



Control Number: 46245



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APPLICATION OF DOUBLE §
DIAMOND UTILITY COMPANY, §
INC. FOR WATER AND SEWER §
RATE/TARIFF CHANGE §

PUBLIC UTILITY COMMISSION
OF TEXAS

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**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS OF THE APPLICATION AND NOTICE**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Recommendation on Administrative Completeness in Response to Order No. 1.

I. BACKGROUND

On August 1, 2016, Double Diamond Utility Company, Inc. (DDU) applied for a Class B rate/tariff change pursuant to Tex. Water Code § 13.1871 (TWC) and 16 Tex. Admin. Code § 24.21-26. Specifically, DDU asked for a rate/tariff change for sewer Certificate of Convenience and Necessity (CCN) No. 20705 and water CCN No. 12087 for The Cliffs and White Bluff systems. On August 4, 2016, the administrative law judge issued Order No. 1, requiring Staff to file comments on the administrative completeness of the application and notice by September 1, 2016. The order also required DDU and Staff to file comments regarding how this application should be processed and to propose a procedural schedule, if appropriate. On September 1, 2016, DDU filed an affidavit with the Commission stating that it sent notice to customers on August 10, 2016.

II. COMMENTS ON ADMINISTRATIVE COMPLETENESS AND NOTICE

Review of administrative completeness of CCN applications is governed by 16 Tex. Admin Code § 24.8 (TAC). Staff has reviewed the application and notice pursuant to TWC § 13.1871 and 16 TAC §§ 24.21-26. DDU submitted an affidavit to the Commission on September 1, 2016 that it provided notice of proposed rate change to its customers on August 10, 2016, as is required by 16 TAC § 24.22(c). Therefore, based on the attached memoranda of Emily Sears and Jolie Mathis of the Commission's Water Utility Regulation Division, Staff recommends that the application and notice be found administratively complete and accepted for filing.

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III. REQUEST FOR REFERRAL TO THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

Under TWC § 13.1871 and 16 TAC § 24.28(c)(2), the Commission shall set an application filed under TWC § 13.1871 for hearing if it receives protests from the lesser of 1,000 or ten percent of the affected ratepayers during the first 90 days after the effective date of the rate change. DDU's application affects 927 ratepayers, and Staff has received over 220 protests in this case. Staff has reviewed the protests and determined that more than ten percent of DDU's ratepayers affected by the proposed rate increase have timely filed protests. Additionally, the deadline to refer the matter to the State Office of Administrative Hearings (SOAH) is December 30, 2016.¹ Therefore, Staff requests that the Commission refer the matter to SOAH for an evidentiary hearing pursuant to 16 TAC § 24.28(c)(2). Accordingly, Staff proposes no procedural schedule at this time.

IV. CONCLUSION

For the reasons detailed above, Staff recommends that the application be found administratively complete and accepted for filing. Staff also requests that the matter be referred to SOAH for an evidentiary hearing.

¹ The effective date of DDU's rate change is October 1, 2016. Ninety days after the effective date is December 30, 2016. *See* Tex. Water Code § 13.1871(i); 16 Tex. Admin. Code § 24.28(c)(2).

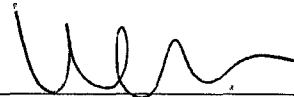
Date: September 1, 2016

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

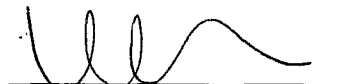


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DOCKET NO. 46245

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on September 1, 2016, in accordance with 16 TAC § 22.74.



Vera Dygert

Public Utility Commission of Texas

Interoffice Memorandum

TO: Michael Crnich, Attorney
Vera Dygert, Attorney
Legal Division

THRU: Tammy Benter, Director
Debi Loockerman, Manager
Water Utility Regulation

FROM: Emily Sears, Financial Analyst
Jolie Mathis, Engineering Specialist
Water Utility Regulation

DATE: August 31, 2016

SUBJECT: *Docket No. 46245, Application of Double Diamond Utility Company, Inc. for Water and Sewer Rate/Tariff Change*

On August 1, 2016, Double Diamond Utility Company, Inc. (Double Diamond or Applicant), Certificate of Convenience and Necessity (CCN) Nos. 12087 (water) and 20705 (sewer), filed an application with the Public Utility Commission of Texas (Commission) for a water and sewer rate/tariff change for The Cliffs and White Bluff systems. An administrative review of the application is now being made pursuant to Tex. Water Code Ann. § 13.1871 (TWC) and 16 Tex. Admin. Code §§ 24.21 through 24.26 (TAC). Staff has completed the review with regard to sufficiency.

Double Diamond currently provides retail water utility service with three public water systems. This applications affects approximately 927 connections. Double Diamond currently has Water Quality Permits for The Cliffs (WQ0002789-000) and White Bluff (WQ0013786-002). The notices provided to all affected customers appear to be accurate and the proposed effective date is October 1, 2016.

Double Diamond's most recent water rate increase for The Cliffs was approved on December 31, 2010. The previously approved water rate for The Cliffs includes a base rate of \$36.14 for 5/8" or 3/4" meters, \$90.36 for 1" meters, \$180.82 for 1-1/2" meters, \$289.15 for 2" meters, and \$542.15 for 3" meters, and a gallonage charge of \$2.60 per 1,000 gallons for 0-3,000 gallons, \$3.00 per 1,000 gallons for 3,001-10,000 gallons, \$5.07 per 1,000 gallons for 10,001-15,000 gallons, and \$8.56 per 1,000 gallons for 15,001+ gallons. Double Diamond's most recent sewer rate increase for The Cliffs was approved on May 31, 2011. The previously approved sewer rate for The Cliffs includes a base rate of \$49.37 for 5/8" or 3/4" meters, \$86.29 for 1" meters, \$147.83 for 1-1/2"

meters, \$221.67 for 2" meters, and \$393.98 for 3" meters, and a gallonage charge of \$8.25 per 1,000 gallons for 3,001+ gallons.

Double Diamond's most recent water rate increase for White Bluff was approved on June 1, 2010. The previously approved water rate for White Bluff includes a base rate of \$31.01 for 5/8" or 3/4" meters, \$77.51 for 1" meters, \$155.03 for 1-1/2" meters, and \$248.04 for 2" meters, and a gallonage charge of \$1.59 per 1,000 gallons for 0-3,000 gallons, \$2.19 per 1,000 gallons for 3,001-10,000 gallons, \$3.02 per 1,000 gallons for 10,001-15,000 gallons, and \$4.17 per 1,000 gallons for 15,001+ gallons. Double Diamond's most recent sewer rate increase for White Bluff was approved on June 1, 2010. The previously approved sewer rate for White Bluff includes a base rate of \$41.00 for 5/8" or 3/4" meters, \$102.50 for 1" meters, \$205.00 for 1-1/2" meters, and \$328 for 2" meters, and a gallonage charge of \$8.00 per 1,000 gallons for 3,001+ gallons.

A sufficient number of protests have been filed in Docket 46245 to request a referral to the State Office of Administrative Hearings.

Based on the review, staff recommends that the Commission deem the rate/tariff change application sufficient for filing.