

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 1, 2011

LaDonna Castañuela
Office of the Chief Clerk
Texas Commission on Environmental Quality
Office of the Chief Clerk, MC-105
P.O. Box 13087
Austin, Texas 78711-3087

Re: Rate/Tariff Change Application of HHJ, Inc. dba Decker Utilities; SOAH Docket No.582-08-1719; TCEQ Docket No. 2008-0164-UCR.

Dear Ms. Castañuela:

Enclosed please find the original and seven copies of the Executive Director's letter regarding exceptions to ALJ's Supplement to Amended Proposal for Decision for the above-referenced matter. Please return one file-stamped copy to my assistant.

If you have any questions, please call me at (512) 239- 6033.

Sincerely,

A handwritten signature in cursive script that reads "Erin Selvera".

Erin Selvera
Staff Attorney
Environmental Law Division

Enclosures

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 1, 2011

Hon. Sharon Cloninger
State Office of Administrative Hearings
301 West 15th Street, Suite 400
Austin, Texas 78701

RE: Rate/Tariff Change Application of HHJ, Inc. dba Decker Utilities; SOAH Docket No.582-08-1719; TCEQ Docket No. 2008-0164-UCR

Dear Judge Cloninger:

On January 12, 2011, the Executive Director (ED) received your Supplement to Amended Proposal for Decision (Supplement). The ED has reviewed the Supplement and proposed Order and does not take specific exception to any of the calculations used for the proposed findings or conclusions, but would like to inform you of some changed circumstances that may affect the issuance of the order as it is written. The ED's staff was informed that on December 7, 2010 Quadvest, L.P., purchased the real property of HHJ, Inc. through a foreclosure sale in Montgomery County, Texas. Since that time, Quadvest has taken over operation of the system including the billing functions and has been collecting the revenue. On December 23, 2010, TCEQ received a Sale, Transfer, Merger (STM) application from Quadvest to acquire facilities and to transfer and cancel Certificates of Convenience and Necessity Nos. 12841, and 20833 from HHJ, Inc., dba Decker Utilities. At this time, the STM application is pending review by staff.

The ED recognizes that this information is outside of the record in this case, but nevertheless thought it necessary to bring this development to your attention. The ED is not aware of a similar case in which the applicant in a rate case has been acquired by another entity during the pendency of the case after the record has closed. Neither the Water Code nor the TCEQ's rules provide any guidance on how to address this situation. Therefore, the ED defers to the ALJ's discretion on how to proceed.

In addition, the ED prepared additional refund projection calculations so that the Commission has sufficient information to issue a final decision regarding the refunds due to customers in this matter. See Attachment A.

Thank you for your consideration in this matter. Please advise if you require any additional information.

Sincerely,



Erin Selvera
Staff Attorney
Environmental Law Division

Enclosure

cc: HHJ, Mark H. Zeppa, Attorney, Law Offices of Mark H. Zeppa, P.C., 4833 Spicewood Springs Road, Ste 202, Austin, Texas 78759-8346 via facsimile at (512) 346-6847
Sheresia Perryman, TCEQ, Water Supply Division, via email at Sheresia.Perryman@tceq.texas.gov
Heidi Graham, TCEQ, Water Supply Division, via email at Heidi.Graham@tceq.texas.gov
Blas Coy, TCEQ, Office of Public Interest Counsel, MC-103 via email at Blas.Coy@tceq.texas.gov
Larry Osborne, 32126 Anne Lane, Pinehurst, Texas 77362 via email at larryandrew41@hotmail.com
Stacy McCoy-Moquin, 12011 Rhonda Lane, Pinehurst, Texas 77362, via email at stacy_moquin@yahoo.com
Peter Gregg, Fritz, Byrne, Head and Harrison, PLLC, 98 San Jacinto Blvd. Ste 2000, Austin, Texas 78701, via email at PGregg@fbhh.com

CERTIFICATE OF SERVICE

I hereby certify that on this the 1st day of February 2011, a true and correct copy of the foregoing instrument was sent via the method indicated below to the following:

FOR SOAH

VIA: Facsimile
The Honorable Sharon Cloninger
Administrative Law Judge
State Office of Administrative Hearings
300 West 15th Street
Austin, TX 78701
FAX: (512) 322-2061

VIA: Facsimile
State Office of Administrative Hearings
Attn: SOAH Docket Clerk
P.O. Box 13025
Austin, TX 78711-3025
PH: (512) 475-4993
FAX: (512) 322-2061

CHIEF CLERK

VIA: E-file
LaDonna Cantañuela
Chief Clerk
Office of Chief Clerk
TCEQ, MC-105
P.O. Box 13087
Austin, TX 78711-3087
12100 Park 35 Circle, Bldg. F
Austin, TX 78753
PH: (512) 239-3300
FAX: (512) 239-3311

PROTESTANTS:

VIA: Email
Larry Osborne
32126 Anne Lane
Pinehurst, Texas 77362
PH: (281) 259-3005
EMAIL: larryandrew41@hotmail.com

VIA: Email
Stacey McCoy-Moquin
12011 Rhonda Lane
Pinehurst, Texas 77362
PH: (832) 259-5247
EMAIL: stacy_moquin@yahoo.com

Applicant: HHJ, Inc DBA Decker Utilities

VIA: Facsimile
Mark H. Zeppa
Law Offices of Mark H. Zeppa, P.C.
4833 Spicewood Springs Road, Suite 202
Austin, Texas 78759-0544
PH: (512) 346-4011
FAX: (512) 346-6847
EMAIL: markzeppa@austin.rr.com or
IWSCOT@austin.rr.com

OFFICE OF PUBLIC INTEREST COUNSEL:

VIA: Email
Blas Coy
Office of Public Interest Counsel
TCEQ MC-103
P. O. Box 13087
Austin, TX 78711-3087
12100 Park 35 Circle, Bldg. F
Austin, TX 78753
PH: (512) 239- 6363 (Coy)
FAX: (512) 239-6377
EMAIL: Blas.Coy@tceq.texas.gov

ATTACHMENT A

HHJ, Inc.
TCEQ Docket No. 2008-0164-UCR; SOAH Docket No. 582-08-1719

	2/1/2011 36 months	3/1/2011 37 months	4/1/2011 38 months	5/1/2011 39 months	6/1/2011 40 months
Water					
Difference between ALJ proposed gallonage rate and Applicant proposed gallonage rate =	0	0	0	0	0
Difference between ALJ proposed base rate and Applicant proposed base rate =	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90
Difference between ALJ proposed base rate and Applicant proposed base rate * # months * 542 customers =	\$154,144.80	\$158,426.60	\$162,708.40	\$166,990.20	\$171,272.00
.61% Interest accrued on Refund Total =	\$940.28	\$966.40	\$992.52	\$1,018.64	\$1,044.76
Water Base Rate Refund plus interest =	\$155,085.08	\$159,393.00	\$163,700.92	\$168,008.84	\$172,316.76
Base Rate Refund plus interest per water customer =	\$286.13	\$294.08	\$302.03	\$309.98	\$317.93
Refund per water customer per month over 24 months =	\$11.92	\$12.25	\$12.58	\$12.92	\$13.25
Sewer					
Difference between ALJ proposed gallonage rate and Applicant proposed gallonage rate =	0	0	0	0	0
Difference between ALJ proposed base rate and Applicant proposed base rate =	\$13.77	\$13.77	\$13.77	\$13.77	\$13.77
Difference between ALJ proposed base rate and Applicant proposed base rate * # months * 542 customers =	\$268,680.24	\$276,143.58	\$283,606.92	\$291,070.26	\$298,533.60
0.61% Interest accrued on Refund Total =	\$1,638.95	\$1,684.48	\$1,730.00	\$1,775.53	\$1,821.05
Sewer Base Rate Refund plus interest =	\$270,319.19	\$277,828.06	\$285,336.92	\$292,845.79	\$300,354.65
Base Rate Refund plus interest per sewer customer =	\$498.74	\$512.60	\$526.45	\$540.31	\$554.16
Refund per sewer customer per month over 24 months =	\$20.78	\$21.36	\$21.94	\$22.51	\$23.09