



Control Number: 47922



Item Number: 9

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**Monarch  
Utilities I, L.P.**

**A SouthWest Water Company**

Customer Service  
866.654.SWWC (7992)

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PUBLIC UTILITY COMMISSION  
FILING CLERK

March 23, 2018

Public Utility Commission of Texas  
P.O. Box 13326  
Austin, TX 78711

Re: Docket 47922: Application of Dal-High Water LLC and Monarch Utilities I, L.P. for  
Sale, Transfer, and Merger of Facilities and Certificate Rights in Henderson County

To the Commission:

On February 27, 2018 Monarch filed electronically and mailed by 1<sup>st</sup> Class Mail its responses to the deficiencies noted in the On February 1, 2018 Commission issued Recommendation of Administrative Completeness. Monarch refiled its response to the deficiencies on March 9, 2018. Subsequently, additional minor corrections and information was required as noted by the PUC staff, and attached are copies of revised pages 6 and 7 and the list of assets to be acquired.

If you have any questions or need additional information please contact me.

Sincerely,

George Freitag, P.E.  
SouthWest Water Company  
Monarch Utilities I, L.P.  
Texas Regulatory Manager  
1620 Grand Avenue Parkway #140  
Pflugerville, TX 78660

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D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

This application is to acquire the assets and customers of a small, single owner water system. Customers will be charged at the same rates currently charged under the approved Dal High tariff. Operation and maintenance will be improved as the system will be a part of Monarch's area wide operations. Monarch's management staff includes engineers, accountants, environmental safety and health staff, and experienced customer service agents. Customers will now be able to access accounts on line and have new options to pay bills electronically or by phone.

E. How will the transaction serve the public interest?

Dal-High is a small standalone system. Monarch is a full-scale utility that emphasizes providing public water service that meets or exceeds all regulatory requirements. Operation and maintenance of the facilities will be improved as daily operations will be assumed by the nearby regional operations office. Customer service will be provided by Monarch's central customer service center.

12. Please describe the nature of the proposed transaction:

This is an asset purchase. The assets will be combined with the assets of Monarch Utilities I, L.P. on the books. Customer service will be provided out of Monarch's central facilities.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the PUC, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

A.		• Total Purchase Price:	\$ 55,200.00
		• Total Original Cost (as recorded on books of seller or merging entity):	\$ 99,947.00
		• Accumulated Depreciation as of the proposed effective date of the transaction:	-\$57,825.00
		• Contributions in Aid of Construction:	
		- Specific surcharges approved by TCEQ or PUC:	\$ 0.00
		- Revenues from explicit customer agreements:	\$ 0.00
		- Developer Contributions (please explain):	
<div></div>			
		- Other Contributions (please explain):	
<div></div>			
Total Contributions in Aid of Construction			\$ 0.00
• Net Book Value:		\$ 42,122.00	

- ☐ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number:  Date:

- ☐ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.

[attach additional sheet(s) if necessary]:

No change in the CCN area is requested. The service area boundaries will remain exactly as they are currently mapped. This application is to acquire the assets of a single, 46 customer system in Henderson County. All accounting data will be consolidated into Monarch's statewide operations. Daily operations will be assumed by the nearby regional operations office, and customer service will be provided by the central customer service center.

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	\$ 99,947.00
Plant Acquisition Adjustment:	\$ 13,078.00
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	-\$57,825.00
Cash:	-\$ 55,200.00
Notes Payable:	
Mortgage Payable:	
Others (please list):	

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials:  Date:

for Monarch Utilities I, L.P.

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:

☒ All the customers will be charged the same rates as they were charged before the transaction.  
☐ Some ☐ All customers will be charged different rates than they were charged before the transaction.

Dal High Water System  
CCN 12830  
PWS 1070159

DAL-HIGH WATER LLC

LIST OF ASSETS

revised GHF 03-23-2018

6/1/2018 projected sale date

Water Plant			Install date	Cost	Age (yrs)	Life	Ann Dep	Accum	NBV
Building -Pump House	1	SF	1/1/1986	\$ 10,721	32.44	50	\$ 214.42	\$ 6,954.83	\$ 3,766.15
Storage Tank 1	1	Ea.	3/1/2002	\$ 14,212	16.26	50	\$ 284.24	\$ 4,622.56	\$ 9,589.32
Pressure Tank No. 1	1	Ea.	7/1/2006	\$ 1,453	11.93	50	\$ 29.07	\$ 346.69	\$ 1,106.80
Pressure Tank No. 2	1	Ea.	7/1/2006	\$ 1,453	11.93	50	\$ 29.07	\$ 346.69	\$ 1,106.80
Booster pump No 1	1	Ea.	7/1/2006	\$ 3,055	11.93	15	\$ 203.69	\$ 2,429.16	\$ 626.12
Booster pump No 2	1	Ea.	7/1/2006	\$ 3,055	11.93	15	\$ 203.69	\$ 2,429.16	\$ 626.12
Tank guage, electrical, misc.	1	ea	2/28/2008	\$ 631	10.26			\$ -	\$ 630.54
Chlorinator/tank	1	Ea.	1/1/2014	\$ 2,759	4.42	15	\$ 183.94	\$ 812.36	\$ 1,946.74
Air Compressor	1	Ea.	7/1/2006	\$ 1,222	11.93	20	\$ 61.11	\$ 728.75	\$ 493.37
Fencing	120	LF	1/1/2000	\$ 1,747	18.43	35	\$ 49.92	\$ 919.89	\$ 827.30
Electrical	1	Ea.	7/1/1986	\$ 9,166	31.94	50	\$ 183.32	\$ 5,855.09	\$ 3,310.75
Well No 1	1	Ea.	7/1/1971	\$ 8,876	46.95	46	\$ 192.96	\$ 8,876.15	\$ -
Well Pump	1	Ea.	7/1/2006	\$ 9,166	11.93	15	\$ 611.06	\$ 7,287.47	\$ 1,878.37
2" Well Meter	1	Ea.	2/28/2008	\$ 315	10.26			\$ -	\$ 315.00
Yard Piping	1	Ea.	7/1/1971	\$ 533	46.95	85	\$ 6.27	\$ 294.55	\$ 238.70
Land & land rights	0.262	ac	7/1/1971	\$ 1,310				\$ -	\$ 1,310
Distribution System 2" PVC	4,000	LF	1/1/1986	\$ 20,633	32.44	85	\$ 242.74	\$ 7,873.40	\$ 12,759.44
Distribution System 3" PVC	0	LF	1/1/1986	\$ -	32.44	85	\$ -	\$ -	\$ -
Distribution System 2" Valves	4	Ea.	1/1/1986	\$ 229	32.44	20	\$ 11.44	\$ 228.84	\$ -
Distribution System 3" Valves	0	Ea.	1/1/1986	\$ -	32.44	20	\$ -	\$ -	\$ -
Distribution System Flush Valves	2	Ea.	1/1/1986	\$ 376	32.44	20	\$ 18.81	\$ 376.12	\$ -
Services	45	Ea.	1/1/1986	\$ 4,199	32.44	20	\$ 209.94	\$ 4,198.78	\$ -
Meter Installations	45	Ea.	1/1/2005	\$ 4,835	13.42	20	\$ 241.74	\$ 3,244.60	\$ 1,590.18

\$ 99,947  
Orig Cost

\$ 2,977 \$ 57,825  
Annual Depr Accum

\$ 42,121.71  
NBV