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APPLICATIONS OF DOUBLE
DIAMOND UTILITIES CO. FOR A
WATER RATE/TARIFF CHANGE

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

STATE OFFICE
PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S REQUEST FOR A PREHEARING CONFERENCE

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE CRAIG R. BENNETT:
COMES NOW, Staff of the Public Utility Commission of Texas (Staff) and files
this Request for a Prehearing Conference and would show the following:

1. BACKGROUND

On October 13, 2013, Double Diamond Utilities Company (Double Diamond or Applicant) filed with the Texas Commission on Environmental Quality (TCEQ) a request to increase its water and sewer rates and change its water and sewer tariffs (Application). The proposed rate increase had an effective date of January 1, 2014. It was assigned TCEQ Docket No. 2014-0619-UCR. The deadline for customer protests was April 1, 2014. Out of Double Diamond's 86 customers, 39 customers timely filed protests to the Application. Because at least ten percent of the affected ratepayers protested the proposed rate in accordance with 16 TEX. ADMIN. CODE 24.27(c), TCEQ staff referred this case to the State Office of Administrative Hearings (SOAH) on May 22, 2014. A prehearing conference was never held pursuant to TCEQ's referral.

On September 1, 2014, the Commission began the economic regulation of water and sewer utilities, and this case was transferred to the Commission. On September 24, 2014, the Commission issued an order of referral to SOAH requesting the assignment of a SOAH Administrative Law Judge (ALJ) to conduct a hearing. In the same order, the Commission requested that parties submit a list of issues to help develop a preliminary order to issue to SOAH. On October 2, 2014, Staff filed a list of issues. On September 26, 2014, Double Diamond filed a notice of settlement and petition for withdrawal of protests and motion for remand. Double Diamond's motion revealed that in June 2014, all but five of the customers who initially

protested Double Diamond's rates withdrew their protests and settled with the utility. Therefore, Double Diamond's proposed rates were no longer protested by ten percent or more of its affected ratepayers.

On October 2, 2014, the Applicant filed a joint motion to abate and remand with a settlement agreement and withdrawal letters attached. Staff was not a party to the settlement agreement or the motion to remand. On October 6, 2014, SOAH Order No. 2 dismissed and remanded the case to the Commission. On October 6, 2014, Staff filed a motion for reconsideration of SOAH Order No. 2, requesting that the case be abated and not remanded to the Commission to allow Staff time to review the settlement agreement before SOAH relinquished its jurisdiction. SOAH Order No. 3 granted Staff's request. On October 9, 2014, the Commission notified the parties that it would not consider a preliminary order for this matter at the October 17, 2014 Open Meeting, but said that it would consider a preliminary order in the future if one was needed. Subsequent to SOAH Order No. 3, Staff communicated with the Applicant to determine whether it could develop a final order. On April 2, 2015, the Applicant filed a request for additional time to allow it and Staff time to resolve this matter. Staff communicated with the Applicant and encouraged it to identify and locate the few protestants who had not withdrawn and inquire whether they still had an interest in pursuing this case. To date, the Applicant has been unable to communicate with all of the remaining protestants.

SOAH Order No. 4 requested a status update from Staff by May 15, 2015. Therefore, this pleading is timely filed.

II. REQUEST FOR A PREHEARING CONFERENCE

Staff maintains that SOAH's jurisdiction over this case attached when it was referred to SOAH and remains intact despite the fact that there was never a preliminary hearing. Furthermore, Staff asserts that once 16 TEX. ADMIN. CODE 24.27(c) is triggered by 10% of the customers, everyone who protested has a right to a hearing regardless of how many of the customers withdraw their protests. Therefore, Staff requests that a prehearing conference be set to determine whether there are protestants who still wish to pursue this matter or whether the evidence shows that no valid protests remain. Staff and the Applicant request that the prehearing conference be scheduled between June 12, 2015 and June 24, 2015 if the ALJ's schedule allows.

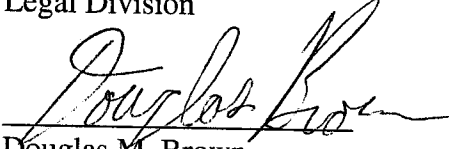
III. CONCLUSION

Staff respectfully requests that the presiding officer enter an order consistent with the above requests.

Respectfully Submitted,

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SOAH DOCKET NO. 473-15-0372.WS
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I certify that a copy of this document will be served on all parties of record on May 15, 2015 in accordance with P.U.C. Procedural Rule 22.74.


Douglas M. Brown