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PUBLIC UTILITY COMMISSION

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

§ **BEFORE THE STATE OFFICE**  
§  
§ **OF**  
§ **ADMINISTRATIVE HEARINGS**

**STATUS UPDATE**

TO THE HONORABLE CRAIG R. BENNETT:

COMES NOW, Staff of the Public Utility Commission of Texas (Staff) and files this Status Update.

**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, more than 10% of the customers (protestants or hearing requesters) 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) (TAC), 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

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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.

Staff filed a request for a hearing with SOAH on May 15, 2015 to determine whether any of the protestants who had not yet withdrawn were still interested in contesting this matter. Subsequently, SOAH scheduled a prehearing conference on June 16, 2015. On May 29, 2015, the Applicant filed with the Commission hearing request withdraw letters for each individual in the record who originally requested a hearing. Staff reviewed the letters and was satisfied that no protestants of record continue to contest this matter. Therefore, on June 5, 2015, Staff and the Applicant filed a Joint Request to Cancel Prehearing Conference. The parties last filed a status update on November 14, 2016.

## II. STATUS UPDATE

Staff and the Applicant have worked together to develop a proposed settlement package to which both parties have consented. Staff is reviewing the package one last time to ensure that the language in the proposed order comports with language approved by the Commission at its most recent open meeting on January 12, 2017. The parties expect to file the proposed settlement package and motion to remand with SOAH on the week of January 17, 2017. Therefore, Staff respectfully requests that it be allowed until February 13, 2017 to file the proposed settlement package or status update. Staff conferred with the Applicant regarding this update.

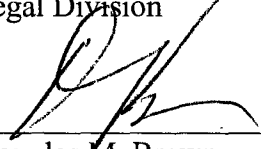
## III. CONCLUSION

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

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director  
Legal Division

Stephen Mack  
Managing Attorney  
Legal Division

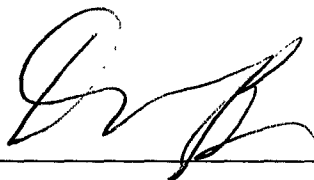


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**SOAH DOCKET NO. 473-15-0372.WS**  
**PUC DOCKET NO. 42919**

I certify that a copy of this document will be served on all parties of record on or before November 14, 2016 in accordance with 16 TAC § 22.74.

A handwritten signature in black ink, appearing to read 'D. M. Brown', is written over a horizontal line.

Douglas M. Brown