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DOCKET NO. 46395

COMPLIANCE REPORTS FOR FINAL ORDER IN DOCKET NO. 42860 (APPLICATION OF DOUGLAS UTILITY COMPANY TO CHANGE WATER AND SEWER RATES/TARIFF IN HARRIS COUNTY, TEXAS) §
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PUBLIC UTILITY COMMISSION
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OF TEXAS

**ORDER NO. 3
FINDING DOUGLAS UTILITY COMPANY TO BE OUT OF COMPLIANCE AND ADDRESSING OTHER MATTERS**

I. Douglas Utility’s Compliance Obligations

The final Order in Docket No. 42860 directed Douglas Utility Company to make certain refunds over a 12-month period, and collect certain surcharges over a 24-month period.¹ Specifically, Douglas Utility was to:

- make the required refunds by October 7, 2017;
- file a compliance report in this docket (Docket No. 46395) within 30 days of making the refunds (Compliance Report No. 1);
- collect the required surcharges by October 7, 2018; and
- file a compliance report in this docket (Docket No. 46395) within 30 days of collecting the surcharges (Compliance Report No. 2).

As noted in Order No. 2, Douglas Utility has complied with the refund requirements of the final Order in Docket No. 42860.

Douglas Utility has not, however, complied with the surcharge requirements of the final Order in Docket No. 42860. On April 9, 2019, the company filed what purported to be its Compliance Report No. 2. In it, Douglas Utility admits that it has failed to collect any of the surcharges required by the final Order in Docket No. 42860. The company states that it will now begin collecting the surcharges on the “next available billing cycle.” The company does not provide a specific date when the surcharges will commence, nor does it explain the period of time over which the surcharges will be collected. The company attached an undated letter which was

¹ *Application of Douglas Utility Company to Change Water and Sewer Rate/Tariff in Harris County, Texas, Docket No. 42860, Order (October 7, 2016).*

apparently sent to its customers explaining that the surcharges will soon commence. The company states that the letter was sent on April 5, 2019. The letter itself incorrectly states that the final Order in Docket No. 42860 was issued on April 19, 2017 when, in fact, it was issued on October 7, 2016.

The administrative law judge (ALJ) finds that Douglas Utility has failed to comply with the surcharge requirements set out in ordering paragraph numbers 4 and 5 of the final Order in Docket No. 42860. The ALJ also deems the report filed on April 9, 2019 to be deficient and inaccurate.

The ALJ orders as follows:

- Beginning with its first billing cycle following the notice that will be re-issued (as set forth below), Douglas Utility must begin collecting the surcharge specified by the final Order in Docket No. 42860, and the total amount must be collected over a period of 24 months.
- Douglas Utility must reissue notice to its customers explaining, in greater detail, the surcharge. Among other things, the notice must correctly identify the date of the final Order in Docket No. 42860, and specifically state when the new surcharge will go into effect, the amount to be collected, and the duration over which collections will take place. Douglas Utility must confer with Commission Staff when drafting the new notice and obtain Commission Staff's approval of the notice before issuing it to its customers.
- Douglas Utility must file with the Commission proof of issuance of the notice by May 31, 2019.
- Commission Staff must file a recommendation on the sufficiency of the notice by June 10, 2019.
- By July 1, 2019, Douglas Utility must file a status report which gives an accounting of the amount of surcharges collected, to date.
- Thereafter, by the first working day of each subsequent calendar quarter during which surcharges are collected, Douglas Utility must file an updated status report.
- Within 30 days after all required surcharges have been collected, Douglas Utility must file Compliance Report No. 2.

- Within 14 days after Compliance Report No. 2 is filed, Commission Staff must file a recommendation on the sufficiency of the report.

II. Karl Wolff's Protest Letter

On April 18, 2019, Karl Wolff filed a letter in which he explained that he is a customer of Douglas Utility and he protests the utility being allowed to collect the surcharges. Mr. Wolff argues that the company should not be entitled to recover the surcharges.

Mr. Wolff was the representative for the Fountainview Homeowners Association, which was a party in Docket No. 42860. The question of whether Douglas Utility can recover the surcharges has already been decided in Docket No. 42860. As such, that question is outside the scope of issues to be decided in the present docket (Docket No. 46395).

Signed at Austin, Texas the 26th day of April 2019.

PUBLIC UTILITY COMMISSION OF TEXAS



HUNTER BURKHALTER
ADMINISTRATIVE LAW JUDGE

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