

March 27, 2019

To: White Bluff Rate Payers

From: The WBRP Committee, Scott Shelton, Marshall Snyder, John Bass

The following is a letter which was sent to the Public Utility Commission of Texas (PUC) as of March 25, 2019, in an attempt, to expedite the final order.

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March 25, 2019

Honorable Public Utility Commission
William B. Travis State Office Building
1701 N. Congress Ave.
Austin, Texas 78701

Re: PUC Docket No. 46245; SOAH Docket 473-17-0119.WS; Application of Double Diamond Utility Company, Inc. for A Rate/Tariff Change—Letter Requesting Expediting of Final Order

To the Honorable Public Utility Commissioners:

On behalf of the White Bluff Ratepayers Group (WBRG), the undersigned respectfully requests expediting the Final Order in this docket. The extended delay in this proceeding is prejudicing the ratepayers and benefitting the utility. Double Diamond Utility Company (Double Diamond) owes the ratepayers in White Bluff more than \$200,000 in refunds (and this amount grows monthly). Additionally, Double Diamond is better able than the ratepayers to absorb additional costs associated with the delay in issuance of a Final Order.

Double Diamond's initial application was filed on August 1, 2016. On September 8, 2016, this docket was referred to the State Office of Administrative Hearings (SOAH) to conduct a contested case hearing. WBRG, an unincorporated association of ratepayers of Double Diamond located in the White Bluff subdivision, intervened on October 11, 2016. A hearing was conducted at SOAH, and on February 13, 2018, the SOAH Administrative Law Judge issued a Proposal for Decision. The Commission heard oral argument at the May 10, 2018 open meeting, after which it instructed Commission Staff to conduct an updated number run to reflect the Commission's discussion. This number run was filed on May 21, 2018. On May 30, 2018, the Commission requested briefing on certain issues. Briefs were filed by Double Diamond, Commission Staff, and WBRG.

On August 30, 2018, an Order was issued by the Commission, adopting the PFD as modified by the Order, and approving the application as amended by the PFD and the Order. Motions for Rehearing

were filed by WBRG and Double Diamond. On October 24, 2018, Chairman DeAnn Walker issued a memorandum recommending Commission Staff be instructed to conduct a revised number run to determine final rates and tariffs before the motions for rehearing were addressed. On October 31, 2018, the revised number run schedules and tariffs were filed. On November 7, 2018, Chairman DeAnn Walker issued a second memorandum recommending granting rehearing to address certain matters, including improving the Order by elaborating on the rationale for certain decisions, and by identifying specific amounts for certain disallowances, rate of return components, and amounts related to Double Diamond's revenue requirement. At the November 8, 2018 open meeting, the Commission passed a motion to adopt an order consistent with Chairman Walker's memo. To date, this Final Order has not been issued.

By agreement of the parties, the "relate-back" date for the purpose of determining refunds and surcharges due as a result of the Commission's Order is February 21, 2018. The final tariffs filed in this docket contain rates that will require refunds for some Double Diamond customers, and surcharges for others. Docket 48916 has been opened for this purpose.

Commission Staff's October 31, 2018, number run shows that when compared to test year revenues, Double Diamond will earn approximately \$200,000 less per year with the revised rates. Over a year has passed since the relate-back date. During this time, Double Diamond has continued to charge the old rates and has collected more than \$200,000 in revenues that will have to be refunded to the ratepayers in White Bluff.

Throughout the hearing in this matter, WBRG expressed its concerns regarding financial improprieties by Double Diamond. For example, the record evidence shows that Double Diamond borrowed \$3,000,000 which was secured by utility assets at White Bluff. All of this money was then given by the utility to its corporate parent. To the best of WBRG's knowledge, this loan remains outstanding. WBRG is concerned that Double Diamond might use this outstanding debt and the obligation to refund the White Bluff ratepayers as a basis to declare insolvency. The risk of this occurring increases each month as the amount of the refund increases. Even if Double Diamond does not seek protection in bankruptcy, WBRG is concerned that Double Diamond will find some other means to avoid refunding overcollections to the ratepayers.

Finally, WBRG feels compelled to point out to the Commission that an extended delay tends to work in the utility's favor for a number of other reasons. Double Diamond, with the assistance of its corporate parent, has far more resources than WBRG, which is funded entirely by contributions from the ratepayers. Fighting this rate case has already cost WBRG more than \$175,000. At some point, the ratepayers will run out of the resources needed to continue to seek just and reasonable rates.

White Bluff Ratepayers Group respectfully requests the Commission expedite the entry of a Final Order in this proceeding to bring this matter to conclusion and allow the refund and surcharge docket to move forward.

Sincerely,
C. Joe Freeland
**ATTORNEYS FOR
WHITE BLUFFS RATEPAYER GROUP**

cc: All Parties of Record (Docket 46245)

