



Control Number: 50424



Item Number: 27

Addendum StartPage: 0



**Monarch
Utilities I L.P.**

A SouthWest Water Company

August 31, 2020

Public Utility Commission of Texas
Attention: Filing Clerk
1701 Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

Re: Docket 50424 - Application of Monarch Utilities I L.P. and Goins Utility Service LLC for Sale
Transfer, or Merger of Facilities and Uncertificated Area in Polk County

Response to Commission Staff's Second Request for Information

To the Commission:

On August 12, 2020 the Commission Staff's Second Request for Information was issued with a requirement for response within 20 days. Attached is the response of Monarch Utilities I L.P. ("Monarch") to Question No. Staff 2-1.

Please contact me if any additional information is required at this time.

Sincerely,

/s/ *George Freitag*

George Freitag, P.E.
Texas Regulatory Manager
SouthWest Water Company
Monarch Utilities I L.P.
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DOCKET NO. 50424

MONARCH UTILITIES I L.P.'s RESPONSE TO COMMISSION STAFF SECOND REQUEST FOR INFORMATION

Staff RFI 2-1 Reference Confidential Filing under Item #2, "Contract, Lease, Purchase, or Sale Agreement Part A: Question 1." Please provide the basis for the estimated original cost of each asset included in the Beacon Bay asset inventory. If a trending study was performed, provide the entire study including all calculations, index version, all factors, and the basis for the current cost of each asset.

RESPONSE: A trending study was done to estimate the original costs of the water and wastewater assets to be acquired. The complete study with factors and calculations was provided separately under Confidentiality in Monarch's response to Commission Staff RFI 1-1.

The estimated current costs for the assets were developed using representative unit costs. The unit costs are estimated average costs based on the professional judgement of Monarch's engineering, operations, and construction staff from experience with similar recent projects. The estimated original costs were derived using indices from the Handy Whitman Bulletin No. 189: Cost Trends of Water Utility Construction – South Central Region, Cost Trends of Building Construction – South Central Region, and Utility Plant Materials – All Regions.

SPONSORED BY: George Freitag, P.E.