

1 Q. What would be the total revenue generated by the base rates and the gallonage  
2 charges?

3 A. Adding the base rate revenue of \$240,240.00 to the gallonage charge revenue of  
4 \$268,979.00 gives a total revenue of \$509,219.00.

5 Q. What are your recommended rates for The Retreat and White Bluff?

6 A. The current rates for these systems are \$1.85/1000 gallons for 1,001 to 10,000 gallons,  
7 \$2.10/1,000 for 10,001 to 20,000 gallons, and \$4.75/1,000 for 20,001 gallons and  
8 thereafter with a base rate of \$30.00, which includes 1,000 gallons, for a 5/8-inch meter.  
9 This rate structure generates a revenue of \$573,528 (**attachment BDD-11**), which is  
10 lower than the ED's recommended revenue requirement for the two systems by  
11 \$179,090.00. Therefore, the utility would have been entitled to increase its rates to make  
12 up the difference. The utility has proposed a gallonage charge of \$2.00/1,000 gallons for  
13 0 to 3,000 gallons, \$2.75/1,000 for 3,001 to 10,000 gallons, \$3.80/1,000 for 10,001 to  
14 15,000 gallons, \$5.25/1,000 for 15,001 to 20,000 gallons, and \$7.25/1,000 for 20,001  
15 gallons and over with a base rate of \$39.00, including zero gallons, for a 5/8-inch meter.  
16 Using Ms. Pascua's \$752,618.00 revenue requirement and the proposed gallonage  
17 charges requested by DDU, I have adjusted the base rate in my rate design so that the  
18 over/under recovery amount is as close to zero as possible. This resulted in a base rate of  
19 \$26.52 for a 5/8-inch meter. My rate design, which includes the base rates for the other  
20 meter sizes, is attached (**attachment BDD-12**).

21 Q. What are your recommended rates for The Cliffs?

22 A. The current rates for this system are \$1.85/1,000 gallons for 1,001 to 10,000 gallons,  
23 \$4.75/1,000 for 10,001 to 20,000 gallons, and \$6.75/1,000 for 20,001 gallons and

1 thereafter with a base rate of \$30.00, including 1,000 gallons, for a 5/8-inch meter. This  
2 generates a revenue of \$253,103 (**attachment BDD-19**), which is lower than the ED's  
3 revenue requirement by \$104,484 ~~\$113,805~~. Therefore, the utility is entitled to a rate  
4 increase to make up the difference. The utility proposed a gallonage charge of  
5 \$2.60/1,000 gallons for 0 to 3,000 gallons, \$3.00/1,000 for 3,001 to 10,000 gallons,  
6 \$5.07/1,000 for 10,001 to 15,000 gallons, \$8.56/1,000 for 15,001 to 20,000 gallons, and  
7 \$14.45/1,000 for 20,001 gallons and over with a base rate of \$52.00, including zero  
8 gallons, for a 5/8-inch meter. Using Ms. Pascua's \$357,587 ~~\$366,908~~ revenue  
9 requirement and the proposed gallonage charges requested by DDU, I have adjusted the  
10 base rate in my rate design so that the over/under recovery amount is as close to zero as  
11 possible. This resulted in a base rate of \$19.19 ~~\$21.21~~ for a 5/8-inch meter. My rate  
12 design, which includes the base rates for the other meter size, is attached (**attachment**  
13 **BDD-18**).

14 **Q. Do you have any recommendations regarding DDU's proposed miscellaneous fees?**

15 A. In my professional experience, I believe that the miscellaneous fees proposed by DDU  
16 for all the systems are reasonable. Also, those costs are not determined or calculated  
17 based on the consolidation of the water systems but rather are independent from the rate  
18 calculations. Therefore, I recommend approval of the proposed miscellaneous fees for all  
19 the water systems.

20 **Q. Do you have a recommendation regarding customer refunds for The Cliffs?**

21 A. Yes, under section 291.29(h) of the TCEQ's rules, unless the parties agree otherwise, the  
22 utility must "refund or credit against future bills all sums collected in excess of the rate  
23 finally ordered plus interest as determined by the commission in a reasonable number of

1 monthly installments." Because the ED is not recommending the full rate increase, DDU  
2 will have to refund the difference collected between the rates established by the  
3 Commission and the proposed rates. This difference should be refunded over how many  
4 months the proposed rates were collected, which cannot be determined until the  
5 Commission issues an order in this case. I also recommend that the interest rate applied to  
6 the refunds be 3.21%, which was the PUC's interest rate for overcharges for the year  
7 2009 (**attachment BDD-20 BDD-17**). Because the proposed rates will have been charged  
8 mostly in 2009, applying the interest rate for that year is appropriate.

9 **Q. Do you have a recommendation regarding customer refunds for White Bluff and  
10 The Retreat if the two systems are found to be substantially similar?**

11 A. Yes, it is the same as my recommendation for customer refunds for The Cliffs.

12 **Q. Do you have a recommendation regarding customer refunds for White Bluff and  
13 The Retreat if the two systems are found to not be substantially similar?**

14 A. Yes. Because the ED is recommending no rate increase, DDU would have to refund the  
15 difference collected between its current rates, which the rates charged would revert back  
16 to, and its proposed rates. This difference should be refunded over how many months the  
17 proposed rates were collected, which cannot be determined until the Commission issues  
18 an order in this case. Again, the interest rate that should be applied to the refunds is  
19 3.21%.

20 **CONCLUSION**

21 **Q. What are the ED's final recommendations in this case?**

22 A. Because the water systems at White Bluff and The Retreat are not substantially similar. I  
23 recommend that DDU's proposed rate changes for those two systems be denied and that

1 the rates for those two systems be reverted back to their current rates. Because DDU  
2 showed that it is entitled to a partial rate increase for The Cliffs, I recommend that the  
3 rates in the attached tariff (**attachment BDD-13**) for The Cliffs water system be  
4 approved. I also recommend that the miscellaneous fees for all systems be approved and  
5 that the customers of all systems be issued refunds based on the ED's recommend rates at  
6 an interest rate of 3.21%.

7 **Q. What would be your recommendation regarding White Bluff and The Retreat if the**  
8 **two systems are found to be substantially similar?**

9 A. In that case, because DDU showed that it would be entitled to a partial rate increase, I  
10 would recommend that the rates in the attached tariff (**attachment BDD-14**) for The  
11 Retreat and White Bluff water systems be approved and that the customers of those  
12 systems be issued refunds based on the ED's recommended rates at an interest rate of  
13 3.21%.

14 **Q. Does this conclude your prefiled testimony?**

15 A. Yes, it does, but I reserve the right to supplement this testimony during the course of the  
16 proceeding as new evidence is presented.

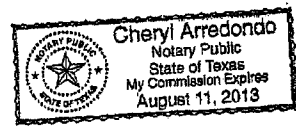
VERIFICATION

THE STATE OF TEXAS   §  
  §  
COUNTY OF TRAVIS   §

BEFORE ME, the undersigned authority, on this day personally appeared Brian Dickey, known to me to be the person whose name is subscribed below and after having been duly sworn, on his oath stated the following: that the information set forth in the foregoing prefiled testimony was assembled by the Executive Director's attorney of record, that he has personal knowledge of the information contained within the foregoing prefiled testimony, and that this information is true and correct to the best of his knowledge and belief.

*Brian Dickey*  
\_\_\_\_\_  
Brian Dickey

SUBSCRIBED AND SWORN TO BEFORE ME on this the 29th day of April, 2010, to certify which, witness my hand and seal of office.



*Cheryl Arredondo*  
\_\_\_\_\_  
NOTARY PUBLIC  
STATE OF TEXAS

BRIAND DICKEY  
Utilities and Districts Section (MC 153)  
Water Supply Division  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087  
email: BDICKEY@tceq.state.tx.us  
(512) 239-4691 Fax: (512) 239-6972

**Education:**

- October 2000                    NARUC Utility Rate School Clearwater Beach, Florida
- 1988-1994:                    Texas Tech University School of Engineering  
   Lubbock, Texas - B.S. Mechanical Engineering
- 1986-1988:                    South Plains College Levelland, Texas

**Professional Experience:**

- Dec 05 to Present    **Engineering Specialist IV, Texas Commission On Environmental Quality, Austin, Texas**
  - Review applications and prepare Certificates of Convenience and Necessity (CCNs)
  - Review applications and prepare rate designs for retail public utilities
  - Attend and participate in resolution of contested cases concerning CCNs, appeals, and rates
  - Provide utility and consumer assistance
  - Review plans and specifications for water system modifications
  
- Dec 04 to Dec 05    **General Engineering Specialist III, Texas Commission On Environmental Quality, Austin, Texas**
  - Review applications and prepare Certificates of Convenience and Necessity (CCNs)
  - Review applications and prepare rate designs for retail public utilities
  - Attend and participate in resolution of contested cases concerning CCNs, appeals, and rates
  - Provide utility and consumer assistance
  - Review plans and specifications for water system modifications

# **Attachment BDD-1**

BDickey(cont.)

- Feb 02 to Dec 04     **General Engineering Specialist II, Texas Commission On Environmental Quality, Austin, Texas**
- Review applications and prepare Certificates of Convenience and Necessity (CCNs)
  - Review applications and prepare rate designs for retail public utilities
  - Attend and participate in resolution of contested cases concerning CCNs and rates
  - Provide utility and consumer assistance
  - Review plans and specifications for water system modifications
- Dec 00 to Feb 02     **Engineering Assistant III, Texas Natural Resource Conservation Commission, Austin, Texas**
- Review applications and prepare Certificates of Convenience and Necessity (CCNs)
  - Review applications and prepare rate designs for retail public utilities
  - Attend and participate in resolution of contested cases concerning CCNs and rates
  - Provide utility and consumer assistance
  - Review plans and specifications for water system modifications
- Nov-99 to Dec 00     **Engineering Assistant II, Texas Natural Resource Conservation Commission, Austin, Texas**
- Review applications and prepare Certificates of Convenience and Necessity (CCNs)
  - Review applications and prepare rate designs for retail public utilities
  - Attend and participate in resolution of contested cases concerning CCNs and rates
  - Provide utility and consumer assistance
  - Review plans and specifications for water system modifications
- Jan 99 to Nov 99     Part time HPD Medical Inc. Amarillo, Texas
- Jan 99 to Nov 99     Jimmie Dickey Housemoving Lubbock, Texas
- Sept 97 to Jan 99     HPD Medical Inc. Amarillo, Texas
- Worked on developing an implantable medical device\
  - Worked with various type of urethane and adhesives



EDickey(cont.)

- Supervised employees
- Maintained and modified equipment
- Helped to maintain the Cleanroom

May 86 to Sept 97

Jimmie Dickey Housemoving Lubbock, Texas

- Supervised five to seven employees in moving houses, demolition work, and working on equipment
- Worked on diesel trucks and equipment
- Worked on gasoline engines
- Operated heavy machinery

May 84 to Dec 85

Hydra-Tech, Lubbock, Texas

- Repaired hydraulic equipment

# **Attachment BDD-2**