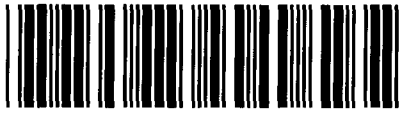




Control Number: 45283



Item Number: 60

Addendum StartPage: 0

**LAW OFFICE OF RICHARD T. MILLER**

414 E. Wallace Street  
P.O. Box 99  
San Saba, Texas 76877  
325-372-4400 phone 325-372-3645 fax  
Email: rtmiller@centex.net

RECEIVED

2016 NOV 18 AM 9:22

PUBLIC UTILITY COMMISSION  
FILING CLERK

---

November 17, 2016

**Via Express U.S. Mail**

Public Utility Commission of Texas  
Attention: Filing Clerk  
1701 N. Congress Ave, Suite 8-100  
P.O. Box 13326  
Austin, TX 78711-3326

Re: PUC Docket No. 45283; SOAH Docket No. 473-16-1834.WS; *Ratepayers' Appeal of the Decision by North San Saba Water Supply Corporation to Change Rates*

Greetings,

Enclosed are one original copy and 13 disc copies of North San Saba Water Supply Corporation's Reply Brief. Please file in the above-referenced matter.

Thanks,

*Cherie Ringo*

Cherie Ringo  
legalasst-miller@centex.net

Encl.

60

**SOAH DOCKET NO. 473-16-1834.WS  
PUC DOCKET NO. 45283**

<b>RATEPAYERS' APPEAL OF THE DECISION BY NORTH SAN SABA WATER SUPPLY CORPORATION TO CHANGE RATES</b>	§ § § § § § §	<b>BEFORE THE STATE OFFICE  OF  ADMINISTRATIVE HEARINGS</b>
--	---------------------------------	---

**NORTH SAN SABA WATER SUPPLY CORPORATION'S REPLY BRIEF**

<b>I.</b>	Reply Argument .....	2
<b>II.</b>	Revenue Requirements – Adjustments and Arguments.....	4
	A. The Nelson Lewis Debt .....	4
	B. Debt Service Coverage .....	4
	C. Increased Cost of Purchasing Water from the City of San Saba .....	5
	D. State Water Fees to TCEQ.....	6
	E. Red Herring.....	6
<b>III.</b>	Projected Revenue .....	7
	A. Economics 101 and Price Elasticity.....	7
<b>IV.</b>	Cost Recovery.....	10
	A. Fees .....	10
	B. Settlement Negotiations.....	11
<b>V.</b>	Conclusion .....	11

**ATTACHMENTS**

1. Affidavit of Richard T. Miller and Invoices for Legal Services

TO THE HONORABLE HOLLY VANDROVEC, ADMINISTRATIVE LAW JUDGE (“ALJ”),  
STATE OFFICE OF ADMINISTRATIVE HEARINGS (“SOAH”):

North San Saba Water Supply Corporation (NSSWSC) files this Reply Brief in the above-referenced proceeding to point out the omissions and inconsistent reasoning employed by PUC Staff in its Closing Brief and to show its rates to be fair and reasonable.

## **I. REPLY ARGUMENT**

Treating the Nelson Lewis debt as a real cash need, as we must, and accepting the remainder of Staff's analysis, compels a result that provides no relief to small, fixed-income rate payers, but instead, requires refunds to the high volume commercial and agricultural users. Staff calculates that adding the amount due on the Nelson Lewis loan to cash needs will result in a \$7.05 per month charge. Adding that to Staff's recommended \$78.88 base rate, results in a projected base rate of \$85.93, without even considering NSSWSC's contention that 80% of repairs and maintenance should be categorized as fixed expenses to support the base rate. (NSSWSC Initial Brief, pg. 4). Since the \$82 base rate is justified and the gallonage rates for the lowest volume users were not changed, the refund suggested by Staff would be paid exclusively to the higher volume users.

Fortunately, the record shows NSSWSC had information available to it when the rates were passed that show both the base rate and the gallonage rates were justified; thus, no need exists for any refund of cash from this member-owned company to the commercial operators of rock quarries, pecan orchards and livestock operations.

On the next page, NSSWSC will present a series of tables illustrating the differences between the parties in their calculations of required revenue, projected revenue and the appropriate rates, followed by a discussion of individual items. When all is considered, a preponderance of the evidence supports the conclusion that the rates adopted by NSSWSC are "just and reasonable" as well as necessary to preserve the financial integrity of NSSWSC.

### NSSWSC'S PROJECTED REVENUE REQUIREMENTS

Staff's projected Revenue Requirements	\$378,500.53
Inclusion of the rest of the Nelson Lewis debt -- \$24,800.16 - \$4,010.29 =	\$20,789.87
1.25 Debt coverage -- 25% of \$20,789.87	5,197.48
2015 Projected cost of additional water purchases from City of SS	\$6,943.00
State Water Fees – TCEQ (Horn Ex.19)	\$1,737.00
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$413,167.88</b>

### STAFF'S PROJECTED REVENUE

(Using NSSWSC's Rates with No Adjustment for Price Elasticity)

Base rate revenue (293 x \$82 x 12)	\$288,312.00
Gallage rate:	
0-4000gal: (42% x 26,398,850gal) x (\$2.70/1000gal) =	\$29,936.30
4001 to 8000gal: (28% x 26,398,850gal) x (\$5.07/1000gal) =	\$37,475.81
8001 to 20,000 gal: (22% x 26,398,850gal) x (\$7.09/1000gal) =	\$41,176.93
20,000+ gal: (8% x 26,398,850gal) x (9.46/1000gal) =	\$19,978.65
<b>TOTAL</b>	<b>\$416,879.69</b>
Staff's projection is actually higher by \$4,648.31 than gallage plus base rate. It is difficult to tell whether this is an error in arithmetic or inclusion of miscellaneous income. If it is the inclusion of miscellaneous income, Staff has erred, because it chose to deduct miscellaneous income from required revenue, rather than add it to projected revenue. (See Staff's Initial Brief, page 10)	<b><u>Or as stated in Staff's Brief --</u></b> <b><u>\$421,528.00</u></b>

### NSSWSC PROJECTED REVENUE

(Using Staff's Gallage Rates, Adjusting for Price Elasticity  
but Not for Reduced Demand when Drought Ends)

Base rate revenue (293 x \$82 x 12)	\$288,312.00
Gallage Rate calculated by NSSWSC see NSSWSC Initial Brief pg. 18	
0-4000gal: (42% x 26,398,850gal) x (1-0%) x (\$2.70/1000gal) =	\$29,936.30
4001 to 8000gal: (28% x 26,398,850gal) x (1-5%) x (\$5.07/1000gal) =	\$35,602.02
8001 to 20,000 gal: (22% x 26,398,850gal) x (1-10%) x (\$7.09/1000gal) =	\$37,059.23
20,000+ gal: (8% x 26,398,850gal) x (1-15%) x (9.46/1000gal) =	\$16,981.85
<b>TOTAL</b>	<b><u>\$407,891.40</u></b>

The record shows, at the time NSSWSC raised the rates information was available to support a revenue requirement of \$413,167.88. Likewise, it could validly calculate projected revenue of \$407,891.40. These facts warranted the new rates. The pertinent variables and points of disagreement with Staff will be discussed below.

## **II. REVENUE REQUIREMENTS – ADJUSTMENTS AND ARGUMENTS**

**A. The Nelson Lewis Debt.** Without citing statutory law, case law, PUC rules, Generally Accepted Accounting Principles or any other authority, Staff arbitrarily decided to apply accrual based accounting rules to a cash needs analysis and recast the Nelson Lewis debt as a 30 year loan. The obvious flaw in that approach is that the Nelson Lewis debt has a three year term and the creditor has not agreed to take payment over the thirty year period chosen by Staff.

Apparently, Staff doesn't really believe its own rationale for denying this real cash need. Staff argues that contrary to its terms, the debt must be amortized over 30 years to avoid unfair benefits to future members of NSSWSC. Then, in their same brief, Staff does an about-face by arguing that NSSWSC should have paid the loan in a lump-sum from cash reserves, incorrectly asserting that this large and immediate expenditure from a declining cash reserve would have no effect on current ratepayers. (Staff's Initial Brief, page 9).

**B. Debt Service Coverage.** By recasting the Nelson Lewis debt as a 30-year loan, Staff short-changes NSSWSC on the 1.25 Debt Service Coverage Ratio (DSCR) it applied to annual principal and interest payments on debt. (Bednarski Direct Testimony Errata, 15:20). NSSWSC is entitled to have the 1.25 DSCR payment applied to the actual principal and interest it pays in a year, not on some hypothetical payment assigned by Staff.

Further, NSSWSC asks the Court to consider the precedential value of *Appeal of Water and Sewer Rates Charged by the Town of Woodloch*, PUC Docket No. 42862; SOAH Docket No. 473-14-5139 for the proposition that 1.75 is actually the proper Debt Coverage Ratio that should have been used in this case. See *Woodloch* – PUC Case No. 42862, Item No. 205, Final Order of the Public Utilities Commission, Findings 38, 39 and 40. Interestingly, Mr. Bednarski was PUC's expert witness in that case.

Although the *Woodloch* case is in the appeals process, it appears that the approval of a 1.75 debt coverage ratio is still intact. Of course, a debt coverage ratio of 1.75 would boost the required revenue of NSSWSC to a point even PUC would have to agree that the rates under consideration here are not too high. More to the point, the case illustrates that the 1.25 debt coverage ratio applied in this case is not a hard and fast rule, and perhaps by applying a 1.27 or a 1.40 ratio, NSSWSC could still justify its rates in the event the Court rejects some of the items NSSWSC seeks to have considered as required revenue.

In this case, an upward adjustment to the DSC ratio seems warranted by the rapid decline in cash reserves of NSSWSC (over \$15,000 per month and from \$220,677 in December 2014 to \$109,909 in July, 2015). (Staff's Initial Brief, p. 9; Horn Exhibit 19). As the Court recalls, PUC expert witness Bednarski refused to give an opinion on whether the cash reserves of NSSWSC were sufficient, while NSSWSC has consistently shown concern over the dwindling reserves.

**C. Increased Cost of Purchasing Water from the City of San Saba.** NSSWSC completed a large capital improvement project in December 2014. One of the main purposes of the project was to allow NSSWSC to mix its well water with water purchased from the City of San Saba, to dilute radium in the well water to acceptable levels. At the time the new rates were adopted, NSSWSC had experienced over seven months of increased water purchases from the City and had enough data to forecast an increase in water purchases of \$6,943.00 per year as modeled by Roger Whatley and demonstrated in NSSWSC'S initial brief at pages 15-16.

Staff has not accounted for this known increase in the cost of water purchases in its calculation of required revenue. Accordingly, Staff's calculations should be adjusted to account for this cash need.

**D. State Water Fees to TCEQ.** In reviewing the evidence, NSSWSC has noted a cash expense paid to TCEQ on an annual basis for a State Water Fee based on one-half of one percent of revenues from water sales including the base rate. (Horn Ex.19). NSSWSC reviewed Staff's spreadsheets and cannot find that this revenue requirement is included in any of Staff's calculations of the revenue requirement. Since payment of that tax is an actual cash need, an adjustment upward in the revenue requirement should be made in the amount of \$1,737, which was the amount paid in January 2015 for the year 2014. (Horn Ex.19).

**E. Red Herring.** Peppered throughout Staff's brief is the false assertion that Mr. Whatley testified the revenue requirement of NSSWSC is \$29,000 per month. In reading the brief, one gets the impression that Staff is still looking for someone else to blame for its initial and admitted miscalculation of the revenue requirement – the miscalculation it neglected to correct for five months after it was pointed out by Mr. Whatley. At first, Ms. Gage was blamed, now Mr. Whatley.

Any fair reading of Mr. Whatley's testimony shows that he anecdotally noted that expenses were running about \$29,000 per month in the months before and the first months after he joined the board. Of course, that was before the contract with Will Broyles was renegotiated to add \$2,000 per month to the expenses and before the settlement of the contract dispute with Nelson Lewis, which added an additional \$2,066.68 per month and before the realization that the cost of water from the City of San Saba was going to increase as much as it did. Seemingly ignored by Staff is Mr. Whatley's testimony that NSSWSC needed monthly revenue of \$34,000 to put it on sound financial footing. (Whatley Direct Testimony, 8:3-5).

It is disappointing that a state agency feels the need to misrepresent the testimony to such an extent. The goal of this public agency should be to present a true picture and serve the public



good. Instead, Staff has been adversarial in its approach, disingenuous in its arguments and unreceptive to any evidence that would justify the actions of the volunteers who govern NSSWSC. The public good seems to have taken second place to pride.

### **III. PROJECTED REVENUE**

**A. Economics 101 and Price Elasticity.** At the hearing, no one disputed the lessons of economics 101 - that as price goes up, demand goes down. Staff witnesses testified to that basic economic principle at the hearing, and in its brief, Staff touts the conservation effect of its proposed rates, saying - "Notably, Staff's variable charges are an inclining block, meaning that the variable charge increases as the water usage increases. Staff's variable charges promote conservation." (Staff's Initial Brief p. 14.) Then, in another bout of inconsistency, Staff argues that the more steeply escalating rates of NSSWSC will not reduce water sales, i.e., promote conservation, because farming and commercial usage is not elastic. To support that rather bold statement, Staff cites no authority and merely footnotes Mr. Whatley's testimony that says the opposite.

Furthermore, the remainder of the record does not support Staff's assertion of inelasticity in commercial and agricultural usage. In fact, the inverse appears to be true with household use being less sensitive to price than industrial sales. Mr. Whatley placed in evidence portions of the American Water Works Association M1 Manual. A pertinent section reads as follows:

"Price Elasticity. Most water use is considered to be relatively insensitive to changes in the price of water (price inelastic). However, uses such as lawn watering and industrial sales may be somewhat more sensitive to the price of water. Many utilities have experienced water use reductions due, in at least some measure, to increases in the price of water. Major rate increases have, at times, reduced industrial water sales." (AWWA M1 Manual, Whatley Third Rebuttal, pg. 5).

In other words, residential users will probably drink the same amount of water, bathe as often, and do their laundry as needed. On the other hand, industrial users are more sensitive to the bottom line.

Pecan farmers particularly can use more efficient irrigation methods, conserving water from evaporation. The State of Texas through the TCEQ even actively encourages this type of water conservation through more modern irrigation methods. Relatively unregulated commercial sandstone strip mining operations can install sediment ponds to decrease silt-laden runoff and can reuse this water repeatedly for washing rock saws. They both can build stock-tanks, as is very common in this county for livestock, or other farm/ranch uses, to catch and hold rainwater for irrigation or rock-saws, etc. The assertion that profit driven commercial and agricultural users do not respond to price changes simply defies common sense and the teachings in economics 101.

The AWWA M1 Manual relied upon by staff for authority on industry practice has this to say:

"Conservation. Revenue projections may need to be adjusted for conservation measures installed in the past or to reflect conservation measures to be used in the future. These projections can be difficult to adjust. Past conservation measures may permanently reduce water sales, so comparing water sales before the conservation measures were installed could overstate future projections. The effects of future conservation measures can be difficult to quantify and support. **However, a diligent attempt should be made to estimate the effect of conservation measures on revenues; otherwise actual revenues may differ significantly from projections.**" (emphasis added) (AWWA M1 Manual, Whatley Third Rebuttal, pg. 5)

The manual directs a diligent attempt to estimate the effect of conservation efforts on revenues. NSSWSC did that.

Mr. Whatley has an MBA from the University of Texas, and he has significant industry experience in Strategic Marketing, making business financial projections into the future at both a large company and later for startup companies (Whatley Direct Testimony, pg. 3). Mr. Whatley knew and understood price elasticity very well at the time of designing the current rates. He used his professional judgment to estimate price elasticity for the demand profile he used. This demand adjustment is not only validated by the 1999 TWDB publication on price elasticity in Texas, but

is also validated by subsequent and actual water sales data and experience. (Whatley Fourth Supplement to Direct Testimony, Ex. RW-28).

The 1999 TWDB Publication quantifies elasticity for estimating the conservation effects of a water price increase in Texas. Mr. Whatley has compared the magnitude of elasticity he used to estimate the effect on water sales with the TWDB magnitude. Mr. Whatley's elasticity of  $-.15$  proves to be more conservative and resulted in more projected revenue from the gallonage rates than did the TWDB elasticity of  $-.2$ . Using Mr. Whatley's estimates of price elasticity would certainly seem fair and just.

Staff, on the other hand, refuses to follow the dictates of the AWWA M1 Manual and make an estimate of the effect of higher rates on sales. Staff takes the position that price elasticity is not the kind of known and measurable factor it can consider, but gives the example of adjusting test year data for weather as something it will consider. Weather is not the only area in which Staff wants to use judgment instead of calculations. Examples are allocating between fixed and variable costs and establishing debt service coverage ratios from between 1.25 to 1.75. Only when someone else wants to use judgment does Staff become resistant.

Nevertheless, it is shown by the testimony that at the time of the rate increase, NSSWSC knew what its previous water usage had been. It knew what the higher rates would be. It knew the lessons of economics 101. There existed at the time an industry standard method for estimating the reduction of sales due to rate increases. The fact that NSSWSC made a more conservative estimate than industry standards indicated should be even more reason to allow the adjustment for price elasticity.

#### IV. COST RECOVERY

A. **Fees.** NSSWSC is very fortunate to have a president, who is an engineer with an MBA and who was willing to do for free the lion's share of the work this case has required. Otherwise, NSSWSC would be looking at a cost recovery that might be similar to the one in *Woodloch*. That case involves a small utility the size of NSSWSC that is now facing costs in excess of \$200,000, resulting in a potential \$35 per month surcharge. Instead, NSSWSC has had the benefit of a president possessing expert qualifications working for free and attorneys working at reduced rates.

Staff complains that NSSWSC is seeking to recover fees for filing four additional supplements to Roger Whatley's testimony. As was discussed at the hearing, Mr. Whatley did most of the work in preparing the rebuttal testimony and charged nothing. Additionally, the supplements were filed to address PUC Staff's mistakes, or misunderstandings, as they became apparent through communications between the parties. The most glaring example is Staff's mistake in failing to include the full cost of the Operator's Contract as a revenue requirement. If Staff had read and understood NSSWSC's direct testimony, there would have been no need to file as many supplements.

Staff again demonstrates its unwillingness to consider the evidence adduced by NSSWSC by stating as a fact, "Additionally, North San Saba WSC incurred expenses for the presence of two (2) attorneys at mediation when only one attorney would be sufficient." (Staff's Initial Brief, pg. 15). The fee statements offered by NSSWSC do not contain any charge for Ms. Morgan attending the mediation, and attorney Miller testified at the hearing that he was not charging for Ms. Morgan's attendance at the hearing or at mediation. At the hearing, it appeared PUC had at least three attorneys and four non-attorney staff members present, when only one attorney and the two

staff witnesses were necessary. The attorneys for NSSWSC only hope that PUC staff will follow their lead and return to the State an appropriate portion of the salaries received by those staff members who unnecessarily attended the hearing.

**B. Settlement Negotiations.** At the hearing, Mr. Chang objected to the supplements to testimony filed by Mr. Whatley on the basis that they related to settlement negotiations. Then, in an exasperated tone, sought to convey the impression that this case would have settled had NSSWSC just been reasonable. Now, Mr. Chang has raised settlement negotiations for the second time by stating in his brief that he reserves the right to introduce settlement proposals. NSSWSC does not know how to make a proper and ethical response to what it considers an absurd notion.

After much soul searching and recent reminders to take the high road, counsel for NSSWSC has decided not to unload the details of settlement negotiations on the Court before the Court decides the merits of this case. However, NSSWSC would encourage the Court to bifurcate this hearing and after deciding the merits of this case, hold an evidentiary hearing on cost recovery. This will allow full discussion of the necessity of the fees charged without prejudicing the Court in its deliberations on the merits.

NSSWSC requests this bifurcated hearing, even if the Court is inclined to grant it all the cost recovery it seeks without a hearing. Counsel for NSSWSC has agreed to attend the hearing without charge.

## **V. CONCLUSION**

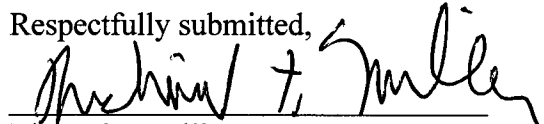
Obviously, PUC Staff is more familiar with the rules and procedures regarding rate changes than were the directors of NSSWSC when they raised the water rates. The methodology used by Staff to judge the rates was foreign to the directors who are now on the board. However, the board consisted of some business people who understand financial reports and the concept of financial

integrity. These board members took the painful step of raising rates on themselves and their neighbors in order to keep their member owned water supply corporation on sound financial footing.

The judgment of the directors has been vindicated by this proceeding. When taking the known data at the time of the rate increase and placing it into a template that comports with Staff's methodology, NSSWSC has shown its rates to be imminently just and reasonable.

For the reasons stated above, NSSWSC respectfully requests that the ALJ find that the WSC's rate increase is just and reasonable, not discriminatory, and necessary to protect the financial integrity of the Corporation, pursuant to the Water Code's requirements. NSSWSC further requests that it be granted any other such relief to which it is entitled, including a bifurcated hearing on attorney's fees.

Respectfully submitted,



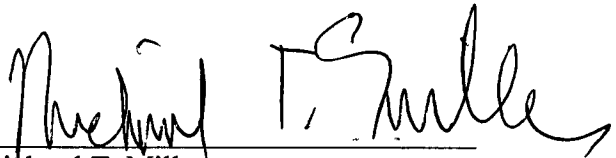
Richard T. Miller  
Texas Bar No. 14108300  
Law Office of Richard T. Miller  
414 E. Wallace St.  
San Saba, Texas 76877  
325-372-4400  
325-372-3645  
rtmiller@centex.net  
*Counsel for NSSWSC*

P.U.C. DOCKET NO. 45283  
SOAH DOCKET NO. 473-16-1834.WS  
CERTIFICATE OF SERVICE

I certify that on November 18<sup>th</sup>, 2016 a copy of this document was served upon the following parties of record via e-mail, facsimile, or first class mail:

Sam Chang  
State Bar No. 24078333  
Attorney, Legal Division  
Public Utility Commission of Texas 1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7261  
(512) 936-7268 (facsimile)  
sam.chang@puc.texas.gov  
*Counsel for Public Utility Commission*

Barbara Horn  
Chairman, Ratepayers' Committee  
7255 County Road 124  
San Saba, TX 76877  
325-372-4676

  
Richard T. Miller

STATE OF TEXAS

§  
§  
§

COUNTY OF SAN SABA

**AFFIDAVIT OF RICHARD T. MILLER**

BEFORE ME, the undersigned authority, on this day personally appeared Richard T.

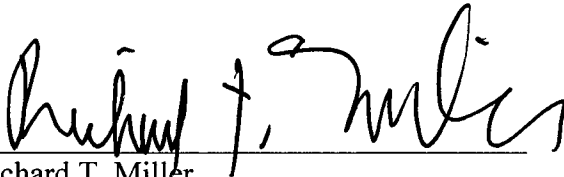
Miller, who, having been placed under oath by me, did depose as follows:

1. "My name is Richard T. Miller. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based upon my personal knowledge.
2. Based on my experience and education and following a thorough and critical review of all the relevant information, I have concluded that the reasonable and necessary NSSWSC legal expenses from October 2015 to present are \$22,055.02.
3. I have directed the work performed by the Law Office of Richard T. Miller staff on behalf of NSSWSC since the firm was hired by NSSWSC. I have reviewed the billings of my office submitted to NSSWSC for legal services from October 2015 through the present in connection<sup>1</sup> with NSSWSC's defense of its rates. I affirm those billings accurately reflect the time spent and expenditures incurred by the Law Office of Richard T. Miller on NSSWSC's behalf.
4. My office is representing NSSWSC at a rate that is significantly reduced from my normal rate. The expenses charged were associated with matters connected with the review of NSSWSC's rate and were necessary to advise NSSWSC and to accomplish tasks in this rate proceeding.
5. The fees and expenses were necessary and for the legal representation of NSSWSC. The legal work included advising NSSWSC on strategy, review of NSSWSC files, preparation of pleadings and other documents, and review and preparation of evidentiary testimony and exhibits to be submitted for the upcoming hearing on the merits, attending mediation and the hearing on the merits, and preparing initial and closing briefs. These legal expenses were also incurred in preparation of responses to discovery propounded by other parties in this proceeding.
6. The attorneys' rates of \$125 (associate) and \$175 are less than what we normally bill other clients because of the unique circumstances of this case and reflect an effort to minimize expenses to a corporation performing a public service. The hours spent to perform the tasks assigned to the<sup>1</sup> Law Office of Richard T. Miller were necessary to complete those tasks in a professional manner on a timely basis.

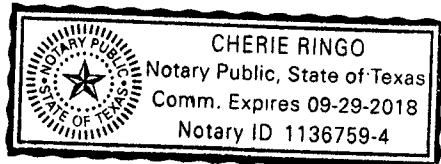


7. The invoices submitted by my office include a description of services performed and time expended on each activity. The invoices from July 2016 to present are attached to my testimony as NSSWSC Exhibit RTM-3.
8. The current and total amount of \$22,055.02 is reasonable given the complexity of this case. Attached are NSSWSC Exhibit RTM-2 (previously provided in direct testimony), Exhibit RTM-3 (previously provided in supplement to direct testimony), and Exhibit RTM-4, containing all legal expenses incurred by NSSWSC as a result of this matter from October 11 to present and provided pursuant to Judge Vandrovec's Order of October 17, 2016. These attachments represent true and accurate copies of my firm's invoices as I have described.

Further affiant sayeth not.

  
Richard T. Miller

SUBSCRIBED AND SWORN TO BEFORE ME by the said Richard T. Miller this 17<sup>th</sup>  
day of November 2016.



  
Notary Public, State of Texas

## EXHIBIT RTM-2

### Law Office of Richard Miller

PO Box 99  
San Saba, TX 76877

### INVOICE

Invoice # 118  
Date: 02/05/2016  
Due On: 03/06/2016

North SS Water Supply  
P O. Box 598  
San Saba, TX 76877

#### M-2300.1 Price Rate Change

##### Services

Type	Date	Description	Quantity	Rate	Total
Service	11/04/2015	Research	2.00	\$125.00	\$250.00
Service	12/04/2015	Set up PUC efilng, file notice of service info	0.50	\$125.00	\$62.50
Service	12/04/2015	Conference with Regina M. Morgan, Attorney	0.20	\$175.00	\$35.00
Service	01/19/2016	Research; draft list of issues	1.00	\$125.00	\$125.00
Service	01/20/2016	Conference with Regina M. Morgan, Attorney	0.20	\$175.00	\$35.00
Service	01/21/2016	revise draft of issues, prepare mailings, fax to counsel, ems w/ client, call w/ client	1.50	\$125.00	\$187.50
Service	01/28/2016	call w/ client	0.30	\$125.00	\$37.50
Service	02/01/2016	draft response to RFI	0.50	\$125.00	\$62.50
Service	02/01/2016	Conference with Regina M. Morgan, Attorney	0.20	\$175.00	\$35.00
Service	02/03/2016	scan docs responsive to RFI	1.00	\$125.00	\$125.00
Service	02/04/2016	draft responses to RFI, organize/bates-label docs, research	3.00	\$125.00	\$375.00
Service	02/05/2016	Conference with Regina M. Morgan, Attorney	0.00	\$175.00	\$0.00
Services Subtotal					\$1,330.00

##### Expenses

Type	Date	Description	Quantity	Rate	Total
Expense	12/04/2015	Postage- Certified Mail to Barbra Horn	1.00	\$6.74	\$6.74
Expense	12/04/2015	Postage- Certified Mail No return receipt to PUC	1.00	\$3.45	\$3.45
Expenses Subtotal					\$10.19
Subtotal					\$1,340.19
Total					\$1,340.19

Please make all amounts payable to: Law Office of Richard Miller

## EXHIBIT RTM-2

### Law Office of Richard Miller

PO Box 99  
San Saba, TX 76877

### INVOICE

Invoice # 127  
Date 03/03/2016  
Due On: 04/02/2016

North SS Water Supply  
P.O. Box 598  
San Saba, TX 76877

### M-2300.1 Price Rate Change

#### Services

Type	Date	Description	Quantity	Rate	Total
Service	02/19/2016	Pre-hrg conf call with ALJ, Sam Chang, Barbara Horn, RTM, RMM	0.75	\$125.00	\$93.75
Service	02/19/2016	Pre-hrg conf call	0.75	\$175.00	\$131.25
<b>Services Subtotal</b>					<b>\$225.00</b>

#### Expenses

Type	Date	Description	Quantity	Rate	Total
Expense	08/31/2015	Postage- Certified Mail to OAG	1.00	\$3.94	\$3.94
<b>Expenses Subtotal</b>					<b>\$3.94</b>
<b>Subtotal</b>					<b>\$228.94</b>
<b>Total</b>					<b>\$228.94</b>

Please make all amounts payable to: Law Office of Richard Miller

## EXHIBIT RTM-2

### Law Office of Richard Miller

PO Box 99  
San Saba, TX 76877

### INVOICE

Invoice # 135  
Date: 03/29/2016  
Due On: 04/28/2016

North SS Water Supply  
P O. Box 598  
San Saba, TX 76877

### M-2300.1 Price Rate Change

#### Services

Type	Date	Description	Quantity	Rate	Total
Service	03/16/2016	Draft response to PUC 2nd RFI, scanned/Bates-stamped docs, ems to clients, call w/ client	3.00	\$125.00	\$375.00
Service	03/17/2016	Finalized draft response, scanned/labelled docs, burned discs, prepared mailing	1.00	\$125.00	\$125.00
Service	03/21/2016	Call to TRWA, ems w/ TRWA, research, ems w/ clients, confer with RTM	2.00	\$125.00	\$250.00
Service	03/23/2016	Mtg w/ clients re testimony, review of docs, research	3.00	\$125.00	\$375.00
Service	03/23/2016	RTM Meeting with NSSWSC and RMM	0.50	\$175.00	\$87.50
Service	03/24/2016	Draft form for Broyles testimony, ems to clients	0.50	\$125.00	\$62.50
Service	03/28/2016	call w/ client, ems w/ clients, revision of Whatley draft testimony, review of docs	1.50	\$125.00	\$187.50

Services Subtotal **\$1,462.50**

#### Expenses

Type	Date	Description	Quantity	Rate	Total
Expense	03/18/2016	Postage to PUC Jan-March 29, 2016 01-22-16 \$2.30, 02-10-16 \$9.62, 03-17-16 \$6.70, 03-24-16 \$6.70	1.00	\$25.32	\$25.32

Expenses Subtotal **\$25.32**

Subtotal **\$1,487.82**

Total **\$1,487.82**

Please make all amounts payable to Law Office of Richard Miller

## EXHIBIT RTM-3

### Law Office of Richard Miller

PO Box 99  
San Saba, TX 76877

### INVOICE

Invoice # 150  
Date: 07/28/2016  
Due On: 08/27/2016

North SS Water Supply  
P.O. Box 598  
San Saba, TX 76877

#### M-2300.1

#### PUC Rate Appeal

##### Services

Type	Date	Description	Quantity	Rate	Total
Service	03/30/2016	Finalize drafts, ems w/ clients, call w/ WB	0.75	\$125.00	\$93.75
Service	04/05/2016	mtg w/ CH, RW, review docs	0.40	\$125.00	\$50.00
Service	04/11/2016	calls w/ clients, draft responses, scan docs for production	1.50	\$125.00	\$187.50
Service	04/12/2016	calls w/ clients, draft RFI, research	0.50	\$125.00	\$62.50
Service	04/15/2016	review of docs, scan docs, draft resp to RFIs	1.00	\$125.00	\$125.00
Service	04/25/2016	finalize draft of RFI, ems w/ clients, prepare mailing, e-file	1.00	\$125.00	\$125.00
Service	04/29/2016	update file, review filings	0.20	\$125.00	\$25.00
Service	05/02/2016	update files, review filings/testimony, ems w/ clients	0.50	\$125.00	\$62.50
Service	05/05/2016	ems w/ clients	0.10	\$125.00	\$12.50
Service	05/06/2016	review of docs/draft rebuttal, draft objections, e-file, prepare mailing	1.50	\$125.00	\$187.50
Service	05/16/2016	mtg w/ RW	0.30	\$125.00	\$37.50
Service	05/17/2016	revise RW draft testimony, organize exhibits	0.75	\$125.00	\$93.75

**EXHIBIT RTM-3**

Invoice # 150 - 07/28/2016

Service	05/18/2016	revise rebuttal draft	0.20	\$125.00	\$25.00
Service	05/19/2016	Copies for client RW	0.15	\$50.00	\$7.50
Service	05/20/2016	Copies for client RW	0.15	\$50.00	\$7.50
Service	05/20/2016	revision of rebuttal testimony, mtg w/ client, prepare filings, prepare discs, prepare mailings, e-file	4.00	\$125.00	\$500.00
Service	05/20/2016	Meeting with Roger Whatley	0.50	\$175.00	\$87.50
Service	05/23/2016	review ems from clients, mtg w/ client	0.20	\$125.00	\$25.00
Service	05/25/2016	draft supp to RW's rebuttal testimony, prepare docs, efile, prepare mailings	0.75	\$125.00	\$93.75
Service	05/26/2016	ems w/ clients	0.20	\$125.00	\$25.00
Service	05/31/2016	mtg w/ client	0.20	\$125.00	\$25.00
Service	06/08/2016	revise RW's draft of rebuttal supp, ems w/ client	0.75	\$125.00	\$93.75
Service	06/09/2016	finalize RW's 2nd rebuttal, e-file, prepare for mailing, mtg w/ client, ems w/ client, copy disks for filing	2.50	\$125.00	\$312.50
Service	06/13/2016	Calls w/ PUC, Barbara Horn, Judge Seitzman, client; ems w/ PUC, ems w/ client, mtg w/ client, draft mtn to abate, prepare filings, e-file, prepare mailings	4.00	\$125.00	\$500.00
Service	06/20/2016	revise comments, prepare comments filing	0.50	\$125.00	\$62.50
Service	06/21/2016	ems w/ clients, call w/ mediator, ems w/ mediator, ems w/ PUC	0.40	\$125.00	\$50.00
Service	07/05/2016	draft mediation statement, em to RTM, ems to client, put together mediation ntbk	1.00	\$125.00	\$125.00
Service	07/06/2016	mtg w/ RW re mediation; review docs	0.50	\$125.00	\$62.50
Service	07/06/2016	Mtg w/ client re mediation	1.00	\$175.00	\$175.00
Service	07/08/2016	Travel to/from mediation, attend mediation	10.00	\$175.00	\$1,750.00
Service	07/15/2016	Format RW's 3rd rebuttal testimony, ems w/PUC, call to RTM, call to client	0.50	\$125.00	\$62.50
Service	07/19/2016	ems to PUC	0.10	\$125.00	\$12.50
Service	07/20/2016	ems to PUC	0.10	\$125.00	\$12.50
Services Subtotal					\$5,077.50

**Expenses**

Type	Date	Description	Quantity	Rate	Total
------	------	-------------	----------	------	-------

### EXHIBIT RTM-3

Expense	03/31/2016	UPS 4 Packages Next Day to UPS 04-04-16 Invoice# 0000884675156 Paid 04-13-16	1.00	\$112.53	\$112.53
Expense	04/06/2016	UPS 4 Packages Next Day to PUC 04-09-16 Invoice# 0000884675156 Paid 04-13-16	1.00	\$112.08	\$112.08
Expense	04/12/2016	SOS Direct Receipt Batch 66531967 Paid Online	1.00	\$1.03	\$1.03
Expense	04/16/2016	Refund for 03/31/16 4 Packages not delivered Next Day 04-09-16 Invoice# 0000884675156 Paid on 04-13-16 CK# 13382391 issued 05-23-16 for Refund	1.00	-\$110.05	-\$110.05
Expense	04/20/2016	UPS 1 Package Next Day to PUC 04-21-16 Invoice# 0000884675176 Paid 04-25-16	1.00	\$28.02	\$28.02
Expense	04/20/2016	Postage to B. Horn	1.00	\$1.36	\$1.36
Expense	04/25/2016	Postage to PUC & B. Horn	1.00	\$7.85	\$7.85
Expense	05/06/2016	UPS 1 Package Next Day to PUC 05-16-16 Invoice# 0000884675206 Paid 05-19-16	1.00	\$23.48	\$23.48
Expense	05/20/2016	UPS 2 Packages Next Day to PUC 05/28/16 Invoice# 0000884675226 Paid 05-31-16	1.00	\$56.62	\$56.62
Expense	05/25/2016	UPS 1 Package Next Day to PUC 05/28/16 Invoice# 0000884575266 Paid 05-31-16	1.00	\$28.15	\$28.15
Expense	06/09/2016	UPS 1 Package Next Day to PUC 06/09/16	1.00	\$28.29	\$28.29
Expense	06/09/2016	UPS 1 Package Next Day to PUC 06/09/16	1.00	\$28.29	\$28.29
Expense	06/10/2016	Postage to B. Horn	1.00	\$1.36	\$1.36
Expense	06/13/2016	UPS 1 Package Next Day to PUC 06/13/16	1.00	\$28.29	\$28.29
Expense	06/21/2016	UPS 1 Package Next Day to PUC 06/21/16	1.00	\$28.29	\$28.29
Expense	07/08/2016	Mileage to Mediation - 210 mile round trip @ .54 a mile	1.00	\$113.40	\$113.40
Expenses Subtotal					\$488.99
Subtotal					\$5,566.49
Total					\$5,566.49

## EXHIBIT RTM-3

### Law Office of Richard Miller

PO Box 99  
San Saba, TX 76877

### INVOICE

Invoice # 154  
Date: 10/12/2016  
Due On: 11/11/2016

North SS Water Supply  
P.O. Box 598  
San Saba, TX 76877

**M-2300.1**

### PUC Rate Appeal

#### Services

Type	Date	Description	Quantity	Rate	Total
Service	08/03/2016	Emails with PUC	0.30	\$175.00	\$52.50
Service	08/04/2016	Mtg w/ client	0.20	\$125.00	\$25.00
Service	08/04/2016	Emails with Client	0.20	\$175.00	\$35.00
Service	08/04/2016	Emails with PUC	0.20	\$175.00	\$35.00
Service	08/05/2016	Mtg w/ client, review of ems, review of docs, ems w/ client	1.00	\$125.00	\$125.00
Service	08/05/2016	Emails with Mediators	0.30	\$175.00	\$52.50
Service	08/05/2016	Emails with Client	0.10	\$175.00	\$17.50
Service	08/08/2016	Emails with PUC, Mediators, Clients	0.30	\$175.00	\$52.50
Service	08/09/2016	Emails with PUC	0.10	\$175.00	\$17.50
Service	08/11/2016	Emails to Mediators	0.20	\$175.00	\$35.00
Service	08/11/2016	Review Emails from Client	0.10	\$175.00	\$17.50
Service	08/15/2016	Call with PUC	0.30	\$175.00	\$52.50
Service	08/15/2016	Emails with Client	0.20	\$175.00	\$35.00



**EXHIBIT RTM-3**

Invoice # 154 - 10/12/2016

Service	08/16/2016	Emails with PUC	0.30	\$175.00	\$52.50
Service	08/16/2016	Review clients docs, revise draft, ems w/ client, call w/ client, consult w/ RTM	0.75	\$125.00	\$93.75
Service	08/17/2016	Emails with Client, PUC	0.20	\$175.00	\$35.00
Service	08/18/2016	call w/ client	0.10	\$125.00	\$12.50
Service	08/19/2016	Emails with PUC	0.10	\$175.00	\$17.50
Service	08/24/2016	Emails with PUC	0.20	\$175.00	\$35.00
Service	08/25/2016	mtg w/ client	0.20	\$125.00	\$25.00
Service	08/29/2016	Review Emails re Hearing	0.20	\$175.00	\$35.00
Service	08/30/2016	Emails with Client	0.30	\$175.00	\$52.50
Service	08/30/2016	call to BH re hrg date	0.10	\$125.00	\$12.50
Service	10/03/2016	Emails to PUC	0.20	\$175.00	\$35.00
Service	10/03/2016	ems to client, ems to PUC	0.20	\$125.00	\$25.00
Service	10/06/2016	Emails with Client, Meeting with Client	0.60	\$175.00	\$105.00
Service	10/06/2016	mtg w/ client, organize rebuttal testimony, ems to client, update file, calls/ w/ client	2.00	\$125.00	\$250.00
Service	10/07/2016	Emails with Client	0.10	\$175.00	\$17.50
Service	10/07/2016	Finalize rebuttal testimony, copy discs, prepare mailing, e-file, ems to PUC	2.00	\$125.00	\$250.00
Service	10/10/2016	Emails with Client	0.10	\$175.00	\$17.50
Service	10/10/2016	Call with TRWA	0.40	\$175.00	\$70.00
Service	10/10/2016	Review Testimony	1.00	\$175.00	\$175.00
Service	10/10/2016	Mtg w/ clients	1.00	\$175.00	\$175.00
Service	10/11/2016	Emails with Client	0.30	\$175.00	\$52.50
<b>Services Subtotal</b>				<b>\$2,096.25</b>	

**Expenses**

Type	Date	Description	Quantity	Rate	Total
Expense	10/07/2016	Express Postage to PUC	1.00	\$22.95	\$22.95
Expense	10/07/2016	Postage to Barbara Horn	1.00	\$2.62	\$2.62
<b>Expenses Subtotal</b>				<b>\$25.57</b>	

# EXHIBIT RTM-3

Invoice # 154 - 10/12/2016

**Subtotal        \$2,121.82**

**Total            \$2,121.82**

## Detailed Statement of Account

### Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
154	11/11/2016	\$2,121.82	\$0.00	\$2,121.82
<b>Outstanding Balance</b>				<b>\$2,121.82</b>
<b>Total Amount Outstanding</b>				<b>\$2,121.82</b>

Please make all amounts payable to: Law Office of Richard Miller

Please replenish our Trust account with the amount listed as Outstanding Balance within 30 days.

## EXHIBIT RTM-4

### Law Office of Richard Miller

PO Box 99  
San Saba, TX 76877

### INVOICE

Invoice # 157  
Date: 11/17/2016  
Due On: 12/17/2016

North SS Water Supply  
P.O. Box 598  
San Saba, TX 76877

**M-2300.1**

### PUC Rate Appeal

#### Services

Type	Date	Description	Quantity	Rate	Total
Service	10/12/2016	Review of docs, hearing prep	1.50	\$175.00	\$262.50
Service	10/12/2016	Hearing prep	1.00	\$125.00	\$125.00
Service	10/13/2016	Hearing prep	8.00	\$175.00	\$1,400.00
Service	10/13/2016	Hearing prep	6.00	\$125.00	\$750.00
Service	10/14/2016	Attend hearing, meet w/ clients	6.00	\$175.00	\$1,050.00
Service	11/01/2016	Review of docs, draft initial brief	4.00	\$125.00	\$500.00
Service	11/02/2016	Review of docs, draft initial brief	4.00	\$125.00	\$500.00
Service	11/03/2016	Review of brief and revisions	3.00	\$175.00	\$525.00
Service	11/03/2016	Review of docs, draft initial brief	4.00	\$125.00	\$500.00
Service	11/04/2016	Final revisions to brief, email to Court Administrator regarding filing	2.00	\$175.00	\$350.00
Service	11/04/2016	E-file brief, make copies, drive to Austin for filing	4.00	\$125.00	\$500.00
Service	11/14/2016	Review of record and preparation of brief	5.00	\$175.00	\$875.00
Service	11/15/2016	Review of record and preparation of brief	11.00	\$175.00	\$1,925.00

## EXHIBIT RTM-4

Invoice # 157 - 11/17/2016

Service	11/16/2016	Preparation of brief	9.00	\$175.00	\$1,575.00
Service	11/16/2016	Review/edit draft	1.00	\$125.00	\$125.00
Service	11/17/2016	Review/revise draft, e-file, make disc copies, prepare mailing	1.00	\$125.00	\$125.00
Service	11/17/2016	Conference with client; final review of brief; and getting brief filed	1.00	\$175.00	\$175.00
Services Subtotal					\$11,262.50

### Expenses

Type	Date	Description	Quantity	Rate	Total
Expense	10/12/2016	Express Postage to PUC	1.00	\$22.95	\$22.95
Expense	10/12/2016	Postage to Barbara Horn	1.00	\$1.36	\$1.36
Expense	11/17/2016	Express Postage to PUC	1.00	\$22.95	\$22.95
Expenses Subtotal					\$47.26

Subtotal \$11,309.76

Total \$11,309.76