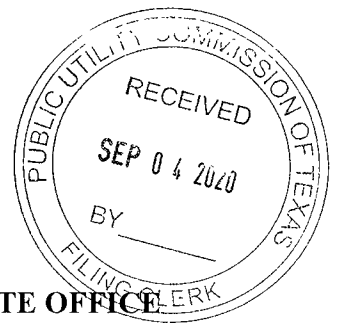


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**SOAH DOCKET NO. 473-20-4709.WS
PUC DOCKET NO. 50944**

**APPLICATION OF MONARCH § BEFORE THE STATE OFFICE
UTILITIES I, LP FOR AUTHORITY TO § OF
CHANGE RATES § ADMINISTRATIVE HEARINGS**

**OFFICE OF PUBLIC UTILITY COUNSEL'S
FIRST REQUEST FOR INFORMATION TO
MONARCH UTILITIES I, LP**

Pursuant to 16 Texas Administrative Code (“TAC”) § 22.144, the Office of Public Utility Counsel (“OPUC”) submits this First Request for Information to Monarch Utilities I, LP (“Monarch”). OPUC requests that Monarch provide answers to the request for information under oath as required by 16 TAC § 22.144(c)(2)(F) within the timeframe specified in the procedural schedule in this proceeding. OPUC further requests that Monarch provide an answer to the questions and sub-questions in the order listed below with sufficient detailed information to provide a complete and accurate answer to each question and sub-question.

Definitions

1. “Monarch,” the “Company,” “Applicant,” “You,” and “Your” refer to Monarch Utilities I, LP and its affiliates, subsidiaries, and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
2. “SWWC” and “SouthWest” refer to SouthWest Water Company.
3. “Document” and “documents” include any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tape, film, electronic facsimile, computer storage device, or any other media, including, but not limited to, electronic mail (e-mail), memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars,

records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports, summaries of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

Instructions

1. The Definitions, Instructions, and Claim of Privilege sections set forth in this request for information apply to these questions.
2. In providing an answer to each question, please furnish all of the information that is in your possession, custody, or control, as defined by Texas Rules of Civil Procedure (Tex. R. Civ. Proc.) 192.7(b), including information in the possession, custody, or control of your affiliates, subsidiaries, and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
3. Please answer each question based upon your knowledge, information, or belief, and state whether each answer is based upon your knowledge, information, or belief.
4. If you have possession, custody, or control, as defined by Tex. R. Civ. Proc. 192.7(b), of an original requested document, please produce the original requested document or a complete copy of the original requested document and all copies that are different in any way from the original requested document, whether by interlineation, receipt stamp, or notation.
5. If you do not have possession, custody, or control of an original requested document, please produce copies of the document, however made, in your possession, custody, or control. If any requested document is not in your possession, custody, or control, please explain why the document is not in your possession, custody, or control and provide the current location and custodian of the requested document or any copy, summary, or other form of the requested document thereof.
6. If there is any confusion about a question, please contact the undersigned counsel for clarification.
7. In providing your response to a question, please start each response on a separate page and type, at the top of the page, the question that is being answered by the response.

8. As part of the response to each question, please state, at the bottom of the answer to the question, the name and job position of each person(s) who participated in any way, other than by providing clerical assistance, in the preparation of the answer to the question. If the question has sub-parts, please identify each person(s) by name and job position that participated in any way, other than by providing clerical assistance, in the preparation of the answer for each sub-part of the question.
9. Please state the name of the witness in this docket who will sponsor the answer to the question and/or sub-part of the question and who will swear to the truthfulness of the answer to the question and/or sub-part of the question.
10. Please provide individual responses to questions as each response becomes available, rather than waiting to provide all of the responses to the questions at the same time.
11. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer to a question between the time of your original response and the time of the hearing, then you should submit, under oath, a supplemental response to your earlier answer to the question.
12. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please contact the undersigned counsel, as soon as possible, to discuss the situation and try to resolve the issue. Furthermore, if you object to any question on the grounds that the question seeks confidential information, or on any other grounds, please contact the undersigned counsel, as soon as possible, to discuss the situation and try to resolve the issue.
13. If the response to any question is voluminous, please make available all of the voluminous material at a designated location in Austin. Please provide a detailed index for the voluminous material with your response to the question to enable efficient review of the material. The index should include information sufficient to locate each individual document by page, file, and box number, date of each document, title of each document, description of each document if no document title exists, name of the preparer of each document, and length of each document.
14. If the requested information is included in previously furnished exhibits, workpapers, or responses to other discovery inquiries or otherwise, in hard copy or electronic format,

please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references to the previously furnished information.

15. If a question requests the production of copyrighted material, you may provide a list of such material, including the title, publisher, author, edition, and page references relied on or otherwise relevant to the question.

Claim of Privilege

If any document is withheld under any claim of privilege, please provide a list that identifies each document for which a privilege is being claimed, including the date, sender, recipient(s) of the privileged document, recipient(s) of copies of the privileged document, subject matter of the privileged document, and the basis upon which a privilege is being claimed by the Company.

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- 1-1.** Please reference the Direct Testimony of Jeffrey L. McIntyre at 14:15-15:13. Please confirm that Monarch is seeking permission to record a regulatory asset related to COVID-19 in the amount of \$308,181.71, but is not requesting any recovery or return of that asset in this case.
- 1-2.** Please reference the Direct Testimony of Jeffrey L. McIntyre at 14:17-18. Please provide a line-item, detailed listing of all expenditures which comprise the regulatory asset of \$308,181.71.
- 1-3.** Please reference the Direct Testimony of Jeffrey L. McIntyre at 21:13-15. Please confirm that Monarch is not seeking to recover the cost of the Income Qualified Elderly Customers program from other customer classes in compliance with Texas Water Code § 13.182(b-1).
- 1-4.** Please reference the Direct Testimony of Jeffrey L. McIntyre at 24:9-11. Please provide all documentation, workpapers, and any analysis performed or prepared by Monarch supporting the statement, "Since the last test year, operating expenses have increased by a compound annual growth rate in line with the consumer price index."
- 1-5.** Please reference Monarch's red-lined Proposed Wastewater Tariff at 52 (Bates Page 000392). Please provide the actual cost incurred in the Test Year by Monarch due to customer(s) flushing materials that clogged grinder/sewage stations.
- 1-6.** Please reference Monarch's red-lined Proposed Wastewater Tariff at 52-53 (Bates Pages 000392-000393). Please provide the actual cost incurred in the Test Year by Monarch for maintaining and repairing all equipment associated with a commercial or multi-family customer's usage of a grinder pump, storage tank, controls, or other appurtenances necessary to provide pressurized wastewater service to customers.
- 1-7.** Please reference the Direct Testimony of Mujeeb Hafeez at 11:5-16.
 - a. Please provide a line-item, detailed listing by individual and each element of compensation which comprises the \$2.732 million in payroll and benefits for the Executive function.
 - b. Please provide all documentation, workpapers, and analysis performed or prepared by Monarch which supports the statement, "Total direct compensation provided to the four senior executives (which includes total incentive compensation), when viewed against the market for talent for executives in similar positions, is within the median market competitive range."

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- c. Please provide a line-item, detailed listing, by individual and each element of compensation which comprises the total cost of the executive compensation program incurred within the Test Year.
 - d. Please provide all documentation, workpapers, and analysis performed or prepared by Monarch which supports the statement, "A portion of the short-term at-risk compensation, and all of the long-term at-risk compensation is based on financial measures." Please indicate how said compensation was determined to be based on financial measures and provide all documents, workpapers, and analysis performed or prepared by Monarch supporting its calculations.
 - e. Please indicate within this rate filing where it is demonstrated by Monarch that, ". . . incentive compensation based on financial measures has been excluded from the Test Year costs" and provide the values removed, by individual.
- 1-8.** Please reference the Direct Testimony of Mujeeb Hafeez at 11:18-20. Please provide all documentation, workpapers, and analysis performed or prepared by Monarch which supports the statement, "When compared against comparable peer organizations for which compensation data are available from publicly disclosed proxies, SouthWest `s board of directors are paid below market median."
- 1-9.** Please reference the Direct Testimony of Mujeeb Hafeez at 11:21-22. Please provide details of all transactions, including receipts, which account for the \$141,000 in travel and entertainment expenses associated with the SWWC Board of Directors.
- 1-10.** Please reference the Direct Testimony of Mujeeb Hafeez at 12:12-13:6.
- a. Please confirm or deny that employees within the SWWC Legal Department maintain records of time spent on specific legal matters by entity. If confirmed, please provide all records of the time spent on specific legal matters by entity for the Test Year.
 - b. Please indicate the entire cost of outside counsel obtained by SWWC that was included in the Test Year expenses. Please provide invoices which support the requested Test Year expenses associated with services provided by outside counsel and provide the Case or Docket Number for the specific matters, if available.
- 1-11.** Please reference the Direct Testimony of Mujeeb Hafeez at 16:16-19.
- a. Please provide a line-item, detailed listing of the \$2.096 million in payroll and benefits costs, by individual and element of compensation, associated with SWWC's IT Department.

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- b. Please indicate where in the rate filing it is demonstrated that “[i]ncentive compensation based on financial measures has been excluded from Test Year costs” and provide the values removed, by individual. Please provide all documents, workpapers, and analysis performed or prepared by Monarch which indicates how said compensation was determined to be based on financial measures and provide all supporting calculations.
 - c. Please indicate, by individual, the amount of capitalized direct labor and all documents, workpapers, and analysis performed or prepared by Monarch used in determining the basis for the capitalized direct labor.
- 1-12.** Please reference the Direct Testimony of Mujeeb Hafeez at 16:20-17:2. Please provide:
- a. A line-item, detailed listing of the transactions and costs which comprise the remaining \$1.214 million of costs associated with SWWC’s IT function; and
 - b. A detailed listing of the facilities, laptops, copiers, printers, and mobile communication devices included within the \$1.214 million, including the date purchased, original cost of the item, and warranted life of the item.
- 1-13.** Please reference the Direct Testimony of Mujeeb Hafeez at 18:1-4.
- a. Please provide a line-item, detailed listing of the \$2.741 million in payroll and benefits costs, by individual and element of compensation associated with SWWC’s Finance function.
 - b. Please indicate where in the rate filing it is demonstrated that “[i]ncentive compensation based on financial measures has been excluded from Test Year costs” and provide the values removed, by individual. Please indicate how said compensation was determined to be based on financial measures and provide all documents, workpapers, and analysis performed or prepared by Monarch supporting the Company’s calculations.
- 1-14.** Please reference the Direct Testimony of Mujeeb Hafeez at 18:8-9. Please provide all documentation, workpapers, and analysis performed or prepared by Monarch which supports the statement that the fees charged by SWWC’s chosen banking entities are competitive. Please indicate the total amount of banking related fees included within Test Year expense.
- 1-15.** Please reference the Direct Testimony of Mujeeb Hafeez at 19:4-6.

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- a. Please provide a line-item, detailed listing of the \$498,000 in payroll and benefits costs, by individual and element of compensation, associated with SWWC's HR function.
 - b. Please indicate where in the rate filing it is demonstrated that, "[i]ncentive compensation based on financial measures has been excluded from Test Year costs" and provide the values removed, by individual. Please indicate how said compensation was determined to be based on financial measures and provide all documents, workpapers, and analysis performed or prepared by Monarch supporting the Company's calculations.
- 1-16.** Please reference the Direct Testimony of Mujeeb Hafeez at 19:7-12. Please provide a line-item, detailed listing and supporting invoices for the \$403,000 related to HR outside services.
- 1-17.** Please reference the Direct Testimony of Mujeeb Hafeez at 19:12-13. Please provide a line-item, detailed listing and supporting invoices for the requested HR-related education and other general and administrative costs.
- 1-18.** Please reference the Direct Testimony of Mujeeb Hafeez at 20:4-6. Please provide precise details concerning how SWWC determines the Test Year cost of \$230,000 specific to the sublease of office space to its Texas Utilities Business Unit. Please indicate if said sublease is at cost or if a mark-up is included for the sublease.
- 1-19.** Please reference the Direct Testimony of Mujeeb Hafeez at 21:4-6. Please provide all documentation, workpapers, and analysis performed or prepared by Monarch which supports the statement, "This level of payroll and benefits is appropriate for a senior maintenance technician."
- 1-20.** Please reference the Direct Testimony of Mujeeb Hafeez, Attachment MSH-4. Please provide a copy of Attachment MSH-4 in its original native excel format or, if included within the provided excel workpapers within the filing, please indicate the workpaper reference.
- 1-21.** Please reference the Direct Testimony of Edward Taussig at 6-7. Please provide a monthly detailed listing of all employees, by filled position, from January 2018, through August 2020.
- 1-22.** Please reference the Direct Testimony of Edward Taussig at 8:21. Please indicate the open positions, by title, that Monarch has yet to fill.

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- 1-23.** Please reference the Direct Testimony of Edward Taussig at 9:4-7. Please provide all documentation, workpapers, and analysis performed or prepared by Monarch which supports the statement, “Monarch has determined that meter equivalents as of December 31, 2018 . . . are the most equitable and administratively efficient form of distributing shared costs in this filing.” Additionally, please explain if and why the use of meter equivalencies as of December 31, 2018, is more equitable and administratively efficient than the use of meter equivalencies as of December 31, 2019.
- 1-24.** Please reference the Direct Testimony of Terry Benton at 11:15–12:2. Please provide detailed water loss records for the Ni America Texas Systems for calendar years 2017, 2018, and 2019. Within these records, please show the amount of water produced, the amount of water billed to customers, any accounted for loss (separated by reason such as flushing, known water leaks, etc.), and any unaccounted for loss.
- 1-25.** Please reference the Direct Testimony of Terry Benton, Timothy J. Williford, and WP II-B-2. Please provide a crosswalk that correlates and compares the values cited in the testimony of Monarch’s witnesses with the values presented in WP II-B-2.
- 1-26.** Please reference Schedule II-G-1.g (W), line No. 12. Please provide this same information concerning revenues by individual wholesale customer. Please include the number of wholesale delivery points and volumes sold, by wholesale customer, which correspond to the information on line 12.

September 4, 2020

Respectfully submitted,

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State Bar No. 24042276

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CERTIFICATE OF SERVICE
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I hereby certify that a copy of the foregoing document was served on all parties of record in this proceeding on this 4th day of September 2020, by facsimile, electronic mail, and/or first class, U.S. Mail.

Jessie Lance

Jessie Lance