

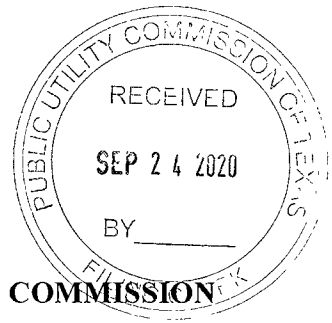
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SOAH DOCKET NO. 473-20-4709.WS
PUC DOCKET NO. 50944



APPLICATION OF MONARCH
UTILITIES I, L.P. FOR AUTHORITY
TO CHANGE RATES

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PUBLIC UTILITY COMMISSION
OF TEXAS

**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO MONARCH UTILITIES I, L.P.
QUESTION NOS. STAFF 5-1 THROUGH STAFF 5-18**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) requests that Monarch Utilities I, L.P., by and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Order Suspending Rules in Docket No. 50664.

Dated: September 24, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

/s/ Megan Chalifoux

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on September 24, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Megan Chalifoux

Megan Chalifoux

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**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO MONARCH UTILITIES I, L.P.
QUESTION NOS. STAFF 5-1 THROUGH STAFF 5-18**

DEFINITIONS

- A. "Monarch," "Company," "Applicant," or "you" refers to Monarch Utilities I, L.P. and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

- B. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

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**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO MONARCH UTILITIES I, L.P.
QUESTION NOS. STAFF 5-1 THROUGH STAFF 5-18**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO MONARCH UTILITIES I, L.P.
QUESTION NOS. STAFF 5-1 THROUGH STAFF 5-18**

- Staff 5-1 How does growth in the cities of Kyle and Buda affect Monarch's revenues and how is the growth treated in the rate application?
- Staff 5-2 Have expenses for the systems in Kyle, Buda and any other system omitted from the rate application been removed from the revenue requirement? Please explain.
- Staff 5-3 Please provide a comparative schedule for revenues for all systems not included in the rate application for the test year and three years prior to the test year on the same month-end basis as the test year.
- Staff 5-4 Please provide a comparative schedule for the change in number of connections shown by meter size for all systems not included in the rate application for the test year.
- Staff 5-5 Please provide the number of full-time and part-time employees that worked for the applicant during the test year.
- Staff 5-6 Please provide any additional internal or external audit reports produced since the beginning of 2017 regarding Monarch's water and wastewater operations.
- Staff 5-7 Please provide a list of all employees who received salaries, bonuses, allowances, benefits and other remuneration that were included in the cost of service. Please provide the following information:
- a) Name;
 - b) Position and detailed job description;
 - c) Date hired and date of termination, if applicable;
 - d) Rate per month or per hour; and
 - e) Total number of hours and percentage of time worked per week for each and total number of hours and percentage of time worked per week for any affiliated companies.
- Staff 5-8 Please provide the number of full time and/or part time employees that worked for Monarch Utilities, Inc. and SWWC Utilities Inc. for 2018 and 2019.
- Staff 5-9 Please provide names of employees that work for Monarch Utilities I, L.P. and one or more of the affiliated companies. Provide name, position, and detailed job description.

- Staff 5-10 Please provide all studies, work papers, or other documents that show the salaries, allowances, medical insurance benefits, pension/retirement benefits, and other remuneration paid to employees are reasonable.
- Staff 5-11 Please provide a list of items, expenses, or cost of service that were allocated and/or direct billed to Monarch Utilities I. L.P. from the affiliated companies.
- Staff 5-12 Please provide a list of specific benefits and/or services that Monarch Utilities I, L.P. receives from its affiliated companies in return for the costs allocated and/or direct billed from the affiliate. Please identify the specific costs with the specific benefit or service.
- Staff 5-13 Please provide the percentage and amount of every expense category allocated and/or direct billed from the affiliated companies that were included in this rate change application.
- Staff 5-14 Please provide any study or other document showing the basis of allocation and direct billing of costs from the affiliated companies.
- Staff 5-15 Please describe Monarch's accounting policies for setting up and writing off of bad debts. In responding, please provide any written policy or documents that describe Monarch's procedures for writing off bad debts from the allowance of bad debts and receivable account.
- Staff 5-16 Please provide the 2018 and 2019 Texas Franchise Tax Reports in which Monarch's operations that generated franchise taxes were reported, including all supporting documentation and workpapers. Provide all calculations for Monarch's portion of the 2018 and 2019 Texas franchise tax.
- Staff 5-17 Please provide the State Gross Receipts Tax Reports for 2018 and 2019 in which Monarch's operations that generated gross receipts tax were reported, including all supporting documentation and workpapers. Provide all calculations producing Monarch's portion of the 2018 and 2019 gross receipts tax.
- Staff 5-18 Reference: Monarch's response to Staff 1-13, Attachment 1-13:
- a) Please provide all supporting workpapers including calculations and reference documents for all the journal entries included in this attachment.
 - b) For each allocated expense account reflected in the journal entries, provide the affiliate total expense account that was allocated for 2019 and the actual allocations to each affiliate reflecting 100% of the expense account actually incurred by the affiliate from which the expense was allocated.
 - c) Provide all calculations, procedures and safeguards put in place by Monarch and its affiliates in order to ensure that only 100% of each

affiliate-allocated expense is recovered, and that no double recovery exists amongst affiliates.

- d) Provide the invoice supporting the Texas Water Association annual dues reflected in the journal entry on lines 176 through 181.
- e) Provide calculations, procedures and safeguards put in place by Monarch and its affiliates in order to ensure that the inclusion of the proposed known and measurable Texas Water Association annual dues expense in the cost of service meets Texas Water Code § 13.185(h)(1). water and wastewater services to Monarch's customers.