741	Contractual Services Real Property	II-D-1	125,945	WTR-WWR		
36	742	Rental of Equipment	II-D-1	2,739	WTR-WWR		
37	750	Transportation Expenses	II-D-1	12	WTR-WWR		
38	756	Insurance Vehicle	II-D-1	6,769	WTR-WWR		
39	758	Insurance Workman's Compensation	II-D-1		WTR-WWR		
40	759	Insurance Other	II-D-1		WTR-WWR		
41	767	Regulatory Commission Expenses Other	II-D-1	46,623	WTR-WWR		
42	770	Bad Debt Expense	II-D-1	76,040	WTR-WWR		
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 Witness: Charles Profilet

Updated 6/2/16

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						Water (f)	Wastewater (g)
44	775.99	Miscellaneous Expenses	II-D-1	974,179	WTR-WWR		974,179
45	403	Depreciation, Amortization and Other Expenses	II-E	3,462,372	WTR-WWR	2,873,876	588,496
46	407	Other Expenses	II-E-4	(74,585)	WTR-WWR	(41,925)	(32,660)
47	408	Taxes Other than Federal Income Taxes	II-E-2	956,863	WTR-WWR	862,055	94,808
47	409.1	Federal Income Taxes, Utility Operating Income	II-E-3	2,358,492	WTR-WWR	2,033,015	325,476
47	409.11	State Income Taxes, Utility Operating Income	II-E-3	137,819	WTR-WWR	118,524	19,295
48		Return on Rate Base	II-B	6,918,242	WTR-WWR	5,963,512	954,730
48		Other Expense Items		101,228	WTR-WWR	112,718	(11,490)
49							
50		Total Unadjusted Cost of Service		32,572,103	WTR-WWR	28,073,997	4,498,105
51							
51	474	Less: Other Revenue Items Credit	II-E-5	4,500	WTR-DIRECT	4,500	
52		Less: Theoretical Depreciation Adjustment	III(W)/III(S)	1,052,213	WTR-WWR	937,968	114,246
53							
54		Total Adjusted Cost of Service		31,515,389		27,131,530	4,383,860
55							
56		Amortization Recovered thru Riders					
57		Deferred Expenses from Prior Dockets	II-E-4.1				
58		Rate Case Expenses	II-E-4.4	443,316	WTR-WWR	381,252	62,064

Updated 6/2/13

OM uses

Account No	Account Description	Reference	07/01/2013 - 06/30/2013		Competition Year 2013		Competition Year 2012	
			Direct Alloc	Adj	Monarch Total	Func Factor	Monarch Total	Func Factor
601	Salaries and Wages	W71	368		368	W7R-WW	859,944	864,794
602	Director and Officers	W71-D-1				W7R-WW	902,806	902,806
603	Director and Officers	W71-D-1				W7R-WW	808,123	808,123
604	Director and Officers	W71-D-1				W7R-WW	870,000	870,000
605	Director and Officers	W71-D-1				W7R-WW	212,845	212,845
606	Director and Officers	W71-D-1				W7R-WW	118,777	118,777
607	Director and Officers	W71-D-1				W7R-WW	132,000	132,000
608	Director and Officers	W71-D-1				W7R-WW	532,110	532,110
609	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
610	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
611	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
612	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
613	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
614	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
615	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
616	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
617	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
618	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
619	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
620	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
621	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
622	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
623	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
624	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
625	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
626	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
627	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
628	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
629	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
630	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
631	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
632	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
633	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
634	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
635	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
636	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
637	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
638	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
639	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
640	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
641	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
642	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
643	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
644	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
645	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
646	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
647	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
648	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
649	Director and Officers	W71-D-1				W7R-WW	1,700	1,700
650	Director and Officers	W71-D-1				W7R-WW	1,700	1,700

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Errata Schedule II-D-1.1 Historical and Per Book Test Year O&M Expense
Witness: Carmelitha Borden-Taylor

Updated 6/2/16

Line No	Account No (a)	Description (b)	Reference Schedule (c)	7/1/2014 6/30/2015 (d)		1/1/2013 12/31/2013 (e)		1/1/2012 12/31/2012 (f)	
28	Wastewater 701	Salaries and Wages	WP/II-D-1.1	417,283	18,100	15,941			
29	703	Employees	WP/II-D-1.1	126,559		288			
30	704	Officers, Directors and Majority Stockholders	WP/II-D-1.1	82,619	210,281	199,435			
31	710	Employee Pensions and Benefits	WP/II-D-1.1	147,872	110,680	196,246			
32	711	Purchased Wastewater Treatment	WP/II-D-1.1		144,026	101,204			
33	715	Sludge Removal Expense	WP/II-D-1.1			163,469			
34	716	Purchased Power	WP/II-D-1.1						
35	718	Fuel For Power Production	WP/II-D-1.1	55,434	61,762	45,596			
36	720	Chemicals	WP/II-D-1.1	216,659	225,016	299,222			
37	731	Materials and Supplies	WP/II-D-1.1						
38	732	Contractual Services	WP/II-D-1.1		641	2,276			
39	733	Engineering	WP/II-D-1.1	86					
40	734	Contractual Services	WP/II-D-1.1						
41	735	Accounting	WP/II-D-1.1						
42	736	Legal	WP/II-D-1.1						
43	741	Management Fees	WP/II-D-1.1						
44	742	Contractual Services	WP/II-D-1.1	62,299	63,040	108,306			
45	750	Testing	WP/II-D-1.1	103,207	90,333	13,504			
46	756	Other	WP/II-D-1.1	8,305					
47	757	Rental of Building/Real Property	WP/II-D-1.1	5,617					
48	758	Rental of Equipment	WP/II-D-1.1	2,739	924	24			
49	759	Transportation Expenses	WP/II-D-1.1						
50	760	Insurance Vehicle	WP/II-D-1.1						
51	766	Insurance General Liability	WP/II-D-1.1	12					
52	767	Insurance Workman's Compensation	WP/II-D-1.1	6,769	385				
53	770	Insurance Other	WP/II-D-1.1						
54	775	Advertising Expenses	WP/II-D-1.1						
		Regulatory Commission Expenses	WP/II-D-1.1						
		Amortization of Rate Case Expense	WP/II-D-1.1						
		Regulatory Commission Expenses- Other	WP/II-D-1.1	46,623					
		Bad Debt Expense	WP/II-D-1.1	1,050,219	86,979	181,766			
		Miscellaneous Expenses	WP/II-D-1.1	2,559,451	1,012,165	1,226,071			
		Subtotal Wastewater		18,711,672	20,769,533	22,913,759			
55		Total Operating and Maintenance Expenses							

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata - Schedule IV-1
 Witness: Robert Kelly

Affiliate Expenses by NARUC Account

Updated 6/2/16

Line No	NARUC Account (a)	Description (b)	Reference Schedule (b)	Test Year Total (c)	1/1/2013-12/31/2013 (d)	1/1/2012-12/31/2012 (e)
1						
2						
3	401	Affiliate Transactions - Parent Operating Expenses	WP/IV-1	3,352,230	3,287,377	3,953,193
4						
5						
6	401	Affiliate Transactions SMC Utilities, Inc Operating Expenses	WP/IV-1	3,184,735	4,014,418	4,476,740
7						
8						
9		Total Affiliate Transactions		6,536,965	7,301,795	8,429,932

Mon... ch Utilitati I, L.P.
 Docket No. 6/30/2015
 Updated 6/2/16
 Account No. 601
 Description Employees
 Reference Schedule (G)
 Total Waste (C) 388,637
 Wastewater (C) 34,167
 Total (C) 422,803
 Total Book (m) 3,218,189

Account No. 604
 Description Employees
 Reference Schedule (G)
 Total Waste (C) 748,047
 Wastewater (C) 5,108
 Total (C) 753,155
 Total Book (m) 2,070,717

Account No. 615
 Description Purchased Wa
 Reference Schedule (G)
 Total Waste (C) 875,266
 Wastewater (C) (43)
 Total (C) 875,223
 Total Book (m) 822,550

Account No. 618
 Description Chemicals
 Reference Schedule (G)
 Total Waste (C) 423,846
 Wastewater (C) (6)
 Total (C) 423,840
 Total Book (m) 408,769

Account No. 620
 Description Materials and Suppli
 Reference Schedule (G)
 Total Waste (C) 1,485,273
 Wastewater (C) (6)
 Total (C) 1,485,267
 Total Book (m) 1,487,354

Account No. 631
 Description Contractual Servi
 Reference Schedule (G)
 Total Waste (C) 27,597
 Wastewater (C) (6)
 Total (C) 27,591
 Total Book (m) 3,975

Account No. 633
 Description Contractual Servi
 Reference Schedule (G)
 Total Waste (C) 174,650
 Wastewater (C) (6)
 Total (C) 174,644
 Total Book (m) 170,696

Account No. 636
 Description Contractual Servi
 Reference Schedule (G)
 Total Waste (C) 718,848
 Wastewater (C) (6)
 Total (C) 718,842
 Total Book (m) 788,313

Account No. 641/741
 Description Rental of Equipm
 Reference Schedule (G)
 Total Waste (C) 129,194
 Wastewater (C) (6)
 Total (C) 129,188
 Total Book (m) 59,324

Account No. 642/742
 Description Rental of Equipm
 Reference Schedule (G)
 Total Waste (C) 36,507
 Wastewater (C) (6)
 Total (C) 36,501
 Total Book (m) 42,125

Account No. 650
 Description Transportation
 Reference Schedule (G)
 Total Waste (C) 774,020
 Wastewater (C) (6)
 Total (C) 774,014
 Total Book (m) 899,954

Account No. 656/756
 Description In-vehicle
 Reference Schedule (G)
 Total Waste (C) 16,823
 Wastewater (C) (6)
 Total (C) 16,817
 Total Book (m) 19,562

Account No. 659
 Description In-vehicle
 Reference Schedule (G)
 Total Waste (C) 72
 Wastewater (C) (6)
 Total (C) 66
 Total Book (m) 84

Account No. 660/760
 Description Advertising Expe
 Reference Schedule (G)
 Total Waste (C) 38,703
 Wastewater (C) (6)
 Total (C) 38,697
 Total Book (m) 45,003

Account No. 667
 Description Regulatory Commis
 Reference Schedule (G)
 Total Waste (C) 287,519
 Wastewater (C) (6)
 Total (C) 287,513
 Total Book (m) 338,022

Account No. 670/770
 Description Bad Debt Expe
 Reference Schedule (G)
 Total Waste (C) 5,368,677
 Wastewater (C) (6)
 Total (C) 5,368,671
 Total Book (m) 5,437,765

Account No. 675
 Description Utilities
 Reference Schedule (G)
 Total Waste (C) 84
 Wastewater (C) (6)
 Total (C) 78
 Total Book (m) 84

Account No. 701
 Description Salary and Wage
 Reference Schedule (G)
 Total Waste (C) 261,760
 Wastewater (C) (6)
 Total (C) 261,754
 Total Book (m) 82,619

Account No. 704
 Description Salary and Wage
 Reference Schedule (G)
 Total Waste (C) 101,204
 Wastewater (C) (6)
 Total (C) 101,198
 Total Book (m) 101,204

Account No. 710
 Description Purchased Waste
 Reference Schedule (G)
 Total Waste (C) 145,385
 Wastewater (C) (6)
 Total (C) 145,379
 Total Book (m) 145,385

Account No. 711
 Description Sludge Removal Expe
 Reference Schedule (G)
 Total Waste (C) 56,312
 Wastewater (C) (6)
 Total (C) 56,306
 Total Book (m) 55,092

Account No. 715
 Description Purchased Power
 Reference Schedule (G)
 Total Waste (C) 187,029
 Wastewater (C) (6)
 Total (C) 187,023
 Total Book (m) 183,724

Account No. 718
 Description Chemicals
 Reference Schedule (G)
 Total Waste (C) 8,713
 Wastewater (C) (6)
 Total (C) 8,707
 Total Book (m) 61,483

Account No. 720
 Description Materials and Suppli
 Reference Schedule (G)
 Total Waste (C) 8,713
 Wastewater (C) (6)
 Total (C) 8,707
 Total Book (m) 23,274

Account No. 731
 Description Contractual Servi
 Reference Schedule (G)
 Total Waste (C) 61,483
 Wastewater (C) (6)
 Total (C) 61,477
 Total Book (m) 61,483

Account No. 733
 Description Contractual Servi
 Reference Schedule (G)
 Total Waste (C) 23,274
 Wastewater (C) (6)
 Total (C) 23,268
 Total Book (m) 23,274

Account No. 736
 Description Contractual Servi
 Reference Schedule (G)
 Total Waste (C) 11
 Wastewater (C) (6)
 Total (C) 5
 Total Book (m) 11

Account No. 750
 Description Transportation
 Reference Schedule (G)
 Total Waste (C) 469
 Wastewater (C) (6)
 Total (C) 463
 Total Book (m) 469

Account No. 759
 Description In-vehicle
 Reference Schedule (G)
 Total Waste (C) 1,576,611
 Wastewater (C) (6)
 Total (C) 1,576,605
 Total Book (m) 1,350,545

Account No. 767
 Description Regulatory Commis
 Reference Schedule (G)
 Total Waste (C) 2,941,104
 Wastewater (C) (6)
 Total (C) 2,941,098
 Total Book (m) 2,559,451

Account No. 775
 Description Utilities
 Reference Schedule (G)
 Total Waste (C) 16,104,411
 Wastewater (C) (6)
 Total (C) 16,104,405
 Total Book (m) 18,711,672

Monarch Utilities I, L.P.

Docket No.

Test Year Ending 6/30/2015

Updated 6/2/16

Errata WP/IV-1 Affiliate Expenses by NARUC Account Parent

Witness: Robert Kelly

Line No.	NARUC Account (a)	Description (b)	Reference Schedule (c)	Test Year Total (d)	1/1/2013-12/31/2013 (e)	1/1/2012-12/31/2012 (f)
1	(a)	Salaries & Wages	IV-1	6,081,606	6,502,567	8,357,894
2	(a)	Payroll Taxes	IV-1	404,145	542,146	702,943
3	(a)	Employee Benefits	IV-1	867,030	994,761	1,627,234
4	(a)	Other Employee Costs	IV-1	179,237	659,335	1,213,687
5	(a)	Repairs & Maintenance	IV-1	210,641	390,667	930,214
6	(a)	Vehicle Expense	IV-1	7,423	7,214	17,850
7	(a)	Travel & Entertainment	IV-1	168,553	248,672	441,938
8	(a)	Insurance Expense	IV-1	134,741	142,313	145,235
9	(a)	Lease Expense	IV-1	403,893	676,869	1,784,599
10	(a)	Professional Fees	IV-1	871,745	1,732,149	5,378,804
11	(a)	Taxes Other	IV-1	109,048	211,539	183,108
12	(a)	General & Administrative	IV-1	2,034,542	2,244,787	4,073,730
13	(a)	Administrative & Pass Through	IV-1			(1,313)
14	(a)	Other Operating Expense	IV-1	74,866	(282,927)	(356,510)
15	(a)	Total Corporate Expenses		11,547,470	14,070,091	24,499,412
16		Allocation Rate		29%	23%	16%
17	401	Operating Expenses	IV-1	3,352,230	3,287,377	3,953,193
18	(a)	Parent Company accounts are not recorded by NARUC account.				
19						
20						
21						
22						

Monarch Utilities I, L.P.
 Docket No. Updated 6/2/16
 Test Year Ending 6/30/2015
 Errata WP/IV-1 Affiliate Expenses by NARUC Account SWMC Utilities, Inc.
 Witness: Robert Kelly

Line No.	NARUC Account (a)	Description (b)	Reference Schedule (c)	Test Year Total (d)	1/1/2013-12/31/2013 (e)	1/1/2012-12/31/2012 (f)
1						
2	401	Operating Expenses	IV-1			
3						
4	601	Salaries and Wages Employees	IV-1	1,566,408	1,738,771	1,952,972
5	604	Employee Pensions and Benefits	IV-1	352,027	272,576	443,134
6	610	Purchased Water	IV-1		(2,866)	2,873
7	615	Purchased Power	IV-1	(37)	502	115
8	618	Chemicals	IV-1	(266)		
9	620	Materials and Supplies	IV-1	255,947	347,369	270,071
10	633	Contractual Services Legal	IV-1	32,669	18,787	6,844
11	635	Contractual Services Testing	IV-1	(0)	241	
12	636	Contractual Services Other	IV-1	345,317	583,589	737,993
13	641	Rental of Building/Real Property	IV-1	127,139	141	
14	642	Rental of Equipment	IV-1	13,890	(117,494)	6,016
15	650	Transportation Expenses	IV-1	45,099	60,485	(20,528)
16	656	Insurance Vehicle	IV-1	1,910	777	
17	657	Insurance General Liability	IV-1	75,967	106,051	125,809
18	658	Insurance Workman's Compensation	IV-1	26,032	6,283	14,839
19	659	Insurance Other	IV-1	151,162	169,218	149,928
20	660	Advertising Expenses	IV-1	1,276	33,774	33,198
21	667	Regulatory Commission Expenses Other	IV-1	212	83,974	7,765
22	670	Bad Debt Expense	IV-1	(847)	(318)	211,416
23	675	Miscellaneous Expenses	IV-1	54,107	37,731	95,297
24	403	Depreciation Expenses	IV-1	13,669	21,881	5,000
25	408	Taxes Other Than on Income	IV-1			
26	408.1	Utility Regulatory Assessment Fees	IV-1	398		202
27	408.11	Property Taxes	IV-1	1,519	1,118	13
28	408.12	Payroll Taxes	IV-1	121,137	131,121	141,072
29	414	Gains (Losses) From Disposition of Utility Property	IV-1			
30	426	Miscellaneous Nonutility Expenses	IV-1		147,730	70,800
31	427.1	Interest on Debt to Associated Companies	IV-1		372,568	222,087
32	427.4	Interest on Customer Deposits	IV-1			(56)
33	427.5	Interest Other	IV-1		566	1,021
34	471	Miscellaneous Service Revenues	IV-1		(158)	(79)
35	474	Other Water Revenues	IV-1			(1,063)
36		Total Affiliate Transactions SWMC Utilities, Inc.		3,184,735	4,014,418	4,476,740
37						

Monarch Utilities I, L.P.
 Docket No. 6/30/2015 Updated 6/2/16
 Test Year Ending 6/30/2015
 Errata WP/IV-2 Adjusted Affiliate Expenses Parent
 Witness:

Line No	NARUC Account (a)	Description (b)	Reference Schedule (c)	Original Trial Balance (d)	Pro-forma Adjustments (e)	K&M Adjustment (f)	Adjusted Monarch Total (g)	Func. Factor (h)	Functionalization	
									Water (i)	Wastewater (j)
1										
2	(a)	Salaries & Wages	IV-2	7,357,809	(1,276,203)	394,440	6,476,047	WTR-WW	5,569,400	906,647
3	(a)	Payroll Taxes	IV-2	418,064	(13,919)	27,498	431,643	WTR-WW	371,213	60,430
4	(a)	Employee Benefits	IV-2	891,997	(24,967)	7,601	874,630	WTR-WW	752,182	122,448
5	(a)	Other Employee Costs	IV-2	(449,459)	628,695	22,610	201,846	WTR-WW	173,588	28,258
6	(a)	Repairs & Maintenance	IV-2	209,687	955		210,641	WTR-WW	181,152	29,490
7	(a)	Vehicle Expense	IV-2	7,423			7,423	WTR-WW	6,383	1,039
8	(a)	Interest Expense	IV-2	181,683			181,683	WTR-WW	144,955	36,728
9	(a)	Travel & Entertainment	IV-2	134,741	(13,130)		121,611	WTR-WW	115,877	5,734
10	(a)	Insurance Expense	IV-2	351,595			351,595	WTR-WW	347,348	4,247
11	(a)	Lease Expense	IV-2	880,964	52,297		933,261	WTR-WW	749,701	183,560
12	(a)	Professional Fees	IV-2	75,225	(9,219)		66,006	WTR-WW	93,781	(27,775)
13	(a)	Taxes Other	IV-2	1,688,614	345,928		2,034,542	WTR-WW	1,749,706	284,836
14	(a)	General & Administrative	IV-2	73,896			73,896	WTR-WW	63,551	10,345
15	(a)	Other Operating Expense	IV-2	11,623,208	(275,739)	452,148	11,999,618	WTR-WW	10,319,671	1,679,947
16	(a)	Parent Expenses		29,03%	29,03%	29,03%	29,03%		28,48%	28,48%
17	(a)	Allocated Rate		3,432,277	(80,047)	131,259	3,483,489			
18	(a)	Allocated from Parent to Monarch								
19	(a)	Adjust Allocation Rate for sales of Blue Mound and Midway 28.48%-29.03%-(0.55%)								
19	(a)	Total Parent Expenses		3,432,277	(80,047)	65,261	3,417,491		2,939,042	478,449
20	(a)	Parent Company accounts are not recorded by NARUC account.								
21	(a)									
22	(a)									

Monarch Utility I, L.P.
 Docket No. Ending 6/30/2015 Updated 6/2/16
 Test Year WP/IV-2 Adjusted Affiliate Expense SMC Utility In
 Whtr Robert Kelly

Line No	NARUC Account	Description	Referen-Schedule	Original Tr al Balance (d)	Pro-Forma Adjustments (e)	KRM Adjustment (f)	Adjusted Monarch Total (g)	Func. Facto (h)	Functionalization	
									Waste (i)	Wastewater (j)
1	601	Salary and Wage	IV-2	1,728,045	(161,637)	(53,504)	1,512,905	WTR_WW	1,267,366	245,539
2	604	Employee Pensions and Benefits	IV-2	352,027		(11,817)	340,211	WTR_WW	282,402	57,808
3	615	Purchased Power	IV-2	(37)		(0)	(38)	WTR_WW	(1,386)	1,348
4	618	Chemicals	IV-2	(266)		(34)	(300)	WTR_WW	(103)	(197)
5	620	Materials and Supplies	IV-2	255,947		(8,295)	247,652	WTR_WW	200,588	47,064
6	633	Contractual Services	IV-2	32,669		(1,065)	31,604	WTR_WW	27,166	4,438
7	636	Legal	IV-2	345,317		(11,557)	333,760	WTR_WW	283,709	50,050
8	641	Testing	IV-2	127,139		(3,614)	123,525	WTR_WW	97,543	25,982
9	642	Other	IV-2	13,890		(450)	13,440	WTR_WW	10,958	2,483
10	642	Rental of Building/Real Property	IV-2	45,095		(1,067)	44,028	WTR_WW	22,618	21,414
11	650	Equipment	IV-2	1,910		(57)	1,853	WTR_WW	1,018	835
12	656	Expenditures	IV-2	75,967		(2,487)	73,480	WTR_WW	63,437	10,043
13	657	Vehicle	IV-2	26,032		(854)	25,179	WTR_WW	21,730	3,449
14	658	Construction	IV-2	151,162		(4,861)	146,302	WTR_WW	128,097	18,205
15	659	Other	IV-2	39,470		(1,276)	38,195	WTR_WW	0	0
16	660	Advertising Expense	IV-2	4,564		(150)	4,414	WTR_WW	49	71
17	667	Regulatory Commission Expense	IV-2	(847)		28	(819)	WTR_WW	(706)	(13)
18	670	Bad Debt Expense	IV-2	74,536		(2,467)	72,069	WTR_WW	41,997	7,867
19	675	Miscellaneous Non-Utility Expenses	IV-2	44,989		(1,527)	43,462	WTR_WW	31,547	(19,405)
20	408.1	Depreciation Expense	IV-2	398		(13)	385	WTR_WW	332	53
21	408.11	Utility Regulatory Ass	IV-2	1,519		(116)	1,404	WTR_WW	2,039	(635)
22	408.12	Property Tax	IV-2	121,137		(3,666)	117,471	WTR_WW	98,053	19,418
23	414	Payroll Tax	IV-2	(13,784)		120	(13,664)	WTR_WW	(0)	(0)
24	426	Gain (Loss) From Disposition of Utility Property	IV-2	58,093		(1,895)	56,198	WTR_WW	0	0
		Miscellaneous Non-Utility Expenses		3,484,979		(110,622)	3,374,357	WTR_WW	2,578,432	495,739

**ERRATA NO. 8
PUC DOCKET NO. 45570
MONARCH UTILITIES I, LP.
TO CHANGE RATES FOR
WATER AND SEWER SERVICE**

June 2, 2016

June 2, 2016

**ERRATA NO. 8 TO
RATE FILING PACKAGE
SCHEDULES AND
WORKPAPERS**

WP-LG-3

MONARCH'S AMENDED RESPONSES TO COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION (June 7, 2016)

Monarch Utilities I, L.P

Application for Water and Sewer Rate/Tariff Change

SOAH Docket No. 473-16-2873.WS

PUC Docket No. 45570

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

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

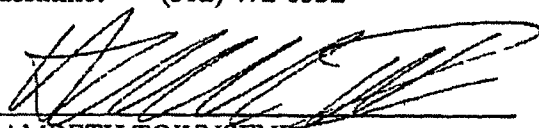
**MONARCH UTILITIES I, L.P.'S AMENDED RESPONSES TO
COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION**

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 Amended Responses to Public Utility Commission ("Commission") Staff's Fifth Requests for Information received April 11 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
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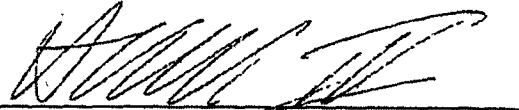
GEORGIA N. CRUMP
State Bar No. 05185500
gcrump@lglawfirm.com

WILLIAM A. FAULK, III
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cfaulk@lglawfirm.com

ATTORNEYS FOR MONARCH UTILITIES I, LP

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of June, 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 AMENDED RESPONSES TO
STAFF'S FIFTH REQUESTS FOR INFORMATION**

STAFF RFI 5-3: In reference to WP/II-B-8 – Prepayments, please identify the account, account page, and line number in the rate application in which the amortization of the prepayments (expense) and the unamortized balance of prepayments (asset) are included.

**AMENDED
RESPONSE:**

Expense:

Accounts 610 and 675
June 2, 2016 Errata Schedule II-A-1
Lines 5 and 22

Asset:

Account 162
June 2, 2016 Errata Schedule II-A-3
Line 24

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

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S FIFTH REQUESTS FOR INFORMATION**

STAFF RFI 5-4: Please provide an explanation as to why each cost/expense allocated to Monarch Utilities I, L.P. from Parent/SouthWest, SWWC Utilities, and/or any other affiliates are reasonable and necessary to provide service to the ratepayers. Please identify the costs discussed by NARUC/company account.

**AMENDED
RESPONSE:**

See Amended Attachment Staff RFI 5-4 for an explanation by department of the reasonable and necessary services of Parent/SouthWest, SWWC Utilities, and/or any other affiliates required to provide water and sewer service to customers, and identification of the costs discussed by NARUC/company account.

Prepared by: Robert Kelly
Sponsored by: Robert Kelly

Amended Staff Attachment 5-4 (6/6/2016)

Description	Sum of Test	Sum of	Sum of Balance
	Year Normalized Balance	Known & Measurable	for Rate Case
Parent	3,352,230	65,261	3,417,491
695001 Corporate OH Assessment	3,352,230	65,261	3,417,491
TXU	3,184,735	(110,622)	3,074,113
510040 Consumption Plant Stock	(5,406)	509	(4,897)
540105 Contract Services Expense	16,360	(536)	15,825
540510 Service Fee Cost	526	(17)	509
550010 Chemicals	(302)	(34)	(336)
550205 Hauling & Disposal	(1)		(1)
550405 Purchased Electricity	36		36
570020 Inventory Adjustment	(2,159)	101	(2,058)
570025 Materials & Supplies	(5)		(5)
570030 Tapping Expense	15	(0)	15
570035 Supplies Field	1,067	(347)	720
570040 Freight Expense	54	(3)	51
610030 Travel Lodging	12,032	(409)	11,623
610040 Meals & Entertainment (50% Deductible)	9,271	(298)	8,972
610060 Meals On Premise	446	(11)	435
610070 Travel Transportation	10,059	(333)	9,726
610080 Mileage Reimbursement	5,326	(187)	5,139
610090 Travel Other	976	(34)	942
610150 Jury duty reimbursement	149	0	149
610180 Severance Pay	7,184	(236)	6,948
610200 Incentive/Compensation Expense	150,068	(4,709)	145,358
610205 Bonus Expense Safety	914	(28)	886
610210 Bonus Expense Spot	2,055	(30)	2,025
610215 Bonus Expense Retention	104	(0)	104
610220 Bonus Expense Other	804	(5)	799
610300 Overtime	37,094	(822)	36,272
610400 Vacation/Holiday Expense	55,943	(1,667)	54,276
610405 Sick Pay	15,130	(417)	14,714
611000 Salaries & Wages	1,311,002	(40,211)	1,270,790
611010 401K Employer Contribution	42,171	(1,335)	40,837
611020 Medical & Dental Employer	247,986	(8,707)	239,279
611030 Auto Allowance	1,405	(3)	1,402
611035 Employee Education	3,479	(96)	3,383
611040 Benefits Expense Other	12,043	(386)	11,658
611045 Cell Phone Allowance	10,805	(334)	10,470
612000 Social Security Expense	121,137	(3,666)	117,471
613010 Employee Cost Other	3,830	(75)	3,755
613020 Health & Safety	6		6

Description	Sum of Test	Sum of	Sum of Balance
	Year Normalized Balance	Known & Measurable	for Rate Case
613030 Pre-employment Medical	3,255	(72)	3,183
613040 Recruiting Expenses	35,043	(1,143)	33,900
613060 Training & Seminars	12,830	(333)	12,497
613070 Uniforms & Clothing	2,341	(54)	2,287
613100 Workers Compensation	25,833	(847)	24,986
613110 Workers Compensation - Claims	199	(7)	192
613500 Temporary Labor	71,178	(2,330)	68,848
613600 ATR Employee Costs	15,131	(495)	14,635
613700 IT Direct Costs	5,471	(5,471)	0
620000 Bad Debt Expenses	(847)	28	(819)
631010 Vehicle Expense	(95)	(134)	(229)
631020 Vehicle Fuel	27,691	(514)	27,177
640020 Depreciation Expense Machinery + Equipment	(1,075)	(126)	(1,201)
640030 Depreciation Expense Leasehold Improvements	0	(0)	(0)
640040 Depreciation Expense Motor Vehicles	(1,088)	(883)	(1,972)
640050 Depreciation Expense Office Equipment		(0)	(0)
640060 Depreciation Expense Furniture	15,622	(510)	15,112
640070 Depreciation Expense Computer Hardware	181	(6)	175
640080 Depreciation Expense Computer Software	29	(1)	28
650000 Postage & Delivery	121,704	(3,994)	117,710
650020 Marketing & Customer Relations	1,276	(1,276)	(0)
650025 Contributions	1,895	(1,895)	
650040 Dues & Subscriptions	6,814	(216)	6,598
650060 Late Fees	18	(1)	18
650070 Licenses & Fees	6,627	(230)	6,397
650080 Fines & Penalties (Non-Deductible)	0	(0)	0
650110 Office Expense	(60)	(5)	(65)
650120 Utilities Expense	(73)	(0)	(73)
650135 Supplies - Office	12,482	(376)	12,106
650140 Printing & Communication	120,576	(3,945)	116,632
650170 Lease Expense - Office	127,139	(3,614)	123,525
650175 Lease Expense - Equipment	12,794	(450)	12,345
650180 Lease Expense - Vehicle	6,260	(189)	6,070
650185 Lease Expense - Other	1,096		1,096
651000 Rate Case Expense	2	(2)	0
651005 Rate Case Expense - Legal	210	(148)	62
655010 Insurance Expense - Claims & Settlements	2,673	1	2,675
655040 Insurance Expense - Fees	34,957	(1,145)	33,812
655050 Insurance Expense - General Liability	44,183	(1,447)	42,736
655070 Insurance Expense - Property	86,930	(2,846)	84,084
655075 Insurance Expense - Contractors/Prem Pollution	26,602	(872)	25,731
655080 Insurance Expense - Umbrella	31,784	(1,040)	30,744

Description	Sum of Test	Sum of	Sum of Balance
	Year Normalized Balance	Known & Measurable	for Rate Case
655090 Insurance Expense - Vehicle	1,910	(57)	1,853
656010 Information Technology Costs	2,719	(87)	2,632
656025 Mobile Device Expense	5,057	(211)	4,846
656035 Telecom - Voice Lines	80,922	(2,730)	78,192
656040 Security Alarm Services	153	(1)	152
656050 Network Data Circuitry	61,643	(2,187)	59,455
656055 Conference Services	1,197	(40)	1,157
657010 Repairs & Maintenance - Other	4,453	(131)	4,322
657020 Repairs & Maintenance - Auto	11,243	(230)	11,013
657030 Repairs & Maintenance - Facilities	(4)		(4)
658010 Professional Fees - Consulting		(0)	(0)
658030 Professional Fees - Collection	12,205	(399)	11,806
658040 Professional Fees - Legal	20,464	(667)	19,797
658050 Professional Fees - Tax Consulting	979	(32)	947
658055 Professional Fees - Other	52,609	(1,719)	50,890
658060 Lobby Expense	749	(749)	(0)
661030 Capitalized Overhead	(19,508)	92	(19,416)
670005 Bank Charges	16,956	(555)	16,400
670010 Loss/Gain - Operating	(120)	120	(0)
750060 Franchise Tax Expense	323	(11)	312
750080 Occupational Tax Expense	27	(1)	26
750090 Property Taxes	1,519	(116)	1,404
750110 Regulatory Fees/Tax Expense	47	(2)	46
Grand Total	6,536,965	(45,361)	6,491,604

Amended Staff Attachment 5-4 (6/6/2016)

Parent Company	
Department	Description
Accounting	Responsible for the accurate and timely accounting for corporate transactions, preparation of financial statements, preparation of budgets and forecasts, accounts payable, and providing management with financial information necessary for informed operating and financial decision-making, including all affiliates.
Eldridge	Lease costs for document storage space. Monarch does not have its own storage facility. Storage includes affiliates' documents.
Executive	The executive team and the Board of Directors responsible for providing strategic vision, business strategy, management oversight and overall direction to the company, including its affiliates.
HR	Responsible for employment policies, practices and employee related matters; arranging for both company and employee-paid benefits such as medical, dental, vision, life, and disability insurance; and for managing the Company's workers compensation obligations.
Information Technology	Responsible for operating and maintaining a uniform, efficient and flexible IT platform capable of addressing the increasingly complex current and future operational, financial, and business needs of SouthWest.
Internal Audit	Responsible for evaluating the design and effectiveness of compliance in accordance with established policies and procedures.
Legal	Responsible for providing counsel on legal matters as well as litigation strategy and management.
Payroll	Responsible for managing payroll information required for paying employees and reporting to governmental taxing authorities.
Reed Road	Responsible for expenses of corporate office facilities such as lease, repairs & maintenance, supplies, utilities, and telecom voice lines.
Tax	Responsible for preparing and reviewing tax filings.
Treasury	Responsible for all banking, risk and cash management functions

TXU Costs	
Department	Description
Austin Area Shared Services	Field Operations Center includes personnel, facilities, supplies, equipment, and vehicles serving Austin Area utilities (including Monarch).
San Antonio Shared Services	Field Operations Center including personnel, facilities, supplies, equipment, and vehicles serving San Antonio Area utilities (including Monarch).
Texas Utilities Management Group	Responsible for management and strategy of Texas Utilities business unit including regulatory, human resources, environmental, health and safety, and budgeting. These costs and personnel provide services for all Texas Utilities group companies (including Monarch).
TXU Accounting	Responsible for GAAP and regulatory accounting functions for all the Texas Utilities group (including Monarch).
TXU Customer Service	Responsible for billing and collection, call center, and communications for all Texas Utilities group companies (including Monarch).
TXU West Shared Services	Management, engineering, compliance and administrative support for Austin and San Antonio Areas (including Monarch).

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S FIFTH REQUESTS FOR INFORMATION**

STAFF RFI 5-8: Please provide a list of all employees who received salaries, bonuses, allowances, benefits and other remuneration that were included in the cost of service allocated, direct billed, or otherwise charged from Parent/SouthWest. Please provide the following information:

- a) Name;
- b) Position and detailed job description;
- c) Date hired and date of termination, if applicable;
- d) Rate per month or per hour; and
- e) Total number of hours and percentage of time worked per week for you and total number of hours and percentage of time worked per week for any of your affiliated companies.
- f) The application schedule, line number, NARUC/company account name, and number in which each expense is included.

**AMENDED
RESPONSE:**

See Confidential Attachment Staff RFI 5-8.a for a), b), c), d), and e).

See Attachment Staff RFI 5-8.b for detailed job descriptions. These requested documents are voluminous and are available at the offices of Monarch's attorneys, Lloyd Gosselink Rochelle & Townsend, P.C. located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

Regarding e), Parent hours are not direct charged to Monarch, please refer to the Cost Allocation Manual Errata Schedule IV-4.1 for the cost allocation method.

Regarding f), see application June 2, 2016 Errata Schedule IV-1 line 3 (NARUC Account 401 Affiliate Transactions - Parent Operating Expenses) for the costs charged to Monarch.

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

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S FIFTH REQUESTS FOR INFORMATION**

STAFF RFI 5-12: Please provide the 2015 Corporate Allocation Factor (CAF) for Parent/SouthWest and all related calculations. If 2015 CAF is not available, please provide the most recent financial information used to calculate the CAF.

**AMENDED
RESPONSE:**

See Errata Schedule IV-4.1 for the Cost Allocation Manual which includes the 2015 cost allocation factors and calculations for Parent/South West.

Prepared by: Kent Cauley
Sponsored by: Robert Kelly

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S FIFTH REQUESTS FOR INFORMATION**

STAFF RFI 5-30: In reference II-A-1, please provide a schedule or breakdown of the Miscellaneous Expenses claimed in this rate application amounting to \$267,014.

**AMENDED
RESPONSE:**

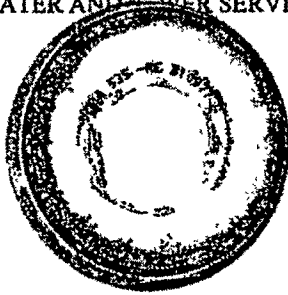
Please see June 2, 2016 Errata Schedule II-A-1. The amount in 675 – Miscellaneous Expenses is \$220,666.

Expense Category	Shared		Allocated from		Grand Total
			Shared	Water	
Tapping Expense	2,125.00	86%	1,827.50	18,196.74	20,024.24
Travel - Lodging	9,613.03	86%	8,267.21		8,267.21
Meals & Entertainment (50% Deductible)	4,987.20	86%	4,288.99	19.92	4,308.91
Meals - On Premise	1,462.76	86%	1,257.97		1,257.97
Travel - Transportation	1,568.45	86%	1,348.87		1,348.87
Mileage Reimbursement	6,584.03	86%	5,662.27	310.50	5,972.77
Travel - Other	20,465.65	86%	17,600.46	450.00	18,050.46
Dues & Subscriptions	27,234.98	86%	23,422.08	4,965.10	28,387.18
Late Fees	117.50	86%	101.05	139.73	240.78
Licenses & Fees	4,630.50	86%	3,982.23	9,794.45	13,776.68
Other Operating Expenses	(400.28)	86%	(344.24)	119,375.18	119,030.94
Dividend Income		86%			
Total	78,388.82		67,414.39	153,251.62	220,666.01

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

PUC DOCKET NO. 45570
MONARCH UTILITIES I, LP.
TO CHANGE RATES FOR
WATER AND SEWER SERVICE

June 7, 2016



June 7, 2016

MONARCH UTILITIES I, LP
AMENDED RESPONSES
TO STAFF 5TH RFIS

WP-LG-4

MONARCH'S AMENDED RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION (June 7, 2016)

Monarch Utilities I, L.P

Application for Water and Sewer Rate/Tariff Change

SOAH Docket No. 473-16-2873.WS

PUC Docket No. 45570

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

RECEIVED

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

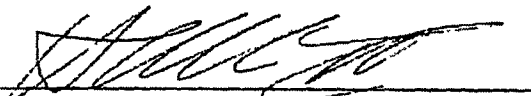
**MONARCH UTILITIES I, L.P.'S AMENDED RESPONSES TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

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 Amended Responses to Public Utility
Commission ("Commission") Staff's Second Requests for Information received March 31, 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



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WILLIAM A. FAULK, III
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ATTORNEYS FOR MONARCH UTILITIES I, LP

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of June, 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 AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-19: Please identify any additional contract labor employees or entities who provided Monarch Utilities service in the period used to calculate Monarch Utilities' proposed water and sewer rates, and explain in detail all job functions performed by any contract laborers for Monarch Utilities.

**AMENDED
RESPONSE:**

Monarch has no contract labor employees. There are no additional contract labor entities beyond what was reported in Errata Schedule II-D-4 and Errata WP/II-D-4.

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

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-21: Please provide a copy (hard copy and electronic file, if available) of the general ledger for the test year (July 1, 2014 – June 30, 2015) and the known and measurable changes (July 1, 2015 – June 30, 2016); and a copy of the chart of accounts with account codes or numbers for Monarch Utilities I, L.P.

**AMENDED
RESPONSE:**

Please see the following files:

Confidential Attachment Staff 2-21a - Monarch SAP General Ledger

Attachment Staff 2-21b - Monarch SAP Chart of Accounts

Amended Attachment Staff 2-21c - Known & Measurable

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

Monarch Electric, I. L.P.
 Doct# 45570
 Te End no 6/30/2015
 nde Chien 2-21c (6/6/2016) Known & Meas rable Adju tmen Balz She Adju

Line No	Account No	Description (b)	Schedule Reference (c)	Rate (d)	Masthead (e)	Share (f)	Factor (g)	Net (h)	Masthead (i)	Adjustment (j)	Description of Pro-Forma Adjustment (k)
1	101	Asst Utilit. Pln In Servi		(2,004,366)	(782,185)		WTR-WM	(2,004,366)		(782,185)	Adj for ale of Blue Mount
2	101	Utility Pln In Se		(1,302,743)			WTR-WM	(1,302,743)		(1,302,743)	Adj for ale of Midway
3	105	Co Work Progr		(3,985)	(10,846)		WTR-WM	(3,985)	(10,846)	(10,846)	Adj for ale of Blue Mount
4	105	Co Work Progr		(3,296)			WTR-WM	(3,296)		(3,296)	Adj for ale of Midway
5	108.1	A cumula ed Depre on of Utility Pln In Se		944,216	261,896		WTR-WM	944,216	261,896	1,206,112	Adj for ale of Blue Mount
6	108.1	Accumula ed Dep on of Utility Plant In Servi		666,243			WTR-WM	666,243		666,243	Adj for ale of Midway
7	108.1	A cumula ed Dep on of Utility Plant In Servi		2,622,456	290,973		WTR-WM	2,622,456	290,973	2,913,439	Retireme to apt. per depr study
8	131.2	Cash Bank									
9	141	Co tons. coun Re vuable		(11,610)			WTR-WM	(11,610)		(11,610)	Adj for ale of Midwa.
10	143	A cumula ed Provi fo Uncolle tible coun -Cr		(36,270)			WTR-WM	(36,270)		(36,270)	Adj for ale of Midway
11	151	Pln Ma rial and Supplie		770			WTR-WM	770		770	Adj for ale of Midway
12	162	Prepayments		(164)			WTR-WM	(164)		(164)	Adj for ale of Midway
13	174	M -llingou. Cu and Accrued Ass.		(429)			WTR-WM	(429)		(429)	Adj for ale of Midway
14	180.1	A cumula ed Defe ed Fade al Income Taxe		295,000			WTR-WM	295,000		295,000	Adj for ale of Blue Mount
15	15	Total Asset		1,165,823	(240,162)	(262)	WTR-WM	1,165,598	(37)	925,399	Record defe-red taxes on Mon ch (Partne ship)
16	16	Liabili & Eq				(262)					
17	231	Account yable				(262)					
18	235	Custom. Depos		8,833			WTR-WM	8,833		8,833	Convert capt al le oper ing le
19	236.11	A ed on Ta us, Othe Tha Income		7,980			WTR-WM	7,980		7,980	Exclude 50% of 2014 property up
20	236.12	A ed To Income Taxe		21,954	152		WTR-WM	21,954	152	22,106	Exclude 50% of 2014 property true up
21	236.12	A ed Taxe come To		5,130			WTR-WM	5,130		5,130	Convert capital leasas to operating lease
22	237.2	Ac ed In on Othe Liabili		18,913			WTR-WM	18,913		18,913	Exclude
23	24	M ella Cu and Acc ed Liabili		27,978			WTR-WM	27,978		27,978	Record defe-red taxes on Monarch (Partnership)
24	253	Othe Defe ed Liabili		35			WTR-WM	35		35	Record defe-red taxes on Monarch (Partnership)
25	282	Accumula ed Defe ed Income Taxes Liberalized		1,834			WTR-WM	1,834		1,834	Record deferred tax on Monarch (Partne ship)
26	283	Accumula ed Defe ed Income To Othe		6,987			WTR-WM	6,987		6,987	Record deferred tax on Monarch (Partnership)
27	215	Un priated ed Ear nos			146		WTR-WM		146	(1,077,996)	Record defe-red taxes on Monarch (Partnership)
28	215	Account Payable to As ed Comp nite		(1,078,937)	514,123		WTR-WM		514,123	146	Record defe-red taxes on Monarch (Partnership)
29	233	Total Liabilitie & Equity		(2,420,237)	(623,639)	(146)	WTR-WM	(2,924,159)	704,000	791,419	Record defe-red taxes on Monarch (Partnership)
30	233	Total Liabilitie & Equity		349,528	(368,060)		WTR-WM	(2,924,159)	(671,300)	(3,599,467)	Record defe-red taxes on Monarch (Partnership)
31	233	Total Liabilitie & Equity		90,897	262		WTR-WM	2,498,409	362,233	2,860,662	Record defe-red taxes on Monarch (Partnership)
32	233	Total Liabilitie & Equity		(1,165,823)	240,162		WTR-WM	(1,165,598)	240,159	(925,399)	Record defe-red taxes on Monarch (Partnership)
33	233	Total Liabilitie & Equity				(0)	WTR-WM			(0)	Record defe-red taxes on Monarch (Partnership)

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-30: Please provide a list of specific benefits and/or services that Monarch Utilities I, L.P. receives from its affiliated companies in return for the costs allocated and/or direct billed from the affiliate. Please identify the specific costs with the specific benefit or service.

**AMENDED
RESPONSE:**

See Errata Schedule IV-4.1, SWWC Cost Allocation Manual. See June 2, 2016 Errata Workpaper IV-1, Affiliate Expenses by NARUC Account. See Direct Testimony of Robert Kelly, discussion beginning on page 23 and ending on page 27.

Prepared by: Robert Kelly
Sponsored by: Robert Kelly

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-31: Please provide the percentage and amount of every expense category allocated and/or direct billed from the affiliated companies that were included in this rate change application.

**AMENDED
RESPONSE:**

For categories and percentages of costs allocated and/or direct billed from affiliates, please Errata Schedules IV-12.1 – Affiliate Multijurisdictional Costs and Errata IV-12.2 – Texas Affiliates and Regions included in the rate filing package.

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

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-32: Please provide any study or other document showing the basis of allocation and direct billing of costs from the affiliated companies.

**AMENDED
RESPONSE:**

For explanation of allocated costs please see Errata IV-4.1 – Cost Allocation Manual.

Direct costs are those costs applicable to specific operations. Monarch has 77 water and 11 wastewater systems in 23 counties throughout Texas. It is not cost effective to maintain personnel for each of these systems, therefore, SWWC Utilities, Inc. employees may perform tasks in various Monarch facilities. The hourly rate charged is the average employee cost for the position. Rates are reviewed periodically to ensure they remain consistent with employee costs.

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

PUC DOCKET NO. 45570
SOAH DOCKET NO. 473-16-2873.WS
MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION

STAFF RFI 2-33: Please provide any study or other document showing that the costs allocated and the percentage of allocation and/or direct billing are reasonable.

**AMENDED
RESPONSE:**

See the following confidential files related to compensation studies:

Confidential Attachment Staff 2-28 2014 SWWC Benchmark Slotting Review

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-1st Level Executive

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-2nd Level Executive

Confidential Attachment Staff 2-28 2015 Benchmark Slotting Review-Managers

See Confidential Attachment Staff 2-28 "Defined Contribution Survey, concerning reasonableness of the defined contribution plan.

See Errata Schedule IV-4.1, SWWC Cost Allocation Manual.

See California Public Utilities Commission Decision 14-12-038, <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M143/K989/143989136.pdf>. See also settlement approved by that decision, <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M143/K987/143987709.pdf>, p. 29-32

Prepared by:
Sponsored by:

Robert Kelly
As To Excel Files – Charles Profilet
As To All Other Documents – Robert Kelly

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-35: Please provide the allocation schedule of SWWC Utilities, Inc. and Monarch Utilities, Inc.'s cost of service/expenses allocated and/or direct billed to affiliated companies for the test year, but not limited to Monarch Utilities I, L.P. Provide a breakdown of costs distributed to the affiliated companies.

**AMENDED
RESPONSE:**

Please see Errata Schedules IV-8 and IV-9 in the rate filing package.

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

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-36: Please identify all companies to whom SWWC Utilities, Inc. and Monarch Utilities, Inc. allocate or direct bill their costs or expenses.

**AMENDED
RESPONSE:**

Please see Errata Schedule IV-12.2 Texas Affiliates and Regions for details of all companies to whom SWWC Utilities, Inc. allocates or direct bills costs or expenses. Monarch Utilities, Inc. does not allocate costs or expenses.

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

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-56: Please list each instance of two or more vendors providing the same or similar services to Monarch? If any instances exist, please detail why two or more vendors were used.

**AMENDED
RESPONSE:**

Monarch has 77 water and 11 wastewater systems in 23 counties throughout Texas. The vast majority of these systems are located outside of city limits; therefore, Monarch works diligently to find qualified vendors. Many of the vendors are sole proprietors, in only one geographic area, which requires Monarch to locate and hire multiple suppliers for similar services. Also, there are vendors specialized in certain functions or regions that requires the employment of more than one vendor for a similar service.

Examples: legal, lab services, telecom, purchased water and wastewater, electric, mowing, consulting, permitting, hauling and disposal, security alarm service, banking, recruiting, pre-employment medical, network data circuitry, mobile device expense, telecom – voice line, temporary labor, drug testing, and janitorial. See Errata WP/II-D-4 Summary of Outside Services Employed for specific examples.

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

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

**MONARCH'S AMENDED RESPONSES TO
STAFF'S SECOND REQUESTS FOR INFORMATION**

STAFF RFI 2-59: Does Monarch's requested cost of service include amounts for executive perquisites such as luxury automobiles, financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of Monarch's policies regarding the payment of such perquisites, and the amount of such payments included in the cost of service by NARUC account. Indicate which amounts are directly incurred by Monarch and which amounts are allocated.

**AMENDED
RESPONSE:**

Monarch has very limited automobile related executive perquisites included in cost of service. See Amended Confidential Attachment Staff 2-59.

Prepared by: Kent Cauley
Sponsored by: Charles Profilet

DOCKET NO. 45570

CONFIDENTIAL

STYLE: Application Of Monarch Utilities, I, L.P., To Change Rates for Water and Sewer Service

SUBMITTING PARTY: Monarch Utilities I, L.P.

BRIEF DESCRIPTION OF CONTENTS: Confidential Portion of Monarch Utilities I, L.P.'s Amended Responses to Staff's 2nd RFIs

BATE STAMPED PAGE NUMBER RANGE: 1

ENVELOPE # 1

DATE PROVIDED: June 7, 2016

**PUC DOCKET NO. 45570
MONARCH UTILITIES I, LP.
TO CHANGE RATES FOR
WATER AND SEWER SERVICE**

June 7, 2016

June 7, 2016

**MONARCH UTILITIES I, LP
AMENDED RESPONSES
TO STAFF 2ND RFIS**

WP-LG-5

MONARCH'S ERRATA NO. 7 TO RATE FILING PACKAGE SCHEDULES AND WORKPAPERS -

May 23, 2016 (Selected pages only)

Monarch Utilities I, L.P

Application for Water and Sewer Rate/Tariff Change

SOAH Docket No. 473-16-2873.WS

PUC Docket No. 45570

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

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

**MONARCH UTILITIES I, L.P.'S ERRATA NO. 7 TO
RATE FILING PACKAGE SCHEDULES AND WORKPAPERS**

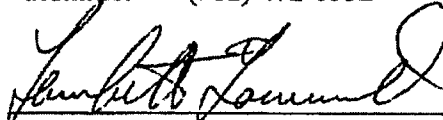
As stated in Monarch Utilities I, L.P.'s, ("Monarch") Motion to Abate Discovery and Procedural Schedule ("Motion to Abate") filed in this docket on May 17, 2016, Monarch discovered that it had not removed the Blue Mound and Oak Point/Midway systems in allocating Corporate and Texas Utility Management costs, as it intended to do because those systems were transferred after the end of the test year. Monarch has completed its review and revision of the schedules and workpapers included in the rate filing package that were affected by this specific known and measurable adjustment. Attached to this errata are all relevant schedules, workpapers, and 45 day update schedules that have been amended to properly reflect the known and measurable adjustment. All confidential schedules and workpapers that are subject to this errata have been filed separately in accordance with Public Utility Commission ("Commission") rules. An index of all of the pertinent schedules and workpapers that have been included as part of this errata is attached as Exhibit 'A' to this pleading.

Monarch as part of this filing has also provided electronic copies of the amended schedules and workpapers, as part of the complete rate filing package, to SOAH and all intervening parties that have requested or are required by Commission rule to receive electronic copies. Included within the electronic copy of the updated rate filing package is an amended 'Schedule Index' that designates each of the schedules that are part of this errata. Additionally, all errata schedules included in electronic format have been designated with a blue tab to easily identify them within the context of the entire schedule workbook.

As required by SOAH Order No. 3, on or before May 31, 2016, Monarch will, after consultation with as many parties as possible, either propose an amended procedural schedule, request a prehearing conference (providing three possible dates for such), or file a status report for the completion of this proceeding.

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

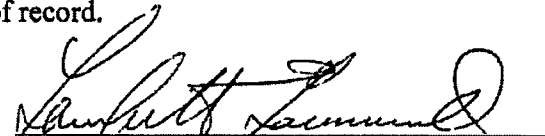
GEORGIA N. CRUMP
State Bar No. 05185500

WILLIAM A. FAULK, III
State Bar No. 24075674

ATTORNEYS FOR MONARCH UTILITIES I, LP

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of May, 2016, a true and correct copy of the foregoing document has been sent via facsimile, certified mail, return receipt requested, first class mail, or hand-delivered to all parties of record.



LAMBETH TOWNSEND

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata Schedule II-B Rate Base Summary
 Witness: Carwelltha Borden-Taylor

Lir No	Description (a)	Reference Schedule (b)	Monarch Total (c)	KMA Adjustment (d)	Adjusted Monarch Total (e)	Func. Facto (f)	Functionalization	
							Water (g)	Wastewater (h)
1	Net Plant In Service	II-B-1	\$ 140,739,127	\$ (4,089,293)	\$ 136,649,834	WTR-WAR	\$ 116,290,690	\$ 20,359,143
2	Original Cost of Utility Plant	II-B-3	(\$5,649,345)	4,785,783	(30,863,562)	WTR-WAR	(43,672,447)	(7,191,114)
3	Less: Accumulated Depreciation		\$ 85,089,782	\$ 696,490	\$ 85,786,272		\$ 72,618,243	\$ 13,168,029
4	Net Plant in Service							
5	Other Rate Base Items	II-B-2						
6	Construction Work in Progress	II-B-4						
7	Plant Held for Future Use	II-B-5						
8	Accumulated Provision	II-B-6	352,108		352,108	WTR-WAR	299,601	52,507
9	Material & Supplies	II-B-7	473,393		473,393	WTR-WAR	427,304	46,089
10	Working Capital	II-B-8	58,200		58,200	WTR-WAR	52,369	5,830
11	Prepayments	II-B-9						
12	Storm Damage and Extraordinary Property Loss	II-B-10	(6,059,185)	7,980	(6,051,205)	WTR-WAR	(4,783,112)	(1,268,093)
13	Other Rate Base Items	II-B-11						
14	Regulatory Assets	II-E-3.5	(673,329)	(1,078,112)	(1,751,441)	WTR-WAR	(630,918)	(1,120,523)
15	Accumulated Deferred Income Tax		\$ (5,848,813)	(1,070,132)	(6,918,945)		\$ (4,634,753)	\$ (2,284,190)
16	Total Other Rate Base Items		\$ 79,240,969	(373,642)	78,867,327		\$ 67,983,488	\$ 10,883,839
17	Total Rate base		\$ 6,951,018	\$ (32,776)	\$ 6,918,242		\$ 5,963,512	\$ 954,730
18	Rate of Return		8.77%	8.77%	8.77%		8.77%	8.77%
19	Return on Rate Base							
20								
21								
22								
23								
24								

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 ER. aka Schedule II-B (M) Rat Base Summary Wate
 Witness Carmelitha Bordelt -Taylor

Line No	Description (a)	Reference Schedule (b)	Monarch Total (c)	KRM Adjustment (d)	Adjusted Monarch Total (e)	Punc. Factor (f)	Functionalization Water (g)	Wastewater (h)
1	Net Plant In Service	II-B-1 (M)&(SH)	\$ 119,597,798	\$ (3,307,108.14)	\$ 116,290,690	WTR-DIRECT	\$ 116,290,690	\$
2	Original Cost of Utility Plant	II-B-3 (M)&(SH)	\$ (47,905,361)	\$ 4,232,914	\$ (43,672,447)	WTR-DIRECT	\$ (43,672,447)	\$
3	Less: Accumulated Depreciation		\$ 71,692,437	\$ 925,406	\$ 72,618,243		\$ 72,618,243	\$
4	Net Plant in Service		\$	\$	\$		\$	\$
5	Other Rate Base Items	II-B-2	\$	\$	\$		\$	\$
6	Construction Work in Progress	II-B-4	\$	\$	\$		\$	\$
7	Plant Held for Future Use	II-B-5	\$	\$	\$		\$	\$
8	Accumulated Provisions	II-B-6	\$ 299,601	\$	\$ 299,601	WTR-MWR	\$ 299,601	\$
9	Materials & Supplies	II-B-7	\$ 427,304	\$	\$ 427,304	WTR-MWR	\$ 427,304	\$
10	Working Capital	II-B-8	\$ 58,200	\$	\$ 58,200	WTR-MWR	\$ 58,200	\$
11	Prepayments	II-B-9	\$	\$	\$		\$	\$
12	Storm Damage and Extraordinary Property Lo	II-B-10	\$ (4,783,112)	\$ 7,980	\$ (4,775,132)	WTR-MWR	\$ (4,775,132)	\$
13	Other Rate Base Items	II-B-11	\$	\$	\$		\$	\$
14	Regulatory Assets	II-E-3.5	\$ 219,976	\$ (971,504)	\$ (751,528)	WTR-MWR	\$ (751,528)	\$
15	Accumulated Deferred Income Taxes		\$ (3,778,031)	\$ (969,524)	\$ (4,747,555)		\$ (4,741,555)	\$
16	Total Other Rate Base Items		\$	\$	\$		\$	\$
17	Total Rate Base		\$ 67,914,406	\$ (37,718)	\$ 67,876,688		\$ 67,876,688	\$
18	Rate of Return		\$ 8.77%	\$ 8.77%	\$ 8.77%		\$ 8.77%	\$ 8.77%
19	Return on Rate Base		\$ 5,957,452	\$ (3,309)	\$ 5,954,143		\$ 5,954,143	\$
20			\$	\$	\$		\$	\$
21			\$	\$	\$		\$	\$
22			\$	\$	\$		\$	\$
23			\$	\$	\$		\$	\$
24			\$	\$	\$		\$	\$

Monarch Utilities I, L.P.
 Docket No 45570
 Test Year Ending 6/30/2015
 Errata Schedule II-B (S) Rate Base Summary Wastewater
 Witness: Carmelitha Borden-Taylor

Line No	Description (a)	Reference Schedule (b)	Monarch Total (c)	KMA Adjustment (d)	Adjusted Monarch Total (e)	Func. Factor (f)	Water (g)	Wastewater (h)
1	Net Plant In Service							
2	Original Cost of Utility Plant	II-B-1 (S)&(SH)	\$ 21,141,328.58	\$ (782,185.10)	\$ 20,359,143.48	WA-DIRECT	\$	\$ 20,359,143
3	Less: Accumulated Depreciation	II-B-3 (S)&(SH)	(7,743,983)	552,869	(7,191,114)	WA-DIRECT	\$	(7,191,114)
4	Net Plant Service		\$ 13,397,345	\$ (229,316)	\$ 13,168,029		\$	\$ 13,168,029
5								
6	Other Rate Base Items		\$	\$	\$		\$	\$
7	Construction Work in Progress	II-B-2						
8	Plant Held for Future Use	II-B-4						
9	Accumulated Provisions	II-B-5						
10	Materials & Supplies	II-B-6	52,507		52,507	WTR-WWR		52,507
11	Working Capital	II-B-7	46,089		46,089	WTR-WWR		46,089
12	Prepayments	II-B-8	5,830		5,830	WTR-WWR		5,830
13	Storm Damage and Extraordinary Property Loss	II-B-9						
14	Other Rate Base Items	II-B-10		7,980	(1,260,113)	WTR-WWR		(1,260,113)
15	Regulatory Assets	II-B-11	(1,268,093)					
16	Accumulated Deferred Income Taxes	II-E-3.5	(893,304)	(106,608)	(999,911)	WTR-WWR		(999,911)
17	Total Other Rate Base Items		\$ (2,056,971)	\$ (98,627)	\$ (2,155,598)		\$	(2,155,598)
18								
19	Total Rate base		\$ 11,340,374	\$ (327,943)	\$ 11,012,431		\$	\$ 11,012,431
20	Rate of Return		8.77%	8.77%	8.77%		\$	8.77%
21								
22	Rate Base		\$ 994,778	\$ (28,767)	\$ 966,010		\$	\$ 966,010
23								
24								

March Utilities I, L.P.
 Docket No. 45370
 Test Year Ending 6/30/2015
 Errata Schedule II-D-1.2(W) Adjustments to Test Year Water
 Witness: Carmelitha Bordelon-Taylor

Line No	Account No (a)	Description (b)	Schedule II-A-1 Reference (c)	Workpaper Reference (d)	Amount (e)	Sponsoring Witness (f)	Cause of Increase/Decrease (g)
1	601	Salaries and Wages	Ln 3	WP/II-D-1.1	(9,286)	Bordelon	Sale of Blue Mound
2	601	Salaries and Wages	Ln 3	WP/II-D-1.1	(4,326)	Bordelon	Sale of Midway
3	610	Employees	Ln 5	WP/II-D-1.1	(5,370)	Bordelon	Sale of Blue Mound
4	610	Employees	Ln 5	WP/II-D-1.1	(98,404)	Bordelon	Sale of Midway
5	610	Purchased Water	Ln 5	WP/II-D-1.1	(25,759)	Bordelon	Weather Normalization Adjustments
6	610	Purchased Water	Ln 5	WP/II-D-1.1	(34,108)	Bordelon	Sale of Blue Mound
7	615	Purchased Power	Ln 6	WP/II-D-1.1	(3,569)	Bordelon	Sale of Midway
8	615	Purchased Power	Ln 6	WP/II-D-1.1	(17,263)	Bordelon	Weather Normalization Adjustments
9	615	Purchased Power	Ln 6	WP/II-D-1.1	(6,665)	Bordelon	Sale of Blue Mound
10	618	Chemicals	Ln 7	WP/II-D-1.1	(8,716)	Bordelon	Weather Normalization Adjustments
11	618	Chemicals	Ln 7	WP/II-D-1.1	(20,809)	Bordelon	Weather Normalization Adjustments
12	620	Materials and Supplies	Ln 8	WP/II-D-1.1	(10,046)	Bordelon	Sale of Midway
13	620	Materials and Supplies	Ln 8	WP/II-D-1.1	(16,076)	Bordelon	Sale of Blue Mound
14	633	Contractual Services	Ln 10	WP/II-D-1.1	(7,633)	Bordelon	Sale of Midway
15	633	Contractual Services	Ln 10	WP/II-D-1.1	(2,790)	Bordelon	Sale of Blue Mound
16	635	Contractual Services	Ln 11	WP/II-D-1.1	(1,979)	Bordelon	Sale of Midway
17	635	Contractual Services	Ln 11	WP/II-D-1.1	(5,904)	Bordelon	Sale of Blue Mound
18	636	Contractual Services	Ln 12	WP/II-D-1.1	(7,789)	Bordelon	Sale of Midway
19	636	Contractual Services	Ln 12	WP/II-D-1.1	(1,119)	Bordelon	Sale of Blue Mound
20	670	Bad Debt Expense	Ln 21	WP/II-D-1.1	(76)	Bordelon	Sale of Midway
21	675	Miscellaneous Expenses	Ln 22	WP/II-D-1.1	(1,447)	Bordelon	Sale of Blue Mound
22	675	Miscellaneous Expenses	Ln 22	WP/II-D-1.1	114,814	Bordelon	Change in allocated costs due to Sale of Blue Mound and Midway
23		TOTAL	Ln 22		(174,322)		

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata Schedule II-D-1.2(S) Adjustments to Test Year Wastewater
 Witness: Carmelitha Bordelon-Taylor

Line No	Account No (a)	Description (b)	A-1 Reference (c)	Workpaper Reference (d)	Amount (e)	Sponsoring Witness (f)	Cause of Increase/Decrease (g)
1	701	Salaries and Wages - Employees	Ln 24	WP/II-D-1.1	630	Bordelon	Sale of Blue Mound
2	711	Sludge Removal Expense	Ln 27	WP/II-D-1.1	(179,141)	Bordelon	Sale of Blue Mound
3	720	Materials and Supplies	Ln 30	WP/II-D-1.1	(1,220)	Bordelon	Sale of Blue Mound
4	731	Contractual Services - Engineering	Ln 31	WP/II-D-1.1	(3,305)	Bordelon	Sale of Blue Mound
5	735	Contractual Services Testing	Ln 33	WP/II-D-1.1	(8,713)	Bordelon	Sale of Blue Mound
6	775	Miscellaneous Expenses	Ln 43	WP/II-D-1.1	(630)	Bordelon	Sale of Blue Mound
7	775	Miscellaneous Expenses	Ln 43	WP/II-D-1.1	(225,436)	Bordelon	Change in allocated costs due to Sale of Blue Mound and Midway
8							
9							
10		TOTAL			(417,814)		

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Error Area Schedule II-D-1.2(SH) Adjustments to Test Year Shared Costs
 Witness Carmelitha Bordel -Tayl

Ln No	Account No (a)	Description (b)	Schedule II-A-1 Referent (c)	Workpaper Reference (d)	Amount (e)	Supporting Witness (f)	Cause of Increase/Decrease (g)
1							
2	601	Salaries and Wages	Ln 3/Ln 24	WP/II-D-1.1	244,047	Bordel	Increase due to merit and additional headcount
3	604	Employee Benefits	Ln 4/Ln 25	WP/II-D-1.1	36,447	Bordel	Increase due to merit and additional headcount
4	615	Purchased Power	Ln 6	WP/II-D-1.1	(306)	Bordel	Weather Normalization Adjustments
5	618	Contracts	Ln 7/Ln 29	WP/II-D-1.1	(44)	Bordel	Weather Normalization Adjustments
6	636	Contractual Services	Ln 12/Ln 34	WP/II-D-1.1	3,750	Bordel	Increase External Audit Fees
7	641	Rental of Building/Real Property	Ln 13/Ln 35	WP/II-D-1.1	(90,901)	Bordel	Decrease Lease Expense Co. re. Office Lease ended 08.2015
8	675	Miscellaneous Expenses	Ln 23/Ln 44	WP/II-D-1.1	65,261	Bordel	Increase in Shared Service Allocation from Part 12
9							
10		Total			258,294	Bordel	

Monarch Utilities, I, L.P.
 Docke No 45370
 Test Ye Ending 6/30/2015
 Error Schedule II-E-3 Federal Income Tax Calculation
 Witness James Wa

Ly No.	No. (a)	Description (b)	Ref. Schedul. (c)	Monarch Total (d)	MM Adj. stmen (e)	Adjusted Monarch Total (f)	Fu Fa (g)	Wa (h)	Functional location (i)
1		Federal Income Tax							
2		Rate Base	II-B	6,951,018	(32,776)	6,918,242	WTR/MM-DIRECT	5,963,512	954,730
3		Deductible Synchronic Interest		\$ 2,351,080	\$ (11,086)	\$ 2,339,994	WTR/MM-DIRECT	2,017,070	322,924
4		ITC Amortization							
5		Amortization of Protected Excess DFIT							
6		Amortization of No-Protected Excess DFIT							
7		Interest FIN 48							
8		Period Adjustments							
9		Organizational Expenditures							
10		OPeB Medical Subsidy							
11		Employee Compensation Plan							
12		Subtotal		\$ 2,351,080	\$ (11,086)	\$ 2,339,994	WTR/MM-DIRECT	2,017,070	322,924
13		Add:							
14		Meals, Entertainment and Club Du							
15		Period Adjustments							
16		Financial Differe							
17		Depreciation Differe							
18		Taxable Component of Return							
19		Taxable		\$ 4,599,938	\$ (21,690)	\$ 4,578,248	WTR/MM-DIRECT	3,946,441	631,807
20		Federal Income Tax Before Adjustments		\$1,528	\$1,528	\$1,528	WTR/MM-DIRECT	\$1,528	\$1,528
21		Tax Credits		\$ 2,369,665	\$ (11,174)	\$ 2,358,492	WTR/MM-DIRECT	2,033,015	325,476
22		ITC Amortization							
23		Amortization of Protected Excess DFIT							
24		Amortization of No-Protected Excess DFIT							
25		Add:							
26		Interest FIN 48							
27		Rate Differential							
28		Depreciation Differential							
29		Period Adjustments							
30		Total Federal Income Taxes		\$ 2,369,665	\$ (11,174)	\$ 2,358,492	WTR/MM-DIRECT	2,033,015	325,476
31		Calculation of Synchronic and Interest:							
32		Total Rate Base	II-B	\$ 79,240,969	\$ (373,642)	\$ 78,867,327		\$ 67,983,488	\$ 10,883,839
33		Long Term Debt	II-C-1	2,97%	2,97%	2,97%		2,97%	2,97%
34		Synchronic Interest		\$ 2,351,080	\$ (11,086)	\$ 2,339,994		\$ 2,017,070	\$ 322,924
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49		No Workpage							

Utah State I. P.
 45570
 Ending 6/30/2013
 Schedule II-3.1
 Witness Date

Tax reconciliation

Line No	Desc (a)	Referenc Schedule (b)	2014 Tax return (c)	Test Year (d)	Known and Measurable Adjustments (e)	Adjusted Test Year (f)	Funcce at Fac (g)	Functionalization Meter (h)	Wastewat (i)	Explanatic (j)
1										
2										
3										
4										
5										
6			1,522,628	3,629,370	(1,773,218)	1,856,152	WTR-WTR	1,652,302	203,851	
7										
8			59,436							
9			-248							
10			6,942							
11			73,633							
12										
13										
14			(80,000)	(149,208)	11,380	(137,828)	WTR-WTR	(118,324)	(19,295)	
15			(10,426)	2,563	429	3,082	WTR-WTR	2,659	433	
16			(2,518)	(43,932)		(43,932)	WTR-WTR	(37,783)	(6,150)	
17			(14,982)	6,327		6,327	WTR-WTR	5,443	886	
18			(43,503)	40,117	(521)	38,596	WTR-WTR	34,053	3,543	
19			63,774							
20			(1,330,301)	(1,034,160)	30,164	(989,996)	WTR-WTR	(974,959)	(15,025)	
21			(1,397,960)	(1,178,182)	55,482	(1,122,700)		(1,085,121)	(33,609)	
22										
23			188,256	2,451,178	(1,717,735)	733,422		583,181	176,242	
24										
25										
26										
27			2,163,726							
28			(750,208)							
29										
30			1,373,518							

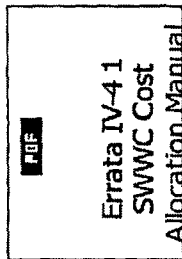
Abort act of Tax Goodwill

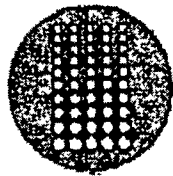
Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata Schedule II-F.a,c,d Functionalization Factors
 Witness: Carmelitha Bordelon-Taylor

Line No	Functionalization Factor Name (a)	Reference Schedule (b)	Designation (c)	Meter Equivalents		Functionalization Factor			
				Water (d)	Wastewater (e)	Total (f)	Water (g)	Wastewater (h)	Total (i)
1	Meter Equivalents		WTR-WWR	23,422	3,741	27,163	0.86	0.14	1.00

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Errata - Schedule IV-4.1 Allocation Manual
Witness: Robert Kelly

See attached Cost Allocation Manual





**SouthWest
Water Company**

Cost Allocation Manual

**Effective Date: January 18, 2016
Updated May 20, 2016**




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1.1 Definitions	. 2
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1. Introduction

The purpose of this Cost Allocation Manual ("CAM") is to document the cost allocation processes of SouthWest Water Company ("SouthWest") and its affiliates from recording the original transaction through the allocation of costs to entities receiving services from SouthWest and its affiliates. The CAM is to ensure that expenses are allocated as necessary to the appropriate entity. The process of properly allocating costs is important in setting just and reasonable rates as well as in minimizing the opportunity for cost subsidies among entities. There are three elements of cost allocations in SouthWest, namely; Corporate cost allocation, Utility Group Allocation, and Texas Utilities cost allocation. Those three types of cost allocations are discussed later in this CAM.

SouthWest will periodically evaluate its cost allocation methodologies to determine if changes to such processes are appropriate, and revise those methodologies as necessary.

1.1 Definitions

The following terms and abbreviations are used within this CAM document:

Cost allocation is the distribution of common cost to or from more than one activity.

Cost center is an account coding that denotes cost responsibility primarily for management purposes.

Direct costs are those costs that are specifically associated with an identified operating entity or group of identified operating entities. This means that it is known exactly to which operating entity or group of operating entities these costs relate.

Indirect costs are those costs that are not associated with an identified operating entity. This means that the costs indirectly support all entities or directly support the operation of SouthWest.

TXU Admin	Texas Utility Administration
CC.	Cost Center
CSC.	Customer Service Center
DOA	Delegation of Authority
EHS.	Employee Health and Safety
FSC.	Financial Service Center
IT	Information Technology
OPS.	Operations
PO.	Purchase Order
SAP.	Systems, Applications and Products in data processing
FICO.	Financial Accounting and Controlling
WW.	Waste Water

1.2 Process Used To Segregate Between Indirect And Direct Costs

Invoices are received by mail and/or electronically. They are distributed for approval and for coding by the appropriate persons. If the invoice includes charges directly traceable to a specific business unit, it is coded directly to the business unit. If the charges cannot be traceable or is related to corporate, the invoice is approved and coded to the responsible corporate area.

2. Corporate Cost Allocation

Currently, SouthWest affiliates are grouped under three major business segments. Those segments are:

- Suburban Water Systems ("Suburban")—a regulated class A water utility in California
- Texas Utilities—regulated water and wastewater utilities and related customer service operations throughout Texas
- Southeast Utilities—representing water, wastewater, and to a much smaller extent operations and maintenance contracts in Alabama

Allocation of Parent Company expenses is based on a 3-factor allocation methodology as approved by the California Public Utilities Commission ("CPUC") in Decision 14-12-038 "Decision Adopting Settlement between Suburban Water Systems and Office of Ratepayer Advocates (ORA) and Determining Unsettled Issues". Calculations are in accordance with the general methodology described in the CPUC's July 26, 1956, four-factor procedure "Allocation of Administrative and General Expenses and Common Utility Plant". By "general methodology" we mean that the CPUC excluded the fourth factor, connections. Also, recently discontinued Blue Mound and soon to be discontinued Midway, are excluded. Below is the adopted computation of allocation percentages:

Company	Per Settlement Agreement with ORA							
	Direct Operating Expense		Payroll		End of Year Gross Plant			
	Recorded 2012		Recorded 2012		Recorded 2012		Total	Average
Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent	Percent	Percent	
ALLOCATION FACTORS								
Suburban Water Systems	34,410,816	48.8%	7,749,136	48.8%	207,656,138	43.1%	140.7%	46.92%
<i>Texas Utilities</i>								
<i>Munich Utilities</i>	17,907,380	25.4%	5,341,734	33.6%	127,303,317	26.4%	85.5%	28.48%
Windermer	4,181,215	5.9%	448,906	2.8%	44,439,171	9.2%	18.0%	6.00%
Hornsby Bend	2,410,215	3.4%	211,338	1.3%	27,047,652	5.6%	10.4%	3.46%
Diamond	892,938	1.3%	318,840	2.0%	3,815,625	0.8%	4.1%	1.36%
Water Services Inc	964,327	1.4%	202,263	1.3%	8,302,072	1.7%	4.4%	1.46%
Huntingto	32,215	0.0%	5,809	0.0%	639,387	0.1%	0.2%	0.07%
Inverness	156,921	0.2%	28,763	0.2%	1,774,758	0.4%	0.8%	0.26%
Mid-Tex	3,198	0.0%	0	0.0%	0	0.0%	0.0%	0.00%
SW Utilities	17,111	0.0%	4,637	0.0%	90,881	0.0%	0.1%	0.02%
Tankilla	263,600	0.4%	95,943	0.6%	1,046,323	0.2%	1.2%	0.40%
Metco - Continued Operations	697,271	1.0%	13,461	0.1%	4,526,076	0.9%	2.0%	0.67%
<i>Southeast Utilities</i>								
Riverview Wastewater	1,995,458	2.8%	135,611	0.9%	31,580,266	6.6%	10.2%	3.41%
North Shelby & Othe	4,472,893	6.4%	878,687	5.5%	22,237,237	4.6%	16.5%	5.50%
North County Wat...	201,819	0.3%	16,255	0.1%	1,337,439	0.3%	0.7%	0.22%
11 Contracts (O&M)	1,793,205	2.5%	433,898	2.7%			5.3%	1.77%
	70,408,780	100.0%	15,887,080	100.0%	481,808,327	100.0%	300.0%	100.0%

SouthWest's allocable indirect costs by functions are as follows:

1. Executive—the executive team and the Board of Directors responsible for providing strategic vision, business strategy, management oversight and overall direction to the company.
2. Legal—responsible for providing counsel on legal matters as well as litigation strategy and management.
3. Information Technology ("IT")—responsible for operating and maintaining a uniform, efficient and flexible IT platform capable of addressing the increasingly complex current and future operational, financial, and business needs of SouthWest.

4. Finance—responsible for the accurate and timely accounting for corporate transactions, preparation of financial statements, preparation of budgets and forecasts, accounts payable, payroll, treasury, risk management, audit, tax, and providing management with the financial information necessary for informed operating and financial decision making.
5. Human resources—responsible for employment policies, practices and employee related matters; arranging for both company and employee-paid benefits such as medical, dental, vision, life, and disability insurance; and for managing the company's workers compensation obligations.
6. Facilities—responsible for expenses of the corporate office facilities such as lease, repairs & maintenance, supplies, utilities, and telecom voice lines.
7. Internal Audit—responsible for evaluating design and effectiveness of compliance with established policies and procedures.

Transaction flow for common costs to business units:

Invoices are received by mail and/or electronically. Invoices received without a PO number are distributed to the appropriate persons for coding and approval. Invoices with a PO number are forwarded to Accounts Payable (AP).

Corporate invoices (without a PO number) are coded and approved by the appropriate persons and forwarded to AP. AP reviews the invoice to verify authorization and documentation for adherence to DOA and stamped with the date of receipt. AP enters each invoice into SAP to (1) process for payment to vendor and (2) post into SAP general ledger per the coding.

Invoices with PO numbers are processed in alignment with the approved PO in SAP.

Salary and wages are posted directly into SAP when the payroll department executes payroll for each pay period. Corporate employees are set up in SAP by the Human Resources department under specific functional areas or cost centers described above. When the payroll department executes payroll each pay period, the salaries and wages are posted into the corporate cost centers.

Corporate expense items not included in an AP's entry that are entered into SAP may be manually accrued as part of the month end close process related to indirect costs.

Prepaid items are amortized by journal entry for corporate expense.

Once the invoices and manual journal entries for month end have been posted into SAP, the SAP general ledger is closed for the month.

Total corporate operating expense amounts (see listing above) are allocated by SAP each month to business units applying the 3-factor percentages to recorded corporate costs.

3. Texas Utilities (TXU) Cost Allocation

The Texas Utilities (TXU) is a business segment of SouthWest Water Company consisting of 9 PUCT-regulated utilities, one Oklahoma regulated water utility, one Oklahoma non-regulated wastewater utility, and one wholesale water supplier with rates determined by contractual agreement. The regulated utilities listed below show the type of service, whether rate-making is set by a regulator, and the states where the businesses operate:

Company Name	Type	Rate Making Regulated by PUC	State of Operations
Tenkiller Utility Co.	Water	Yes	Oklahoma
Tenkiller Utility Co.	WW	No	Oklahoma
Diamond Water Co.	Water	Yes	Texas
Hornsby Bend Utility Co.	Water/WW	Yes	Texas
Huntington Utility Co. L.L.C.	Water	Yes	Texas
Inverness Utility Co, Inc.	Water	Yes	Texas
Mid-Tex Utilities, Inc.	Water/WW	Yes	Texas
Monarch Utilities I, LP	Water/WW	Yes	Texas
SW Utility Co.	Water	Yes	Texas
Water Services, Inc.	Water	Yes	Texas
Windermere Utility Co.	Water/WW	Yes	Texas
Metro H2O, LTD	Water	No	Texas

Texas Utilities costs are allocated based on meter equivalent factors calculated using prior year end "active" connections. This method was developed to reasonably distribute these costs across each Texas utility with meter equivalents being a fair approach for allocating these expenses. Meter equivalents are based on active connections multiplied by each connection's meter equivalent using the standard published by the American Water Works Association ("AWWA"), as shown in the table below.

Meter Size	Meter Equivalent Factor
5/8 inch	1.00
3/4 inch	1.50
1 inch	2.50
1-1/2 inch	5.00
2 inch	8.00
3 inch	15.00
4 inch	25.00
6 inch	50.00
8 inch	80.00

Source: AWWA

Then, a spreadsheet is prepared showing all the meter equivalent ratios for the 12 utilities. Sources of Texas Utilities indirect costs are allocated to benefiting utilities based on each utility's percent of total meter equivalents.

Sources of Texas Utilities costs:

Administration

Direct Overhead Costs consists of direct support of the following services, and allocated across all G/L accounts using total meter equivalent ratios:

- o Management
- o Information Technology (IT)
- o Employee, Health and Safety (EHS)
- o Financial Service Center (FSC)
- o Customer Service Center (CSC)

TXU Administration Direct Overhead Costs		
Management and EHS CC 20000033, IT 2000903	FSC CC 20000900	CSC CC 20000034

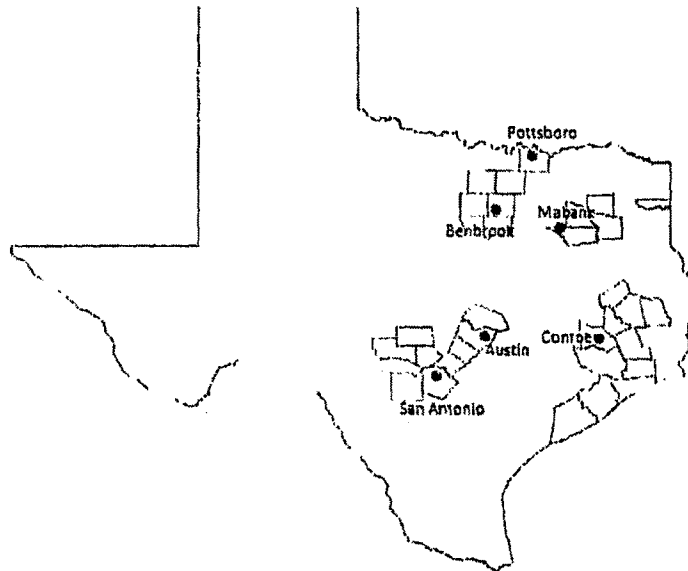
Field Offices (Operations)

Direct Overhead Costs that are charged to shared field offices operations centers includes general employee costs, vehicles, supplies, office materials, rent, and other costs that are shared by the systems in these areas.

Direct Overhead Costs are captured using shared cost centers broken down by regional directors (East and West), and field work centers. East Region consists of Benbrook, Conroe, Mabank, and Pottsboro operations. West Region consists of Austin and San Antonio operations. Below is the summary of the field offices and its operations:

TXU Shared Field Offices Direct Overhead Costs	
Regional Director East Shared	Regional Director West Shared
Benbrook Ops Shared	Austin Ops Shared
Conroe Ops Shared	San Antonio Ops Shared
Mabank Ops Shared	
Pottsboro Ops Shared	

Texas Utilities companies serve customers in 32 counties across Texas and 1 in Oklahoma with the shared operations work centers indicated by blue dots.



East Shared—Cost from East Regional director and staff are allocated to the following utilities:

- a. Monarch
- b. SW Utility
- c. Tenkiller

East Shared (CC 30200301)		
Monarch Co 3020 Water & WW	SW Utility Co 2000	Tenkiller Co 2000

Benbrook Ops Shared—Utilities in the Benbrook operations area (near Dallas/Fort Worth) share resources (employees, vehicles, etc.); therefore cost center 30200095 was established as the home for these costs until they are distributed each month to the various utilities in the service area:

Benbrook Ops Shared (CC 30200095)	
Monarch Co 3020 Water	Monarch Co 3020 WW

Conroe Ops Shared—Utilities in the Conroe operations area (north of Houston) share resources (employees, vehicles, etc.); therefore cost center 30200097 was established as the home for these costs until they are distributed each month to the various utilities in the service area.

Conroe Ops Shared (CC 30200097)		
Monarch Co 3020 Water	SW Utility Co 2000	Monarch Co 3020 WW

Mabank Ops Shared—Utilities in the Mabank operations area (east Texas) share resources (employees, vehicles, etc.); therefore cost center 30200096 was established as the home for these costs until they are distributed each month to the various utilities in the service area.

Mabank Ops Shared (CC 30200096)	
Monarch Co 3020 Water	Monarch Co 3020 WW

Pottsboro Ops Shared—Utilities in the Pottsboro operations area (Texas/Oklahoma border) share resources (employees, vehicles, etc.); therefore cost center 30200094 was established as the home for these costs until they are distributed each month to the various utilities in the service area.

Pottsboro Ops Shared (CC 30200094)		
Monarch Co 3020 Water	Tenkiller Co 2000	Monarch Co 3020 WW

West Shared—Cost from West Regional director and staff are allocated to the following utilities:

- a. Diamond
- b. Hornsby Bend
- c. Huntington
- d. Inverness
- e. Mid-Tex Utility

- f. Metro H2O
- g. Monarch
- h. Water Services
- i. Windermere

Austin Ops Shared—Utilities in the Austin operations area share resources (employees, vehicles, etc.); therefore cost center 20000277 was established as the home for these costs until they are distributed each month to the various utilities in the service area.

Austin Ops Shared (CC 20000277)						
Hornsby Bend Co 2000	Huntington Co 2000	Inverness Co 2000	Mid-Tex Utility Co 2000	Metro H2O Co 5010	Monarch Co 3020 Water & WW	Windermere Co 2000

San Antonio Ops Shared—Utilities in the San Antonio operations area share resources (employees, vehicles, etc.); therefore cost center 20000278 was established as the home for these costs until they are distributed each month to the various utilities in the service area.

San Antonio Ops Shared (CC 20000278)		
Monarch Co 3020	Diamond Co 2000	Water Services Co 2000

4. Utility Group Cost Allocation

In 2003, SouthWest created a new entity, Utility Group, to provide management, regulatory, and communications services to SouthWest's regulated affiliates that are currently located in: Texas, Alabama, California, and Oklahoma. Staffing for this entity are drawn from former employees of Suburban.

In 2010, four Utility Group employees were transferred to Suburban and one position was eliminated. Remaining in Utility Group are the Vice President of Regulatory Affairs, the Manager of Regulatory affairs, the Regulatory Analyst, and a currently vacant position for a Director of Regulatory Affairs. The Utility Group provides regulatory services to SouthWest's regulated affiliates.

Utility Group costs are allocated to other entities using the same 3-factor allocation methodology as described earlier for the corporate cost allocation.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata Schedule IV-6 Adjustment to Test Year Expense
 Witness Robert Kelly

Line No	Account No (a)	Description (b)	Schedule II A-2 Reference (c)	Workpaper Reference (d)	KM Amount (e)	Sponsoring Witness (f)	Cause of Increase/Decrease (g)
1							
2	401	Affiliate Transaction Parent	Ln 5	WP/IV-2	228,772	Robert Kelly	In ease ... payroll expense
3	401	Operating Expenses	Ln 5	WP/IV-2	(69,511)	Robert Kelly	De reas in allocated costs change in facto due to sales of Blue Mound and Midway
4		Operating Expenses					
5	401	Affiliate Transactions SMC Utilities, Inc	Ln 5	WP/IV-2	(110,822)	Robert Kelly	De rease fr allocated costs change ir factor due to sales of Blue Mound and Midway
6		Operating Expenses					
7							
8							
9							
10	401	Total Affiliate Adjustments			(45,361)		

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata Schedule IV-8 Services Provided to Affiliates
 Witness: Robert Kelly

Line No	MARUC Account (a)	Description (b)	Reference Schedule (c)	Test Year Total (d)	Allocated to Affiliate (%) (e)	Costs Allocated from Monarch to Affiliate (f)
1		Affiliate Transactions				
2		Salaries and Wages	No Workpaper	2,960,936	1.86%	55,217
3	601	Employees	No Workpaper	841,405	1.86%	15,691
4	604	Employe Pensins and Benefits	No Workpaper	17,389	1.86%	324
5	615	Purchased Power	No Workpaper	2,484	1.86%	46
6	618	Chemicals	No Workpaper	167,871	1.86%	3,131
7	620	Materials and Supplies	No Workpaper	564	1.86%	11
8	633	Legal	No Workpaper	510	1.86%	10
9	635	Contractual Services Testing	No Workpaper	206,185	1.86%	3,845
10	636	Contractual Services... Other	No Workpaper	144,901	1.86%	2,702
11	641	Contractual Serv...	No Workpaper	38,554	1.86%	719
12	642	Rental of Building/Real Property	No Workpaper	703,330	1.86%	13,116
13	642	Rental of Equipment	No Workpaper	20,531	1.86%	383
14	650	Transportation Expens	No Workpaper	79	1.86%	1
15	656	Insurance Vehicle	No Workpaper	45,003	1.86%	839
16	658	Insurance Workman	No Workpaper	37,337	1.86%	696
17	659	Insurance Other	No Workpaper	165,892	1.86%	3,094
18	675	Miscellaneous Expenses	No Workpaper	16,941	1.86%	316
19	403	Depreciation Expenses	No Workpaper	272,136	1.86%	5,075
20	408.11	Property Tax	No Workpaper	(39,692)	1.86%	(740)
21	408.12	Payroll Taxes	No Workpaper			
22	414	Gain (Losses) From Disposition of Utility Property	No Workpaper			
23		Total Affiliate Transactions		5,602,346		104,477
24		Allocations from Monarch to SMC Utilities, Inc.				

Month: 01/01 to 12/31
 Year: 2013
 Schedule: 30/2013
 Location: AFFILIATE COSTS
 Lines: Robert

COMBILD

See Schedule IV-4. Cost Allocation Manual for manner in which costs are recorded, the utility terminology, and process by which costs are allocated.

Line	Allocation of Affiliate Costs											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Direct Operating Expense											
	Amount	Received 2012	Percent	Amount	Received 2012	Percent	Amount	Received 2012	Percent	Amount	Received 2012	Percent
	24,111,816	49,186	0.21%	24,111,816	49,186	0.21%	24,111,816	49,186	0.21%	24,111,816	49,186	0.21%
	Payroll											
	Amount	Received 2012	Percent	Amount	Received 2012	Percent	Amount	Received 2012	Percent	Amount	Received 2012	Percent
	27,807,860	21,488	0.08%	27,807,860	21,488	0.08%	27,807,860	21,488	0.08%	27,807,860	21,488	0.08%
	End of Year Gross Plant											
	Amount	Received 2012	Percent	Amount	Received 2012	Percent	Amount	Received 2012	Percent	Amount	Received 2012	Percent
	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%
	Per Settlement Agreement with O&A											
	Amount	Received 2012	Percent	Amount	Received 2012	Percent	Amount	Received 2012	Percent	Amount	Received 2012	Percent
	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%
	Total											
	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%
	Total											
	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%	247,616,138	43,138	0.02%

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Errata Schedule IV-12.1 Affiliate Multijurisdictional Costs
Witness: Robert Kelly

Line No	Description (a)	Reference Schedule (b)	Rate Applied (c)	Test Year Total (d)	Rate Applied (e)	1/1/2013-12/31/2013 (f)	Rate Applied (g)	1/1/2012-12/31/2012 (h)
1	Affiliate Transactions Parent							
2	Salaries & Wages			6,476,047		6,502,567		8,357,894
3	Payroll Taxes			431,643		542,146		702,943
4	Employee Benefits			874,630		994,761		1,627,234
5	Other Employee Costs			201,846		659,335		1,213,687
6	Repairs & Maintenance			210,641		390,667		930,214
7	Vehicle Expense			7,423		7,214		17,850
8	Travel & Entertainment			168,553		248,672		441,938
9	Insurance Expense			134,741		142,313		145,235
10	Lease Expense			403,893		676,869		1,784,599
11	Professional Fees			871,745		1,732,149		5,378,804
12	Taxes Other			109,048		211,539		183,108
13	General & Administrative			2,034,542		2,244,787		4,073,730
14	Administrative & Pass Through			74,866		(282,927)		(1,313)
15	Other Operating Expense							(356,510)
16	Total Corporate Expenses			11,999,618		14,070,091		24,499,412
17								
18								
19								
20								
21								
22								
23								
24	Allocated to Monarch	IV-2	28.48%	3,417,491	23.03%	3,240,316	15.91%	3,897,808
25	Allocated to Other Texas Utilities		13.70%	1,643,948	14.97%	2,106,228	11.96%	2,931,353
26	Allocated to Southeast Utilities		10.90%	1,307,958	10.97%	1,542,810	5.26%	1,289,615
27	Allocated to Suburban		46.92%	5,630,221	49.07%	6,904,522	31.94%	7,825,038
28	Allocated to O&M and Services		0.00%		1.96%	276,215	34.92%	8,555,598
29	Total Corporate Expenses		100.00%	11,999,618	100.00%	14,070,091	100.00%	24,499,412
30								
31								
32	Direct Charges			70,067		69,707		76,776
33	No Workpaper							

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata Schedule IV-12.2 Texas Affiliates and Regions
 Witness Robert Kelly

Line No.	NALUC Account (a)	Description (b)	Referenc Schedule (c)	Rate Applied (d)	Test Year Total (e)	Rate Applied (f)	1/1/2013-12/31/2013 (g)	Rate Applied (h)	1/1/2012-12/31/2012 (i)
1		Affiliate Transaction							
2		Other Texas Utilities							
3		Salaries and Wages			4,363,042		3,514,459		3,288,943
4	601	Employee			929,450		892,296		657,845
5	604	Pensions and Benefits					(4,362)		4,362
6	610	Purchased Water					2,279		174
7	615	Chemicals			131				
8	618	Materials and Suppli							
9	620	Contractual Services			316,038		598,412		811,781
10	633	Legal			35,834		39,530		10,391
11	635	Testing					1,207		
12	636	Contractual Services			635,832		904,849		1,166,222
13	641	Other			314,814		214		
14	642	Rental of Building/Real Property			37,772		6,561		9,202
15	650	Rental of Equipment			308,764		227,792		141,623
16	656	Transportatic Expenses			12,130		1,557		
17	657	Insurance Vehicle			182,464		161,440		191,447
18	658	Insurance General Liability			46,353		9,599		22,523
19	659	Insurance Workman' Compensation			228,664		257,598		228,114
20	660	Other			33,496		51,413		50,473
21	667	Advertising Expenses			3,575		127,834		12,433
22	670	Regulatory Commissi			(1,510)		(485)		322,497
23	675	Bad Debt Expense			118,487		102,279		145,163
24	403	Miscellaneous Expenses			91,779		33,860		8,012
25	408.1	Depreciatic Expenses			10,878		1,833		308
26	408.11	Utility Regulatory Assessment Fees			341,312		342,031		211,187
27	408.12	Property Taxes			(71,222)				
28	414	Payroll Taxes							
29	426	Gains (Losses) From Disposition of Utility Property							
30	427.1	Miscellaneous Nonutility Expenses							
31	427.4	Interest Debt to Associated Companies							
32	427.5	Interest on Customer Deposits							
33	471	Interest Othe							
34	471	Miscellaneous Service Revenues					862		(81)
35	474	Other Water Reven					(240)		(120)
36									
37		Total Texas Utilitic- Shared Expenses			7,939,742		8,064,863		7,726,704
38									
39									
40		Allocated to Mon ch							
41		Allocated to Metro H2O from SMMC Utilities, Inc	IV-2	39%	3,074,171	50%	4,014,418	58%	4,476,740
42		Allocated within SMMC Utilities, Inc		3%	234,831	1%	92,965	2%	118,991
43		Total		58%	4,630,739	49%	3,957,479	41%	3,130,974
44				100%	7,939,742	100%	8,064,863	100%	7,726,704
45		No Workpage.							

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Errata - WP/II-F.a,c,d Functionalization Factors
Witness Carmelitha BordeIon-Taylor

Row	(a) Reference	(b) Row Labels	(c) Sum of Meter Equivalents	(d)
1	II-F.a,c,d	Sewer Base	3,741	14%
2	II-F.a,c,d	Water Base	23,422	86%
3		Grand Total	27,163	

WP-II-F.a,c,d.1

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata - WP/II G-1.h Customer Penalties and Miscellaneous Water and/or Sewer Revenues
 Witness: Carmelitha Bordejon-Taylor

Line No	Account (a)	Type (b)	Water (c)	Sewer (d)
1	410000	Customer Service Adjustments	2,376.70	279.52
2	410010	Billable Time & Materials	(6,690.40)	(491.22)
3	420010	Contract Services Revenue	(14,650.00)	
4	420020	Tap Fees	(189,613.81)	(144,079.00)
5	450030	Penalties and Fees	(366,360.84)	(24,290.36)
6	450040	Surcharge Revenues	(351,995.56)	(18,450.11)
7	450050	Late Payment Charge	(2,250.50)	(174.50)
8	450060	Return Check Charge	(4,242.00)	(658.00)
9	450070	Tampering Charge	(90,756.00)	(3,444.00)
10	450080	Delinquent Reconnect Fee	(67,537.80)	(10,987.20)
11	450090	Transfer Fee	(4,500.00)	
12	480000	Other Revenue		
			<u>(1,096,220.21)</u>	<u>(202,294.87)</u>
			II G-1.h	II G-1.h

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Errata - WP/II G-5 Miscellaneous Fees
 Witness: Carmelitha Bordejon-Taylor

Line No	Account (a)	Type (b)	Water (c)	Sewer (d)
1	410000	Customer Service Adjustments	2,377	280
2	410010	Billable Time & Materials	(6,690)	(491)
3	420010	Contract Services Revenue	(14,650)	
4	420020	Tap Fees	(189,614)	(144,079)
5	450030	Penalties and Fees	(366,361)	(24,290)
6	450040	Surcharge Revenues		
7	450050	Late Payment Charge	(351,996)	(18,450)
8	450060	Return Check Charge	(2,251)	(175)
9	450070	Tampering Charge	(4,242)	(658)
10	450080	Delinquent Reconnect Fee	(90,756)	(3,444)
11	450090	Transfer Fee	(67,538)	(10,987)
12	480000	Other Revenue	(4,500)	
			<u>(1,096,220)</u>	<u>(202,295)</u>

Monarch Utilities I, L.P.
 Docket No. 6/30/2015
 Test Year Ending 6/30/2015
 Errata WP/IV-1 Affiliate Expenses by NARUC Account Parent
 Witness: Robert Kelly

Line No.	NARUC Account (a)	Description (b)	Reference Schedule (c)	Test Year Total (d)	1/1/2013-12/31/2013 (e)	1/1/2012-12/31/2012 (f)
1	(a)	Salaries & Wages	IV-1	6,081,606	6,502,567	8,357,894
2	(a)	Payroll Taxes	IV-1	404,145	542,146	702,943
3	(a)	Employee Benefits	IV-1	867,030	994,761	1,627,234
4	(a)	Other Employee Costs	IV-1	179,237	659,335	1,213,687
5	(a)	Repairs & Maintenance	IV-1	210,641	390,667	930,214
6	(a)	Vehicle Expense	IV-1	7,423	7,214	17,850
7	(a)	Travel & Entertainment	IV-1	168,553	248,672	441,938
8	(a)	Insurance Expense	IV-1	134,741	142,313	145,235
9	(a)	Lease Expense	IV-1	403,893	676,869	1,784,599
10	(a)	Professional Fees	IV-1	871,745	1,732,149	5,378,804
11	(a)	Taxes - Other	IV-1	109,048	211,539	183,108
12	(a)	General & Administrative	IV-1	2,034,542	2,244,787	4,073,730
13	(a)	Administrative & Pass Through	IV-1	-	-	(1,313)
14	(a)	Other Operating Expense	IV-1	74,866	(282,927)	(356,510)
15	(a)	Total Corporate Expenses		11,547,470	14,070,091	24,499,412
16		Allocation Rate		28%	23%	16%
17	401	Operating Expenses.	IV-1	3,288,719	3,287,377	3,953,183
18	(a)	Parent Company accounts are not recorded by NARUC account.				

Monarch Utilities I, L.P.
 Docket No. 3/30/2015
 Test Year Ending 3/30/2015
 Errata WP/IV-1 Affiliate Expenses by NARUC Account SMC Utilities, Inc.
 Witness: Robert Kelly

Line No.	NARUC Account (a)	Description (b)	Reference Schedule (c)	Test Year Total (d)	1/1/2013-12/31/2013 (e)	1/1/2012-12/31/2012 (f)
1						
2	401	Operating Expenses	IV-1			
3						
4	601	Salaries and Wages Employees	IV-1	1,561,408	738,771	1,952,972
5	604	Employee Pensions and Benefits	IV-1	352,027	272,576	443,134
6	610	Purchased Water	IV-1		(2,866)	2,873
7	615	Purchased Power	IV-1		502	115
8	618	Chemicals	IV-1	(37)		
9	620	Materials and Supplies	IV-1	(266)		
10	633	Contractual Services Legal	IV-1	255,947	347,369	270,071
11	635	Contractual Services Testing	IV-1	32,669	18,787	6,844
12	636	Contractual Services Other	IV-1	(0)	241	
13	641	Rental of Building/Real Property	IV-1	345,317	583,589	737,993
14	642	Rental of Equipment	IV-1	127,139	141	
15	650	Transportation Expenses	IV-1	13,890	(117,494)	6,016
16	656	Insurance Vehicle	IV-1	45,099	60,485	(20,528)
17	657	Insurance General Liability	IV-1	1,910	777	
18	658	Insurance Workman's Compensation	IV-1	75,967	106,051	125,809
19	659	Insurance Other	IV-1	26,032	6,283	14,839
20	660	Advertising Expenses	IV-1	151,162	169,218	149,928
21	667	Regulatory Commission Expenses Other	IV-1	1,276	33,774	33,198
22	670	Bad Debt Expense	IV-1	212	83,974	7,765
23	675	Miscellaneous Expenses	IV-1	(847)	(318)	211,416
24	403	Depreciation Expenses	IV-1	54,107	37,731	95,297
25	408	Taxes Other Than on Income	IV-1	13,669	21,881	5,000
26	408.1	Utility Regulatory Assessment Fee	IV-1	398		202
27	408.11	Property Taxes	IV-1	1,519	1,118	13
28	408.12	Payroll Taxes	IV-1	121,137	131,121	141,072
29	414	Gains (Losses) From Disposition of Utility Property	IV-1			
30	426	Miscellaneous Nonutility Expenses	IV-1		147,730	70,800
31	427.1	Interest on Debt to Associated Companies	IV-1		372,568	222,087
32	427.4	Interest on Customer Deposits	IV-1			(56)
33	427.5	Interest Other	IV-1		566	1,021
34	471	Miscellaneous Service Revenues	IV-1		(158)	(79)
35	474	Other Water Revenues	IV-1			(1,063)
36		Total Affiliate Transactions SMC Utilities, Inc.		3,184,735	4,014,418	4,476,740
37						

Monarch Utilities I, L.P.
 Dock # 6/30/2013
 Year Ending 6/30/2013
 Fr. a.l.a. WP/IV-2 Adjuste Affi Expenses Pare
 Witness

Ly No	NAIUC Account (a)	Description (b)	Reference Schedule (c)	Original Trial Balance (d)	Pro-forma Adjustments (e)	YAM Adjustment (f)	Adjusted Monarch Total (g)	Fu- Facto (h)	Functionalization Notes (i)	Wastewater (j)
1										
2	(a)	Salaries & Wage	IV-2	7,357,809	(1,276,203)	276,994	6,358,600	WTR-WW	5,458,396	890,204
3	(a)	Payroll Taxes	IV-2	418,064	(13,919)	29,693	423,838	WTR-WW	364,502	59,337
4	(a)	Employee Benefits	IV-2	891,997	(24,967)	(9,143)	857,887	WTR-WW	737,782	120,104
5	(a)	Other Employee Costs	IV-2	(449,459)	628,595	19,148	198,385	WTR-WW	170,611	27,774
6	(a)	Repair & Maintenance	IV-2	209,687	955	(4,068)	206,573	WTR-WW	177,653	28,920
7	(a)	Vehicle Expenses	IV-2	7,423		(143)	7,279	WTR-WW	6,260	1,019
8	(a)	Insurance Expense	IV-2	970		(19)	951	WTR-WW	818	133
9	(a)	Travel & Entertainment	IV 2	181,683	(3,130)	(3,255)	165,298	WTR-WW	142,156	23,142
10	(a)	Interest Expense	IV-2	134,741		(2,602)	132,139	WTR-WW	113,640	18,499
11	(a)	Lease Expense	IV-2	351,595	52,297	(7,800)	396,093	WTR-WW	340,640	55,453
12	(a)	Professional Fees	IV-2	880,964	(9,219)	(16,835)	854,910	WTR-WW	735,223	119,687
13	(a)	Telephone	IV-2	75,225	33,823	(24,106)	106,942	WTR-WW	81,970	14,972
14	(a)	General & Administrative	IV-2	1,688,614	345,928	(39,291)	1,995,251	WTR-WW	1,715,916	279,335
15	(a)	Other Operating Expenses	IV-2	75,895		(1,427)	72,469	WTR-WW	62,323	10,146
16	(a)	Total Parent Expenses		11,423,208	(275,733)	229,146	11,776,616		10,127,889	1,648,726
17		Allocated Rate		29,038	29,038	29,488	28,488		28,488	28,488
18		Allocated from Parent		3,432,277	(40,047)	55,261	3,353,980		2,884,423	469,557
19										
20										
21	(a)	Parent Company								
22										

Month Ending 6/30/2015
 Debit No. 6/30/2015
 Expense
 Balance

Li No	MARUC Account	DESCR.	Reference Schedule	Original Trial Balance	Pro-Forma Adjustments	KAM Adjustments	Adjusted Monarch Total	Func. Factor	Water (1)	Functionalization Water (2)
1	601	Salary and wages	IV-2	1,728,045	(161,637)	(53,564)	1,512,805	WTR_LW	1,287,386	245,519
2	604	Employee benefits	IV-2	352,027		(21,817)	340,210	WTR_LW	282,402	57,808
3	605	Purchased Power	IV-2	(266)		(94)	(360)	WTR_LW	(1,386)	1,348
4	608	Chemicals	IV-2	255,847		(8,295)	247,552	WTR_LW	(103)	(197)
5	628	Materials and Supply	IV-2	32,669		(1,865)	31,604	WTR_LW	200,584	47,064
6	633	Contractual Service	IV-2	345,317		(11,557)	333,760	WTR_LW	27,156	4,438
7	636	Contractual Service	IV-2	127,139		(3,514)	123,625	WTR_LW	283,709	50,050
8	641	Contractual Service	IV-2	13,880		(450)	13,430	WTR_LW	97,543	25,982
9	650	Rental of Building/Real Property	IV-2	45,099		(1,057)	44,042	WTR_LW	10,958	2,483
10	642	Rental of Equipment	IV-2	1,910		(37)	1,873	WTR_LW	22,618	21,434
11	650	Transportation Expense	IV-2	75,957		(2,487)	73,470	WTR_LW	1,018	835
12	656	Insurance	IV-2	26,032		(854)	25,178	WTR_LW	63,437	10,043
13	657	General Liability	IV-2	151,152		(4,861)	146,291	WTR_LW	21,730	3,449
14	658	Workman's Compensation	IV-2	39,470		(1,276)	38,194	WTR_LW	128,037	18,205
15	659	Other	IV-2	822		(150)	672	WTR_LW	(8)	71
16	660	Advertising Expenses	IV-2	(847)		24	(823)	WTR_LW	49	(113)
17	667	Regulatory Commission Expenses	IV-2	74,538		(2,467)	72,071	WTR_LW	(706)	(113)
18	670	Bad Debt Expense	IV-2	44,988		(1,527)	43,461	WTR_LW	41,997	7,867
19	403	Miscellaneous Expenses	IV-2	308		(13)	295	WTR_LW	31,547	(19,405)
20	408.1	Utility Regulatory Assessment Fee	IV-2	1,518		(13)	1,505	WTR_LW	352	53
21	408.11	Property Taxes	IV-2	121,137		(138)	120,799	WTR_LW	-139	(635)
22	414	Payroll Tax	IV-2	(13,744)		(3,666)	(17,410)	WTR_LW	95,053	19,418
23	426	Gains (Losses) From Disposal of Utility Property	IV-2	38,093		120	38,213	WTR_LW	(8)	(8)
24		Miscellaneous Non-Utility Expenses	IV-2	3,485,037	(300,244)	(110,622)	3,074,171	WTR_LW	2,378,432	495,739

WP-LG-6

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION to MONARCH (March 31, 2016)

Monarch Utilities I, L.P

Application for Water and Sewer Rate/Tariff Change

SOAH Docket No. 473-16-2873.WS

PUC Docket No. 45570

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

2016.01.14.21

APPLICATION OF MONARCH
UTILITIES I, LP FOR AUTHORITY TO
CHANGE RATES §
§
§

STATE OFFICE OF PUBLIC UTILITIES COMMISSION
FILING CLERK
ADMINISTRATIVE HEARINGS

COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION TO MONARCH UTILITIES I, LP
STAFF NO. 1-1 THROUGH NO. 1-71

To: Monarch Utilities I, LP. through its counsel of record, Lambeth Townsend, Georgia N. Crump, and William A. Faulk, III, Lloyd, Gosselink, Rochelle & Townsend, P.C. 816 Congress Avenue, Suite 1900, Austin, Texas 78701

Pursuant to 16 Tex. Admin. Code § 22.144, Commission Staff of the Public Utility Commission of Texas requests that Monarch Utilities I, LP provide responses and produce documents in response to Staff's First Request for Information.

Provide an original and three (3) copies of your responses to:

Public Utility Commission
Attn:
1701
P.O.
Austin

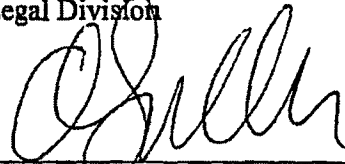
WP-LG - 6
- Offer Responses
- allocation fees

Date: March 31, 2016

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Stephen Mack
Managing Attorney
Legal Division



AJ Smullen
State Bar No. 24083881
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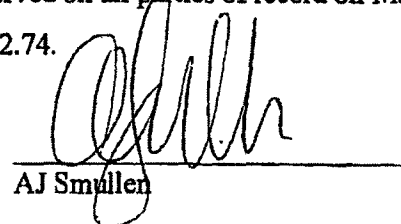
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, Texas 78711-3326
(512) 936-7289
(512) 936-7268 (facsimile)
sam.chang@puc.texas.gov

*Commission Staff of the Public Utility
Commission of Texas*

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

CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record on March 31, 2016, in accordance with 16 Tex. Admin. Code § 22.74.



AJ Smullen

**COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION TO MONARCH UTILITIES I, LP
STAFF NO. 1-1 THROUGH NO. 1-71**

INSTRUCTIONS

1. Monarch Utilities' responses to Staff's 2nd RFI shall be provided within the time limit provided by the presiding officer or, if the presiding officer has not provided a time limit, within twenty (20) days.
2. Monarch Utilities' responses to Staff's 2nd RFI shall be in sufficient detail to fully present all of the relevant facts.
3. Each response must be made under oath and identify the person that prepared the response or the person under whose direct supervision the response was prepared. Additionally, each response must also identify the sponsoring witness, if any.
4. Copy the specific question or document request immediately above each response. With respect to the production of documents, indicate the specific document request(s) to which the documents are being produced.
5. Monarch Utilities has a continuing duty to supplement its responses to Staff's 2nd RFI if it acquires information upon the basis of which it knows or should know that the response was incorrect or incomplete when made or though correct or complete when made, is materially incorrect or incomplete. Monarch Utilities shall amend its prior response within five (5) working days of acquiring the information.
6. If any responsive Document, Electronically Stored Information, or tangible item is withheld under any claim of privilege, provide a privilege log identifying each Document for which a privilege is claimed, together with the following information:
 - a. Date of the Document was created;
 - b. Subject matter of the Document; and
 - c. The basis upon which such privilege is claimed.
7. Electronically Stored Information and Documents in an electronic format shall be produced with metadata intact.
8. If the response to any request is voluminous, provide a detailed index of the voluminous material and the means by which Staff may obtain the voluminous material.
9. Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
10. The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

11. The terms 'and' and 'or' shall be construed as either conjunctive or conjunctive as necessary to make the request inclusive rather than exclusive
12. Documents produced in response to Staff's 2nd RFI shall be Bates labeled.

**COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION TO MONARCH UTILITIES I, LP
STAFF NO. 1-1 THROUGH NO. 1-71**

DEFINITIONS

1. 'Monarch Utilities' means Monarch Utilities I, LP and any entity or person acting or purporting to act on its behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, independent contractors, or other persons.
2. 'Commission' means the Public Utility Commission of Texas.
3. 'Document' is used in its broadest sense to include, by way of illustration and not limitation, all written or graphic matter of every kind and description, whether printed, produced, or reproduced by any process (visually, magnetically, mechanically, electronically, or by hand); whether a final draft, initial draft, original copy, or reproduction; whether claimed as privileged or otherwise excludable from discovery; and whether or not in your actual or constructive possession, custody, or control. The term includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to Electronically Stored Information, correspondence, e-mails, telegrams, contracts, agreements, notes in any form, memoranda, reports, invoices, ledgers, spreadsheets, data, models, diaries, compilations, voice recording tapes, microfilms, pictures, computer media, workpapers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession.
4. 'Electronically Stored Information' means data that is created, altered, communicated, and stored in digital form.
5. 'NARUC' means the National Association of Regulatory Commissioners.

**COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION TO MONARCH UTILITIES I, LP
STAFF NO. 1-1 THROUGH NO. 1-71**

- STAFF RFI
NO. 2-1** How does growth in the cities of Kyle and Buda affect Monarch's revenues and how is the growth treated in the rate application?
- STAFF RFI
NO. 2-2** Please provide a comparative schedule for revenues for all systems not included in the rate application for the test year and three years prior to the test year on the same month end basis as the test year.
- STAFF RFI
NO. 2-3** Please provide a comparative schedule for the change in number of connections shown by meter size for all systems not included in the rate application for the test year.
- STAFF RFI
NO. 2-4** Has Plant in Service been adjusted to remove costs associated with the systems not included in the rate application?
- STAFF RFI
NO. 2-5** Have expenses for the systems in Kyle, Buda and any other system omitted from the rate application been removed from the revenue requirement? Please explain.
- STAFF RFI
NO. 2-6** Reference page 109 of the direct testimony of Carmeletha Bordelon-Taylor: Please explain what benefit the customers receive from the recasting of capitalized leases to conventional operating leases.
- STAFF RFI
NO. 2-7** Does the recasting of capitalized leases to conventional operating leases affect the revenue requirement? Provide the monetary effect of the change to the revenue requirement.
- STAFF RFI
NO. 2-8** Please provide the total amount of expenses incurred by Craig Gott which pertain specifically to the 2016 Monarch Rate Case.
- STAFF RFI
NO. 2-9** Please provide a detailed expense report for all expenses, if any, incurred by Craig Gott that were not provided in Schedule II-E-4.4 of the Rate Filing Package.
- STAFF RFI
NO. 2-10** Please provide the total amount of expenses incurred by George Freitag, which pertain specifically to the 2016 Monarch Rate Case.
- STAFF RFI
NO. 2-11** Please provide a detailed expense report for all expenses, if any, incurred by George Freitag that were not provided in Schedule II-E-4.4 of the Rate Filing Package.

- STAFF RFI NO. 2-12** Please provide the total amount of expenses incurred by Horn Solutions, which pertain specifically to the 2016 Monarch Rate Case.
- STAFF RFI NO. 2-13** Please provide a detailed expense report for all expenses, if any, incurred by Horn Solutions that were not provided in Schedule II-E-4.4 of the RFP.
- STAFF RFI NO. 2-14** Please provide a description of the amount of work done on an hourly basis by Horn Solutions pertaining specifically to the 2016 Monarch Rate Case.
- STAFF RFI NO. 2-15** Please provide the total amount of expenses incurred by Kiki Carlson, which pertain specifically to the 2016 Monarch Rate Case.
- STAFF RFI NO. 2-16** Please provide a detailed expense report for all expenses, if any, incurred by Kiki Carlson that were not provided in Schedule II-E-4.4 of the Rate Filing Package.
- STAFF RFI NO. 2-17** Please provide the total amount of expenses incurred by Robert Kelley, which pertain specifically to the 2016 Monarch Rate Case.
- STAFF RFI NO. 2-18** Please provide a detailed expense report for all expenses, if any, incurred by Robert Kelley that were not provided in Schedule II-E-4.4 of the Rate Filing Package.
- STAFF RFI NO. 2-19** Please identify any additional contract labor employees or entities who provided Monarch Utilities service in the period used to calculate Monarch Utilities' proposed water and sewer rates, and explain in detail all job functions performed by any contract laborers for Monarch Utilities.
- STAFF RFI NO. 2-20** Please provide a total amount of expenses and a detailed expense report for those employees and entities referred to in the previous item.
- STAFF RFI NO. 2-21** Please provide a copy (hard copy and electronic file, if available) of the general ledger for the test year (July 1, 2014 – June 30, 2015) and the known and measurable changes (July 1, 2015 – June 30, 2016); and a copy of the chart of accounts with account codes or numbers for Monarch Utilities I, L.P.
- STAFF RFI NO. 2-22** For the years 2014 and 2015, please provide copies of the complete audited financial statements including the auditor's reports and all notes for Monarch Utilities I, L.P. Monarch Utilities, Inc. and SWWC Utilities, Inc. including but not limited to balance sheets, profit and loss statements, and statements of cash flow. If audited financial statements are not available, provide the unaudited financial statements.

**STAFF RFI
NO. 2-23** Please provide any additional internal or external audit reports produced since the beginning of 2014 regarding Monarch's water and wastewater operations.

**STAFF RFI
NO. 2-24** Please provide the number of full time and part time employees that worked for the applicant during the test year.

**STAFF RFI
NO. 2-25** Please provide a list of all employees who received salaries, bonuses, allowances, benefits and other remuneration that were included in the cost of service. Please provide the following information:

- a) Name;
- b) Position and detailed job description;
- c) Date hired and date of termination, if applicable;
- d) Rate per month or per hour; and
- e) Total number of hours and percentage of time worked per week for you and total number of hours and percentage of time worked per week for any of your affiliated companies.

**STAFF RFI
NO. 2-26** Please provide the number of full time and/or part time employees that worked for Monarch Utilities, Inc. and SWWC Utilities Inc. for 2014 and 2015.

**STAFF RFI
NO. 2-27** Please provide names of employees that work for Monarch Utilities I, L.P. and one or more of the affiliated companies. Provide name, position and detailed job description.

**STAFF RFI
NO. 2-28** Please provide all studies, work papers, or other documents that show the salaries, allowances, medical insurance benefits, pension/retirement benefits, and other remuneration paid to employees are reasonable.

**STAFF RFI
NO. 2-29** Please provide a list of items, expenses, or cost of service that were allocated and/or direct billed to Monarch Utilities I, L.P. from the affiliated companies.

**STAFF RFI
NO. 2-30** Please provide a list of specific benefits and/or services that Monarch Utilities I, L.P. receives from its affiliated companies in return for the costs allocated and/or direct billed from the affiliate. Please identify the specific costs with the specific benefit or service.

**STAFF RFI
NO. 2-31** Please provide the percentage and amount of every expense category allocated and/or direct billed from the affiliated companies that were included in this rate change application.

**STAFF RFI
NO. 2-32** Please provide any study or other document showing the basis of allocation and direct billing of costs from the affiliated companies.

- STAFF RFI NO. 2-33** Please provide any study or other document showing that the costs allocated and the percentage of allocation and/or direct billing are reasonable.
- STAFF RFI NO. 2-34** Did the applicant provide any services to affiliated companies during the test year?
- STAFF RFI NO. 2-35** Please provide the allocation schedule of SWWC Utilities, Inc. and Monarch Utilities, Inc.'s cost of service/expenses allocated and/or direct billed to affiliated companies for the test year, but not limited to Monarch Utilities I, L.P. Provide a breakdown of costs distributed to the affiliated companies.
- STAFF RFI NO. 2-36** Please identify all companies to whom SWWC Utilities, Inc. and Monarch Utilities, Inc. allocate or direct bill their costs or expenses.
- STAFF RFI NO. 2-37** Please identify all affiliated companies whose costs were allocated and/or direct billed to or shared with Monarch Utilities I, L.P. and provide the five year history of allocated/direct billed percentage and indicate the reason(s) for changing the allocation or direct billing.
- STAFF RFI NO. 2-38** Please identify the accounting method used to record income and expenses in accordance with GAAP and the NARUC.
- STAFF RFI NO. 2-39** Please explain and provide any study, analysis, basis, or policy used in calculating allowance for probable losses and writing-off bad debts.
- STAFF RFI NO. 2-40** Please provide a list of employees covered by pension benefits, medical health insurance, other health or company benefits indicate the amount of each benefit for each employee.
- STAFF RFI NO. 2-41** Please provide copy of all contracts the applicant has executed with its affiliates, if any, and any other contracts executed with other companies or service providers.
- STAFF RFI NO. 2-42** Please confirm that the application does not request recovery of any revenue held in abeyance or costs associated with such revenue.
- STAFF RFI NO. 2-43** Please provide the benefits in dollar amount, received by Monarch Utilities I, L.P. from the sale of Blue Mound and the Midway, respectively.

- STAFF RFI
NO. 2-44** Please provide documents, including written descriptions, showing the transactions of all general journal entries made during the test year that created prior period adjustments as defined by GAAP.
- STAFF RFI
NO. 2-45** Please provide copy of 2014 and 2015 financial reports for the affiliated companies whose costs were allocated and/or direct billed to Monarch Utilities I, L.P.
- STAFF RFI
NO. 2-46** Please identify each instance of an affiliate and Monarch performing the same or similar function with respect to any expenses allocated or direct billed from affiliates to Monarch? If so, please detail.
- STAFF RFI
NO. 2-47** Please provide any justification for the reasonableness and necessity for Monarch Utilities I, L.P. to include in its cost of service the allocated and/or direct billed costs from the affiliated companies.
- STAFF RFI
NO. 2-48** Please provide the "Organizational Chart" for Monarch Utilities I, L.P. Monarch Utilities, Inc. SWWC Utilities, Inc. and other affiliated companies that allocate and/or direct bill costs to the Applicant.
- STAFF RFI
NO. 2-49** Please provide copies of all invoices for any legal and consulting services included in the test year for the applicant, including direct billed or allocated costs from affiliates.
- STAFF RFI
NO. 2-50** Identify any costs, by NARUC account, related to any litigation involving the applicant or its affiliates that is included in any cost category in the test year. Also identify where the cost is included in the application, and the exact nature of the litigation.
- STAFF RFI
NO. 2-51** Is Monarch requesting recovery of any social dues or charitable contributions in its application? If so, identify and quantify these amounts and indicate where these amounts are presented within the application.
- STAFF RFI
NO. 2-52** What is Monarch's current materiality threshold for accounting purposes? Please provide the calculation.
- STAFF RFI
NO. 2-53** Has Monarch experienced any reductions in work force since the end of the test year or does the applicant anticipate any reductions in force in 2016? If yes, please describe and quantify.

- STAFF RFI
NO. 2-54** Does Monarch's requested cost of service include any amounts for moving allowances, signing bonuses, or severance packages? If so, please specify by type, amount, NARUC account, and whether the amounts were directly incurred or allocated from an affiliate.
- STAFF RFI
NO. 2-55** Please provide a historical level of outside services expense for the years 2012, 2013, and 2014 by NARUC account.
- STAFF RFI
NO. 2-56** Please list each instance of two or more vendors providing the same or similar services to Monarch? If any instances exist, please detail why two or more vendors were used.
- STAFF RFI
NO. 2-57** Do any of the outside services represent legislative advocacy expenses? If so, please detail.
- STAFF RFI
NO. 2-58** Do any of the outside services relate to rate case expenses? If yes, provide the total amount and supporting details.
- STAFF RFI
NO. 2-59** Does Monarch's requested cost of service include amounts for executive perquisites such as luxury automobiles, financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of Monarch's policies regarding the payment of such perquisites, and the amount of such payments included in the cost of service by NARUC account. Indicate which amounts are directly incurred by Monarch and which amounts are allocated.
- STAFF RFI
NO. 2-60** Please provide minutes from board meetings or other executive approvals authorizing any pay increases included in the application for non-bargaining employees
- STAFF RFI
NO. 2-61** Provide the contractual changes or other written authorization documenting any payroll increase for bargaining employees included in the application.
- STAFF RFI
NO. 2-62** For any ad valorem taxes paid to states other than Texas included in the application, please provide a description of the basis for which each state's property taxes are paid.
- STAFF RFI
NO. 2-63** Please provide the amount of Texas property taxes that were due in 2013, 2014, and 2015, and all supporting documentation.
- STAFF RFI
NO. 2-64** Provide the amount of Texas and other states' property taxes that were expensed and the amount capitalized for the test year; calendar years 2013, 2014 and 2015.

- STAFF RFI
NO. 2-65** If payments for ad valorem taxes were made to other states subsequent to the test year, please provide the amount by state and indicate the payment date.
- STAFF RFI
NO. 2-66** Is CWIP subject to ad valorem tax? If so, please discuss whether the taxes are expensed or capitalized.
- STAFF RFI
NO. 2-67** Does Monarch pay taxes on plant leased to others? If so, is Monarch reimbursed for these taxes?
- STAFF RFI
NO. 2-68** Is there any expense or capitalized item included in the application that has previously been deemed imprudent by the Commission or the TCEQ? If so, please identify the amount, NARUC account number, and where in the application the amount is included.
- STAFF RFI
NO. 2-69** Does Monarch's request for ad valorem taxes include taxes on property which is not used and useful in providing utility service? If so, please identify the amount of taxes and the associated plant balance.
- STAFF RFI
NO. 2-70** Please provide a copy of any form supporting state taxes other than ad valorem taxes paid and/or included in the test year.
- STAFF RFI
NO. 2-71** Provide the following with regard to Monarch's ad valorem taxes:
- a) Total taxes paid for the each calendar year partially included in the test year in Texas and other states.
 - b) Accounting distribution of taxes paid in each state for the same calendar years as (a.) (expense, capital, and other by NARUC account).
 - c) Total gross and net book values upon which such taxes were assessed and paid in each state for the two years in (a). Distinguish by component as applicable (plant in service, materials and supplies, CWIP. etc.).
 - d) Property taxes charged to utility expenses for each month of the test year by NARUC account.