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DOCKET NO. 48523

**APPLICATION OF DOUBLE
DIAMOND PROPERTIES
CONSTRUCTION CO. D/B/A ROCK
CREEK RESORT FOR APPROVAL OF
A PASS-THROUGH RATE CHANGE**

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PUBLIC UTILITY COMMISSION
OF TEXAS

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NOTICE OF APPROVAL

This Notice of Approval addresses Double Diamond Properties Construction Co.'s application for a pass-through rate change for purchased water costs from Northwest Grayson County Water Control and Improvement District No. 1 (Northwest Grayson County WCID). The Commission approves a monthly pass-through base charge equal to \$270.09 divided by the number of meter equivalents as of the beginning of each monthly billing cycle, but denies the applicant's request for a monthly volumetric pass-through charge of \$0.69 per 1,000 gallons.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Double Diamond is a domestic for-profit corporation registered with the Texas secretary of state on December 30, 1996, under filing number 142738600.
2. Double Diamond is a water utility that provides service under certificate of convenience and necessity number 13235.

Application

3. On July 10, 2018, Double Diamond filed an application seeking to pass-through a monthly base charge equal to \$270.09 divided by the number of meter equivalents as of the beginning of each monthly billing cycle, corresponding to a meter charge imposed on Double Diamond by Northwest Grayson County WCID, and a \$0.69 monthly volumetric pass-through charge per 1,000 gallons for water purchased from Northwest Grayson County WCID.
4. The proposed rate increase applies only to the Rock Creek Resort subdivision.

5. As of July 10, 2018, there were 123 meter equivalents in the Rock Creek Resort subdivision. The application therefore proposed an initial pass-through base charge of \$2.20 per meter equivalent ($\$270.09 \div 123 = \2.20 , rounded to the nearest cent).
6. Double Diamond requested an effective date of the first meter reading after October 12, 2018.
7. The application contained the affected CCN number, the affected subdivision, public water system name and corresponding number issued by the TCEQ, a copy of the notice to the customers, documentation supporting the stated amounts of any new or modified pass-through costs, historical documentation of line loss for one year, all calculations and assumptions for any true-up of pass-through costs, the calculations and assumptions used to determine the new rates, and a copy of the pages of the tariff that contain the rates that will change if Double Diamond's application is approved.
8. Although Double Diamond has an agreement to purchase water from Northwest Grayson County WCID, it has not yet begun purchasing water from Northwest Grayson County WCID. As such, Northwest Grayson County WCID currently bills Double Diamond only a monthly meter charge and does not yet bill Double Diamond a gallonage charge.
9. Commission Staff filed its final recommendation on the application on November 30, 2018, recommending that the application be approved in part. Although Commission Staff recommended approval of the pass-through base charge, Commission Staff recommended denial of the volumetric charge, contending that the charge is not allowable because Double Diamond is not currently paying a volumetric charge to Northwest Grayson County WCID.
10. Double Diamond did not file a response or otherwise object to Commission Staff's recommendation.

Notice

11. On September 10, 2018, Double Diamond filed the affidavit of Randy Gracy, President, attesting that notice of the pass-through rate change was provided to current customers on September 6, 2018.
12. The notice contained the effective date of the change, the present calculation of customer billings, the new calculation of customer billings, an explanation of any corrections to the

pass-through formula, the change in charges to Double Diamond for purchased water; and the following language: "This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code §24.21 [now §24.25]. The cost to you as a result of this change will not exceed the costs charged to your utility."

Jurisdiction –TWC §§ 13.002(19) and 13.041

13. Double Diamond is a retail public utility that purchases water.
14. Double Diamond is under the original jurisdiction of the Commission.

Eligibility for Pass-Through Rate Change – 16 TAC § 24.25

15. The proposed pass-through base charge is not included in Double Diamond's cost of service used to calculate the rates approved by the Commission in its most recently approved rate change.
16. The purchased pass-through base charge will only pass through, without markup, meter charges imposed by Northwest Grayson County WCID.

Tariff

17. The current tariff for Rock Creek Resort subdivision was approved by the Commission on June 14, 2018, in Docket No. 46247, an application for a water rate/tariff change.
18. The current tariff includes a pass-through rate change provision stating that changes in fees imposed by non-affiliated water suppliers or underground water districts will be passed through to Double Diamond's customers as a separate gallonage charge under a specified formula.
19. On November 30, 2018, Commission Staff filed a proposed tariff as an attachment to its recommendation, reflecting the approval of Double Diamond's pass-through base charge and the disallowance of its proposed pass-through volumetric charge.

Informal Disposition

20. More than 15 days have passed since the completion of the notice provided in this docket.
21. No person filed a protest or motion to intervene.
22. Commission Staff and Double Diamond are the only parties to this proceeding.

23. No party requested a hearing, and no hearing is needed.
24. Commission Staff recommended approval of the application, as modified.
25. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Double Diamond is a retail public utility as defined in Texas Water Code (TWC) § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59).
2. The Commission has jurisdiction over the application under TWC § 13.041.
3. The Commission may approve the proposed pass-through base charge as a minor change to Double Diamond's tariff under 16 TAC §24.25(b)(2)(A)(vii).
4. The Commission may not approve the proposed pass-through volumetric charge at this time, under 16 TAC §24.25(b)(2)(A)(vii), because Double Diamond is not currently paying a corresponding volumetric charge to Northwest Grayson County WCID.
5. The application, except as otherwise noted, meets the requirements set forth in 16 TAC §24.25.
6. Notice of the application was provided in compliance with 16 TAC § 24.25(b)(2)(F).
7. The Commission processed the application as required by the TWC, the Administrative Procedure Act,¹ and Commission rules.
8. The application meets the requirements for informal disposition in 16 TAC § 22.35.

III. Ordering Paragraphs

In accordance with these findings of facts and conclusions of law, the Commission issues the following orders:

1. The Commission approves, effective with the beginning of the first monthly billing cycle following the issuance of this Notice of Approval, a monthly pass-through base charge

¹ Tex. Gov't Code ch. 2001.

equal to \$270.09 divided by the number of meter equivalents as of the beginning of each respective monthly billing cycle.

2. The Commission approves the tariff filed by Commission Staff on November 30, 2018.
3. Within ten days after the date of this Notice, Commission Staff must provide a clean copy of the tariff approved in this Notice to central records to be marked *Approved* and filed in the Commission's tariff book.
4. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 15th day of April 2019.

PUBLIC UTILITY COMMISSION OF TEXAS



STEVEN LEARY
ADMINISTRATIVE LAW JUDGE

