

TCEQDOCKET NO. 2011-0726-URC

APPLICATION OF DEER CREEK § BEFORE THE TEXAS COMMISSION
RANCH WATER COMPANY, LLC §
CHANGE ITS WATER RATES AND § ON
TARIFF UNDER CERTIFICATE OF §
CONVENIENCE AND NECESSITY §
NO. 11241 IN TRAVIS AND HAYS §
COUNTIES § ENVIRONMENTAL QUALITY

**RESPONSE TO EXECUTIVE DIRECTOR'S
PETITION FOR INTERIM RATES
BY AGX, INC. AND ANNE HAWKEN**

TO THE HONORABLE COMMISSIONERS OF THE
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY:

NOW COME, AGX, Inc. and Anne Hawken (collectively, "Ratepayers"), who were Protestants in TCEQDOCKET NO. 2009-0929-UCR, SOAH Docket No. 582-09-5328, and file this Response to Executive Director's Petition for Interim Rates and shows the court the following:

INTRODUCTION

1. Ratepayers join in and support the Executive Director's Petition for Interim Rates and for all further relief requested by the Executive Director.

2. As the Commission is well aware, the Ratepayers have had a long and contentious history with the Applicant as a result of Applicant's consistent violations and disregard for Commission Orders in 2011-0726-URC and the orders of the Administrative Law Judge in SOAH Docket No. 582-09-5328.

3. In SOAH Docket No. 582-09-5328, Judge Newchurch ordered interim rates pending approval of the final rates by the Commission following that a long and contested hearing. Those interim rates were order to be included in the November 2010 bills. The Applicant ignored the Order without repercussions. Ratepayers responded with requests for

TCEQ enforcement and a Deceptive Trade Practices demand upon PGMS. No enforcement was forthcoming, and Applicant sent out its December 2010 bills, again wholly ignoring Judge Newchurch's interim rate order.

4. Ratepayers responded with further requests for TCEQ enforcement, but no enforcement was forthcoming. Instead, a Final Order of the Commission was issued which eliminated any potential for Applicant to claim "misunderstandings" relating to Applicant's obligations. Those obligations included an order that the Applicant only charge the rate authorized and that the Applicant begin refunds for 17 months of overcharges with their March 2011 bills.

5. Despite the clear and unambiguous Order from the Commission regarding the establishment of an escrow fund, the communication of the specifics relating to the escrow fund to all parties and the prompt payment of refunds to be included in the March 2011 bills from Applicant, Applicant again wholly ignored the Commission Order; no escrow, no escrow account information and no refunds were received. In response, the Ratepayers sought TCEQ enforcement again, but no enforcement was forthcoming.

6. With no repercussions from its violation of the Commission's Order or Judge Newchurch's interim rate Order, Applicant continued its defiant behavior and failed to establish an escrow account in April 2011 or May 2011. As of the date of the filing of this Response, Applicant has still failed to produce any information relating to the formation of an escrow account. More importantly, despite the clear and unambiguous Order from the Commission regarding the initiation of refund payments, Applicant made no refund payments in April or May 2011. The very first refund payment made by Applicant came **10 days after** the Executive Director filed his Application for Interim Rates, a clear indication that Applicant is of the

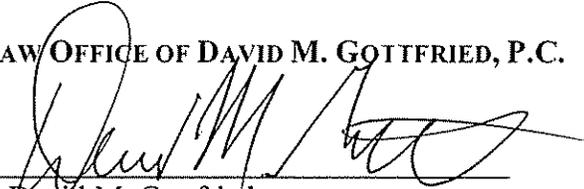
mindset that it is easier to ask for forgiveness later. Through this process, Applicant has come to expect that there will be no repercussions from its disregard for Orders of the Commission or an appointed administrative law judge.

7. In addition to the foregoing, on information and belief, Applicant is several months delinquent in its payments to the LCRA, seriously jeopardizing its ability to serve its customers. Ratepayers respectfully request that the Commission order Applicant to immediately provide proof of that it is current with this essential obligation, which is critical to the provision of water services. Ratepayers also respectfully request that the Application for Interim Rates be granted and that enforcement of all of the Commission's Orders be promptly and aggressively enforced.

Respectfully submitted,

THE LAW OFFICE OF DAVID M. GOTTFRIED, P.C.

By: _____


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CERTIFICATE OF SERVICE

This is to certify that the undersigned sent a true and correct copy of the foregoing document in accordance with the applicable agency rules, as noted below, on this 24th day of June 2011 to the following parties:

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