

SOAH DOCKET NO. 582-08-0698
TCEQ DOCKET NO. 2007-1708-UCR

APPLICATION OF DOUBLE
DIAMOND UTILITIES COMPANY,
INC., CCN NO. 12087, TO CHANGE
ITS WATER RATES AND TARIFF IN
HILL, PALO PINTO, AND JOHNSON
COUNTIES

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

WHITE BLUFF SUBDIVISION RATEPAYERS'
EXCEPTIONS TO THE PROPOSAL FOR DECISION

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY
2009 JUL -4 PM 3:28
CHIEF CLERK'S OFFICE

The White Bluff Subdivision Ratepayers (the "WBSR") appreciate this opportunity to provide these limited exceptions to the Proposal for Decision issued on June 15, 2009. The WBSR first wishes to commend Judge Qualtrough for the detailed analysis she performed with regard to every issue in this case. The WBSR is generally satisfied with the Proposal for Decision as written by Judge Qualtrough and wishes only to clarify a few additional points for the proposed order.

While the WBSR has consistently argued in favor of the adoption of rates lower than the prior rates in effect for DDU's water systems, in the interest of expediently resolving this case so that refunds may begin promptly, the WBSR is not further addressing this issue. The WBSR will instead focus on its concerns regarding DDU's failure to separately account for each of the water systems at issue. The proposed findings of fact include the following provisions:

- 43. The Cliffs, the Retreat, and the White Bluff water systems are different in terms of age, size, type of development served, cost of service and sources of water.
- 44. DDU should have prepared three separate revenue requirements for the three separate systems.¹

¹ Page 7 of the proposed order.

In order to ensure that DDU accounts for these three separate systems properly -- with separate revenue requirements and rates -- in future rate cases, the WBSR suggests adding the following language to the Ordering Provisions at page 27 of the proposed order:

- DDU shall maintain separate books and other accounting documents for each of the three water systems at issue in this proceeding (The Cliffs, the Retreat, and White Bluff) and each of its sewer systems and any future water or sewer systems it may develop or operate.
- To the extent any expenses are shared among its water systems and/or its sewer systems, DDU shall develop a reasonable methodology for allocating these expenses and shall maintain reasonable documentation demonstrating how such expenses are shared and in what amounts.
- DDU shall implement the above provisions within one month of the date of this order.
- In any water rate application filed after the date of the application at issue in this proceeding, DDU shall develop separate revenue requirements and separate rates for each of its water systems.

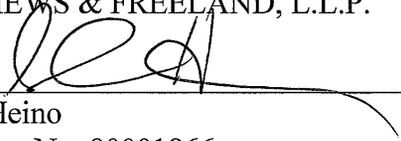
It has been affirmatively established in this proceeding that the water systems at issue are different from each other -- not substantially similar as required by 30 TAC §291.21(m) and Tex. Water Code §13.145(a). Judge Qualtrough specifically acknowledged that, “by combining the Retreat and White Bluff water systems under one rate, an older, established development would be subsidizing the newer development. This would not result in rates that are just and reasonable for the White Bluff ratepayers.”² The above ordering provisions will ensure that, in future rate cases, DDU will be able to isolate expenses attributable to each water system and each sewer system and then calculate appropriate rates for each system so that all ratepayers of DDU systems will be charged just and reasonable rates.

The WBSR, therefore, respectfully requests that the above language be added to the Ordering Provisions of the final order adopted in this proceeding.

² Proposal for Decision at pages 19-20.

Respectfully submitted,

MATHEWS & FREELAND, L.L.P.

By: 

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RATEPAYERS

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CHIEF CLERKS OFFICE

CERTIFICATE OF SERVICE

I hereby certify that on the 6th of July, 2009, a true and correct copy of the foregoing document was sent by first class, agency mail, hand delivery, and/or facsimile to the persons listed below.


Shari Heino

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