

# T.A.M.E.R.

*Texans Against Monopolies Excessive Rates*



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**To: Natural Resources Subcommittee on Water Utilities in Rural & Unincorporated Areas**

**Chair: Senator Robert Nichols**

**Members: Senators Kirk Watson, Kevin Eltife, Robert Duell & John Whitmire**

**From: Orville R. Bevel, Jr. – Chairman – T.A.M.E.R.**

**Honorable Senators,**

Let me first thank for you allowing me to testify on the behalf of over 15,000 ratepayers in the Monarch/SWWC Water & Sewer Systems. For more than a decade our group has continued to battle this firm and its outrageous rate increases. While I could speak to this subject for hours I will limit my talk today to three (3) subjects, so that others may cover the other problems that ratepayers face with the TCEQ & the large Investor Owned Utilities (IOU's).

- A. Duration and Expenses of Contested Rate Cases – Under the present system the ratepayers are at an extreme disadvantage in fighting a contested case without an attorney and needed expert witnesses. This requires our group to raise large sums of money through donations, bake sales, yard sales, dues, etc. to pay for these services. These funds are not recoverable by the ratepayer once the case is settled.**

Conversely the TCEQ & SOAH allow the IOU's to recover all or a large portion of their legal, expert witnesses, accounting and other costs related to the case through a surcharge to the ratepayers over and above the newly set rate. In other words the ratepayers are financing the IOU's battle against us – Very Unfair to say the least.

The only time this does not occur is if we, TAMER, can negotiate the IOU's absorbing their legal & other costs. Even then the ratepayers are out their entire cost.

- B. Use of Interim Rates – In the most recent case that TAMER fought against Monarch/SWWC in 2007-2008 we applied to the Executive Director (ED) and the TCEQ Commissioners for an interim rate. The ED concurred, but somehow we could never get the TCEQ Commissioners to place it on their agenda. Additionally we applied to the SOAH Judge and again the ED concurred, only to be told by the SOAH Judge that he had been doing these**

**cases for over twenty years and he had never granted an interim rate and did not intend to start now. That obviously ended the discussion.**

**It is my understanding that since that time and interim rate was granted in the Lakeshore Utilities case. However, while interim rates are better than no relief we strongly feel that no rate increase should be granted if the rate is contested until such time as the case is pursued and a settlement reached.**

**Under the present TCEQ standards the IOU may send out a notice to its ratepayers that they are raising rates and 60 days later the proposed rates go into effect and the ratepayer has not even had a hearing. It is then up to the ratepayers to challenge this and go through the hearing process. In the 4 cases that we have been involved in since 2000 they have lasted from 18 months to over two (2) years with the IOU collecting these obscene rates. Once the case is settled there is no mechanism whereby the IOU has to return any of this money. Consequently there is no incentive for the IOU to settle.**

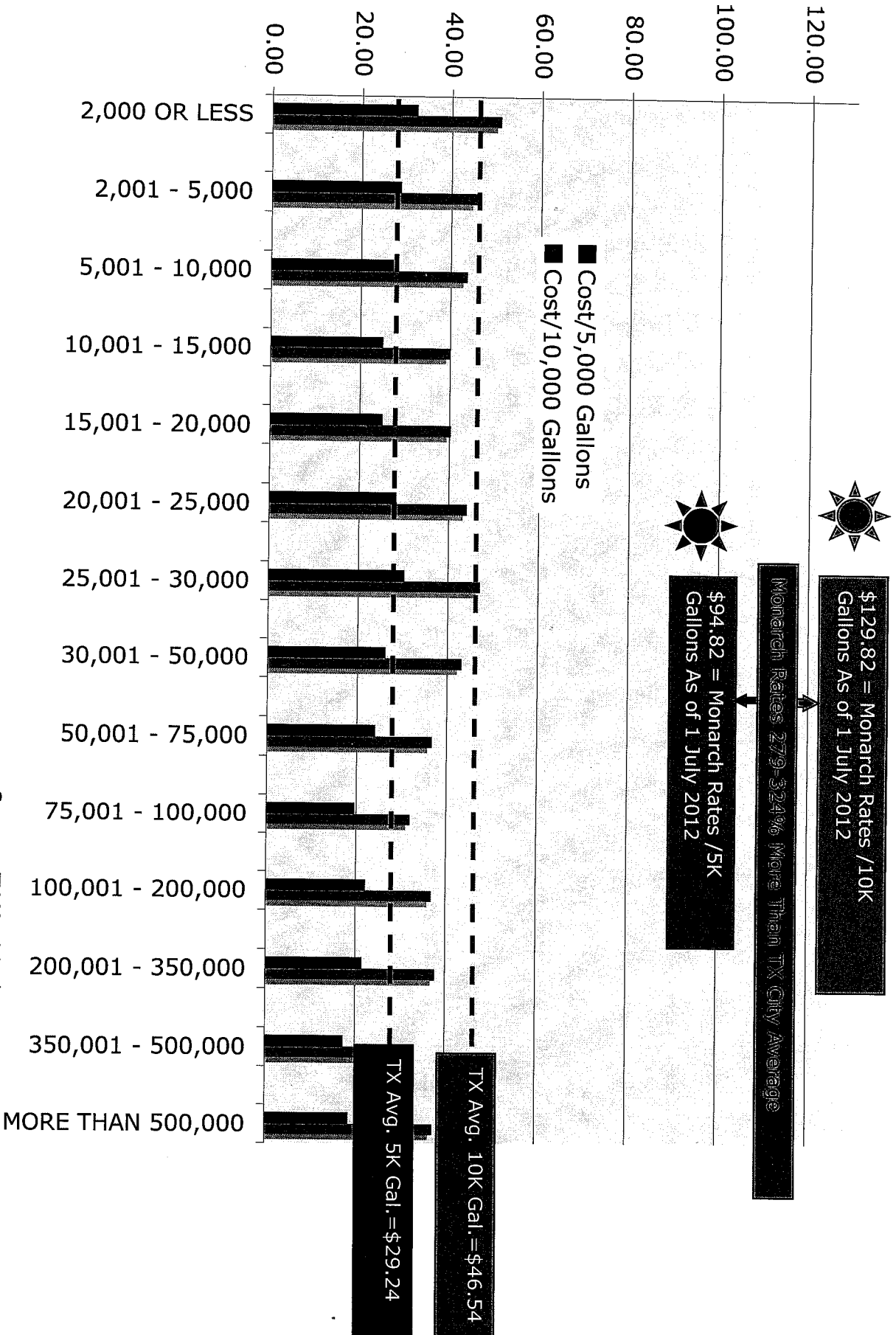
- C. Reduction of Maintenance Forces & Offices – Instead of asking for a 55% rate increase Monarch should actually be reducing the rates for several reasons:**
- 1. In my area, around Lake Palestine, they have completely eliminated the local maintenance people. Instead they have relocated their maintenance office to Mabank, Texas (on the north end of Cedar Creek Lake) and should we have a need for service or an emergency they must drive at least one (1) hour to get to us. This is true all over the state.**
  - 2. Additionally they have closed offices where people could go easily to pay their bills, ask questions, etc.**
  - 3. They are touting how marvelous the new automated meters are and this has again allowed them to reduce personnel. These meters are actually benefiting the company by being more accurate and using less personnel. Another reason to reduce rates.**
  - 4. Last but not least Monarch/SWWC manages and operates numerous Municipal Utility Districts (MUD's) in the Houston area and are in the process of tripling their management fees. This doesn't appear on the TCEQ's radar since the do not have to get their rate increases approved by the state.**
- D. Attached are numerous charts and information showing where Monarch/SWWC's application, profitability, ROS, comparison with other utilities, etc. Non-paid volunteers of the TAMER group prepared these and we will be ready and able to work with you on these and other items.**

**Should you have any questions please feel free to contact me.**



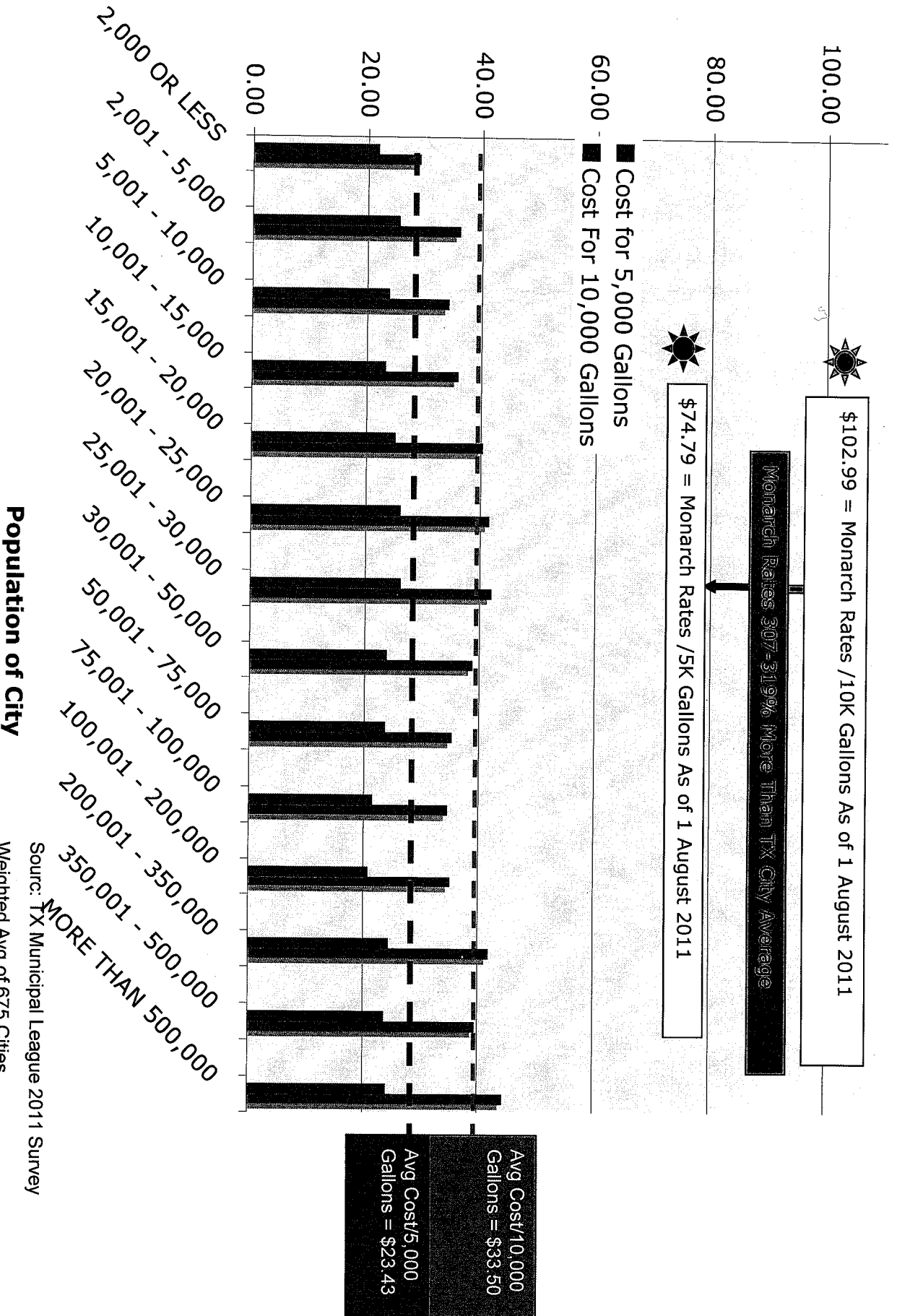
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# 2011 Water Cost Comparison Monarch/SWWC vs TX Cities



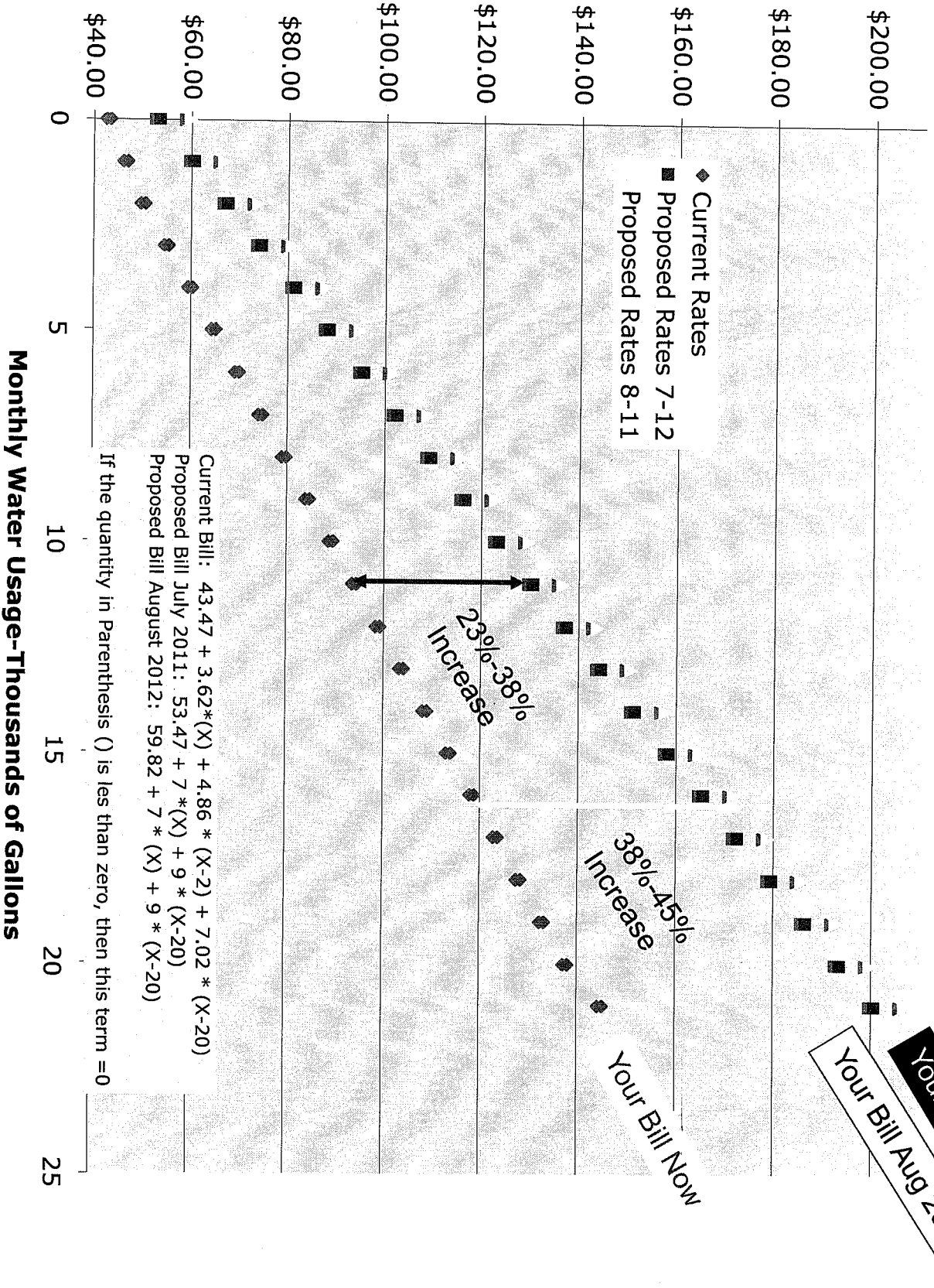
**City Size**  
 Source: TX Municipal League 2011 Report  
 Weighted Averages by Number of Cities in Each Size Range

# 2011 Sewer Cost Comparison For Monarch/SWWC vs TX Cities



Source: TX Municipal League 2011 Survey  
 Weighted Avg of 675 Cities

# Monarch Water Rates Before and After 2011 Rate Increases



# Comparison of Lake Bridgeport, TX L Water

