

Control Number: 48523



Item Number: 8

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**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 §**

**RECEIVED**  
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**PUBLIC UTILITY COMMISSION**  
**OF TEXAS**  
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**COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION ON  
ADMINISTRATIVE COMPLETENESS AND NOTICE**

**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 August 15, 2018, the Administrative Law Judge issued a Notice requiring Staff to file a supplemental recommendation on the sufficiency of Double Diamond's application and notice by October 1, 2018. This pleading is therefore timely filed.

**II. SUPPLEMENTAL RECOMMENDATION ON SUFFICIENCY OF  
APPLICATION AND NOTICE**

As detailed in the attached memorandum (Attachment A) of Kathryn Eiland, Financial Analyst in the Commission's Water Utility Regulation Division, Staff recommends that Double Diamond's application remains insufficient for filing at this time. Staff further recommends that Double Diamond be ordered to cure the deficiencies identified in Ms. Eiland's memorandum by October 30, 2018, and that Staff be given a deadline of December 4, 2018, to file a supplemental recommendation on the administrative completeness of the application.

### **III. CONCLUSION**

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

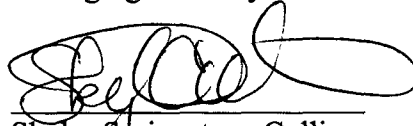
Dated: October 1, 2018

Respectfully Submitted,

#### **PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Katherine Lengieza Hubbard  
Managing Attorney

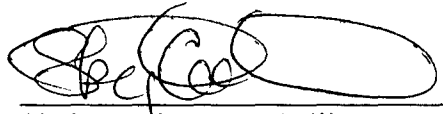
A handwritten signature in black ink, appearing to read 'Skyler Collins', written over a horizontal line.

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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 October 1, 2018, in accordance with 16 TAC § 22.74.

  
\_\_\_\_\_  
Skyler Springsteen Collins

**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:** September 28, 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 (Double Diamond or 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 proposes to adjust its monthly meter charges and gallonage rates for water to customers in the Rock Creek Subdivision (PWS #0910147) effective with the first meter reading after August 1, 2018 or upon approval of the Commission.

Staff has reviewed the application and supplemental information filed on September 1, 2018 and recommends that the application be deemed insufficient for filing at this time. Staff recommends that the Commission:

1. Suspend the effective date of this pass-through request.
2. Order Applicant to provide the following:
  - A) Copies of all billings from the District going back to July 19, 2018, the date they began supplying water.
  - B) Explain how water use is accounted for in the marina, clubhouse, pool, and any other shared facility.
  - C) Explain the reason there is no provision in the tariff for over-recovery resulting when payments from customers for purchased water from the District exceed the Applicant's costs.
  - D) Provide a proposal for a pass-through true up that includes under-recovery as well as over-recovery, a true-up report that includes:

- (a) all calculations and assumptions used for the true-up;
  - (b) a comparison between annual amounts billed by the District included in the pass-through provision and amounts billed using the pass-through mechanism by the Applicant to customers in the pass-through period; and
  - (c) a summary report, by year, for the lesser of all years prior or five years prior to the pass-through period showing the same information detailed in section (b), with a reconciliation to the utility's financial books and records, if there is a difference in any year.
- E) Clarify whether the 123 connections provided in Double Diamond's response to the Commission's insufficiency determination in Docket 48523, Attachment 2, Calculation of Purchased Water Pass-Through Clause, includes the 33 Rock Creek Amenities meters, which include a clubhouse/cart barn, boat slip, condos, pool, sales office, ship store, ship store irrigation, etc. that were listed in Double Diamond's response to RCH 1-7 (DDPC0091-00112) in Docket 46247.
- F) Provide a complete breakdown of the total number of meters Double Diamond has for CCN No. 13235, including the type of meter, such as residential, irrigation (potable and nonpotable), amenities, etc.
- G) Provide the amount of water produced by the public water system well and the amount purchased from the District for the past 12 months.