



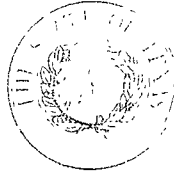
Control Number: 51856



Item Number: 298

Addendum StartPage: 0

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Glenn Shankle, *Executive Director*



MT
SAP 3276 CC

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 29, 2008

Ms. Sabrina C. Patterson
5482 Complex Street, Suite 108
San Diego, CA 92123



Re: Request for approval to change billing method
Sharpstown Apartments LTD, Registration No. S3276
CN: 601493216 RN: 102943784

Dear Ms. Patterson:

The request you submitted on behalf of Sharpstown Apartments LTD to change from submetered to allocated billing is approved. This approval is based on the facts stated in your May 15, 2008, letter. Please complete the attached forms and return them along with a copy of this letter. You may do so via facsimile at: 512/239-6190.

If you have any questions, please contact me at 512/239-6403, via e-mail at mtaunton@tceq.state.tx.us, or by fax at 512/239-6190.

Sincerely,

Margot Taunton, Program Specialist
Utilities & Districts Section
Water Supply Division

MT/mmg

Attachments (TCEQ-10363 and TCEQ-10400)

CONSERVICE®

utility management & billing

5482 Complex Street, Suite 108
San Diego, CA 92123

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May 15, 2008

SENT VIA FACSIMILE

Texas Commission on Environmental Quality
Utilities & Districts Section
Attn. Ms. Margot Taunton
Water Supply Division
P.O. Box 13087
Austin, TX 78711-3087

RE: Request for Approval to Change Billing Method

Sharpstown Apartments LTD, Registration No. S3276
CN: 601493216 RN: 102943784

Alexander House LTD, Registration No. S3278
CN: 601493216 RN: 102944162

Dear Ms. Taunton:

Our company serves as the utility billing provider for the above-referenced properties, upon whose behalf and authorization we send this letter. The purpose of this correspondence is to formally request that the Texas Commission on Environmental Quality (TCEQ) approve these properties to transition from submetered to allocated billing due to numerous submetering problems and equipment failures that cannot feasibly be corrected or repaired.

We understand that the Texas Administrative Code §291.123 permits owners to switch from submetered to allocated billing upon a showing of good cause and approval by the TCEQ. For the following reason, we believe that Sharpstown Apartments LTD ("Sharpstown") and Alexander House LTD ("Alexander House") meet the good cause requirements outlined in the Code, and we respectfully ask that the TCEQ approve this request.

Both Sharpstown and Alexander House utilize point of use submeters which were installed by Wellspring Wireless Utility Services ("Wellspring"). Over the past several months, numerous submeter issues have arisen, prompting the property management to engage in

Texas Commission on Environmental Quality
Re: Request to Change Billing Method
May 15, 2008
Page 2

discussions with Wellspring to address and correct these irregularities. The widespread equipment failures include erratic and flawed readings, and in some cases no readings whatsoever – which have resulted in the systems being rendered generally unreliable.

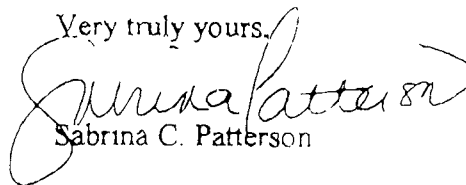
For example, due to the above problems, Sharpstown's 396-unit property and Alexander House's 232-unit property typically receive several "zero reads" every month for which these properties cannot and do not bill tenants. As a result, Sharpstown and Alexander House have been unable to bill a significant percentage of its residents for several months now. With all of these system problems, they are recovering far less of their utility costs than they should, and conservation efforts by the non-billed tenants are thereby greatly curbed.

To date, Wellspring has not addressed these issues to the satisfaction of Sharpstown and Alexander House. Despite numerous requests, equipment continues to malfunction and not perform up to standard. Due to the system-wide failures, the only option is to replace the entire system or switch to an allocated billing method. The total cost including tax for replacing these systems with comparable ones would be approximately **\$169,882.16** for Sharpstown and **\$108,498.78** for Alexander House, which does not include the financial loss associated with the time to remove the old system, install a new system and the disruption to the tenants. Sharpstown's and Alexander House's current financial situations render a system replacement as a cost-prohibitive solution to the problem. As such, these properties' only line of recourse is to cease using the faulty equipment altogether.

As a result of the frequent system problems and Wellspring's inability to replace, remedy or repair the numerous faulty meters, we request that the TCEQ permit the above properties to change their respective billing methods from submetered to allocated (RUBS). The property management desires to continue encouraging conservation by utilizing a RUBS methodology to allocate the utility bills to tenants.

Should you require any additional information in making your determination, please do not hesitate to contact me directly.

Very truly yours,



Sabrina C. Patterson