

Control Number 45570



Item Number 284

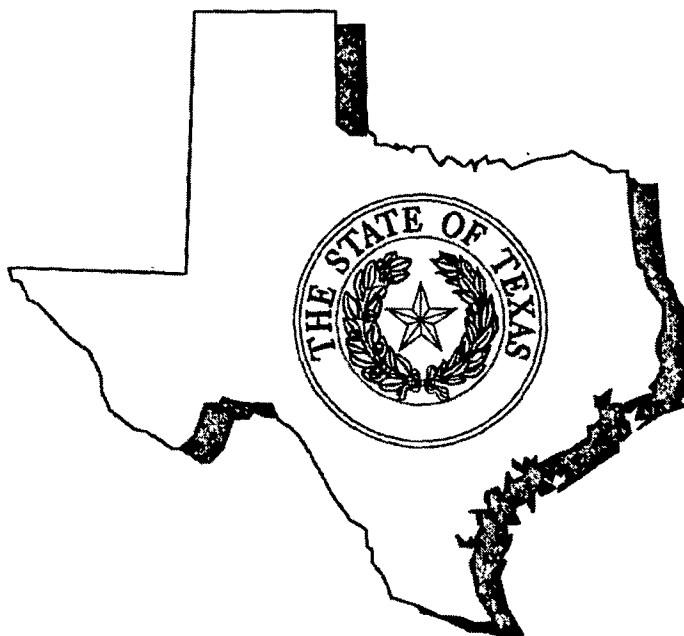
Addendum StartPage 0

SOAH DOCKET NO. 473-15-4435.WS
PUC DOCKET NO. 45570

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

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE
HEARINGS



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DIRECT TESTIMONY OF JOLIE MATHIS
WATER UTILITY DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS
August 24, 2016

000001

284

○ Water

304.20 Pumping Structure & Improvement
Life analysis method: Industry
Survey & Professional Judgment *
Historical Net Salvage: N/A

304.30 Water Treatment Structure & Improvement
Life analysis method: Retirement Rate Analysis
+ Industry Survey & Professional Judgment
Historical Net Salvage: N/A

○ 304.4 T & D Structure and Improvement
Life analysis method: Industry Survey
and Professional Judgment *
Historical Net Salvage: N/A

304.5 Admin & General Structure and Improvement
Life analysis method: RR analysis + Industry
Survey and Professional Judgment
Historical Net Salvage: N/A

○ 307.2 Wells and Springs
Life analysis method: RR analysis
Historical Net Salvage: N/A

○

370.3

Manholes

ISPS

N/A

*

371.3

Lift Station Pumps

RR ISPS

N/A

EB=5

380.4

Treatment

RR ISPS

&

Improvement Treatment

N/A EB=6

381.4

Treatment

RR

ISPS

& Disposed

Equipment

N/A

EB=5

○

390.1

Office Furniture

ISPS

&

Equipment

N/A

*

395.8

Power Operated Equipment

RR ISPS

N/A

EB=3

396.7

Communication Equipment

ISPS

N/A

*

397.1

Miscellaneous Equipment

ISPS

N/A

*

○

9 out of 16

ISPS N/A

○ Sewer

35420 Structure & Improvement - Collector
RR I SPR N/A

EB = 4

~~35420~~ Structure & Improvement - Collector
I SPR N/A *

35500 Utility Equipment
RR I SPR N/A EB = 3

○ 36020 Sewer Lines
RR I SPR N/A

36120 Collection Sewer - Drains
I SPR N/A *

36202 Chambers & Manholes
I SPR N/A *

36320 Service Connections
I SPR N/A *

○ 36420 Flow Meters
I SPR N/A *

309.20

Other Plant & Equipment

Life Analysis method: Industry survey & Professional Judgment
Historical Net Salvage - N/A

310.20

Electrical Equipment

Life Analysis method: RR analysis + Industry Survey & Professional Judgment
Historical Net Salvage: N/A

311.20

Electric Pumping Equipment

Life Analysis method: RR analysis
Historical Net Salvage: N/A

311.30

Other Pumping Equipment

* Life Analysis method: Professional Judgment
Historical Net Salvage: N/A

311.40

Booster Pumping Equipment

* I S P J N/A

320.3

Water Treatment Equipment

RR analysis N/A

330.4 Distribution Removal & Standpipes
RR N/A

331.4 Water Lines
RR ISPJ N/A

333.4 Service
ISPJ N/A *

334.4 Meters
RR ISPJ N/A

335.4 Hydrants
RR N/A

339.2 Other Plant & Equipment
ISPJ N/A *

340.50 Office Furniture & Equipment
ISPJ N/A *

341.5 Transportation Equipment
RR ISPJ N/A

○

344.5 Job Equipment
± SPJ N/A

345.5 Power Operated Equipment
RR ± SPJ N/A

346.5 Communication Equipment
RR + I SPJ N/A

347.5 Total Shop & Garage Equipment
RR + I SPJ N/A

○

23 ~~Water~~ Water Accounts

9 Industry Survey & Professional
Judgement
N/A Salvage

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CHAPTER 24. SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS.

Subchapter B. RATES, RATE-MAKING, AND RATES/TARIFF CHANGES.

(i) original cost under subparagraph (A) of this paragraph or this subparagraph is the actual money cost, or the actual money value of any consideration paid other than money, of the property at the time it was dedicated to public use, whether by the utility that is the present owner or by a predecessor. Assets may be booked in itemized or group accounting, but all accounting for assets and their retirements must be supported by an approved accounting system. On all assets retired from service after June 19, 2009, the original cost of an asset must be the book cost less net salvage value. If a utility calculates annual depreciation expense for an asset with allowance for salvage value, then it must account for the actual salvage amounts when the asset is actually retired. The utility must include the actual salvage calculation(s) in its net plant calculation(s) in the first full rate change application (excluding alternative rate method applications as described in §24.34 of this title (relating to Alternative Rate Methods)) it files after the date on which the asset was removed from service, even if it was not retired during the test year. Recovery of investment on assets retired from service before the estimated useful life or remaining life of the asset shall be combined with over accrual of depreciation expense for those assets retired after the estimated useful life or remaining life and the net amount shall be amortized over a reasonable period of time taking into account prudent regulatory principles. The following list shall govern the manner by which depreciation will be accounted for.

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- (I) Accelerated depreciation is not allowed.
- (II) For those utilities that elect a group accounting approach, all mortality characteristics, both life and net salvage, must be supported by an engineering or economic based depreciation study for which the test year for the depreciation is no more than five years old in comparison to the rate case test year. The engineering or economic based depreciation study must include:
 - (-a-) investment by homogenous category;
 - (-b-) expected level of gross salvage by category;
 - (-c-) expected cost of removal by category;
 - (-d-) the accumulated provision for depreciation as appropriately reflected on the company's books by category;
 - (-e-) the average service life by category;
 - (-f-) the remaining life by category;
 - (-g-) the Iowa Dispersion Pattern by category; and
 - (-h-) a detailed narrative identifying the specific factors, data, criteria and assumptions that were employed to arrive at the specific mortality proposal for each homogenous group of property.

(ii) reserve for depreciation under subparagraph (A) of this paragraph or this subparagraph is the accumulation of recognized allocations of original cost, representing recovery of initial investment, over the estimated useful life or remaining life of the asset. If individual accounting is used, a utility must continue booking depreciation expense until the asset is actually retired, and the reserve for depreciation shall include any additional depreciation expense accrued past the estimated useful or remaining life of the asset. If

Monarch Utilities I, LP
All Water Systems

Table 5

Summary of Original Cost of Utility Plant in Service as of December 31, 2014 and Present and Proposed Parameters

NARUC Account No.	Description	Original Cost	Present Parameters				ASL Curve	Implicit ASL	Depr. Rates	Proposed Parameters				Average Remaining Life
			Net Salvage %	Gross Salv %	Gross COR %	ASL Curve				Net Salvage %	Gross Salv %	Gross COR %	ASL Curve	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
DEPRECIABLE PLANT														
Source of Supply														
307.20	Wells & Springs	15,325,217.42	-25%	0%	-25%	46-O3	44.1	2.27%	-25%	0%	-25	45-R0.5	35.1	
Pumping Plant														
304.20	Pumping Structures & Improvements	409,780.58	-10%	0%	-10%	40-R3	32.1	3.12%	-10%	0%	-10	40-R3	34.6	
309.20	Other Plant & Equipment	26,780.50	0%	0%	0%	N/A	50.0	2.00%	0%	0%	0%	20-R3	17.9	
310.20	Electrical Equipment	6,271,218.68	-13%	0%	-13%	15-L0.5	17.1	5.83%	-10%	0%	-10%	28-R0.5	18.8	
311.20	Electric Pumping Eq.	7,356,651.88	-15%	0%	-15%	15-L0.5	17.1	5.84%	-10%	0%	-10%	28-R0.5	21.8	
311.30	Other Pumping Eq.	2,218.25	0%	0%	0%	N/A	15.0	6.67%	0%	0%	0%	30-R3	29.5	
311.40	Booster Pumping Eq	77,309.71	0%	0%	0%	N/A	46.0	2.22%	0%	0%	0%	30-R3	29.5	
Total Pumping Plant														
		14,143,957.80												
Water Treatment Plant														
304.30	WT Structures & Improvements	9,287,585.76	-15%	0%	-15%	35-R0.5	36.0	2.77%	-10%	0%	-10%	45-R3	35.5	
320.30	Water Treatment Equipment	6,192,043.01	0%	0%	0%	15-R3	24.4	4.10%	-10%	0%	-10%	28-R2.5	18.4	
Total Water Treatment Plant														
		15,479,628.77												
Transmission & Distribution Plant														
304.40	T & D Structures & Improvements	26,427.71	0%	0%	0%	N/A	33.0	3.03%	0%	0%	0%	40-R3	36.5	
330.40	Distr. Reservoirs & Standpipes	14,607,484.97	-15%	0%	-15%	50-R3	50.7	1.97%	-15%	0%	-15%	40-R2	29.1	
Total Trans. & Distr. Mains														
		47,129,984.60	-40%	0%	-40%	85-R2	107.8	0.93%	-30%	0%	-30%	70-R3	48.5	
Water Lines														
333.40	Services	355,317.55	-100%	0%	-100%	45-R3	56.8	1.76%	-100%	0%	-100%	40-R2.5	30.7	
334.40	Meters	5,149,213.31	0%	0%	0%	20-R3	19.9	5.01%	0%	0%	0%	20-R3	16.5	
335.40	Hydrants	388,453.09	-25%	0%	-25%	50-R3	34.0	2.94%	-20%	0%	-20%	40-R3	27.4	
339.20	Other Plant & Equipment	13,414.68	0%	0%	0%	N/A	17.8	5.61%	0%	0%	0%	25-R3	22.6	
Total Trans & Distr Plant														
		67,670,395.91												
General Plant														
304.50	Admin & Gen Structures & Improvements	2,103,219.02	-10%	0%	-10%	35-R3	52.8	1.89%	-10%	0%	-10%	35-R3	21.1	
Total Structures & Improvements														
		2,103,219.02												

Monarch Utilities I, LP
All Water Systems

Table 5

Summary of Original Cost of Utility Plant in Service as of December 31, 2014 and Present and Proposed Parameters

NARUC Account No.	Description	Original Cost 12-31-14	Present Parameters					Proposed Parameters					
			Net Salvage %	Gross Salv %	Gross COR %	ASL Surv Curve	Implicit ASL	Depr. Rates	Net Salvage %	Salvage Gross Salv %	Gross COR %	ASL Surv Curve	Average Remaining Life
340.50	Office Furniture & Equipment	897,039.14	0%	0%	0%	5-R3	20.8	4.82%	0%	0%	0%	12-R2.5	4.6
	Total Office Furniture & Equipment	897,039.14											
341.50	Transportation Equipment	958,358.47	0%	0%	0%	N/A	4.8	20.64%	15%	0%	3-R3	6.2	
344.50	Laboratory Equipment	105,561.80	0%	0%	0%	15-R3	46.4	2.16%	0%	0%	15-R3	4.9	
345.50	Power Operated Equipment	220,731.49	0%	0%	0%	15-R3	83.6	1.20%	15%	0%	15-R3	8.8	
346.50	Communication Equipment	481,514.72	0%	0%	0%	20-R3	19.1	5.23%	0%	0%	15-R3	9.4	
347.50	Tools, Shop & Garage Equipment	214,264.75	0%	0%	0%	15-R3	22.5	4.44%	0%	0%	15-R3	11.3	
	Total General Plant	4,980,589.39											
	TOTAL DEPRECIABLE PLANT	117,599,799.09											
	NON-DEPRECIABLE PLANT												
301.00	Organization	0.00											
302.00	Franchises And Consents	0.00											
303.00	Miscellaneous Intangible Plant	0.00											
303.20	Land & Land Rights	0.00											
303.30	Land & Land Rights	0.00											
303.40	Land & Land Rights	0.00											
303.50	Land & Land Rights	1,641,883.14											
303.60	Land & Land Rights	0.00											
	TOTAL NON-DEPRECIABLE PLANT	1,641,883.14											
	TOTAL PLANT IN SERVICE	119,241,682.23											

Monarch Utilities I, LP
All Water Systems

Table 1

Summary of Original Cost of Utility Plant in Service of December 31, 2014
and Related Annual Depreciation Expense Under Present and Proposed Rates

NAIUC Account No.	Description	Original Cost 12-31-14	Percent Rates	Annual Account	Proposed Rates			Proposed Rates			Total Proposed Rates	Annual Account	Net Change Dep. Exp.
					Rate %	Annual Account	Rate %	Annual Account	Rate %	Annual Account			
DEPRECIABLE PLANT													
Source of Supply													
307 20	Water & Services	15,325,217.42	2.27%	347,755.94	2.00%	308,504.35	0.00%	0.00	0.71%	108,809.04	2.71%	415,313.39	67,557.45
	Total Source of Supply Plant												
Pumping Plant													
304 20	Pumping Structures & Improvements	409,780.58	3.12%	12,774.25	2.33%	9,547.89	0.00%	0.00	0.29%	1,189.36	2.82%	10,730.25	(2,038.00)
305 20	Other Plant & Equipment	26,780.00	2.00%	532.61	5.37%	1,428.11	0.00%	0.00	0.00%	0.00	5.37%	1,428.11	902.50
310 20	Electrical Equipment	6,271,216.68	5.63%	365,763.94	2.00%	125,424.33	0.00%	0.00	0.53%	33,237.45	2.53%	158,661.78	(207,162.16)
311 20	Electric Pumping Eq	7,356,651.88	5.64%	429,563.74	2.72%	200,100.53	0.00%	0.00	0.46%	33,640.80	3.18%	233,941.53	(195,822.21)
311 30	Other Pumping Eq	2,218,25	6.67%	147,88	3.28%	72.76	0.00%	0.00	0.00%	0.00	3.28%	72.76	(75.12)
311 40	Booster Pumping Eq	77,309.71	2.22%	1,718.00	3.35%	2,589.88	0.00%	0.00	0.00%	0.00	3.35%	2,589.88	871.88
	Total Pumping Plant	14,143,957.80	5.73%	810,503.42	2.49%	338,173.90	0.00%	0.00	0.49%	68,266.41	2.88%	407,440.31	(403,063.11)
Water Treatment Plant													
304 30	WT Structures & Improvements	9,287,585.76	2.77%	257,690.80	1.89%	175,535.37	0.00%	0.00	0.28%	24,005.24	2.17%	201,540.61	(58,150.19)
330 30	Water Treatment Equipment	6,192,043.01	4.10%	254,068.53	2.09%	128,413.70	0.00%	0.00	0.54%	33,437.63	2.63%	182,850.73	(101,217.80)
	Total Water Treatment Plant	15,479,628.77	3.31%	511,759.33	1.97%	304,948.07	0.00%	0.00	0.38%	59,442.87	2.35%	384,391.34	(147,367.99)
Transmission & Distribution Plant													
304 40	T & D Structures & Improvements	26,427.71	3.02%	800.84	2.51%	863.34	0.00%	0.00	0.00%	0.00	2.51%	863.34	(137.50)
330 40	Dist. Reservoirs & Standpipes	14,607,494.07	1.97%	288,033.17	2.55%	372,491.12	0.00%	0.00	0.42%	75,998.97	3.07%	448,490.10	160,414.83
331 40	Water Lines	47,129,984.80	0.63%	437,972.61	1.23%	578,898.81	0.00%	0.00	0.62%	282,205.90	1.85%	871,904.72	434,532.11
	Total Trans & Dist Plant	47,129,984.80	0.63%	437,972.61	1.23%	578,898.81	0.00%	0.00	0.62%	282,205.90	1.85%	871,904.72	434,532.11
Services													
333 40	Services	355,317.55	1.76%	6,250.89	2.13%	7,568.26	0.00%	0.00	3.26%	11,563.35	5.39%	19,151.62	12,894.74
334 40	Meters	5,149,213.31	5.01%	258,106.30	5.77%	297,109.61	0.00%	0.00	0.00%	0.00	5.77%	297,109.61	38,943.31
335 40	Hydrants	388,453.08	2.84%	11,415.51	2.52%	9,789.02	0.00%	0.00	0.00%	0.00	2.52%	9,789.02	(1,626.49)
339 20	Other Plant & Equipment	13,414.68	5.81%	752.78	3.75%	503.05	0.00%	0.00	0.00%	0.00	3.75%	503.05	(249.73)
	Total Trans & Dist Plant	67,870,365.91	1.49%	1,002,800.09	1.87%	1,267,223.21	0.00%	0.00	0.56%	379,748.22	2.43%	1,647,571.46	644,771.37
General Plant													
304 50	Adm. & Gen. Structures & Improvements	2,103,219.02	1.89%	39,631.63	2.07%	43,536.63	0.00%	0.00	0.47%	8,865.13	2.54%	53,421.76	13,590.13
	Total Structures & Improvements	2,103,219.02	1.89%	39,631.63	2.07%	43,536.63	0.00%	0.00	0.47%	8,865.13	2.54%	53,421.76	13,590.13
340 50	Office Furniture & Equipment	887,039.14	1.82%	43,199.62	1.48%	13,276.18	0.00%	0.00	0.00%	0.00	1.48%	13,276.18	(29,923.44)
	Total Office Furniture & Equipment	887,039.14	1.82%	43,199.62	1.48%	13,276.18	0.00%	0.00	0.00%	0.00	1.48%	13,276.18	(29,923.44)
341 50	Transportation Equipment	858,358.47	20.64%	197,840.02	9.86%	94,404.15	-2.42%	(23,192.27)	0.00%	0.00	7.44%	71,301.87	(128,538.15)
344 50	Laboratory Equipment	105,561.80	2.16%	2,276.10	4.75%	5,024.74	0.00%	0.00	0.00%	0.00	4.75%	5,024.74	2,748.64
345 50	Power Operated Equipment	220,731.49	1.20%	2,841.35	1.58%	3,443.41	-1.70%	(3,752.44)	0.00%	0.00	-0.14%	(309.02)	(2,890.37)
346 50	Communication Equipment	481,514.72	5.23%	25,175.15	7.5%	37,317.39	0.00%	0.00	0.00%	0.00	7.5%	37,317.39	12,142.24
347 50	Tools Shop & Garage Equipment	214,264.75	4.44%	9,519.02	4.34%	9,289.09	0.00%	0.00	0.00%	0.00	4.34%	9,289.09	(218.65)
	Total General Plant	4,980,889.39	6.43%	320,482.69	4.14%	208,391.59	-0.54%	(28,944.71)	0.20%	9,885.13	3.80%	189,302.01	(131,150.89)
	TOTAL DEPRECIABLE PLANT	117,588,789.09	2.55%	2,993,301.68	2.04%	2,424,842.12	-0.02%	(28,944.71)	0.53%	826,151.07	2.57%	3,024,048.51	30,748.83

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Monarch Utilities I, LP
All Wastewater Systems

Table 1

Summary of Original Cost of Utility Plant in Service as of December 31, 2014
and Related Annual Depreciation Expense Under Present and Proposed Rates

Account No.	Description	Original Cost	Rate %	Proposed Rates		Proposed Rates		Proposed Rates		Proposed Rates		Net Change
				Annual	Rate %	Annual	Rate %	Annual	Rate %	Annual	Rate %	
DEPRECIABLE PLANT												
Collection Plant												
354 20	Structures & Improvements - Collection	3,598,056.87	2.79%	99,424.47	2.79%	99,548.67	0.00%	0.00	0.18%	6,422.51	2.97%	6,546.91
354 40	Structures & Improvements - Collection	50,308.07	4.00%	2,012.24	2.81%	1,413.60	0.00%	0.00	0.15%	75.46	2.95%	(1,523.18)
360 20	Sewer Lifts	2,623,122.80	1.66%	43,435.71	1.34%	35,448.65	0.00%	0.00	0.09%	2,360.81	1.43%	(6,975.05)
361 20	Sewer-Gravity	5,586,381.44	1.30%	72,821.05	1.29%	72,064.06	0.00%	0.00	0.12%	6,703.83	1.11%	5,946.85
362 20	Chimney & Manholes	1,707,777.11	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
363 20	Service Connections	23,116.94	2.43%	562.33	4.12%	652.42	0.00%	0.00	0.00%	0.00	4.12%	360.09
364 20	Flow Meters	60,118.55	1.11%	2,469.96	3.93%	2,362.58	0.00%	0.00	0.00%	0.00	3.83%	(106.38)
	Total Collection Plant	12,001,810.87	1.63%	220,724.77	1.75%	211,491.38	0.00%	0.00	0.13%	15,562.71	1.80%	6,320.03
Pumping Equipment												
355 20	Electrical Equipment	1,763,392.57	3.96%	70,562.74	4.01%	71,514.04	0.00%	0.00	0.00%	0.00	4.01%	951.30
370 20	Motors	766,401.73	1.89%	15,705.63	1.99%	15,689.16	0.00%	0.00	0.00%	0.00	1.99%	(16.84)
371 30	Lift Station Pumps	706,957.42	2.59%	18,307.09	4.18%	29,550.82	0.00%	0.00	0.00%	0.00	4.18%	11,243.73
	Total Pumping Equipment	3,276,751.72	2.19%	104,575.86	3.56%	116,754.02	0.00%	0.00	0.00%	0.00	3.56%	12,178.19
Treatment & Disposal Equipment												
380 40	Treatment & Disposal Equipment	3,578,150.05	4.00%	143,144.31	1.00%	143,126.00	0.00%	0.00	0.24%	8,597.56	4.24%	8,569.26
381 40	Treatment & Disposal Equipment	2,878,295.31	2.87%	82,577.81	3.51%	101,028.17	0.00%	0.00	0.34%	9,786.20	3.65%	29,239.45
	Total Treatment Plant	6,456,445.36	3.50%	225,722.22	3.78%	244,154.17	0.00%	0.00	0.29%	18,373.76	4.07%	36,806.71
General Plant												
382 10	Office Furniture & Equipment	109,202.95	2.59%	2,797.19	2.61%	2,650.20	0.00%	0.00	0.00%	0.00	2.61%	53.01
385 20	Power Operated Equipment	226,898.48	6.59%	15,657.14	2.31%	5,241.35	1.70%	(3,857.27)	0.00%	0.00	0.00%	(14,473.08)
395 20	Communication Equipment	60,940.38	5.95%	3,083.15	5.03%	3,065.30	0.00%	0.00	0.00%	0.00	5.03%	1,712.65
397 20	Miscellaneous Equipment	2,563.21	2.57%	60.83	1.03%	65.24	0.00%	0.00	0.00%	0.00	4.03%	34.41
	Total General Plant	399,405.02	5.60%	21,798.31	2.82%	11,252.09	0.00%	(3,857.27)	0.00%	0.00	1.62%	(14,423.49)
TOTAL DEPRECIABLE PLANT												
		22,216,412.87	2.58%	572,821.16	2.63%	583,651.09	0.00%	(3,857.27)	0.15%	33,936.17	2.75%	40,909.44
303 50	Land & Land Rights	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
353 40	Land & Land Rights	24,053.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
	Total Plant in Service	22,240,505.87	2.58%	572,821.16	2.63%	583,651.09	0.00%	(3,857.27)	0.15%	33,936.17	2.76%	40,909.44

Monarch Utilities I, LP
All Water Systems

Table 5

Summary of Original Cost of Utility Plant in Service as of December 31, 2014 and Present and Proposed Parameters

NARUC Account No.	Description (b)	Original Cost (c)	Present Parameters					Proposed Parameters					
			Monarch Utilities Inc. Net Salvage % (d)	Gross Salv % (e)	Gross COR % (f)	ASL Surv Curve (g)	Imprcl ASL (h)	Depn. Rates (i)	Net Salvage % (j)	Gross Salv % (k)	Gross COR % (l)	ASL Surv Curve (m)	Average Remaining Life (n)
343 50	Office Furniture & Equipment Total Office Furniture & Equipment	897 039 14 897 039 14	0%	0%	0%	5-R3	20 8	4.82%	0%	0%	0%	12-R2 5	4.6
341 50	Transportation Equipment	958 358 47	0%	0%	0%	N/A	4.8	20.64%	15%	15%	0%	18-R3	6.2
344 50	Laboratory Equipment	105 561 80	0%	0%	0%	15-R3	46.4	2.16%	0%	0%	0%	15-R3	4.9
345 50	Power Operated Equipment	220 731 49	0%	0%	0%	15-R3	83.6	1.20%	15%	15%	0%	15-R3	8.8
346 50	Communication Equipment	481 514 72	0%	0%	0%	20-R3	19.1	5.23%	0%	0%	0%	15-R3	9.4
347 50	Tools Shop & Garage Equipment Total General Plant	214 264 75 4,980,689 38	0%	0%	0%	15-R3	22.5	4.44%	0%	0%	0%	18-R2	11.3
TOTAL DEPRECIABLE PLANT		117 599 799 09											
NON-DEPRECIABLE PLANT													
301 00	Organization	0 00											
302 00	Franchises And Consents	0 00											
303 00	Miscellaneous Intang Mfg Plant	0 00											
303 20	Land & Land Rights	0 00											
303 30	Land & Land Rights	0 00											
303 40	Land & Land Rights	0 00											
303 50	Land & Land Rights	1,641,883.14											
303 60	Land & Land Rights	0 00											
TOTAL NON-DEPRECIABLE PLANT		1,641,883.14											
TOTAL PLANT IN SERVICE		119,241,682.23											

Table 2 - COR

Monarch Utilities I, LP
All Water Systems

Summary of Original Cost of Utility Plant in Service and Calculation of Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of Book Depreciation Reserve and Average Remaining Lives as of December 31, 2014

MAR/UC Account No. (to)	Description	Original Cost (a)	Estimated % Net Salvage (b)	Estimated Future Salvage Amount (c)	Original Cost Less Salvage (d)	Book Depreciation Reserve (e)	Net Original Cost Less Salvage (f)	A.S. Survivor Curve (g)	Average Remaining Life (h)	Annual Depreciation (i)	Annual Depreciation Rate (j)	
												Original Cost
DEPRECIABLE PLANT												
Source of Supply												
307 20	Wells & Springs	15,325,217.42	-25%	(3,831,304.36)	19,156,521.78	0.00	3,831,304.36	45-R0.5	35.1	109,153.97	0.71%	
<i>Total Source of Supply Plan</i>												
		15,325,217.42	-25%	(3,831,304.36)	19,156,521.78	0.00	3,831,304.36	45-R0.5	35.1	109,153.97	0.71%	
Pumping Plant												
304 20	Pumping Structures & Improvements	409,780.58	-10%	(40,978.06)	450,758.64	0.00	40,978.06	40-R3	34.6	1,184.34	0.29%	
309 20	Other Plant & Equipment	26,780.50	0%	0.00	26,780.50	0.00	0.00	20-R3	17.9	0.00	0.00%	
310 20	Electrical Equipment	6,221,216.68	-10%	(622,121.67)	8,898,338.35	0.00	622,121.67	28-R0.5	18.8	33,357.54	0.53%	
311 20	Electric Pumping Eq	7,336,631.88	-10%	(733,663.19)	8,092,317.07	0.00	733,663.19	28-R0.5	21.8	33,748.11	0.46%	
311 30	Other Pumping Eq	2,218.25	0%	0.00	2,218.25	0.00	0.00	30-R3	29.5	0.00	0.00%	
311 40	Boos - Pumping Eq	77,309.71	0%	0.00	77,309.71	0.00	0.00	30-R3	29.5	0.00	0.00%	
<i>Total Pumping Plant</i>												
		14,143,957.60	-10%	(1,403,784.92)	15,547,722.52	0.00	1,403,784.92	30-R3	29.5	68,287.98	0.48%	
Water Treatment Plant												
304 30	WT Structures & Improvements	9,287,585.76	-10%	(928,758.58)	10,216,344.34	0.00	928,758.58	45-R3	35.5	28,182.21	0.28%	
320 30	Water Treatment Equipment	6,182,043.31	-10%	(618,204.30)	6,811,247.31	0.00	618,204.30	28-R2.5	18.4	33,652.41	0.54%	
<i>Total Water Treatment Plant</i>												
		15,479,629.07	-10%	(1,547,962.88)	17,027,591.95	0.00	1,547,962.88	28-R2.5	18.4	59,814.82	0.39%	
Transmission & Distribution Plant												
304 40	T & D Structures & Improvements	29,427.71	0%	0.00	29,427.71	0.00	0.00	40-R3	38.5	0.00	0.00%	
330 40	Dist Reservoirs & Standpipes	14,607,484.97	-15%	(2,191,124.25)	16,798,619.22	0.00	2,191,124.25	40-R2	29.1	75,296.37	0.52%	
<i>Total Transmission & Distribution Plant</i>												
		14,636,912.68	-15%	(2,191,124.25)	16,828,036.93	0.00	2,191,124.25	40-R2	29.1	75,296.37	0.52%	
Water Lines												
331 40	Water Lines - Mains	47,129,984.60	-30%	(14,138,995.38)	61,268,979.98	0.00	14,138,995.38	70-R3	48.5	291,523.88	0.62%	
<i>Total Water Lines</i>												
		47,129,984.60	-30%	(14,138,995.38)	61,268,979.98	0.00	14,138,995.38	70-R3	48.5	291,523.88	0.62%	
Services												
333 40	Meters	355,317.55	-100%	(355,317.55)	710,635.10	0.00	355,317.55	40-R2.5	30.7	11,573.86	3.28%	
334 40	Hydrant	5,149,213.31	0%	0.00	5,149,213.31	0.00	0.00	20-R3	18.5	0.00	0.00%	
335 40	Other Plant & Equipment	388,453.09	-20%	(77,690.62)	466,143.71	0.00	77,690.62	40-R3	27.4	2,835.42	0.00%	
339 20	Other Plant & Equipment	13,414.66	0%	0.00	13,414.68	0.00	0.00	25-R3	22.6	0.00	0.00%	
<i>Total Services & Dist Plant</i>												
		67,670,305.91	-25%	(16,763,127.80)	84,433,433.71	0.00	16,763,127.80	25-R3	381.23	33	0.56%	
Garage Plant												
304 50	Adm & Gen Structures & Improvements	2,103,219.02	-10%	(210,321.90)	2,313,540.92	0.00	210,321.90	35-R3	21.1	9,967.86	0.47%	
<i>Total Garage Plant</i>												
		2,103,219.02	-10%	(210,321.90)	2,313,540.92	0.00	210,321.90	35-R3	21.1	9,967.86	0.47%	
Office Furniture & Equipment												
340 50	Office Furniture & Equipment	897,039.14	0%	0.00	897,039.14	0.00	0.00	12-R2.5	4.6	0.00	0.00%	
<i>Total Office Furniture & Equipment</i>												
		897,039.14	0%	0.00	897,039.14	0.00	0.00	12-R2.5	4.6	0.00	0.00%	
Transportation Equipment												
341 50	Transportation Equipment	958,358.47	0%	0.00	958,358.47	0.00	0.00	8-R3	6.2	0.00	0.00%	
344 50	Laboratory Equipment	105,561.80	0%	0.00	105,561.80	0.00	0.00	15-R3	4.9	0.00	0.00%	
345 50	Power Operated Equipment	220,731.48	0%	0.00	220,731.48	0.00	0.00	15-R3	8.8	0.00	0.00%	
348 50	Communication Equipment	481,514.72	0%	0.00	481,514.72	0.00	0.00	15-R3	8.4	0.00	0.00%	
347 50	Tools, Shop & Garage Equipment	214,264.75	0%	0.00	214,264.75	0.00	0.00	18-R2	11.3	0.00	0.00%	
<i>Total General Plant</i>												
		4,980,689.39	-4%	(210,321.90)	5,191,011.29	0.00	210,321.90	18-R2	11.3	9,967.86	0.20%	
TOTAL DEPRECIABLE PLANT												
		117,599,759.09	-20%	(23,758,481.86)	141,358,240.95	0.00	23,758,481.86			628,455.77	0.02	

11-E-14-133

2-11

C/D

C-E

E-S

V/K

Monarch Utilities I, LP
All Wastewater Systems

Table 5

Summary of Original Cost of Utility Plant in Service
as of December 31, 2014 and
Present and Proposed Parameters

Account No.	Description	Original Cost	Present Depreciation Parameters					Proposed Parameters					
			W/COR %	Gross Salv %	Gross COR %	ASL Surv Curve	Implicit ASL	Depr Rate	W/COR %	Gross Salv %	Gross COR %	ASL Surv Curve	Average Remaining Life
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
DEPRECIABLE PLANT													
Collection Plant													
354 20	Structures & Improvements - Collection	3,588,059.87	-5%	0%	-5%	35-R3	35.9	2.79%	-5%	0%	-5%	35-R3	28.2
354 40	Structures & Improvements - Collection	50,306.07	-5%	0%	-5%	35-R3	25.0	4.00%	-5%	0%	-5%	35-R3	33.5
360 20	Sewers Lines	2,623,122.89	-15%	0%	-15%	65-R3	60.4	1.66%	-5%	0%	-5%	65-R3	57.5
361 20	Sewers-Gravity	5,586,361.44	-15%	0%	-15%	65-R3	76.7	1.30%	-5%	0%	-5%	65-R3	42.2
362 20	Clarifiers & Media	170,727.11	0%	0%	0%	5-R3	N/A	0.00%	0%	0%	10-R3	2.6	
363 20	Service Connections	23,116.94	-15%	0%	-15%	25-R3	41.1	2.43%	0%	0%	25-R3	23.6	
364 20	Flow Meters	80,116.55	0%	0%	0%	25-R3	24.3	4.11%	0%	0%	25-R3	19.4	
	Total Collection Plant	12,081,810.87											
Pumping Equipment													
355 20	Electrical Equipment	1,783,392.57	0%	0%	0%	25-R3	25.3	3.96%	0%	0%	0%	25-R3	19.3
370 30	Manholes	788,401.73	0%	0%	0%	50-R4	50.2	1.99%	0%	0%	0%	50-R4	32.0
371 30	Lift Station Pumps	706,957.42	0%	0%	0%	25-R3	38.8	2.59%	0%	0%	0%	20-R3	11.5
	Total Pumping Equipment	3,278,751.72											
Treatment & Disposal Equipment													
380 40	Treatment & Disposal Equipment	3,578,150.05	-12%	0%	-12%	25-R3	25.0	4.00%	-5%	0%	-5%	25-R2.5	21.0
381 40	Treatment & Disposal Equipment	2,878,295.31	-12%	0%	-12%	25-R3	34.9	2.87%	-5%	0%	-5%	30-R3	14.7
	Total Treatment Plant	6,456,445.36											
General Plant													
390 10	Office Furniture & Equipment	109,202.95	0%	0%	0%	15-R3	39.0	2.56%	0%	0%	0%	15-R3	10.7
395 70	Power Operated Equipment	226,898.48	0%	0%	0%	15-R3	14.3	6.99%	15%	0%	0%	15-R3	8.6
396 70	Communication Equipment	60,940.38	0%	0%	0%	20-R3	19.8	5.06%	0%	0%	0%	20-R3	14.0
397 70	Miscellaneous Equipment	2,363.21	0%	0%	0%	25-R3	38.8	2.57%	0%	0%	0%	25-R3	22.6
	Total General Plant	399,405.02											
	TOTAL DEPRECIABLE PLANT	22,216,412.97											
303 50	Land & Land Rights	0.00											
353 40	Land & Land Rights	24,093.00											
	Total Plant in Service	22,240,505.97											

11-14-29

Monarch Utilities I, LP
All Water Systems

Table 5

Summary of Original Cost of Utility Plant in Service as of December 31, 2014 and Present and Proposed Parameters

NARUC Account No. (a)	Description (c)	Original Cost (e)	Present Parameters			Proposed Parameters			ASL / Average Remaining Life (m)				
			Net Salvage % (d)	Gross Salv % (e)	Gross COR % (f)	ASL Surv Curve (g)	Implicit ASL (h)	Depr Rates (i)		Net Salvage % (j)	Gross Salv % (k)	Gross COR % (l)	ASL / Average Remaining Life (m)
DEPRECIABLE PLANT													
Source of Supply													
307 20	Wells & Springs	15,325,217,422	-25%	0%	-25%	46-03	44.1	2.27%	-25%	0%	-25%	45-R0 5	35.1
Total Source of Supply Plant		15,325,217,422	-25%	0%	-25%				-25%	0%	-25%		
Pumping Plant													
304 20	Pumping Structures & Improvements	409,780.58	-10%	0%	-10%	40-R3	32.1	3.12%	-10%	0%	-10%	40-R3	34.6
309 20	Other Plant & Equipment	26,780.50	0%	0%	0%	N/A	50.0	2.00%	0%	0%	0%	20-R3	17.9
310 20	Electrical Equipment	6,271,216.68	-13%	0%	-13%	15-L0 5	17.1	5.83%	-10%	0%	-10%	26-R0 5	18.8
311 20	Electric Pumping Eq.	7,356,651.88	-15%	0%	-15%	15-L0.5	17.1	5.84%	-10%	0%	-10%	26-R0 5	2.8
311 30	Other Pumping Eq.	2,218.25	0%	0%	0%	N/A	15.0	6.67%	0%	0%	0%	30-R3	29.5
311 40	Booster Pumping Eq.	77,309.71	0%	0%	0%	N/A	45.0	2.22%	0%	0%	0%	30-R3	29.5
Total Pumping Plant		14,143,957.60	0%	0%	0%				0%	0%	0%		
Water Treatment Plant													
304 30	WT Structures & Improvements	9,287,585.78	-15%	0%	-15%	33-R0 5	36.0	2.77%	-10%	0%	-10%	45-R3	31.5
320 30	Water Treatment Equipment	5,192,043.01	0%	0%	0%	15-R3	24.4	4.10%	-10%	0%	-10%	28-R2 5	18.4
Total Water Treatment Plant		15,479,628.77	0%	0%	0%				-10%	0%	-10%		
Transmission & Distribution Plant													
304 40	T & D Structures & Improvements	26,427.71	0%	0%	0%	N/A	33.0	3.03%	0%	0%	0%	40-R3	38.5
330 40	Distr Reservoirs & Standpipes	14,607,494.97	-15%	0%	-15%	50-R3	50.7	1.97%	-15%	0%	-15%	40-R2	29.1
331 40	Water Lines	47,129,984.60	-40%	0%	-40%	85-R2	107.8	0.93%	30%	0%	30%	71-R3	48.5
Total Trans & Distr Plants		47,129,984.60	-40%	0%	-40%				30%	0%	30%		
Services													
333 40	Meters	355,317.55	-100%	0%	-100%	45-R3	56.8	1.76%	-100%	0%	-100%	40-R2 5	30.7
334 40	Hydrants	5,149,213.31	0%	0%	0%	20-R3	19.9	5.01%	0%	0%	0%	20-R3	16.5
335 40	Other Plant & Equipment	388,453.09	-25%	0%	-25%	50-R3	34.0	2.94%	-20%	0%	-20%	40-R3	27.4
339 20	Total Trans & Distr Plant	67,670,305.91	0%	0%	0%	N/A	17.8	5.61%	0%	0%	0%	25-R3	22.6
General Plant													
304 50	Admin & Gen Structures & Improvements	2,103,219.02	-10%	0%	-10%	35-R3	52.8	1.69%	-10%	0%	-10%	35-R3	21.1
Total Structures & Improvements		2,103,219.02	-10%	0%	-10%				-10%	0%	-10%		

** Adjusted Parameters - but did not change*

11-14-13

ACCOUNT – 360.20 Sewer Lines

Historical Experience

Plant Statistics Plant Balance = \$2,623,123
Average Age of Survivors = 7.69 years
Original Gross Additions = \$2,627,459
Oldest Surviving Vintage = 1997
Retirements = \$4,336 or .2% of historical additions.
Average Age of Retirements = 6.7 years

Experience Band Est. 65-R3

Historical Net Salvage: N/A

Plant Considerations/Future Expectations

The Company's Mains investment, for the most part, is related to relatively small diameter Mains of PVC pipe. For example, approximately 50 percent of the Mains footages are 3 Inch and smaller diameter, and more than 60 percent of the Mains are of 4 Inch or smaller diameter. As increased demands are placed on the systems, there is an increased probability of the recent experienced property changes continuing and even increasing to higher levels. Furthermore many, if not most, of the Mains are PVC Class 200 pipe which may be susceptible to increasing levels of replacement, as compared to other more robust facilities, as the pipe continues to age.

Life Analysis Method: Retirement Rate Analysis plus Industry Survey & Professional Judgment

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 65-R3
Net Salvage: .15%

Proposed Depreciation Parameters

ASL/Curve: 65-R3
Future Net Salvage: -5 %

	<i>New Rate @ New Parameters</i>	<i>Old Rate @ Old Parameters</i>
Rate	1.43 %	1.66 %
Avg. Remaining Life	57.5 years	N/A

Monarch Utilities I, LP

All Water Systems

Study Analysis Results & Recommendations

ACCOUNT – 304.20 Pumping Structures & Improvements

Historical Experience

Plant Statistics Plant Balance = \$409,781
Average Age of Survivors = 5.60 years
Original Gross Additions = \$416,428
Oldest Surviving vintage = 1986
Retirements = \$6,648 or 1.6% of historical additions.
Average Age of Retirements = 14.5 years

Experience Band 2008-2014 40-R3

Historical Net Salvage: N/A

Plant Considerations/Future Expectations

The investments in this property account are related to limited structures and/or appurtenant facilities located at the Company's well and booster pumping sites. The applicable structures are routinely of smaller to moderate size routinely of metal construction. Ongoing upgrades, related to the building components such as heating, roof coverings, doors, windows, etc. may be required in future years.

Life Analysis Method: Industry Survey & Professional Judgment

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 40-R3

Net Salvage: -10%

Proposed Depreciation Parameters

ASL/Curve: 40-R3

Future Net Salvage: -10%

ACCOUNT – 307.20 Wells & Springs

Historical Experience

Plant Statistics Plant Balance = \$15,325,217
Average Age of Survivors = 16.57 years
Original Gross Additions = \$16,636,163
Oldest Surviving Vintage = 1954
Retirements = \$1,310,946 or 7.9% of historical additions.
Average Age of Retirements = 17.4 years

Experience Band 2008-2014 45-R0.5

Historical Net Salvage: N/A

Plant Considerations/Future Expectations

The Company has more than 200 wells, of which approximately 180 wells are currently active, located throughout its operating territory. The Company monitors its wells both for water quality and capacity. To the extent changes occur, the Company takes appropriate action to correct any known issues. While the wells are maintained to be able to operate when required, the longer term usefulness of such Wells can be impacted by a variety of factors.

Life Analysis Method: Retirement Rate Analysis

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 46-03

Net Salvage: -25%

Keep Same

Proposed Depreciation Parameters

ASL/Curve: 45-R0.5

Future Net Salvage: -25%

Industry Average 43
Industry Average 25

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.71%	2.27%
Av. Remaining Life	35.1 years	N/A

ACCOUNT – 304.30 Water Treatment Structures & Improvements

Historical Experience

Plant Statistics Plant Balance = \$9,287,586
Average Age of Survivors = 10.15 years
Original Gross Additions = \$9,418,331
Oldest Surviving vintage = 1962
Retirements = \$130,745 or 1.4% of historical additions.
Average Age of Retirements – 11.5 years

Experience Band 2005-2014 45-R3

Historical Net Salvage: N/A

Plant Considerations/Future Expectations

The investments in this property account are related to structures used to house treatment equipment and/or appurtenant facilities located at the various sites. Upgrades related to the building components such as heating, roof coverings, doors, windows, etc. may be required in future years.

Life Analysis Method: Retirement Rate Analysis plus Industry Survey & Professional Judgment

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 33-R0.5

Net Salvage: 15%

Proposed Depreciation Parameters

ASL/Curve: 45-R3

Future Net Salvage: 0%

Industry Average 40
Industry Average -7

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.17%	2.77%
Av. Remaining Life	35.5 years	N/A

ACCOUNT – 311.20 Electric Pumping Equipment

Historical Experience

Plant Statistics Plant Balance = \$7,356,652
Average Age of Survivors = 6.98 years
Original Gross Additions = \$8,879,912
Oldest Surviving Vintage = 2005
Retirements = \$1,523,260, or 17.2% of historical additions.
Average Age of Retirements = 10.0 years

Experience Band 2008-2014 26-R0.5

Historical Net Salvage: N/A

Plant Considerations/Future Expectations

The Company's electric pumping equipment contains a wide range of sizes and types of property from submersible well pumps to smaller centrifugal booster pumps. The medium to smaller size pumps, which comprise the larger portion of facilities, experience greater levels of changes due to changes in flow requirements as well as normal operational wear and tear. Given the integrated nature of the property and mixture of various components between two property groups, the analysis was performed on Accounts 310.20 and 311.20 on a combined basis.

Life Analysis Method: Retirement Rate Analysis

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 15-L0.5

Net Salvage: -15%

Proposed Depreciation Parameters

ASL/Curve: 26-R0.5 *Industry Average* 27
Future Net Salvage: -10% *Industry Average* -10

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.18%	5.84%
Av. Remaining Life	21.8 years	N/A

(ASL – Average Service Life; NS – Net Salvage; FTA – Fit to Age; N/A – Not Available, Not Applicable)

ACCOUNT – 310.20 Electrical Equipment

Historical Experience

Plant Statistics Plant Balance = \$6,271,217
Average Age of Survivors = 12.26 years
Original Gross Additions \$6,546,448
Oldest Surviving Vintage: 1970
Retirements = \$275,232, or 4.2% of historical additions.
Average Age of Retirements 15.7 years

Experience Band 2008-2014 26-R0.5

Historical Net Salvage: N/A

Plant Considerations/Future Expectations

This equipment category includes the Company's investment in electric panels and control equipment used to operate the Company's electric pumping equipment. Given the integrated nature of the property and mixture of various components between two property groups, the analysis was performed on Accounts 310.20 and 311.20 on a combined basis.

Life Analysis Method: Retirement Rate Analysis plus Industry Survey & Professional Judgment

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 15-L0.5

Net Salvage: -13%

Proposed Depreciation Parameters

ASL/Curve: 26-R0.5

Industry average NA

Future Net Salvage: -10%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.53%	5.83%
Av. Remaining Life	18.8 years	N/A

SUBCHAPTER E. RECORDS, REPORTS, INSPECTIONS, RATES, AND SERVICES

Sec. 13.131. RECORDS OF UTILITY; RATES, METHODS, AND ACCOUNTS.

(a) Every water and sewer utility shall keep and render to the regulatory authority in the manner and form prescribed by the utility commission uniform accounts of all business transacted. The utility commission may also prescribe forms of books, accounts, records, and memoranda to be kept by those utilities, including the books, accounts, records, and memoranda of the rendition of and capacity for service as well as the receipts and expenditures of money, and any other forms, records, and memoranda that in the judgment of the utility commission may be necessary to carry out this chapter.

(b) In the case of a utility subject to regulation by a federal regulatory agency, compliance with the system of accounts prescribed for the particular class of utilities by that agency may be considered a sufficient compliance with the system prescribed by the utility commission. However, the utility commission may prescribe forms of books, accounts, records, and memoranda covering information in addition to that required by the federal agency. The system of accounts and the forms of books, accounts, records, and memoranda prescribed by the utility commission for a utility or class of utilities may not conflict or be inconsistent with the systems and forms established by a federal agency for that utility or class of utilities.

(c) The utility commission shall fix proper and adequate rates and methods of depreciation, amortization, or depletion of the several classes of property of each utility and shall require every utility to carry a proper and adequate depreciation account in accordance with those rates and methods and with any other rules the utility commission prescribes. Rules adopted under this subsection must require the book cost less net salvage of depreciable utility plant retired to be charged in its entirety to the accumulated depreciation account in a manner consistent with accounting treatment of regulated electric and gas utilities in this state. Those rates, methods, and accounts shall be utilized uniformly and consistently throughout the rate-setting and appeal proceedings.

(d) Every utility shall keep separate accounts to show all profits or losses resulting from the sale or lease of appliances, fixtures, equipment, or other merchandise. A profit or loss may not be taken into consideration by the regulatory authority in arriving at any rate to be charged for service by a utility to the extent that the merchandise is not integral to the provision of utility service.

(e) Every utility is required to keep and render its books, accounts, records, and memoranda accurately and faithfully in the manner and form prescribed by the utility commission and to comply with all directions of the regulatory authority relating to those books, accounts, records, and memoranda. The regulatory authority may require the examination and audit of all accounts.

(f) In determining the allocation of tax savings derived from application of methods such as liberalized depreciation and amortization and the investment tax credit, the regulatory authority shall equitably balance the interests of present and future customers and shall apportion those benefits between consumers and the utilities accordingly. If any portion of the investment tax credit has been retained by a utility, that amount shall be deducted from the original cost of the facilities or other addition to the rate base to which the credit applied to the extent allowed by the Internal Revenue Code.

(g) Repealed by Acts 1987, 70th Leg., R.S. ch. 539 (HB 1459), § 32, eff. Sept. 1, 1987.

(Added by Acts 1985, 69th Leg., R.S. ch. 795 (SB 249), § 3.005.) (Amended by Acts 1987, 70th Leg., R.S. ch. 539 (HB 1459), § 32; Acts 2009, 81st Leg., R.S. ch. 1242 (SB 2306), § 1 (amended subsec. (c)); Acts 2013, 83rd Leg., R.S. ch. 170 (HB 1600), § 2.22 (amended subsecs. (a), (b), (c), & (e)); Acts 2013, 83rd Leg., R.S. ch. 171 (SB 567), § 22 (amended subsecs. (a), (b), (c), & (e)).)

ACCOUNT – 331.40 Water Lines

Historical Experience

Plant Statistics Plant Balance = \$47,129,985
Average Age of Survivors = 22.98 years
Original Gross Additions = \$47,637,184
Oldest Surviving Vintage = 1954
Retirements = \$507,199 or 1.1% of historical additions.
Average Age of Retirements = 27.8years

Experience Band 2008-2014 70-R3

Historical Net Salvage: N/A

Plant Considerations/Future Expectations

This property group contains the Company's investment in Transmission and Distribution Mains. The average service life was changed in accordance with the life indication developed through an analysis of the Company's historical data and consideration of future expectations.

The Company's Mains investment is related to relatively small diameter Mains of PVC pipe. For example, more than 59 percent of the Mains footages are 3 Inch and smaller diameter, and more than 81 percent of the Mains are of 4 Inch or smaller diameter. As increased demands are place on the systems, as well as fire flow requirements, there is an increased probability of the recent experienced property changes continuing and even increasing to higher levels. Furthermore many, if not most, of the Mains are PVC Class 200 pipe as opposed to HDPE pipe that has a higher degree of long term and higher service demand capabilities.

Life Analysis Method: Retirement Rate Analysis plus Industry Survey & Professional Judgment

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 85-R2

Net Salvage: -40%

NO CHANGE

Proposed Depreciation Parameters

ASL/Curve: 70-R3

Future Net Salvage: -30%

Industry Average 70
Industry Average 33

	New Rate @ New Parameters	Old Rate @ Old Parameters
Rate	1.85%	0.93%
Av. Remaining Life	48.5 years	N/A

(ASL – Average Service Life; NS – Net Salvage; FTA – Fit to Age; N/A—Not Available, Not Applicable

ACCOUNT – 307.20 Wells & Springs

Historical Experience

Plant Statistics Plant Balance = \$15,325,217
Average Age of Survivors = 16.57 years
Original Gross Additions = \$16,636,163
Oldest Surviving Vintage = 1954
Retirements = \$1,310,946 or 7.9% of historical additions.
Average Age of Retirements = 17.4 years

Experience Band 2008-2014 45-R0.5

Historical Net Salvage: N/A

Plant Considerations/Future Expectations

The Company has more than 200 wells, of which approximately 180 wells are currently active, located throughout its operating territory. The Company monitors its wells both for water quality and capacity. To the extent changes occur, the Company takes appropriate action to correct any known issues. While the wells are maintained to be able to operate when required, the longer term usefulness of such Wells can be impacted by a variety of factors.

Life Analysis Method: Retirement Rate Analysis

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 46-03

Net Salvage: -25%

Proposed Depreciation Parameters

ASL/Curve: 45-R0.5

Future Net Salvage: -25%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.71%	2.27%
Av. Remaining Life	35.1 years	N/A

Monarch Utilities I, LP
All Water Systems

Table 8

Summary of Original Cost of Utility Plant In Service
As of December 31, 2014 And
ASL's and Net Salvage Percent from Industry Studies

NARUC Acct No. (a)	Account No. (a)	Description (b)	Original Cost 12-31-14 (c)	Summary of ASL's													
				ASL	ASL's	Arizona	California	New Mexico	Ca Water	Ca Water	Ca Water	Ca Water	Valley	Iowa	Illinois	Tidewater	Pennichuck
		Source of Supply	15,325,217.42	43	430	50	45	33	48	48	60	30	65	30	26		
		Wells & Springs	15,325,217.42														
		Total Source of Supply Plant															
		DEPRECIABLE PLANT															
		Pumping Plant															
		304.20 321.00 Pumping Structures & Improvements	409,780.58	37	374	39	36	40	26	29	34	40	50	15	37		
		309.20 Other Plant & Equipment	26,780.50														
		319.20 Electrical	6,271,216.58														
		311.20 325.00 Electric Pumping Eq.	7,356,651.88	27	271	20	22	15	40	43	31	30	30	20			
		311.30 Other Pumping Eq.	2,218.25														
		311.40 Booster Pumping Eq.	77,309.71														
		Total Pumping Plant	14,143,957.60														
		Water Treatment Plant															
		304.30 331.00 W/T Structures & Improvements	9,287,585.76	40	317	34	33	30	40	50	50	45	35	35			
		320.30 332.10 Treatment Plant Equipment	6,192,043.01	31	282	27	21	26	46	41	45	35	30	12			
		320.30 332.20 Chemical Equipment	15,479,628.77	22	203	14	15	20	33	33	27	25	25	12			
		Total Water Treatment Plant															
		Transmission & Distribution Plant															
		304.40 341.00 TD Struc. & Improvements	26,427.71	41	284	35	30	30	60	50	90	40	45	39			
		330.40 342.00 Distr. Reservoirs & Standpipes	14,807,494.97	52	521	39	45	27	42	45	90	60	45	57			
		331.40 343.00 Water Line	47,129,984.60	70	698	74	71	0	73	80	90	96	75	68			
		Total Trans. & Dist. Plant	47,129,984.60														
		Services	355,317.55	46	459	25	32	0	62	57	55	63	43	55			
		334.40 346.00 Meters	5,149,213.31	20	176	17	23	0	30	33	14	25	25	19			
		335.40 346.00 Hydrants	388,453.09	63	630	51	55	65	66	80	60	63	50	75			
		339.20 349.00 Other Plant & Equipment	13,414.68	57	111	51						70		50			
		Total Trans. & Dist. Plant	67,670,305.91														

11-11-14

Table 6

Monarch Utilities I, LP
All Water Systems

Summary of Original Cost of Utility Plant in Service
As of December 31, 2014 And
ASL's and Net Salvage Percent from Industry Studies

Account No.	Account No.	Description	Original Cost		Summary of ASL's													
			12-31-14	(c)	ASL	Sum of ASL's	Arizona	California	New Mexico	Ca Water	Ca Water	Ca Water	Valley	Iowa	Illinois	Tidewater	Pennsylvania	East Utilities
304.50	390.00	General Plant Adm & Gen Structures & Improvements	2,103,219.02	34	308	36	34	35	31	38	32	20	40	40				
		Total Structures & Improvements	2,103,219.02															
340.50		General Plant Furniture & Fixture Computers & Periph	897,039.14	17	151	3	13	20	11	15	17	24	28	10			8	
		Total Office Furniture & Equipment	959,368.47	7	58	7	8	6	7	7	7	15	24	8				
344.50	395.00	Laboratory Equipment	105,581.80	17	149	15	20	15	12	18	15	15	24	15				
345.50	395.70	Power Operated Equipment	220,731.49	16	141	18	15	20	11	17	19	16	10	15				
346.50	397.00	Communication Equipment	481,514.72	14	337	15	10	10	14	22	25	7	15	10			9	
347.50	398.00	Tools Shop & Garage Equipment	214,284.75	21	126	20		25				25	30	15			11	
		Total General Plant	4,980,689.39															
		TOTAL DEPRECIABLE PLANT	117,599,799.09															
		NON-DEPRECIABLE PLANT																
301.00	301.00	Organization																
302.00	302.00	Franchises And Consents																
303.00	303.00	Miscellaneous Intangible Plant																
303.20	310.00	Land & Land Rights																
303.30	320.00	Land & Land Rights																
303.40	330.00	Land & Land Rights																
303.50	340.00	Land & Land Rights	1,641,883.14															
303.60	385.00	Land & Land Rights	1,641,883.14															
		TOTAL NON-DEPRECIABLE PLANT	1,641,883.14															
		TOTAL PLANT IN SERVICE	119,241,682.23															

Monarch Utilities I, LP
AW Water Systems

Summary of Original Cost of Utility Plant in Service
As of December 31, 2014 And
ASU and Net Salvage Percent from Industry Studies

Table 6

NARUC Acct No.	Account No.	Description	Summary of Net Salv %s													
			Net Salv %	Sum of NS %s	Arizo American	California Citizens	New Mexico American	CA Water Domingu	CA Water Metro	CA Water Valley	Iowa American	Illinoi American	Tidewater Utilities	Pennsylv East Utilities		
DEPRECIABLE PLANT																
Source of Supply																
307 20	314 00	Wells & Springs	-25%	-245%	5%	-50%	-10%	-10%	-10%	-50%	-50%	-20%	-30%	-15%	-10%	
Total Source of Supply Plant																
Pumping Plant																
304 20	321 00	Pumping Structures & Improvements	-12%	-115%	3%	-15%	-10%	-3%	-3%	15%	15%	-10%	-25%	-10%	-5%	
309 20		Other Plant & Equipment														
310 20		Electrical														
311 20	325 00	Electric Pumping Eq.	-10%	35%	-13%	-5%	0%	0%	-10%	-10%	-10%	-5%	-25%	-15%		
311 30		Other Pumping Eq.														
311 40		Booster Pumping Eq.														
Total Pumping Plant																
Water Treatment Plant																
304 30	331 00	WT Structures & Improvements	-7%	-58%	0%	-5%	-3%	-10%	-10%	-10%	-10%	-10%	-20%	0%	-15%	
320 30	332 10	Treatment Plant Equipment	-11%	-100%	5%	-5%	-5%	-5%	-15%	-15%	-15%	-20%	-30%	0%	-15%	
320 30	332 20	Chemical Equipment	3%	-25%	0%	0%	0%	0%	0%	0%	0%	0%	-10%	-10%	5%	
Total Water Treatment Plant																
Transmission & Distribution Plant																
304 40	341 00	TD Structures & Improvements	-9%	-63%	-10%	-10%	-3%	-3%	-3%	-5%	-5%	-10%	-25%	-25%	-5%	
330 40	342 00	Distr. Reservoirs & Standpipes	-18%	-180%	-10%	-10%	-10%	-10%	-10%	-25%	-25%	-10%	-20%	-10%	-10%	
331 40	343 00	Water Lines	-33%	-325%	-10%	-35%	0%	-50%	-50%	-50%	-15%	-50%	15%	15%	20%	
Total Trans & Distr Means																
333 40	345 00	Services	-101%	-1005%	-40%	-40%	0%	180%	150%	125%	-300%	-30%	-35%			
334 40	346 00	Motors	4%	6%	-10%	-10%	0%	5%	5%	8%	-100%	0%	-5%			
335 40	348 00	Hydrants	-31%	-305%	-20%	-20%	3%	50%	-50%	20%	100%	-10%	-10%			
339 20	349 00	Other Plant & Equipment	-7%	-20%	-20%						0%		0%			
Total Trans & Distr Plant																

11/14/13

Monarch Utilities I, LP
All Water Systems

Table 6

Summary of Original Cost of Utility Plant in Service
As of December 31, 2014 And
ASL's and Net Salvage Percent from Industry Studies

Acct No.	Account No.	Description	Summary of Net Salv %s													
			Net Salv %	Sum of NS %s	Arizona American	California Citizens American	New Mexico American	Ca Water Dominguez	Ca Water Metro	Ca Water Valley	Iowa American	Illinois American	Tidewater Utility	Pennichuck East Utility		
304 50	390.00	General Plant Adm & Ge Structures & Improvements Total Structures & Improvements	-5%	-53%	-10%	10%	0%	3%	-19%	-1%	0%	-19%	0%			
340 50		Furniture & Fixtures Computers & Periph	0%	1%	0%	0%	0%	1%	0%	0%	0%	0%	0%			
341 00	392.00	Total Office Furniture & Equipment	15%	29%	0%	10%	30%	15%	15%	15%	15%	20%	15%			
344 50	395.00	Laboratory Equipment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
345 50	395.70	Power-Operated Equipment	3%	120%	5%	25%	28%	5%	10%	10%	18%	20%	3%			
348 50	397.00	Communication Equipment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
347 50	398.00	Tools, Shop & Garage Equipment Total General Plant	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
TOTAL DEPRECIABLE PLANT																
NON-DEPRECIABLE PLANT																
301.00	301.00	Organization														
302.00	302.00	Franchises And Consents														
303.00	303.00	Miscellaneous Intangible Plant														
303.20	310.00	Land & Land Rights														
303.30	320.00	Land & Land Rights														
303.40	330.00	Land & Land Rights														
303.50	340.00	Land & Land Rights														
303.60	389.00	Land & Land Rights														
TOTAL NON-DEPRECIABLE PLANT																
TOTAL PLANT IN SERVICE																

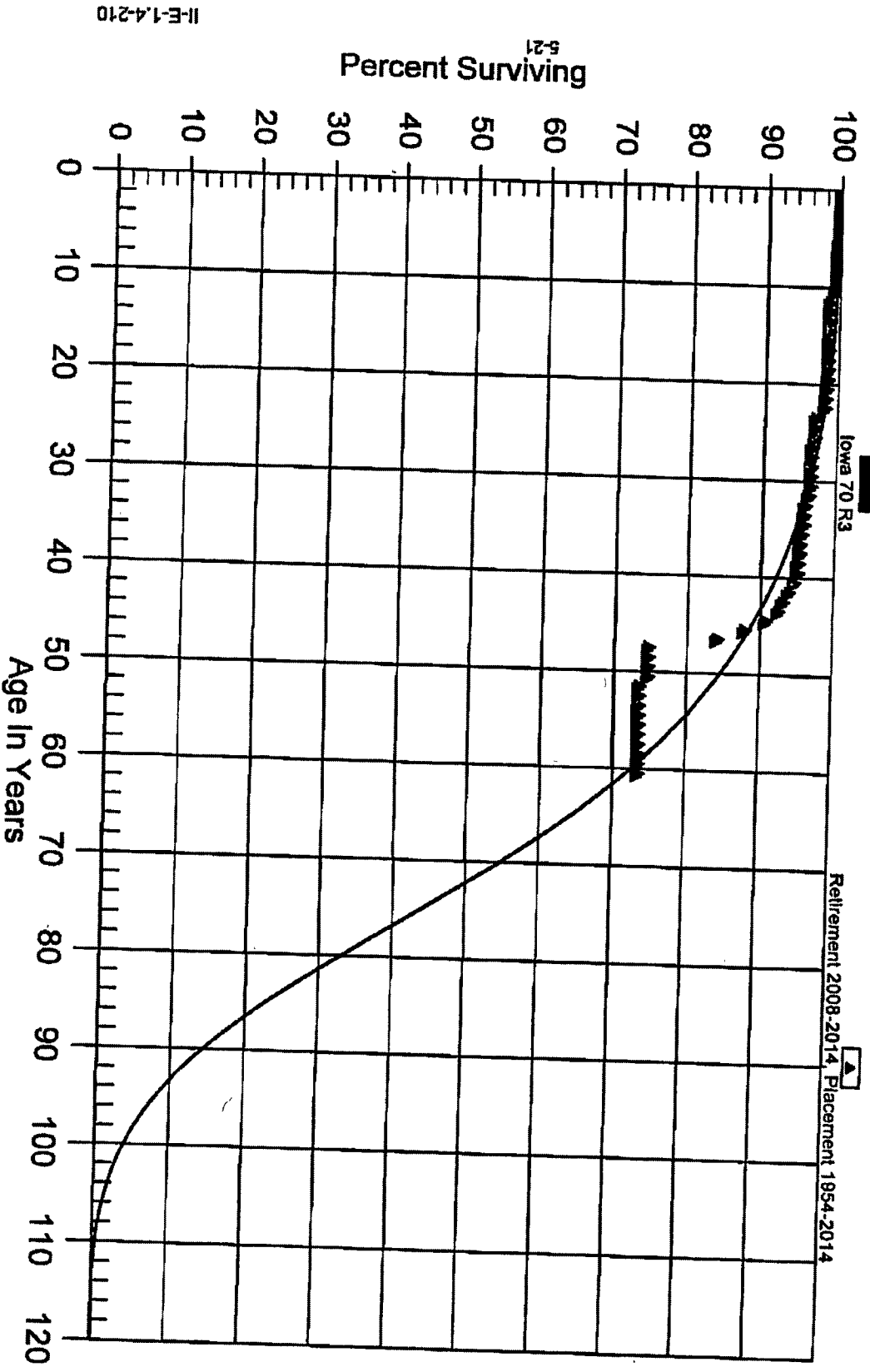
Monarch Utilities I, LP
All Wastewater Systems

Table 6

Summary of Original Cost of Utility Plant in Service as of December 31, 2014
and ASL's and Net Salvage Percent from Industry Depreciation Studies

Account No. (a)	Description (b)	Original Cost 12-31-14 (c)	Summary of ASL's						Summary of Net Salv %'s						
			Proposed MU-Sewer ASL (e)	ASL (f)	Sum of Arizona-AM, Illinois-AM, New Jersey Sewer ASL's (g)	Sewer (h)	Sewer (i)	ASL's (j)	Proposed MU-Sewer NS % (k)	Net Salv % (l)	Sum of Arizona-AM, Illinois-AM, New Jersey Sewer NS %'s (m)	Sewer (n)	Sewer (o)	ASL's (p)	Net Salv % (q)
DEPRECIABLE PLANT															
Collection Plant															
354.20	Structures & Improvements - Collection	3,568,059.87	35-R3	37	110	40	40	40	30	-5%	-12%	-35%	-10%	-10%	-15%
354.21	Structures & Improvements - Collection	50,306.07	35-R3							-5%					
360.20	Sewers Lines	2,823,122.89	65-R3	58	174	50	84	60	65	-5%	-30%	-90%	-40%	-40%	-10%
361.20	Sewers-Granty	5,586,361.44	65-R3	68	204	73	66	65		-5%	-22%	-65%	0%	-40%	-25%
363.20	Service Connections	170,727.11													
382.20	Clearings & Manda	23,116.94	10-R3							0%					
394.20	Flow Meters	60,116.55	25-R3												
	Total Collection Plant	12,081,810.87													
Pumping Equipment															
355.20	Electrical Equipment	1,783,382.57	25-R3	18	57	15	25	17		0%	-15%	-45%	0%	-30%	-15%
370.30	Manhole	788,401.73	50-R4												
371.32	Lift Station Pumps	706,957.42	20-L1												
	Total Pumping Equipment	3,278,751.72													
Treatment & Disposal Equipment															
380.40	Treatment & Disposal Equipment	3,578,150.05	25-R2,5	20	41	21	20			-5%	-13%	-25%	0%	-25%	
381.40	Total Treatment Plant	2,878,295.31	30-L3												
		6,456,443.36													
General Plant															
390.10	Office Furniture & Equipment	109,202.95	15-R3	13	40	15	10	15		15%	12%	35%	15%	20%	0%
395.70	Power Operated Equipment	226,898.48	20-R3	15	30	15	15	15		0%	0%	0%	0%	0%	0%
396.70	Communication Equipment	80,940.38	25-R3							0%	0%	0%	0%	0%	0%
397.70	Miscellaneous Equipment	2,383.21	25-R3							0%	0%	0%	0%	0%	0%
	Total General Plant	399,405.02													
TOTAL DEPRECIABLE PLANT															
		22,216,412.97													
303.50	Land & Land Rights	0.00													
	Total Plant In Service	22,216,412.97													

Monarch Utilities I, LP
 Water Systems
 331.40 WATER LINES
 Original And Smooth Survivor Curves



Monarch Utilities I, LP

Water Systems

331.40 WATER LINES

Observed Life Table

Retirement Expr. 2008 TO 2014

Placement Years 1954 TO 2014

Age Interval	\$ Surviving At Beginning of Age Interval	\$ Retired During The Age Interval	Retirement Ratio	% Surviving At Beginning of Age Interval
0.0 - 0.5	\$4,727,956.77	\$0.00	0.00000	100.00
0.5 - 1.5	\$6,874,996.01	\$1,024.57	0.00015	100.00
1.5 - 2.5	\$8,408,488.99	\$1,878.00	0.00022	99.99
2.5 - 3.5	\$8,982,124.39	\$0.00	0.00000	99.96
3.5 - 4.5	\$10,944,399.64	\$3,367.09	0.00031	99.96
4.5 - 5.5	\$10,646,275.58	\$19,250.00	0.00181	99.93
5.5 - 6.5	\$10,390,176.69	\$5,083.45	0.00049	99.75
6.5 - 7.5	\$8,530,088.18	\$1,349.75	0.00016	99.70
7.5 - 8.5	\$7,166,968.72	\$2,768.00	0.00039	99.69
8.5 - 9.5	\$6,817,820.11	\$2,069.26	0.00030	99.65
9.5 - 10.5	\$7,605,443.94	\$13,909.37	0.00183	99.62
10.5 - 11.5	\$6,601,790.67	\$42,792.88	0.00648	99.44
11.5 - 12.5	\$7,063,074.93	\$144.02	0.00002	98.79
12.5 - 13.5	\$7,644,143.20	\$2,360.89	0.00031	98.79
13.5 - 14.5	\$8,262,482.29	\$0.00	0.00000	98.76
14.5 - 15.5	\$7,783,078.50	\$3,239.00	0.00042	98.76
15.5 - 16.5	\$7,107,541.00	\$0.00	0.00000	98.72
16.5 - 17.5	\$6,151,524.00	\$0.00	0.00000	98.72
17.5 - 18.5	\$5,458,448.00	\$0.00	0.00000	98.72
18.5 - 19.5	\$4,777,007.00	\$2,662.00	0.00056	98.72
19.5 - 20.5	\$4,432,249.00	\$7,235.00	0.00163	98.66
20.5 - 21.5	\$5,780,038.00	\$3,633.23	0.00063	98.50
21.5 - 22.5	\$7,374,755.77	\$6,998.07	0.00095	98.44
22.5 - 23.5	\$8,831,414.77	\$105,511.62	0.01195	98.35
23.5 - 24.5	\$10,251,438.00	\$0.00	0.00000	97.17
24.5 - 25.5	\$11,680,910.00	\$4,102.83	0.00035	97.17
25.5 - 26.5	\$12,593,552.04	\$54,818.00	0.00435	97.14
26.5 - 27.5	\$13,006,929.04	\$2,494.44	0.00019	96.71
27.5 - 28.5	\$12,708,421.66	\$0.00	0.00000	96.70
28.5 - 29.5	\$10,936,260.66	\$4,845.24	0.00044	96.70
29.5 - 30.5	\$9,843,630.66	\$644.96	0.00007	96.65
30.5 - 31.5	\$8,322,994.04	\$18,859.16	0.00227	96.65
31.5 - 32.5	\$7,265,984.38	\$33,448.28	0.00460	96.43
32.5 - 33.5	\$6,554,578.34	\$8,250.00	0.00126	95.98
33.5 - 34.5	\$6,518,819.19	\$4,808.43	0.00074	95.86
34.5 - 35.5	\$5,008,169.76	\$10,413.94	0.00208	95.79
35.5 - 36.5	\$5,112,103.25	\$10,094.84	0.00197	95.59

Monarch Utilities I, LP

Water Systems

331.40 WATER LINES

Observed Life Table

Retirement Expr. 2008 TO 2014

Placement Years 1954 TO 2014

Age Interval	\$ Surviving At Beginning of Age Interval	\$ Retired During The Age Interval	Retirement Ratio	% Surviving At Beginning of Age Interval
36.5 - 37.5	\$4,675,404.41	\$0.00	0.00000	95.40
37.5 - 38.5	\$4,934,934.66	\$12,927.00	0.00262	95.40
38.5 - 39.5	\$4,236,984.16	\$865.60	0.00020	95.15
39.5 - 40.5	\$3,461,665.56	\$16,754.64	0.00481	95.13
40.5 - 41.5	\$2,466,340.91	\$18,492.70	0.00744	94.68
41.5 - 42.5	\$2,092,148.24	\$17,974.28	0.00859	93.97
42.5 - 43.5	\$1,630,224.96	\$10,784.78	0.00662	93.17
43.5 - 44.5	\$1,114,410.15	\$20,619.08	0.01850	92.55
44.5 - 45.5	\$253,953.00	\$7,890.36	0.03107	90.84
45.5 - 46.5	\$152,719.00	\$6,430.00	0.04210	88.01
46.5 - 47.5	\$123,228.00	\$13,907.00	0.11286	84.31
47.5 - 48.5	\$239,000.00	\$0.00	0.00000	74.79
48.5 - 49.5	\$222,524.00	\$0.00	0.00000	74.79
49.5 - 50.5	\$168,062.00	\$0.00	0.00000	74.79
50.5 - 51.5	\$161,299.00	\$2,497.38	0.01548	74.79
51.5 - 52.5	\$177,905.62	\$0.00	0.00000	73.64
52.5 - 53.5	\$168,503.62	\$0.00	0.00000	73.64
53.5 - 54.5	\$194,499.62	\$0.00	0.00000	73.64
54.5 - 55.5	\$67,319.00	\$0.00	0.00000	73.64
55.5 - 56.5	\$52,986.00	\$0.00	0.00000	73.64
56.5 - 57.5	\$52,986.00	\$0.00	0.00000	73.64
57.5 - 58.5	\$52,986.00	\$0.00	0.00000	73.64
58.5 - 59.5	\$31,331.00	\$0.00	0.00000	73.64
59.5 - 60.5	\$31,331.00	\$0.00	0.00000	73.64

Monarch Utilities I, LP
All Water Systems

Table 1-WL

Summary of Original Cost of Utility Plant in Service as of December 31, 2014
And Comparison of Annual Depreciation Expense Under Proposed Rates Using WL and ARL Depreciation Procedures

Account No.	Description	Original Cost 12-31-14	A.S.L./Survivor Curve	Average Service Life	Net Salvage %	Proposed Rates		Proposed ARL		Net Variance ARL Over (Under) WL Rates	
						WL Annual Depreciation Rate	Annual Accrual	Depreciation Rate	Annual Accrual		
304.50	General Plant Adm & Gen Structures & Improvements: Total Structures & Improvements	2,103,219.02 2,103,219.02	35-R3	35	0%	2.86% 2.86%	60,092.00 60,092.00	2.54% 2.54%	53,422.00 53,422.00	(6,670.00) (6,670.00)	
340.50	Office Furniture & Equipment Total Office Furniture & Equipment	897,039.14 897,039.14	12-R2.5	12	0%	8.33% 8.33%	74,753.00 74,753.00	1.48% 1.48%	13,276.00 13,276.00	(61,477.00) (61,477.00)	
341.50	Transportation Equipment	958,358.47	8-R3	8	15%	10.63%	101,826.00	7.44%	71,302.00	(30,524.00)	
344.50	Laboratory Equipment	105,561.80	15-R3	15	15%	5.67%	5,982.00	4.76%	5,025.00	(957.00)	
345.50	Power Operated Equipment	220,731.49	15-R3	15	0%	6.67%	14,715.00	-0.14%	(309.00)	(15,024.00)	
346.50	Communication Equipment	481,514.72	15-R3	15	0%	6.67%	32,101.00	7.75%	37,317.00	5,216.00	
347.50	Tools, Shop & Garage Equipment Total General Plant	214,264.75 4,980,699.39	18-R2	18	0%	5.56% 6.05%	11,904.00 301,373.00	4.34% 3.80%	9,289.00 189,332.00	(2,605.00) (112,041.00)	
	TOTAL DEPRECIABLE PLANT	117,599,799.09				2.57%	3,020,986.00	2.57%	3,024,050.00	3,064.00	
	NON-DEPRECIABLE PLANT										
301.00	Organization	0.00									
302.00	Franchises And Consents	0.00									
303.00	Miscellaneous Intangible Plant	0.00									
303.20	Land & Land Rights	0.00									
303.30	Land & Land Rights	0.00									
303.40	Land & Land Rights	0.00									
303.50	Land & Land Rights	1,641,883.14									
303.80	Land & Land Rights	0.00									
	TOTAL NON-DEPRECIABLE PLANT	1,641,883.14									
	TOTAL PLANT IN SERVICE	119,241,682.23									

Table 1a

Monarch Utilities I, LP
All Water Systems

**Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2014 Based Upon
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

NARUC Account No.	Description	Original Cost 12-31-14	Total Depr Reserve 12-31-14	Cost of Removal In Book Res.	Gross Salvage In Book Res.	Plant Only Book Depr Resr 12-31-14
(a)	(b)	(c)	(d)	(e)	(f)	(g)
DEPRECIABLE PLANT						
Source of Supply						
307.20	Wells & Springs	15,325,217.42	4,586,002.64	0.00	0.00	4,586,002.64
	Total Source of Supply Plant	15,325,217.42	4,586,002.64	0.00	0.00	4,586,002.64
Pumping Plant						
304.20	Pumping Structures & Improvements	409,780.58	79,360.07	0.00	0.00	79,360.07
309.20	Other Plant & Equipment	26,780.50	1,030.64			1,030.64
310.20	Electrical Equipment	6,271,216.68	3,914,303.52	0.00	0.00	3,914,303.52
311.20	Electric Pumping Eq.	7,356,651.98	3,000,608.32	0.00	0.00	3,000,608.32
311.30	Other Pumping Eq	2,218.25	73.94	0.00	0.00	73.94
311.40	Booster Pumping Eq	77,309.71	859.00	0.00	0.00	859.00
	Total Pumping Plant	14,143,957.60	6,996,235.49	0.00	0.00	6,996,235.49
Water Treatment Plant						
304.30	WT Structures & Improvements	9,287,585.76	3,049,747.16	0.00	0.00	3,049,747.16
320.30	Water Treatment Equipment	6,192,043.01	3,813,693.86	0.00	0.00	3,813,693.86
	Total Water Treatment Plant	15,479,628.77	6,863,441.02	0.00	0.00	6,863,441.02
Transmission & Distribution Plant						
304.40	T & D Structures & Improvements	26,427.71	867.58	0.00	0.00	867.58
330.40	Distr. Reservoirs & Standpipes	14,607,494.97	3,761,280.96	0.00	0.00	3,761,280.96
331.40	Water Lines	47,129,984.60	19,114,623.99	0.00	0.00	19,114,623.99
	Total Trans & Distr Mains	47,129,984.60	19,114,623.99	0.00	0.00	19,114,623.99
333.40	Services	355,317.55	123,271.44	0.00	0.00	123,271.44
334.40	Meters	5,149,213.31	247,937.97	0.00	0.00	247,937.97
335.40	Hydrants	388,453.09	119,864.17	0.00	0.00	119,864.17
339.20	Other Plant & Equipment	13,414.68	2,034.51	0.00	0.00	2,034.51
	Total Trans & Distr Plant	67,670,305.91	23,369,880.62	0.00	0.00	23,369,880.62
General Plant						
304.50	Adm & Gen Structures & Improvements	2,103,219.02	1,186,520.30	0.00	0.00	1,186,520.30
	Total Structures & Improvements	2,103,219.02	1,186,520.30	0.00	0.00	1,186,520.30
340.50	Office Furniture & Equipment	897,039.14	835,826.53	0.00	0.00	835,826.53
	Total Office Furniture & Equipment	897,039.14	835,826.53	0.00	0.00	835,826.53
341.50	Transportation Equipment	958,358.47	372,220.80	0.00	0.00	372,220.80
344.50	Laboratory Equipment	105,561.80	80,951.86	0.00	0.00	80,951.86
345.50	Power Operated Equipment	220,731.49	190,393.44	0.00	0.00	190,393.44
346.50	Communication Equipment	481,514.72	130,768.95	0.00	0.00	130,768.95
347.50	Tools, Shop & Garage Equipment	214,264.75	109,283.42	0.00	0.00	109,283.42
	Total General Plant	4,980,689.39	2,905,965.30	0.00	0.00	2,905,965.30
	TOTAL DEPRECIABLE PLANT	117,599,799.09	44,721,525.07	0.00	0.00	44,721,525.07

Table 1a

Monarch Utilities I, LP
All Water Systems

**Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2014 Based Upon
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

NARUC Account No. (a)	Description (b)	Original Cost 12-31-14 (c)	Total Depr Reserve 12-31-14 (d)	Cost of Removal In Book Res. (e)	Gross Salvage In Book Res. (f)	Plant Only Book Depr Resr 12-31-14 (g)
NON-DEPRECIABLE PLANT						
301.00	Organization	0.00	0.00	0.00	0.00	0.00
302.00	Franchises And Consents	0.00	0.00	0.00	0.00	0.00
303.00	Miscellaneous Intangible Plant	0.00	0.00	0.00	0.00	0.00
303.20	Land & Land Rights	0.00	0.00	0.00	0.00	0.00
303.30	Land & Land Rights	0.00	0.00	0.00	0.00	0.00
303.40	Land & Land Rights	0.00	0.00	0.00	0.00	0.00
303.50	Land & Land Rights	1,641,883.14	(21,154.79)	0.00	0.00	(21,154.79)
303.60	Land & Land Rights	0.00	0.00	0.00	0.00	0.00
	TOTAL NON-DEPRECIABLE PLANT	1,641,883.14	(21,154.79)	0.00	0.00	(21,154.79)
	TOTAL PLANT IN SERVICE	119,241,682.23	44,700,370.28	0.00	0.00	44,700,370.28

Monarch Utilities I, LP
All Water Systems

Table 2. Gross Salvage

Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expenses Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2014

NARUC Account No.	Description	Original Cost 12-31-14	Estimated Future Net Salvage Amount	Original Cost Less Salvage	Book Depreciation Reserve	Net Original Cost Less Salvage	A S L / Survivor Curve	Average Remaining Life	Annual Depreciation Accrual	Annual Rate
DEPRECIABLE PLANT										
Source of Supply										
307.20	Wells & Springs	15,325,217.42	0.00	15,325,217.42	0.00	0.00	45-R0.5	35.1	0.00	0.00%
	Total Source of Supply Plant	15,325,217.42	0.00	15,325,217.42	0.00	0.00			0.00	0.00%
Pumping Plant										
304.20	Pumping Structures & Improvements	409,780.58	0.00	409,780.58	0.00	0.00	40-R3	34.8	0.00	0.00%
308.20	Other Plant & Equipment	26,780.50	0.00	26,780.50	0.00	0.00	20-R3	17.9	0.00	0.00%
310.20	Electrical Equipment	6,271,216.68	0.00	6,271,216.68	0.00	0.00	26-R0.5	18.8	0.00	0.00%
311.20	Electric Pumping Eq.	7,356,651.88	0.00	7,356,651.88	0.00	0.00	26-R0.5	21.8	0.00	0.00%
311.30	Other Pumping Eq.	2,218.25	0.00	2,218.25	0.00	0.00	30-R3	29.5	0.00	0.00%
311.40	Booster Pumping Eq.	77,309.71	0.00	77,309.71	0.00	0.00	30-R3	29.5	0.00	0.00%
	Total Pumping Plant	14,143,957.60	0.00	14,143,957.60	0.00	0.00			0.00	0.00%
Water Treatment Plant										
304.30	W/T Structures & Improvements	9,287,585.76	0.00	9,287,585.76	0.00	0.00	45-R3	35.5	0.00	0.00%
320.30	Water Treatment Equipment	6,192,043.01	0.00	6,192,043.01	0.00	0.00	28-R2.5	18.4	0.00	0.00%
	Total Water Treatment Plant	15,479,628.77	0.00	15,479,628.77	0.00	0.00			0.00	0.00%
Transmission & Distribution Plant										
304.40	T & D Structures & Improvements	26,427.71	0.00	26,427.71	0.00	0.00	40-R3	38.5	0.00	0.00%
330.40	Dier Reservoirs & Standpipes	14,807,494.97	0.00	14,807,494.97	0.00	0.00	40-R2	29.1	0.00	0.00%
331.40	Water Lines	47,129,984.60	0.00	47,129,984.60	0.00	0.00	70-R3	48.5	0.00	0.00%
	Total Trans & Distr Mains	47,129,984.60	0.00	47,129,984.60	0.00	0.00			0.00	0.00%
333.40	Services	355,317.55	0.00	355,317.55	0.00	0.00	40-R2.5	30.7	0.00	0.00%
334.40	Meters	5,149,213.31	0.00	5,149,213.31	0.00	0.00	20-R3	16.5	0.00	0.00%
335.40	Hydrants	388,453.09	0.00	388,453.09	0.00	0.00	40-R3	27.4	0.00	0.00%
339.20	Other Plant & Equipment	13,414.88	0.00	13,414.88	0.00	0.00	25-R3	22.6	0.00	0.00%
	Total Trans & Dier Plant	67,670,305.91	0.00	67,670,305.91	0.00	0.00			0.00	0.00%
General Plant										
304.50	Adm & Gen Structures & Improvements	2,103,219.02	0.00	2,103,219.02	0.00	0.00	35-R3	21.1	0.00	0.00%
	Total Structures & Improvements	2,103,219.02	0.00	2,103,219.02	0.00	0.00			0.00	0.00%
340.50	Office Furniture & Equipment	897,039.14	0.00	897,039.14	0.00	0.00	12-R2.5	4.6	0.00	0.00%
	Total Office Furniture & Equipment	897,039.14	0.00	897,039.14	0.00	0.00			0.00	0.00%
341.50	Transportation Equipment	958,358.47	15%	814,604.70	0.00	(143,753.77)	8-R3	6.2	(23,186.09)	-2.42%
344.50	Laboratory Equipment	105,581.80	0%	105,581.80	0.00	1.00	15-R3	4.9	0.00	0.00%
345.50	Power Operated Equipment	220,731.48	15%	187,621.77	0.00	(33,108.72)	15-R3	8.8	(3,782.47)	-1.76%
346.50	Communication Equipment	481,514.72	0%	481,514.72	0.00	0.00	15-R3	9.4	0.00	0.00%
347.50	Tools, Shop & Garage Equipment	214,254.75	0%	214,254.75	0.00	0.00	16-R2	11.3	0.00	0.00%
	Total General Plant	4,980,683.39	4%	4,803,823.80	0.00	(176,863.49)			(26,948.56)	-0.54%
TOTAL DEPRECIABLE PLANT		117,598,798.08	0%	117,422,635.60	0.00	(176,863.49)			(26,948.56)	-0.02%

11/14/14

Monarch Utilities I, LP
All Water Systems

Table 2 - Gross Salvage

NARUC Account No	Description (b)	Orig na. Cost 12-31-14 (c)	Estimated Future Net Salvage		Original Cost Less Salvage (f)	Book Depreciation Reserve (g)	Net Orig na Cost Less Salvage (h)	A.S.L/ Surplus Curve (i)	Average Remaining Life (j)	Annual Depreciation Account (k)	Annual Depreciation Rate
			%	Amount							
NON-DEPRECIABLE PLANT											
301.00	Organization	0.00									
302.00	Franchises And Consents	0.00									
303.00	Miscellaneous Intangible Plant	0.00									
303.20	Land & Land Rights	0.00									
303.30	Land & Land Rights	0.00									
303.40	Land & Land Rights	0.00									
303.50	Land & Land Rights	1,641,883.14									
303.60	Land & Land Rights	0.00									
	TOTAL NON-DEPRECIABLE PLANT	1,641,883.14									
	TOTAL PLANT IN SERVICE	119,241,682.23									

Monarch Utilities I, LP
All Water Systems

Table 2 - COR

Summary of Original Cost of Utility Plant in Service and Calculation of Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of Book Depreciation Reserve and Average Remaining Lives as of December 31, 2014

NARUC Account	No.	Description	Original Cost 12-31-14	Estimated Future Net Salvage Amount	Original Cost Less Salvage	Book Depreciation Reserve	Net Original Cost Less Salvage	A.S.L./Survivor Curve	Average Remaining Life	Annual Depreciation Accrual	Annual Depreciation Rate	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
NON-DEPRECIABLE PLANT												
	301.00	Organization	0.00									
	302.00	Franchises And Consents	0.00									
	303.00	Miscellaneous Intangible Plant	0.00									
	303.20	Land & Land Rights	0.00									
	303.30	Land & Land Rights	0.00									
	303.40	Land & Land Rights	0.00									
	303.50	Land & Land Rights	1,641,883.14									
	303.60	Land & Land Rights	0.00									
		TOTAL NON-DEPRECIABLE PLANT	1,641,883.14									
		TOTAL PLANT IN SERVICE	119,241,882.23									

Monarch Utilities I, LP
All Water Systems

Table 2 - Plant Only

Summary of Original Cost of Utility Plant in Service and Calculation of Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of Book Depreciation Reserve and Average Remaining Lives as of December 31, 2014																		
NARUC Account No.	Description	Original Cost	Estimated Future Net Salvage	Original Cost Less Salvage	Book Depreciation Reserve	Net Original Cost Less Salvage	ASU/ Survivor Curve	Average Remaining Life	Annual Depreciation	Annual Rate	Total Depreciable Plant							
											12.31.14	% Amount	Original Cost Less Salvage	Book Depreciation Reserve	Net Original Cost Less Salvage	Average Remaining Life	Annual Depreciation	Annual Rate
DEPRECIABLE PLANT																		
Source of Supply																		
307.20	Wells & Springs	15,325,217.42	0%	15,325,217.42	4,586,002.64	10,739,214.78	45-R0.5	35.10	305,960.54	2.00%								
	Total Source of Supply Plant	15,325,217.42	0%	15,325,217.42	4,586,002.64	10,739,214.78			305,960.54	2.00%								
Pumping Plant																		
304.20	Pumping Structures & Improvements	409,780.58	0%	409,780.58	79,350.07	330,420.51	40-R3	34.50	9,549.73	2.33%								
309.20	Other Plant & Equipment	28,780.50	0%	28,780.50	1,030.64	25,749.86	20-R3	17.90	1,438.54	5.37%								
310.20	Electrical Equipment	6,271,216.68	0%	6,271,216.68	3,914,303.52	2,356,913.16	26-R0.5	18.80	125,367.72	2.00%								
311.30	Electric Pumping Eq.	7,356,651.88	0%	7,356,651.88	3,009,608.32	4,356,043.56	26-R0.1	21.80	199,818.51	2.72%								
311.30	Other Pumping Eq.	2,218.25	0%	2,218.25	73.94	2,144.31	30-R3	29.50	72.89	3.28%								
311.40	Booster Pumping Eq.	77,302.71	0%	77,302.71	859.60	76,450.71	30-R3	29.50	2,591.95	3.35%								
	Total Pumping Plant	14,143,957.60	0%	14,143,957.60	6,996,235.49	7,147,722.11			338,838.74	2.40%								
Water Treatment Plant																		
304.30	WT Structures & Improvements	9,287,585.76	0%	9,287,585.76	3,049,747.16	6,237,838.60	45-R3	35.5	175,713.76	1.89%								
330.30	Water Treatment Equipment	6,192,043.01	0%	6,192,043.01	3,813,693.86	2,378,349.15	28-R2.5	18.4	129,258.11	2.09%								
	Total Water Treatment Plant	15,479,628.77	0%	15,479,628.77	6,863,441.02	8,616,187.75			304,971.87	1.97%								
Transmission & Distribution Plant																		
304.40	T & D Structures & Improvements	26,427.71	0%	26,427.71	867.58	25,560.13	40-R3	38.5	653.80	2.51%								
330.40	Dist. Reservoirs & Standpipes	14,607,484.97	0%	14,607,484.97	3,761,280.66	10,846,204.31	40-R2	29.1	372,722.11	2.55%								
331.40	Water Lines	47,129,984.60	0%	47,129,984.60	19,114,623.99	28,015,360.61	70-R3	48.5	577,636.30	1.23%								
	Total Trans & Dist. Plants	47,129,984.60	0%	47,129,984.60	19,114,623.99	28,015,360.61			577,636.30	1.23%								
333.40	Services	355,317.55	0%	355,317.55	123,271.44	232,046.11	40-R2.5	30.7	7,558.51	2.15%								
334.40	Meters	5,149,213.31	0%	5,149,213.31	247,937.97	4,901,275.34	20-R3	16.5	297,048.99	5.77%								
335.40	Hydrants	388,453.09	0%	388,453.09	119,864.17	268,588.92	40-R3	27.4	9,602.52	2.52%								
339.20	Other Plant & Equipment	13,414.68	0%	13,414.68	2,034.51	11,380.17	20-R3	22.6	503.55	3.75%								
	Total Trans & Dist. Plant	67,670,305.91	0%	67,670,305.91	23,369,880.62	44,300,425.29			1,265,933.89	1.87%								
General Plant																		
304.50	Adm. & Gen. Struc. & Improvements	2,103,219.02	0%	2,103,219.02	1,186,520.30	916,698.72	35-R3	21.1	43,445.44	2.07%								
	Total Structures & Improvements	2,103,219.02	0%	2,103,219.02	1,186,520.30	916,698.72			43,445.44	2.07%								
340.50	Office Furniture & Equipment	897,039.14	0%	897,039.14	835,829.53	61,212.61	12-R2.5	4.6	13,307.09	1.48%								
	Total Office Furniture & Equipment	897,039.14	0%	897,039.14	835,829.53	61,212.61			13,307.09	1.48%								
341.50	Transportation Equipment	858,356.47	0%	858,356.47	377,220.80	481,135.67	8-R3	6.2	94,538.33	9.88%								
344.50	Laboratory Equipment	105,551.80	0%	105,551.80	80,951.86	24,609.94	15-R3	4.9	5,022.44	4.76%								
345.50	Power Operating Equipment	220,731.49	0%	220,731.49	190,393.44	30,338.05	15-R3	8.8	3,447.51	1.56%								
346.50	Communication Equipment	481,514.72	0%	481,514.72	130,788.95	350,725.77	15-R3	9.4	37,313.38	7.75%								
347.50	Tools, Shop & Garage Equipment	214,264.75	0%	214,264.75	109,283.42	104,981.33	16-R2	11.3	9,290.38	4.34%								
	Total General Plant	4,980,689.39	0%	4,980,689.39	2,905,965.30	2,074,724.09			206,384.57	4.14%								
TOTAL DEPRECIABLE PLANT											117,599,799.09	0%	0.00	117,599,799.09	44,724,525.07	72,878,274.02	2,422,069.60	2.06%

11-14-129

2-7

Monarch Utilities I, LP
All Water Systems

Table 2. Plant Only

MARUC Account No. (a)	Description (b)	Summary of Original Cost of Utility Plant in Service and Calculation of Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of Book Depreciation Reserve and Average Remaining Lives as of December 31, 2014									
		Original Cost (c)	Estimated Future Net Salvage % (d)	Estimated Future Net Salvage Amount (e)	Original Cost Less Salvage (f)	Book Depreciation Reserve (g)	Net Original Cost Less Salvage (h)	A.S.L./ Survivor Curve (i)	Average Remaining Life (j)	Annual Depreciation Accrual (k)	Annual Depreciation Rate (l)
NON-DEPRECIABLE PLANT											
301.00	Organization	0.00				0.00					
302.00	Franchises And Consents	0.00				0.00					
303.00	Miscellaneous Intangible Plant	0.00				0.00					
303.20	Land & Land Rights	0.00				0.00					
303.30	Land & Land Rights	0.00				0.00					
303.40	Land & Land Rights	0.00				0.00					
303.50	Land & Land Rights	1,641,883.14				(21 154.79)	21 154.79		5.0	4 230.98	(*)
303.60	Land & Land Rights	0.00				0.00					
	TOTAL NON-DEPRECIABLE PLANT					(21 154.79)	21 154.79			4 230.98	
	TOTAL PLANT IN SERVICE	119,241,682.23				44 700 370.28				2 426 300.55	

(*) Amortize Retirement Loss Over 5 Years.

Table 3

Monarch Utilities I, LP
All Water Systems

Summary of Original Cost of Utility Plant in Service
as of December 31, 2014

Account No. (a)	Account Description (b)	Original Cost Per Books 12-31-14 (c)	Adjustments (d)	Original Cost Per Depr. Study 12-31-14 (e)
DEPRECIABLE PLANT				
Source of Supply				
307.20	Wells & Springs	15,325,217.42		15,325,217.42
	Total Source of Supply Plant	15,325,217.42	0.00	15,325,217.42
Pumping Plant				
304.20	Pumping Structures & Improvements	409,780.58		409,780.58
309.20	Other Plant & Equipment	26,780.50		26,780.50
310.20	Electrical Equipment	6,271,216.68		6,271,216.68
311.20	Electric Pumping Eq.	7,356,651.88		7,356,651.88
311.30	Other Pumping Eq	2,218.25		2,218.25
311.40	Booster Pumping Eq	77,309.71		77,309.71
	Total Pumping Plant	14,143,957.60	0.00	14,143,957.60
Water Treatment Plant				
304.30	WT Structures & Improvements	9,287,585.76		9,287,585.76
320.30	Water Treatment Equipment	6,192,043.01		6,192,043.01
	Total Water Treatment Plant	15,479,628.77	0.00	15,479,628.77
Transmission & Distribution Plant				
304.40	T & D Structures & Improvements	26,427.71		26,427.71
330.40	Distr. Reservoirs & Standpipes	14,607,494.97		14,607,494.97
331.40	Water Lines	47,129,984.60		47,129,984.60
	Total Trans & Distr Mains	47,129,984.60	0.00	47,129,984.60
333.40	Services	355,317.55		355,317.55
334.40	Meters	5,149,213.31		5,149,213.31
335.40	Hydrants	388,453.09		388,453.09
339.20	Other Plant & Equipment	13,414.68		13,414.68
	Total Trans & Distr Plant	67,670,305.91	0.00	67,670,305.91
General Plant				
304.50	Adm & Gen Structures & Improvements	2,103,219.02		2,103,219.02
	Total Structures & Improvements	2,103,219.02	0.00	2,103,219.02

Table 3

**Monarch Utilities I, LP
All Water Systems**

**Summary of Original Cost of Utility Plant in Service
as of December 31, 2014**

<u>Account No.</u>	<u>Account Description</u>	<u>Original Cost Per Books 12-31-14</u>	<u>Adjustments</u>	<u>Original Cost Per Depr. Study 12-31-14</u>
(a)	(b)	(c)	(d)	(e)
340.50	Office Furniture & Equipment	897,039.14		897,039.14
	Total Office Furniture & Equipment	897,039.14	0.00	897,039.14
341.50	Transportation Equipment	958,358.47		958,358.47
344.50	Laboratory Equipment	105,561.80		105,561.80
345.50	Power Operated Equipment	220,731.49		220,731.49
346.50	Communication Equipment	481,514.72		481,514.72
347.50	Tools, Shop & Garage Equipment	214,264.75		214,264.75
	Total General Plant	4,980,689.39	0.00	4,980,689.39
	TOTAL DEPRECIABLE PLANT	117,599,799.09	0.00	117,599,799.09
NON-DEPRECIABLE PLANT				
301.00	Organization	0.00		0.00
302.00	Franchises And Consents	0.00		0.00
303.00	Miscellaneous Intangible Plant	0.00		0.00
303.20	Land & Land Rights	0.00		0.00
303.30	Land & Land Rights	0.00		0.00
303.40	Land & Land Rights	0.00		0.00
303.50	Land & Land Rights	1,641,883.14		1,641,883.14
303.60	Land & Land Rights	0.00		0.00
	TOTAL NON-DEPRECIABLE PLANT	1,641,883.14	0.00	1,641,883.14
	TOTAL PLANT IN SERVICE	119,241,682.23	0.00	119,241,682.23

Table 4

Monarch Utilities I, LP
All Water Systems

Summary of Depreciation Reserve Related to Utility Plant in Service as of December 31, 2014
Per Books, Pending Retirements, and Adjusted Depreciation Reserve Per Depreciation Study

NARUC Acct. No.	Account Description	Depreciation Reserve Per Books 12-31-14	Recapture of Retirement Losses	Depreciation Reserve Per Depr. Study 12-31-14
(a)	(b)	(c)	(d)	(e)
DEPRECIABLE PLANT				
Source of Supply				
307.20	Wells & Springs	5,314,137.75	728,135.11	4,586,002.64
	Total Source of Supply Plant	5,314,137.75	728,135.11	4,586,002.64
Pumping Plant				
304.20	Pumping Structures & Improvements	79,360.07		79,360.07
309.20	Other Plant & Equipment	1,030.64		1,030.64
310.20	Electrical Equipment	4,016,764.96	102,461.44	3,914,303.52
311.20	Electric Pumping Eq.	3,462,922.81	462,314.49	3,000,608.32
311.30	Other Pumping Eq	73.94		73.94
311.40	Booster Pumping Eq	859.00		859.00
	Total Pumping Plant	7,561,011.42	564,775.93	6,996,235.49
Water Treatment Plant				
304.30	WT Structures & Improvements	3,140,170.21	90,423.05	3,049,747.16
320.30	Water Treatment Equipment	3,898,386.89	84,693.03	3,813,693.86
	Total Water Treatment Plant	7,038,557.10	175,116.08	6,863,441.02
Transmission & Distribution Plant				
304.40	T & D Structures & Improvements	867.58		867.58
330.40	Distr. Reservoirs & Standpipes	4,018,685.57	257,404.61	3,761,280.96
331.40	Water Lines	19,347,414.47	232,790.48	19,114,623.99
	Total Trans & Distr Mains	19,347,414.47	232,790.48	19,114,623.99
333.40	Services	123,937.74	666.30	123,271.44
334.40	Meters	979,192.64	731,254.67	247,937.97
335.40	Hydrants	125,041.65	5,177.48	119,864.17
339.20	Other Plant & Equipment	2,034.51		2,034.51
	Total Trans & Distr Plant	24,597,174.16	1,227,293.54	23,369,880.62
General Plant				
304.50	Adm & Gen Structures & Improvements	1,204,587.16	18,066.86	1,186,520.30
	Total Structures & Improvements	1,204,587.16	18,066.86	1,186,520.30

Table 4

**Monarch Utilities I, LP
All Water Systems**

**Summary of Depreciation Reserve Related to Utility Plant in Service as of December 31, 2014
Per Books, Pending Retirements, and Adjusted Depreciation Reserve Per Depreciation Study**

NARUC Acct. No.	Account Description	Depreciation Reserve Per Books 12-31-14	Recapture of Retirement Losses	Depreciation Reserve Per Depr. Study 12-31-14
(a)	(b)	(c)	(d)	(e)
340.50	Office Furniture & Equipment	836,523.32	696.79	835,826.53
	Total Office Furniture & Equipment	836,523.32	696.79	835,826.53
341.50	Transportation Equipment	397,167.51	24,946.71	372,220.80
344.50	Laboratory Equipment	80,951.86		80,951.86
345.50	Power Operated Equipment	190,644.78	251.34	190,393.44
346.50	Communication Equipment	138,206.52	7,437.57	130,768.95
347.50	Tools, Shop & Garage Equipment	117,140.85	7,857.43	109,283.42
	Total General Plant	2,965,222.00	59,256.70	2,905,965.30
	TOTAL DEPRECIABLE PLANT	47,476,102.43	2,754,577.36	44,721,525.07
	NON-DEPRECIABLE PLANT			
301.00	Organization	0.00		0.00
302.00	Franchises And Consents	0.00		0.00
303.00	Miscellaneous Intangible Plant	0.00		0.00
303.20	Land & Land Rights	0.00		0.00
303.30	Land & Land Rights	0.00		0.00
303.40	Land & Land Rights	0.00		0.00
303.50	Land & Land Rights	0.00	21,154.79	(21,154.79)
303.60	Land & Land Rights	0.00		0.00
	TOTAL NON-DEPRECIABLE PLANT	0.00	21,154.79	(21,154.79)
	TOTAL PLANT IN SERVICE	47,476,102.43	2,775,732.15	44,700,370.28

Table 7

Monarch Utilities I, LP
All Water Systems

Recapture of Prior Year's Recorded Retirement Losses
 (Company is Proposing Use of Group Depreciation Accounting and Qualifies For FAS 71)

	2009	2010	2011	2012	2013	2014	Total
2009	161,323.11						161,323.12
2010	395,052.94						395,052.94
2011	1,383,408.81						1,383,408.81
2012	264,131.73						264,131.73
2013	312,022.62						312,022.62
2014	<u>259,792.93</u>						<u>259,792.93</u>
Total	2,775,732.14						2,775,732.14
Account No.	2009	2010	2011	2012	2013	2014	Total
303.50		3,750.00	17,404.79	857.02	5,302.10	15,508.38	21,154.79
304.30		59,833.46	8,922.09	119.36	4,969.06	1,472.29	90,423.05
304.50			11,506.15	187,446.00	47,587.48	88,748.01	18,066.86
307.20	29,414.88	120,383.03	254,555.91	1,218.62	14,717.15	1,093.53	728,135.11
310.20	38,420.11	18,536.07	28,475.96	40,325.77	72,219.53	92,806.84	102,461.44
311.20	70,129.76	68,918.08	117,914.51	959.94	67,679.21	2,868.59	462,314.49
320.30		1,566.49	11,618.80	20,919.97	86,945.22	7,403.80	257,404.61
330.40		103,244.56	38,891.06	7,509.42	6,872.88	22,699.85	232,790.48
331.40	20,903.55	11,886.10	162,918.68	88.11	280.29	837.18	666.30
333.40	297.90						
334.40	2,157.12	6,563.19	716,077.28	4,754.69	865.21		731,254.67
335.40			5,069.90		107.58		5,177.48
340.50		371.96	324.83				696.79
341.50						24,946.71	24,946.71
345.50			5,863.98			251.34	251.34
346.50			<u>3,776.76</u>				<u>7,437.57</u>
347.50				<u>20.94</u>	<u>2,903.32</u>	<u>1,156.41</u>	<u>7,857.43</u>
Totals	161,323.12	395,052.94	1,383,408.81	264,131.73	312,022.62	259,792.93	2,775,732.15

2014
 2013
 2012
 2011
 2010
 2009

Table 3

Monarch Utilities I, LP
All Wastewater Systems

Summary of Original Cost of Utility Plant in Service as of December 31, 2014
Per Books, Adjustments, and Adjusted Original Cost Per Depreciation Study

<u>Account No.</u> (a)	<u>Description</u> (b)	<u>Original Cost</u> <u>12-31-14</u> (c)	<u>Adjustments</u> (d)	<u>Original Cost Per</u> <u>Depr. Study</u> <u>12-31-14</u> (e)
DEPRECIABLE PLANT				
Collection Plant				
354.20	Structures & Improvements - Collection	3,568,059.87		3,568,059.87
354.40	Structures & Improvements - Collection	50,306.07		50,306.07
360.20	Sewers Lines	2,623,122.89		2,623,122.89
361.20	Sewers-Gravity	5,586,361.44		5,586,361.44
362.20	Clarifiers & Media	170,727.11		170,727.11
363.20	Service Connections	23,116.94		23,116.94
364.20	Flow Meters	60,116.55		60,116.55
	Total Collection Plant	12,081,810.87		12,081,810.87
Pumping Equipment				
355.20	Electrical Equipment	1,783,392.57		1,783,392.57
370.30	Manholes	788,401.73		788,401.73
371.30	Lift Station Pumps	706,957.42		706,957.42
	Total Pumping Equipment	3,278,751.72		3,278,751.72
Treatment & Disposal Equipment				
380.40	Treatment & Disposal Equipment	3,578,150.05		3,578,150.05
381.40	Treatment & Disposal Equipment	2,878,295.31		2,878,295.31
	Total Treatment Plant	6,456,445.36		6,456,445.36
General Plant				
390.10	Office Furniture & Equipment	109,202.95		109,202.95
395.70	Power Operated Equipment	226,898.48		226,898.48
396.70	Communication Equipment	60,940.38		60,940.38
397.70	Miscellaneous Equipment	2,363.21		2,363.21
	Total General Plant	399,405.02	0.00	399,405.02
	TOTAL DEPRECIABLE PLANT	22,216,412.97	0.00	22,216,412.97
303.50	Land & Land Rights	0.00		0.00
353.40	Land & Land Rights	24,093.00		24,093.00
	Total Plant in Service	22,240,505.97	0.00	22,240,505.97

Table 4

**Monarch Utilities I, LP
All Wastewater Systems**

**Summary of Depreciation Reserve Related to Utility Plant in Service as of December 31, 2014
Per Books, Adjustments, and Adjusted Depreciation Reserve Per Depreciation Study**

<u>Account No.</u> (a)	<u>Description</u> (b)	<u>Depreciation Reserve 12-31-14</u> (c)	<u>Ret Loss Recapture Adjustments</u> (h)	<u>Depreciation Reserve Per Depr. Study 12-31-14</u> (i)
DEPRECIABLE PLANT				
Collection Plant				
354.20	Structures & Improvements - Collection	794,057.07	29,770.17	764,286.90
354.40	Structures & Improvements - Collection	3,018.36		3,018.36
360.20	Sewers Lines	602,806.26	3,395.20	599,411.06
361.20	Sewers-Gravity	2,554,824.45	623.68	2,554,200.77
362.20	Clarifiers & Media	170,727.11		170,727.11
363.20	Service Connections	663.22		663.22
364.20	Flow Meters	16,047.70	1,712.63	14,335.07
	Total Collection Plant	4,142,144.17	35,501.68	4,106,642.49
Pumping Equipment				
355.20	Electrical Equipment	438,694.32	37,117.73	401,576.59
370.30	Manholes	291,773.25	4,445.16	287,328.09
371.30	Lift Station Pumps	399,660.94	32,325.69	367,335.25
	Total Pumping Equipment	1,130,128.51	73,888.58	1,056,239.93
Treatment & Disposal Equipment				
380.40	Treatment & Disposal Equipment	625,388.53	54,479.13	570,909.40
381.40	Treatment & Disposal Equipment	1,527,269.72	135,386.29	1,391,883.43
	Total Treatment Plant	2,152,658.25	189,865.42	1,962,792.83
General Plant				
390.10	Office Furniture & Equipment	78,699.72		78,699.72
395.70	Power Operated Equipment	183,935.62	3,092.72	180,842.90
396.70	Communication Equipment	18,379.93	377.59	18,002.34
397.70	Miscellaneous Equipment	212.69		212.69
	Total General Plant	281,227.96	3,470.31	277,757.65
	TOTAL DEPRECIABLE PLANT	7,706,158.89	302,725.99	7,403,432.90
303.50	Land & Land Rights	0.00		0.00
353.40	Land & Land Rights	0.00		0.00
	Total Plant In Service	7,706,158.89	302,725.99	7,403,432.90