

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule III (S) Wastewater Rate Design
 Witness: George Freitag

Line No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
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200 RATE DESIGN CALCULATION

TOTAL Number of Customers less BLUE MOUND, incl. Lakeshore Pinnacle	TY Begin	TY End
3,437	3,437	3,593

Present Rate	Annual Revenues
\$77.63	\$2,923,265

Proposed Rates

	Phase I	Phase II	Phase III	Phase I	Phase II	Phase III
\$77.63	\$82.43	\$87.52	\$87.52	\$3,347,151	\$3,553,887	\$3,773,393
\$116.45	\$123.64	\$131.28	\$131.28	\$30,742	\$32,641	\$34,657
\$194.08	\$206.07	\$218.79	\$218.79	\$44,250	\$46,983	\$49,885
\$386.16	\$412.13	\$437.59	\$437.59	\$32,605	\$34,619	\$36,757
\$621.05	\$659.41	\$700.14	\$700.14	\$59,621	\$63,303	\$67,213
\$1,164.47	\$1,236.39	\$1,312.76	\$1,312.76	\$0	\$0	\$0
\$1,940.78	\$2,060.65	\$2,187.93	\$2,187.93	\$23,289	\$24,728	\$26,255
\$3,881.56	\$4,121.31	\$4,375.86	\$4,375.86	\$0	\$0	\$0
\$6,210.50	\$6,594.09	\$7,001.38	\$7,001.38	\$0	\$0	\$0
				\$3,537,658	\$3,756,161	\$3,988,160

213 Total Number of Customers 3,492

Total Service Charge Revenues \$3,069,658

217 Usage Charge/ thousand gallons

Gal. x 1000	Usage After Adj.
170,865	170,865

Total Usage Charge Revenues \$406,706

TOTAL REVENUES \$3,496,364

226 SERVICE CHARGE PROPOSED RATE CALCULATION

Meter size	Customer Count Year End	(a)	(b)	Phase I	Phase II	Phase III
5/8"	3,583	3,583	1.00	3,583	3,583	3,583
3/4"	22	33	1.50	33	33	33
1"	19	48	2.50	48	48	48
1 1/2"	7	35	5.00	35	35	35
2"	8	64	8.00	64	64	64
3"	-	-	15.00	0	0	0
4"	1	25	25.00	25	25	25
6"	-	-	50.00	0	0	0
8"	-	-	80.00	0	0	0
	3,650	3,650		3,788	3,788	3,788
				\$3,537,658	\$3,756,161	\$3,988,160
				\$931.58	\$989.11	\$1,050.21
				\$77.63	\$82.43	\$87.52

241 Total revenues from recoverable from service charge

242 Annual Cost per Meter Equivalent, Dollars

243 Monthly Meter Equivalent Cost, Dollars (Rate for 5/8")

difference

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

Line No	NARUC Account (a)	Description (b)	Reference Schedule (b)	Test Year Total (c)	1/1/2013-12/31/2013 (d)	1/1/2012-12/31/2012 (e)
1						
2	401	Affiliate Transactions - Parent Operating Expenses	WP/IV-1	3,352,230	3,287,377	3,953,193
3						
4						
5	401	Affiliate Transactions - SWMC Utilities, Inc Operating Expenses	WP/IV-1	3,174,369	4,014,418	4,476,740
6						
7						
8		Total Affiliate Transactions		6,526,599	7,301,795	8,429,932
9						

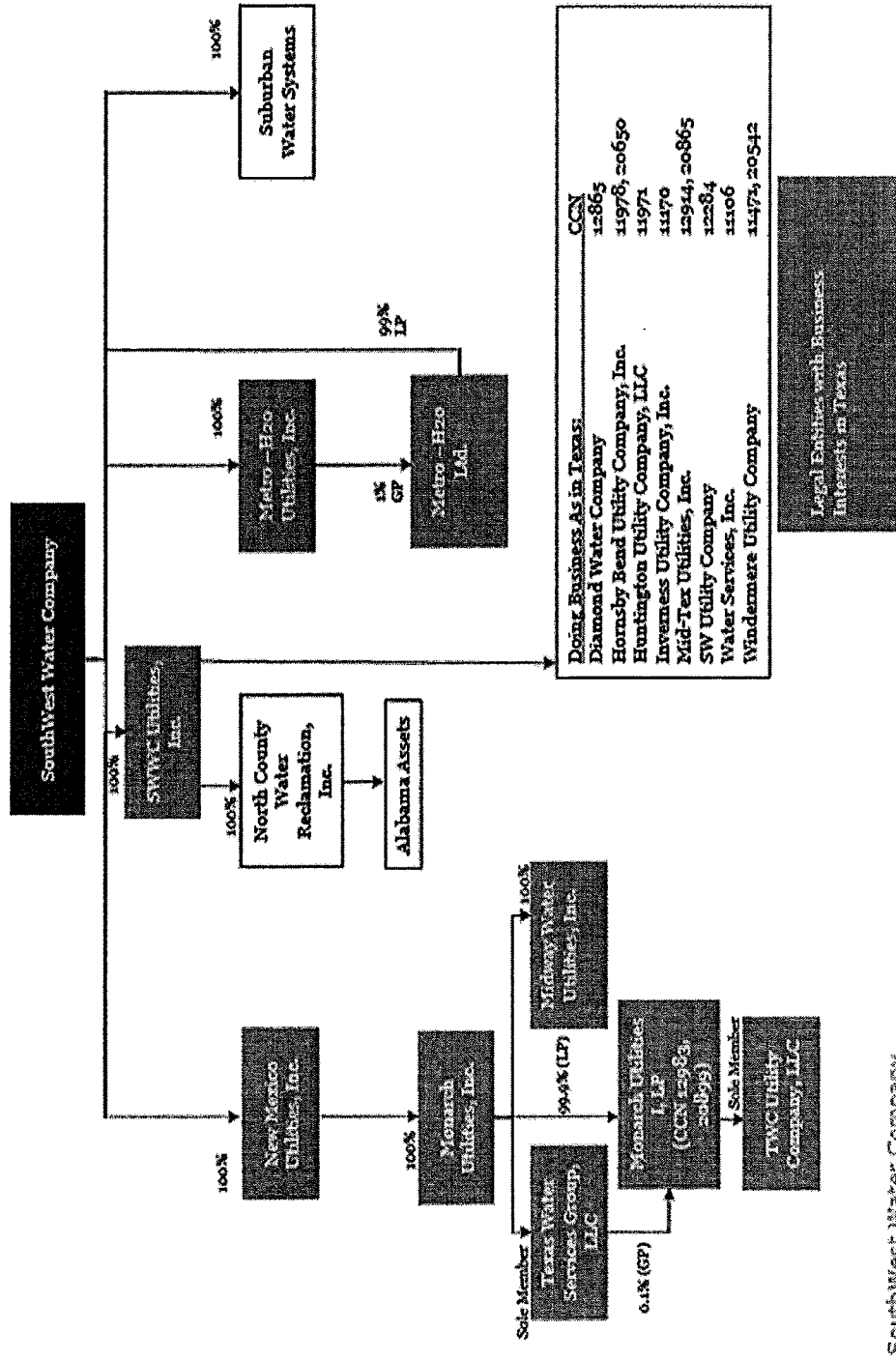
Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule IV-2 Adjusted Affiliate Expenses
Witness: Robert Kelly

Line No	NARUC Account (a)	Description (b)	Reference Schedule (c)	Original Trial Balance (d)	Pro-Forma Adjustments (e)	K&M Adjustment (f)	Adjusted Monarch Total (g)	Func. Factor (h)	Functionalization	
									Water (i)	Wastewater (j)
1										
2	401	Affiliate Transactions - Parent Operating Expenses	WP/IV-2	3,432,277	(80,047)	131,259	3,483,489	WTR-WW	2,926,131	557,358
3										
4										
5	401	Affiliate Transactions - SMMC Utilities, Inc Operating Expenses	WP/IV-2	3,484,979	(310,610)	-	3,174,369	WTR-WW	2,576,045	598,324
6										
7										
8										
9										
10	401	Total Affiliate Transactions		6,917,256	(390,657)	131,259	6,657,858		5,502,176	1,155,682

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule IV-3 Organization Chart
 Witness: Charles Profiliet

Schedule IV-3

Organization Chart



Southwest Water Company

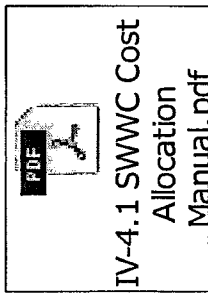
Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule IV-4 Description of Services
Witness: Charles Profitet

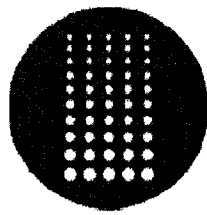
Southwest and certain subsidiaries perform various management services for Monarch, including financial and risk management, corporate secretary services, human resources support, income tax preparation and legal support services. The amounts charged to Monarch represent both direct and indirect costs. Indirect costs are allocated to Monarch based on an allocation formula developed by SouthWest. During 2014 and 2013, shared services and management fees of \$6.5 million and \$7.2 million were allocated to Monarch by Southwest and affiliated entities. These fees are included in operating expenses in the consolidated statements of operations.

See Cost Allocation Manual in Schedule IV-4.1 for a detailed description of allocated costs between affiliates.

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

See attached Cost Allocation Manual





**SouthWest
Water Company**

Cost Allocation Manual

Effective Date: January 18, 2016

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1. Introduction

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

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

1.1 Definitions

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

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

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

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

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

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

1.2 Process Used To Segregate Between Indirect And Direct Costs

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

2. Corporate Cost Allocation

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

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

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

Company	Per Settlement Agreement with ORA						Per Settlement Agreement with ORA	
	Direct Operating Expense Recorded 2012		Payroll Recorded 2012		End of Year Gross Plant Recorded 2012		Total Percent	Average (Percent)
	Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent		
ALLOCATION FACTORS								
Suburban Water Systems	34,410,816	48.3%	7,749,136	48.7%	207,656,138	42.8%	139.7%	46.57%
Texas Utilities								
Monarch Utilities	18,815,862	26.4%	5,364,056	33.7%	131,109,018	27.0%	87.1%	29.03%
Windermere	4,181,215	5.9%	448,906	2.8%	44,439,171	9.2%	17.8%	5.95%
Homsby Bend	2,418,215	3.4%	213,338	1.3%	27,047,652	5.6%	10.3%	3.43%
Diamond	892,938	1.3%	318,840	2.0%	3,811,625	0.8%	4.0%	1.35%
Water Services Inc	964,327	1.4%	202,263	1.3%	8,302,072	1.7%	4.3%	1.44%
Huntington	32,215	0.0%	5,809	0.0%	635,367	0.1%	0.2%	0.07%
Inverness	156,921	0.2%	28,765	0.2%	1,774,758	0.4%	0.8%	0.26%
Mid-Tex	3,396	0.0%	-	0.0%	0	0.0%	0.0%	0.00%
SW Utility	17,111	0.0%	4,657	0.0%	90,881	0.0%	0.1%	0.02%
Tenkiller	263,600	0.4%	95,943	0.6%	1,046,325	0.2%	1.2%	0.40%
Metro - Continued Operations	697,271	1.0%	13,461	0.1%	4,526,076	0.9%	2.0%	0.66%
Southeast Utilities								
Riverview Wastewater	1,995,458	2.8%	135,611	0.9%	31,580,266	6.5%	10.2%	3.38%
North Shelby & Other	4,472,893	6.3%	878,667	5.5%	22,257,237	4.6%	16.4%	5.46%
North County Water	201,819	0.3%	16,255	0.1%	1,337,439	0.3%	0.7%	0.22%
11 Contracts (per Rebuttal)	1,793,205	2.5%	433,696	2.7%			5.2%	1.75%
	71,317,262	100.0%	15,909,402	100.0%	486,614,028	100.0%	300.0%	100.0%

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

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

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

Transaction flow for common costs to business units:

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

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

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

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

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

Prepaid items are amortized by journal entry for corporate expense.

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

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

3. Texas Utilities (TXU) Cost Allocation

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

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

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

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

Source: AWWA

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

Sources of Texas Utilities costs:

- Administration
Direct Overhead Costs consists of direct support of the following services, and allocated across all G/L accounts using total meter equivalent ratios:
 - Management
 - Information Technology (IT)
 - Employee, Health and Safety (EHS)
 - Financial Service Center (FSC)
 - Customer Service Center (CSC)

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

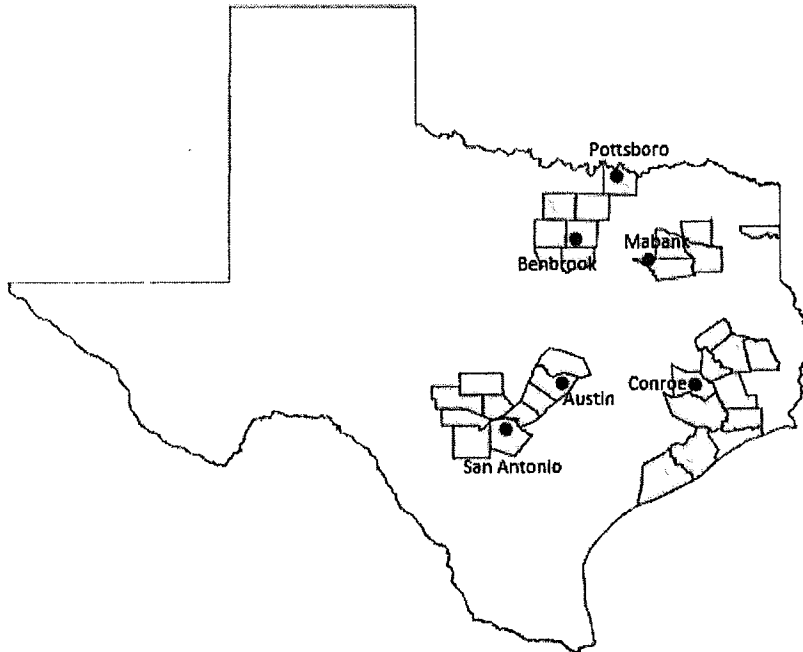
- **Field Offices (Operations)**

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Utility Group Cost Allocation

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

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

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

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Schedule IV-5 Capital Projects
Witness: Robert Kelly

No affiliate capital projects have been included in plant in service for Monarch since the last rate case. Capital projects specific to Monarch are charged directly to Monarch. Capital projects for SouthWest that provide benefits to all operating utilities, including Monarch, have not been closed to Monarch plant in service.

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

Line No	Account No (a)	Description (b)	Schedule II-A-2 Reference (c)	Workpaper Reference (d)	Amount (e)	Sponsoring Witness (f)	Cause of Increase/Decrease (g)
1							
2							
3	401	Affiliate Transactions - Parent Operating Expenses	Ln 5	WP/IV-2	131,259	Robert Kelly	
4							
5	401	Affiliate Transactions - SMC Utilities, Inc Operating Expenses	Ln 5	WP/IV-2	-	Robert Kelly Robert Kelly	Increase in payroll expense
6							
7							
8							
9							
10	401	Total Affiliate Adjustments			<u>131,259</u>		

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule IV-7 Statutory Requirements
Witness: Robert Kelly

See Schedules IV-12.1 - Affiliate Multi-jurisdictional Costs and IV-12.2 - Texas Affiliates and Regions for the amount and categories of services included in affiliate costs.

See testimony of Robert Kelly and Schedule 4.1 - Cost Allocation Manual for a discussion of necessity and reasonableness of the services/ costs and analysis of costs.

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

Line No	NARUC Account (a)	Description (b)	Reference Schedule (c)	Test Year Total (d)	Allocated to Affiliate (%) (e)	Costs Allocated to Monarch to Affiliate (f)
1						
2						
3						
4		Affiliate Transactions - Allocations from Monarch to SMMC Utilities, Inc.				
5	601	Salaries and Wages - Employees	No Workpaper	2,960,936	1.70%	50,458
6	604	Employee Pensions and Benefits	No Workpaper	841,405	1.70%	14,339
7	615	Purchased Power	No Workpaper	17,389	1.70%	296
8	618	Chemicals	No Workpaper	2,484	1.70%	42
9	620	Materials and Supplies	No Workpaper	167,871	1.70%	2,861
10	633	Contractual Services - Legal	No Workpaper	564	1.70%	10
11	635	Contractual Services - Testing	No Workpaper	510	1.70%	9
11	636	Contractual Services - Other	No Workpaper	206,195	1.70%	3,514
12	641	Rental of Building/Real Property	No Workpaper	144,901	1.70%	2,469
13	642	Rental of Equipment	No Workpaper	38,554	1.70%	657
14	650	Transportation Expenses	No Workpaper	703,330	1.70%	11,986
15	656	Insurance - Vehicle	No Workpaper	20,531	1.70%	350
16	658	Insurance - Workman's Compensation	No Workpaper	79	1.70%	1
17	659	Insurance - Other	No Workpaper	45,003	1.70%	767
18	675	Miscellaneous Expenses	No Workpaper	37,337	1.70%	636
19	403	Depreciation Expenses	No Workpaper	165,892	1.70%	2,827
20	408.11	Property Taxes	No Workpaper	16,941	1.70%	289
21	408.12	Payroll Taxes	No Workpaper	272,156	1.70%	4,638
22	414	Gains (Losses) From Disposition of Utility Property - -	No Workpaper	(39,692)	1.70%	(676)
23		Total Affiliate Transactions - Allocations from Monarch to SMMC Utilities, Inc.		5,602,386		95,472
24						

Research Utilities I, L.P.
 Docket No. 45370
 Test Year Ending 6/30/2015
 Schedule IV-9 Allocation of Affiliate Costs
 Witness: Robert Kelly

See Schedule IV-4.1 Cost Allocation Manual for manner in which costs are recorded, other utility terminology, and process by which costs are allocated.

Line No	Parent Company Allocation	Direct Operating Expense		Recorded 2012		Percent		End of Year Gross Plant		Recorded 2012		Percent		Per Settlement Agreement with O&A		Total		Average	
		Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent	Amount, \$	Percent
1		34,410,416	48.3%	7,749,136	48.7%	207,656,138	42.8%	139,7%	46.57%										
2		18,811,662	26.4%	5,264,658	32.7%	131,009,018	27.0%	97,26%	29.02%										
3		4,181,215	5.9%	448,906	2.8%	439,121	0.9%	27.8%	3.2%										
4		2,418,215	3.4%	213,318	1.3%	27,047,532	5.6%	20.8%	2.4%										
5		892,938	1.3%	318,840	2.0%	3,811,833	0.8%	4.0%	1.3%										
6		964,327	1.4%	202,263	1.3%	8,302,072	1.7%	4.3%	1.4%										
7		37,213	0.0%	5,809	0.0%	634,367	0.1%	0.2%	0.0%										
8		156,921	0.2%	28,765	0.2%	1,774,758	0.4%	0.8%	0.2%										
9		3,396	0.0%	0	0.0%	0	0.0%	0.0%	0.0%										
10		17,111	0.0%	4,657	0.0%	90,481	0.0%	0.0%	0.0%										
11		2,000	0.0%	51,943	0.6%	1,046,123	0.2%	1.2%	0.4%										
12		687,271	1.0%	13,461	0.1%	4,126,078	0.9%	2.0%	0.6%										
13		1,991,458	2.8%	135,611	0.9%	31,580,266	6.5%	10.2%	3.3%										
14		4,472,893	6.3%	878,667	5.5%	22,357,237	4.6%	16.4%	5.4%										
15		201,819	0.3%	16,235	0.1%	1,337,439	0.3%	0.7%	0.2%										
16		1,293,205	2.3%	433,695	2.7%	485,614,027	100.0%	300.0%	100.0%										
17		71,317,262	100.0%	15,909,404	100.0%	485,614,027	100.0%	300.0%	100.0%										

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule IV-9 Allocation of Affiliate Costs
 Witness: Robert Kelly

See Schedule IV-4.1 Cost Allocation Manual for manner in which costs are recorded, other utility terminology, and process by which costs are allocated.

Line No	Description	Allocation of Affiliate Costs																																				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)											
Other Utility Allocations																																						
28	YOU Management Fee (2014/2015 Average Allocation)																																					
29	YOU Mktg 20000033	2,613,672																																				
30	YOU Mktg 20000038	560,912																																				
31	YOU Call Center 20000034	1,358,032																																				
32	YOU ESC 20000030	652,222																																				
33	YOU IT Direct 20000003	3,727,223																																				
34	YOU IT Direct 20000003	5,522,184																																				
37	Allocated to Monarch from SMC Utilities, Inc.	3,104,406																																				
38	Allocated to Metro H2O from SMC Utilities, Inc.	1,420																																				
39	Allocated to Tenkiller from SMC Utilities, Inc.	1,038																																				
40	Allocated to SMC Utilities, Inc.	2,335,185																																				
41	Total YOU Management Fee Allocation	40,488																																				
42	Total YOU Management Fee Allocation	5,522,384																																				
43		100.00%																																				
44																																						
45																																						
46	East Shared Services (2014/2015 Average Allocation)																																					
47	East Shared 30200301	443,303																																				
48	Genco Shared 30200097	1,650,041																																				
49	Genco Shared 30200095	3,224,413																																				
50	Seaboard Shared 30200092	37,410																																				
51	Fort Belknap Shared 30200094	540,133																																				
52	Fort Belknap Shared 30200094	5,602,373																																				
53	Allocated to SMC Utilities, Inc. from Monarch	13,820																																				
54	Allocated to Metro H2O from Monarch	0.00%																																				
55	Allocated to Tenkiller Utilities (Oklahoma) from Monarch	81,651																																				
56	Allocated to Tenkiller Utilities (Oklahoma) from Monarch	94,306																																				
57	Allocated within Monarch	5,106,907																																				
58	Total East Shared Allocation	5,602,376																																				
59	Austin Shared Services (2014/2015 Average Allocation)																																					
60	Austin Shared 20000201	816,488																																				
61	Austin Shared 20000203	1,268,146																																				
62	Austin One Shared	809,007																																				
63	Austin One Shared	2,889,041																																				
64	San Antonio One Shared	15,553																																				
65	Allocated to Monarch from SMC Utilities, Inc.	475,793																																				
66	Allocated to Metro H2O from SMC Utilities, Inc.	3,606																																				
67	Allocated to Tenkiller Utilities (Oklahoma) from SMC Utilities, Inc.	103,951																																				
68	Allocated to Tenkiller Utilities (Oklahoma) from SMC Utilities, Inc.	2,309,197																																				
69	Allocated within SMC Utilities, Inc.	70,000																																				
70	Total Austin Allocation	2,889,041																																				
71		100.00%																																				
72																																						

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule IV-10 Controls
Witness: Robert Kelly

SouthWest has developed a Cost Allocation Manual to document the cost allocation processes for SouthWest and its affiliates, from recording the original transactions through the allocation of costs to entities receiving services from SouthWest and its affiliates. The Cost Allocation Manual is to ensure that expenses are allocated as necessary to the appropriate entity. There are three types of cost allocations in SouthWest, namely; Corporate cost allocation, Utility Group Allocation, and Texas Utilities cost allocation. Schedule IV-4.1 includes this Cost Allocation Manual.

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule IV-11 Affiliate Billing Methods

Witness: Robert Kelly

There are no separate billings by affiliates. Please refer to the Cost Allocation Manual, Schedule IV-4.1, for a description of allocation methodologies between affiliates.

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

Line No	Description (a)	Reference Schedule (b)	Rate Applied (c)	Test Year Total (d)	Rate Applied (e)	1/1/2013-12/31/2013 (f)	Rate Applied (g)	1/1/2012-12/31/2012 (h)
1	Affiliate Transactions - Parent							
2	Salaries & Wages			6,476,047		6,502,567		8,357,894
3	Payroll Taxes			431,643		542,146		702,943
4	Employee Benefits			874,630		994,761		1,627,234
5	Other Employee Costs			201,846		659,335		1,213,687
6	Repairs & Maintenance			210,641		390,667		930,214
7	Vehicle Expense			7,423		7,214		17,850
8	Travel & Entertainment			168,553		248,672		441,938
9	Insurance Expense			134,741		142,313		145,235
10	Lease Expense			403,893		676,869		1,784,599
11	Professional Fees			871,745		1,732,149		5,378,804
12	Taxes - Other			109,048		211,539		183,108
13	General & Administrative			2,034,542		2,244,787		4,073,730
14	Administrative & Pass Through			-		-		(1,313)
15	Other Operating Expense			74,866		(282,927)		(356,510)
16								
17								
18	Total Corporate Expenses			11,999,618		14,070,091		24,499,412
19								
20								
21								
22								
23	Allocated to Monarch	IV-2	29.03%	3,483,489	23.03%	3,240,316	15.91%	3,897,808
24	Allocated to Other Texas Utilities		13.58%	1,629,548	14.97%	2,106,228	11.96%	2,931,353
25	Allocated to Southeast Utilities		10.82%	1,298,359	10.97%	1,542,810	5.26%	1,289,615
26	Allocated to Suburban		46.57%	5,588,222	49.07%	6,904,522	31.94%	7,825,038
27	Allocated to O&M and Services		0.00%	-	1.96%	276,215	34.92%	8,555,598
28								
29	Total Corporate Expenses		100.00%	11,999,618	100.00%	14,070,091	100.00%	24,499,412
30								
31	Direct Charges			70,067		69,707		76,776
32								
33	No Workpaper							

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

Line No.	NARUC Account (a)	Description (b)	Reference Schedule (c)	Rate Applied (d)	Test Year Total (e)	Rate Applied (f)	1/1/2013-12/31/2013 (g)	Rate Applied (h)	1/1/2012-12/31/2012 (i)
1		Affiliate Transactions - Other Texas Utilities							
2		Salaries and Wages - Employees			4,363,042		3,514,459		3,288,943
3	601	Employee Pensions and Benefits			929,450		892,296		657,845
4	604	Purchased Water			-		(4,362)		4,362
5	610	Purchased Power			131		2,279		174
6	615	Chemicals			-		-		-
7	618	Materials and Supplies			316,038		598,412		811,781
8	620	Contractual Services - Legal			36,834		39,530		10,391
9	633	Contractual Services - Testing			-		1,207		-
10	635	Contractual Services - Other			635,832		904,849		1,166,222
11	636	Rental of Building/Real Property			314,814		214		-
12	641	Rental of Equipment			37,772		6,561		-
13	641	Transportation Expenses			308,764		227,792		141,623
14	642	Insurance - Vehicle			12,130		1,557		9,202
15	650	Insurance - General Liability			182,464		161,440		191,447
16	656	Insurance - Workman's Compensation			46,353		9,599		22,523
17	657	Insurance - Other			228,664		257,598		228,114
18	658	Advertising Expenses			33,496		51,413		50,473
19	659	Regulatory Commission Expenses - Other			3,575		127,834		12,433
20	660	Bad Debt Expense			(1,510)		(485)		322,497
21	667	Miscellaneous Expenses			118,487		102,279		145,163
22	670	Utility Regulatory Assessment Fees			91,779		33,860		8,012
23	675	Property Taxes			660		-		308
24	403	Payroll Taxes			10,878		1,833		21
25	408.1	Gains (Losses) From Disposition of Utility Property . . .			341,312		342,031		211,187
26	408.12	Miscellaneous Nonutility Expenses			(71,222)		-		-
27	414	Interest on Debt to Associated Companies			-		224,889		107,580
28	426	Interest on Customer Deposits			-		567,154		336,667
29	427.1	Interest - Other			-		862		(81)
30	427.4	Miscellaneous Service Revenues			-		(240)		1,551
31	427.5	Other Water Revenues			-		-		(120)
32	471				-		-		(1,613)
33	471				-		-		-
34	474				-		-		-
35		Total Texas Utilities Shared Expenses			7,939,742		8,064,863		7,726,704
36									
37									
38									
39									
40		Allocated to Monarch	IV-2	40%	3,174,446	50%	4,014,418	58%	4,476,740
41		Allocated to Metro H2O from SMMC Utilities, Inc		2%	181,026	1%	92,965	2%	118,991
42		Allocated within SMMC Utilities, Inc		58%	4,584,270	49%	3,957,479	41%	3,130,974
43		Total		100%	7,939,742	100%	8,064,863	100%	7,726,704
44		No Workpaper							
45									

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule IV-13 Affiliate Project Codes Created/Closed in Test Year

Witness: Robert Kelly

No affiliate capital projects have been included in plant in service for Monarch since the last rate case. Capital projects specific to Monarch are charged directly to Monarch. Capital projects for SouthWest that provide benefits to all operating utilities, including Monarch, have not been closed to Monarch plant in service.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule IV-14 Affiliate Payroll
 Witness: Robert Kelly

Line No.	NARUC Account (a)	Description (b)	Reference Schedule (c)	Test Year Total (d)
1 2 3 4 5 6 7 8 9 10 11	601	Affiliate Transactions - Parent Salaries and Wages - Employees	WP/IV-2	1,879,996
	601	Affiliate Transactions - SWC Utilities, Inc Salaries and Wages - Employees Total Affiliate Payroll	WP/IV-2	1,576,068
				3,456,065

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule IV-14.1 Affiliate Contracts

Witness: Robert Kelly

Line

No

- 1 a. There are no contracts between affiliates.
- 2 b. See Cost Allocation Manual in Schedule IV-4.1.
- 3 c. See Cost Allocation Manual in Schedule IV-4.1.
- 4 d. See Cost Allocation Manual in Schedule IV-4.1.
- 5 e. See Schedule IV-2 and WP/IV-2
- 6 f. See Cost Allocation Manual in Schedule IV-4.1.
- 7 g. See Schedules IV-12.1 and IV-12.2

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule V-1 Audit Reports
Witness: Carmelitha Bordelon-Taylor

No independent audit reports have been prepared for Monarch or its parent for the historic test year of July 2014 - June 2015. See confidential independent audit report for the calendar year ended December 31, 2013. No internal audit reports have been prepared for the historic test year of July 2014 - June 2015 or for the prior calendar year.

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule V-2 Budget Variance Reports

Witness: Carmelitha Bordelon-Taylor

Confidential

See confidential WP/V-2 Budget Variance Reports pdf files containing year-to-date budget variances for 1Q15, 2Q15 3Q15, and 4Q15. Note that Monarch's budget is embedded in the total Texas Utilities budget.

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule V-3 Operating and Capital Budgets

Witness: Carmelitha Bordejon-Taylor

Confidential

See confidential WP/V-3 for the operating and capital budget.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule V-4 Unaccounted for Water
 Witness: George Freitag

No workpapers

Line No	Dist (a)	District Name (b)	Test Year July 1, 2014 - June 30, 2015			Calendar Year 2013			Calendar Year 2012		
			Total Gallons Pumped/Purchased (c)	Total Gallons Billed/Other Non-Revenue (d)	% Gain/Loss (e)	Total Gallons Pumped/Purchased (f)	Total Gallons Billed/Other Non-Revenue (g)	% Gain/Loss (h)	Total Gallons Pumped/Purchased (i)	Total Gallons Billed/Other Non-Revenue (j)	% Gain/Loss (k)
1	RDOX	Aston (Royal Oaks)	6,957,000	5,726,500	17.54%	7,174,000	6,205,000	13.51%	7,648,000	6,704,000	12.34%
2	AAVA	Aurora Vista	15,284,000	12,891,500	16.65%	14,781,000	12,869,500	13.94%	15,223,000	14,798,500	8.78%
3	BDES	Beachwood Estates	17,070,000	16,560,782	6.44%	17,559,000	17,861,363	27.21%	23,947,000	17,867,117	27.48%
4	BDHR	Brianwood Harbor	1,419,000	1,358,818	4.24%	1,583,900	1,594,456	-0.70%	1,248,984	1,286,400	1.01%
5	BLUE	Blue Mount	729,000	684,000	6.17%	57,082,000	59,682,000	5.04%	57,265,000	54,750,700	3.58%
6	BNHS	Brentwood Hills	729,000	684,000	6.17%	1,096,000	986,000	10.94%	620,000	660,200	-6.48%
7	BWCV	Blue Water Cove	40,886,000	35,734,358	11.95%	1,614,000	1,869,880	-15.48%	1,085,900	972,580	13.45%
8	CALE	Callender Lake	32,747,000	30,070,251	8.17%	47,222,000	36,363,452	22.95%	44,942,000	30,120,032	32.98%
9	CESH	Cherokees Shores	3,946,504	3,715,925	5.87%	39,502,000	30,638,080	22.44%	45,589,400	33,937,088	25.58%
10	CGTE	Coldearing Terrace	34,219,700	29,192,355	34.69%	37,569,000	24,643,000	34.41%	5,500,480	4,547,080	17.93%
11	CHPO	Comanche Harbor/Port O Call	5,430,720	5,362,908	1.25%	6,698,000	5,411,613	16.52%	31,317,000	23,034,000	26.45%
12	CLSP	Crystal Springs	6,723,001	5,837,908	13.12%	83,253,000	59,075,593	29.04%	71,891,000	58,230,515	19.00%
13	CNES	Carolynn Estates	43,891,716	34,600,350	21.17%	51,420,000	37,848,000	45.65%	46,959,000	28,890,000	38.48%
14	COCV	Comanche Cove	47,897,000	44,581,157	6.92%	48,191,000	42,843,000	12.14%	54,018,000	39,171,000	27.49%
15	CROW	Cedar Valley	7,826,074	7,432,133	5.03%	13,828,000	3,089,453	77.66%	9,625,250	5,094,175	47.07%
16	CSWD	Chesswood	2,872,086	2,750,668	4.92%	5,331,000	2,904,670	45.51%	3,659,400	2,752,300	24.79%
17	CTFT	Camelot Forest	3,084,205	2,385,354	22.71%	4,881,000	4,392,552	10.01%	4,338,000	2,449,575	43.53%
18	CYND	Countywood	1,836,937	1,854,160	-0.83%	2,445,000	2,346,487	4.03%	3,530,600	2,303,980	34.70%
19	DCES	Denton Creek Estates	4,147,000	4,112,526	0.83%	4,263,000	4,873,060	-14.31%	5,013,000	4,894,470	2.36%
20	DHIC	Decker Hills	95,783,375	89,230,041	6.84%	95,833,000	82,838,989	13.56%	87,639,000	76,868,995	12.29%
21	FDAD	Falcon Crest Addition	2,145,000	1,927,115	3.42%	3,963,000	4,016,000	-1.34%	3,618,000	3,347,000	7.49%
22	GNAC	Garden Acres	3,059,000	2,845,791	5.42%	2,504,000	1,991,640	20.48%	3,471,400	2,076,760	40.18%
23	GNAS	Green Acres	3,059,000	2,845,791	5.42%	3,949,000	3,085,000	20.88%	3,433,000	3,512,500	-2.32%
24	GYAC	Granbury Acres	6,402,159	6,138,703	4.12%	9,828,000	8,133,849	17.24%	8,082,670	6,784,792	16.06%
25	HAWR	Highway Water	39,350,000	29,854,497	10.48%	4,117,000	4,200,000	4.91%	4,507,000	4,559,000	-0.15%
26	HHRH	Hickory Hill	15,854,424	14,585,987	7.86%	20,208,000	16,778,674	16.97%	18,761,000	17,100,475	8.84%
27	HRPT	Harbor Point	5,877,043	5,717,699	2.71%	30,568,000	26,373,940	13.72%	34,286,000	25,907,756	24.44%
28	HRES	Hickory Shores	10,737,000	9,749,634	9.20%	10,094,000	8,894,104	11.89%	9,643,892	8,603,446	10.97%
29	HVOL	Holiday Villages of Livingston	16,876,859	14,368,363	14.86%	17,640,300	15,306,285	13.23%	19,848,000	15,444,308	22.58%
30	HYSS	Holiday Shores	8,556,415	7,756,708	9.55%	12,103,000	9,274,402	23.37%	12,427,000	7,939,138	40.95%
31	IHRH	Indian Hills Harbor	4,220,000	3,606,500	14.54%	4,854,000	4,510,500	7.08%	5,199,000	4,571,750	12.06%
32	LNWY	Lakeway	28,944,000	28,385,000	1.95%	37,758,000	36,507,200	3.26%	34,411,000	36,325,402	4.14%
33	LMSH	Lakeview	65,582,383	59,623,481	9.09%	1,920,000	1,613,040	15.99%	2,445,400	1,553,560	36.47%
34	LLOP	Lollipop	2,110,848	1,972,057	6.58%	3,901,000	4,071,400	-2.77%	3,913,000	3,775,500	3.56%
35	LYHR	Lakeview Harbor	13,239,000	11,824,335	10.89%	18,694,000	14,811,413	20.77%	24,282,300	14,600,856	39.87%
36	MBES	Montego Bay Estates	6,204,000	5,570,159	10.22%	6,695,000	5,461,000	18.43%	6,716,000	5,571,000	17.05%
37	MRES	Markum Ranch Estates	5,562,022	5,167,000	7.60%	7,625,000	5,693,000	25.34%	7,330,000	6,997,500	4.54%
38	NRES	Norfolk Homesteads	72,917,000	69,659,360	4.47%	81,287,000	75,722,000	6.85%	84,325,000	77,114,000	8.55%
39	NYUS	Norfolk Utilities	20,785,000	19,435,700	6.46%	26,890,000	24,413,520	9.21%	48,356,000	26,235,080	42.16%
40	OKWD	Oakwood	2,879,000	3,267,110	-6.67%	3,319,000	3,429,965	-3.34%	3,382,400	3,341,950	1.20%
41	OTSH	Oak Trail Shores	111,092,171	100,866,843	9.20%	90,112,000	75,982,000	16.12%	118,280,000	74,845,000	36.07%
42	PAAD	Ponderosa Addition	2,280,000	2,124,000	7.25%	2,997,000	2,643,800	11.79%	3,153,000	2,766,760	12.25%
43	PHPS	Pinehar Phires	2,058,487	1,915,224	7.06%	3,217,000	2,316,796	27.98%	2,767,300	2,096,377	24.24%
44	PHRS	Pine Harbor	14,425,000	13,221,750	8.34%	13,256,000	12,436,000	6.49%	14,478,000	12,506,750	13.62%
45	PMCK	Plum Creek	244,517,000	233,104,229	4.67%	239,425,000	227,081,400	5.16%	287,606,000	272,985,390	5.11%
46	PSAS	Phillips Acres	1,240,508	1,213,511	-5.58%	1,472,000	1,564,366	-8.31%	1,302,100	1,542,840	-13.91%
47	PTSH	Pine Trail Shores	20,717,000	16,998,840	17.95%	19,950,000	13,974,501	29.95%	16,229,000	12,550,625	22.67%

Monarch Utilities I, L.P.
 Docket No. 43370
 Test Year Ending 6/30/2015
 Schedule V-4 Unaccounted for Water
 Witness: George Freitag

No workpapers

Line No	Dist (a)	District Name (b)	Test Year July 1, 2014 - June 30, 2015			Calendar Year 2013			Calendar Year 2012		
			Total Gallons Pumped/Purchased (c)	Total Gallons Billed/Other Non-Revenue (d)	% Gain/Loss (e)	Total Gallons Pumped/Purchased (f)	Total Gallons Billed/Other Non-Revenue (g)	% Gain/Loss (h)	Total Gallons Pumped/Purchased (i)	Total Gallons Billed/Other Non-Revenue (j)	% Gain/Loss (k)
53	REJN	Ridgecrest Estates - Johnson	10,638,000	9,455,744	11.11%	12,882,000	10,437,000	19.04%	12,424,000	10,530,000	15.24%
54	ROBS	Rancho Brazos	7,826,000	6,885,720	12.01%	7,630,000	6,967,000	8.69%	9,059,000	7,922,000	12.55%
55	RORH	River Oaks Ranch	11,674,870	11,283,868	3.85%	11,154,542	9,878,006	11.44%	8,048,000	7,287,940	9.44%
56	RPEA	Rocky Point Estates "A"/"B"	7,097,024	4,978,500	29.85%	8,275,117	5,861,250	29.17%	8,572,572	5,422,080	36.75%
57	RTGC	Ridgecrest Grayson County	22,067,000	19,174,180	13.11%	27,970,900	23,622,700	15.15%	27,494,460	25,238,380	8.21%
58	RYWD	Raywood	3,402,157	10,820,068	22.83%	9,605,000	6,418,087	33.18%	8,774,000	5,349,750	39.03%
59	SDCE	Sundance	20,865,000	19,574,180	3.88%	21,052,000	19,209,000	8.75%	22,499,000	20,217,200	10.14%
60	SDSH	Shenwood Shores	29,079,700	20,619,100	29.09%	29,889,900	22,241,000	25.58%	27,730,200	21,520,170	22.89%
61	SHES	Shepard Hills	1,357,897	1,150,109	15.80%	1,865,000	1,943,430	1.00%	1,489,000	1,254,135	15.77%
62	SNAS	Southern Acres	583,000	566,870	3.33%	880,000	523,000	40.57%	804,000	610,500	24.07%
63	SPES	Spanish Park Estates	1,501,000	1,470,000	2.07%	2,029,000	1,688,500	16.78%	1,939,000	1,784,000	7.89%
64	SRSE	Silver Saddle	1,799,000	1,466,500	18.48%	1,943,000	1,602,500	17.52%	1,937,000	1,816,000	5.76%
65	STES	Stoncrest Estates	7,854,000	6,598,300	15.89%	8,204,000	6,879,720	16.14%	8,483,000	7,359,300	13.32%
66	SWPL	Serenity Woods Finloch	8,326,248	8,018,130	3.96%	10,173,000	8,972,435	12.78%	10,083,000	8,970,535	11.03%
67	TCAD	Twin Creeks Addition	17,216,000	16,970,118	2.00%	21,597,000	21,689,000	-0.42%	23,505,000	22,610,000	3.81%
68	TOWD	Tanglewood	100,999,600	73,165,134	27.56%	130,699,800	92,911,520	28.91%	121,313,900	96,652,280	20.32%
69	THES	Triple H Estates	1,426,000	1,387,665	2.69%	1,639,000	1,505,000	7.84%	1,702,000	1,559,500	8.37%
70	TRFH	Tex-Rites Fifth	837,000	888,000	-6.09%	1,019,000	955,000	6.48%	982,000	910,500	7.28%
71	TRTE	Tower Terrace	22,560,335	21,729,939	3.68%	21,907,000	20,627,938	5.84%	23,543,000	18,864,000	19.87%
72	WDBH	Westwood Beach	27,181,000	24,629,605	9.32%	30,042,000	26,328,137	12.36%	33,068,000	27,067,036	18.15%
73	WDHN	Wynwood Haven	9,593,000	9,310,600	2.84%	13,121,000	12,762,600	6.54%	13,667,000	12,894,200	5.65%
74	WHHR	Western Hills Harbor	22,607,500	20,995,331	9.75%	28,773,000	20,537,000	28.62%	30,787,000	21,508,000	30.14%
75	WLES	Western Lake Estates	48,532,000	40,708,442	16.12%	45,127,000	34,771,000	22.95%	59,430,000	39,206,000	44.13%
76	WMDS	West Meadows	3,036,000	2,429,421	19.98%	3,614,000	2,053,000	43.24%	3,026,000	2,412,000	20.29%
77	WPKV	West Park Village	1,955,000	1,941,145	1.02%	2,367,000	1,675,000	29.24%	1,797,000	1,407,000	21.70%
78	WSEI	Westside	28,211,000	26,281,139	6.84%	29,707,000	26,146,000	11.99%	27,984,000	27,305,500	2.25%
79	WWPC	Westview - Parker County	2,674,000	2,436,911	8.87%	3,812,000	2,922,000	23.35%	4,028,000	3,307,000	17.98%
80		AGGREGATE	1,614,036,723	1,447,106,107	10.34%	1,803,418,039	1,493,629,936	17.18%	1,890,486,178	1,513,872,086	19.93%

NOTES

ADSH	connected to OTSH	MSCV	connected to CNES
CSGN	connected to DHIC	PIHP	connected to CNES
HNCV	connected to HVOL	RPEB	connected to RPEA
HVOM	connected to LM5H	WVHP	connected to HNLS

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule V-4 (1) Unaccounted for Water - Narrative
Witness: George Freitag

Schedule V-4 Unaccounted for Water - Discussion

Monarch owns and operates 77 separate Public Water Systems (PWS). Each has its own distinct distribution system and operating characteristics that affect the amount of unaccounted for water. Each month a water usage report summarizing the water production and water uses by operating system is prepared and supplied to operations management for review. The report has values for water produced from onsite facilities (groundwater well or surface water treatment plants), water purchased wholesale from others if applicable, non-revenue water used in flushing, leak repair, and plant operations, and water sold to customers. The amount of water "unaccounted for" is the difference between the amount produced or purchased and the amount sold and used for non-revenue purposes.

Since 2011 Monarch has been using automatic meter read (AMR) meters to record customer use and meters are read electronically. Customer meters are read monthly on a continuous cycle and the amounts of water produced and used in flushing, etc. is taken from daily operations logs to match the days of the meter read period.

Water supplied to each system comes from a variety of production facilities - groundwater wells, surface water treatment plants, or treated water purchased from others. Entry points are metered. Many have been converted to AMR, but others are still read manually and daily operating reports are kept according to the requirements of the TCEQ.

Best efforts are made to accurately determine amounts each month used for flushing and lost to leaks and repairs. Operators calculate and record the volumes based on flushing time, pipe volumes, drops in tank levels, pump run time, etc.

Diligent efforts are made by the field staff to reduce system losses where in the rural systems it is sometimes hard to find leaks and unauthorized uses. Lines are regularly walked to find leaks, production meters are calibrated, employees are educated in water loss minimization, and significant line repairs projects are done. Prior to acquisition by Monarch, many of the distribution systems were installed by developers in segments over time and with varying degrees of quality control as to workmanship and materials. The company has on some occasions engaged leak detection experts to evaluate certain systems. Monarch also owns leak detection equipment.

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

Schedule V-5 Corporate History

Witness: Charles Profilet

SCHEDULE V-5 CORPORATE HISTORY OF MONARCH

Monarch Utilities I, LP is a wholly owned subsidiary of SouthWest Water Company. SouthWest was incorporated in California in 1954 and reincorporated in Delaware in 1988. In 2010 the company was purchased by SW Merger Acquisition Corporation and ceased to operate as a publically traded company. SouthWest owns and operates water and wastewater utilities providing service to customers in four states: California, Texas, Oklahoma, and Alabama. SouthWest maintains corporate offices in Sugar Land, Texas. See Schedule IV-3 for the corporate structure.

In 2004 SouthWest acquired a collection of rural water and wastewater systems from Tecon Water Holdings, L.P., holder of the stock of Tecon Water Company, L.P. Later, the name was changed to Monarch Utilities I, LP to be the operating entity and holder of the Texas certificates of convenience and necessity (Water CCN 12983 and Sewer CCN 20859).

Prior to that, in 2000, the predecessor to Monarch, Tecon Water Company, L.P. itself was consolidated into single water and sewer CCNs from numerous Texas acquisitions made in the late 1990s. These acquired companies included SouthWest Water Services, Inc., Resort Water Services, Inc., Holiday Water Services, Inc., Texas Water Services, Inc., Great Western Utilities Company, Plum Creek Water Company, Hanco Utilities, Inc., Ponderosa Utility Company, Suburban Utilities Company, Inc., Westview Enterprises, Inc. Forest and Grant Company, The Saginaw Park Utility Company, Inc., Payne Utilities, Inc., Texoma Services Corporation, Tanglewood Water Company, Inc., Wynwood Haven Water Company, Carolyn Estates Water Supply Corporation, First Heritage Corporation, Highsaw Water Corporation, Associates Utility Company, Willis Water Company, Paul W. Hampton and Lella Vern Hampton d/b/a MC Water Supply and Briarwood Water Supply, John M. Vanya and David Vanya d/b/a Water Maintenance Company, MHI Water Systems, Inc. and River Oaks Water Systems, Inc., J. E. Laubach d/b/a G & S Utilities Company, Tommy R. Dutton d/b/a Scenic View Estates, and Champco Water Supply Corporation.

Monarch remained largely intact from the period of about 2004 until 2011, when it sold the Westview Subdivision System in Grayson County to the City of Southmayd. A small portion of the Western Hills Harbor system was sold to the City of Granbury in 2013. In 2015 the Blue Mound System was sold to the City of Blue Mound. In 2013 the Midway Water Utilities system, already a subsidiary of SouthWest, was merged into Monarch. Subsequently, Monarch is in the final stages of selling that system to Mustang Special Utility District. Today, Monarch Utilities I, L.P. provides retail utility service through 77 separate public water systems and eleven separate wastewater systems to customers in 24 Texas counties and eleven municipal entities.

COUNTIES			
Bandera	Hays	Marion	San Jacinto
Brazoria	Henderson	Matagorda	Smith
Chambers	Hood	Montgomery	Tarrant
Denton	Johnson	Parker	Trinity
Grayson	Liberty	Polk	Tyler

MUNICIPALITIES			
City of Aurora	City of Flower Mound	City of Keene	City of Shepherd
City of Buda	City of Point Blank	City of Kyle	City of Willis
City of Coffee City	City of Ivanhoe	City of Coffee City	

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule VI-1.a Compliance with TCEQ Rules
 Witness: Timothy Williford

ACTIVE COMPLIANCE ORDERS

Line No	AGREED ORDER (a)	DATE (b)	REGULATED ENTITY (TCEQ) (c)	ALLEGED VIOLATIONS (d)	COMPLIANCE ACTIONS (e)	ADMINISTRATIVE PENALTY (f)	STATUS (g)
1	Docket 2015-0491-PWS-E	9/25/2015	RN101376424 Holiday Villages of Livingston	Failure to comply with MCL for Radium 226-Radium 228	Submit feasibility study within 185 days and achieve compliance within 1095 days	\$501 deferred pending compliance by 1095 day deadline	Feasibility study completed 12/16/2015. Water plant improvements planned to be completed by Q2 2016. Radium concentration is compliant with MCL.
2	Docket 2014-0068-PWS-E	7/2/2014	RN102987856 Pinwah Pines	Failure to comply with MCL for Radium 226-Radium 228, Failure to comply with Gross Alpha Particle activity	Submit feasibility study within 185 days and achieve compliance within 1095 days	\$1404 deferred pending compliance by 1095 day deadline	Feasibility study completed 10/30/2014. Interconnect plans with neighboring PWS approved by TCEQ on 11/24/2015. Interconnect scheduled to be operational by April 2016.

See WP/VI-1.a(W) and WP/VI-1.a(S) for all of the latest water and sewer inspection reports which have been classified as voluminous.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule VI-1.b Compliance with TCEQ Rules
 Witness: Timothy Williford

Consumer Confidence Reports - Violations 2014
 See WP/VI-1.b for copies of the Consumer Confidence Reports

Line No	PWS Name (a)	PWS ID# (b)	Violation (c)	Duration (d)	Resolved? (e)	Corrective Action (f)
1	Beachwood Estates	1070069	Total Trihalomethanes (TTHMs)	Qtr 2, 3, & 4 2014	Yes	Compliance was achieved with the TTHM MCL the 2 rd Qtr, 2015
2	Cherokee Shores	1070206	Total Trihalomethanes (TTHMs)	Qtr 3 2014	No	Aerator system will be installed in storage tanks to volatilize organics and reduce TTHM concentration. Plan completion date November 2015
3	Carolynn Estates	1070106	Total Trihalomethanes (TTHMs)	Qtr 3 & 4 2014	No	Aerator system will be installed in storage tanks to volatilize organics and reduce TTHM concentration. Plan completion date December 2015
4	Holiday Villages of Livingston	2040067	Combined Radium 226/228	Qtr 2, 3, & 4 2014	No	Feasibility & Engineering study underway. Working with TCEQ under Agreed Order.
5	Oak Trail Shores	1110004	Total Trihalomethanes (TTHMs) & Combined Filter Effluent Turbidity	TTHMs - Qtr 4, 2014, Combined Filter Eff - Nov 2014	Yes/Yes	Naturally occurring radiation in groundwater. TTHMs resolved the following quarter. Combined Filter Effluent Turbidity resolved the following month.
6	Plum Creek	1050028	Total Coliform Rule	Dec 2014	Yes	Violation resolved the following month.
7	Pinwah Pines	1870130	Combined Radium 226/228 & Gross Alpha	Qtr 2, 3, & 4 2014	No	Alternate source of water found. Groundwater contains naturally occurring radiation. Plan completion date of December 2015
8	Pinwah Pines	1870130	Total Trihalomethanes (TTHMs)	Qtr 3, 2014	Yes	Resolved the following quarter by switching to alternate disinfection method (chloramines)
9	Pinwah Pines	1870130	Lead & Copper monitoring	Jan - Jun 2014	Yes	Returned to compliance in June 2015
10	Tanglewood	910052	Total Trihalomethanes (TTHMs) & Nitrite	TTHMs - Qtr 2, 3, & 4, 2014 Nitrite - Qtr 3, 2014	Yes/Yes	TTHMs returned to compliance in Quarter 1 2015. Nitrite returned to compliance the following Quarter.
11	Westwood Beach	1070085	Total Coliform Rule	Sept 2014	Yes	Violation resolved the following month.
12	West Meadows	1260063	Lead & Copper monitoring	Jan - Jun 2014	Yes	Returned to compliance in June 2015

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule VI-1.c Compliance with TCEQ Rules
 Witness: Timothy Williford

Water Pressure Problems lasting more than 5 days

Line No	PWS Name (a)	PWS ID# (b)	Connections (c)	Water Outage Date (d)	Service Restored Date (e)	Cause (f)	Corrective Action (g)
1	Rancho Brazos	1110036	161	May 16, 2013	June 7, 2013	Water treatment plant demolished by tornado	Water treatment plant rebuilt in 21 days
2	Nolan River Estates	1260099	99	May 16, 2013	May 22, 2013	Power supply interrupted due to tornado	Power supply restored by electric company

No workpapers

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule VI-1.d Compliance with TCEQ Rules
Witness: Timothy Williford

Nine reportable wastewater discharge violations occurred in the past 36 months. See WP/ VI-1.d for copies of the submitted Water Quality Noncompliance Reports, which detail the occurrences and resolutions.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule VI-2 Customer Complaint Policy
Witness: Charles Profflet

Monarch Utilities customer complaint process:

There are two main paths of which we are notified of a customer who has an inquiry/issue. These are by email and/or by phone into our Call Center. In both of these instances the group who receives and works the customer request is our Customer Service Agents. These emails/calls take on many forms and will depend on the customer needs. Below is documentation on the most common kinds of inquiries we receive and how they are handled. In some instances a customer can escalate beyond the normal channel - either through our executive management, news media and/or Public Utilities Commission. In any case we have various protocols in place to track the complaint from creation of the issue to resolution. Below are the steps we use and how we handle these responses.

General Call Center Inquiries:

Description: These are emails/calls received into our Customer Service department related to account maintenance changes (addresses/name changes, etc.) balance inquiries, request for new service, request to disconnect service, request for installment plans, meter service needs, reconnections, etc.

In each of these situations, we have agents available to assist a customer's request during normal business hours. These agents have immediate access to a customer's account and, once the account has been securely verified, the agent is given authority to update and answer the customer's requests by having immediate access to all needed data. Some of these inquiries require additional research and/or require that work orders get created for verification of reads, outages, etc. In these instances our system is documented internally with a case number and/or a field notification number and is tracked through to completion. The issues are verified via reporting tools by the Customer Service Agent's direct supervisors so that we ensure all customer issues are resolved. Depending on the circumstances, some issues may warrant follow up once the results are gathered. In these instances, we try and set the customer's expectation at the originating call as to when their information will be received and have an internal team member place an outgoing call to the customer to inform them of the results.

Disruption of Service and/or Water Quality Inquiries:

Description: From time to time a request is received regarding outages and/or water quality. For these types of requests, customer calls are received 24 hours a day, 7 days a week and handled as a high priority. For service disruptions, customer addresses are first checked to ensure that the disconnection is not related to non-payment of the account. If this is the case, the customer is informed and asked to pay the outstanding past due balance to ensure service restoration. If the customer has not been disconnected for non-payment, a technician is dispatched to the area immediately to assess the situation and make any and all necessary repairs. For water quality concerns, information is gathered on the type of quality issue - i.e. water color, smell, taste, etc. This information is immediately dispatched to our local field office where a Field technician can be dispatched to the sight in question. The Field technician will check water quality, run sampling and verify this information directly with the customer if they are available. This information is then passed back to the Call Center. These issues are tracked to ensure they are completed via a system tool.

Rates/Seasonal Rate Inquiries:

Description: If a request is received related to rates/seasonal rates, the account is reviewed to ensure account is being charged in accordance with the tariff. The customer is walked through the policy and provided with information regarding the rates. If there are any concerns that a customer is not being charged correctly, an internal case is assigned to a Billing Representative who will go over the bill to ensure accuracy. If the bill is accurate, this information is relayed back to the agent to inform the customer. If corrections are needed, any necessary corrections are made and the information is sent back to the Customer Service Representative so that a phone call can be made informing the customer of the findings. The tariff information can be mailed/faxed/emailed to the customer at their request.

High Usage/Billing Inquiries:

Description: If a request is received related to a high bill/high usage the first thing that is done is that the account is looked at to see if there is a usage trend. If it is extremely high, the residential customer has already been notified through our outbound calling program (if a valid phone number exists) by which we let Residential customers know that an extremely high bill is being processed on their account and should be received in the mail soon. In these cases, we typically have already issued a reread and verified with the local field office that the reading is accurate. When an inquiry comes into Customer Service, all this is taken into account as well as their current usage trends, typical seasonal behavior (for instance it is always this high this time of year, etc.), weather, etc. Based on all of the information available to the Customer Service Representative, a discussion occurs with the customer and a decision is reached on whether further analysis of this account is needed and/or if the customer is satisfied with the information provided. If further analysis is needed, the Customer Service Representative will issue orders to the Field for them to check for reads, check for accuracy, etc. to verify that all is correct. This information is then used for next steps. If all is accurate, the customer is informed of these results. The customer can request an independent meter test if needed. During this time, the account is protected to ensure no disconnection occurs while the meter is in dispute. If it is determined that the customer has a leak, analysis is made as to whether or not they qualify for our Leak Relief Program based on program rules. If the information gathered from the local Field office indicates there is a problem with the meter, the customer's account is adjusted as needed to offset the meter problem giving the customer the full benefit of the doubt in any calculation made.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule VI-3 Compliance with PIC Subst. R. 24.81(b)(4)
 Witness: Charles Proffitt

No workpapers

Line No	Customer Account (a)	Case Number (b)	Type of Complaint (c)	Status (d)	Complaint Received Date (e)	Complaint Type (f)	Additional Information regarding complaint (g)	Available/Not Available (h)	Resolution Steps (i)
1	100001103	102452	TCEQ	Completed	7/2/2013	Customer Service	Customer's move in delayed due to lack of paperwork	Not Avoidable	Explained need for paperwork. Once received customer was turned on.
2	1000047843	102268	TCEQ	Completed	7/32/2013	Billing	High bill	Not Avoidable	Customer complained of a high bill. Called to offer customer payment arrangements and found none needed as he was moving. Offered payment arrangement
3	1000049916	104782	TCEQ	Completed	7/24/2013	Billing	High bill due to leak in driveway	Not Avoidable	Verified usage - offered payment arrangement.
4	1000012039	104982	TCEQ	Completed	7/26/2013	Billing	High Bill	Not Avoidable	Reversed move in. No monies were exchanged.
5	1000051160	105077	TCEQ	Completed	8/9/2013	Customer Service	Customer decided not to move in to new house	Not Avoidable	Contractor had hit a main. We repaired leak.
6	1000018558	107842	TCEQ	Completed	8/14/2013	Field Service	Billing went out on his water heater	Not Avoidable	Customer had received dunning letter and not paid by date. We agreed to take action on the payment before reconnection of the water meter and out on a 6 month payment plan.
7	1000001238	108769	TCEQ	Completed	8/21/2013	Billing	Disconnection	Not Avoidable	Offered customer an additional 14 day extension. Gave her agency contacts for help.
8	1000043745	110005	TCEQ	Completed	8/29/2013	Billing	High Bill	Not Avoidable	Moved meter for customer
9	1000045831	112622	TCEQ	Completed	9/16/2013	Billing	High Bill	Not Avoidable	Customer placed a stop payment on the checks. Removed fees as a courtesy.
10	1000049916	114593	TCEQ	Completed	10/2/2013	Customer Service	Wanted Catastrophic Assistance before a pending disconnect.	Not Avoidable	Repairs were made
11	1000015015	114594	TCEQ	Completed	10/2/2013	Field Service	Meter had a leak but was located at what was now someone else's property	Not Avoidable	Explained what happened and apologized for inconvenience. Water had already been restored.
12	1000030895	118148	Corporate	Completed	10/22/2013	Billing	Returned Check Dispute	Not Avoidable	IT Enhancement caused file issue. Once initial payment was located customer was credited for the payment.
13	1000000033	None	Corporate	Completed	11/11/2013	Field Service	Outages	Not Avoidable	Customer was charged approved tariff fees.
14	1000009842	12328	Corporate	Completed	11/25/2013	Field Service	Service Outage due to mainline break.	Not Avoidable	Repair caused pressure to drop and precautionary BM was issued. It was rescinded once test results were received
15	1000045782	134836	TCEQ	Completed	1/31/2014	Billing	Credit card charge	Avoidable	Created S/N and contacted field supervisors to get leak repaired
16	1000046804	134837	TCEQ	Completed	2/9/2014	Billing	Seasonal Rate Compliance	Not Avoidable	Customer was unhappy with notarizing his application and having to pay his deposit and transfer fee up front. Customer did not meet our minimum Lexipol score. Once correct application was provided and deposit was paid service was turned on.
17	1000014482	136335	Corporate	Completed	2/4/2014	Field Service	Bill Water Notice	Not Avoidable	Customer did not submit all of the necessary paperwork
18	1000027109	141514	TCEQ	Completed	4/1/2014	Field Service	Timeliness of Leak Repair	Avoidable	
19	1000035759	None	Corporate	Completed	4/21/2014	Customer Service	Move In Process	Not Avoidable	
20	1000028150	148233	TCEQ	Completed	4/24/2014	Rates	Seasonal Rate Complaint	Not Avoidable	Customer was charged approved tariff fees.
21	1000030596	148378	TCEQ	Completed	4/28/2014	Customer Service	Qualification to the R20 Program	Not Avoidable	Customer did not submit all of the necessary paperwork

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule VI-3 Compliance with PUC Subst. R. 24.81(b)(4)
 Witness: Charles Profitet

No workpapers

L-Line No	Customer Account (a)	Case Number (b)	Type of Complaint (c)	Status (d)	Complaint Received Date (e)	Complaint Type (f)	Additional Information regarding complaint (g)	Available/Not Available (h)	Resolution Steps (i)
22	1000051960	148939	Corporate	Completed	5/5/2014	High Usage	Customer received a bill for 30kgal	Not Avoidable	Data logged account and showed customer details.
23	1000024485	None	Corporate	Completed	5/6/2014	Billing	Usage and credit needed	Avoidable	Meter exchange was performed and customer's beginning read for the new meter was input into the system wrong.
24	1000053285	152266	TCEQ	Completed	5/23/2014	Customer Service	Reconnect meter	Avoidable	System error caused reconnect delay.
25	1000006510	None	Corporate	Completed	6/18/2014	High Usage	High Usage	Not Avoidable	Data logged meter and offered installation plan.
26	1000014280	173876	PUC	Completed	10/1/2014	Customer Service	Disconnected in error	Not Avoidable	Submitted reconnect request and waived fees.
27	1000030175	None	Corporate	Completed	1/6/2015	Billing	Seasonal Rate Complaint	Not Avoidable	Customer was charged approved tariff rates.
28	1000002370	192234	Corporate	Completed	2/13/2015	Billing	Usage Dispute	Not Avoidable	Performed a data log and accuracy check.
29	1000002343	None	Corporate	Completed	2/24/2015	Billing	Rates/Usage	Not Avoidable	Customer was calling in on behalf of her elderly parents. Her parents were referred to high bill from 2-3 years ago and there was really no issue once researched. Rates were verified to be approved tariff rates.
30	1000010866	None	PUC	Completed	3/5/2015	High Usage	Complained that usage was the result of an outage	Not Avoidable	Sent technician to investigate. Data logged the meter to understand when the increase occurred. Results proved that the leak had been going on long before the outage. Put customer through the leak relief program.
31	1000027445	None	PUC	Completed	3/5/2015	High Usage	Customer received a 20kgal bill for December usage	Not Avoidable	Billed customer at lowest tier.
32	1000043504	198655	PUC	Completed	3/10/2015	High Usage	Usage Dispute	Not Avoidable	Customer was on the skipped report and was billed as soon as reading was received.
33	1000028326	None	PUC	Completed	3/24/2015	Water Quality	Customer received a notice on radium	Not Avoidable	Discussed with customer what the letter meant and what we were doing to the system to ensure clean water.
34	1000061309	198650	PUC	Completed	3/25/2015	Customer Service	Move in Dispute	Not Avoidable	Once paperwork was complete moved customer in.
35	1000035048	None	PUC	Completed	3/31/2015	Billing	Seasonal Rate Complaint	Not Avoidable	Customer was billed tariff rates.
36	1000035941	199805	PUC	Completed	4/7/2015	High Usage	Usage Dispute	Not Avoidable	Credit applied to customer's account.
37	1000016988	203692	PUC	Completed	5/7/2015	Rates	Seasonal Rate Complaint	Not Avoidable	Customer was charged approved tariff rates.
38	1000036875	204477	PUC	Completed	5/14/2015	Customer Service	Disconnect for non-payment	Not Avoidable	Customer could not produce copy of cashed check as it was not cashed. The customer also admitted they did not address the sur-new PO Box.
39	1000049552	205362	PUC	Completed	5/15/2015	Rates	Base Rate Dispute	Not Avoidable	Customer was charged approved tariff rates.
40	1000058036	206081	PUC	Completed	5/27/2015	Customer Service	Disconnect for non-payment	Avoidable	Customer did not pay. Changed our internal process on granting an extension to make sure the disconnect letter requests so that there is no confusion over when the disconnect will occur.
41	1000019980	210037	PUC	Completed	6/12/2015	Field Service	Water outage due to leak	Not Avoidable	Located leak and repaired.
42	1000019674	None	Corporate	Completed	6/23/2015	High Usage	High Usage	Not Avoidable	Data logged meter, provided installation plan, provided paperwork for H2O Program.

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule VI-3 Compliance with PUC Subst. R. 24.81(b)(4)
 Witness: Charles Profilet

No workpapers

L.ine No	Customer Account (a)	Case Number (b) & (c)	Type of Complaint (c)	Status (d)	Complaint Received Date (e)	Complaint Type (f)	Additional Information Regarding Complaint (g)	Avoidable/Not Avoidable (h)	Resolution Steps (i)
43	1000044632	216182 & 214287	PUC	Completed	7/13/2015	Field Service	Timeliness of leak repair	Avoidable	Created S/N and contacted field supervisors to get leak repaired. Retained staff that even if water clears, as we take every water quality complaint seriously we need to investigate.
44	1000035833	None	Corporate	Completed	7/17/2015	Water Quality	Customer called in regarding water quality and then called back and said wasn't needed.	Not Avoidable	
45	1000063445	214851	PUC	Completed	7/21/2015	Customer Service	Move In Dispute	Not Avoidable	Customer was red flagged due to previous account holder with last name at same residence. Once appropriate documentation was provided customer was moved in. Customer was within city jurisdiction and was charged approved city rates.
46	1000061688	214513	PUC	Completed	7/27/2015	Rates	General Rate Inquiry	Not Avoidable	Customer was billed tariff rates. Customer had not been paying full bill and did not understand charges. Explained charges.
47	1000046166	215031	PUC	Completed	7/27/2015	Billing	Rate and Payment Concern	Not Avoidable	Customer was billed tariff rates. Customer had not been paying full bill and did not understand charges. Explained charges.
48	1000031999	217074	PUC	Completed	8/10/2015	Billing	Payment Delay Issue	Not Avoidable	Research on account showed outages in dispute were related to power outages beyond our control. Offered payment arrangement.
49	1000050376	217534	PUC	Completed	8/13/2015	Field Service	Outages	Not Avoidable	Research on account showed outages in dispute were related to power outages beyond our control. Offered payment arrangement.
50	1000024891	219592	PUC	Completed	8/26/2015	High Usage	Water usage due to partial payments	Not Avoidable	Customer was charged approved tariff rates.
51	1000062322	None	Corporate	Completed	9/3/2015	Billing	Rates	Not Avoidable	Customer was charged approved tariff rates.
52	1000024088	222738	PUC	Completed	9/14/2015	Billing	Rates and Post Office Delays	Not Avoidable	Explained rates and waived fees due to customer situation (hospitalized and didn't get bill)
53	1000038813	224251	PUC	Completed	9/18/2015	High Usage	Usage Dispute	Not Avoidable	Removed late fees and tested meter. Put through our leak relief program.
54	1000027129	226056	PUC	Completed	10/5/2015	High Usage	Usage Dispute	Avoidable	Removed late fees and waived usage due to inability to prove usage.
55	1000045783	227168	PUC	Completed	10/12/2015	Billing	Rates	Not Avoidable	Customer is being billed at tariff rates.
56	1000060665	227647	PUC	Completed	10/12/2015	High Usage	Rates and Usage complaint	Not Avoidable	Customer is being billed at tariff rates. Data logged meter, verified consumption. All is accurate.
57	1000058005	228756	PUC	Completed	10/26/2015	Billing	High rates and water quality	Not Avoidable	Created S/N to investigate water quality concern. Customer being billed at tariff rates.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule VI-4 Water Conservation
Witness: George Freitag

SCHEDULE VI-4 WATER CONSERVATION EFFORTS

Monarch provides water service to 77 different service areas in 24 counties ranging across the eastern two thirds of Texas. Many of the systems are rural and most of the systems are in areas that have been impacted by the recent drought that covered most of the state. The average usage varies from system to system but overall averages per connection in almost all systems are lower than Texas averages.

1. Monarch maintains and updates its TCEQ approved User Drought Contingency Plan and has had to implement various stages of voluntary and mandatory water use restrictions. These are done on a system by system basis and customers are notified by bill inserts and the company's website.
2. Monarch's user rate structure is based on four usage tiers, with higher per unit rates in the upper use blocks. Inclining block rates structures are one well known tool for encouraging the wise use of water by customers. Additionally, the rate structure meets the requirements of PUC Rule 24.21.(m) that the tariff for consolidated utilities provides for rates that promote water conservation for single- family residences and landscape irrigation and Rule 24.31.(b) which requires that utilities shall not apply rate structures which offer discounts or encourage increased usage within any customer class.
3. When monthly usage data from the customer meters is uploaded to the billing system, accounts with abnormal usage spikes are flagged. Monarch's customer service agents call those customers to warn them they may have a leak.
4. Diligent efforts are made by the field staff to reduce system losses where in the rural systems it is sometimes hard to find leaks and unauthorized uses. Lines are regularly walked to find leaks, production meters are calibrated, employees are educated in water loss minimization, and significant line repairs projects are done. Since 2013, the aggregate simple water loss of all systems has been reduced from 17.3% to 10.2% in the test year.
5. The customer information sections in the monthly bills include conservation tips.
6. Monarch has a dedicated Water Conservation portal on its web site that contains water use and water saving information as well as links to other wise water use sites.
7. SouthWest company staff are members of and regularly participate in organizations such as the Texas AWWA Water Conservation and Reuse Committee and Central Texas Water Efficiency Network.

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule VI-5 Meter Replacement Policy
Witness: George Freitag

Monarch uses automatic meter read (AMR) meters manufactured by Master Meter, Inc. for all customers. Meters are installed and maintained by company personnel following the requirements and specifications in its approved tariff and PUC rules. Standard 5/8" meters are installed on connections unless otherwise requested, and meters are sized for non-standard installations based on demand characteristics as described in the application for service. When private fire-line service is requested, the company works with the applicant to ensure that an appropriate fire line meter is installed.

All customer meters were replaced with AMR meters in 2011 and early 2012. Meters are typically expected to last about 20 years. The register head can be replaced separately from the meter body. When pulled from use under routine circumstances, both meter and register is checked for abnormal wear before being placed back in inventory. When a meter is installed, either new from the box or from inventory, the serial number is logged into the company's inventory control and billing system. In general, Monarch will replace and retire customer meters when usage reaches approximately 1.5 million recorded gallons.

When receiving customer complaints about meters, the initial test is an in-place measurement at the customer's premises with the customer present, of a known volume of water compared against the amount the meter registers. If potential problems are seen, the meter is pulled and sent to a certified testing facility. Monarch does not have its own certified testing facilities.

The AMR meters store usage data at intervals and this data can be downloaded and put into tables and charts showing historical usage. In many cases once the actual usage in small time increments is reviewed the meter is ruled out as a cause of usage issues raised by customers.

Schedule	Schedule Title	Explanation
Schedule II-A-3.2	Other Physical Property	Monarch has no investments in affiliated companies or other physical property not reported in other schedules in this filing.
Schedule II-A-3.3	Special Cash Accounts	Monarch has no special cash accounts.
Schedule II-A-3.11	Funding of Reserves	Monarch Utilities I, L.P. has no operating reserves.
Schedule II-B-1.1.c	Current Budgeted Costs by AFUDC and Non-AFUDC	All projects were complete at the end of the test year - No current budget costs.
Schedule II-B-1.1.f	Anticipated retirement Date of Completion and in Service	All projects were complete at the end of the test year - No further retirements anticipated.
Schedule II-B-1.1.h	Adjusted Test Year Plant	No adjustments to test year plant.
Schedule II-B-1.2	Assets not Covered by Purposes other than utility	No Monarch assets are used for purposes other than water and/or sewer utility.
Schedule II-B-1.4	Assets not Covered by Purposes other than utility	All assets included in rate base are used and useful. See testimony of Craig Gott.
Schedule II-B-2	Construction Work in Progress - Total Company	Monarch is not reconstituting the inclusion of Construction Work in Progress in rate base.
Schedule II-B-2.1	Cancelled Construction Projects	Monarch had no cancelled construction projects or obsolete inventory write downs during the test year. No such costs were included in cost of service in dockets in the previous two calendar years.
Schedule II-B-4	Plant Held for Future Use	Monarch currently has no plant held for future use.
Schedule II-B-5	Accumulated Provision Balances	Monarch does not use a liability provision for Loss Reserves.
Schedule II-B-6	Materials and Supplies - Model Used to calculate needed material and supply level	There are no special or unique arrangements or terms with Monarch's banks. The banks' standard rules of class apply.
Schedule II-B-7	Working Capital - Renova/ of Amortized Expenses	No amortized expense are included in the cash work-in-progress.
Schedule II-B-11	Preferred Assets	There are no special or unique arrangements or terms with Monarch's banks. The banks' standard rules of class apply.
Schedule II-C-3	Weighted Average Cost of Short-Term Debt	Monarch Utilities I, LP has not preferred stock.
Schedule II-C-5	Social Organizations	Monarch has no short-term debt.
Schedule II-D-3	Summary of Research and Development Expenditures	Monarch Utilities has no expenditures for research and development during the test year.
Schedule II-D-8	Storm Damage	There is no special or unique arrangement for insurance proceeds are booked. This was normalized out in the test year results and has a \$0 balance.
Schedule II-D-9-1.c	Payroll Detail - General Payroll Increases	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.d	Pension and OPEB Benefits - Unfunded Costs	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.e	Pension and OPEB Benefits - Actuarial Studies	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.f	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.g	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts 45-Day Update	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.h	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.i	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.j	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.k	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.l	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.m	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.n	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.o	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.p	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.q	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.r	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.s	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.t	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.u	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.v	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.w	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.x	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.y	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-D-9-1.z	Pension and OPEB Benefits - Costs, Expense and Funding by MAUC Accounts	Monarch does not have Pension and OPEB Benefits.
Schedule II-E-3.1	Analysis of ITCs	Monarch Utilities I, LP does not have any deferred income or consultant fees paid to corporate officers or employees during the test year.
Schedule II-E-3.2	ITC Utilized	There are no differences that produce federal income taxes at a rate different from the statutory federal income tax rate.
Schedule II-E-3.3	ITC Generated But Not Utilized	Monarch Utilities I, LP is not proposing any adjustment to investment tax credits.
Schedule II-E-3.4	ITC Utilized - Stand Alone Basis	Monarch Utilities I, LP did not generate any investment tax credits during the test year.
Schedule II-E-3.5	ITC Election	Monarch Utilities I, LP did not generate any investment tax credits during the test year.
Schedule II-E-3.6	MAUC Account 235	Monarch Utilities I, LP did not generate any investment tax credits during the test year.
Schedule II-E-3.7	Analysis of Additional Depreciation Requested	Monarch Utilities I, LP does not have any investment tax credits.
Schedule II-E-3.8	Amortization of Protected and Unprotected Excess Deferred Taxes	Monarch Utilities I, LP does not have any investment tax credits.
Schedule II-E-3.9	Analysis of Excess Deferred Taxes by Timing Difference	Monarch Utilities I, LP does not have any investment tax credits.
Schedule II-E-3.10	Balance Sheet Expenses from Prior Dockets	Monarch Utilities I, LP does not have any investment tax credits.
Schedule II-E-3.11	Nonrecurring or Extraordinary Expenses	Monarch Utilities I, LP does not have any investment tax credits.
Schedule II-E-3.12	Extraordinary Property Losses	Monarch Utilities I, LP does not have any investment tax credits.
Schedule II-E-3.13	Expenses Previously Denied by the Commission	Monarch Utilities I, LP does not have any investment tax credits.
Schedule II-E-3.14	Allocation or Classification Factor Special Studies	Monarch Utilities I, LP does not have any investment tax credits.
Schedule II-E-3.15	Other Changes in Volume	Monarch Utilities I, LP does not have any investment tax credits.
Schedule IV-5	Capital Projects	There are no deferred expenses from prior dockets included in Cost of Service.
Schedule IV-13	Affiliate Project Codes Created/Closed in Test Year	There are no below the line expenses for Monarch during the test year.

Workpaper Index	
Line No.	Workpaper
1	WP/II-A-2
2	WP/II-A-2.1
3	WP/II-A-2.2
4	WP/II-A-3
5	WP/II-A-3.6
6	WP/II-A-3.8
6	WP/II-B-3
7	WP/II-B-6
8	WP/II-B-7.h(w)(S)
9	WP/II-B-8
10	WP/II-B-9
11	WP/II-C-6
13	WP/II-D-1.1
14	WP/II-D-4
15	WP/II-D-7(w)
16	WP/II-D-7(S)
17	WP/II-D-9
18	WP/II-D-9.1.a
20	WP/II-D-9.1.b
25	WP/II-D-9.3.b
26	WP/II-D-9.3.c
28	WP/II-D-9.3.e
29	WP/II-E-2.1
30	WP/II-E-3.1
31	WP/II-E-3.18
33	WP/II-F.a,c,d
34	WP/II-G
35	WP/II-G-1.h
36	WP/II-G-1.5
37	WP/II-G-1.6
38	WP/II-G-2.4
39	WP/II-G-2.5 (w)(S)
40	WP/II-G-5
42	WP/IV-1
43	WP/IV-2
46	WP/VI-1.b
47	WP/VI-1.d

Monarch Utilities I, L.P.
 Docket No. 48570
 Test Year Ending 6/30/2015
 WP/II-A-2 Pro-Forma Adjustments - Income Statement Explanations
 Witness: Carmelicha Bordelon-Taylor

Line No	Account No	Description	Schedule Reference	Water	Wastewater	Shared	Funct. Factor	Water	Wastewater	Total Adjustment	Description of Pro-Forma Adjustment
1	401	Operating Expenses	II-A-2	(99,127)	-	-	WTR-WW	(99,127)	-	(99,127)	Adjust capitalized overhead to full year
2	601	Salaries and Wages - Employees	II-A-2	-	-	137,728	WTR-WW	137,728	-	137,728	Include regulatory group compensation
3	601	Salaries and Wages - Employees	II-A-2	-	-	15,479	WTR-WW	15,479	-	15,479	Exclude incentive compensation - employee reassigned to California
4	601	Salaries and Wages - Employees	II-A-2	-	-	24,598	WTR-WW	24,598	-	24,598	Include regulatory group compensation
5	604	Employee Pensions and Benefits	II-A-2	-	-	720	WTR-WW	720	-	720	Include regulatory group expenses
6	615	Purchased Power	II-A-2	-	-	2,804	WTR-WW	2,804	-	2,804	Include regulatory group expenses
7	620	Materials and Supplies	II-A-2	-	-	5,423	WTR-WW	5,423	-	5,423	Exclude settlements paid by Monarch
8	633	Contractual Services - Legal	II-A-2	-	-	174,476	WTR-WW	174,476	-	174,476	Include regulatory group expenses
9	641	Rental of Building/Real Property	II-A-2	-	-	(65,431)	WTR-WW	(65,431)	-	(65,431)	Exclude advertising expenses
10	641	Rental of Building/Real Property	II-A-2	-	-	478,267	WTR-WW	478,267	-	478,267	Exclude advertising expenses - prior case
11	650	Transportation Expenses	II-A-2	-	-	(4,813)	WTR-WW	(4,813)	-	(4,813)	Adjust 50% of 2015 incot fees
12	650	Transportation Expenses	II-A-2	-	-	(87,595)	WTR-WW	(87,595)	-	(87,595)	Exclude acquisition expenses
13	656	Advertising Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
14	675	Regulatory Commission Expenses - Other	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
15	675	Regulatory Commission Expenses - Other	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
16	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
17	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
18	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
19	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
20	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
21	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
22	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
23	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
24	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
25	675	Miscellaneous Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude acquisition expenses
26	701	Salaries and Wages - Employees	II-A-2	-	-	20,293	WTR-WW	20,293	-	20,293	Include regulatory group expenses
27	701	Salaries and Wages - Employees	II-A-2	-	-	(17,883)	WTR-WW	(17,883)	-	(17,883)	Adjust capitalized overhead to full year
28	775	Miscellaneous Expenses	II-A-2	-	-	(8,963)	WTR-WW	(8,963)	-	(8,963)	Exclude contributions expense - help to others (H20)
29	775	Miscellaneous Expenses	II-A-2	-	-	(32,204)	WTR-WW	(32,204)	-	(32,204)	Convert capital leases to operating leases
30	775	Miscellaneous Expenses	II-A-2	-	-	(25,929)	WTR-WW	(25,929)	-	(25,929)	Exclude compensation for Parent employees - it group
31	775	Miscellaneous Expenses	II-A-2	-	-	(1,067)	WTR-WW	(1,067)	-	(1,067)	Exclude fines & penalties paid by Monarch
32	775	Miscellaneous Expenses	II-A-2	-	-	(703)	WTR-WW	(703)	-	(703)	Exclude rate case expenses - prior case
33	775	Miscellaneous Expenses	II-A-2	-	-	(3,542)	WTR-WW	(3,542)	-	(3,542)	Exclude lobbying expenses
34	775	Miscellaneous Expenses	II-A-2	-	-	7,418	WTR-WW	7,418	-	7,418	Exclude gains (losses) allocated from/to affiliate
35	401	Operating Expenses	II-A-2	(314,202)	(67,958)	(465,322)	WTR-WW	(705,240)	(182,441)	(887,681)	Exclude advertising expenses
36	403	Depreciation Expenses	II-A-2	(151,113)	-	(37,120)	WTR-WW	(182,293)	(3,830)	(186,222)	Convert capital leases to operating leases
37	403	Depreciation Expenses	II-A-2	228,201	(39,474)	(199,101)	WTR-WW	(61,317)	(17,883)	(79,200)	Adjust depreciation expense to depreciation study
38	403	Depreciation Expenses	II-A-2	(196)	-	(41,789)	WTR-WW	(41,985)	(6,565)	(48,550)	Exclude depreciation expense - aro asset
39	403	Depreciation Expenses	II-A-2	4,092	-	388,748	WTR-WW	390,640	62,200	452,840	Restate margin related to asset additions.
40	408.11	Property Taxes	II-A-2	(24,851)	-	9,902	WTR-WW	(16,949)	(288)	(17,237)	Exclude 50% of 2014 property tax true-up
41	409.1	Federal Income Taxes, Utility Operating Income	II-A-2	683,194	-	-	WTR-WW	683,194	-	683,194	Record federal taxes on Monarch (partnership)
42	408.12	Payroll Taxes	II-A-2	-	-	75,208	WTR-WW	75,208	-	75,208	Record state taxes on Monarch (partnership)
43	414	Gains (Losses) From Disposition of Utility Pr	II-A-2	44,313	-	8,232	WTR-WW	52,545	-	52,545	Exclude regulatory group compensation
44	414	Gains (Losses) From Disposition of Utility Pr	II-A-2	-	-	23,091	WTR-WW	23,091	-	23,091	Exclude gains (losses) on retirements
45	426	Miscellaneous Nonutility Expenses	II-A-2	(153,254)	(12,046)	-	WTR-WW	(165,300)	-	(165,300)	Retirement loss recapture per depreciation study - test year
46	426	Miscellaneous Nonutility Expenses	II-A-2	(45,185)	-	(13,060)	WTR-WW	(58,245)	(2,090)	(60,335)	Exclude contributions expense - help to others (H20)
47	426	Miscellaneous Nonutility Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	Exclude fines and penalties paid by Monarch
48	426	Miscellaneous Nonutility Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	
49	426	Miscellaneous Nonutility Expenses	II-A-2	-	-	-	WTR-WW	-	-	-	
50		Total Income Statement Pro-Forma Adjustments		270,990	21,487	(251,326)		59,876	(18,725)	41,151	

Monarch Utilities I, L.P.
 Debit No. 48370
 Year Ending 6/30/2015
 WP II-A-2-1 Statement of Income - Shared
 Witness: Carmelita Bordon-Taylor

Line No	MARUC Account	Description	Reference Schedule (C)	Water (G)	Sewer (G)	7/1/2014 - 6/31/2015 (Y)	Water (G)	Sewer (G)	1/1/2013 - 12/31/2013 (Y)
1	400	Operating Revenues - Sewer	II-A-2.1(00)8(S)	\$ 335,742	\$ 63,951	\$ 399,692	\$ 298,489	\$ 56,855	\$ 355,345
2		UTILITY OPERATING EXPENSES							
3	401	Depreciation Expense	II-A-2.1(00)8(S)	3,152,442	600,465	3,752,907	11,580,371	2,205,823	13,786,394
4	403	Amortization of Utility Plant Acquisition Adjustment	II-A-2.1(00)8(S)	19,150	3,648	22,797	(306,690)	(20,360)	(227,250)
5	406	Amortization of Limited Term Plant	II-A-2.1(00)8(S)	-	-	-	-	-	-
6	407.1	Amortization of Property Losses	II-A-2.1(00)8(S)	-	-	-	-	-	-
7	407.2	Amortization of Other Utility Plant	II-A-2.1(00)8(S)	-	-	-	-	-	-
8	407.3	Amortization of Regulatory Assets	II-A-2.1(00)8(S)	(41,544)	(7,913)	(49,457)	(41,544)	(7,913)	(49,457)
9	407.4	Taxes Other Than Income	II-A-2.1(00)8(S)	-	-	-	-	-	-
10	408	Federal Income Taxes, Utility Operating Income	II-A-2.1(00)8(S)	344,566	65,632	410,198	359,701	68,515	428,216
11	409	State Income Taxes, Utility Operating Income	II-A-2.1(00)8(S)	124,495	23,713	148,208	(62,998)	(31,988)	(74,926)
12	409.1	Local Income Taxes, Utility Operating Income	II-A-2.1(00)8(S)	-	-	-	4,255	811	5,066
13	409.11	Deferred Income Tax Federal	II-A-2.1(00)8(S)	-	-	-	-	-	-
14	409.12	State	II-A-2.1(00)8(S)	-	-	-	-	-	-
15	401.1	Total Deferred Income Tax	II-A-2.1(00)8(S)	-	-	-	-	-	-
16	401.11	Provision for Deferred Income Taxes - Credit, Utility Operating Income	II-A-2.1(00)8(S)	-	-	-	-	-	-
17	401.12	Tax Credits	II-A-2.1(00)8(S)	-	-	-	-	-	-
18	411.1	Investment Tax Credit, Deferred to Future Periods, Utility Operating Income	II-A-2.1(00)8(S)	-	-	-	-	-	-
19	412.1	Investment Tax Credit, Restored to Operating Income, Utility Operating Income	II-A-2.1(00)8(S)	-	-	-	-	-	-
20	412.2	Total Tax Credits	II-A-2.1(00)8(S)	-	-	-	-	-	-
21		TOTAL UTILITY OPERATING EXPENSES							
22		NET UTILITY OPERATING INCOME (LOSS)							
23		OTHER OPERATING INCOME (LOSS)							
24	413	Income from Utility Plant Leased to Others	II-A-2.1(00)8(S)	-	-	-	14,433	2,748	-
25	414	Gains (Losses) from Disposition of Utility Property	II-A-2.1(00)8(S)	-	-	-	14,433	2,748	17,183
26		TOTAL OTHER OPERATING INCOME (LOSS)							
27		NON-OPERATING INCOME							
28	415	Revenues from Merchandising, Jobbing and Contract Work	II-A-2.1(00)8(S)	-	-	-	-	-	-
29	419	Interest & Dividend Income	II-A-2.1(00)8(S)	-	-	-	(8,285)	(1,578)	(9,863)
30	420	Allowance for Funds Used During Construction (AFUDC)	II-A-2.1(00)8(S)	(27,693)	(5,275)	(32,968)	(13,445)	(2,561)	(36,017)
31	421	Non-Utility Income	II-A-2.1(00)8(S)	(27,693)	(5,275)	(32,968)	(21,730)	(4,139)	(23,889)
32		TOTAL NON-OPERATING INCOME							
33		NON-OPERATING DEDUCTIONS							
34	408.2	Taxes Other Than Income, Other Income and Deductions	II-A-2.1(00)8(S)	-	-	-	-	-	-
35	409.2	Income Taxes, Other Income and Deductions	II-A-2.1(00)8(S)	-	-	-	-	-	-
36	416	Costs & Expenses of Merchandising, Jobbing and Contract Work	II-A-2.1(00)8(S)	-	-	-	-	-	-
37	426	Miscellaneous Non-Utility Expenses	II-A-2.1(00)8(S)	-	-	-	-	-	-
38		TOTAL NON-OPERATING INCOME & DEDUCTIONS							
39		INTEREST EXPENSE							
40	427	Interest Expense	II-A-2.1(00)8(S)	1,172,604	223,353	1,395,957	1,209,703	230,420	1,440,123
41	427.1	Interest on Debt to Associated Companies	II-A-2.1(00)8(S)	-	-	-	-	-	-
42	428	Amortization of Debt Discount & Expenses	II-A-2.1(00)8(S)	9,390	1,708	11,178	9,390	1,788	11,178
43	429	Amortization of Premium on Debt	II-A-2.1(00)8(S)	-	-	-	-	-	-
44		TOTAL INTEREST EXPENSE							
45		EXTRAORDINARY ITEMS							
46	433	Income	II-A-2.1(00)8(S)	3,181,933	235,142	3,407,135	3,219,093	232,208	3,451,301
47	434	Deductions	II-A-2.1(00)8(S)	-	-	-	-	-	-
48	434	Income Taxes	II-A-2.1(00)8(S)	-	-	-	-	-	-
49	409.3	Other	II-A-2.1(00)8(S)	-	-	-	-	-	-
50	409.4	TOTAL EXTRAORDINARY ITEMS	II-A-2.1(00)8(S)	-	-	-	-	-	-
51		NET INCOME (LOSS)							
52				\$ (4,437,666)	\$ (841,461)	\$ (5,259,128)	\$ (2,617,593)	\$ (2,403,351)	\$ (3,020,946)

Monarch Utilities I, L.P.
 Docket No. 45370
 Test Year Ending 6/30/2015
 WP/II-A-2.2 Statement of Income - Test Year Adjusted -Shared
 Witness: Carmelitha Bordon-Taylor

Line No	NARUC Account (a)	Description (b)	Reference Schedule (c)	Water (d)	Sewer (e)	Book Recorded Income (f)	Water (g)	Sewer (h)	Normalizing and Annualizing Adjustments (k)	Adjusted Book Income (l)
1	400	Operating Revenues - Shared	II-A-2.2(0)&(S)	\$ 335,742	\$ 63,951	\$ 399,692	\$ -	\$ -	\$ -	\$ 399,692
2		UTILITY OPERATING EXPENSES								
3	401	Operating Expenses	II-A-2.2(0)&(S)							
4	403	Depreciation Expense	II-A-2.2(0)&(S)	3,152,442	600,465	3,752,907			382,014	4,134,921
5	406	Amortization of Utility Plant Acquisition Adjustment	II-A-2.2(0)&(S)	19,150	3,648	22,797			1,964	24,762
6	407.1	Amortization of Limited Term Plant	II-A-2.2(0)&(S)	-	-	-			-	-
7	407.2	Amortization of Property Losses	II-A-2.2(0)&(S)	-	-	-			-	-
8	407.3	Amortization of Other Utility Plant	II-A-2.2(0)&(S)	-	-	-			-	-
9	407.4	Amortization of Regulatory Assets	II-A-2.2(0)&(S)	(41,544)	(7,913)	(49,457)			-	(49,457)
10	408	Taxes Other Than Income	II-A-2.2(0)&(S)							
11	409.1	Federal Income Taxes, Utility Operating Income	II-A-2.2(0)&(S)	344,566	65,632	410,198			28,537	438,735
12	409.11	State Income Taxes, Utility Operating Income	II-A-2.2(0)&(S)							
13	409.12	Local Income Taxes, Utility Operating Income	II-A-2.2(0)&(S)	124,495	23,713	148,208			(10,390)	137,818
14	410	Deferred Income Tax	II-A-2.2(0)&(S)	-	-	-			-	-
15	401.1	Federal	II-A-2.2(0)&(S)	-	-	-			-	-
16	401.1	State	II-A-2.2(0)&(S)	-	-	-			-	-
17	401.11	Total Deferred Income Tax	II-A-2.2(0)&(S)	-	-	-			-	-
18	411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income	II-A-2.2(0)&(S)	-	-	-			-	-
19	411.1	Tax Credits	II-A-2.2(0)&(S)							
20	412.1	Investment Tax Credit, Deferred to Future Periods, Utility Operating Income	II-A-2.2(0)&(S)							
21	412.2	Total Tax Credits	II-A-2.2(0)&(S)							
22	412.1	Investment Tax Credit, Restored to Operating Income, Utility Operating Income	II-A-2.2(0)&(S)							
23	412.2	Total Tax Credits	II-A-2.2(0)&(S)							
24	412.1	Investment Tax Credit, Restored to Operating Income, Utility Operating Income	II-A-2.2(0)&(S)							
25	412.2	Total Tax Credits	II-A-2.2(0)&(S)							
26	412.1	Investment Tax Credit, Restored to Operating Income, Utility Operating Income	II-A-2.2(0)&(S)							
27	412.2	Total Tax Credits	II-A-2.2(0)&(S)							
28	412.1	Investment Tax Credit, Restored to Operating Income, Utility Operating Income	II-A-2.2(0)&(S)							
29	412.2	Total Tax Credits	II-A-2.2(0)&(S)							
30	413	NET UTILITY OPERATING INCOME (LOSS)	II-A-2.2(0)&(S)	3,599,109	685,545	4,284,653	337,785	64,340	402,126	4,686,779
31	414	Income from Utility Plant Leased to Others	II-A-2.2(0)&(S)	(3,263,967)	(621,594)	(3,884,961)	(337,785)	(64,340)	(402,126)	(4,287,087)
32	414	Gain (Losses) from Disposition of Utility Property	II-A-2.2(0)&(S)							
33	414	TOTAL OTHER OPERATING INCOME (LOSS)	II-A-2.2(0)&(S)							
34	415	NON-OPERATING INCOME	II-A-2.2(0)&(S)							
35	415	Revenues from Merchandising, Jobbing and Contract Work	II-A-2.2(0)&(S)							
36	419	Interest & Dividend Income	II-A-2.2(0)&(S)							
37	420	Allowance for Funds Used During Construction (AFUDC)	II-A-2.2(0)&(S)							
38	421	Non-Utility Income	II-A-2.2(0)&(S)							
39	421	TOTAL NON-OPERATING INCOME	II-A-2.2(0)&(S)	(27,693)	(5,275)	(32,968)				(32,968)
40	421	TOTAL NON-OPERATING INCOME	II-A-2.2(0)&(S)	(27,693)	(5,275)	(32,968)				(32,968)
41	421	NON-OPERATING DEDUCTIONS	II-A-2.2(0)&(S)							
42	408.2	Taxes Other Than Income, Other Income and Deductions	II-A-2.2(0)&(S)							
43	409.2	Income Taxes, Other Income and Deductions	II-A-2.2(0)&(S)							
44	416	Costs & Expenses of Merchandising, Jobbing and Contract Work	II-A-2.2(0)&(S)							
45	426	Miscellaneous Non-Utility Expenses	II-A-2.2(0)&(S)							
46	426	TOTAL NON-OPERATING INCOME & DEDUCTIONS	II-A-2.2(0)&(S)							
47	426	TOTAL NON-OPERATING INCOME & DEDUCTIONS	II-A-2.2(0)&(S)							
48	427	INTEREST EXPENSE	II-A-2.2(0)&(S)							
49	427	Interest Expense	II-A-2.2(0)&(S)							
50	427.1	Interest on Debt to Associated Companies	II-A-2.2(0)&(S)	1,172,604	223,353	1,395,957				1,395,957
51	428	Amortization of Debt Discount & Expenses	II-A-2.2(0)&(S)							
52	429	Amortization of Premium on Debt	II-A-2.2(0)&(S)	9,390	1,788	11,178				11,178
53	429	TOTAL INTEREST EXPENSE	II-A-2.2(0)&(S)							
54	429	TOTAL INTEREST EXPENSE	II-A-2.2(0)&(S)							
55	433	EXTRAORDINARY ITEMS	II-A-2.2(0)&(S)	1,181,993	225,142	1,407,135				1,407,135
56	434	Income	II-A-2.2(0)&(S)							
57	434	Deductions	II-A-2.2(0)&(S)							
58	409.3	Income Taxes	II-A-2.2(0)&(S)							
59	409.4	Other	II-A-2.2(0)&(S)							
60	409.4	TOTAL EXTRAORDINARY ITEMS	II-A-2.2(0)&(S)							
61	409.4	NET INCOME (LOSS)	II-A-2.2(0)&(S)	\$ (4,417,668)	\$ (841,462)	\$ (5,259,128)	\$ (337,785)	\$ (64,340)	\$ (402,126)	\$ (5,661,254)