

THE TERRILL FIRM

A PROFESSIONAL CORPORATION

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July 26, 2008

Judge Craig R. Bennett
Judge Travis Vickery
Administrative Law Judges
State Office of Administrative Hearings
300 West 15th Street, Suite 502
Austin, TX 78701

Via Facsimile: (512) 475-4994

2008 JUL 29 AM 10:03
CHIEF CLERKS OFFICE

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

Re: *Application by Aqua Utilities, Inc. d/b/a Aqua Texas, Inc. To Change its Water and Sewer Tariffs and Rates in Various Counties, and Appeal of Ratemaking Actions in Various Municipalities Denying Requested Changes to Water and Sewer Tariffs and Rates; SOAH Docket Nos. 582-05-2770 and 582-05-2771; TCEQ Docket Nos. 2004-1120-UCR and 2004-1671-UCR*

Dear Judges Bennett and Vickery:

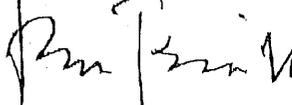
In our review of the ALJs proposed final order, we have identified a possible math error. The ALJs list \$2,736,996.41 as the total amount of recoverable rate case expenses in the case. Aqua Texas believes that this number was taken from Attachment B to the Executive Director's Reply to Aqua Texas' Response to Order No. 51 ("ED's Reply"), in which the ED lists \$423,305.77 as Aqua Texas' post-hearing rate case expenses. That number is incorrect. Aqua Texas submitted \$433,247.90 in additional rate case expenses, which the ED correctly identified on Page 3 of the ED's Reply. Adding the total rate case expenses previously approved (\$2,492,403.49) plus the correct amount of post-hearing rate case expenses of \$433,247.90, minus the ALJs' recommended disallowances of \$9,471.50 (for attorney and consultant's fees) and \$165,009.35 (for work performed by Rick Hugus), the total amount of recoverable rate case expenses is \$2,751,170.50. Aqua Texas respectfully requests that the ALJs revise their proposed final order to reflect recoverable rate case expenses of \$2,751,170.50.

Additionally, Aqua Texas respectfully requests that the ALJs include in their proposed final order a Finding of Fact referring to an exhibit listing the rates and gallonage charge by region. Aqua Texas submitted a chart listing the rate and gallonage charges as Exhibit A to its Response to Order No. 51. Aqua Texas and the ED are in agreement that these are correct rates generated by the Commission-approved revenue requirement using active connections. For the ALJs' reference that chart is attached. Given the complexity of the rate case, including the rates in the Final Order would eliminate potential confusion as to the rates established. The TCEQ Commissioners could further direct Aqua Texas to create its tariff sheets using the rates reflected on Exhibit A.

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Thank you for your courtesies.

Sincerely,



Paul M. Terrill
THE TERRILL FIRM, P.C.

cc: Service list

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SERVICE LIST

Parties	Representative / Address	Phone
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SOAH Docket Clerk	Docket Clerk State Office of Admin. Hearings 300 West 15th Street, Suite 502 Austin, TX 78701	Fax: 936-0730
TCEQ Chief Clerk	Office of the Chief Clerk, TCEQ 12100 Park 35 Circle Bldg. F/1, Room 1104 Austin, Texas 78753	Fax: 239-3311
TCEQ Executive Director	Todd Galiga Executive Director, TCEQ MC-175 P.O. Box 13087 Austin, TX 78711-3087	Tel: 239-3578 Fax: 239-0606
Office of Public Interest Counsel of TCEQ	Scott Humphrey TCEQ, OPIC MC-103 P.O. Box 13087 Austin, TX 78711-3087	Tel: 239-0574 Fax: 239-6377
Estates of Shady Hollow HOA; Beaver Island POA; Comanche Cliffs HOA; Kerr and Kendall Counties Falling Water POA; The Reserve at Falling Water POA; Cypress Springs Estates POA; Kendall Pointe POA; Onion Creek Meadows POA	Ed McCarthy Jackson Sjoberg McCarthy & Wilson L.L.P. 711 West 7th St. Austin Texas 78701	Tel: (512) 472-7600 Fax: (512) 225-5565

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Eagle Creek Ranch OA	Linda Lamberth 912 Eagle Creek Dr. Floresville, TX 78114	Tel:(830) 393-3373 Fax (210) 524-8501 sinanju@ix.netcom. com
Southeast Region Homeowners Group (CIA of Shadow Bay; Cedar Point HOA; Lake Conroe Village HOA; Brentwood Residents; Stablegate HOA; Port Adventure HOA; Lake Livingston Village HOA; and numerous individual customers	Gayle Pierce 14188 Shadow Bay Dr. Willis, TX 77318-7405 Ed McCarthy Jackson Sjoberg McCarthy & Wilson L.L.P. 711 West 7th St. Austin Texas 78701	Tel: (936) 890-2152 Fax:(936) 890-2368 mgpiercerv@msn.com Tel: (512) 472-7600 Fax: (512) 225-5565
Crighton Ridge Homeowners Association	Judith Weidner 13231 Ridgewater Way Conroe, TX 77302-3468	Tel: (936) 494-1104
Barton Creek Lakeside POA	Byron Zimm 120 Hidden Springs Ct. Spicewood, TX 78669	Tel: (830) 798-2380



REGION / SERVICE	REVENUE REQUIREMENT	CHARGE PER 1000 GAL.	MINIMUM MONTHLY BILL - METER SIZE							
			5/8", 3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
North - Water	\$ 10,298,751	\$ 3.27	\$ 36.89	\$ 92.23	\$ 184.47	\$ 295.15	\$ 553.40	\$ 922.33	\$ 1,844.66	\$ 2,951.46
North - Wastewater	\$ 648,271		\$ 73.30	\$ 183.25	\$ 366.50	\$ 586.41	\$ 1,172.81	\$ 1,832.52	\$ 3,665.03	\$ 5,864.05
SE - Water	\$ 8,861,499	\$ 2.95	\$ 20.84	\$ 52.11	\$ 104.22	\$ 166.76	\$ 312.67	\$ 521.12	\$ 1,042.24	\$ 1,667.58
SE - Wastewater	\$ 6,254,310		\$ 63.80	\$ 158.25	\$ 316.51	\$ 506.41	\$ 1,012.82	\$ 1,582.54	\$ 3,165.07	\$ 5,054.12
SW - Water	\$ 8,444,283	\$ 3.61	\$ 38.94	\$ 97.35	\$ 194.70	\$ 311.52	\$ 584.09	\$ 973.49	\$ 1,946.98	\$ 3,115.16
SW - Wastewater	\$ 1,966,100		\$ 87.97	\$ 219.92	\$ 439.84	\$ 703.75	\$ 1,407.50	\$ 2,199.22	\$ 4,398.43	\$ 7,037.49