

Buddy Garcia, *Chairman*
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Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 15, 2008

The Honorable Craig R. Bennet
The Honorable Travis Vickery
Administrative Law Judges
State Office of Administrative Hearings
300 W. 15th Street, Suite 502
Austin, Texas 78711

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY
2008 JUL 15 PM 3:59
CHIEF CLERKS OFFICE

Re: SOAH Docket Nos. 582-05-2770, 582-05-2771;
TCEQ Docket Nos. 2004-1120-UCR, 2004-1671-UCR;
Application by Aqua Utilities Inc. d/b/a Aqua Texas, Inc. to Change its Water and Sewer
Tariffs and Rates in Various Counties

Dear Judge Bennet and Judge Vickery:

As requested during the July 9, 2008 phone conference, enclosed please find the Executive Director's recommendations for the final rate base totals by region. The rate base recommendations are identical to the totals listed on page 6 of the ALJs' May 7, 2008 List of Issues and Questions. I've also attached a revised chart detailing the ED's recommended amount for deferred expenses and the surcharge to recover this amount. The only changes from the chart filed by the ED on July 8, 2008 are a correction to a \$3 error in the total deferred amount and a revised surcharge calculation based on the number of active connections discussed during the phone conference. The Executive Director has no additional recommendations regarding the final rate calculations or deferred expenses.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Todd Galiga".

Todd Galiga,
Environmental Law Division

enclosures

cc: Mailing List

Service List

Aqua Utilities, Inc. dba Aqua Texas, Inc.
SOAH Docket No. 582-05-2770, 582-05-2771
TCEQ Docket No. 2004-1120-UCR, 2004-1671-UCR

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Aqua Texas Deferred Expense Surcharge Calculation

Date	Balance Per AT's Books*	AT's July 1, 2008 Recovery Plan**
August-04	(745,000)	
September-04	(1,490,000)	
October-04	(2,235,000)	
November-04	(2,980,000)	
December-04	(3,725,000)	
January-05	(4,470,000)	
February-05	(5,215,000)	
March-05	(5,960,000)	
April-05	(6,705,000)	
May-05	(7,450,000)	
June-05	(8,195,000)	
July-05	(8,942,000)	
August-05	(9,252,000)	
September-05	(9,562,000)	
October-05	(9,872,000)	
November-05	(10,182,000)	
December-05	(10,492,000)	
January-06	(10,802,000)	
February-06	(11,112,000)	
March-06	(11,422,000)	
April-06	(11,732,000)	
May-06	(12,042,000)	
June-06	(12,352,000)	
July-06	(12,667,000)	
August-06	(12,605,000)	
September-06	(12,543,000)	
October-06	(12,481,000)	
November-06	(12,419,000)	
December-06	(12,357,000)	
January-07	(12,295,000)	
February-07	(12,233,000)	
March-07	(12,171,000)	
April-07	(12,109,000)	
May-07	(12,047,000)	
June-07	(11,985,000)	
July-07	(11,921,000)	
August-07	(11,852,826)	68,174
September-07	(11,784,652)	68,174
October-07	(11,716,478)	68,174
November-07	(11,648,304)	68,174
December-07	(11,580,130)	68,174
January-08	(11,511,956)	68,174
February-08	(11,443,782)	68,174
March-08	(11,375,608)	68,174
April-08	(11,307,434)	68,174
May-08	(11,239,260)	68,174
June-08	(11,171,086)	68,174
July-08	(11,102,912)	68,174
August-08	(11,034,738)	68,174
September-08	(10,966,564)	68,174
October-08	(10,898,390)	68,174
November-08	(10,830,216)	68,174
December-08	(10,762,042)	68,174

Total Deferred Amount	\$10,762,042
Total Active Connections	45,871

Surcharge w/Active Connection for 24 months	\$9.78

* AT Exceptions to PFD filed on July 25 2007 - Attachment C

** AT Response to Order No. 51 - Attachment C (Monthly Recoveries starting month 36 July 07)

Rate Base For Water						
Region	Claimed Original Cost	Verified Original Cost	Accumulated Depreciation	Net Book Value	Working Cash Allowance	Rate Base
North	\$48,523,738	\$46,834,952	\$11,150,810	\$31,241,017	\$590,118	\$31,831,135
Southeast	\$39,184,178	\$37,687,126	\$8,416,959	\$23,541,572	\$472,123	\$24,013,695
Southwest	\$34,755,299	\$34,292,501	\$9,747,444	\$22,262,046	\$536,911	\$22,798,957

Rate Base For Wastewater						
Region	Claimed Original Cost	Verified Original Cost	Accumulated Depreciation	Net Book Value	Working Cash Allowance	Rate Base
North	\$5,525,116	\$3,770,987	\$607,024	\$1,845,931	\$37,826	\$1,883,757
Southeast	\$34,545,524	\$31,712,676	\$9,334,921	\$19,254,440	\$325,796	\$19,580,236
Southwest	\$8,674,698	\$8,663,259	\$1,861,848	\$5,713,843	\$114,381	\$5,828,224