



Control Number: 46245



Item Number: 674

Addendum StartPage: 0

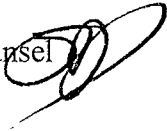
# Public Utility Commission of Texas

## Memorandum

2018 MAY 11 PM 3:13

PUBLIC UTILITY COMMISSION  
FILING CLERK

TO: Debi Loockerman, Water Utility Regulation

FROM: Stephen D. Journey, Commission Counsel 

DATE: May 11, 2018

SUBJECT: Commission Request for Number Runs Based on May 10, 2018 Open Meeting Discussion Regarding Proposal for Decision in Docket No. 46245, *Application of Double Diamond Utility Company, Inc. for a Rate/Tariff Change.*

The purpose of this memorandum is to request a number run to reflect the decisions of the Commission at the May 10, 2018 open meeting with all attendant changes. The number run should reflect the recommendations of the State Office of Administrative Hearings administrative law judges in the proposal for decision filed on February 13, 2018, as amended by the judges' correction letter dated May 2, 2018, and the following decisions of the Commission:

### Operations and Maintenance and Administrative and General Expense

- Employee-Labor Expense – Please decrease Double Diamond Utilities' employee-labor expense by \$43,680 to reflect the elimination of the salaries of employees Whitworth and Keeton from the White Bluff employee-labor accounts. Further, please reallocate the remaining employee-labor expense between water and sewer based on the type of license held by each employee as recommended by Commission Staff.
- Other Plant Maintenance Expense – Please expense the amounts spent in the test year for all grinder pump repairs for White Bluff sewer and capitalize the amounts spent in the test year to purchase replacement grinder pumps for White Bluff sewer.
- Professional Services Expense – Please eliminate the rider designed to recover \$2,907 associated with Double Diamond Utilities' cost of obtaining a CCN amendment to provide sewer system at The Cliffs.
- Miscellaneous Expense – Please reduce Double Diamond Utilities' miscellaneous expense by \$8,380 for water and \$6,068 for sewer from White Bluff, and \$20,075 for water and \$18,270 for sewer from The Cliffs.

### Federal Income Tax

- Federal Income Tax Rate – Please use a federal income tax rate of 21% in the number running process.

**Rate of Return**

- Return on Equity – Please use Commission Staff's recommended return on equity of 8.79% in the number running process.

Please provide us with a response by May 18, 2018. If you need more time, please advise.

In your response, please include the updated schedules along with the Excel worksheets containing the schedules.