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SOAH DOCKET NO. 473-16-2873.WS
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APPLICATION OF MONARCH § BEFORE THE STATE OFFICE
UTILITIES I, L.P. TO CHANGE RATES § OF PUBLIC UTILITY COMMISSION
FOR WATER AND SEWER SERVICE § ADMINISTRATIVE HEARINGS
FILING CLERK

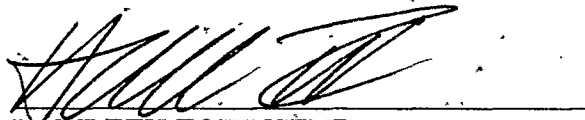
**MONARCH UTILITIES I, L.P.'S RESPONSES TO
COMMISSION STAFF'S NINETEENTH REQUEST FOR INFORMATION**

To: Commission Staff, by and through its attorney of record, Sam Chang, Public Utility Commission of Texas, Legal Division, 1701 North Congress Avenue, Austin, Texas 78711-3326.

Monarch Utilities I, L.P. ("Monarch") files its Responses to Public Utility Commission ("Commission") Staff's Nineteenth Requests for Information received September 2, 2016. This response is timely filed. This response may be treated by all parties as if it were filed under oath.

Respectfully submitted,

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ATTORNEYS FOR MONARCH UTILITIES I, LP

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CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of September, 2016, a true and correct copy of the foregoing document has been hand-delivered, sent via facsimile, e-mail, or first class mail to all parties of record.



WILLIAM A. FAULK, III

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MONARCH'S RESPONSES TO
STAFF'S NINETEENTH REQUESTS FOR INFORMATION

STAFF RFI 19-1: Please refer to Mr. Robinson's rebuttal testimony at 22:3-10. For the last 10 years, for each instance of the retirement of a water main or a portion of a water main, please state the number of linear feet of equipment per instance. Of this figure, please also provide the number of linear feet that were retired because they were replaced or repaired and the number of linear feet that were retired because the main was removed from service with no replacement installed.

RESPONSE: This information is not stored electronically in Monarch's accounting system, please see Attachment Staff 19-1 for scanned records of Monarch providing the requested data. This data is limited to 2009 to the present, consistent with Mr. Robinson's depreciation study. The documents constituting Attachment Staff 19-1 are voluminous and are available at the offices of Monarch's attorneys, Lloyd Gosselink Rochelle & Townsend, P.C., located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

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

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STAFF RFI 19-2: With respect to the previous request. Please state the average cost of removal of plant removed from service and not replaced or repaired.

RESPONSE: \$0

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Sponsored by: Carmelitha Bordelon-Taylor

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STAFF RFI 19-3: Please refer to Mr. Robinson's rebuttal testimony at 12:16–13:2. Does Mr. Robinson believe the Broad Group Procedure is commonly used by Texas utilities? If so, please explain the basis for Mr. Robinson's belief.

RESPONSE: At least three circumstances support Mr. Robinson's understanding that Broad Group depreciation is commonly used by Texas utilities. First, Mr. Robinson has for many years been a member of and participated in both the AGA/EEI Property Committee meetings as well as the Society of Depreciation meetings. As a participant of those meetings, and networking with a large group of public utilities, including numerous from Texas, general knowledge and understanding was gained regarding depreciation approaches used by companies. Through meeting with Texas company representatives, Mr. Robinson learned that the Texas electric and gas companies generally followed the practice of the utility industry, that is, they used the Broad Group procedure.

Secondly, and to be more specific, as a participant and past chair of the Court and Regulatory Accounting Committee, a regulatory sub-committee, an AGA/EEI depreciation statistic survey was completed for a number of years, which gathered information regarding details underlying company depreciation rates and practices. As part of that survey, specific information was identified regarding the depreciation method, procedure, and technique used by the various survey participants. The accompanying attachment Attachment Staff 19-3 contains a list of several Texas utilities indicating the depreciation procedure used in the development of the company's depreciation rates. The schedule specifically identifies that the Broad Group Procedure was used.

Third, SB 2306, a portion of which was included on page 7 of Ms. Mathis' testimony, amended Texas Water Code (TWC) 13.131, by *requiring the Texas Commission on Environmental Quality (TCEQ) by rule to allow water and/or sewer utilities to claim the book cost less net salvage of depreciable utility plant retired be charged in its entirety to the accumulated depreciation account in a manner consistent with accounting treatment of regulated electric and gas utilities in this state.* "The assets are reported as a group (group accounting), instead of itemized accounting." (This is the Broad Group procedure)

Prepared by: Earl M. Robinson
Sponsored by: Earl M. Robinson

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STAFF RFI 19-4: Please refer to Mr. Robinson's rebuttal testimony at 19:14-18. Please identify the account number and net balance of

- a) each account with proposed service lives based on Monarch's historical data without relying on any industry comparisons, and
- b) each accounts with proposed service lives developed without the use of any of Monarch's historical data.

RESPONSE:

- a) Please refer to Mr. Robinson's rebuttal exhibit EMR-2R and EMR-3R. Any property account having a "Life Analysis Results" listed as Good through Excellent Company historical data was used as the basis of the average service lives incorporated into Monarch's proposed depreciation rates.
- b) Please refer to Mr. Robinson's rebuttal exhibit EMR-2R and EMR-3R. Any property account having a "Life Analysis Results" listed as Modest through Limited Company historical data was used together with industry data as the basis of the average service lives incorporated into Monarch's proposed depreciation rates. Of course, for the Company's remaining property accounts, essentially with limited plant investments, for which no Company historical data was available, industry data and judgment was used to estimate the average service lives.

Prepared by: Earl M. Robinson
Sponsored by: Earl M. Robinson

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STAFF RFI 19-5: Reference Paul Moul's Workpapers, WP-PRM-2R; AUS Monthly Utility Reports. Provide the full report. Also, provide the most recent full report available to Mr. Moul.

RESPONSE: Mr. Moul does not have a copy of the full report. Mr. Moul does not have any later AUS reports.

Prepared by: Paul Moul
Sponsored by: Paul Moul