



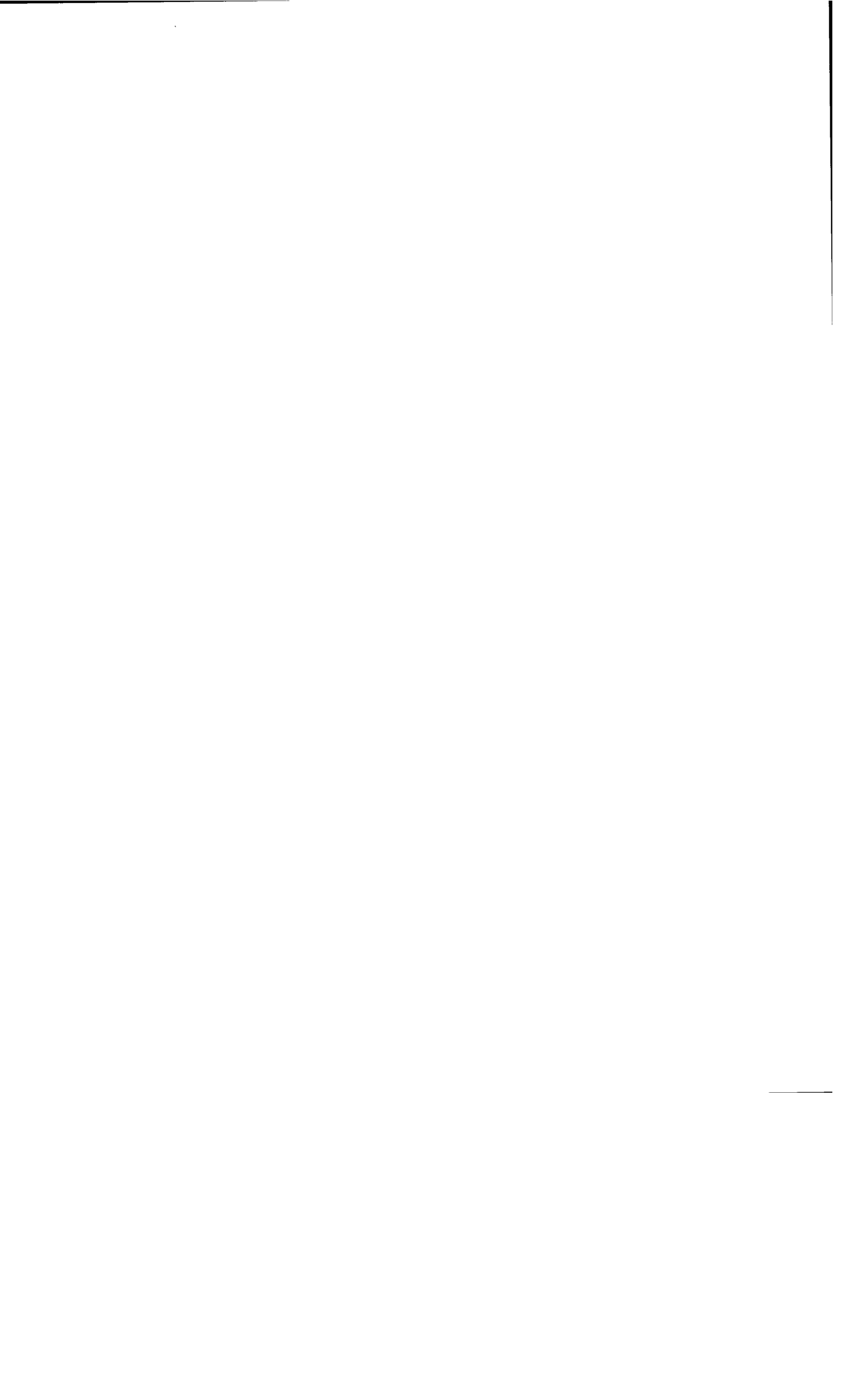
Control Number: 42860



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House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup>  
Legislature, Regular Session, transferred the functions  
relating to the economic regulation of water and sewer  
utilities from the TCEQ to the PUC effective  
September 1, 2014.



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PUBLIC UTILITY COMMISSION  
FILING CLERK



**NOTICE OF HEARING  
DOUGLAS UTILITY COMPANY  
SOAH Docket No. 582-14-1052  
TCEQ Docket No. 2013-1735-UCR**

**APPLICATION.**

Douglas Utility Company, 32 East Rivercrest Drive, Houston, Texas 77042, has applied to the Texas Commission on Environmental Quality (TCEQ) to change its water and sewer rate/tariff effective May 12, 2013 for its service area located in Harris County, Texas (Certificate of Convenience and Necessity Nos. (CCN) 11369 and 20527, Application Nos. 37554-R and 37555-R). This application concerns service areas located within the USPS zip codes on the attached list.

**CONTESTED CASE HEARING.**

The State Office of Administrative Hearings (SOAH) will conduct a preliminary hearing on this application at:

**10:00 a.m. – January 23, 2014  
The Preserve at North Loop  
2020 North Loop West, Suite 111  
Houston, Texas 77018**

The purpose of a preliminary hearing is to establish jurisdiction, name the parties, establish a procedural schedule for the remainder of the proceeding, allow an opportunity for settlement discussions, and to address other matters as determined by the judge. The evidentiary hearing phase of the proceeding will be similar to a civil trial in state district court. The hearing will be conducted in accordance with Chapter 2001, Texas Government Code; Chapter 13, Texas Water Code; TCEQ rules, including 30 Texas Administrative Code (TAC) Chapter 291; and the procedural rules of the TCEQ and SOAH, including 30 TAC Chapter 80 and 1 TAC Chapter 155. To participate in the evidentiary hearing as a party, you must attend the preliminary hearing and show you would be affected by the petition in a way not common to members of the general public.

**INFORMATION.**

Information concerning your participation in this hearing may be obtained by contacting Blas Coy, TCEQ Office of Public Interest Counsel (MC 103), P.O. Box 13087,

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Austin, TX 78711-3087, telephone 512-239-6363. For additional information, please contact the TCEQ Water Supply Division, Utilities & Districts Section (MC 153), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-4691. General information regarding the TCEQ can be found at our web site at <http://www.tceq.texas.gov/>.

Persons with disabilities who plan to attend this hearing and who need special accommodations at the hearing should call the SOAH Docketing Department at 512-475-3445, at least one week prior to the hearing.

Issued: December 2, 2013

A handwritten signature in black ink that reads "Bridget C. Bohac". The signature is written in a cursive style with a large initial "B".

Bridget C. Bohac, Chief Clerk  
Texas Commission on Environmental Quality

## **NOTICE OF AMENDMENT TO PROPOSED RATE CHANGE**

TCEQ Applications Nos. 37554-R and 37555-R

Douglas Utility Company (Douglas), CCN Nos. 11369 and 20527, has previously filed and given public notice of applications to change its water and sewer rates. The change in monthly service rates became effective on May 12, 2013. The increases were protested by 10% of the affected customers and the applications will be referred to the State Office of Administrative Hearings (SOAH) for a contested hearing.

Since being notified by the Executive Director (ED) of the Texas Commission on Environmental Quality (TCEQ) of the contested hearing requirement, Douglas has determined that part of its planned rate change was inadvertently omitted from the application and the previously given notice. This amendment and its accompanying customer notice will correct that.

Douglas owns and operates a wastewater treatment plant (WWTP) that serves the Fountainview Subdivision and the Haverstock Hills Apartments. The WWTP is old and needs to be replaced. To accomplish this, Douglas has arranged for a CDC loan with Integrity Bank of Houston. To service the loan, Douglas proposes to collect a Water Code §13.183(b) capital improvement surcharge from affected sewer customers. All funds collected will be properly accounted for and reported periodically to the ED in the manner directed by the TCEQ. The surcharge funds will only be spent on the WWTP upgrade project. Since the WWTP upgrade project will be funded through customer surcharges, it will not be eligible to be included in sewer rates after the surcharge has expired. [Water Code §13.185(b)]

Effective Date of Sewer Surcharge: the earlier of May 12, 2014 or when the TCEQ enters a final order on the surcharge

SOAH Hearing: Since TCEQ Applications Nos. 37554-R and 37555-R are already required to be referred to SOAH for hearing, this amendment will be referred to hearing as well. To reassure affected customers that this will occur, Douglas formally requests its amended applications be directly referred to SOAH for hearing.

## **NOTICE OF AMENDMENT TO PROPOSED RATE CHANGE**

TCEQ Applications Nos. 37554-R and 37555-R  
(continued)

Loan: \$1,000,000.00 CDC loan with Integrity Bank. The interest rate is 3.75% for the 10 year term. The loan will be interest only the first year. The loan will be taken out only as WWTP upgrade costs are incurred. If the full loan is not needed, it will not be taken out. The sewer surcharge will cease as soon as Douglas has recovered the debt service for the drawn down loan funds.

Monthly debt service year 1 assuming full take down = \$3,229.17  
Sewer customer equivalents by AWWA water meter size = 432  
Monthly surcharge per customer equivalent = \$7.47

Monthly debt service years 2-10 assuming full take down = \$10,006.12  
Sewer customer equivalents by AWWA water meter size = 432  
Monthly surcharge per customer equivalent = \$23.16

Customers will be given notice of when the surcharge changes for years 2-10.