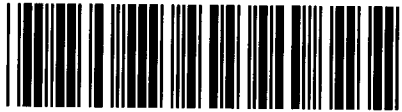


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PETITION OF TRAVIS COUNTY §
MUD No. 12 APPEALING CHANGE §
OF WHOLESALE WATER RATES §
IMPLEMENTED BY WEST TRAVIS §
COUNTY PUBLIC UTILITY §
AGENCY; CITY OF BEE CAVE, §
TEXAS; HAYS COUNTY, TEXAS; §
AND WEST TRAVIS COUNTY §
MUD NO. 5 §

BEFORE THE PUBLIC UTILITY COMMISSION
FILING CLERK

STATE OFFICE OF

ADMINISTRATIVE HEARINGS

EXCEPTIONS OF THE CITY OF BEE CAVE
TO THE PROPOSAL FOR DECISION

To The Honorable Public Utility Commission of Texas:

COMES NOW, the City of Bee Cave, Texas ("Bee Cave"), and files these Exceptions to
the Proposal For Decision in this matter.

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ARGUMENT IN SUPPORT OF EXCEPTIONS

The City of Bee Cave appreciates very much the work of the Administrative Law Judge and all Parties to this proceeding. While there is always temptation to argue the fine points of every issue, we offer only the following points for the consideration of the Commission.

VIII. ALLEGED ABUSE OF MONOPOLY POWER

A. Bargaining Power of the Parties

1. Alternative Means of Service and Problems in Obtaining Alternative Service

c. Available Alternatives

The issue addressed here also relates to Proposed Finding of Fact 35.

Bee Cave continues to believe, and urges the Commission to consider, that Travis County MUD 12 (“MUD 12”) had a viable alternative for service by working with Lakeway MUD (“Lakeway”). As we noted in closing argument, Petitioner’s witness DiQuinzio’s position that Lakeway could not be a viable alternative was not convincing. Lakeway has a diversion point already constructed on Lake Travis, which is also an authorized diversion point for MUD 12. [Tr. at 71.] This is a hydrologic connection to at least some of MUD 12. [Id at 72.] There is a 12-inch water line that is already connected to a valve in the Rough Hollow portion of Travis County MUD 11 that connects to another valve in the Travis County MUD 11 portion of the Highlands. [Tr. 85.] This, arguably, could be the beginning of interconnectivity that could provide an alternative for MUD 12.

When pressed about this possibility, DiQuinzio responded that Lakeway would not allow it, even in a situation of emergency, because (he asserts) Lakeway is concerned that if MUD 12 were ever to open that valve and use that line for service to the Highlands, that it would drain

the Lakeway system and cause not one, but two, crises. [Id. at 85.]

When asked if MUD 12 had ever examined whether putting this line into use was a financially feasible option at the time the 2012 transfer agreement was being negotiated, Mr. DiQuinzio actually did not answer that question. When pressed on the possibility that this alternative could have been used to supplement service during emergency outages or even to simply supplement in general, his only response was that Lakeway would not allow it. [Id. at 92.]

When asked to explain the apparently contradictory reality that MUD 12 had undertaken the effort and expense of actually constructing this interconnected infrastructure, but has absolutely no possibility of ever using it, Mr. DiQuinzio replied that he disagreed with the characterization of “no possibility,” adding that in his opinion, and the opinion of MUD 12’s district engineer, Lakeway’s concerns can be managed from an operational standpoint. The logical follow-up question was asked about whether that admission didn’t open an opportunity for MUD 12 to work with Lakeway to supplement capacity in case it had a sudden increase in demand. Mr. DiQuinzio’s only response, without any other explanation, was that the question confused a long-term alternate source of supply with a very isolated, very short emergency situation. But we know that, according to MUD 12’s district engineer, this approach is operationally feasible.

The truth is that the only thing keeping MUD 12 from connecting to Lakeway is getting permission. [Id. at 69] MUD 12 never submitted a request for such permission to Lakeway. [Id.] From January 1, 2009, until March 6, 2014, MUD 12 never provided Lakeway with a written request for additional water services. [Id. at 66.]

Why is it that infrastructure that can satisfy MUD 12’s needs during a short term

emergency cannot also do so over a longer term? MUD 12 never explained it, even after saying that their own engineer believed that Lakeway's concerns could be managed from an operational standpoint.

It is clear that, at best, MUD 12 did not pursue a potentially viable alternative. This is really no different than MUD 12's estimate for the cost of building its own facilities. [See PFD at 21.] Both explanations lack the rigor of professional analysis. Just as MUD 12 had the alternative of building its own facilities, it also had the alternative, feasible from the perspective of an engineer, of working with Lakeway. MUD 12 apparently just didn't try.

Accordingly, Proposed Finding of Fact 35 should be modified to include this additional alternative. A language revision is offered in the Section XII.

VIII. ALLEGED ABUSE OF MONOPOLY POWER

C. Evidence Does Not Show That WTCPUA Is a Monopoly or Has Abused Any Monopoly Power It Might Have

The issue addressed here calls for an additional Finding of Fact, which can logically be added immediately after Proposed Finding of Fact 76.

Additional explanation further supports the reasoning of the Administrative Law Judge in this section of the PFD. The facts that support Proposed Finding of Fact 53 are also probative and persuasive here. A committee of the wholesale customers proposed an allocation of debt, operations, and maintenance costs in the monthly charge. The PUA accepted this proposal. It ultimately formed the basis for the monthly charge in the protested rates.

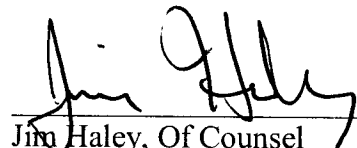
XII. FINDINGS OF FACT

The reasoning explained above supports the following revisions to the Proposed Findings of Fact.

35. The evidence does not show that TCMUD 12 has or had alternatives available for obtaining water treatment service for itself and TCMUDs 11 and 13 other than self-service, collaboration with Lakeway MUD, and service from LCRA, and subsequently PUA.

76. WTCPUA's lowering of the Protested Rates, and WTCPUA's acceptance from a committee of its wholesale customers of a proposal for an allocation of debt, operations, and maintenance costs, that ultimately formed the basis for the monthly charge in the protested rates, indicates it has not abused any power it might have over TCMUD 12.

Respectfully submitted,



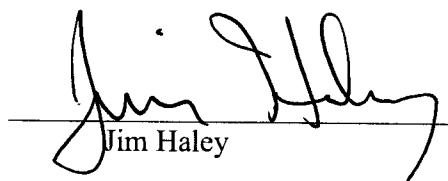
Jim Haley, Of Counsel
State Bar No. 08739500

Akers & Akers, LLP
13809 Research Blvd.
Suite 250
Austin, Texas 78750
Phone: 512-810-2142
Fax: 512-233-0801
jhaley@txcityattorney.com

**ATTORNEYS FOR THE
CITY OF BEE CAVE**

CERTIFICATE OF SERVICE

I certify that a copy of this document has been served on all parties of record on October 15, 2015, in accordance with P.U.C. Procedural Rule 2.74.



Jim Haley