

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*



Blas J. Coy, Jr., *Public Interest Counsel*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 24, 2011

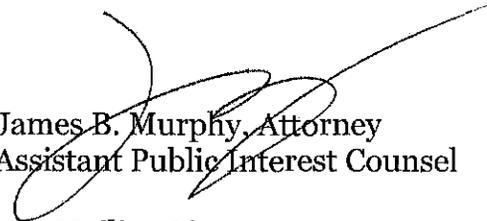
Melissa Chao, Acting Chief Clerk
Texas Commission on Environmental Quality
Office of the Chief Clerk (MC-105)
P.O. Box 13087
Austin, Texas 78711-3087

**Re: DEER CREEK RANCH WATER CO. LLC
TCEQ DOCKET NO. 2011-0726-UCR**

Dear Ms. Chao:

Enclosed for filing is the Office of Public Interest Counsel's Response to the Executive Director's Petition for Interim Rates in the above-entitled matter.

Sincerely,


James B. Murphy, Attorney
Assistant Public Interest Counsel

cc: Mailing List

Enclosure

TCEQ DOCKET NO. 2011-0726-UCR

**APPLICATION OF DEER CREEK
RANCH WATER COMPANY, LLC,
TO CHANGE ITS WATER RATES
AND TARIFF UNDER
CERTIFICATE OF CONVENIENCE
AND NECESSITY NO. 11241 IN
TRAVIS AND HAYS COUNTY**

**BEFORE THE

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY**

**THE OFFICE OF PUBLIC INTEREST COUNSEL'S RESPONSE TO THE
EXECUTIVE DIRECTOR'S PETITION FOR INTERIM RATES**

To the Honorable Members of the Texas Commission on Environmental Quality:

The Office of Public Interest Counsel (OPIC) of the Texas Commission on Environmental Quality (Commission or TCEQ) files this Response to the Executive Director's Petition for Interim Rates in the above-referenced matter and respectfully shows the following.

I. Introduction

Deer Creek Ranch Water Co., LLC (Applicant) applied to the Commission on March 30, 2011 to change its water utility rates and tariff. According to the Notice of Proposed Rate Change (Exhibit A), Applicant mailed notice of the proposed increase to customers on March 29, 2011, with an effective date of May 31, 2011. The proposed tariff included two new monthly surcharges: for rate case expenses incurred in preparing the application and for an "LCRA Annual Reservation Fee" (LCRA Fee). The Executive Director (ED) issued a notice of deficiency (NOD) on April 12, 2011, and suspended the application because of the monthly customer surcharge for rate case expenses incurred in preparing the application, which may be collected only after Commission approval of the application.

According to the subsequent Notice of Proposed Rate Change (Exhibit B), Applicant mailed notice of the proposed increase on April 29, 2011, with an effective date of June 30, 2011. This notice also included a document titled "Fee Schedule for Deer Creek Water Effective with Bill Going Out on April 29, 2011" that describes how Applicant calculates rates. The revised, proposed tariff does not include the rate case expense surcharge, but includes the LCRA Fee. This fee appears on customer bills as "LCRA Fee" and varies based on the number of active customers. One customer's bills show the fee as \$23.19 for April 2011 (Exhibit C) and \$22.24 for May 2011 (Exhibit D).

The ED filed his Petition for Interim Rates on May 20, 2011 requesting the Commission establish an interim rate equal to the rate authorized prior to the proposed rate increase. For the reasons discussed below, OPIC recommends the Commission grant the ED's Petition.

II. Applicable Law

Pursuant to 30 TEX. ADMIN. CODE (TAC) § 291.29:

(a) The commission or judge may on a motion by the executive director or by the appellant under Texas Water Code, § 13.043(a), (b), or (f), as amended, establish interim rates to remain in effect until a final decision is made.

(b) At any time after the filing of a statement of intent to change rates under Texas Water Code, § 13.187, as amended, the executive director may petition the commission or judge to set interim rates to remain in effect until further commission action or a final rate determination is made. After a hearing is convened, any party may petition the judge or commission to set interim rates.

(c) At any time during the proceeding, the commission may, for good cause, require the utility to refund money collected under a proposed rate before the rate was suspended or an interim rate was established to the extent the proposed rate exceeds the existing rate or the interim rate.

(d) Interim rates may be established by the commission or judge in those cases under the commission's original or appellate jurisdiction where the proposed increase in rates could result in an unreasonable economic hardship on the utility's customers, unjust or unreasonable rates, or failure to set interim rates could result in an unreasonable economic hardship on the utility.

(e) In making a determination under subsection (d) of this section, the commission or judge may limit its consideration of the matter to oral arguments of the affected parties and may:

- (1) set interim rates not lower than the authorized rates prior to the proposed increase nor higher than the requested rates;
- (2) deny interim rate relief; and
- (3) require that all or part of the requested rate increase be deposited in an escrow account in accordance with § 291.30 of this title (relating to Escrow of Proceeds Received under Rate Increase).

(f) The commission may also remand the request for interim rates to the State Office of Administrative Hearings for an evidentiary hearing on interim rates. The presiding judge shall issue a non-appealable interlocutory ruling setting interim rates to remain in effect until a final rate determination is made by the commission.

(g) The establishment of interim rates does not preclude the commission from establishing, as a final rate, a different rate from the interim rate.

(h) Unless otherwise agreed to by the parties to the rate proceeding, the retail public utility shall refund or credit against future bills all sums collected in excess of the rate finally ordered plus interest as determined by the commission in a reasonable number of monthly installments.

(i) Unless otherwise agreed to by the parties to the rate proceeding, the retail public utility shall be authorized by the commission to collect the difference, in a reasonable number of monthly installments, from its customers for the amounts by which the rate finally ordered exceeds the interim rates.

(j) The retail public utility shall provide a notice to its customers including the interim rates set by the commission or judge with the first billing at the interim rates with the following wording: "The commission (or judge) has established the following interim rates to be in effect until the final decision on the requested rate change (appeal) or until another interim rate is established."

III. Discussion

OPIC agrees with the points raised in the Petition, regardless of Applicant refunding customers subsequent to the Petition. Although customer bills for May 2011 include the \$52.65 refund required by the final order in Applicant's most recent previous rate case, the refund is only a portion of the refunds due to customers. *See An Order Granting in Part and Denying in Part the Application of Deer Creek Ranch Water Co., LLC to Increase its Water Rates under Certificate of Convenience and Necessity No. 11241 in Travis and Hays Counties, Texas; TCEQ Docket No. 2009-0929-UCR; SOAH Docket No. 582-09-5328; issued February 22, 2011 (February 2011 Final Order).* The February 2011 Final Order required two sets of refunds: (1) \$52.65 for 17 months for overpayment from May 1, 2009, and (2) amounts collected over the interim rates established in the ALJ's Order No. 8 from the previous rate case. February 2011 Final Order, Ordering Provision Nos. 2 and 3, at 33–34. OPIC has seen no evidence to this point that Applicant has issued the interim rate refunds required by the ALJ's Order No. 8.

Even if Applicant is properly refunding all customers as required by the February 2011 Final Order, the presence of refunds does not make the proposed rates just or reasonable. The ED gets to the heart of the matter when he says: "It is unreasonable to require the customers to take money out of their wallets and give it to the utility so that the utility can hand that same money back and claim that the customers have received their refunds." Petition, at 7. Because utilities are allowed to submit new applications every year, customers may find themselves in an endless loop of paying the utility to receive their refunds. The Commission's tool to prevent this scenario is interim rates.

In addition to the points raised in the Petition, OPIC presents three additional bases for establishing interim rates. First, the application includes loans improper under the cash needs method. Under the cash needs method, debt service costs are an allowable component of cost of service, but only if those costs are reasonable, prudently incurred, and paid to an unaffiliated interest. 30 TAC § 291.34(d)(2)(C). The Commission determined in the previous rate case:

The affiliates who control the Utility have:

- (a) acquired in the Utility's name far more assets than necessary to serve the Utility's customers now or in the reasonably foreseeable future;
- (b) borrowed in the Utility's name very large amounts of money that were not necessary to provide service to the Utility's customers;
- (c) borrowed in the Utility's name more money that exceeds the value of all its assets, including those not currently necessary to provide service;
- (d) borrowed very large amounts of money relative to the Utility's size and stockholder's invested capital; and
- (e) borrowed a very large percentage of the above amounts from themselves.

February 2011 Final Order, Finding of Fact No. 232, at 27–28. Because issue preclusion applies in administrative proceedings, the Commission has already determined that certain loans were unreasonable, imprudently incurred, and obtained from affiliated interests. *See* February 2011 Final Order, Conclusion of Law No. 10 (concluding that issue preclusion applies in administrative law cases and precludes the relitigation of identical issues of fact that have been actually litigated between the same parties or those in privity with the original parties). Repayment of these same loans constitutes a portion of this application's cost of service. The proposed rate increase based on these loans will result in unjust and unreasonable rates for the customers.

Second, the new LCRA Fee appears unreasonable for two reasons. The first is Applicant has charged the LCRA Fee prior to the effective date of the proposed rate—

June 30, 2011. Based on customer bills, it appears Applicant has charged the fee in both April and May 2011. This premature fee violates 30 TAC § 291.22(a), which requires at least 60 days between notice to customers and the effective date of proposed rate changes. The second reason is surcharges may be imposed only after ED or Commission approval. It is unclear exactly what type of surcharge a "LCRA Annual Reservation Fee" would fall under, but regardless of type, all surcharges provided in the Commission's administrative rules require either ED or Commission approval prior to being charged. The fee most likely falls under the provisions for purchased water under 30 TAC § 291.21(h), which requires Commission approval through a rate proceeding of any change to the method of calculation of a pass through provision for purchased water. Alternatively, if the fee is a surcharge for governmental requirements beyond the control of the utility under 30 TAC § 291.21(k), the ED must first approve the surcharge. Neither the ED nor the Commission has approved such a surcharge or surcharge modification for Applicant. As a result, the LCRA Fee is unjust and unreasonable.

Third, the proposed tariff includes an improper returned check fee of \$33.00, up from \$25.00. Pursuant to TEX. BUS. & COM. CODE § 3.506(b), the maximum allowable returned check fee is \$30. Although an additional \$3.00 over the allowable amount for returned checks is unlikely to cause significant economic hardship on customers in and of itself, the fee's violation of the Business and Commerce Code further demonstrates the rates are unreasonable and unjust.

Finally, it is important to note that establishing interim rates does not preclude the Commission from setting a final rate different from the interim rate. 30 TAC § 291.29(g). If the final rate ordered by the Commission exceeds the interim rate, the

utility may collect the difference in a reasonable number of monthly installments.
30 TAC § 291.29(i).

IV. Conclusion

OPIC recommends the Commission grant the ED's Petition and establish interim rates equal to the rate authorized prior to the proposed rate increase.

Respectfully submitted,

Blas J. Coy, Jr.
Public Interest Counsel

By: _____

James B. Murphy
Assistant Public Interest Counsel
State Bar No. 24067785
P.O. Box 13087, MC 103
Austin, Texas 78711-3087
(512) 239-4014 Phone
(512) 239-6377 Fax

CERTIFICATE OF SERVICE

I hereby certify that on June 24, 2011 the original and seven true and correct copies of the Office of Public Interest Counsel's Response to the Executive Director's Petition for Interim Rates was filed with the Chief Clerk of the TCEQ and a copy was served to all persons listed on the attached mailing list via hand delivery, facsimile transmission, Inter-Agency Mail, electronic mail, or by deposit in the U.S. Mail.

James B. Murphy

NOTICE OF PROPOSED RATE CHANGE

Deer Creek Ranch Water Company, LLC

11241

Company Name

CCN Number

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

**Texas Commission on Environmental Quality
Water Supply Division
Utilities & Districts Section, MC 153
P. O. Box 13087
Austin, Texas 78711-3087**

Unless protests are received from 10 percent of the ratepayers or the Commission staff requests a hearing, no hearing will be held and rates will be effective as proposed. Please read the following information carefully:
Hill Top Manor, Deer Creek Ranch Section One, Hill Creek West, Highland Creek Lakes, Mountain Creek Lakes, Twin Lake Hills, and Valley Lake Hills

Subdivisions or Systems Affected by Rate Change

P. O. Box 436	Dripping Springs	Texas	78620	512-894-0434
Company Address	City	State	Zip	Telephone
\$135,000			March 29, 2011	
Annual Revenue Increase			Date Customer Notice Mailed	
July 1, 2007			25th Day of Each Month	
Date of Last Rate Change			Date Meters Typically Read	

EFFECTIVE DATE OF PROPOSED INCREASE: May 31, 2011

BILLING COMPARISON

Water:	Existing	10,000 gallons:	<u>\$ 59.00 /mo</u>	Existing	30,000 gallons:	<u>\$ 149.00 /mo</u>
	Proposed	10,000 gallons:	<u>\$ 103.25 /mo</u>	Proposed	30,000 gallons:	<u>\$ 228.25 /mo</u>
Sewer:	Existing	10,000 gallons:	<u>\$ N.A. /mo</u>	Proposed	30,000 gallons:	<u>\$ N.A. /mo</u>

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363.

CURRENT RATES		PROPOSED RATES	
Monthly base rate including <u>2,000</u> gallons		Monthly base rate including <u>0</u> gallons	
Meter Size:		Meter Size:	
Residential		Residential	
5/8" or 3/4"	\$ 35.00	5/8" or 3/4"	\$ 56.25
1"	\$	1"	\$ 95.63
1 1/2"	\$	1 1/2"	\$ 185.63
2"	\$	2"	\$ 298.13
3"	\$	3"	\$ 562.50
Other: _____"	\$	Other: <u>4</u> "	\$ 928.13
Gallonage Charge:		Gallonage Charge:	
\$ _____ for each additional 1000 gallons over the minimum \$3.00 per 1,000 gallons 2,001 - 10,000 \$4.00 per 1,000 gallons 10,001 - 20,000 \$5.00 per 1,000 gallons 20,001 thereafter		\$ _____ for each additional 1000 gallons over the minimum \$2.00 per 1,000 gallons 0 - 2,000 \$4.00 per 1,000 gallons 2001 - 4,000 \$5.00 per 1,000 gallons 4,001 - 6,000 \$6.25 per 1,000 gallons 6,001 thereafter	
<u>Miscellaneous Fees</u>		<u>Miscellaneous Fees</u>	
Tap fee	\$ 1,200.00	Tap fee	\$ 1,200.00
Reconnection fee	\$	Reconnection fee	
Non-payment (Maximum - \$25.00)	\$ 25.00	Non-payment (Maximum - \$25.00)	\$ 25.00
Customer's request	\$ 50.00	Customer's request	\$ 50.00
Transfer fee	\$ 50.00	Transfer fee	\$ 50.00
Late charge	\$ 10% Of Bill	Late charge - \$ 5.00 or 10% (Choose one)	\$ 10% Of Bill
Returned check charge	\$ 25.00	Returned check charge	\$ 33.00
Deposit	\$ 50.00	Deposit (Maximum \$50.00)	\$ 50.00
Meter test fee	\$ 25.00	Meter test fee	\$ 25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

Tap Fee (Unique Cost) Actual Cost
 Large Meter Tap Fee Actual Cost
 Commercial & Non-Residential
 Deposit 1/6th of Estimated Annual Bill

SEE ATTACHED PAGE FOR ADDITIONAL CURRENT
 TARIFF PROVISIONS

Tap Fee (Unique Cost) Actual Cost
 Large Meter Tap Fee Actual Cost
 Commercial & Non-Residential
 Deposit 1/6th of Estimated Annual Bill

SEE ATTACHED PAGE FOR ADDITIONAL PROPOSED
 TARIFF PROVISIONS

ADDITIONAL EXISTING TARIFF LANGUAGE

MONTHLY SURCHARGE (monthly fee to be collected until March 1, 2010).....\$12.00

This fee will be charged to each customer on a monthly on a monthly basis for five years to collect sufficient revenue to pay for improvements to the water system. All funds collected from the surcharge will be escrowed and handled in accordance to 30 TAC 291.30 (Escrow of Proceeds Received Under Rate Increase).

LCRA Annual Fee Surcharge = \$50,000/(number of customers at the beginning of the monthly billing cycle divided by the number of months in the billing year. The LCRA annual fee surcharge will terminate when Deer Creek Ranch Water System's obligation to pay the \$50,000/year charge terminates. All funds collected from the surcharge will be maintained in a separate escrow account.

PURCHASE WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any the non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

- AG = $G + B/(1-L)$, where
- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15;
- BR = approved base rate;
- C = number of customers;
- N = number of 1,000 gallons in base rate;
- LBR = LCRA monthly base rate;
- ABR = adjusted base rate;
- ABR = $BR + (LBR/C) + [B*N]/[1-L]$

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 T.A.C. 291.21(h).

ADDITIONAL PROPOSED TARIFF PROVISIONS

LCRA Annual Fee Surcharge = $\$50,000 / (\text{number of customers at the beginning of the monthly billing cycle} / \text{number of months in the billing year})$. The LCRA annual fee surcharge will terminate when Deer Creek Ranch Water System's obligation to pay the $\$50,000/\text{year}$ charge terminates. All funds collected from the surcharge will be maintained in a separate account.

LCRA Annual Reservation Fee Surcharge = $\text{LCRA Annual Reservation True Up Fee At End of Accounting Period} / (\text{number of customers at the beginning of the monthly billing cycle} / \text{number of months in the billing year})$. The LCRA annual reservation fee surcharge will terminate when Deer Creek Ranch Water System's obligation to pay the LCRA annual reservation fee terminates. All funds collected from the surcharge will be maintained in a separate account.

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L	=	system average line loss for preceding 12 months not to exceed 0.15;
BR	=	approved base rate;
C	=	number of customers;
N	=	number of 1,000 gallons in base rate;
LBR	=	LCRA monthly base rate;
ABR	=	adjusted base rate;
ABR	=	$BR + (LBR / C) + [B * N] / [1 - L]$

RATE CASE EXPENSES ASSOCIATED WITH PREPARATION AND FILING OF APPLICATION FOR A RATE/TARIFF CHANGE:

Rate Case Monthly Customer Surcharge = $\$2.37$ per month per water customer. The Rate Case Monthly Customer Surcharge will terminate when Deer Creek Ranch Water System has collected a sum of $\$21,250.00$ from this surcharge.

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11241

Company Name

CCN Number

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Texas Commission on Environmental Quality
Water Supply Division
Utilities & Districts Section, MC 153
P. O. Box 13087
Austin, Texas 78711-3087

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Subdivisions or Systems Affected by Rate Change

P. O. Box 436	Dripping Springs	Texas	78620	512-894-0434
Company Address	City	State	Zip	Telephone
\$135,000			April 29, 2011	
Annual Revenue Increase			Date Customer Notice Mailed	
July 1, 2007			29 th day of each month	
Date of Last Rate Change			Date Meters Typically Read	

EFFECTIVE DATE OF PROPOSED INCREASE: June 30, 2011

Note: Prior Notice Included Incorrect Date of 25th

BILLING COMPARISON

Water:	Existing	10,000 gallons:	\$ 59.00 /mo	Existing	30,000 gallons:	\$ 149.00 /mo
	Proposed	10,000 gallons:	\$ 103.25 /mo	Proposed	30,000 gallons:	\$ 228.25 /mo
Sewer:	Existing	10,000 gallons:	\$ N.A. /mo	Proposed	30,000 gallons:	\$ N.A. /mo

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Council at 512/239-6363.

ADDITIONAL PROPOSED TARIFF PROVISIONS

LCRA Annual Fee Surcharge = \$50,000/(number of customers at the beginning of the monthly billing cycle divided by the number of months in the billing year. The LCRA annual fee surcharge will terminate when Deer Creek Ranch Water System's obligation to pay the \$50,000/year charge terminates. All funds collected from the surcharge will be maintained in a separate account.

LCRA Annual Reservation Fee Surcharge = LCRA Annual Reservation True Up Fee At End of Accounting Period/(number of customers at the beginning of the monthly billing cycle divided by the number of months in the billing year. The LCRA annual reservation fee surcharge will terminate when Deer Creek Ranch Water System's obligation to pay the LCRA annual reservation fee terminates. All funds collected from the surcharge will be maintained in a separate account.

PURCHASE WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any the non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

AG	=	$G + B/(1-L)$, where
AG	=	adjusted gallonage charge, rounded to the nearest one cent;
G	=	approved gallonage charge (per 1,000 gallons);
B	=	change in purchased water/district gallonage charge (per 1,000 gallons);
L	=	system average line loss for preceding 12 months not to exceed 0.15;
BR	=	approved base rate;
C	=	number of customers;
N	=	number of 1,000 gallons in base rate;
LBR	=	LCRA monthly base rate;
ABR	=	adjusted base rate;
ABR	=	$BR + (LBR/C) + [B*N]/[1-L]$

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 T.A.C. 291.21(h).

ADDITIONAL EXISTING TARIFF PROVISIONS

MONTHLY SURCHARGE (monthly fee to be collected until March 1, 2010).....\$12.00

This fee will be charged to each customer on a monthly on a monthly basis for five years to collect sufficient revenue to pay for improvements to the water system. All funds collected from the surcharge will be escrowed and handled in accordance to 30 TAC 291.30 (Escrow of Proceeds Received Under Rate Increase).

LCRA Annual Fee Surcharge = \$50,000/(number of customers at the beginning of the monthly billing cycle divided by the number of months in the billing year. The LCRA annual fee surcharge will terminate when Deer Creek Ranch Water System's obligation to pay the \$50,000/year charge terminates. All funds collected from the surcharge will be maintained in a separate escrow account.

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L	=	system average line loss for preceding 12 months not to exceed 0.15;
BR	=	approved base rate;
C	=	number of customers;
N	=	number of 1,000 gallons in base rate;
LBR	=	LCRA monthly base rate;
ABR	=	adjusted base rate;
ABR	=	$BR + (LBR/C) + [B*N]/[1-L]$

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 T.A.C. 291.21(h).

AFFIDAVIT

STATE OF TEXAS

COUNTY OF Travis

I, Sam Hammett being duly sworn, file this NOTICE OF PROPOSED RATE CHANGE as Owner (indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

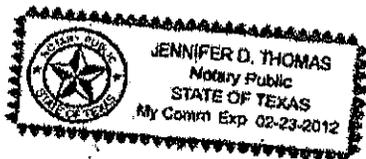
I further represent that a copy of the attached notice was provided by Mail to each customer or other affected party on or about April 29, 2011 (mail or hand delivery)

[Signature]
Affiant (Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or its attorney, a properly verified Power of Attorney must be enclosed.

Subscribed and sworn to before me this the 27th day of April, 2011, to certify which witness my hand and seal of office.

SEAL



J. Thomas
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

Jennifer Thomas
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 2-23-2012

CURRENT RATES		PROPOSED RATES	
Monthly base rate including <u>2,000</u> gallons		Monthly base rate including <u>0</u> gallons	
Meter Size:		Meter Size:	
Residential		Residential	
5/8" or 3/4"	\$ 35.00	5/8" or 3/4"	\$ 56.25
1"	\$	1"	\$ 95.63
1 1/2"	\$	1 1/2"	\$ 185.63
2"	\$	2"	\$ 298.13
3"	\$	3"	\$ 562.50
Other: _____"	\$	Other: <u>4</u> "	\$ 928.13
Gallorage Charge:		Gallorage Charge:	
\$ _____ for each additional 1000 gallons over the minimum		\$ _____ for each additional 1000 gallons over the minimum	
\$3.00 per 1,000 gallons 2,001 - 10,000		\$2.00 per 1,000 gallons 0 - 2,000	
\$4.00 per 1,000 gallons 10,001 - 20,000		\$4.00 per 1,000 gallons 2001 - 4,000	
\$5.00 per 1,000 gallons 20,001 thereafter		\$5.00 per 1,000 gallons 4,001 - 6,000	
		\$6.25 per 1,000 gallons 6,001 thereafter	
<u>Miscellaneous Fees</u>		<u>Miscellaneous Fees</u>	
Tap fee	\$ 1,200.00	Tap fee	\$ 1,200.00
Reconnection fee	\$	Reconnection fee	
Non-payment (Maximum - \$25.00)	\$ 25.00	Non-payment (Maximum - \$25.00)	\$ 25.00
Customer's request	\$ 50.00	Customer's request	\$ 50.00
Transfer fee	\$ 50.00	Transfer fee	\$ 50.00
Late charge	\$ 10% Of Bill	Late charge - \$ 5.00 or 10% (Choose one)	10% Of Bill
Returned check charge	\$ 25.00	Returned check charge	\$ 33.00
Deposit	\$ 50.00	Deposit (Maximum \$50.00)	\$ 50.00
Meter test fee	\$ 25.00	Meter test fee	\$ 25.00

Regulatory Assessment of 1% is added to base rate and gallorage charges

Tap Fee (Unique Cost) Actual Cost
 Large Meter Tap Fee Actual Cost
 Commercial & Non-Residential
 Deposit 1/6th of Estimated Annual Bill
 SEE ATTACHED PAGE FOR ADDITIONAL CURRENT TARIFF PROVISIONS

Tap Fee (Unique Cost) Actual Cost
 Large Meter Tap Fee Actual Cost
 Commercial & Non-Residential
 Deposit 1/6th of Estimated Annual Bill
 SEE ATTACHED PAGE FOR ADDITIONAL PROPOSED TARIFF PROVISIONS

Professional General Management Services, Inc.

*utility district management, project management
planning, training, consulting*

26550 Ranch Road 12, Suite 1 * Dripping Springs, Texas 78620 * phone (512) 894-3322 * fax (512) 894-3310

April 28, 2011

Fee Schedule for Deer Creek Water
Effective with Bill Going Out
On April 29, 2011

Water Charges	Deer Creek Water	LCRA	Total
0 – 2000 gallons	35.00	3.37/1000	Will vary with usage
2001 – 8000 gallons	3.00/1000 gal	3.37/1000	\$6.37/1000 gal
8001 – 10,000 gallons	4.00/1000 gal	3.37/1000	\$7.37/1000 gal
Over 10,000	5.00/1000 gal	3.37/1000	\$8.37/1000 gal

LCRA = \$50,000 / 12 months / number of active customers

LCRA = \$2500/month / number of active customers

TOTAL ON/BEFORE PENALTY DATE
\$ 90.26
PAY NOW - SAVE
\$7.28
TOTAL AFTER PENALTY DATE
\$ 97.54

Billing Statement

DEER CREEK WATER SUPPLY CO.
 26550 RANCH ROAD 12, SUITE 1
 DRIPPING SPRINGS, TX 78620
 (512) 894-3322

ACCOUNT NO.

281

STEPHANIE WEAVER
 17202 PANORAMA DRIVE
 DRIPPING SPRINGS TX 78620

PENALTY DATE

5/16/2011

IF YOUR MAILING ADDRESS HAS CHANGED PLEASE CORRECT

PLEASE RETURN TOP PORTION WITH PAYMENT

Route #1
 Rate Code #1
 Reading Date
 4/26/2011

BILLING PERIOD	FROM	TO	ACCOUNT NO.	STEPHANIE WEAVER
Service From 3/28/2011 TO 4/26/2011			281	
SERVICE ADDRESS:				

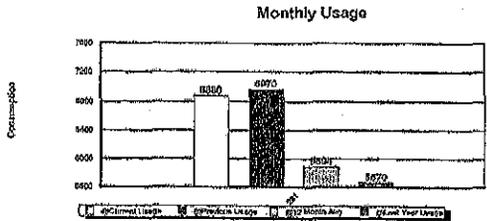
17202 PANORAMA DRIVE

PRESENT READING
817380
PREVIOUS READING
810500

	Charges
Water	49.64
LCRA Fee	23.19
Regulatory Fee	0.50
LCRA P/T For Conn	10.58
LCRA P/T For Wate	6.35

Usage 6,880

Usage on 03/28 bill 6970
 billed for \$67.24



DEER CREEK WATER SUPPLY CO.
 26550 RANCH ROAD 12, SUITE 1
 DRIPPING SPRINGS, TX 78620
 (512) 894-3322



Account # 281

TOTAL DUE NOW	90.26
---------------	-------

SAVE THIS PENALTY	PAY THIS AMOUNT AFTER
\$7.28	5/16/2011
	97.54

Route #1

Rate Code #1

Reading Date

5/26/2011

PRESENT READING
823980
PREVIOUS READING
817380

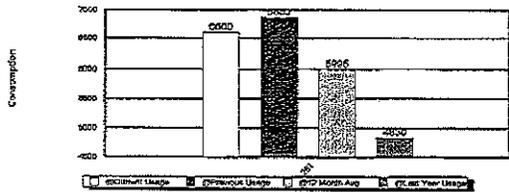
Usage 6,600

BILLING PERIOD	FROM	TO	ACCOUNT NO.
	Service From 4/26/2011	TO 5/26/2011	281 STEPHANIE WEAVER

SERVICE ADDRESS:
17202 PANORAMA DRIVE

	Charges
Water	48.80
LCRA Fee	22.24
Cr adj per court order	(52.65)
Regulatory Fee	0.49
LCRA P/T For Conn	10.77
LCRA P/T For Wate	6.46

Monthly Usage



DEER CREEK WATER SUPPLY CO.
 26550 RANCH ROAD 12, SUITE 1
 DRIPPING SPRINGS, TX 78620
 (512) 894-3322

Exhibit D

MAILING LIST
DEER CREEK RANCH WATER CO., LLC
TCEQ DOCKET NO. 2011-0726-UCR

The Honorable William G. Newchurch
Administrative Law Judge
State Office of Administrative Hearings
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