



Control Number: 48523



Item Number: 5

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**TARIFF CONTROL NO. 48523**

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

2018 AUG 14 PM 2:55  
**PUBLIC UTILITY COMMISSION**  
OFFICE OF THE CLERK  
**OF TEXAS**

**COMMISSION STAFF'S RECOMMENDATION**

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation. In support thereof, Staff shows the following:

**I. BACKGROUND**

On July 10, 2018, Double Diamond Properties Construction Co. d/b/a Rock Creek Resort (Double Diamond) filed for approval of a pass-through rate change to implement its approved purchased water pass-through clause. The purchased water pass-through clause will only pass through costs associated with water purchases from the Northwest Grayson Water Control and Improvement District No. 1.

On July 17, 2018, the Administrative Law Judge issued a Notice requiring Staff to file a recommendation on Double Diamond's application and sufficiency of notice and to propose a procedural schedule by August 10, 2018. On August 9, 2018, Staff timely filed an unopposed request for an extension of time until August 15, 2018.

**II. STAFF'S RECOMMENDATION**

Consistent with the attached memorandum (Attachment A) of Kathryn Eiland, Financial Analyst with the Water Utility Regulation Division, Staff recommends that Double Diamond's application and notice is insufficient for filing at this time. In addition, Staff recommends that Double Diamond submit the information detailed in Attachment A.

**III. CONCLUSION**

Staff respectfully requests the issuance of an order consistent with the above recommendations.

Dated: August 14, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Karen S. Hubbard  
Managing Attorney

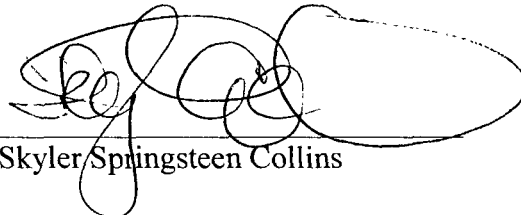


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**TARIFF CONTROL NO. 48523**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on August 14, 2018, in accordance with 16 TAC § 22.74.

  
Skyler Springsteen Collins

# Attachment A

## PUC Interoffice Memorandum

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**To:** Skyler Collins, Attorney  
Legal Division

**Through:** Debi Loockerman, Financial Manager  
Water Utility Regulation

**From:** Kathryn Eiland, Financial Analyst  
Water Utility Regulation

**Date:** August 7, 2018

**Subject:** **Tariff Control No. 48523;** *Application of Double Diamond Properties Construction Co. d/b/a Rock Creek Resort for Approval of a Pass-Through Rate Change*

On July 10, 2018, Double Diamond Properties Construction Co. d/b/a Rock Creek Resort (Applicant) filed an application to implement a pass-through rate pursuant to 16 Texas Administrative Code (TAC) § 24.21 for purchased water costs from Northwest Grayson County Water Control and Improvement District No. 1 (District).

The Applicant has proposed to adjust its monthly water meter charges and gallonage rates effective with the first meter reading after August 1, 2018 or upon approval of the Commission. This rate change is applicable to customers in the Rock Creek Resort Subdivision (PWS #0910147).

The Applicant provided documentation showing its line loss for one year, a copy of its notice for the proposed rate change that was sent to customers, proposed tariff pages, a copy of the contract to purchase water from the District and documentation of the District's monthly meter charge. Staff identified that the notice to customers did not include the new calculation of billings for each meter size and for each block gallonage rate. Staff also identified that the notice did not use the required language in TAC § 24.21 (b)(2)(F)(ii)(VI). Staff is willing to preview the amended notice to ensure correctness prior to providing notice to the customers, if the applicant so desires. Staff found that the report showing line loss for one year showed that more water was billed than was produced, indicating positive water gains for September 2017, November 2017, January 2018 and May 2018; however, no explanation was provided. Additionally, the report did not explain the column labeled "Authorized Use," provide the source of water for the column labeled "Water Produced," explain how the monthly "Flushing" gallons were derived, or the reason "Take or Pay" amount was different than the amount disclosed in the contract. Moreover, the application did not explain how usage for the Golf Club on the resort was being accounted for.

Based on Staff's review of the application, Staff recommends that it be deemed insufficient for filing at this time. Staff recommends that the Applicant be required to file the following information:

1. Explain the positive water gains for September 2017, November 2017, January 2018 and May 2018.

2. Provide the source or sources, with supporting documentation such as master meter readings, for “Water Produced.”
3. Explain “Authorized Use” and provide supporting calculations and/or documentation for the amounts asserted.
4. Explain how the monthly “Flushing” gallons were derived and provide all calculations or meter readings supporting the amount for flushing.
5. Explain the flushing protocol, including how the gallons per minute and flushing time are determined.
6. Explain why the “Take or Pay” amount was identified as 7,960,714 gallons instead of 3,190,000 gallons, which is the amount of gallons identified in the contract.
7. Explain how the Golf Club’s water usage was accounted for.
8. Provide the date Double Diamond Properties Construction Co. began taking water from the District.
9. Provide the year (calendar 2017, 2018, etc.) identified as “Water Year 1” in the contract.
10. Explain pages 36-47 in the application and provide legible copies replacing these pages. The pages are labeled RC 6-17 through RC 5-18.
11. Issue new notice to customers (delivered prior to the effective date) that include the information below.

- (a) New effective date;
- (b) New calculation of billing for each meter size;
- (c) New calculation of billing for each block gallonage rate; and
- (d) Specific language required by 16 TAC § 24.21(b)(2)(F)(ii)(VI) as follows:

“This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code §24.21. The cost to you as a result of this change will not exceed the costs charged to your utility.”

12. File a copy of the notice and affidavit with the Commission within ten (10) days of the order.