

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-D-9.3.f Other Payroll Information - Positions Eliminated
Witness: Carmelitha Bordelon-Taylor

No positions have been eliminated.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-D-10 Regulatory Expenses
 Witness: George Frietag

Line No	Account No (a)	Description (b)	Reference Schedule (d)	Docket No. (c)	Test Year Amount (e)	Company Adjustment (f)	Company Request (g)
1	667	Monarch 2013 Rate Case	WP/II-A-2	SOAH Dt# 582-14-3381	56,754	(56,754)	-
2	675	Rate Case Expenses Allocated from Affiliate	WP/II-A-2	N/A	4,564	(4,564)	-
3							
4		Total Test Year Regulatory Expenses			61,318	(61,318)	-
5							

Line No	Account No (a)	Description (b)	Reference Schedule	Amount (e)
1	667	Comparison Year - 2012	II-D-1	431,054
2	667	Comparison Year - 2013	II-D-1	130,770
3				
4				

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-1 Depreciation Expense - Total Company
 Witness: Earl M. Robinson

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	K&M Adjustment (e)	Adjusted Monarch Total (f)	Func. Factor (g)	Functionalization	
								Water (h)	Wastewater (i)
1	403	Total Depreciation Expense - Water Utility	II-E-1 (W)	\$ 2,776,717	\$ 75,864	\$ 2,852,581	WTR-DIRECT	\$ 2,852,581	\$ -
2	403	Total Depreciation Expense - Wastewater Utility	II-E-1 (S)	\$ 516,779	\$ 68,250	\$ 585,029	WM-DIRECT	-	\$ 585,029
3	403	Total Depreciation Expense - Shared Utility	II-E-1 (SH)	\$ 22,797	\$ 1,964	\$ 24,762	WTR-WWR	\$ 20,800	\$ 3,961
4									
5		Total Depreciation Expense		\$ 3,316,294	\$ 146,078	\$ 3,462,372		\$ 2,873,381	\$ 588,990
6									

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-1 (W) Depreciation Expense - Water Operations
Witness: Earl M. Robinson

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Per Book (d)	Known and Measurable (e)	Adjusted (f)
1		DEPRECIABLE PLANT				
2		Source of Supply	No workpaper	\$		
3		Wells & Springs	No workpaper	333,628	72,309	405,937
4	307.2	Total Source of Supply Plant		333,628	72,309	405,937
5		Pumping Plant				
6		Pumping Structures & Improvements	No workpaper	12,967	(5,894)	7,073
7	304.2	Other Plant & Equipment	No workpaper	536	921	1,457
8	309.2	Electrical Equipment	No workpaper	343,354	(193,870)	149,484
9	310.2	Electric Pumping Eq.	No workpaper	429,578	(199,891)	229,687
10	311.2	Other Pumping Eq	No workpaper	-	-	-
11	311.3	Booster Pumping Eq	No workpaper	-	-	-
12	311.4	Total Pumping Plant		786,435	(398,734)	387,701
13		Water Treatment Plant				
14		WT Structures & Improvements	No workpaper	377,702	(140,878)	236,824
15	304.3	Water Treatment Equipment	No workpaper	161,216	(34,887)	126,329
16	320.3	Total Water Treatment Plant		538,918	(175,765)	363,153
17		Transmission & Distribution Plant				
18		T & D Structures & Improvements	No workpaper	801	(138)	663
19	304.4	Distr. Reservoirs & Standpipes	No workpaper	290,939	144,300	435,239
20	330.4	Water Lines	No workpaper	442,263	410,049	852,312
21	331.4	Total Trans & Distr Mains		442,263	410,049	852,312
22		Services				
23	333.4	Meters	No workpaper	6,970	12,241	19,211
24	334.4	Hydrants	No workpaper	260,350	27,837	288,187
25	335.4	Other Plant & Equipment	No workpaper	11,631	(3,391)	8,240
26	339.2	Total Trans & Distr Plant	No workpaper	425	(425)	-
27		General Plant		1,013,379	590,473	1,603,852
28		Adm & Gen Structures & Improvements				
29	304.5	Total Structures & Improvements	No workpaper	36,457	10,230	46,687
30				36,457	10,230	46,687
31						
32						
33						
34						
35						
36						
37						

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-1 (W) Depreciation Expense - Water Operations
Witness: Earl M. Robinson

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Per Book (d)	Known and Measurable (e)	Adjusted (f)
38	340.5	Office Furniture & Equipment	No workpaper	30,486	(20,975)	9,511
39		Total Office Furniture & Equipment		30,486	(20,975)	9,511
41	341.5	Transportation Equipment	No workpaper	340	6,619	6,960
42	344.5	Laboratory Equipment	No workpaper	2,165	3,184	5,349
43	345.5	Power Operated Equipment	No workpaper	3,673	(16,418)	(12,745)
44	346.5	Communication Equipment	No workpaper	23,495	11,389	34,884
45	347.5	Tools, Shop & Garage Equipment	No workpaper	3,485	(2,193)	1,292
46		Total General Plant		100,102	(8,164)	91,938
48		TOTAL DEPRECIABLE PLANT		2,772,461	80,120	2,852,581
49		NON-DEPRECIABLE PLANT				
51		Organization				
52	301	Franchises And Consents				
53	302	Miscellaneous Intangible Plant				
54	303	Other Intangible Plant	No workpaper	14	(14)	-
55	348	TOTAL NON-DEPRECIABLE PLANT	No workpaper	4,242	(4,242)	-
56				4,256	(4,256)	-
57						
58						
59		TOTAL PLANT IN SERVICE		\$ 2,776,717	\$ 75,864	\$ 2,852,581

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-1(S) Depreciation Expense - Wastewater Operations
Witness: Earl M. Robinson

Line No.	Account No (a)	Description (b)	Reference Schedule (c)	Per Book (d)	Known and Measurable (e)	Adjusted (f)
1		DEPRECIABLE PLANT				
2						
3		Collection Plant				
4	354.2	Structures & Improvements - Collection	No workpaper	\$ 102,861	5,503	108,364
5	354.4	Structures & Improvements - Collection	No workpaper	-	-	-
6	360.2	Sewers Lines	No workpaper	56,007	(3,234)	52,773
7	361.2	Sewers-Gravity	No workpaper	44,911	(398)	44,513
8	362.2	Clarifiers & Media	No workpaper	-	-	-
9	363.2	Service Connections	No workpaper	709	(224)	485
10	364.2	Flow Meters	No workpaper	2,551	(294)	2,257
11		Total Collection Plant		207,039	1,353	208,391
12						
13		Pumping Equipment				
14	355.2	Electrical Equipment	No workpaper	863	2,299	3,162
15	370.3	Manholes	No workpaper	30,220	(3,530)	26,690
16	371.3	Lift Station Pumps	No workpaper	66,415	31,217	97,632
17		Total Pumping Equipment		97,498	29,986	127,483
18						
19		Treatment & Disposal Equipment				
20	367	Treatment Equipment	No workpaper	1,411	(237)	1,174
21	380.4	Treatment & Disposal Equipment	No workpaper	192,103	9,504	201,606
22	381.4	Treatment & Disposal Equipment	No workpaper	13,541	37,772	51,313
23		Total Treatment Plant		207,055	47,038	254,093
24	390.1	Office Furniture & Equipment	No workpaper	-	-	-
25	391	Transportation Equipment	No workpaper	1,023	(10,054)	(9,031)
26	393	Tools, Shop & Garage Equipment	No workpaper	32	(32)	-
27	394	Laboratory Equipment	No workpaper	141	(10)	132
28	395.7	Power Operated Equipment	No workpaper	398	392	791
29	396.7	Communication Equipment	No workpaper	3,073	(30)	3,043
30	397.7	Miscellaneous Equipment	No workpaper	142	(15)	127
31		Total General Plant		4,809	(9,748)	(4,939)
32						

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-1(S) Depreciation Expense - Wastewater Operations
 Witness: Earl M. Robinson

Line No.	Account No (a)	Description (b)	Reference Schedule (c)	Per Book (d)	Known and Measurable (e)	Adjusted (f)
33		TOTAL DEPRECIABLE PLANT		516,400	68,629	585,029
34						
35	303.5	Land & Land Rights	No workpaper	-	-	-
36	352	Franchises	No workpaper	379	(379)	-
37	353.4	Land & Land Rights	No workpaper	-	-	-
38						
39		TOTAL NON-DEPRECIABLE PLANT		379	(379)	-
40						
41		TOTAL PLANT IN SERVICE		\$ 516,779	\$ 68,250	\$ 585,029

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-1(SH) Depreciation Expense - Shared Plant
Witness: Earl M. Robinson

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	K&M Adjustment (e)	Adjusted Monarch Total (f)	Func. Factor (g)	Functionalization	
								Water (h)	Wastewater (i)
1		DEPRECIABLE PLANT							
2		Pumping Plant	No workpaper	\$ 15	326	\$ 341	WTR-WMR	\$ 286	\$ 55
3	310	Power Generated Equipment	No workpaper	21	13	35	WTR-WMR	29	6
4	311	Trash Pump	No workpaper	37	339	376	WTR-WMR	315	60
5		Total Pumping Plant							
6		General Plant							
7	340.5	Office Furniture & Equipment	No workpaper	5,325	(3,643)	1,682	WTR-WMR	1,413	269
8	341.5	Transportation Equipment	No workpaper	1,984	8,299	10,283	WTR-WMR	8,637	1,645
9	343	Tools, Shop & Garage Equipment	No workpaper	68	168	235	WTR-WMR	198	38
10	344.5	Laboratory Equipment	No workpaper	404	(12)	392	WTR-WMR	329	63
11	345.5	Power Operated Equipment	No workpaper	322	(71)	250	WTR-WMR	210	40
12	347.5	Tools, Shop & Garage Equipment	No workpaper	(1)	413	413	WTR-WMR	347	66
13		Transportation Equipment	No workpaper	3,195	3,050	6,245	WTR-WMR	5,246	999
14	381	Office Furniture & Equipment	No workpaper	2,797	30	2,828	WTR-WMR	2,375	452
15	390.1	Power Operated Equipment	No workpaper	8,667	(6,608)	2,059	WTR-WMR	1,730	329
16	395.7	Total General Plant		22,761	1,625	24,386		20,485	3,901
17		TOTAL DEPRECIABLE PLANT		22,797	1,964	24,762		20,800	3,961
18		Organization							
19	301	Franchises And Consents							
20	302	Miscellaneous Intangible Plant							
21	303	TOTAL NON-DEPRECIABLE PLANT							
22		TOTAL DEPRECIATION EXPENSE		\$ 22,797	\$ 1,964	\$ 24,762		\$ 20,800	\$ 3,961

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule II-E-1.1 Depreciation Methods

Witness: Earl M. Robinson

Please refer to the workpapers for the testimony of Earl M. Robinson for a description of the methods for calculation depreciation expense and reserves.

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule II-E-1.2 Changes in Depreciation Methods

Witness: Earl M. Robinson

Please refer to the workpapers for the testimony of Earl M. Robinson for a description of the methods for calculation depreciation expense and reserves.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-1.3(W) Field Inspections and Facilities Visits
 Witness: Tim Williford

No workpapers

Line No	(a) System	(b) PWS ID No.	(c) Inspection Date
1	Silver Saddle	2200299	1/13/2016
2	Markum Ranch Estates	2200281	1/13/2016
3	Pine Trail Shores	2120035	12/22/2015
4	Brianwood Harbor	1070220	12/17/2015
5	Wynwood Haven	610037	11/9/2015
6	Hideaway Bay	1110002	11/5/2015
7	Comanche Harbor	1110022	11/5/2015
8	Coldspring Terrace	2040031	9/29/2015
9	Harbor Point	2280035	9/29/2015
10	Beachwood Estates	1070069	7/23/2015
11	Cherokee Shores	1070206	7/22/2015
12	Carolynn Estates	1070106	7/15/2015
13	Sherwood Shores	910040	6/9/2015
14	Tanglewood	910052	6/9/2015
15	Governor's Point	2040008	6/8/2015
16	Holiday Villages of Fork Ridgecrest Grayson Co.	2500058	4/9/2015
17	Rocky Point	910035	3/17/2015
18	Shepherd Hills	2040061	3/12/2015
19	Holiday Shores	200029	3/11/2015
20	Tower Terrace	360069	2/17/2015
21	Oakwood	1700454	2/10/2015
22	Chesswood	1870088	2/4/2015
23	Raywood	1460041	1/29/2015
24	Blue Water Cove	2040059	11/13/2014
25	Cedar Valley	2040045	11/13/2014
26	Holiday Villages of Livingston	2040067	11/13/2014
27	Calendar Lake	2340007	7/31/2014
28	Plum Creek	1050028	7/22/2014
29	Oak Trail Shores	1110004	4/8/2014
30	Lighthouse Valley	1870152	4/1/2014
31	Western Lake Estates	1840014	3/28/2014
32	Westwood Beach	1070085	3/25/2014
33	Ivanhoe	2290010	2/28/2014
34	Lake Medina Shores	100037	1/30/2014
35	Midway	610022	1/21/2014
36	Green Acres	1840120	1/7/2014
37	Spanish Park Estates	1840026	1/7/2014
38	Westview	1840105	1/7/2014
39	Pine Harbor	1580023	12/18/2013
40	Lakeway Harbor	2120064	12/10/2013
41	Comanche Cove	1110060	11/18/2013
42	Granbury Acres	1110109	11/18/2013
43	Royal Oaks	1110055	11/18/2013
44	Western Hills Harbor	1110005	11/18/2013
45	Garden Acres	1870160	11/13/2013
46	Phillips Acres	1870146	11/13/2013
47	Pinwah Pines	1870130	11/13/2013
48	Indian Hills Harbor	1580063	11/7/2013
49			

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-1.3(W) Field Inspections and Facilities Visits
 Witness: Tim Williford

No workpapers

Line No	(a) System	(b) PWS ID No.	(c) Inspection Date
1	Silver Saddle	2200299	1/13/2016
2	Markum Ranch Estates	2200281	1/13/2016
50	Highway	1070124	10/17/2013
51	Montego Bay	1110044	10/1/2013
52	Rancho Brazos	1110036	10/1/2013
53	Lollipop	1070039	9/30/2013
54	Southern Acres	1260094	8/14/2013
55	Metropolex	1260074	8/13/2013
56	West Park Village	1260077	8/13/2013
57	Triple H Est.	1260116	8/6/2013
58	Camelot Forest	1610058	7/30/2013
59	Crowley	1260011	7/17/2013
60	Nolan River Estates	1260099	7/17/2013
61	Sundance	1260025	7/17/2013
62	Twin Creeks Addition	1260038	7/17/2013
63	West Meadows	1260063	7/17/2013
64	Serenity Woods/Pineloch	1700483	6/11/2013
65	River Oaks Ranch	1050099	6/7/2013
66	Hulon Lakes	1700014	5/10/2013
67	Falcon Crest	1260076	4/30/2013
68	Ridgecrest Johnson Co.	1260035	4/30/2013
69	Tex-Rides Fifth	1260037	4/30/2013
70	Crystal Springs	1700331	4/23/2013
71	Decker Hills	1700386	4/23/2013
72	Benbrook Hills	2200313	4/9/2013
73	Westside	2200079	4/9/2013
74	Blue Mound	2200005	3/26/2013
75	Markum Ranch Estates	2200281	3/26/2013
76	Silver Saddle	2200299	3/26/2013
77	Pine Trail Shores	2120035	2/19/2013
78	Comanche Harbor	1110022	1/16/2013
79	Hideaway Bay	1110002	1/16/2013
80	Brianwood Harbor	1070220	12/13/2012
81	Denton Creek	610015	9/27/2012
82	Wynwood Haven	610037	9/27/2012
83	Aurora Vista	2490051	9/13/2012
84	Ponderosa	610175	1/26/2010

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-1.3(S) Field Inspections and Facilities Visits
 Witness: Tim Williford

No workpapers

Line No	(a) System	(b) Permit Id No.	(c) Inspection Date
1	Cherokee Shores	WQ0013879001	4/14/2015
2	Holiday Villages of Medina	WQ0014167001	10/15/2015
3	Holiday Villages of Livingston	WQ0014056001	10/22/2015
4	Harbor Point	WQ0013547001	11/5/2015
5	Blue Water Cove	WQ0014179001	11/5/2015
6	Beachwood Estates	WQ0011282001	1/23/2013
7	Blue Water Cove	WQ0014179001	1/31/2013
8	Cherokee Shores	WQ0013879001	1/23/2013
9	Decker Hills	WQ0012587001	10/07/2013
10	Harbor Point	WQ0013547001	2/21/2013
11	Lake Fork Estates	WQ001405501	3/22/2011
12	Holiday Villages of Livingston	WQ0014056001	1/31/2013
13	Holiday Villages of Medina	WQ0014167001	2/11/2009
14	Oak Trail Shores	WQ0002678000	N/A
15	Pinnacle Club	WQ0011506001	2/23/2012
16	River Oaks Ranch	WQ0004196000	7/01/2015
17	Tower Terrace	WQ0012478001	6/26/2014

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-1.4(W) Depreciation Studies WATER
Witness: Earl M. Robinson

See Depreciation Study which has been classified as voluminous. See also testimony of Earl M. Robinson.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-1.4(S) Depreciation Studies WASTEWATER
Witness: Earl M. Robinson

See Depreciation Study which has been classified as voluminous. See also testimony of Earl M. Robinson.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-2 Taxes Other Than Federal Income Taxes
 Witness: Carmelitha Bordelon-Taylor

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	K&M Adjustment (e)	Adjusted Monarch Total (f)	Func. Factor (g)	Functionalization	
								Water (h)	Wastewater (i)
1		Payroll-Related Taxes							
2	408.12	Medicare	No workpaper	\$ 39,559	\$ 2,796	\$ 42,356	WTR-WMR	\$ 35,578.62	\$ 6,777
3	408.12	FICA	No workpaper	\$ 191,246	\$ 22,236	\$ 213,482	WTR-WMR	\$ 179,324.67	\$ 34,157
4	408.12	Federal Unemployment	No workpaper	\$ 2,142	\$ 151	\$ 2,293	WTR-WMR	\$ 1,926.30	\$ 367
5	408.12	State Unemployment	No workpaper	\$ 47,441	\$ 3,353	\$ 50,794	WTR-WMR	\$ 42,667.37	\$ 8,127
6		Total Payroll-Related		\$ 280,388	\$ 28,537	\$ 308,925		\$ 259,497	\$ 49,428
7		Property-Related							
8		Ad Valorem Taxes	II-E-2.1	\$ 536,391	\$ (23,015)	\$ 513,376		\$ 475,151	\$ 38,225
9	408.11	Total Property-Related Taxes		\$ 536,391	\$ (23,015)	\$ 513,376		\$ 475,151	\$ 38,225
10		Franchise Tax		\$ 18,913	\$ (18,913)	\$ -		\$ -	\$ -
11	408.13	Sales Taxes		\$ 66,989	\$ (429)	\$ 66,560	WTR-WMR	\$ 55,910	\$ 10,650
12	408.13	TCEQ Assessment	No workpaper	\$ 35,002	\$ -	\$ 35,002	WTR-DIRECT	\$ 35,002	\$ -
13	408.10	State Gross Receipts	No workpaper	\$ 33,000	\$ -	\$ 33,000	WTR-WMR	\$ 27,720	\$ 5,280
14	408.13	State Gross Receipts	No workpaper	\$ 4,106	\$ (4,106)	\$ -		\$ -	\$ -
15	408.13	State Gross Receipts	No workpaper	\$ 158,010	\$ (23,448)	\$ 134,562		\$ 118,633	\$ 15,930
16	408.13	Total Other Taxes		\$ 974,789	\$ (17,926)	\$ 956,863		\$ 853,281	\$ 103,582
17		Total Taxes Other Than Federal Income Taxes		\$ 974,789	\$ (17,926)	\$ 956,863		\$ 853,281	\$ 103,582
18									
19									
20									
21									
22									

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-2.1 Ad Valorem Taxes - Per Books
 Witness: Carmelitcha Bordeleon-Taylor

Line No	Account No (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	K&M Adjustment (e)	Adjusted Monarch Total (f)	Func. Factor (g)	Functionalization		
								Water (h)	Wastewater (i)	
1	408.1	Test Year Taxes Assessed & Paid	WP II-E-2.1	535,482	(21,954)	513,528	WTR/MM-DIRECT	475,151		38,225
2		Gross Cost of Plant as of 7/31/2014	No workpaper	130,701,812	-	130,701,812				
3		Net Cost of Plant as of 7/31/2014	No workpaper	80,434,750	-	80,434,750				
4		Plant Balance on which Ad Valorem Taxes Assessed	No workpaper	114,334,053	(3,841,730)	110,492,323				
5										
6	408.1	1/1/2013-12/31/2013 Taxes Assessed & Paid								
7		2013 per book Accrued expense	No workpaper	428,877	-	428,877				
8		Gross Cost of Plant as of 1/1/2013	No workpaper	128,489,239	-	128,489,239				
9		Net Cost of Plant as of 1/1/2013	No workpaper	82,444,204	-	82,444,204				
10		Plant Balance on which Ad Valorem Taxes Assessed	No workpaper	105,897,647	-	105,897,647				
11										
12	408.1	1/1/2012-12/31/2012 Taxes Assessed & Paid								
13		2012 per book accrued expense	No workpaper	386,429	-	386,429				
14		Gross Cost of Plant as of 1/1/2012	No workpaper	440,724	-	440,724				
15		Net Cost of Plant as of 1/1/2012	No workpaper	126,181,174	-	126,181,174				
16		Plant Balance on which Ad Valorem Taxes Assessed	No workpaper	82,762,876	-	82,762,876				
17				96,829,937	-	96,829,937				
18										
19	(1)	Gross and net plant are presented at December 31, 2014 because the actual portion of the expense included in cost of service is 50% of the actual payments in 2014. The expense shown for 2015 is based upon an accrual computed by adding 5% to the actual taxes paid in 2014. See WP/II-E-2.1 for a further explanation.								
20										
21										
22										

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3 Federal Income Tax Calculation
Witness: James Warren

Line No.	Account No. (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	K&M Adjustment (e)	Adjusted Monarch Total (f)	Func. Factor (g)	Functionalization	
								Water (h)	Wastewater (i)
1		Federal Income Taxes							
2		Return on Rate Base	II-B	6,951,725	(33,476)	6,918,249	WTR/MM-DIRECT WTR-WWR	5,957,577	960,672
3		Deductions:							
4		Synchronized Interest		\$ 2,351,319	\$ (11,323)	\$ 2,339,996	WTR/MM-DIRECT WTR-WWR	2,015,063	324,933
5		ITC Amortization							
6		Amortization of Protected Excess DFIT							
7		Amortization of Non-Protected Excess DFIT							
8		Interest on FIN 48							
9		Prior Period Adjustments							
10		Amortization of Organization Expenditures							
11		OPEB Medicare Subsidy							
12		Employee Compensation Plans							
13		Subtotal		\$ 2,351,319	\$ (11,323)	\$ 2,339,996	WTR/MM-DIRECT WTR-WWR	2,015,063	324,933
14		Additions:							
15		Meals, Entertainment and Club Dues		\$ -	\$ -	\$ -			
16		Prior Period Adjustments							
17		Fines and Penalties							
18		Depreciation Differences							
19		Taxable Component of Return		\$ 4,600,406	\$ (22,153)	\$ 4,578,253	WTR/MM-DIRECT WTR-WWR	3,942,514	635,739
20		Tax Factor		51.52%	51.52%	51.52%		51.52%	51.52%
21		Federal Income Taxes Before Adjustments		\$ 2,369,906	\$ (11,412)	\$ 2,358,494		2,030,992	327,502
22		Tax Credits							
23		ITC Amortization							
24		Amortization of Protected Excess DFIT							
25		Amortization of Non-Protected Excess DFIT							
26		Add:							
27		Interest on FIN 48							
28		Rate Differential							
29		Depreciation Differences							
30		Prior Period Adjustments							
31		Total Federal Income Taxes		\$ 2,369,906	\$ (11,412)	\$ 2,358,494		2,030,992	327,502
32		Calculation of Synchronized Interest:							
33		Total Rate Base	II-B	\$ 79,249,029	\$ (381,622)	\$ 78,867,407		\$ 67,915,838	\$ 10,951,568
34		Long Term Debt	II-C-1	2.97%	2.97%	2.97%		2.97%	2.97%
35		Synchronized Interest		\$ 2,351,319	\$ (11,323)	\$ 2,339,996		\$ 2,015,063	\$ 324,933
36		No Workpaper							
37									
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Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-3.1 Federal Income Tax Reconciliation
 Witness: James Warren

Line No.	Description (a)	Reference Schedule (b)	2014 Tax Return (c)	Test Year (d)	Known and Measureable Adjustments (e)	Adjusted Test Year (f)	Functional Factor (g)	Functionalization		Explanation (j)
								Water (h)	Wastewater (i)	
1										
2										
3										
4										
5	Pre-Tax Book Income	II-A-2.2	1,522,628	3,636,108	(2,007,802)	1,628,306	WTR-WMR	1,768,202	(139,896)	
6	Permanent Items									
7	Political Contributions	II-A-2.2	59,438	-	-	-	WTR-WMR	-	-	Non-deductible Political Contributions
8	Meals & Entertainment	II-A-2.2	7,246	-	-	-	WTR-WMR	-	-	Meals & Entertainment deductible at 50%
9	Fines & Penalties	II-A-2.2	6,949	-	-	-	WTR-WMR	-	-	Non-deductible Fines & Penalties
10	Total Permanent Differences		73,633	-	-	-				
11	Temporary Items									
12	State Taxes	II-A-2.2	(60,000)	(148,208)	10,390	(137,818)	WTR-WMR	(115,767)	(22,051)	Texas Margins Tax (70% of revenues @ .75%)
13	Prepays	WP/II-E-3.1	(10,426)	2,663	429	3,092	WTR-WMR	2,197	495	Accrued Prepayments
14	Accrued Vacation	WP/II-E-3.1	(2,518)	(43,931)		(43,931)	WTR-WMR	(36,902)	(7,029)	Accrued Vacation
15	Accrued Payroll	WP/II-E-3.1	(14,992)	6,327		6,327	WTR-WMR	5,315	1,012	Accrued Payroll
16	Bad Debt	WP/II-E-3.1	(43,503)	40,117	(521)	39,596	WTR-WMR	33,281	6,335	Allowance for Doubtful Accounts
17	Gain/Loss on Sale of Assets		63,774	-		-	WTR-WMR	(974,969)	(15,026)	Gain or Loss on Disposals
18	Depreciation - Tax > Book	WP/II-E-3.1	(1,330,301)	(1,034,160)	44,164	(989,996)	WTR-WMR	(1,086,465)	(36,264)	Depreciation of Tangible Property
19	Total Temporary Items		(1,397,966)	(1,177,192)	54,462	(1,122,730)				
20	Taxable Income		198,296	2,458,916	(1,953,339)	505,576		681,737	(176,160)	
21	Temporary Differences per Return not applicable to Monarch Utilities, LP rate base									
22	Deferred Gain - NM Condemnation		2,163,776							
23	Amortization Expense - Tax > Book		(790,206)							Amortization of Tax Goodwill
24	Taxable Income per the 2014 tax return		1,371,866							

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.2 Federal Income Tax Timing Differences Reconciliation
Witness: James Warren

There are no differences that produce federal income taxes at a rate different from the statutory federal income tax rate.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-3.3 Plant Adjustments
 Witness: James Warren

Line No.	Account No. (a)	Description (c)	Reference Schedule (d)	Tax In-Service Date (e)	Tax Basis (f)	Tax Depreciation (g)	Tax Depreciation Forms/Amounts		Amount of ADFIT as of Test Year End (j)
							1/1/2016 - 12/31/2016 (h)	1/1/2017 - 12/31/2017 (i)	
1	101	Plant Additions - Water	II-E-3.3(W)	1/1/2013 - 06/30/2015	1,758,200.13	69,926.94	67,750.68	66,679.70	464
2	101	Plant Additions - Wastewater	II-E-3.3(S)	1/1/2013 - 06/30/2015	1,150,815.12	21,954.49	22,311.39	22,311.39	13,634
3	101	Plant Additions - Shared	II-E-3.3(SH)	1/1/2013 - 06/30/2015	39,787.52	1,430.20	1,907.81	1,747.99	591
Total					2,948,802.77	93,311.63	91,969.88	90,739.08	14,688.24

Tax Depreciation method - Water Utility property is depreciated using the straight-line method over 25 years. Other asset additions are depreciated using the MACRS depreciation method over the assets useful life.

March Utilities I. L.P.
Docket No. 49370
Test Year Ending 6/30/2013
Schedule II-EIS-3(6) - Meter
Witness: James Warren

Table with 10 columns: Line No., Account No., Asset No., Description, Reference Schedule, Tax In-Service Date, Tax Basis, Tax Depreciation, Tax Depreciation 12/31/2016, Tax Depreciation 1/1/2017, Tax Accum. Depreciation # Test Year-End, Book Accum. Depreciation # Test Year-End, Difference. Rows 1-77 listing various assets and their depreciation details.

Line No.	Account No.	Asset No.	Description	Reference Schedule	Tax In-Service Date	Tax Basis	Tax Depreciation	Tax Depreciation 1/1/2016 - 12/31/2016	Tax Depreciation 1/1/2017 - 12/31/2017	Tax Accum. Depreciation @ Test Year-End	Book Accum. Depreciation @ Test Year-End	Difference
410	346	20008250	Radio Receiver Simon shores we # 3	II-3.3	05/22/13	1,857.58	12.39	74.30	74.30	(12.39)	(15.48)	3.09
411	311	20008251	We1# 22 Tins/Wood Grundfos we Pump 41 1/2 HP 460	II-3.3	05/15/13	4,084.39	27.23	163.38	163.38	(27.23)	(45.38)	18.15
412	311	20008252	We1# 42 Tins/Wood Grundfos we Pump 41 1/2 HP 460	II-3.3	05/15/13	1,406.24	9.38	56.25	56.25	(9.38)	(2.76)	(6.62)
413	331	20008253	200' 4" PVC line section for 48" Deep Cressin	II-3.3	05/27/13	1,896.39	12.64	75.86	75.86	(12.64)	(3.72)	(8.92)
414	331	20008254	6" VALVE-Corner of Lee and Park-T	II-3.3	05/27/13	3,440.59	22.94	137.62	137.62	(22.94)	(6.75)	(16.19)
415	311	20008255	We1# 2 Cambridge shere-1/2 HP 230 V 3 PHSE Pentax	II-3.3	05/22/13	3,301.56	22.01	132.06	132.06	(22.01)	(36.68)	14.67
416	311	20008256	Ima1ter-TXL-T000X-02-0001	II-3.3	05/22/13	1,967.77	13.12	78.71	78.71	(13.12)	(21.86)	8.74
417	331	20008257	2" Air Release Valve-Cherokee Shores	II-3.3	06/13/13	2,172.83	14.49	86.91	86.91	(14.49)	(4.26)	(10.23)
418	331	20008261	12" Water Inlet-PNCK	II-3.3	03/30/13	-	-	-	-	-	-	-
419	331	20008262	5 Hp Berkley BPM1 Hildway Bay Plant	II-3.3	06/13/13	-	-	-	-	-	-	-
420	311	20008265	Impeller on booster pump#2-CHPO	II-3.3	06/13/13	-	-	-	-	-	-	-
421	311	20008264	CHPO we1# 4 - Grundfos Pump and SHP Franklin Motor	II-3.3	06/13/13	-	-	-	-	-	-	-
422	311	20008265	CHPO we1# 4 - Grundfos Pump & 2HP motor	II-3.3	06/13/13	-	-	-	-	-	-	-
423	311	20008266	LAPTOP FOR METER READING	II-3.3	10/14/14	3,500.00	1,260.00	672.00	403.20	(1,260.00)	(323.00)	(735.00)
424	340	60000143	Laptop for Meter Reading	II-3.3	10/14/14	3,500.00	1,260.00	672.00	403.20	(1,260.00)	(323.00)	(735.00)
425	340	60000145	DWR 3C Receiver and Power Supply	II-3.3	12/09/14	2,995.00	1,432.00	758.40	455.04	(1,432.00)	(460.43)	(981.17)
427	340	60000146	Computer Equip-Hardware-HOLIDAYFORK WITRIPS	II-3.3	12/09/14	2,995.00	1,432.00	758.40	455.04	(1,432.00)	(460.43)	(981.17)
428	340	60000147	CIAC	II-3.3	04/30/13	2,101.82	21.02	84.07	84.07	(21.02)	(305.09)	84.07
429	340	60000148	CIAC	II-3.3	06/30/13	(204,134.44)	(8,165.38)	(8,165.38)	(8,165.38)	16,330.76	16,330.76	16,330.76
430	340	60000149	CIAC	II-3.3	06/30/13	(438,866.46)	(13,165.99)	(17,554.66)	(17,554.66)	37,154.66	37,154.66	37,154.66
431	340	60000150	CIAC	II-3.3	06/30/13	(391,953.03)	(7,639.29)	(15,678.52)	(15,678.52)	7,839.29	7,839.29	7,839.29
432	340	60000151	CIAC	II-3.3	06/30/13	1,738,200.13	69,926.94	67,750.68	66,679.70	(100,738)	(102,101.62)	1,363.31
433	340	60000152	Total	II-3.3							ADFT @ 34%	484

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-3.3(S) Wastewater
 Witness: James Warren

Line No	Account No. (A)	Asset No. (B)	Description (C)	Reference Schedule (D)	Tax In-Service Date (E)	Tax Basis (F)	Tax Depreciation (G)	1/1/2016 - 12/31/2016 (H)	1/1/2017 - 12/31/2017 (I)	Tax Accum. Depreciation - Test Year-End (J)	Book Accum. Depreciation - Test Year-End (K)	Difference (L)
1	371	20007258	RAS S-3 PUMP	II-3.3	01/31/13	1,121.44	44.86	44.86	69.87	(108.41)	(112.15)	3.74
2	371	20000837	42" Handrails on Caswalk and stairs	II-3.3	02/07/13	2,275.00	69.87	69.87	69.87	(168.86)	(186.16)	19.30
3	371	20007826	2HP Lift Pump - Decker Hills WW	II-3.3	04/06/13	2,275.59	51.02	51.02	51.02	(114.80)	(114.80)	-
4	371	20007793	Air Header Diffuser-WW Holiday Fork	II-3.3	04/29/13	3,714.78	148.59	148.59	148.59	(321.91)	(321.91)	-
5	371	20007826	Pump - L/S #2 Pump #2	II-3.3	05/03/13	3,331.59	133.26	133.26	133.26	(288.73)	(288.73)	-
6	354	20000848	Decker Hills Rehab - Building	II-3.3	07/01/13	30,306.07	1,289.90	1,289.90	1,289.90	(2,579.80)	(4,024.24)	1,444.68
7	380	20007831	Decker Hills Rehab - Controls	II-3.3	07/01/13	63,397.34	15,680.83	15,680.83	15,680.83	(31,348.92)	(48,924.19)	17,575.27
8	380	20007831	Decker Hills Rehab - Exposed Electrical Work	II-3.3	07/01/13	83,397.34	1,625.58	1,625.58	1,625.58	(3,251.16)	(5,077.83)	1,826.67
9	380	20007833	Decker Hills Rehab - Plant drain, Misc piping	II-3.3	07/01/13	38,184.13	994.62	994.62	994.62	(1,989.24)	(3,103.21)	1,113.97
10	380	20007833	Decker Hills Rehab - Processing Equipment	II-3.3	07/01/13	38,184.13	979.08	979.08	979.08	(1,958.16)	(3,054.73)	1,096.57
11	380	20007833	Decker Hills Rehab - Concrete Control Room	II-3.3	07/01/13	17,677.35	4,530.19	4,530.19	4,530.19	(9,060.39)	(14,134.19)	5,073.80
12	380	20007833	Decker Hills Rehab - Electrical Rack	II-3.3	07/01/13	12,121.95	310.82	310.82	310.82	(621.64)	(948.12)	326.50
13	380	20007837	Decker Hills Rehab - Instrumentation	II-3.3	07/01/13	4,242.68	108.79	108.79	108.79	(217.58)	(339.41)	121.83
14	371	20007831	30HP Pump 460V - L/S #2	II-3.3	07/09/13	30,910.96	792.59	792.59	792.59	(1,585.19)	(2,472.48)	887.69
15	371	20007860	2,602 LF 10" Pipe	II-3.3	10/01/13	-	-	-	-	-	-	-
16	371	20007860	51 Sewer Service Reconnections	II-3.3	10/01/13	-	-	-	-	-	-	-
17	363	20007881	4" Man Hole	II-3.3	10/01/13	-	-	-	-	-	-	-
18	370	20007882	Rehab Existing M/H (13 ea)	II-3.3	10/01/13	-	-	-	-	-	-	-
19	370	20007882	19,960 S.F. Replace Concrete	II-3.3	10/01/13	-	-	-	-	-	-	-
20	370	20007882	Strathdon LS Pump Rails, Chain, & Shackles	II-3.3	04/17/14	4,701.69	188.07	188.07	188.07	(219.42)	(250.15)	30.73
21	371	20007831	4M Blower #2 - Tower Terrace	II-3.3	05/02/14	2,218.63	88.75	88.75	88.75	(118.03)	(118.03)	-
22	380	20007931	4M Blower #2 - Tower Terrace	II-3.3	05/02/14	4,944.42	197.78	197.78	197.78	(230.74)	(244.81)	14.07
23	371	20008054	IMPELLER PUMP LS #1	II-3.3	05/23/14	2,232.42	89.30	89.30	89.30	(96.74)	(110.54)	13.80
24	371	20008054	IMPELLER PUMP LS #2	II-3.3	05/23/14	2,232.42	89.30	89.30	89.30	(96.74)	(110.54)	13.80
25	371	20008054	IMPELLER PUMP LS #1	II-3.3	05/23/14	2,096.26	83.85	83.85	83.85	(90.84)	(102.84)	12.00
26	371	20007930	30HP 230V Centrifugal Pump	II-3.3	06/06/14	10,283.79	411.35	411.35	411.35	(473.18)	(471.23)	2.95
27	371	20007930	30HP 460V 12" Impeller Pump LS #2	II-3.3	06/30/14	5,508.88	220.36	220.36	220.36	(220.36)	(220.36)	-
28	364	20007931	FLOW RECORDER-RVOL WTP to Blue Water Cove	II-3.3	07/18/14	2,040.65	81.63	81.63	81.63	(82.01)	(82.01)	-
29	360	20007981	Red Lion Controller with Float DHC WTP	II-3.3	07/18/14	2,040.65	81.63	81.63	81.63	(82.01)	(82.01)	-
30	371	20007948	Impeller & wear plate Strathdon L/S Pump #1	II-3.3	07/24/14	1,916.12	76.65	76.65	76.65	(70.27)	(74.83)	4.56
31	371	20007927	Gun Cart for Irrigation Reel - Holiday Villages	II-3.3	07/24/14	3,978.59	145.88	145.88	145.88	(142.98)	(142.98)	-
32	364	20007932	Hydranger 200 Flow recorder & transducer unit	II-3.3	07/28/14	3,899.19	155.97	155.97	155.97	(142.98)	(142.98)	-
33	364	20007932	Hydranger 200 Flow recorder & transducer unit	II-3.3	07/28/14	3,899.19	155.97	155.97	155.97	(142.98)	(142.98)	-
34	354	20008058	Flow Meter TRANSDUCER & CONTROLS	II-3.3	09/04/14	14,988.76	599.95	599.95	599.95	(499.96)	(499.96)	-
35	352	20008680	CEQ Domestic Wastewater/Texas Land Application Permit - RVOM	II-3.3	09/10/14	5,484.27	182.83	182.83	182.83	(182.83)	(182.83)	-
36	386	20007986	0-5 PSI Transducer at Plant Harbor Point	II-3.3	09/10/14	3,890.98	31.77	31.77	31.77	(31.77)	(31.77)	-
37	371	20008013	RAS S3 pump at Cherokee Shores	II-3.3	09/12/14	953.04	129.70	129.70	129.70	(129.70)	(129.70)	-
38	371	20008013	Level Controller and Transducer at Wichita Falls	II-3.3	09/22/14	3,004.79	90.15	90.15	90.15	(90.15)	(90.15)	-
39	371	20007987	0-5 PSI Transducer at Plant Harbor Point	II-3.3	09/30/14	1,834.78	73.40	73.40	73.40	(73.40)	(73.40)	-
40	371	20007987	Level Controller and Transducer at Wichita Falls	II-3.3	09/30/14	1,499.02	44.97	44.97	44.97	(44.97)	(44.97)	-
41	371	20008016	2HP Slingex Grinder Pump and Float	II-3.3	10/27/14	2,367.44	94.70	94.70	94.70	(94.70)	(94.70)	-
42	345	20008150	4" 10HP 3PH 240V Pump	II-3.3	11/04/14	5,276.08	211.04	211.04	211.04	(211.04)	(211.04)	-
43	371	20008055	Flow and Control RVOM - 127 PR 1514	II-3.3	12/03/14	2,451.32	97.25	97.25	97.25	(97.25)	(97.25)	-
44	371	20008160	2HP dual spring pump - Terrace	II-3.3	02/15/15	2,196.73	87.87	87.87	87.87	(87.87)	(87.87)	-
45	371	20008219	4M Blower #3 Sewer Plant Terrace	II-3.3	02/15/15	90.50	90.50	90.50	90.50	(90.50)	(90.50)	-
46	371	20008247	30 hp 460 V Liftstation# 2 Tanglemood	II-3.3	05/27/15	11,870.51	474.82	474.82	474.82	(474.82)	(474.82)	-
47	371	20008247	30 hp 460 V Liftstation# 2 Tanglemood	II-3.3	05/27/15	11,870.51	474.82	474.82	474.82	(474.82)	(474.82)	-
48	371	20008236	30hp Smoke blower TRTE	II-3.3	06/30/15	1,315.73	8.77	8.77	8.77	(8.77)	(8.77)	-
49	397	CIAC2013.5	CIAC	II-3.3	06/30/15	-	(7,808.00)	(7,808.00)	(7,808.00)	15,616.00	15,616.00	-
50	397	CIAC2014.5	CIAC	II-3.3	06/30/15	-	(589.58)	(589.58)	(589.58)	589.58	589.58	-
51	397	CIAC2015.5	CIAC	II-3.3	06/30/15	-	(21,334.49)	(21,334.49)	(21,334.49)	40,098.58	40,098.58	-
52	397	CIAC2015.5	CIAC	II-3.3	06/30/15	-	(41,164.00)	(41,164.00)	(41,164.00)	82,328.00	82,328.00	-
53	397	CIAC2015.5	CIAC	II-3.3	06/30/15	-	(81,262.67)	(81,262.67)	(81,262.67)	162,525.34	162,525.34	-
54	397	CIAC2015.5	CIAC	II-3.3	06/30/15	-	(15,616.00)	(15,616.00)	(15,616.00)	31,232.00	31,232.00	-

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-3.3(SH) Shared
 Witness: James Warren

Line No	Account No.	Asset No. (G)	Description (G)	Reference Schedule (G)	Tax In-Service Date (G)	Tax Basis (G)	Tax Depreciation (G)	Tax Depreciation Forms/Amounts		Finc. Factor (G)	Functional Depreciation		Tax Accum. Depreciation @ Test Year-End (M)	Book Accum. Depreciation @ Test Year-End (G)	Difference (G)
								1/1/2016 - 12/31/2016 (G)	1/1/2017 - 12/31/2017 (G)		Water (G)	Wastewater (G)			
1	341	40000038	JFTMELCIBR038189	II-3.3	7/1/2013	2,277.00	91.08	91.08	WTR-WRR	78.33	12.75	(316.25)	(316.25)	134	
2	340	60000141	Conference Room Tables - Conroe Office	II-3.3	6/21/2013	4,500.00	90.00	180.00	WTR-WRR	77.40	12.60	(4,500.00)	(4,500.00)		
3	395	20007934	2008 Mt 500 Gall Water Trailer (Used) #76278	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
4	341	40000032	JFTMELCIBR032189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
5	341	40000049	JFTMELCIBR049189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
6	341	40000048	JFTMELCIBR048189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
7	341	40000046	JFTMELCIBR046189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
8	341	40000044	JFTMELCIBR044189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
9	341	40000042	JFTMELCIBR042189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
10	341	40000045	JFTMELCIBR045189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
11	341	40000043	JFTMELCIBR043189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
12	341	40000047	JFTMELCIBR047189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
13	341	40000039	JFTMELCIBR039189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
14	341	40000037	JFTMELCIBR037189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
15	341	40000040	JFTMELCIBR040189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
16	341	40000035	JFTMELCIBR035189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
17	341	40000033	JFTMELCIBR033189	II-3.3	7/17/2014	-	-	-	WTR-WRR	-	-	-	-		
18	341	40000037	16 ft Hfg - CS Trailer	II-3.3	11/30/2014	2,080.83	749.14	399.54	WTR-WRR	644.26	104.88	(749.14)	(277.45)	(472)	
19	347	20008260	Benbrook Office remodel	II-3.3	9/6/2010	9,600.00	188.00	384.00	WTR-WRR	247.68	40.32	(288.00)	(288.00)	1,971	
20	343	20008158	Hitachi 8 Gallons Horizontal Compressor	II-3.3	1/18/2015	770.25	15.41	30.85	WTR-WRR	33.25	2.16	(31.43)	(31.43)	10	
21	395	20008173	2015 Trailer VINMS 42ECH027F1080379	II-3.3	2/28/2015	4,442.39	74.04	177.70	WTR-WRR	63.67	10.37	(74.04)	(74.04)	49	
22	395	20008174	2015 Trailer VINMS 42ECH027F1080380	II-3.3	2/28/2015	4,442.39	74.04	177.70	WTR-WRR	63.67	10.37	(74.04)	(74.04)	49	
23	311	20008178	Engine Driven Semi-Trash Pump, 3.5 HP	II-3.3	3/12/2015	956.70	12.76	38.27	WTR-WRR	30.97	1.79	(31.76)	(31.76)	9	
24	341	40000062	JFTMELCIBR062189	II-3.3	4/1/2015	-	-	-	WTR-WRR	-	-	-	-		
25	341	40000067	JFTMELCIBR067189	II-3.3	4/1/2015	-	-	-	WTR-WRR	-	-	-	-		
26	341	40000064	JFTMELCIBR064189	II-3.3	4/1/2015	-	-	-	WTR-WRR	-	-	-	-		
27	341	40000065	JFTMELCIBR065189	II-3.3	4/1/2015	-	-	-	WTR-WRR	-	-	-	-		
28	341	40000066	JFTMELCIBR066189	II-3.3	4/1/2015	-	-	-	WTR-WRR	-	-	-	-		
29	341	40000065	JFTMELCIBR065189	II-3.3	4/1/2015	-	-	-	WTR-WRR	-	-	-	-		
30	310	20008214	500 gallon double walled tanks 63	II-3.3	6/15/2015	2,310.06	7.70	92.40	WTR-WRR	6.62	1.08	(7.70)	(3.85)	(4)	
31	310	20008215	500 gallon double walled tanks 63	II-3.3	6/15/2015	2,310.06	7.70	92.40	WTR-WRR	6.62	1.08	(7.70)	(3.85)	(4)	
32	310	20008216	500 gallon double walled tanks 12 volt pumps	II-3.3	6/15/2015	2,310.06	7.70	92.40	WTR-WRR	6.62	1.08	(7.70)	(3.85)	(4)	
33	310	20008218	500 gallon double walled tanks 12 volt pumps	II-3.3	6/15/2015	2,310.06	7.70	92.40	WTR-WRR	6.62	1.08	(7.70)	(3.85)	(4)	
34	343	20008244	Stahl chop saw	II-3.3	6/30/2015	1,477.82	4.93	59.11	WTR-WRR	4.24	0.69	(4.93)	(8.21)	3	
35	341	40000070	JFTMELCIBR070189	II-3.3	6/30/2015	-	-	-	WTR-WRR	-	-	-	-		
36	341	40000069	JFTMELCIBR069189	II-3.3	6/30/2015	-	-	-	WTR-WRR	-	-	-	-		
37	341	40000068	JFTMELCIBR068189	II-3.3	6/30/2015	-	-	-	WTR-WRR	-	-	-	-		
38						39,787.32	1,450.20	1,907.81		1,219.97	200.23	(5,931.20)	(7,658.87)	1,738.53	
39													ADPT @ 346	321.22	

Monarch Utilities I, L.P.

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Schedule II-E-3.4 Consolidation/Inter-Corporate Tax Allocation

Witness: James Warren

Monarch Utilities I, LP does not have an existing affiliate tax allocation agreement.
Monarch's taxes are prepared using the separate return method.

Monarch Utilities I, L.P.
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Test Year Ending 6/30/2015
Schedule II-E-3.5 ADFIT
Witness: James Warren

Line No	Account No. (a)	Description (b)	Reference Schedule (c)	Monarch Total (d)	K&M Adjustment (e)	Adjusted Monarch Total (f)	Func. Factor (g)	Water (h)	Wastewater (i)
1		Accumulated Deferred Income Taxes:							
2		Deferred Credits:							
3		Depreciation	II-E-3.7	(6,636,787)	(1,077,996)	(7,714,783)	WTR/MM-DIRECT	(5,760,738)	(1,954,046)
4	282	Prepaid Insurance	II-E-3.7	(19,934)	146	(19,788)	WTR-WMR	(16,622)	(3,166)
5	283	Subtotal		(6,656,721)	(1,077,850)	(7,734,571)	WTR-WMR	(5,777,360)	(1,957,212)
6		Less Deferred Debits:							
7	190.1	Bad debt Reserve	II-E-3.7	34,405	(262)	34,143	WTR-WMR	28,680	5,463
8	190.1	Accrued Payroll	II-E-3.7	25,808	-	25,808	WTR-WMR	21,679	4,129
9	190.1	Accrued Vacation Pay	II-E-3.7	56,230	-	56,230	WTR-WMR	47,233	8,997
10	190.1	NOL Carryforward	II-E-3.7	5,866,950	-	5,866,950	WTR-WMR	4,928,238	938,712
11		Subtotal		5,983,393	(262)	5,983,131		5,025,830	957,301
12		Total Accumulated Deferred Income Taxes							
13		Tax (Liabilities) Assets		(673,328)	(1,078,112)	(1,751,440)		(751,530)	(999,911)
14		Note:							
15		Deferred taxes were not recorded on a monthly basis during the Test Year.							
16		Monarch Utilities I, LP has not had any changes in the accounting for ADFIT.							

Monarch Utilities I, L.P.
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Test Year Ending 6/30/2015
Schedule II-E-3.6 ADFIT - Description of Timing Differences
Witness: James Warren

Accumulated Deferred Income Taxes - Due to Depreciation:

For income tax purposes the company uses prescribed methods and lives which differ from the method and lives used to calculate depreciation expense for book purposes. Deferred taxes are calculated and recorded to provide for the tax effect of the timing differences due to depreciation.

Accumulated Deferred Income Taxes - Due to Net Operating Losses

Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the Net Operating Loss Carryforward is used to offset taxable income in future years.

Accumulated Deferred Income Taxes - Due to Bad Debt Reserve

Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for Bad Debts is used to offset taxable income in future years.

Accumulated Deferred Income Taxes - Due to Accrued Vacations

Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for Vacations is used to offset taxable income in future years. Expense for Vacation Pay is recognized for book purposes when earned. For income tax purposes Vacation Pay is deducted when actually paid.

Accumulated Deferred Income Taxes - Due to Accrued Payroll

Deferred taxes are calculated and recorded to provide for the tax impact of future benefits to be received by the company when the deduction for Accrued Payroll is used to offset taxable income in future years. Expense for Payroll is recognized for book purposes when earned. For income tax purposes Payroll is deducted when actually paid.

Accumulated Deferred Income Taxes - Due to Prepaid Insurance

Deferred taxes are calculated and recorded to provide for the tax impact of future tax liabilities to be paid by the company when the deduction for Insurance is not available to offset taxable income in future years. Expense for Insurance is recognized for book purposes as it expires. For income tax purposes Insurance is deducted when actually paid.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-3.7 Adjustments to ADFIT
 Witness: James Warren

Line No	Description (a)	Reference Schedule (b)	Monarch Total (c)	K&M Adjustment (d)	Adjusted Monarch Total (e)	Func. Factor (f)	Functionalization Water (g)	Functionalization Wastewater (h)
1	ANALYSIS OF DEFERRED TAXES DUE TO DEPRECIATION							
2	Water:							
3	Accumulated Depreciation per Books as of June 30, 2015		(47,588,943)	4,386,191	(43,202,752)			
4	Accumulated Depreciation per Tax as of June 30, 2015		(61,675,209)	1,529,111	(60,146,098)			
5								
6	Excess Tax Depreciation over Books as of June 30, 2015		(14,086,266)	(2,857,080)	(16,943,346)			
7	Tax rate		34%	34%	34%			
8								
9	Deferred income tax due to Accelerated Depreciation for Tax	II-E-3.5	(4,789,330)	(971,407)	(5,760,738)	WTR-DIRECT	(5,760,738)	
10								
11								
12	Wastewater:							
13	Accumulated Depreciation per Books as of June 30, 2015		(7,583,081)	564,915	(7,018,166)			
14	Accumulated Depreciation per Tax as of June 30, 2015		(13,016,779)	251,418	(12,765,361)			
15								
16	Excess Tax Depreciation over Books as of June 30, 2015		(5,433,698)	(313,497)	(5,747,195)			
17	Tax rate		34%	34%	34%			
18								
19	Deferred income tax due to Accelerated Depreciation for Tax	II-E-3.5	(1,847,457)	(106,589)	(1,954,046)	WW-DIRECT		(1,954,046)
20								
21	NOTE:K&M Adjustment is to remove Blue Mound system, the Midway system and to adjust for depreciation recapture							
22								
23	Prepaid Insurance	II-E-3.5	(19,934)	146	(19,788)	WTR-WWR	(16,622)	(3,166)
24								
25								
26	Bad Debt Reserve	II-E-3.5	34,405	(262)	34,143	WTR-WWR	28,680	5,463
27								
28								
29	Accrued Payroll	II-E-3.5	25,808		25,808	WTR-WWR	21,679	4,129
30								
31								
32	Accrued Vacation Pay	II-E-3.5	56,230		56,230	WTR-WWR	47,233	8,997
33								
34								
35								

Monarch Utilities I, L.P.

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Test Year Ending 6/30/2015

Schedule II-E-3.7.a Reconciliation of Accumulated Depreciation - Book and Tax

Witness: James Warren

This schedule provides a reconciliation of accumulated depreciation as shown for books and used to calculate ADFIT.

Line No	Description (a)	Reference Schedule (b)	WATER (c)	WASTEWATER (d)	SHARED (e)
1	RECONCILIATION OF ACCUMULATED DEPRECIATION				
2					
3	Accumulated Depreciation per Books as of June 30, 2015	II-B-3	(47,889,143)	(7,728,347)	(197,731)
4	Allocate Shared		(166,094)	(31,637)	197,731
5					
6	Subtotal after allocation		(48,055,237)	(7,759,984)	-
7	Rounding				
8	Less: Recapture of prior depreciation removed / Other	II-E-3.7	2,808,318	303,019	
9	Less: Removal of Blue Mound System	II-E-3.7	944,216	261,896	
10	Less: Removal of Midway	II-E-3.7	633,657	-	
11	Less: Accumulated Amortization of CIAC (books)	II-A-3	466,294	176,903	
12					
13	Accumulated Depreciation per Books as of June 30, 2015 used to calculate ADFIT	II-E-3.7	(43,202,752)	(7,018,166)	
14					
15					
16					

Monarch Utilities I, L.P.
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 Test Year Ending 6/30/2015
 Schedule II-E-3.8 ADFIT - Plant Adjustments
 Witness: James Warren

Line No	Account No. (a)	Description (b)	Reference Schedule (c)	Book Accum. Depreciation (d)	Tax Accum. Depreciation (e)	Difference (f)	Amount of ADFIT as of Test Year End @ 34% (g)
1	101	Plant Additions - Water	II-E-3.3(W)	(102,101.62)	(100,738.07)	1,363.55	463.61
2	101	Plant Additions - Wastewater	II-E-3.3(S)	(81,262.67)	(41,164.11)	40,098.56	13,633.51
3	101	Plant Additions - Shared	II-E-3.3(SH)	(7,669.87)	(5,931.28)	1,738.59	591.12
4		Total		(191,034.16)	(147,833.46)	43,200.70	14,688.24

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.9 Analysis of ITCs
Witness: James Warren

Monarch Utilities I, L.P. is not proposing any adjustment to investment tax credits.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.10 ITC Utilized
Witness: James Warren

Monarch Utilities I, L.P. did not utilize any investment tax credits during the test year.

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule II-E-3.11 ITC Generated But Not Utilized

Witness: James Warren

Monarch Utilities I, L.P. did not generate any investment tax credits during the test year.

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule II-E-3.12 ITC Utilized - Stand Alone Basis

Witness: James Warren

Monarch Utilities I, L.P. did not utilize any investment tax credits during the test year.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.13 ITC Election
Witness: James Warren

Monarch Utilities I, L.P. did not utilize any investment tax credits during the test year.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.14 NARUC Account 255
Witness: James Warren

Monarch Utilities I, L.P. did not have any investment tax credits.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.15 Analysis of Additional Depreciation Requested
Witness: James Warren

Monarch Utilities I, L.P. is not requesting any depreciation adjustments for tax purposes.

Monarch Utilities I, L.P.

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Test Year Ending 6/30/2015

Schedule II-E-3.16 Amortization of Protected and Unprotected Excess Deferred Taxes

Witness: James Warren

Monarch Utilities I, L.P. does not have any protected and unprotected excess deferred taxes.

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule II-E-3.17 Analysis of Excess Deferred Taxes by Timing Difference

Witness: James Warren

Monarch Utilities I, L.P. does not have any excess deferred taxes.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-3.18 Effects of Post Test Year Adjustment
 Witness: James Warren

The sale of Blue Mound and Midway represent post-test year adjustments, as well as recapture adjustments for book purposes. The ADFIT impact of each post-year adjustment is outlined below:

Line No	(a)	(b)	(c)
1		ADFIT	
2	Blue Mound	62,141	WP/II-E-3.18
3	Midway	(41,999)	WP/II-E-3.18
4	Recapture	1,057,855	WP/II-E-3.18
5		1,077,997	

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.19 List of FIT Testimony
Witness: James Warren

Line No	FIT Schedule (a)	Witness (b)	Page Number (c)
1	All tax rate case tax schedules (II-E-3 - II-E-3.23).	James Warren	

Monarch Utilities I, L.P.
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Test Year Ending 6/30/2015
Schedule II-E-3.20 History of Tax Normalization
Witness: James Warren

The Company has historically recorded deferred income taxes payable due to the use of accelerated depreciation for income tax purposes. The recording of deferred income taxes payable is consistent with the normalization method of accounting which contemplates the creation of a reserve for deferred federal income taxes when depreciation for tax purposes is greater than depreciation for book purposes, and a reduction in the reserve when depreciation for tax purposes is less than depreciation for book purposes.

In addition to accelerated depreciation, the Company also records deferred income taxes for other timing differences as follows: a) Accrued Vacation, Accrued Payroll, and Bad Debts not deducted for tax until actually paid; and b) Prepaid Insurance deducted for tax when purchased.

The Company's history of tax normalization for accelerated depreciation began in 2004 when the utility was first acquired by SouthWest. The method used by the Company to normalize the timing differences is to compare the depreciation for book purposes to the depreciation for tax purposes, determine the difference, multiply that difference by the tax rate and record the result into the deferred income taxes payable account.

Historically, the Company has not flowed through any timing differences.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.21 Tax Elections, IRS Audit Status and Private Letter Rulings
Witness: James Warren

- a. Tax Elections:
2013 - No tax elections filed.
2014 - Election under IRC. Reg. Sec. 1.263(a)-1(f) to apply the de minimus safe harbor election for repairs and maintenance.
2014 - Election to exclude property from IRC. Sec. 168(K) additional first-year depreciation.
- b. IRS Audit Status:
The Company is not currently under an IRS audit nor has it been notified of any pending IRS audits.
- c. Private Letter Rulings:
There have not been any private letter rulings received from the IRS since the last rate case filing.
- d. FIN 48:
There are no uncertain tax positions for Monarch Utilities I, L.P.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-E-3.22 Method of Accounting for ADFIT Related to NOL Carryforward
 Witness: James Warren

The ADFIT related to the Company's net operating losses have been accounted for using the separate return method. Under this method, the NOL is accounted for as if Monarch were filing its own separate tax return.

The generic journal entry to record the NOL is as follows: *debit / (credit)*
 ADFIT - NOL 5,866,950
 Tax Expense (5,866,950)

Line No.	Description (a)	Reference Schedule (b)	Monarch Total (c)	Func. Factor (d)	Functionalization	
					Water (e)	Wastewater (f)
1	ANALYSIS OF DEFERRED TAXES DUE TO NOL CARRYFORWARD					
2			28,666,578			
3	NOL carryforward 2004-2014		17,255,735			
4			11,410,843			
5	NOL carryforward due to depreciation differences		28,666,578			
6	NOL carryforward due to other than depreciation differences		17,255,735			
7			34%			
8	NOL carryforward 2004-2014					
9	NOL carryforward due to depreciation differences					
10						
11						
12						
13	Deferred income tax due to NOL Carryforward	II-E-3.5	5,866,950	WTR-WMR	4,928,238	938,712

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-E-3.23 Federal Tax Returns
Witness: James Warren

See Confidential Federal Consolidated Tax Returns for SW Merger Acquisition Corp. & Subsidiaries
for the years ended December 31, 2013 and 2014.