

BUENA VISTA WATER SYSTEM UPDATE
SURCHARGE RATE CASE 36343
TCEQ DOCKET # 2009-0504-UCR
SOAH DOCKET # 582-09-3642

On May 11, 2009, SOAH Administrative Law Judge Bill Newchurch presided over a Preliminary Hearing on Buena Vista Water System's (BVWS) proposed surcharge of \$56.50/customer/month effective June 1. BV POA has retained Attorney Roger Borgelt (Potts and Reilly) to represent Rate Payers.

- **Interim rates to be zero.** This is certain. ALJ Newchurch's Order #1 dated 5/12/2009 sets interim rate at zero.
- **Rate case will be denied.** This is our expectation based on ALJ Newchurch's statements on the facts.
- **BVWS cannot collect an extra \$7K/month.**

TCEQ Executive Director's Attorney, Ron Olson, filed a motion to set interim rates at zero rather than \$56.50. Judge Newchurch granted this motion in Order # 1 dated 5/12/2009.

Ron Olson and Roger Borgelt each will file a motion for Summary Disposition by May 22. BVWS will have until June 22 to respond. We expect Judge Newchurch to recommend that the rate case be denied. Based on a letter from Texas Water Development Board (TWDB), Judge Newchurch stated that BVWS currently has no loan granted or pending at TWDB and no application pending at TWDB. Nancy Donnelly represented BVWS. She stated that BVWS had no application for a loan. Therefore, BVWS has no justification to charge any surcharge. A surcharge, to amortize a hypothetical loan of over \$1M, would be of no benefit to rate payers. There is no such loan, and thus, there will be no capital improvements to water facilities.

- **BVWS cannot file another rate case until next year.**

TCEQ has referred BVWS to Attorney General for a Receivership Trial in State District Court. Roger Borgelt will help us with this trial which is critical for long range improvements in drinking water for Buena Vista.

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LOOK FOR UPDATES ON THIS AND OTHER MATTERS

5/12/2009