

Control Number: 45570



Item Number: 74

Addendum StartPage: 0

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

2016 MAR 24 P11 3:45
PUBLIC UTILITY COMMISSION
FILING CLERK

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

**MONARCH UTILITIES I, L.P.'S ERRATA #3 –
SCHEDULES II-C-9.1 & II-C-9.2**

Monarch Utilities I, L.P.'s, ("Monarch") Rate Filing Package filed on February 29, 2016 included a compact disk ("CD") containing a Microsoft Excel workbook containing all non-confidential schedules required by the Class A Investor-Owned Utilities Water And/Or Sewer Rate Filing Package For Cost-Of-Service Determination ("RFP Instructions").

Schedule II-C-9.1, contained within both the digital and hard copy collection of schedules, stated "See the testimony of Paul Maul for the presentation of evidence, analysis and recommendation concerning the appropriate rate of return on common equity. Included in the testimony and schedules PRM-2, PRM-3 and PRM-4 supporting this testimony are the relevant financial data and statistics." After discussions with PUC Staff, Monarch determined that this schedule required additional information and reformatting. Attached to this Errata #3, in both hard copy and digitally within a CD, is an amended Schedule II-C-9.1, WP/II-C-9.1/1-1/4, and amended attachments to the direct testimony of Carmelitha Bordelon Taylor (CBT-1) and Paul Moul (PRM-2), identifying Schedule II-C-9.1 as a schedule co-sponsored by both witnesses.

Pursuant to the RFP Instructions, Schedule II-C-9.2 requires that the applicant "[p]rovide a schedule showing the calculations of the utility's earnings per share ("EPS"), dividends per share ("DPS"), and book value per share ("BVPS") over the last five fiscal years." Because of an inadvertent error, the print area and digital formatting of Schedule II-C-9.2 only displayed the required data for the last four fiscal years, being 2011-2014, when in fact the digital schedule included all five fiscal years, which includes 2010. To properly view the 2010 fiscal year data on the digital schedule, Column H must be expanded to the right. Additionally, all hard copies of Schedule II-C-9.2 filed by Monarch, contained the formatting error. Attached to this Errata #3 is a correctly formatted hard copy of Schedule II-C-9.2.

24

Respectfully submitted,

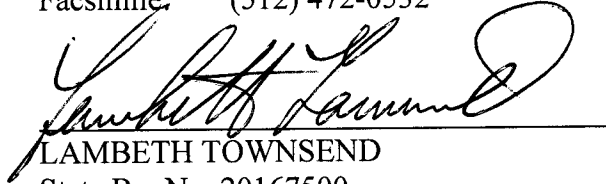
**LLOYD, GOSSELINK,
ROCHELLE & TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900.

Austin, Texas 78701

Telephone: (512) 322-5800

Facsimile: (512) 472-0532



LAMBETH TOWNSEND

State Bar No. 20167500

GEORGIA N. CRUMP

State Bar No. 05185500

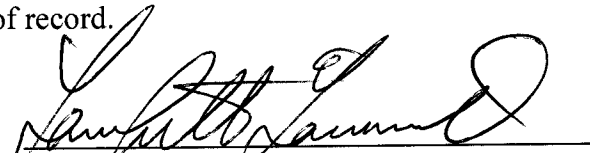
WILLIAM A. FAULK, III

State Bar No. 24075674

ATTORNEYS FOR MONARCH UTILITIES I, LP

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of March, 2016, a true and correct copy of the foregoing document has been sent via facsimile, certified mail, return receipt requested, first class mail, or hand-delivered to all parties of record.



LAMBETH TOWNSEND

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
Schedule II-C-9.1 Historical and Projected Growth In Earnings, Dividends and Book Value
Witness: Paul Moul/Carmelitha Bordelon

Line No	Periods	Total Debt as a % of Total Capital (a)	Total CWIP as a % of Net Plant (b)	Construction Expenditures as a % of Average Total Capital (c)	Pre-Tax Interest Coverage (d)	Funds from Operations / Total Debt (e)	Fixed Charge Coverage (f)
1	Actual:						
2	Fiscal Year 2013	35.2%	0.6%	3.3%	0.58x	15.5%	0.63x
3	Fiscal Year 2012	35.8%	0.6%	2.7%	-1.09x	-2.4%	-0.94x
4	Fiscal Year 2011	46.2%	2.2%	13.6%	0.87x	10.7%	0.88x
5	Fiscal Year 2010	46.5%	1.0%	6.5%	-0.21x	2.8%	-0.14x
6							
7	Test Year	29.6%	1.9%	2.6%	2.17x	27.7%	2.05x
8							
9	Projected (Assuming Full Rate Increase):						
10							
11	Fiscal Year 2018	24.4%	1.9%	3.4%	5.04x	42.8%	4.55x
12	Fiscal Year 2017	26.1%	1.9%	3.5%	5.25x	43.4%	4.75x
13	Fiscal Year 2016	27.9%	1.9%	3.6%	3.03x	30.8%	2.80x
14							
15	Rate Year Ending August 31, 2017						
16							
17	With Full Rate Relief	27.0%	1.9%	3.6%	5.58x	44.9%	5.06x
18	With No Rate Relief	27.5%	1.9%	3.6%	1.94x	25.2%	1.84x
19							
20							

Line No	Periods	Fixed Charge Coverage Ratio (g)	Funds from Operations Interest Coverage (h)	Net Cash Flow/Capital Outlays (i)	Cash Coverage of Common Dividends (j)	Return on Average Common Equity (k)
21	Actual:					
22						
23	Fiscal Year 2013	0.63x	5.21x	165.4%	Monarch has	-0.8%
24	Fiscal Year 2012	-0.94x	0.52x	-36.4%	paid no	-11.1%
25	Fiscal Year 2011	0.88x	2.02x	36.1%	dividends. This	-1.3%
26	Fiscal Year 2010	-0.14x	1.37x	19.0%	ratio does not	-7.9%
27					apply.	
28	Test Year	2.05x	6.27x	331.2%		2.5%
29						
30	Projected (Assuming Full Rate Increase):					
31						
32	Fiscal Year 2018	4.55x	9.04x	314.0%		5.1%
33	Fiscal Year 2017	4.75x	9.04x	329.7%		5.9%
34	Fiscal Year 2016	2.80x	6.63x	242.1%		3.3%
35						
36	Rate Year Ending August 31, 2017					
37						
38	With Full Rate Relief	5.06x	9.28x	345.1%		6.7%
39	With No Rate Relief	1.84x	5.65x	193.8%		1.7%

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

WP/II-C-9.1/1 Projected Growth In Earnings, Dividends and Book Value

Witness: Paul Moul/Carmelitha Bordelon

Line No	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1								
2								
3								
4	a.	Total Debt as a Percent of Total Capital		TY Ended June 30, 2015	2013	2012	2011	2010
5		Numerator: Notes Payable		29.6%	35.2%	35.8%	46.2%	46.5%
6		+ Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)		\$ 25,626	\$ 27,562	\$ 28,536	\$ 29,237	\$ 29,873
7		Denominator: Notes Payable						
8		+ Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)		25,626	27,562	28,536	29,237	29,873
9		+ Preferred Stock		-	-	-	-	-
10		+ Common Equity		60,964	50,841	51,262	34,046	34,346
11				\$ 86,590	\$ 78,403	\$ 79,798	\$ 63,283	\$ 64,219
12				1.9%	0.6%	0.6%	2.2%	1.0%
13								
14	b.	Total CWIP as a Percent of Net Plant		\$ 1,614	\$ 528	\$ 504	\$ 1,789	\$ 824
15		Numerator: Total Construction Work In Progress						
16		Denominator: Total Utility Plant		\$ 85,090	\$ 81,449	\$ 82,444	\$ 82,763	\$ 80,138
17		- Accumulated Depreciation and Amortization						
18				\$ 2,143	\$ 2,586	\$ 1,913	\$ 8,675	\$ 4,323
19								
20	c.	Construction Expenditures as a Percent of Average Total Capital		\$ 82,655	\$ 79,101	\$ 71,541	\$ 63,751	\$ 66,068
21		Numerator: Cash Construction Expenditures						
22		Denominator: Average of Beginning and Ending Balance of Total Capital (See Definition of Total Capital Provided for Ratio No.1)		2.6%	3.3%	2.7%	13.6%	6.5%
23								
24	d.	Pre-Tax Interest Coverage		1,319	(421)	(4,719)	(455)	(2,824)
25		Numerator: Income from Continuing Operations +/- Nonrecurring Items (Before Tax)		-	-	-	-	-
26		+ Minority Interest		-	-	-	-	-
27		- Equity AFUDC		-	-	-	-	-
28		+ Income Taxes		1,396	(70)	53	140	354
29		+ Interest Incurred (See Note 1 below)		3,025	1,165	2,233	2,492	2,033
30				\$ 3,025	\$ 674	\$ (2,433)	\$ 2,177	\$ (437)
31								
32				\$ 1,396	\$ 1,165	\$ 2,233	\$ 2,492	\$ 2,033
33		Denominator: Interest Incurred						
34		Times Covered		2.17x	0.58x	-1.09x	0.87x	-0.21x
35								
36								
37								
38								
39								
40								
41								
42								
43								
44								
45								
46								

Line No	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
(Dollars in thousands)								
1								
2								
3				TY Ended June				
47	e.	Funds From Operations / Total Debt		30, 2015				
48		Numerator: Cash Flow from Operations (Before Working Capital Changes)		\$ 7,098	\$ 4,278	\$ (696)	\$ 3,133	\$ 823
49		- Cash Decommissioning						
50								
51		Denominator: Notes Payable		\$ 25,626	\$ 27,562	\$ 28,536	\$ 29,237	\$ 29,873
52		+ Long-Term Debt (Incl. Current Maturities & Capital Lease						
53		Obligation)						
54				27.7%	15.5%	-2.4%	10.7%	2.8%
55								
56								
57	f.	Fixed Charge Coverage						
58		Numerator: Same as (d)		\$ 3,025	\$ 674	\$ (2,433)	\$ 2,177	\$ (437)
59		+ 1/3 of Rental Expenses		153	167	167	167	133
60				\$ 3,177	\$ 841	\$ (2,266)	\$ 2,344	\$ (304)
61								
62		Denominator: Interest Incurred		1,396	1,165	2,233	2,492	2,033
63		+ 1/3 of Rental Expenses		153	167	167	167	133
64				\$ 1,549	\$ 1,332	\$ 2,400	\$ 2,659	\$ 2,166
65								
66		Times Covered		2.05x	0.63x	-0.94x	0.88x	-0.14x
67								
68	g.	Fixed Charge Coverage Ratio						
69		Numerator: Same as (d)		\$ 3,025	\$ 674	\$ (2,433)	\$ 2,177	\$ (437)
70		+ 1/3 of Rental Expenses		153	167	167	167	133
71				\$ 3,177	\$ 841	\$ (2,266)	\$ 2,344	\$ (304)
72								
73		Denominator: Interest Incurred		1,396	1,165	2,233	2,492	2,033
74		+ 1/3 of Rental Expenses		153	167	167	167	133
75				\$ 1,549	\$ 1,332	\$ 2,400	\$ 2,659	\$ 2,166
76								
77		Times Covered		2.05x	0.63x	-0.94x	0.88x	-0.14x
78								
79	h.	Funds From Operations Interest Coverage						
80		Numerator: Same as (e)		\$ 7,098	\$ 4,278	\$ (696)	\$ 3,133	\$ 823
81		+ Cash Interest Paid		1,648	1,795	1,853	1,900	1,960
82				8,746	6,073	1,157	5,033	2,783
83								
84		Denominator: Interest Incurred		1,396	1,165	2,233	2,492	2,033
85								
86		Times Covered		6.27x	5.21x	0.52x	2.02x	1.37x
87								

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
WP/II-C-9.1/1 Projected Growth In Earnings, Dividends and Book Value
Witness: Paul Moul/Carmelitha Bordeleon

Line No	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
(Dollars in thousands)								
TY Ended June 30, 2015								
88								
89	i.	Net Cash Flow/Capital Outlays						
90		Numerator: Same as (e)		7,098	4,278	(696)	3,133	823
91		- Preferred Dividends		-	-	-	-	-
92		- Common Dividends		7,098	4,278	(696)	3,133	823
93								
94								
95		Denominator: Cash Construction Expenditures		2,143	2,586	1,913	8,675	4,323
96								
97				331.2%	165.4%	-36.4%	36.1%	19.0%
98								
99	j.	Cash Coverage of Common Dividends	Monarch has paid no dividends.					
100		Numerator: Same as (e)	This ratio does not apply.					
101		- Preferred Dividends						
102								
103		Denominator: Common Dividends						
104								
105								
106	k.	Return on Average Common Equity						
107		Numerator: Net Income After Preferred Dividends		1,319	(421)	(4,719)	(455)	(2,824)
108								
109		Denominator: Average of Beginning and Ending Common Equity		52,564	51,052	42,654	33,832	35,758
110								
111				2.5%	-0.8%	-11.1%	-1.3%	-7.9%
112								
113								
114								
115		NOTES:						
116		(1) "Interest Incurred" includes all Interest Charges, and excludes any recognition of Deferred Borrowing Costs or Capitalized Interest.						
117		(2) "Deferred Carrying Costs" include any borrowing costs or equity return deferred under an accounting order or qualified phase-in plan.						
118		(3) "Deferred Expenses" include any expenses deferred under an accounting order or qualified phase-in plan.						
119		(4) "Cash Flow from Operations" should reflect the amount reported in the Statement of Cash Flows, less Capitalized Interest (if not already subtracted from Net Income in the Statement of Cash Flows).						
120		(5) "Cash Construction Expenditures" should not include any Capitalized Interest.						
121		All amounts for the years 2010 through 2013 were prepared using the audited financial reports with no modifications excepted where required per RFP instructions.						

Monarch Utilities I, L.P.
Docket No. 45570
Test Year Ending 6/30/2015
WP/II-C-9.1/2 Projected Growth In Earnings, Dividends and Book Value (Full Rate Relief)
Witness: Carmelitha Bordelon

Line No	(a)	(b)	(c)	(d)			(e)	(f)
				Rate Yr Ended August 31, 2017	2018	2017		
				27.0%	24.4%	26.1%	27.9%	
1	a.	Total Debt as a Percent of Total Capital	\$ 23,843	\$ 22,746	\$ 23,569	\$ 24,392		
2		Numerator: Notes Payable						
3		+ Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)						
4								
5		Denominator: Notes Payable						
6		+ Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)	23,843	22,746	23,569	24,392		
7		+ Preferred Stock	-	-	-	-		
8		+ Common Equity	64,419	70,307	66,809	62,979		
9								
10			\$ 88,262	\$ 93,053	\$ 90,379	\$ 87,371		
11								
12			1.9%	1.9%	1.9%	1.9%		
13	b.	Total CWIP as a Percent of Net Plant						
14								
15		Numerator: Total Construction Work In Progress	\$ 1,596	\$ 1,596	\$ 1,596	\$ 1,596		
16								
17		Denominator: Total Utility Plant						
18		- Accumulated Depreciation and Amortization	85,160	84,367	84,896	85,346		
19								
20								
21	c.	Construction Expenditures as a Percent of Average Total Capital						
22		Numerator: Cash Construction Expenditures	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100		
23								
24		Denominator: Average of Beginning and Ending Balance of Total Capital (See Definition of Total Capital Provided for Ratio No.1)	\$ 85,776	\$ 90,893	\$ 88,052	\$ 85,934		
25								
26								
27			3.6%	3.4%	3.5%	3.6%		
28								
29								
30	d.	Pre-Tax Interest Coverage						
31		Numerator: Income from Continuing Operations	4,150	3,497	3,831	2,051		
32		+/- Nonrecurring Items (Before Tax)	-	-	-	-		
33		+ Minority Interest	-	-	-	-		
34		- Equity AFUDC	1,768	1,396	1,568	651		
35		+ Income Taxes	1,292	1,211	1,271	1,333		
36		+ Interest Incurred	7,210	6,104	6,670	4,035		
37								
38								
39								
40		Denominator: Interest Incurred	\$ 1,292	\$ 1,211	\$ 1,271	\$ 1,333		
41								
42		Times Covered	5.58x	5.04x	5.25x	3.03x		

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 WP/II-C-9.1/2 Projected Growth In Earnings, Dividends and Book Value (Full Rate Relief)
 Witness: Carmelitha Bordelon

Assuming Full Rate Increase Granted		(b)	(c)	(d)	(e)	(f)
Line No.	(a)					
<i>(Dollars in thousands)</i>						
			Rate Yr Ended August 31, 2017	2018	2017	2016
<i>Projected Fiscal Years</i>						
43	e.	Funds From Operations / Total Debt				
44		Numerator: Cash Flow from Operations (Before Working Capital Changes)	\$ 10,697	\$ 9,733	\$ 10,220	\$ 7,505
45		- Cash Decommissioning				
46						
47						
48		Denominator: Notes Payable				
49		+ Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)	\$ 23,843	\$ 22,746	\$ 23,569	\$ 24,392
50						
51			44.9%	42.8%	43.4%	30.8%
52						
53						
54	f.	Fixed Charge Coverage				
55		Numerator: Same as (d)	\$ 7,210	\$ 6,104	\$ 6,670	\$ 4,035
56		+ 1/3 of Rental Expenses	167	167	167	167
57			\$ 7,376	\$ 6,271	\$ 6,837	\$ 4,201
58						
59		Denominator: Interest Incurred	1,292	1,211	1,271	1,333
60		+ 1/3 of Rental Expenses	167	167	167	167
61			\$ 1,458	\$ 1,377	\$ 1,438	\$ 1,500
62						
63		Times Covered	5.06x	4.55x	4.75x	2.80x
64						
65	g.	Fixed Charge Coverage Ratio				
66		Numerator: Same as (d)	\$ 7,210	\$ 6,104	\$ 6,670	\$ 4,035
67		+ 1/3 of Rental Expenses	167	167	167	167
68			\$ 7,376	\$ 6,271	\$ 6,837	\$ 4,201
69						
70		Denominator: Interest Incurred	1,292	1,211	1,271	1,333
71		+ 1/3 of Rental Expenses	167	167	167	167
72			\$ 1,458	\$ 1,377	\$ 1,438	\$ 1,500
73						
74		Times Covered	5.06x	4.55x	4.75x	2.80x
75						
76	h.	Funds From Operations Interest Coverage				
77		Numerator: Same as (e)	\$ 10,697	\$ 9,733	\$ 10,220	\$ 7,505
78		+ Cash Interest Paid	1,292	1,211	1,271	1,333
79			11,988	10,944	11,491	8,838
80						
81		Denominator: Interest Incurred	1,292	1,211	1,271	1,333
82						
83		Times Covered	9.28x	9.04x	9.04x	6.63x
84						

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

WP/II-C-9.1/2 Projected Growth In Earnings, Dividends and Book Value (Full Rate Relief)

Witness: Carmelitha Bordelon

Assuming Full Rate Increase Granted

Line No	(a)	(b)	(c)	(d)	(e)	(f)
---------	-----	-----	-----	-----	-----	-----

(Dollars in thousands)

Projected Fiscal Years

	Rate Yr Ended August 31, 2017	2018	2017	2016
85				
86	i.			
87	Net Cash Flow/Capital Outlays			
88	Numerator: Same as (e)	\$ 10,697	\$ 9,733	\$ 10,220
89	- Preferred Dividends	-	-	-
90	- Common Dividends	-	-	-
		<u>10,697</u>	<u>9,733</u>	<u>10,220</u>
91				
92	Denominator: Cash Construction Expenditures	\$ 3,100	\$ 3,100	\$ 3,100
93				
94		<u>345.1%</u>	<u>314.0%</u>	<u>329.7%</u>
95				<u>242.1%</u>

Monarch has paid no dividends.

This ratio does not apply.

96	j.			
97	Cash Coverage of Common Dividends			
98	Numerator: Same as (e)	\$ 4,150	\$ 3,497	\$ 3,831
99	- Preferred Dividends	-	-	-
100	Denominator: Common Dividends	\$ 62,344	\$ 68,558	\$ 64,894
101		<u>6.7%</u>	<u>5.1%</u>	<u>5.9%</u>
102				<u>3.3%</u>
103	k.			
104	Return on Average Common Equity			
105	Numerator: Net Income After Preferred Dividends	\$ 4,150	\$ 3,497	\$ 3,831
106	Denominator: Average of Beginning and Ending Common Equity	\$ 62,344	\$ 68,558	\$ 64,894
107		<u>6.7%</u>	<u>5.1%</u>	<u>5.9%</u>
108				<u>3.3%</u>

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

WP/II-C-9.1/3 Projected Growth In Earnings, Dividends and Book Value (No Rate Relief)

Witness: Carmelitha Bordon

Line No	(a)	(b)	(c)	(d)
	Assuming No Rate Increase Granted			
1	a.	Total Debt as a Percent of Total Capital		
2		Numerator: Notes Payable		Rate Yr Ended August 27.5%
3		+ Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)		31.2017
4				\$ 23,843
5		Denominator: Notes Payable		
6		+ Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)		23,843
7		+ Preferred Stock		-
8		+ Common Equity		62,856
9				\$ 86,700
10				
11				1.9%
12				
13	b.	Total CWIP as a Percent of Net Plant		
14		Numerator: Total Construction Work In Progress		\$ 1,596
15		Denominator: Total Utility Plant		
16		- Accumulated Depreciation and Amortization		\$ 85,160
17				
18				
19				
20				
21	c.	Construction Expenditures as a Percent of Average Total Capital		
22		Numerator: Cash Construction Expenditures		\$ 3,100
23		Denominator: Average of Beginning and Ending Balance of Total Capital (See Definition of Total Capital Provided for Ratio No.1)		\$ 85,764
24				
25				
26				
27				
28				
29				3.6%
30	d.	Pre-Tax Interest Coverage		
31		Numerator: Income from Continuing Operations		1,049
32		+/- Nonrecurring Items (Before Tax)		-
33		+ Minority Interest		-
34		- Equity AFUDC		171
35		+ Income Taxes		1,292
36		+ Interest Incurred		2,511
37				\$
38				
39				
40		Denominator: Interest Incurred		\$ 1,292
41		Times Covered		1.94x
42				
43				

(Dollars in thousands)

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 WP/II-C-9.1/3 Projected Growth In Earnings, Dividends and Book Value (No Rate Relief)
 Witness: Carmelitha Bordelon

Line No.	(a)	(b)	(c)	(d)
	Assuming No Rate Increase Granted			
				<i>(Dollars in thousands)</i>
				Rate Yr Ended August 31, 2017
44 e.	Funds From Operations / Total Debt			
45	Numerator: Cash Flow from Operations (Before Working Capital Changes)			\$ 6,009
46	- Cash Decommissioning			
47				
48	Denominator: Notes Payable			\$ 23,843
49	+ Long-term Debt (Incl. Current Maturities & Capital Lease			
50	Obligation)			25.2%
51				
52				
53				
54 f.	Fixed Charge Coverage			
55	Numerator: Same as (d)			\$ 2,511
56	+ 1/3 of Rental Expenses			167
57				\$ 2,678
58				
59	Denominator: Interest Incurred			1,292
60	+ 1/3 of Rental Expenses			167
61				\$ 1,458
62				
63	Times Covered			1.84x
64				
65 g.	Fixed Charge Coverage Ratio			
66	Numerator: Same as (d)			\$ 2,511
67	+ 1/3 of Rental Expenses			167
68				\$ 2,678
69				
70	Denominator: Interest Incurred			1,292
71	+ 1/3 of Rental Expenses			167
72				\$ 1,458
73				
74	Times Covered			1.84x
75				
76 h.	Funds From Operations Interest Coverage			
77	Numerator: Same as (e)			\$ 6,009
78	+ Cash Interest Paid			1,292
79				7,301
80				
81	Denominator: Interest Incurred			1,292
82				
83	Times Covered			5.65x
84				
85				
86 i.	Net Cash Flow/Capital Outlays			

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 WP/II-C-9.1/3 Projected Growth In Earnings, Dividends and Book Value (No Rate Relief)
 Witness: Carmelitha Bordenon

Line No	(a)	(b)	(c)	(d)
---------	-----	-----	-----	-----

(Dollars in thousands)

Line No	(a)	(b)	(c)	(d)
87	Numerator: Same as (e)			Rate Yr Ended August
88	- Preferred Dividends			31,2017
89	- Common Dividends			\$ 6,009
90				-
91				<u>6,009</u>
92	Denominator: Cash Construction Expenditures			\$ 3,100
93				<u>193.8%</u>
94				
95				
96 j.	Cash Coverage of Common Dividends			Monarch has paid no dividends.
97	Numerator: Same as (e)			This ratio does not apply.
98	- Preferred Dividends			
99	Denominator: Common Dividends			
100				
101				
102				
103 k.	Return on Average Common Equity			
104	Numerator: Net Income After Preferred Dividends			\$ 1,049
105	Denominator: Average of Beginning and Ending Common Equity			\$ 62,332
106				<u>1.7%</u>
107				
108				

Monarch Utilities I, L.P.

Docket No. 45570

Test Year Ending 6/30/2015

WP/II-C-9.1/4 Projected Growth In Earnings, Dividends and Book Value

Witness: Carmelitha Bordeleon

Pro Forma Assumptions for Rate Year and Projected Fiscal Years

1. Depreciation expense and accumulated depreciation were calculated using rates from the depreciation study, assuming no retirements.
2. EBITDA was used as a surrogate for Cash Flow from Operations before Working Capital Changes.
3. Capital additions were assumed to be rateable based upon Schedule II-C-7.
4. Rate case expenses were amortized under full rate relief.
5. Interest expense was calculated using the long term debt amortization schedules contained in WP/II-C-6.1. Under full rate relief, the entire proposed revenue requirement was included in the rate year and in 2017 and 2018.
6. For 2016 the increase was prorated for a four month period, which reflects the beginning of the rate year on September 1, 2016.
7. There was a 2% assumed escalation of operating expenses in the rate year and the three projected fiscal periods following the test year.
8. The capital structure used in the projected test year and 3 projected fiscal years was based upon the projected actual capital structure and not the hypothetical capital structure shown in Schedule II-C-1(1).

Schedules Sponsored
Schedule II-A-2 Statement of Income
Schedule II-A-2.1 Statement of Income
Schedule II-A-2.1(W) Statement of Income - Water
Schedule II-A-2.1(S) Statement of Income - Sewer
Schedule II-A-2.2 Statement of Income - Test Year Adjusted
Schedule II-A-2.2(W) Statement of Income - Test Year Adjusted - Water
Schedule II-A-2.2(S) Statement of Income - Test Year Adjusted - Sewer
Schedule II-A-2.3 Test Year Affiliate Income
Schedule II-A-3 Balance Sheet
Schedule II-A-3.1 Comparative Balance Sheet
Schedule II-A-3.2 Other Physical Property
Schedule II-A-3.3 Special Cash Accounts
Schedule II-A-3.4 Receivables
Schedule II-A-3.5 Uncollectible Accounts
Schedule II-A-3.6 Prepayments
Schedule II-A-3.7 Significant Assets
Schedule II-A-3.8 Deferred Asset Accounts
Schedule II-A-3.10 Deferred Credits
Schedule II-A-3.11 Funding of Reserves
Schedule II-A-3.12 Unappropriated Retained Earnings
Schedule II-B Rate Base Summary
Schedule II-B (W) Rate Base Summary - Water
Schedule II-B (S) Rate Base Summary - Wastewater
Schedule II-B-1.1.b Original Budgeted Cost (Confidential)
Schedule II-B-1.1.d Reason for Change in Budgeted Cost (Confidential)
Schedule II-B-2 Construction Work in Progress - Total Company
Schedule II-B-2.1 Cancelled Construction Projects
Schedule II-B-4 Plant Held for Future Use
Schedule II-B-5 Accumulated Provision Balances
Schedule II-B-6 Materials and Supplies - 13-Month Average
Schedule II-B-6.a Materials and Supplies - Inventory Valuation Method
Schedule II-B-6.b Materials and Supplies - Model Used to calculate needed material and supply level
Schedule II-B-7.a-g Working Capital
Schedule II-B-7.h(W) Cash Working Capital - Water

Schedule II-B-7.h(S) Cash Working Capital - Wastewater
Schedule II-B-7.i Working Capital - Removal of Amortized Expenses
Schedule II-B-7.j Working Capital - Funds Availability Arrangement
Schedule II-B-8 Prepayments
Schedule II-B-9 Storm Damage and Extraordinary Property Loss
Schedule II-B-10 Other Rate Base Items
Schedule II-B-11 Regulatory Assets
Schedule II-C-9.1 Historical Growth In Earnings, Dividends and Book Value (Co-Sponsor)
Schedule II-D-1 Summary of Adjusted Test Year O&M Expenses
Schedule II-D-1.1 Historical and Per Book Test Year O&M Expense
Schedule II-D-1.2(W) Adjustments to Test Year - Water
Schedule II-D-1.2(S) Adjustments to Test Year - Wastewater
Schedule II-D-1.2(SH) Adjustments to Test Year - Shared Costs
Schedule II-D-2 Bad Debt Expense
Schedule II-D-3.1 Advertising
Schedule II-D-3.2 Contribution and Donation Expense
Schedule II-D-3.3 Industry Organization Membership Dues
Schedule II-D-3.4 Business/Economic Membership Dues
Schedule II-D-3.5 Professional Membership Dues
Schedule II-D-3.6 Social Organizations
Schedule II-D-4 Summary of Outside Services Employed
Schedule II-D-5 Summary of Research and Development Expenditures
Schedule II-D-6 Rents and Leases
Schedule II-D-7(W) Purchased Water
Schedule II-D-7(S) Purchased Wastewater
Schedule II-D-8 Storm Damage
Schedule II-D-9 Payroll, Capitalized vs. Expensed
Schedule II-D-9.1.a Payroll Detail - Actual Payroll Expense
Schedule II-D-9.1.b Actual Payroll Expense by Month
Schedule II-D-9.1.c Payroll Detail - General Payroll Increases
Schedule II-D-9.1.d Payroll Detail - Merit Increases and Management Salary Increases (Confidential)
Schedule II-D-9.1.e Payroll Detail - Total Annual Payroll Increases (Confidential)
Schedule II-D-9.1.f Payroll Detail - Test Year vs. Requested Reconciliation (Confidential)
Schedule II-D-9.1.g Payroll Detail - Employee Benefits and Incentive Compensation (Confidential)
Schedule II-D-9.2.a Pension and OPEB Benefits - Unfunded Costs

Schedule II-D-9.2.b Pension and OPEB Benefits - Actuarial Studies
Schedule II-D-9.2.c Pension and OPEB Benefits - Costs, Expense and Funding by NARUC Accounts
Schedule II-D-9.2.d Pension and OPEB Benefits - Costs, Expense and Funding by NARUC Accounts 45-Day Update
Schedule II-D-9.2.e Pension and OPEB Benefits - Actual and Adjusted SFAS No. 106 Funds
Schedule II-D-9.2.f Pension and OPEB Benefits - SFAS No. 106 Funding
Schedule II-D-9.2.g Pension and OPEB Benefits - SFAS No. 106 Changes
Schedule II-D-9.2.h Pension and OPEB Benefits - Accruals
Schedule II-D-9.2.i Pension and OPEB Benefits - Understatement of Accounting Standards
Schedule II-D-9.3.a Other Payroll Information - Deferred Income and Consultant Fees
Schedule II-D-9.3.b Other Payroll Information - Number of Employees
Schedule II-D-9.3.c Other Payroll Information - Vacation Pay
Schedule II-D-9.3.d Other Payroll Information - Incentive Compensation and Bonus Plans (Confidential)
Schedule II-D-9.3.e Other Payroll Information - Insurance Premiums
Schedule II-D-9.3.f Other Payroll Information - Positions Eliminated
Schedule II-E-2 Taxes Other Than Federal Income Taxes
Schedule II-E-2.1 Ad Valorem Taxes - Per Books
Schedule II-E-4 Other Expenses
Schedule II-E-4.1 Deferred Expenses from Prior Dockets
Schedule II-E-4.2 Below the Line Expenses
Schedule II-E-4.3 Nonrecurring or Extraordinary Expenses
Schedule II-E-4.5 Extraordinary Property Losses
Schedule II-E-4.6 Expenses Previously Denied by the Commission
Schedule II-E-5 Other Revenues Items (Credit)
Schedule II-F.a,c,d Functionalization Factors
Schedule II-F.b,f Functionalization Factors - Description and Rationale of Factors
Schedule II-F.e Enumeration of cost items subject to allocation factor
Schedule II-G-1.h Customer Penalties and Miscellaneous Water and/or Sewer Revenues
Schedule II-G-1.5 Accrued Revenues
Schedule II-G-1.6(W) Miscellaneous Revenues - Water
Schedule II-G-1.6(S) Miscellaneous Revenues - Wastewater
Schedule II-G-5 Miscellaneous Fees
Schedule V-1 Audit Reports (Confidential)
Schedule V-2 Budget Variance Reports
Schedule V-3 Operating and Capital Budgets

Schedules Sponsored

Schedule II-A-2.4	Rate of Return on Net Invested Capital
Schedule II-C-1(1)	Rate of Return Method - Hypothetical Capital Structure
Schedule II-C-1(2)	Rate of Return Method - Actual Capital Structure
Schedule II-C-2	Requested Weighted Average Cost of Capital
Schedule II-C-3	Preferred Stock
Schedule II-C-4	Long Term Debt
Schedule II-C-5	Weighted Average Cost of Short-Term Debt
Schedule II-C-6	Amortization Schedules for all Short and Long-Term Debt
Schedule II-C-7	Capital Requirements
Schedule II-C-8	Financial Tests and Ratios
Schedule II-C-9.1	Historical Growth In Earnings, Dividends and Book Value (Co-Sponsor)
Schedule II-C-9.2	Earnings per Share Calculations
Schedule II-C-10	Rating Agency Reports/Prospectus (Confidential)

Monarch Utilities I, L.P.
 Docket No. 45570
 Test Year Ending 6/30/2015
 Schedule II-C-9.2 Earnings per Share Calculations
 Witness: Paul Mou1

Monarch Utilities, Inc.
 (In thousands, except per share amounts)

Line No	(a)	No workpapers				
		(b)	(c)	(d)	(e)	(f)
		2014	2013	2012	2011	2010
1						
2						
3	Net income (loss)	\$ 1,463	\$ (421)	\$ (4,719)	\$ (455)	\$ (2,845)
4	Outstanding shares	1	1	1	1	1
5	Earnings (loss) per share	\$ 1,463	\$ (421)	\$ (4,719)	\$ (455)	\$ (2,845)
6						
7	Total equity capital	52,304	50,841	51,262	34,046	34,501
8	Book value per share	52,304	50,841	51,262	34,046	34,501
9						
10	Dividends	-	-	-	-	-
11						
12	ROE	2.80%	-0.83%	-9.21%	-1.34%	-8.25%
13						
14						
15						

Monarch Utilities I, LP (Monarch) is a privately held limited partnership in which the limited and general partners hold percentage ownership interests based on initial investments. There are no shares or units, therefore earnings per share and book value per share is not applicable. Additionally, as Monarch is not a public company, the market-to-book ratio is not applicable. Monarch did not pay dividends during the last five fiscal years. Monarch Utilities, Inc. holds the limited partnership interest in Monarch and all Monarch earnings flows to Monarch, Inc. for tax purposes. The table above represents the requested data for Monarch Utilities, Inc. whose only activity is that of Monarch. Therefore, the net income, equity capital, and ROE also represent those balances and results of Monarch.